SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the nine months ended March 3, 1985*

Commission file number 2-91259

CRAZY EDDIE, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	11-2667288 (I.R.S. Employer Identification No.)
2845 Coney Island Avenue Brooklyn, New York (Address of principal executive offices)	11235 (Zip Code)

Registrant's telephone number, including area code (718) 934-0100

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

As of May 28, 1985, 6,900,000 shares of common stock were outstanding, and the aggregate market value of the shares of common stock of the Company (based upon the closing market price of the Company's common stock on the NASDAQ National Market System on May 28, 1985 as reported in The Wall Street Journal) held by non-affiliates was approximately $95,196,875.

DOCUMENTS INCORPORATED BY REFERENCE

None

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* The Registrant has changed its fiscal year end from May 31 to the first Sunday in March, effective March 3, 1985. Consequently, this Form 10-K covers only the period ended March 3, 1985.

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PART I

ITEM 1. BUSINESS.

Crazy Eddie, Inc., incorporated in Delaware in December 1983, is the successor to Crazy Eddie, Inc., a New York corporation, which was formed in 1975 and merged into the Company in September 1984 prior to the consummation of the Company's initial public offering of common stock. Unless the context otherwise requires, references to the "Company" relate to Crazy Eddie, Inc., its subsidiaries and their predecessors.

The Company sells home entertainment and consumer electronic products through a chain of retail stores located in New York, New Jersey and Connecticut. All of the Company's stores are operated under the Crazy Eddie name, and are located in New York City or within the surrounding 50-mile radius.

The Company's corporate headquarters is located at 2845 Coney Island Avenue, Brooklyn, New York 11235, telephone number (718) 934-0100. Purchasing, distribution, personnel, accounting, advertising and merchandising management are centralized in the Company's corporate headquarters. During the fall of 1985, the Company expects to move its corporate headquarters to a new location in Edison, New Jersey, which, in addition to providing more space, will house a retail outlet, a new central service center that will replace the Company's current central service center located in the Bronx, New York, and a warehouse and distribution center. The existing Crazy Eddie stores and those which are scheduled to open during the remainder of 1985 (other than the store to be located in Orange, Connecticut) will be within approximately 70 miles of the new corporate headquarters. See "ITEM 2. PROPERTIES."

Products

The Company offers customers a broad range of high quality products and selection from over 500 brand names of merchandise, including Panasonic, General Electric, Sony, Hitachi, Toshiba and Fisher. The Company's products may be grouped as follows:

Television and video product group includes black and white televisions, portable color televisions, console color televisions, monitor televisions, AC/DC powered televisions, rear screen projection televisions, front projection televisions, television stands, component televisions, novelty televisions, portable and stationary video recorders, video cameras, video disc CED and Laser, video disc software, video enhancement devices, lighting systems and tripods.

Audio and audio systems product group includes home speakers, receivers, cassette decks, automatic and manual turntables, amplifiers, tuners, equalizers, signal processing, reverberation units, digital audio players, mini, midi and normal sized pre-packaged audio systems, open reel recorders, mixing boards, electronic musical keyboards, preamplifiers, compact music systems, headphones, microphones, power-amplifiers and integrated amplifiers.

Car stereo product group includes in-dash AM-FM cassette receivers, AM-FM cassette decks, tuners, preamplifiers, speakers, amplifiers, reverberation units, equalizers, antennas, installation hardware, boosters, car radios and car alarms.

Portable and personal electronics product group includes portable radios, AC/DC portable recorders, AC/DC portable radio recorders, telephone answering recorders, portable telephones, standard and designer telephones, automatic telephone dialers, audio, video and computer furniture, home security devices, electronic typewriters, walkman-type radios, calculators, clock radios and micro cassette recorders.

Games and computers product group includes business and home computers, printers, floppy disc drives, data recorders, business and recreational software, computer monitors, electronic video games and software, and game joysticks.

Accessories and tapes product group includes cables, switches, phonograph cartridges and styli, audio and video tapes, storage boxes, blank audio tapes and blank video tapes, floppy discs, audio and video headcleaners, record cleaners, specialty audio records, tonearms, transformers and batteries.

Miscellaneous items product group includes microwave ovens, air conditioners, electric fans and other miscellaneous items, car stereo installation and extended warranty contracts offered by the Company for most audio, video and computer merchandise sold and for certain other items.

The table below shows the approximate percentage of the Company's sales for the three months ended March 3, 1985 attributable to each of the foregoing product groups (except that the accessories and tapes product group has been combined with the miscellaneous items product group):

Product Group	Percentage of Total Sales
Television and video	54%
Audio and audio systems	15
Car stereo	6
Portable and personal electronics	12
Games and computers	10
Accessories, tapes and miscellaneous items	3
	100%

The percentage of sales accounted for during any period by each product group is affected by promotional activities, consumer trends and the development of new products.

Working Capital Items

A central purchasing department monitors current sales and tracks inventory on a daily basis. The Company generally purchases inventory directly from vendors who extend open lines of credit that are sometimes secured by the products sold. Substantially all inventory purchased by the Company is shipped directly to its central distribution facility at the Company's corporate headquarters. Each Crazy Eddie store receives shipments of inventory from the central distribution facility several times a week, and often on a daily basis, thereby enabling each store to maintain substantial inventories of all products and to promptly replenish inventories of fast-moving products. Inventory turned over 5.5 times on an annualized basis during the nine months ended March 3, 1985.

Sales to customers are primarily made on a cash basis although the Company also accepts the following credit cards: Visa, Master Charge and American Express. Finance charges on credit card sales during the nine months ended March 3, 1985 approximated $1,570,000.

All products sold in Crazy Eddie stores carry a 30-day price protection guaranty pursuant to which the store will refund the difference between its sold price and any lower price for the same product that is demonstrated by the customer to be available at any other store. In addition, merchandise sold may be exchanged for the same or other products or for store credit within seven days of the sale.

Seasonality

Historically, the Company has realized greater sales during its third fiscal quarter, due to the Christmas season, than in other fiscal quarters of the year. The Company's marketing strategy and, in particular, its steady use of radio and television advertising is intended to minimize the seasonality of the Company's sales. The Company's net sales for the three months ended March 3, 1985 were $65.3 million, as compared to $48.2 million for the corresponding period a year ago. Net sales for the nine months ended March 3, 1985 were $136.3 million, as compared to $106.4 million for the nine months ended February 29, 1984.

Servicemarks

The "Crazy Eddie", "Record and Tape Asylums" and "His Prices Are Insane" marks, and the Company's logo, are servicemarks registered with the United States Patent and Trademark Office and owned by the Company. In addition, there is currently pending before the United States Patent and Trademark Office an application for the registration of the "Crazy Eddie Record and Tape Asylums" mark. The "Crazy Eddie" and "His Prices Are Insane" marks, as well as the Company's logo, are an integral part of the Company's advertising and important to the Company's business. The "Crazy Eddie Record and Tape Asylums" and certain other of the Company's service marks are licensed by the Company for use by Benel Distributors, Ltd. See "ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS."

Competition

The business of the Company is highly competitive. The Company competes with department stores, discount stores, catalog showrooms and other retailers. To some extent, the Company also competes with drugstores, supermarkets and others that make incidental sales of electronic products. Some of the Company's competitors are national in scope and have greater financial resources than the Company.

The Company competes on the basis of pricing, product offering and customer service as promoted through an aggressive mass-media advertising campaign. Most of the Company's advertisements appear on radio and television, although the Company also advertises in New York City and certain local newspapers. The Company's radio and television advertising has as its theme "Crazy Eddie -- His Prices Are Insane!"™, and advertisements feature a local radio announcer who seeks to convey to customers the Company's message of price, selection and service in an energetic and humorous manner.

Pricing. The Company believes that its sales volume, together with the consumer recognition of its name, provides the Company with significant purchasing power which permits the Company to sell its merchandise to customers at prices that it believes to be lower than those offered by most of its competitors. In addition, as described above, all products sold in Crazy Eddie stores carry a 30-day price protection guaranty.

Product Offering. The broad selection of products offered by the Company and the manner in which they are displayed enable the Company to easily change the variety and emphasis of its products and to expand displays of promotionally-priced or fast-moving items. This flexibility permits the Company to introduce new products, including products utilizing emerging technologies, and, at the same time, to maintain sales in existing product lines.

Customer Service. At each Crazy Eddie store, trained sales personnel are instructed to seek to assist customers in their purchases by demonstrating products and providing information desired by the customer with respect to price, quality and other matters. The Company's store hours are intended to make Crazy Eddie stores more accessible to customers than the stores of competitors, particularly for those customers who are unable to shop during ordinary business hours. The Company maintains service departments on the premises of each Crazy Eddie store, and also employs approximately 32 full-time employees at a central service center which is utilized by each of the stores when extensive servicing or repair is required. The Company offers its own extended warranty contracts for most audio, video and computer merchandise sold and for certain other items, pursuant to which the Company provides extended warranty coverage beyond the warranty period covered by the manufacturer. The Company also provides periodic maintenance services with respect to certain of its merchandise.

Employees

The Company employs approximately 1,050 persons, including approximately 140 persons who are employed in the Company's corporate headquarters and central service center.

ITEM 2. PROPERTIES.

The 18 existing Crazy Eddie stores are all located within a 50-mile radius of New York City. Twelve of these stores are located in New York, five are in New Jersey, and one is in Connecticut. The New York stores include six stores in New York City (three located in the Borough of Manhattan and one each in the Boroughs of Brooklyn, Queens and the Bronx), four in Long Island, one in Westchester County and one in Rockland County. The Company has signed leases for two additional stores, to be located in Orange, Connecticut and in the Borough of Manhattan (150 Broadway) in New York City, which are expected to open during the remainder of 1985, and has been assigned a lease for a third store at a site in Livingston, New Jersey that is also expected to open this year.

Crazy Eddie stores are situated on major commercial thoroughfares and are conveniently accessible to established urban neighborhoods or major residential areas in suburban neighborhoods. The Company's general policy is to lease its stores in order to limit its investments in fixed assets and increase the availability of capital for other purposes. All of the Crazy Eddie stores are leased from unrelated parties, except that the store located in Union, New Jersey is leased from Eddie Antar and Sam Antar, the Chairman of the Board, President and Chief Executive Officer of the Company, and the Executive Vice President and a director of the company, respectively. The Company operates all of the space in each of its stores and does not lease any space to any third party concessionaires, other than pursuant to licensing agreements with Benel Distributors, Ltd. See "ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS." In addition, the Company intends to sublease approximately 10,000 square feet of the property that the Company leases in Massapequa, New York.

The Company's store leases in each case provide for a base rental and do not provide for a percentage of sales rental in addition to the fixed minimum rent. The leases are net leases requiring that, in addition to a fixed rent, the Company maintain and repair the leased premises at its own expense and pay all real estate taxes, utilities, insurance, heating and air conditioning costs. See Note 6 of Notes to Consolidated Financial Statements.

The table below sets forth certain information concerning the Company's 18 existing stores and the three stores scheduled to open during the remainder of 1985:

Store Location	Opened	Approximate Selling Area (square feet)	Store Location	Opened	Approximate Selling Area (square feet)
405 Ave. of the Americas New York, New York	1975	1,870	1010 Smithtown Bypass Neconset, New York	1984	4,398
300 East Fordham Road Bronx, New York 1/	1976	5,900	350 Jericho Turnpike Syosset, New York 4/	1984	3,607
2067 Coney Island Avenue Brooklyn, New York 2/	1977	6,864	165 East 86th Street New York, New York 5/	1984	2,650
809 Route 17 Paramus, New Jersey	1977	5,779	30 Jensen Street Fords, New Jersey	1984	2,950
269 Route 18 East Brunswick, New Jersey	1978	8,423	175 Rockland Center Nanuet, New York	1985	4,950
2155 Route 22 West Union, New Jersey 3/	1979	4,400	89-22 Queens Boulevard Elmhurst, New York	1985	3,032
393 North Central Avenue Hartsdale, New York	1979	6,692	1000 Sunrise Highway Massapequa, New York	1985	3,240
401 Old Country Road Carle Place, New York	1980	7,871	150 Broadway New York, New York	6/	4,625
212 East 57th Street New York, New York	1981	5,316	449 West Mount Pleasant Avenue Livingston, New Jersey	6/	2,616
426 Westport Avenue Norwalk, Connecticut	1983	3,959	116 Boston Post Road Orange, Connecticut	6/	3,000
Route 46 West and Riverview Drive Totowa, New Jersey	1983	3,871			

1/ The Company also operates its central service center, consisting of 3,800 square feet, at this location.

2/ This store replaced an earlier store that was opened in 1973.

3/ This store is leased by the Company from Eddie Antar and Sam Antar. See "ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS."

4/ This store, which opened in November 1984, replaced an earlier store that was opened in 1974 at a nearby location.

5/ On March 31, 1984, the lease for a store at 1496 Third Avenue, New York, New York expired. Renewal of this lease was not possible and the Company decided to relocate such store to larger premises at this nearby site. The Company opened this store in September 1984.

6/ Expected to open during the remainder of 1985.

