

# RETAIL SECTOR WEEKLY

## Key Retail News and Commentary

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### Did You Know...?

*Forecasters expect the median price of U.S. homes to fall between 1% and 2% this year in what would be the first such decline since 1950. It is expected that the decline of home prices will peak at 4% between their highest point in 2007 and the projected low point in 2009.*

## Credit Crunch Spreads Beyond Mortgages

Mortgages are not the only type of loans consumers are finding it harder and more expensive to get. Consumers are also feeling the effects of the credit crunch in other types of consumer credit, according to the Wall Street Journal.

The news source stated that some lenders are raising their credit score requirements across their auto loans, credit cards and personal loans.

The Journal cited Bank of America Corp. and Capital One Financial Corp. as examples of lenders that recently raised fees and interest rates for some of their credit card customers.

The Journal wrote that, "For the most part, lenders say the changes are not directly tied to the mortgage mess, but reflect concerns about an economic slowdown and uncertainty about interest rates."

It continued to state that, "Still, some lenders are becoming more cautious about extending credit in weaker housing markets and to people who may have exposure to certain riskier mortgages."

A spokesman for J.P. Morgan Chase & Co. told the Journal the company has been tightening up credit guidelines across some consumer products such as home equity and auto loans, mainly among cus-

*(Continued on page 2)*

## Amscan Holdings Inc.: Retailer of the Week

Amscan Holdings continued to see core operations improve in both the second quarter and first six months of 2007 as compared to last year's same periods. The Company, however, still remains leveraged on a tangible asset basis and continues to maintain a heavy debt load. Accordingly, Global Credit will retain its "D+" credit rating, reflecting a moderate amount of credit risk, particularly since the Company has not made a profit yet this year. However, with think that operating earnings should stay stable for the second half of the year, if not show continual improvement. With one times mostly out of the way we are hopeful that Amscan Holdings will yield growing profits for the year.

### BACKGROUND

Amscan Holdings designs, manufactures, and distributes a wide array of products for social occasions. The Company was incorporate in October 1996 but originally founded sixty years ago. In late 2005, Amscan Holdings extended its reach through acquiring the Party City chain, providing it with an exclusive outlet for product lines. In September 2006, Amscan Holdings further expanded its retail network through the acquisition of Party America. The deal was valued at \$29.7 million and Amscan also repaid \$12.6 million of Party America's debt. Both chains continue to operate under their respective trade names with some stores closed in market overlap. Both of these deals were mostly funded from the use of debt.

Both chains also have franchisee operations. The primary owners of Amscan Holdings are Berkshire Partners and Weston Presidio.

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## Credit Crunch Spreads Beyond Mortgages

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tomers with weak credit who live in markets that have been hurt by a decline in home prices.

However, the Journal stated, lenders are not tightening credit standards nationwide.

“That’s why the average interest rates on many types of consumer loans have not changed much since the beginning of the year,” it wrote.

The Journal added that, “Card issuers can afford to be more selective about whom they extend credit to and by how much because more consumers – increasingly locked out of home equity loans and lines of credit – are using their credit cards more.”

Economists are increasingly concerned that the credit crunch in the mortgage market could spread into other types of consumer loans. But, stated the Journal, “Industry consultants say there are signs that card issuers are already becoming more cautious.

“Average credit card approval rates across the industry have dropped by five percentage points to 35% over the past year, while credit lines for subprime borrowers have fallen to an average of \$1,000 from \$1,250 a year ago,” the Journal wrote citing data from a bank card advisory firm.

Nationally, credit card delinquencies are still relatively low at 4% and have not risen significantly in the past three years. Still, in certain markets, especially those that have been hit especially hard by a decline in home values, delinquencies have spiked.

Lenders interviewed told the Journal they are monitoring the credit environment “carefully.”

Meanwhile, another victim of the trend toward tightening credit is beginning to show up on the radar screen – shortening introductory periods on credit card offers.

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## Bankruptcy Blotter

... **Giant Eagle's** \$20 million purchase of the **Le-Nature's** bottling plant is on hold while a trustee investigates allegations of improper bidding during a bankruptcy auction. The trustee is looking into allegations that Giant Eagle threatened to stop selling **Cadbury Schweppes** products if the soft-drink maker outbid it.