The following table sets forth the expiration dates (after giving effect to applicable renewal options), by calendar year, of the Company's store leases:

Calendar Years	Number of Store Leases Expiring
1986-1988	3
1989-1991	3
1992-1994	2
1995-1997	3
1998-2000	10

The Company sub-leases from Kelso Industries, Inc., a corporation wholly-owned by Eddie Antar and Sam Antar, a 20,000 foot facility in Brooklyn, New York in which the Company currently has its corporate headquarters, which includes both its executive offices and central distribution facility. The sub-sublease expires March 30, 1986 and is renewable for one year terms thereafter at the Company's option through March 30, 1988. The Company's rental payments under the sub-sublease are equal in amount to those that Kelso Industries pays to the sublessor. Once the Company's headquarters is moved to Edison, New Jersey, the sub-sublease agreement will be terminated and Kelso Industries will retain its leasehold rights as sublessee.

New Facility

On April 11, 1984, the Company entered into agreements to purchase approximately 11 acres of land in Edison, New Jersey and to have a builder construct the Company's new corporate headquarters on such land. On December 21, 1984, the Company borrowed from the New Jersey Economic Development Authority (the "Authority") the aggregate amount of $7,800,000 in order to finance the acquisition of the land and certain related machinery and equipment and construction of the new facility. See Note 8 of Notes to Consolidated Financial Statements. In connection with the loan agreement with the Authority, the Company granted the Authority a first mortgage lien on the new facility and a security interest in, among other things, all leases that are entered into by the Company with any tenant of the facility (including all rents payable to the Company thereunder).

The Company expects that the move to Edison, New Jersey will occur during the fall of 1985. The new location will have approximately 210,000 square feet of space, of which 110,000 square feet will house the Company's new executive offices, a retail store, a new central service center that will replace the current facility in the Bronx, New York, and a warehouse and distribution center designed to support the Company's current store requirements and anticipated growth. It is expected that approximately 35,000 of the remaining 100,000 square feet will be leased by the Company on a short-term basis to Benel Distributors, Ltd. and the balance to other third parties.

Historic Growth

In 1969, the Company opened its first store in Brooklyn, New York. Between 1969 and May 31, 1975, the Company opened two additional stores. Since then, the Company has opened 15 new stores. The following table sets forth certain statistical information with respect to the Company's expansion for the periods indicated:

	Fiscal Year ended May 31				Nine Months ended March 3, 1985
	1981	1982	1983	1984	
Number of stores:					
Beginning of period	9	10	10	13	13
New Opened	1	--	2	1	3
End of period	10	10	12	13(1)	15(2)
Net sales per square foot	$1,503	$1,699	$1,886	$2,118	$1,890
Weighted average net sales per store (in thousands)(3)	$8,489	$9,540	$9,887	$10,634	$9,592

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(1) Reflects the opening of the Smithtown, New York store in May 1984 and the closing of a store in New York City in March 1984 which reopened at a nearby location in September 1984.

(2) Reflects the opening of new stores in New York City and Woodbridge, New Jersey in September 1984 and November 1984, respectively, and the closing of a store in Syosset, New York in November 1984 which reopened at a nearby location later that month.

(3) Average has been weighted to reflect the period for which stores were open during the relevant period.

Planned Expansion

The Company has signed (or been assigned) leases for three new stores, to be located in Livingston, New Jersey, Orange, Connecticut and the Borough of Manhattan in New York City, that are expected to open during the remainder of 1985. A fourth new store, to be located at the Company's new headquarters facility in Edison, New Jersey, also is expected to open this year.

The Company's current expansion objective is to focus on the geographic market within a 50-mile radius of New York City to take advantage of the Company's "advertising umbrella" provided by extensive radio and television advertising and other efficiencies and cost benefits that have been realized by the Company as a result of its geographic concentration of stores. Opening additional stores in the Company's existing market has enabled the Company to increase market penetration and increase pretax earnings by reducing overhead and advertising cost as a percentage of sales in that market. Management is continuously seeking new store locations available for leasing.

The Company believes that the distribution facility at its new corporate headquarters in Edison, New Jersey will have the capacity to support the Company's expansion plans for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS.

The Company is involved in litigation relating to claims arising out of its operations in the normal course of business. Such claims against the Company are generally covered by insurance. It is the opinion of management that any uninsured or unindemnified liability resulting from such litigation would not have a material adverse effect on the Company's business or financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's common stock, par value $.01 per share, ("Common Stock") is traded in the over-the-counter market. Since February 12, 1985, the Company's Common Stock has been quoted on the NASDAQ National Market System.

The following table sets forth, for the calendar periods indicated, the high and low bid prices for the Company's Common Stock prior to February 12, 1985 (commencing on September 13, 1984, the date of the Company's initial public offering of Common Stock) and the high and low sale prices for the Company's Common Stock on the National Market System from and after such date, in each case as reported by NASDAQ. NASDAQ quotations for the period prior to February 12, 1985 reflect inter-dealer prices without retail mark-up, mark-down or commission and do not necessarily represent actual transactions. National Market System quotations, which began on February 12, 1985, are based on actual transactions and not bid prices.

	High	Low
1984		
Third Quarter (from September 13, 1984)	$10 1/8	$ 8 1/4
Fourth Quarter	11 5/8	8 5/8
1985		
First Quarter	$21 5/8	$10 7/8
Second Quarter (through May 28)	27	19 5/8

As of March 3, 1985, there were 365 holders of record of the Common Stock, excluding holders whose stock is held in nominee or street name by brokers.

The Company has never declared or paid any cash dividends on its Common Stock. The present policy of the Board of Directors is to retain earnings in order to provide funds for the expansion and development of the Company's business. Accordingly, the Company does not anticipate paying any cash dividends to the holders of the Common Stock in the foreseeable future.

ITEM 6. SELECTED FINANCIAL DATA.

(In Thousands, Except per Share Data)

	Nine Months Ended March 3, 1985	Year Ended May 31, 1984	1983	1982	1981
Net sales	$136,319	$137,285	$111,406	$98,225	$78,246
Cost of goods sold	103,421	106,934	87,719	76,754	62,182
Gross profit	32,898	30,351	23,687	21,471	16,064
Selling, general and administrative expense	20,508	22,560	19,194	18,061	14,064
Other income	1,211	706	594	748	669
Interest expense	438	522	450	754	396
Income before pension contribution and and income taxes	13,163	7,975	4,637	3,404	2,273
Pension contribution	600	-	2,507	2,377	1,836
Income taxes	6,734	4,202	1,235	555	268
Net income	$ 5,829	$ 3,773	$ 895	$ 472	$ 169
Weighted average number of shares	6,053	5,000	5,000	5,000	5,000
Net income per share	$ .96	$ .75	$ .18	$ .09	$ .03
Cash dividends declared per share	$ -	$ -	$ -	$ -	$ -

	March 3, 1985	May 31, 1984	1983	1982	1981
Working capital (deficiency)	$ 18,794	($ 2,136)	($ 2,736)	($ 1,589)	($ 2,462)
Total assets	$ 65,528	$ 36,570	$ 24,707	$21,434	$16,210
Long-term debt	$ 7,625	$ 46	$ 70	$ 106	$ 132
Stockholders' equity	$ 23,861	$ 6,224	$ 2,951	$ 2,057	$ 1,585

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following table sets forth, for the periods indicated, the relative percentage that certain items in the Company's Consolidated Statement of Operations bear to net sales:

	Income and Expense Items as a Percentage of Net Sales		
	Nine Months Ended March 3,	Year Ended May 31,	
	1985	1984	1983
Cost of goods sold	75.9	77.9	78.7
Selling, general and administrative expense	15.0	16.4	17.2
Interest expense	.3	.4	.4
Income before pension contribution and income taxes	9.7	5.8	4.2
Pension contribution	.4		2.3
Income taxes	4.9	3.1	1.1
Net income	4.3	2.7	.8

Results of Operations

Nine months ended March 3, 1985 Compared to nine months ended February 29, 1984.

Net sales for the nine months ended March 3, 1985 were $136.3 million, representing an increase of $29.9 million, or 28.1%, over the comparable period ended February 29, 1984. Of this increase, $19.3 million resulted from the inclusion for the nine months ended March 3, 1985 of net sales attributable to new stores and relocated stores not opened for both periods. Sales to affiliates decreased $1.4 million during the period. The balance of the increase ($12.0 million) resulted from increased sales at the eleven stores that were open throughout both periods.

Gross profit (net sales less cost of goods sold) increased by $9.1 million for the nine months ended March 3, 1985 compared to the comparable period ended February 29, 1984. Gross profit as a percentage of net sales approximated 24.1% for the nine months ended March 3, 1985 compared to 22.3% for the nine months ended February 29, 1984 as a result of improvements in purchasing.

Selling, general and administrative expenses increased by $3.9 million during the nine months ended March 3, 1985 as compared with the nine months ended February 29, 1984. This increase was primarily due to the additional costs incurred at the new stores during the period. Selling, general and administrative expenses as a percentage of net sales approximated 15.0% and 15.6% for the nine months ended March 3, 1985 and February 29, 1984, respectively.

The Company authorized a $600,000 contribution to its profit sharing plan for the nine months ended March 3, 1985. No contribution was required for the nine months ended February 29, 1984. See Note 5 of Notes to Consolidated Financial Statements.

The effective tax rate for the nine months ended March 3, 1985 approximated 53.6% compared to 55.0% for the nine months ended February 29, 1984. See Note 4 to Consolidated Financial Statements for an analysis of income tax expense.

Fiscal 1984 Compared to Fiscal 1983

Net sales for the year ended May 31, 1984 were $137.3 million, representing an increase of $25.9 million, or 23.2%, over the prior fiscal year. Of this increase, $16.1 million resulted from the inclusion for fiscal 1984 of net sales attributable to two stores that opened in April 1983 and November 1983 and from an increase in net sales of one store that opened in July 1982 and therefore was open only eleven months during fiscal 1983. Sales increased at the nine stores that were open throughout both periods and the one store that was open for all of fiscal 1983 and ten months of fiscal 1984 (having closed in March 1984) by approximately $8.7 million. Sales of audio and video tapes to Benel Distributors, Ltd. increased by approximately $1.1 million over the prior fiscal year.

Gross profit (net sales less cost of goods sold) increased by $6.7 million for the fiscal year ended May 31, 1984, as compared with the fiscal year ended May 31, 1983. This increase was primarily due to the additional sales from the Company's stores during fiscal 1984. Gross profit as a percentage of net sales approximated 22.1% for fiscal 1984, as compared with 21.3% for fiscal 1983. This increase was a result of improved purchasing.

Selling, general and administrative expenses increased by $3.9 million during the nine months ended March 3, 1985 as compared with the nine months ended February 29, 1984. This increase was primarily due to the additional costs incurred at the new stores during the period. Selling, general and administrative expenses as a percentage of net sales approximated 15.0% and 15.6% for the nine months ended March 3, 1985 and February 29, 1984, respectively.

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Gross profit (net sales less cost of goods sold) increased by $6.7 million for the fiscal year ended May 31, 1984, as compared with the fiscal year ended May 31, 1983. This increase was primarily due to the additional sales from the Company's stores during fiscal 1984. Gross profit as a percentage of net sales approximated 22.1% for fiscal 1984, as compared with 21.3% for fiscal 1983. This increase was a result of improved purchasing.

Selling, general and administrative expenses increased by $3.4 million during the 1984 fiscal year as compared to the 1983 fiscal year. This increase was primarily due to the additional costs incurred at the two new stores opened in April 1983 and November 1983, respectively.

No pension contribution was made for the fiscal year ended May 31, 1984, as compared with a pension contribution of $2.5 million for the prior year. Contributions required under the Company's money purchase pension plan in the amount of approximately $2,000,000 with respect to the 1984 fiscal year were entirely offset by employee forfeitures resulting from terminations of employment prior to the satisfaction of the plan vesting requirements that occurred during the years 1980 through 1983. Moreover, as a consequence of the funding status of the Company's defined benefit pension plan, the Company was not required to make any contribution to that plan for fiscal 1984. As a result, an increased amount of net income has been realized for the 1984 fiscal year. As discussed in Note 5 of Notes to Consolidated Financial Statements, the Company terminated the money purchase pension plan effective May 31, 1984 and adopted a new profit sharing plan effective June 1, 1984. The Company's pension costs for future periods under its existing pension plans will be lower than has historically been the case.

The effective tax rate for the 1984 fiscal year approximated 53%, as compared with 58% for the prior fiscal year. The higher effective rate for fiscal 1983 primarily resulted from non-deductible officer life insurance premiums paid during such year. See Note 4 of Notes to Consolidated Financial Statements for an analysis of the components of income tax expense.

Liquidity and Capital Resources

During the period ended March 3, 1985, the Company raised approximately $11.8 million from its initial public offering of 1.7 million shares of Common Stock completed in September 1984. On March 20, 1985, the Company sold to the public an additional 200,000 shares which raised approximately $3.9 million. At March 3, 1985, the Company had working capital of $18.8 million. In the year ended May 31, 1984 and the nine months ended March 3, 1985, the Company generated $4.2 million and $6.2 million, respectively, in working capital from operations.

On December 21, 1984, the Company obtained a $7.8 million loan from the New Jersey Economic Development

Authority, the proceeds of which will be used to finance the construction of the Company's new headquarters facility in Edison, New Jersey. The loan bears interest at a rate equal to 75% of the prime rate of a commercial bank, subject to maximum and minimum interest rates per annum of 14% and 7-1/2%, respectively, and is repayable in varying installments through 2015. In addition, the Company has arranged for an unsecured line of credit in the amount of $10 million with another commercial bank, which line of credit will remain available through August 31, 1985.

In past years, the Company's capital expenditures, incurred principally in connection with the opening of new stores, were financed almost entirely out of internally generated funds. The Company intends to continue to use internally generated funds, together with a portion of the proceeds from the offerings referred to above, to finance its expansion plans. In light of the Company's existing financing arrangements, normal trade credit and anticipated cash flow, the Company believes that it will be able to continue to provide for its contemplated cash requirements and carry out its expansion plans. Since March 3, 1985, the Company has opened three new stores in Queens, Nanuet and Massapequa, New York. The Company's current expansion plans include the opening of three additional stores during the remainder of 1985 in Livingston, New Jersey, Orange, Connecticut and New York City (150 Broadway), as well as a fourth new store at the Company's new headquarters facility in Edison, New Jersey.

Impact of Inflation

In the Company's opinion, inflation has not had a material impact upon its operating results because technological advances in the type of products sold by the Company, together with increased competition among the Company's vendors, have kept the prices of such products stable and, in some instances, have caused prices to decline.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements and notes thereto set forth on pages F-2 - F-22 herein are filed as part of this report.

ITEM 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Directors and Executive Officers

The Company's directors and executive officers are as follows:

Name	Age	Positions with the Company
Eddie Antar.................	37	Chairman of the Board, President and Chief Executive Officer
Sam Antar....................	63	Director, Executive Vice President
Mitchell Antar..............	29	Director, Vice President-Purchasing
Eddy Antar...................	59	Director, Treasurer
James H. Scott, Jr..........	40	Director
Carl G. Zimel...............	40	Director
Solomon E. Antar............	47	Secretary and General Counsel

The Company's directors hold office until the next annual meeting of stockholders or until their successors have been duly elected and qualified. The Company's officers, other than Eddie Antar, are elected annually by the Board of Directors and hold office at the pleasure of the Board. The Company has entered into an employment agreement with Eddie Antar See " Item 11. Executive Compensation."

Eddie Antar and Mitchell Antar are brothers, and are sons of Sam Antar. Eddy Antar and Sam Antar are brothers. Solomon E. Antar is a cousin of Sam Antar and Eddy Antar.

Eddie Antar has served as a director and President of the Company and its predecessors since its inception and was elected Chairman of the Board, President and Chief Executive Officer in May 1984.

Sam Antar has served as director and Vice President of the Company and its predecessors since its inception and was elected Executive Vice President in May 1984. Shoe Time, Inc., an Arizona corporation which operates discount shoe stores in the State of Arizona and in which Sam Antar has a 50% equity interest, filed a petition under the federal bankruptcy laws on June 13, 1983.

Mitchell Antar was elected a director and Vice President-Purchasing in May 1984. Prior to that time, he served the Company in purchasing and store operations.

Eddy Antar was elected a director and Treasurer in May 1984. Prior to that time, he served as the Secretary and Treasurer of the Company.

James H. Scott, Jr. was elected a director in October 1984. Since 1983, Mr. Scott has been a Professor of Finance at the Columbia University Graduate School of Business. Prior to that time, he was an Associate Professor. Mr. Scott was on leave from Columbia University from August 1981 through June 1982, during which time he was employed at McKinsey & Co. until January 1982 and then in the Corporate Finance Department at Goldman, Sachs & Co.

Carl G. Zimel was elected a director in May 1984. For the past three years, he has served as Senior Vice President in charge of branch administration and operations at Midland Bank and Trust Co. in Paramus, New Jersey. Prior to that time, he served as Vice President at the bank. Midland Bank and Trust Co. has issued for the account of the Company various letters of credit aggregating approximately $500,000 in connection with certain of the Company's leases.

Solomon E. Antar was elected Secretary and General Counsel in May 1984. Prior to that time, he served as the Company's General Counsel.

ITEM 11. EXECUTIVE COMPENSATION.

The following table sets forth all cash compensation paid by the Company during the nine months ended March 3, 1985 to (i) each of the Company's executive officers whose cash compensation exceeded $60,000 and (ii) all executive officers of the Company as a group:

Name of Individual or Number in Group	Capacities in Which Served	Cash Compensation(1)
Eddie Antar.........	Chairman of the Board, President and Chief Executive Officer	$225,000 (2)
Sam Antar...........	Executive Vice President	150,000 (2)
Mitchell Antar......	Vice President-Purchasing	90,000
Eddy Antar..........	Treasurer	75,000
Executive officers as a group (5 persons)		563,550 (2)

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(1) The table does not include any amounts for personal benefits because the dollar amount cannot be specifically ascertained, and the Company does not believe that in any individual's case such value would equal or exceed the lesser of $25,000 or 10% of such individual's annual cash compensation or that, with respect to the group, the aggregate amount of such value would exceed the lesser of $125,000 or 10% of aggregate annual cash compensation for the group.

(2) Excludes compensation that may be deemed to have been paid in connection with interest-free loans made to Eddie Antar and Sam Antar that were repaid prior to March 3, 1985. See "ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS."

Members of the Board of Directors who are not employees of the Company are paid a fee of $5,000 per annum for their services as directors.

Employment Agreement

The Company has entered into an employment agreement with Eddie Antar, effective as of June 1, 1984 (the "Employment Agreement"), providing for the employment of Mr. Antar as the Chief Executive Officer of the Company at an initial annual base salary of $300,000. Mr. Antar has agreed that no bonus compensation will be paid to him prior to, or for the period ending, June 1, 1985, and that his base salary will not be increased prior to such date. Thereafter, Mr. Antar may receive increases in base salary and bonuses as determined by the Board of Directors, which shall base its determination, in part, upon the future performance of the Company. The Employment Agreement does not obligate the Company to increase Mr. Antar's base salary after May 31, 1985 but, if it does so, it cannot thereafter reduce such base salary. Unless otherwise terminated by the Company as provided in the Employment Agreement, Mr. Antar's term of full-time employment will continue until the earlier of (i) the fifth anniversary of receipt of a notice of termination given by the Company or Mr Antar to the other or (ii) the first anniversary of receipt of a notice of termination given by Mr. Antar to the Company on or after Mr. Antar's 59th birthday, except that the term of Mr. Antar's full-time employment may in no event extend beyond the day next preceding the Annual Meeting of Stockholders of the Company next following the date of Mr. Antar's 65th birthday. The Employment Agreement obligates Mr. Antar to provide certain advisory services to the Company during the five-year period following Mr. Antar's term of full-time employment (the "Advisory Period"), for which Mr. Antar will receive annual compensation in an amount equal to not less than 40% of his final base salary.

The Employment Agreement also provides that in the event of a change in control of the Company, Mr. Antar may terminate his term of full-time employment thereunder. In such event, unless (i) Mr. Antar accepts an employment with the Company or any successor or (ii) such change in control was initiated by the Company or was supported from the outset by the Board of Directors of the Company and Mr. Antar is offered a contract at least as favorable as the Employment Agreement, Mr. Antar would be entitled for a period of five years after such termination to his annual compensation and to the other benefits provided for in the Employment Agreement during the term of his full-time employment, and thereafter to the compensation and other benefits he would otherwise be entitled to receive during the Advisory Period, or in lieu thereof, to the present value of such compensation and benefits.

The Company pays Sam Antar, in consideration for his services as Executive Vice President of the Company, an annual base salary of $200,000. Mr. Antar also has agreed that no bonus compensation will be paid to him prior to, or for the period ending, June 1, 1985, and that his base salary will not be increased prior to such date.

Stock Option Plan

The Company's 1984 Stock Option Plan (the "Option Plan") was adopted by the Board of Directors and approved by the stockholders prior to the Company's initial public offering in September 1984. A total of 250,000 shares of Common Stock are reserved for issuance under the Option Plan. The Option Plan provides for the granting to key employees of both "incentive stock options," within the meaning of section 422A of the Internal Revenue Code of 1954, as amended from time to time (the "Code"), and "nonqualified stock options."

The Option provides for administration by a committee (the "Committee"), consisting of three persons appointed by the Board of Directors, which will determine, by unanimous vote, the key employees to be granted options under the Option Plan, the number of shares to each option and the option price, and which will specify whether options granted are incentive stock options or nonqualified stock options. Members of the Committee will not be eligible to receive options under the Option Plan. No options granted under the Option plan will be transferable by the optionee other than by will or by laws of descent and distribution, and each option will be exercisable, during the lifetime of the optionee, only by the optionee. Any options granted to an employee will terminate three months after the optionee's termination of employment in cases of (i) disability occurring while employed or (ii) death while employed or within three months thereafter. No options may be granted under the Option Plan commencing ten years after adoption of the Option Plan.

The exercise price of any incentive option granted under the Option Plan shall not be less than the fair market value of the shares subject to the option on the date of grant. The exercise price of any nonqualified stock option granted under the Option Plan shall be not less than 85% of the fair market value of the shares subject to the option on the date of grant. The term of each option and the manner in which it may be exercised will be determined by the Committee, subject to the requirements that no option may be exercisable more than 10 years after the date of grant. With respect to any incentive stock option granted to an employee who owns stock possessing more than 10% of the voting rights of the Company's outstanding capital stock on the date of grant, the exercise price of the option must be at least equal to 110% of the fair market value of the shares subject to the option on the date of grant and the option may not be exercisable more than five years after the date of grant. The aggregate fair market value of the Common Stock (determined at the date of the option grant) for which any employee may be granted incentive stock options under the Option Plan in any calendar year may not exceed $100,000, plus certain permissible carryover allowances. The Option Plan permits the exercise of options either by a cash payment or, with the consent of the Committee, by surrender of shares of Common Stock, valued at fair market value at the date of surrender, or a combination of these methods.

Nonqualified stock options to purchase an aggregate of 132,100 shares of the Company's Common Stock are held by three officers and 61 other employees. All such options were granted on September 21, 1984 at an exercise price of $8.29 per share (being 85% of the closing bid price on such date for the Company's Common Stock as quoted on NASDAQ) and are exercisable in whole or in part at any time prior to their expiration on the tenth anniversary of the date of grant.

The only officers to whom nonqualified stock options have been granted are Eddy Antar (Treasurer), Mitchell Antar (Vice President-Purchasing) and Solomon E. Antar (Secretary and General Counsel), who were granted options to purchase 10,250 shares, 10,250 shares and 5,000 shares, respectively, in each cash at $8.29 per share and otherwise exercisable as provided in the preceding paragraph.

Money Purchase Pension Plan

The Company formerly maintained a money purchase pension plan (the "Money Purchase Plan") which was terminated effective as of May 31, 1984. All participants in the Money Purchase Plan at that date became fully vested in their account balances. The Internal Revenue Service approved the termination of the Money Purchase Plan on May 20, 1985 and all account balances held in trust under the Money Purchase Plan are being distributed to the participants.

Profit Sharing Plan

The Company has adopted, effective as of June 1, 1984, a profit sharing plan (the "Profit Sharing Plan") for all employees who have completed a year of service and attained age 21. The Company shall contribute annually to the Profit Sharing Plan an amount of up to $1,000,000, out of the Company's net profits, to be determined by the Board of

Directors in its sole discretion. Individual accounts will be established for each participant. Contributions and forfeitures shall be allocated to the accounts of participants who have completed a year of service and are employed by the Company on the last day of the plan year according to the proportion that each participant's total compensation from the Company for the plan year bears to the aggregate compensation of all participants for the plan year. The annual additions to the participant's account (including Company contributions, forfeitures and the lesser of participant contributions in excess of 6% of the participant's compensation or one-half of the participant's contributions) for any plan year are limited to the lesser of $30,000 or 25% of the participant's compensation.

A participant will vest in 30% of his account balance on the completion of three years vesting service, increasing by 10% for each year of vesting service thereafter until full vesting occurs after ten years. A participant will become 100% vested in his account on his reaching age 65, his retirement due to disability, or his death. If a participant continues as an employee after reaching age 65, contributions will continue to be allocated to his account until his actual retirement. The nonvested portion of a terminated participant's account will be forfeited by him. By the terms of the Profit Sharing Plan, forfeitures are reallocated to the accounts of the remaining participants.

A participant may make voluntary contributions to a separate account, which shall not, when added to voluntary contributions made to any other plan of the Company, exceed 10% of the participant's base compensation for the plan year. The participant will at all times have a 100% nonforfeitable right to is voluntary contribution account.

Benefit distributions under the Profit Sharing Plan will be in the form of lump sums. Death benefit distributions may be delayed up to five years following the participant's death. A participant who terminates employment prior to age 65, disability or death, may receive his vested benefits on reaching 65, or his beneficiaries may receive benefits following his death. At the participant's request, the administrative committee, in its sole discretion, may allow the distribution of a terminated participant's vested benefits upon his termination from service. A year of service under the Profit Sharing Plan is a 12 consecutive month period during which an employee is credited with at least 1,000 hours of service. A year of vesting service under the Profit Sharing Plan is a plan year (June 1 to

May 31) during which an employee is credited with at least 1,000 hours of service. Years of vesting service under the Profit Sharing Plan will include years of service credited under the terminated Money Purchase Plan.

Defined Benefit Pension Plan

The Company and its subsidiaries adopted a defined benefit pension plan (the "Pension Plan"), effective as of June 1, 1979, for all employees with at least six months of service who have attained age 24. The Company is required to make annual contributions to the Pension Plan in such amounts as are actuarially required to fund the benefits of the participants under the Pension Plan. As a result of the current funding status of the Pension Plan, it is anticipated that the Company will not be required to make any contributions to the Pension Plan for the next several years, and the Company further expects that it will discontinue the Pension Plan prior to the time contributions again become required.

At present, each participant who retires on his normal retirement date (the later of the June 1st nearest to his 65th birthday or the 10th anniversary of his entry into the Pension Plan) is entitled to a monthly pension benefit equal to 22.132% of his average monthly compensation (over his highest paid five consecutive year period of participation) in excess of $1,908. For purposes of the Pension Plan, "monthly compensation" includes bonuses, overtime and commissions, but excludes any deferred compensation. The participant's monthly pension benefit is reduced pro rata if the participant has been employed by the Company for less than 15 years at his normal retirement date. The Pension Plan provides a minimum monthly pension benefit of $20.00 for any participant who has accrued a benefit under the basic formula.

A participant who terminates employment before his normal retirement date vests in his accrued benefit as follows: 30% vesting after completion of three years of service, with an additional 10% vesting for each additional year of service until 100% vesting is achieved after ten years. All participants in the Pension Plan will become fully vested in their accrued benefits upon the termination or discontinuance of the Pension Plan. The Pension Plan provides a death benefit, funded by life insurance, equal to 100 times the monthly pension to which a participant is entitled. Benefit distributions to married participants will be in the form of a qualified joint and survivor annuity unless an optional benefit form is chosen. Optional benefit forms include a lump sum payment, other forms of annuity contracts, and substantially equal annual (or more frequent) installments over a specified period of time.

Participants may, but are not required to, make voluntary contributions to individual accounts established under the Pension Plan in an amount which, when added to voluntary contributions under all other Company plans, does not exceed 10% of the participant's compensation. Participants are always fully vested in their voluntary contribution account balances.

The estimated annual benefits payable to the individuals named in the table under "Executive Compensation," assuming retirement at their normal retirement dates under the Pension Plan as currently in effect, are as follows: Eddie Antar, $49,758, Sam Antar, $33,129, Mitchell Antar, $21,491, and Eddy Antar, $17,065.

For a discussion of the historical aggregate pension expense, see Note 5 of Notes to Consolidated Financial Statements.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock, as of May 28, 1985 (except as otherwise noted in footnote 3 to the table), by (a) each person known by the Company to own beneficially more than 5% of the Company's Common Stock; (b) each of the Company's directors who own shares of the Company's Common Stock; and (c) all directors and officers of the Company as a group. Unless otherwise noted in the footnotes to the table, the persons named in the table have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them.

Beneficial Owner	Shares Owned	
	Number	Percentage
Eddie Antar(1)	2,628,330(2)	38.1
Sam Antar(1)	556,670	8.1
Alliance Capital Management Corporation(3).....	449,300	6.5
Mitchell Antar	10,250(4)	.1
Eddy Antar	28,250(5)	.4
James H. Scott, Jr.	1,000	--
Directors and officers as a group (seven persons)	3,229,500(6)	46.6

(1) The business address of Eddie Antar, Chairman of the Board, President and Chief Executive Officer of the Company, and Sam Antar, Executive Vice President and a director of the Company, is 2845 Coney Island Avenue, Brooklyn, New York.

(2) Includes (i) 2,088,330 shares owned by Eddie Antar directly, (ii) 240,000 shares held by Eddie Antar as custodian for the benefit of Eddie Antar's minor nephews and nieces and (iii) 300,000 shares held by Deborah Antar as custodian for Eddie Antar's minor children. Eddie Antar disclaims beneficial ownership of the shares referred to in clauses (ii) and (iii) above.

(3) As reported in a Schedule 13G dated March 15, 1985 filed with the Securities and Exchange Commission by The Equitable Life Assurance Society of the United States ("Equitable"). The business address of Equitable is 1285 Avenue of the Americas, New York, New York. According to the Schedule 13G, Equitable has sole power to vote 179,720 of the shares included in the table and shared power to vote 179,720 of such shares, and has shared investment power with respect to all of such shares. In addition, Equitable, on behalf of Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ") has filed a Form 13F with the Commission indicating that, as of March 31, 1985, it had shared voting and investment power with respect to 578,200 shares of the Common Stock of the Company, (approximately 8.4% of the outstanding shares). DLJ is a subsidiary of Equitable, and Alliance Capital Management Corporation is a subsidiary of DLJ.

(4) Includes 10,250 shares issuable upon the exercise of currently exercisable options held by Mitchell Antar.

Mitchell Antar and his wife Robin Antar have shared voting and investment power with respect to the outstanding shares of Common Stock included in the table. Mitchell Antar is a brother of Eddie Antar.

(5) Includes 10,000 shares owned by Eddy Antar directly, 6,000 shares owned by Eddy Antar jointly with his wife and 2,000 shares owned by Eddy Antar's wife directly. Also includes 10,250 shares issuable upon the exercise of currently exercisable options held by Eddy Antar. Eddy Antar and his wife have shared voting and investment power with respect to 8,000 of the outstanding shares of Common Stock included in the table.

(6) Includes 25,500 shares issuable upon the exercise of currently exercisable options. See footnotes (3) and (4) above.

By virtue of their beneficial ownership of Common Stock and their positions as executive officers and directors of the Company, Eddie Antar and Sam Antar may each be deemed to be a "parent" of the Company within the meaning of the rules and regulations of the Securities and Exchange Commission.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Reorganization

In December 1983, all of the outstanding shares of Common Stock of Crazy Eddie, Inc., a New York corporation, were contributed to a newly organized Delaware corporation in exchange for 5,000 shares of its common stock. On September 13, 1984, prior to the consummation of the Company's initial public offering of Common Stock, the New York corporation was merged into the Delaware corporation, thereby changing the Company's corporate domicile to Delaware. In connection with the merger, the Company paid a stock dividend of 999 shares of Common Stock for each of the 5,000 shares of Common Stock outstanding, thereby effecting the equivalent of a 1,000-for-one stock split and increasing the number of shares of Common Stock outstanding immediately prior to the consummation of the initial public offering to 5,000,000. A total of 1,700,000 shares of Common Stock were issued by the Company pursuant to its initial public offering in September 1984.

In 1980, the Company invested $1,500,000 in White Rim Oil and Gas Associates, 1980-II (the "Partnership"), a Utah limited partnership formed for the purpose of engaging in oil and gas exploration and development. Of such amount, $375,000 was paid in cash and $1,125,000 was represented by note obligations to the Partnership due during the period from 1992 through 1995 that bear non-recourse simple interest at the rate of 7% per annum. Because the Company believed that its investment in the Partnership represented a tax advantaged investment that was inappropriate for a publicly-owned corporation, prior to the consummation of the Company's initial public offering of Common Stock, the Company contributed its investment in the Partnership, which had a net carrying value of $140,000 at May 31, 1984, together with such note obligations and cash of $500,000 (which amount represented the estimated discounted present value of such note obligations, assuming the repayment of such obligations is not deferred), to a newly formed subsidiary of the Company, C.E. Holdings, Inc. ("Newco"), the stock of which was then transferred to Eddie Antar and Sam Antar. Newco in turn (i) assumed the Company's obligation to make payment of the note obligations (totaling $1,125,000) and (ii) indemnified the Company against any tax liabilities (including deficiencies, interest and penalties) that might be assessed against the Company if there were to be any disallowance on audit of the $1,351,000 of tax deductions previously taken by the Company with respect to such oil and gas partnership. Eddie Antar and Sam Antar have guaranteed the performance of the obligation of Newco to indemnify the Company against any such tax liabilities. The Company has been advised that the Partnership is currently under audit and, in the event that any of the tax deductions previously taken by the Company with respect to its investment in the Partnership are disallowed on audit, the Company believes that the maximum tax liability resulting from such disallowance would be approximately $550,000 plus interest. See Note 1 of Notes to Consolidated Financial Statements.

In addition, also prior to the consummation of the Company's initial public offering of Common Stock, the Company transferred to Eddie Antar and Sam Antar its interest in the "Brewer Venture," another oil and gas investment, in consideration of their payment to the Company of $5,000 (which amount represented the estimated current value of such investment as determined by an independent appraisal). The Company's contribution to this joint venture, which the Company also believed to be a tax advantaged investment that was inappropriate for a publicly owned corporation, consisted of its interest in an oil and gas mining lease covering certain land in Oklahoma. The Company paid $575,000 between

1980 and 1982 in connection with the acquisition and development of this property. Except as described in Note 1 of Notes to Consolidated Financial Statements, the Company does not believe that it now has, or that it may incur in the future, any liabilities in connection with this investment and, except as described therein, Eddie Antar and Sam Antar have agreed to indemnify the Company with respect to any such liabilities should they arise.

Other Transactions

Leases. The Company leases its Union, New Jersey store from Eddie Antar and Sam Antar. The lease expires on December 31, 1988 and provides for an annual rental of $94,000 for the year ending May 31, 1985 with increases of $10,000 per year thereafter. The Company believes that the terms of this lease are no less favorable to the Company than the terms of similar leases of other stores entered into by the Company in arm's-length transactions with unaffiliated parties. See "ITEM 2. PROPERTIES."

Benel. Benel Distributors, Ltd. ("Benel"), a New York corporation wholly-owned by Ben Kuszer, Eddie Antar's brother-in-law, and Mr. Kuszer's wife, sells pre-recorded audio and video cassettes and records in each Crazy Eddie store pursuant to certain license agreements in each case entered into between the wholly-owned subsidiary of the Company operating the Crazy Eddie store (the "Licensor") and a wholly-owned subsidiary of Benel operating the concession in such store (the "Licensee"). Each license agreement is on a month-to-month basis, and may be terminated by the Licensor upon ten days' notice to the Licensee. Each Licensee pays a fixed monthly fee, ranging from $1,500 to $6,500, for the use of its premises. Such fees aggregated $318,000 and $347,000 for the fiscal years ended May 31, 1983 and 1984, respectively, and $382,000 for the nine months ended March 3, 1985. In addition, pursuant to separate license agreements, each Licensor has agreed, subject to certain conditions, to permit its Licensee to use the marks "Crazy Eddie" and "Crazy Eddie Record and Tape Asylums," under which Benel operates its concessions.

Commencing during the Company's fiscal year ended May 31, 1983, the Company purchased audio and video tapes that were then sold to Benel. The Company's sales to Benel under this arrangement were $2,131,506 and $3,271,511 for the fiscal years ended May 31, 1983 and 1984, respectively. In addition, during the three-year period ended May 31, 1984, the Company loaned to Benel on an interest free basis for working capital purposes an aggregate of $743,767. The Company cannot determine precisely the maximum amount of loans outstanding on any particular date during these three years. The Company terminated its sales to Benel (other than the consignment sale referred to below) on May 31, 1984, at which time Benel owed the Company $2,590,612 in respect of sales and loans by the Company. Benel repaid this amount to the Company on October 1, 1984.

At May 31, 1984, the Company had on hand inventory intended for sale through Benel having a cost to the Company approximating $1,200,000. Although the Company retained title to such inventory, it was consigned to Benel for retail sale. During the nine months ended March 3, 1985, Benel sold a portion of such inventory having a cost to the Company of $1,018,611. Such amount has been paid by Benel to the Company.

The Company intends to lease to Benel approximately 35,000 square feet of space in its new corporate headquarters in Edison, New Jersey at a fair market rent.

The Company does not sell for its own account any of the products sold by Benel, and therefore does not compete with Benel or any of its subsidiaries. The Benel concessions in each Crazy Eddie store are allocated between 450 and 2,476 square feet of retail space. Under the license agreements, Benel has committed to expend a minimum amount each month for advertising utilizing the "Crazy Eddie" and "Crazy Eddie Record and Tape Asylums" marks. For its fiscal years ended April 30, 1983 and 1984, Benel's gross advertising expenditures were $649,655 and $593,666, respectively, which amounts were substantially in excess of the minimum amounts required by the license agreements. The Company believes that its own operations have benefited from Benel's advertising, as well as from the customer traffic generated by the Benel concessions, and intends to offer Benel similar concessions in each of the Company's new stores.

<u>Transactions with Other Related Companies</u>. From time to time prior to May 31, 1984, the Company sold merchandise to and bought merchandise from, and made short-term loans for working capital purposes to, companies (other than Benel) controlled by Eddie Antar, Sam Antar or, in one instance, Ben Kuszer, Eddie Antar's brother-in-law (collectively, the "Other Related Companies"). The Other Related Companies include, among others, (i) Acousti-phase, Inc. ("Acousti-phase"), a New York corporation engaged in the

manufacture of stereo speakers, (ii) Captain Video Enterprises, Inc. ("Captain Video"), a Florida corporation which, together with its subsidiaries, operates a chain of four retail stores located in southeast Florida that are operated under the Captain Video name and engaged in the sale of home entertainment and consumer electronic products, (iii) Disc-O--Mat, Inc. ("Disc-O-Mat"), a New York corporation which, together with its subsidiaries, operates a chain of six retail stores located in New York City and New Jersey that sell pre-recorded cassettes and records, (iv) S&M Discount Center, Inc. ("S&M Discount"), a New Jersey corporation which operates two stores located in Jersey City, New Jersey that sell home entertainment and consumer electronic products and (v) the University of St. Lucia School of Medicine, Ltd. (the "University"), a corporation chartered under the laws of St. Lucia which operated a medical school on the island of St. Lucia which has since closed, and Educators International, Inc., a New York corporation that was employed to provide recruiting and other services to the University. For the most part, the Company derived no benefit from any advances made to affiliated entities. The Company does not compete with Acousti-phase or Disc-O-Mat, and does not regard S&M Discount as a significant competitor. Because the Captain Video stores are located in a different geographic region than the Crazy Eddie stores, the Company does not regard Captain Video as a competitor. Eddie Antar does not devote a substantial amount of time to the business of any of the Other Related Companies, and does not intend to do so in the future.

For the three years ended May 31, 1984, the Company sold to, and purchased from, all of the Other Related Companies, including the companies referred to in the preceding paragraph, merchandise in the aggregate amounts of $1,605,000 and $1,539,000, respectively, and loaned on an interest-free basis to all of such companies an aggregate of $4,105,000.

Because the Company did not regularly post its accounts on a monthly basis during the subject three-year period, it is not possible to determine at specific dates during the period the exact amount of loans then outstanding. At May 31, 1984, however, the Company was owed an aggregate of $3,148,662 by the Other Related Companies, including certain open accounts. All amounts owed by the Other Related Companies to the Company upon the consummation of the Company's initial public offering of Common Stock were repaid in full at such time by Eddie Antar and Sam Antar out of their respective shares of the net proceeds of such offering. In exchange for such repayment, Eddie Antar and Sam Antar received an assignment of, and became subrogated to, the rights of the Company against the Other Related Companies. Since May 31, 1984, the Company has not sold to or purchased from, or made any loans to, any of the Other Related Companies, and the Company does not intend to do so in the future, other than with respect to Acousti-phase, from which the Company may continue to purchase stereo speakers at terms no less favorable than could be obtained from third parties. Acousti-phase products sold by the Company have not represented a significant portion of the total volume of the Company's speaker sales. See Note 9 of Notes to Consolidated Financial Statements.

On May 30, 1985, Stereo Village Inc. announced that it intends to acquire Captain Video as of June 30, 1985.

Other Loans and Guaranties. Prior to the consummation of the Company's initial public offering, the Company frequently made loans on an interest-free basis to Eddie Antar, Sam Antar and members of their family to meet family needs. For the reasons stated above, the Company is not able to determine precisely the maximum amount outstanding at any time during the three years ended May 31, 1984 with respect to these loans. An aggregate of $186,450 owed by Eddie Antar and Sam Antar to the Company was offset against compensation paid to such persons for fiscal 1984. At May 31, 1984, Eddie Antar and Sam Antar were indebted to the Company in the amount of $50,000 and, in May 1984, the Company made an interest-free loan to Solomon E. Antar, Secretary and General Counsel of the Company, in the amount of $237,500. These amounts have been repaid.

In April 1980, the Company loaned $100,000 to a trust in which Eddie Antar and Sam Antar have a 50% beneficial interest. This loan, which was secured by a mortgage on certain property located in Florida, was for a term of five years, at an interest rate of 18% per annum and matured on April 1, 1985. At May 31, 1984, $31,000 was owing to the Company on this mortgage, the repayment of which was guaranteed by Eddie Antar. This amount has been repaid.

In September 1978, the Company guaranteed borrowings by Eddie Antar and Sam Antar in the amount of $400,000 in connection with their purchase of property in Union, New Jersey which is leased to the Company. In May 1982, the Company guaranteed borrowings by Shoe Time, Inc., a corporation that is controlled by Sam Antar and that has filed a petition under the federal bankruptcy laws, in the amount of $500,000 of which $455,556 remained outstanding at May 31, 1984. The Company has been released from these obligations and, in the case of the loan to Shoe Time, Sam Antar substituted his personal guaranty.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) 1 and 2. The financial statements and financial statement schedules listed in the accompanying Index to Financial Statements at page F-1 herein are filed as part of this report.

(a) 3. The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this report and such Exhibit Index is hereby incorporated by reference.

(b) No reports on Form 8-K have been filed during the last quarter of the period covered by this Report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 31st day of May, 1985.

CRAZY EDDIE, INC.

By /s/ Eddie Antar
Eddie Antar
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Eddie Antar Eddie Antar	Director, President and Chief Executive Officer (Principal Executive Officer)	May 31, 1985
/s/ Eddy Antar Eddy Antar	Director and Treasurer (Principal Financial Officer and Principal Accounting Officer)	May 31, 1985
/s/ Mitchell Antar Mitchell Antar	Director	May 31, 1985
/s/ Sam Antar Sam Antar	Director	May 31, 1985
/s/ James H. Scott, Jr. James H. Scott, Jr.	Director	May 31, 1985
/s/ Carl G. Zimel Carl G. Zimel	Director	May 31, 1985

CRAZY EDDIE, INC. AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND
FINANCIAL STATEMENT SCHEDULES

All other schedules and columns in schedules are omitted because the required information is either inapplicable or included in the consolidated financial statements or the notes thereto.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Crazy Eddie, Inc.

We have examined the consolidated balance sheet of Crazy Eddie, Inc. and subsidiaries as of March 3, 1985 and May 31, 1984, and the related consolidated statements of operations, changes in stockholders' equity and changes in financial position for the nine months ended March 3, 1985 and for each of the two years in the period ended May 31, 1984. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of Crazy Eddie, Inc. and subsidiaries at March 3, 1985 and May 31, 1984, and the results of their operations and the changes in their financial position for the nine months ended March 3, 1985 and for each of the two years in the period ended May 31, 1984, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examinations, referred to above, also included the financial schedules listed in answer to Item 14(a)(2). In our opinion, such financial schedules present fairly the information required to be set forth therein.

KMG Main Hurdman

KMG MAIN HURDMAN

New York, New York
May 2, 1985

CRAZY EDDIE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS	March 3, 1985	May 31, 1984
Current assets:		
Cash (including $15,057,276 of cash equivalents at March 3, 1985)	$22,272,878	$ 1,375,470
Due from American Express Co.	1,875,366	996,020
Miscellaneous receivables	864,135	1,607,456
Merchandise inventories (Note 2)	26,543,159	23,343,346
Prepaid expenses	645,146	514,473
Total current assets	52,200,684	27,836,765
Restricted cash (Note 8)	7,058,265	
Due from affiliates (Note 9)		5,739,274
Furniture, fixtures, equipment and leasehold improvements at cost, less accumulated depreciation and amortization of $1,877,560 and $1,475,650 (Notes 2 and 3)	3,696,008	1,844,305
Construction in process	1,153,887	
Other assets	1,419,667	1,149,190
	$65,528,511	$36,569,534

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	March 3, 1985	May 31, 1984
Current liabilities:		
Notes payable - banks and other (Note 7)		$ 2,900,000
Current maturities of long-term debt (Note 8)	$ 422,910	124,299
	422,910	3,024,299
Accounts payable	23,077,449	20,106,058
Unearned service contract revenue (Note 2)	1,173,341	763,832
Accrued expenses:		
Income taxes	6,020,462	5,064,698
Sales taxes	1,201,011	724,498
Wages and payroll taxes	573,742	258,561
Pension (Note 5)	600,000	
Other	337,640	30,651
Total current liabilities	33,406,555	29,972,597
Long-term debt, less current maturities (Note 8)	7,625,163	46,402
Unearned service contract revenue (Note 2)	635,277	326,520
Commitments and contingencies (Note 6)		
Stockholders' equity (Notes 10 and 11):		
Preferred stock - par value $1.00 per share; authorized 5,000,000 shares, none issued		
Common stock - par value $.01 per share; authorized 15,000,000 shares, outstanding 6,700,000 and 5,000,000, respectively	67,000	50,000
Additional paid-in capital	12,365,175	573,506
Retained earnings	11,429,341	5,600,509
Total stockholders' equity	23,861,516	6,224,015
	$65,528,511	$36,569,534

CRAZY EDDIE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

	Nine Months Ended March 3, 1985	Year Ended May 31, 1984	Year Ended May 31, 1983
Net sales	$136,319,186	$137,285,317	$111,405,591
Cost of goods sold	103,421,097	106,934,607	87,718,556
Gross profit	32,898,089	30,350,710	23,687,035
Selling, general and administrative expense	20,508,309	22,560,042	19,194,216
	12,389,780	7,790,668	4,492,819
Interest and other income	1,211,296	705,655	593,565
Interest expense	(438,244)	(521,607)	(449,612)
Income before pension contribution and income taxes	13,162,832	7,974,716	4,636,772
Pension contribution (Note 5)	600,000		2,507,095
Income before income taxes	12,562,832	7,974,716	2,129,677
Income taxes (Note 4)	6,734,000	4,202,000	1,235,000
Net income	$ 5,828,832	$ 3,772,716	$ 894,677
Net income per share (Note 2)	$.96	$.75	$.18
Weighted average number of shares	6,053,261	5,000,000	5,000,000

The accompanying notes are an integral part of these financial statements.

CRAZY EDDIE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Nine Months Ended March 3, 1985 and Years Ended May 31, 1984 and 1983

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total
Balance, June 1, 1982	$50,000	$ 573,506	$ 1,433,116	$ 2,056,622
Net income	—	—	894,677	894,677
Balance, May 31, 1983	50,000	573,506	2,327,793	2,951,299
Net income			3,772,716	3,772,716
Effect of deemed dividend (Note 1)	—	—	(500,000)	(500,000)
Balance, May 31, 1984	50,000	573,506	5,600,509	6,224,015
Net income			5,828,832	5,828,832
Issuance of 1,700,000 shares and warrants (net of issuance costs)	17,000	11,791,669	—	11,808,669
Balance, March 3, 1985	$67,000	$12,365,175	$11,429,341	$23,861,516

The accompanying notes are an integral part of these financial statements.

CRAZY EDDIE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Nine Months Ended March 3, 1985	Year Ended May 31, 1984	Year Ended May 31, 1983
Working capital provided from:			
Net income	$ 5,828,832	$ 3,772,716	$ 894,677
Add charges not affecting working capital:			
Depreciation and amortization	417,215	410,385	327,492
Loss on disposal of furniture, fixtures, equipment and leasehold improvements	8,273	28,751	
Working capital provided from operations	6,254,320	4,211,852	1,222,169
Issuance of common stock and warrants, less issuance costs of $1,866,331	11,808,669		
Increase in long-term debt	8,236,481		
Reduction in advances to affiliates	7,139,885	4,639,130	1,347,838
Increase in unearned service contract revenue	308,757	96,497	64,986
Insurance proceeds		14,243	
Total working capital provided	33,748,112	8,961,722	2,634,993
Working capital used for:			
Increase in restricted cash	7,058,265		
Acquisition of furniture, fixtures, equipment and leasehold improvements	2,277,191	470,348	492,355
Advances and sales to affiliates, net	1,400,611	7,493,839	3,069,879
Construction in process	1,153,887		
Reduction in long-term debt	657,720	23,827	36,673
Increase in other assets	270,477	103,665	117,963
Deemed dividend		500,000	
Total working capital used	12,818,151	8,591,679	3,716,870
Increase (decrease) in working capital	$20,929,961	$ 370,043	($ 1,081,877)

(Continued)

CRAZY EDDIE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
(Continued)

	Nine Months Ended March 3, 1985	Year Ended May 31, 1984	Year Ended May 31, 1983
Changes in working capital consisted of:			
Increase (decrease) in current assets:			
Cash	$20,897,408	($ 974,270)	($ 733,995)
Due from American Express Co.	879,346	161,642	180,018
Miscellaneous receivables	(743,321)	1,240,846	(850,589)
Merchandise inventories	3,199,813	8,038,638	2,747,740
Prepaid expenses	130,673	420,085	(75,169)
	24,363,919	8,886,941	1,268,005
Increase (decrease) in current liabilities:			
Loans payable - officers and other		(1,967,946)	1,967,946
Notes payable and current maturities of long-term debt	(2,601,389)	2,894,783	(4,909,672)
Accounts payable	2,971,391	6,108,105	3,191,686
Unearned service contract revenue	409,509	114,208	69,679
Accrued expenses	2,654,447	1,367,748	2,030,243
	3,433,958	8,516,898	2,349,882
Increase (decrease) in working capital	$20,929,961	$ 370,043	($ 1,081,877)

The accompanying notes are an integral part of these financial statements.

1 - Reorganization

In December 1983, the stockholders of Crazy Eddie, Inc., a New York corporation, contributed all of the outstanding shares of common stock of Crazy Eddie, Inc. to a newly organized Delaware corporation in exchange for 5,000 shares of its common stock. During September 1984, the New York corporation was merged into the new Delaware corporation (the "Company"). In connection with the merger, the Company declared a stock dividend of 999 shares of common stock for each of the 5,000 shares of common stock outstanding, which increased the number of outstanding shares of common stock to 5,000,000 shares. During September 1984, the Company sold to the public 1,700,000 shares of common stock (including 300,000 shares pursuant to an over-allotment option granted to the underwriters) at a price of $8 per share.

In September 1984, the Company contributed an investment in an oil and gas limited partnership (the "Partnership") with a net carrying value of $140,000 at May 31, 1984, together with note obligations of $1,125,000 and cash of approximately $500,000 (which amount represented the estimated discounted present value of such note obligations), to a newly formed subsidiary of the Company, C.E. Holdings, Inc. ("Newco"), the stock of which was then transferred to Eddie Antar and Sam Antar. The cash transfer of approximately $500,000 has been accounted for as a deemed dividend in the accompanying consolidated financial statements. In addition, the Company will recognize taxable income of approximately $625,000 (which represents the excess of the $1,125,000 face amount of the note obligation over the $500,000 cash transfer) in connection with such contribution and believes that the tax payable with respect to such taxable income will approximate $200,000. Such amount has been provided for in the accompanying financial statements. The Company has been advised that the Partnership is currently under audit by the Internal Revenue Service and, in the event that any of the tax deductions previously taken by the Company with respect to its investment in the Partnership are disallowed on audit, the Company believes that the maximum tax liability resulting from such disallowance would be approximately $550,000 plus interest. Newco has indemnified the Company against any tax liability (including deficiencies, interest and penalties) that may be assessed against the Company in connection with any such disallowance, and Eddie Antar and Sam Antar have guaranteed the performance of Newco's indemnification obligation.

1 - Reorganization (Continued)

In addition, also during September 1984, the Company transferred to Eddie Antar and Sam Antar another oil and gas investment in consideration of the payment by them to the Company of $5,000, which amount represented the estimated current value of such investment as determined by an independent appraisal. Eddie Antar and Sam Antar have indemnified the Company with respect to any liabilities in connection with this investment, other than with respect to the deduction of approximately $270,000 (which amount represents the Company's allocable share of the losses generated by this investment) taken by the Company during the year ended May 31, 1982 in respect of such investment. The Company believes that it has adequately provided against the possibility of such deduction being disallowed, and does not believe that it now has, or that it may incur in the future, any other liabilities in connection with this investment.

The foregoing transactions have been accounted for in a manner similar to a pooling of interests pursuant to Accounting Principles Board Opinion No. 16. Accordingly, the financial statements for all periods presented have been restated to retroactively reflect the reorganization and stock dividend.

2 - Summary of Significant Accounting Policies

Change in Fiscal Year End

The Company has changed its fiscal year end from May 31 to a 52-53 week convention ending the first Sunday in March, effective March 3, 1985.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries (collectively referred to as Crazy Eddie, Inc. or the Company), each of which is wholly owned.

Inventories

Merchandise inventories are stated at the lower of cost, using the first-in, first-out (FIFO) method, or market. Purchase discounts and trade allowances are recognized when received.

2 - Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

In accordance with industry practice, a substantial portion of the merchandise inventory has been purchased from suppliers under credit terms which grant the creditor a security interest in the inventory through the use of trust receipts.

Furniture, Fixtures, Equipment and Leasehold Improvements

Furniture, fixtures, equipment and leasehold improvements are carried at cost. Depreciation and amortization are computed using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

Unearned Service Contract Revenue

Payments received from customers for service contracts are deferred and amortized into income over the terms of the respective contracts, which generally do not exceed five years. Service costs relating to the service contracts are charged to operations as incurred.

Income Taxes

The Company files a consolidated federal income tax return with its wholly owned subsidiaries. Deferred income taxes are provided to reflect the tax effect of timing differences between financial and tax reporting. Income tax expense for the period prior to the reorganization discussed in Note 1 has been computed as if the group being reported upon filed a separate return. Investment tax credits are accounted for as a reduction of income tax expense in the year in which such credits are allowable for income tax purposes.

2 - Summary of Significant Accounting Policies (Continued)

Pensions

The Company funds currently the costs of its noncontributory pension plans, which cover eligible employees.

Pre-Opening Costs

Costs incurred in connection with the opening of new stores are expensed as incurred.

Earnings per Share

Earnings per share is computed based on the weighted average number of common shares outstanding.

3 - Furniture, Fixtures, Equipment and Leasehold Improvements

The components of furniture, fixtures, equipment and leasehold improvements and their estimated useful lives were as follows at the dates indicated:

	March 3, 1985	May 31, 1984	Depreciable Lives
Land	$ 714,823		
Office, warehouse and other equipment	1,431,315	$1,063,057	3 - 10 years
Furniture and fixtures	759,305	659,702	5 - 10 years
Leasehold improvements	2,668,125	1,597,196	Terms of lease
	5,573,568	3,319,955	
Less accumulated depreciation and amortization	1,877,560	1,475,650	
	$3,696,008	$1,844,305	

4 - Taxes

Income tax expense consists of:

	Nine Months Ended March 3, 1985	Year Ended May 31, 1984	Year Ended May 31, 1983
Current:			
Federal	$5,555,000	$3,287,000	$ 802,000
State and local	1,635,000	915,000	433,000
Deferred	(456,000)		
	$6,734,000	$4,202,000	$1,235,000

Reconciliations between actual tax expense and the amount computed by applying the statutory U.S. federal income tax rate to income taxes are as follows:

	Nine Months Ended March 3, 1985		Year Ended May 31, 1984		Year Ended May 31, 1983	
	Amount	% of Pre-Tax Earnings	Amount	% of Pre-Tax Earnings	Amount	% of Pre-Tax Earnings
Computed expected tax expense	$5,778,903	46.0 %	$3,668,500	46.0 %	$ 979,651	46.0 %
State and local taxes, net of federal income tax benefit	882,900	7.0	494,100	6.2	233,820	11.0
Investment and job tax credits	(75,000)	(.6)	(15,000)	(.2)	(11,000)	(.5)
Officers' life insurance expense	126,605	1.0	86,480	1.0	105,800	5.0
Charitable contributions	(21,739)	(.1)	(11,080)	(.1)	(79,956)	(3.8)
Other	42,331	.3	(21,000)	(.3)	6,685	.3
	$6,734,000	53.6 %	$4,202,000	52.6 %	$1,235,000	58.0 %

The federal income tax returns of the Company for each of the last four fiscal years have not been examined by the Internal Revenue Service. In the opinion of management, the results of any examination will not have a material impact on the financial statements.

5 - Pension Plans

The Company maintained a money purchase pension plan covering substantially all employees. Pursuant to the plan, the Company contributed a specified percentage (25%) of covered compensation to the plan for eligible employees (as defined in the plan). On May 17, 1984, the Board of Directors adopted a resolution terminating the money purchase pension plan effective May 31, 1984. Such termination resulted in all participants becoming fully vested in their account balances to the extent the contributions made to their accounts did not exceed the maximum amount allowable under the plan. The Board of Directors also authorized the adoption of a new profit sharing plan effective June 1, 1984. Pursuant to the profit sharing plan, the Company will make annual contributions, out of its current or accumulated earnings or profits, up to a maximum of 15% of covered compensation, as defined in such plan, of all employees who meet certain eligibility requirements. In addition, the Company has a defined benefit pension plan covering certain eligible employees (as defined in the plan).

The Company was not required to make any contribution to the money purchase pension plan for the fiscal year ended May 31, 1984 because required contributions were offset by employee forfeitures in the amount of approximately $2,000,000 which occurred during the years 1980 through 1983. As a result of the funding status of the defined benefit pension plan, the Company was not required to make any pension contribution to that plan for the fiscal year ended May 31, 1984. Accordingly, no provision for pension expense has been made in the accompanying financial statements for the year ended May 31, 1984. Profit sharing expense for the nine months ended March 3, 1985 amounted to $600,000.

The aggregate pension expense for each plan was as follows for the periods indicated below:

	Nine Months Ended March 3, 1985	Year Ended May 31, 1984	Year Ended May 31, 1983
Profit sharing plan	$600,000		
Money purchase pension plan			$2,243,521
Defined benefit pension plan			263,574
	$600,000	$ -	$2,507,095

6 - Leases and Other Commitments

Rent expense (including amounts paid in respect of maintenance, real estate taxes and other charges) for the nine months ended March 3, 1985 amounted to $1,652,000 and for the years ended May 31, 1984 and 1983 amounted to $1,857,000 and $1,501,000, respectively.

At March 3, 1985, the Company was obligated under leases with initial terms of more than one year covering certain real property. The aggregate minimum fixed rentals required under these leases (exclusive of renewal options) are approximately as follows:

Year Ending March 3,	Aggregate Minimum Rental Commitment
1986	$ 3,040,000
1987	3,049,000
1988	3,016,000
1989	2,848,000
1990	2,683,000
Thereafter through 2000	16,858,000
	$31,494,000

Rent expense included $132,000 for the nine months ended March 3, 1985 and $363,000 and $132,000 for the years ended May 31, 1984 and 1983, respectively, for rentals paid to corporations controlled by Eddie Antar and Sam Antar or a corporation wholly owned by them.

Pursuant to certain license agreements, the Company subleases the record departments at all of its store locations to a corporation (Benel Distributors, Ltd.) wholly owned by Ben Kuszer, the brother-in-law of Eddie Antar, and Mr. Kuszer's wife (see Note 9). Other income includes $382,000 for the nine months ended March 3, 1985 and $347,000 and $318,000 for the years ended May 31, 1984 and 1983, respectively, in connection with these agreements.

During 1984, the Company entered into a lease agreement with Eddie Antar and Sam Antar for a new warehouse and corporate office location in Brooklyn, New York, owned by the Messrs. Antar. The Company incurred additional expenses in connection

6 - Leases and Other Commitments (Continued)

with such facility in the amount of approximately $145,000. The agreement was terminated February 20, 1984 when the Company decided to relocate its corporate office and warehouse to New Jersey.

7 - Notes Payable - Banks and Other

Notes payable - banks and other consist of:

	May 31, 1984
Extebank, due June 25, 1984, with interest at 12%	$2,400,000
Note payable resulting from deemed dividend described in Note 1	500,000
	$2,900,000

8 - Long-Term Debt

Long-term debt consists of the following:

	March 3, 1985	May 31, 1984
Series A Economic Development Bonds, payable in quarterly installments of $51,667 beginning January 1, 1986 (a)	$6,200,000	
Series B Economic Development Bonds, payable in monthly installments of $19,048 beginning August 1, 1985 (a)	1,600,000	
Other	248,073	$170,701
	8,048,073	170,701
Less current maturities of long-term debt	422,910	124,299
	$7,625,163	$ 46,402

8 - Long-Term Debt (Continued)

(a) On April 11, 1984, the Company entered into agreements to purchase approximately 11 acres of land in Edison, New Jersey and to have a builder construct the Company's new corporate headquarters on such land. The agreements were conditioned, among other things, upon the Company receiving from the New Jersey Economic Development Authority (the "Authority") approval for the issuance of economic development bonds to finance such acquisition and construction as well as certain related costs.

On December 21, 1984, the Company borrowed from the Authority the aggregate amount of $7,800,000 in order to finance the acquisition or construction of the land, the new facility and certain related machinery and equipment. The proceeds for such loan were provided pursuant to the issuance by the Authority of $6,200,000 aggregate principal amount of its Series A Economic Development Bonds (Crazy Eddie, Inc. - 1984 Project) (the "Series A Bonds") and $1,600,000 aggregate principal amount of its Series B Economic Development Bonds (Crazy Eddie, Inc. - 1984 Project) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"). Pursuant to a loan agreement between the Authority and the Company, the Company is obligated to make principal and interest payments in respect of the loan in amounts sufficient to pay the amounts of principal and interest due from time to time on the Bonds. The Bonds bear interest at a rate equal to 75% of the rate of interest announced from time to time by Midlantic National Bank as its prime rate, but such rate may in no event exceed 14% or be less than 7-1/2% per annum. Interest on the Bonds is payable monthly beginning January 1, 1985.

As security for repayment of the Bonds and the performance by the Company of its obligations under the loan agreement with the Authority, the Company has granted to the Authority a first mortgage lien on the new facility and a security interest in, among other things, all leases that are entered into by the Company with any tenant of the facility (including all rents payable to the Company thereunder).

Restricted cash at March 3, 1985 represents monies reserved for the construction of the new corporate warehouse.

8 - Long-Term Debt (Continued)

Aggregate annual maturities of the aforementioned long-term debt outstanding at March 3, 1985 for each of the next five fiscal years are as follows:

Year Ending March 3,	Aggregate Annual Maturity
1986	$422,910
1987	455,866
1988	455,866
1989	443,819
1990	435,238

9 - Related Party Transactions

Due from affiliates consists of:

	May 31, 1984
Captain Video Enterprises, Inc. (a)	$1,824,943
Benel Distributors, Ltd. (b)	2,590,612
Educators International, Inc. and the University of St. Lucia School of Medicine, Ltd. (c)	977,578
Shoe Time, Inc. (d)	129,801
S & M Discount Center, Inc. (e)	60,360
Acousti-phase, Inc. (f)	155,980
	$5,739,274

(a) Eddie Antar owns 50% of the outstanding common stock of Captain Video Enterprises, Inc. ("Captain Video"), a retailer of home entertainment and consumer electronic products doing business in southeast Florida. For the years ended May 31, 1984 and 1983, the Company sold $39,651 and $318,318 of merchandise to Captain Video. In addition, during the years ended May 31, 1984 and 1983, the Company advanced Captain Video $2,286,620 and $19,044, respectively. Also, during the year ended May 31, 1984, Captain Video repaid $1,586,354 to the Company. Eddie Antar has repaid all amounts owed by Captain Video to the Company.

9 - Related Party Transactions (Continued)

(b) Benel Distributors, Ltd. ("Benel") sells pre-recorded audio and video cassettes and records at certain of the Company's store locations pursuant to various license agreements. In addition, the Company purchases, on behalf of Benel, cassette tapes which Benel sells or rents at its locations. For the years ended May 31, 1984 and 1983, the Company received $347,000 and $318,000 pursuant to such license agreements. In addition, the Company had sales of cassette tapes to Benel of $3,271,511 and $2,131,506 for the years ended May 31, 1984 and 1983, respectively. In addition, the Company advanced Benel $200,000 and $100,000 during the years ended May 31, 1984 and 1983, respectively. The Company terminated its sales to Benel on May 31, 1984, and will not make any further loans to or guarantee any loans for Benel. Benel has repaid the $2,590,612 for which it was indebted to the Company at May 31, 1984.

(c) Eddie Antar is a minority shareholder of the University of St. Lucia School of Medicine, Ltd. (the "University"), a corporation chartered under the laws of St. Lucia which operated a medical school on the island of St. Lucia. Educators International, Inc. ("EII"), a New York corporation, all of whose stock is owned by Ben Kuszer, brother-in-law of Eddie Antar, was employed to provide recruiting and other services to the University. The medical school has discontinued its operations and is no longer an ongoing concern. For the year ended May 31, 1983, the Company advanced EII $147,445 for working capital. During the year ended May 31, 1984, the Company advanced EII and the University an additional $1,219,256 for working capital and was repaid $389,123. The amounts advanced to EII and the University which were outstanding at May 31, 1984 have been repaid by Eddie Antar.

(d) Sam Antar owns 50% of the outstanding stock of Shoe Time, Inc. During the year ended May 31, 1984, the Company advanced Shoe Time, Inc. $129,801. The Company guaranteed the repayment of a loan made to Shoe Time, Inc. by Bank Leumi LeIsrael of which $455,556 was outstanding at May 31, 1984, and has been released from this obligation. All amounts owed by Shoe Time, Inc. to the Company have been repaid by Sam Antar.

9 - Related Party Transactions (Continued)

(e) S & M Discount Center, Inc., which is 50% owned by Sam Antar, operates two retail stores in New Jersey that sell home entertainment and consumer electronic products. All amounts owed by S & M Discount, Inc. to the Company have been repaid by Sam Antar.

(f) Eddie Antar owns 51% of the outstanding common stock of Acousti-phase, Inc., a manufacturer of stereo speakers. For the years ended May 31, 1984 and 1983, the Company purchased $358,000 and $370,000 of merchandise from Acousti-phase, Inc. The amount due at May 31, 1984 represents advances made to Acousti-phase, Inc. for working capital. All amounts owed by Acousti-phase, Inc. to the Company have been repaid by Eddie Antar.

An aggregate of $186,450 owed by Eddie Antar and Sam Antar to the Company was offset against compensation paid to such persons for fiscal 1984. At May 31, 1984, Eddie Antar and Sam Antar were indebted to the Company in the amount of $50,000 and, in May 1984, the Company provided a loan of $237,500 to Mr. Solomon E. Antar, Secretary and General Counsel of the Company. These amounts have been repaid.

10 - Stock Option Plan

On August 28, 1984, the Company adopted the Crazy Eddie, Inc. 1984 Stock Option Plan which provides for the issuance of nonqualified and incentive stock options. The Company has reserved 250,000 shares of common stock for issue to key employees under the plan.

Changes in the shares authorized, granted and available under the Stock Option Plan are as follows:

	Number of Shares		
	Authorized	Granted	Available for Grant
Balance, August 28, 1984	250,000		250,000
Granted		132,100	(132,100)
Balance, March 3, 1985	250,000	132,100	117,900

10 - Stock Option Plan (Continued)

The exercise price of any incentive stock option shall not be less than the fair market value of the shares subject to the option on the date of grant. The exercise price of any nonqualified stock option shall not be less than 85% of the fair market value of the shares subject to the option on the date of grant. The term of each option and the manner in which it may be exercised will be determined by a Committee of the Board of Directors, subject to the requirement that no option may be exercisable more than 10 years after the date of grant.

During the period ended March 3, 1985, 132,100 nonqualified options were granted at $8.29 per share which expire September 21, 1994.

11 - Stockholders' Equity

On September 20, 1984, the Company issued 1,700,000 shares of common stock in connection with its initial public offering.

On March 20, 1985, the Company issued an additional 200,000 shares of common stock to the public.

In addition, in connection with the initial public offering, the managing underwriter purchased warrants to acquire an aggregate of 75,000 shares of common stock at a price of $9.60 per share for $1.00 each. The warrants become exercisable on September 20, 1985 and expire on September 20, 1989.

12 - Reclassifications

Certain items appearing in 1984 and 1983 financial statements have been reclassified to correspond with the 1985 presentation. The reclassifications primarily relate to the presentation of cash surrender value loans and unearned service contract revenue. There was no effect on net income or stockholders' equity as a result of these reclassifications.

13 - Consolidated Statement of Operations (Unaudited)

The following summarizes the operating results of the Company, restated to correspond on a comparative basis to the Company's new fiscal year ended March 3, 1985:

	Twelve Months Ended		
	March 3, 1985	February 29, 1984	February 28, 1983
	(In thousands, except per share data)		
Net sales	$167,147	$134,347	$106,095
Cost of goods sold	127,619	105,313	83,327
Gross profit	39,528	29,034	22,768
Selling, general and administrative expense	26,431	22,056	18,652
	13,097	6,978	4,116
Other income	1,418	692	671
Interest expense	(572)	(461)	(602)
Income before pension contribution and income taxes	13,943	7,209	4,185
Pension contribution	600	627	2,419
Income before income taxes	13,343	6,582	1,766
Income taxes	6,976	3,630	955
Net income	$ 6,367	$ 2,952	$ 811
Net income per share	$1.10	$.59	$.16
Weighted average number of shares	5,796	5,000	5,000

CRAZY EDDIE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

14 - Quarterly Financial Data (Unaudited)

	Quarter First	Quarter Second	Quarter Third	Total
	(In Thousands, Except per Share Amounts)			
Nine Months Ended March 3, 1985				
Net sales	$32,344	$38,684	$65,291	$136,319
Gross profit	$ 7,519	$ 8,817	$16,562	$ 32,898
Net income	$ 1,141	$ 1,380	$ 3,308	$ 5,829
Net income per share*	$ .23	$ .21	$ .49	$ .96

	Quarter First	Quarter Second	Quarter Third	Quarter Fourth	Total
	(In Thousands, Except per Share Amounts)				
Year Ended May 31, 1984					
Net sales	$27,510	$30,699	$48,248	$30,828	$137,285
Gross profit	$ 6,326	$ 6,752	$10,642	$ 6,631	$ 30,351
Net income	$ 884	$ 479	$ 1,872	$ 538	$ 3,773
Net income per share	$ .17	$ .10	$ .37	$ .11	$ .75

*Due to weighting, the sum of the earnings per share for the quarters will not equal the total.

CRAZY EDDIE, INC. AND SUBSIDIARIES

SCHEDULE II

AMOUNTS RECEIVABLE FROM RELATED PARTIES

Nine Months Ended March 3, 1985 and
Years Ended May 31, 1984 and 1983

Name of Debtor	Balance at Beginning of Period	Additions: Sales	Additions: Cash Advances	Additions: Other	Deductions: Amounts Collected	Deductions: Other	Balance at End of Period Not Current
Nine months ended March 3, 1985:							
Due from affiliates:							
Acousti-phase, Inc.	$ 155,980				($ 155,980)		
Benel Distributors, Ltd.	2,590,612	$1,018,611		$382,000	(3,991,223)		
Captain Video Enterprises, Inc.	1,824,943				(1,824,943)		
Educators International, Inc.	977,578				(977,578)		
S & M Discount Center, Inc.	60,360				(60,360)		
Shoe Time, Inc.	129,801				(129,801)		
	$5,739,274	$1,018,611		$382,000	($ 7,139,885)		$ -
Loans receivable - officers:							
Eddie Antar and Sam Antar	$ 50,000				($ 50,000)		
Solomon E. Antar	237,500				(237,500)		
	$ 287,500				($ 287,500)		$ -
Year ended May 31, 1984:							
Due from affiliates:							
Acousti-phase, Inc.	$ 155,980						$ 155,980
Benel Distributors, Ltd.	1,171,808	$3,271,511	$ 200,000	$347,000	($ 1,947,000)	($452,707) (A)	2,590,612
Captain Video Enterprises, Inc.	1,085,026	39,651	2,286,620		(1,586,354)		1,824,943
Educators International, Inc.	147,445		1,219,256		(334,640)	(54,483)	977,578
Nogales Discount Center, Inc.	263,946				(263,946)		
S & M Discount Center, Inc.	60,360						60,360
Shoe Time, Inc.			129,801				129,801
	$2,884,565	$3,311,162	$3,835,677	$347,000	($ 4,131,940)	($507,190)	$5,739,274
Loans receivable - officers:							
Eddie Antar and Sam Antar	$ 161,450		$ 75,000			($186,450) (B)	$ 50,000
Solomon E. Antar			237,500				237,500
	$ 161,450		$ 312,500			($186,450)	$ 287,500
Year ended May 31, 1983:							
Due from affiliates:							
Acousti-phase, Inc.	$ 153,000		$ 2,980				$ 155,980
Benel Distributors, Ltd.	(119,698)	$2,131,506	100,000	$318,000	($ 1,258,000)		1,171,808
Captain Video Enterprises, Inc.	837,502	318,318	19,044		(89,838)		1,085,026
Educators International, Inc.			147,445				147,445
Nogales Discount Center, Inc.	231,360	32,586					263,946
S & M Discount Center, Inc.	60,360						60,360
	$1,162,524	$2,482,410	$ 269,469	$318,000	($ 1,347,838)		$2,884,565
Loans receivable - officers:							
Eddie Antar and Sam Antar	$ 58,728		$ 117,722		($ 15,000)		$ 161,450

(A) Represents offset of insurance claim.

(B) Represents offset against compensation paid for fiscal 1984.

CRAZY EDDIE, INC. AND SUBSIDIARIES

SCHEDULE IX

SHORT-TERM BORROWINGS

Nine Months Ended March 3, 1985 and
Years Ended May 31, 1984 and 1983

Category of Aggregate Short-Term Borrowings	Balance at End of Period	Weighted Average Interest Rate	Maximum Amount Outstanding During the Period	Average Amount Outstanding During the Period	Weighted Average Interest Rate During the Period
Notes payable to banks (bank borrowings):					
Nine months ended March 3, 1985	$ -	-	$5,250,000	$3,218,297	9.0%
Year ended May 31, 1984	$2,400,000	12.0%	$2,700,000	$ 803,825	12.4%
Year ended May 31, 1983	$ -	-	$3,500,000	$ 369,951	17.0%

Notes payable to banks represent obligations payable under lines of credit with various local banks.

The average amount outstanding during the period represents the average of the daily principal balances outstanding during the period.

The weighted average interest rate during the period was computed by dividing the actual interest incurred on short-term borrowings by the average amount outstanding during the period.

EXHIBIT INDEX

Exhibit No.	Description	Page No.
3.1	Certificate of Incorporation, as amended, of the Company (incorporated by reference from Registration Statement No. 2-91259, Exhibit 3.1, filed May 22, 1984)	
3.2	By-laws of the Company (incorporated by reference from Registration Statement No. 2-91259, Exhibit 3.2, filed May 22, 1984)	
4.1	Loan Agreement, dated as of December 1, 1984, by and between the New Jersey Economic Development Authority and the Company (incorporated by reference from Registration Statement No. 2-96148, Exhibit 4.2, filed March 1, 1985)	
4.2	Mortgage and Security Agreement, dated December 1, 1984, from the Company to the New Jersey Economic Development Authority (incorporated by reference from Registration Statement No. 2-96148, Exhibit 4.3, filed March 1, 1985)	
4.3	Assignment of Leases, dated December 21, 1984, from the Company to the New Jersey Economic Development Authority (incorporated by reference from Registration Statement No. 2-96148, Exhibit 4.4, filed March 1, 1985)	
10.1	Sublease, dated August 27, 1976, between East Fordham Road Properties, Inc., and DNS Audio Inc., as amended (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.1, filed May 22, 1984)	
10.2	Sublease, dated November 4, 1980, between General Nutrition Center, Inc., and SND Audio, Inc. (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.2, filed May 22, 1984)	

Exhibit No.	Description	Page No.
10.3	Assignment of Lease, dated June 30, 1975, between Center Associates, Cameo Camera Stores, Inc., and SND Audio, Inc. (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.3, filed May 22, 1984)	
10.4	Assignment and Assumption of Lease, dated March 30, 1984 between Sam Antar, Simcole Audio, Inc., and 404 Jericho Company (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.4, filed May 22, 1984)	
10.5	Assignment and Assumption of Lease, dated March 8, 1984, between Kelso Industries, Inc., and Ultralinear Sound Corp. (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.5 filed May 22, 1984)	
10.6	Agreement, dated April 7, 1977, between Emil J. Geering and Dorothy B. Geering and Moore Industries Corporation (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.6, filed May 22, 1984)	
10.7	Assignment of Sublease, dated June 1, 1983, between The Lionel Corporation and Gabrielle Audio, Inc. (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.7, filed May 22, 1984)	
10.8	Lease, dated September 1, 1978, between Kelso Industries, Inc., and Rose Audio, Inc. (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.8, filed May 22, 1984)	
10.9	Assignment, dated December 21, 1982, between The Lionel Corporation and Crazy Eddie, Inc., and various subsidiaries (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.9, filed May 22, 1984)	

Exhibit No.	Description	Page No.
10.10	Assignment of Sublease, dated March 1, 1980, between Kelso Industries, Inc., and Noel Audio, Inc. (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.10, filed May 22, 1984)	
10.11	Lease, dated February 1, 1981, between Lex-Parc Properties and Mitchell Audio, Inc. (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.11, filed May 22, 1984)	
10.12	Lease, dated December 9, 1982, between Robert Rosenfeld and Simone Audio, Inc. (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.12, filed May 22, 1984)	
10.13	Lease, dated February 10, 1983, between Vornado, Inc., and Danielle Audio Inc. (incorporated by reference Registration Statement No. 2-91259, Exhibit 10.13, filed May 22, 1984)	
10.14	Lease, dated January 10, 1984, between Jeffrey Seaman, et al. and Suffolk Audio Distributors, Inc. (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.14, filed May 22, 1984)	
10.15	Sublease Agreement, dated April 1, 1984, between Kelso Industries, Inc., and the Company (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.15, filed May 22, 1984)	
10.16	Agreement of Lease, dated February 23, 1984, between Steval Development Corp. and Third Avenue Home Entertainment Boutique, Inc. (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.16, filed May 22, 1984)	

Exhibit No.	Description	Page No.
10.17	Lease, dated July 1, 1980, between 2865 Coney Island Avenue Realty Corp. and the Company (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.17, filed May 22, 1984)	
10.18	Agreement to Purchase, dated April 11, 1984, between Talmadge Realty Associates and the Company (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.18, filed May 22, 1984)	
10.19	Construction Agreement, dated April 11, 1984, between Morris Industrial Builders, Inc., and the Company (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.19, filed May 22, 1984)	
10.20	Agreement of Lease, dated April 26, 1984, between 1000 Massapequa, Inc., and Massapequa Audio Distributors, Inc. (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.20, filed May 22, 1984)	
10.21	Form of Assignment of Lease, with Assumption, between National Brands Outlet, Inc., and C.E. Audio Distributors, Inc. (incorporated by reference from Amendment No. 2 to Registration Statement No. 2-91259, Exhibit 10.21, filed August 21, 1984)	
10.22	Assignment, dated May 21, 1984, from Eddie Antar to the Company (incorporated by reference from Amendment No. 2 to Registration Statement No. 2-91259, Exhibit 10.22, filed August 31, 1984)	
10.23	Form of Trade Name, Trademark and Service Mark License Agreement between the Company and each of its subsidiaries. There are 20 such agreements that are identical in all material respects. (incorporated by reference from Amendment No. 2 to Registration Statement No. 2-91259, Exhibit 10.23, filed August 31, 1984)	

Exhibit No.	Description	Page No.
10.24	Form of Trade Name, Trademark and Service Mark Sub-license Agreement between a subsidiary of the Company and a subsidiary of Benel. There are 20 such agreements between subsidiaries of the Company and subsidiaries of Benel that are identical in all material respects except for amounts of required advertising expenses of the licensee (incorporated by reference from Amendment No. 2 to Registration Statement No. 2-91259, Exhibit 10.24, filed August 31, 1984)	
10.25	Form of License Agreement between a subsidiary of the Company and a subsidiary of Benel. There are 20 such agreements between subsidiaries of the Company and subsidiaries of Benel that are identical in all material respects except for the amount of monthly license fees. Additional agreements are expected to be added as new stores open. (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.25, filed May 22, 1984)	
10.26	Crazy Eddie, Inc. 1984 Stock Option Plan (incorporated by reference from Amendment No. 2 to Registration Statement No. 2-91259, Exhibit 10.26, filed August 31, 1984)	
10.27	Crazy Eddie, Inc., and Subsidiaries Retirement Trust, dated May 1, 1977, as amended (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.27, filed May 22, 1984)	
10.28	The Crazy Eddie, Inc., and Subsidiaries Profit Sharing Plan, effective as of June 1, 1984 (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.28, filed May 22, 1984)	

Exhibit No.	Description	Page No.
10.29	Crazy Eddie, Inc., and Subsidiaries Defined Benefit Pension Plan (incorporated by reference from Registration Statement No. 2-91259, Exhibit 10.29, filed May 22, 1984)	
10.30	Form of Agreement among Benel Distributors, Ltd., Eddie Antar, Ben Kuszer and the Company (incorporated by reference from Amendment No. 3 to Registration Statement No. 2-91259, Exhibit 10.30, filed September 10, 1984)	
10.31	Form of Indemnification Agreement among the Company, Eddie Antar and Sam Antar (incorporated by reference from Amendment No. 2 to Registration Statement No. 2-91259, Exhibit 10.31, filed August 31, 1984)	
10.32	Form of Dwek Guaranty by Eddie Antar to the Company (incorporated by reference from Amendment No. 2 to Registration Statement No. 2-91259, Exhibit 10.32, filed August 31, 1984)	
10.33	Employment Agreement, dated as of June 1, 1984, between the Company and Eddie Antar (incorporated by reference from Amendment No. 1 to Registration Statement No. 2-91259, Exhibit 10.33, filed July 11, 1984)	
10.34	Sublease Agreement, dated May 22, 1984, between Harvey Sound, Inc., and Simcole Audio, Inc. (incorporated by reference from Amendment No. 2 to Registration Statement No. 2-91259, Exhibit 10.34, filed August 31, 1984)	
10.35	Lease, dated July 19, 1984, between Rockland Center Associates and Nanuet Audio Distributors, Inc. (incorporated by reference from Amendment No. 2 to Registration Statement No. 2-91259, Exhibit 10.35, filed August 31, 1984)	

Exhibit No.	Description	Page No.
10.36	Lease, dated May 14, 1984, between Belle Atkind and Woodbridge Audio Distributors, Inc. (incorporated by reference from Amendment No. 2 to Registration Statement No. 2-91259, Exhibit 10.36, filed August 31, 1984)	
10.37	Lease, dated August 16, 1984, between Center Associates and SND Audio Inc. (incorporated by reference from Amendment No. 2 to Registration Statement No. 2-91259, Exhibit 10.37, filed August 31, 1984)	
10.38	Form of Consignment Agreement, dated as of May 31, 1984, between the Company and Benel Distributors, Ltd. (incorporated by reference from Amendment No. 3 to Registration Statement No. 2-91259, Exhibit 10.38, filed September 10, 1984)	
10.39	Form of Indemnification Agreement among the Company, C.E. Holdings, Inc., Eddie Antar and Sam Antar (incorporated by reference from Amendment No. 2 to Registration Statement No. 2-91259, Exhibit 10.39, filed August 31, 1984)	
10.40	Form of Agreement among Crazy Eddie, Inc., Captain Video Enterprises, Inc., and Eddie Antar (incorporated by reference from Amendment No. 3 to Registration Statement No. 2-91259, Exhibit 10.40, filed September 10, 1984)	
10.41	Form of Agreement among Crazy Eddie, Inc., Educators International, Inc., and Eddie Antar (incorporated by reference from Amendment No. 3 to Registration Statement No. 2-91259, Exhibit 10.41, filed September 10, 1984)	

Exhibit No.	Description	Page No.
10.42	Form of Agreement among Crazy Eddie, Inc., University of St. Lucia School of Medicine, Ltd., and Eddie Antar (incorporated by reference from Amendment No. 3 to Registration Statement No. 2-91259, Exhibit 10.42, filed September 10, 1984)	
10.43	Form of Agreement among Crazy Eddie, Inc., Acousti-phase, Inc., and Eddie Antar (incorporated by reference from Amendment No. 3 to Registration Statement No. 2-91259, Exhibit 10.43, filed September 10, 1984)	
10.44	Form of Agreement among Crazy Eddie, Inc., Shoe Time, Inc., and Sam Antar (incorporated by reference from Amendment No. 3 to Registration Statement No. 2-91259, Exhibit 10.44, filed September 10, 1984)	
10.45	Form of Agreement among Crazy Eddie, Inc., S&M Discount Center, Inc., and Sam Antar (incorporated by reference from Amendment No. 3 to Registration Statement No. 2-91259, Exhibit 10.45, filed September 10, 1984)	
10.46	Form of Assignment of Interest in Brewer Venture by the Company to Eddie Antar and Sam Antar (incorporated by reference from Amendment No. 3 to Registration Statement No. 2-91259, Exhibit 10.46, filed September 10, 1984)	
10.47	Lease, dated October 18, 1984, between Medical Building Investors and Queens Boulevard Audio Inc. (incorporated by reference from Registration Statement No. 2-96148, Exhibit 10.47, filed March 1, 1985)	

Exhibit No.	Description	Page No.
10.48	Lease and three side letter agreements, dated October 16, 1984, and side letter agreement, dated October 31, 1984, between Baily N.Y. Associates and the Company (incorporated by reference from Registration Statement No. 2-96148, Exhibit 10.48, filed March 1, 1985)	
10.49	Lease, dated February 11, 1984, between 116 Post Road Associates and Tera Audio Distributors, Inc. (incorporated by reference from Registration Statement No. 2-96148, Exhibit 10.49, filed March 1, 1985)	
22.1	Subsidiaries	
24.1	Consent of KMG Main Hurdman	

CRAZY EDDIE, INC.

List of Subsidiaries

	Name	Jurisdiction
1.	DNS Audio, Inc.	New York
2.	SND Audio, Inc.	New York
3.	Simcole Audio, Inc.	New York
4.	Ultralinear Sound Corporation	New York
5.	Moore Industries Corp.	New Jersey
6.	Gabrielle Audio, Inc.	New Jersey
7.	Rose Audio, Inc.	New Jersey
8.	Debbie Audio, Inc.	New York
9.	Noelle Audio, Inc.	New York
10.	Mitchell Audio, Inc.	New York
11.	Third Avenue Home Entertainment Boutique, Inc.	New York
12.	Simone Audio, Inc.	Connecticut
13.	Danielle Audio, Inc.	New Jersey
14.	Suffolk Audio Distributors, Inc.	New York
15.	Massapequa Audio Distributors, Inc. ..	New York
16.	C. E. Audio Distributors, Inc.	New Jersey
17.	Nanuet Audio Distributors, Inc.	New York
18.	Woodbridge Audio Distributors, Inc. ..	New Jersey
19.	Queens Boulevard Audio, Inc.	New York
20.	Tera Audio Distributors, Inc.	Connecticut
21.	Broadway Audio Distributors, Inc.	New York

All subsidiaries do business under the name "Crazy Eddie."

CONSENT OF KMG MAIN HURDMAN

We hereby consent to the incorporation by reference of our Report, dated May 2, 1985, on the consolidated financial statements and schedules of Crazy Eddie, Inc. (the "Company") and subsidiaries appearing on page F-2 of this Annual Report on Form 10-K in the Registration Statement of the Company on Form S-8 (No. 2-96737).

KMG Main Hurdman

KMG MAIN HURDMAN

New York, New York
May 31, 1985