... **Bally Total Fitness Holding Corp.** won approval of its Plan of Reorganization backed by the funding of \$233.6 million by **Harbinger Capital Partners** to finance the exit from bankruptcy. Under the plan unsecured creditors will receive 100% of their claims.

... **Hancock Fabrics, Inc.** filed a motion seeking an extension of the deadline by which they must assume or reject leases, soliciting the written consent of its lessors.

... The court extended **Rockaway Bedding's** exclusivity period to file a Plan of Reorganization to a September 25, 2007 hearing at which time, the court will consider extending the exclusivity period further.

... **Great Circle Family Foods LLC**, once **Krispy Kreme Doughnuts Inc.'s** largest franchisee, filed for Chapter 11 bankruptcy protection. The company listed **General Electric Capital Business Asset Funding Corp.** as its largest secured creditor, with a \$7.5 million claim. The company's five subsidiaries also filed for bankruptcy protection.

... Members of the **International Union of Electronic Workers- Communications Workers of America** (representing 2,000 employees) voted to ratify a new four-year contract with **Delphi Corp.** Last month Delphi won a new agreement with its largest union, the **United Auto Workers.**

... **Dura Automotive Systems Inc.** is looking to borrow \$400 million to supplement a planned \$160 million rights offering with **Atwood Mobile Products** to fund its exit from bankruptcy protection. The exit loan will consist of a \$275 million term loan and up to \$125 million in revolving credit and letters of credit. The company is expected to choose the exit financing through a competitive process.

## Management on the Move

... Just months after assuming the role of **7-Eleven Inc.**'s first ever Chief Marketing Officer, **Doug Foster** resigned from the company to "pursue other opportunities". Mr. Foster had previously served three years as 7-Eleven's VP of Marketing before his promotion.

... **J. C. Penney Company, Inc.** appointed **Philip Sanchez** as Division VP, Associate Director of Investor Relations, serving as the company spokesman with the financial community. Mr. Sanchez most recently served as the company's Division VP, Assistant Treasurer.

... **Nordstrom, Inc.** named **James A. Howell** as the company's VP of Finance and Principal Accounting Officer. Mr. Howell previously served as SVP and Corporate Controller for **Blockbuster Inc.**

... **AnnTaylor Stores Corporation** elected **Daniel W. Yih** to the company's Board of Directors. Mr. Yih was most recently COO and Portfolio Principal of **GTCR Golder Rauner, LLC**, a privately held investment firm.

... In addition to the above, **AnnTaylor Stores** announced the appointment of **Robert J. Luzzi** as the company's Chief Marketing Officer, reporting to CEO **Kay Krill**. Mr. Luzzi was most recently EVP, Chief Marketing/Creative Director with **New York & Company Inc.**

... **Chico's FAS, Inc.** appointed **John J. Mahoney** to its Board of Directors, increasing the number of Board seats to ten. Mr. Mahoney is the Vice Chairman and CFO for **Staples, Inc.**

... **Pacific Sunwear of California** named **Grace Nichols** to the company's Board of Directors. Ms. Nichols retired as the CEO of **Victoria's Secret Stores**, a unit of **Limited Brands**, in January 2007.

... **Coldwater Creek Inc.** promoted **Timothy O. Martin** to the position of SVP and CFO replacing **Mel Dick**, who is retiring. Mr. Martin joined the company as VP of Finance in August 2006.

... **Bath & Body Works**, a division of **Limited Brands Inc.** promoted **Camille McDonald** to the role of President, Brand Development and Merchandising. Ms. McDonald most recently served as EVP of Merchandising.

... **Golfsmith International Holdings** announced the resignation of **Lawrence Mondry** as a Director of the company. Mr. Mondry is devoting full attention to his duties as President and CEO of **CSK Auto Corporation**.

... **Home Décor Products, Inc.** named **Jonathan C. Bernstein** as its new CEO. Mr. Bernstein most recently served as President of **Smith+Noble**, a division of **Cornerstone Brands**, a catalog/online marketer and retailer of custom window treatments.

... **Susan Harwood** joined **Borders Group** as its Chief Information Officer, reporting to CEO **George Jones**. Prior to joining the company, Ms Harwood served as VP of Information Technology at **Books-A-Million, Inc.**

... Following the resignation of **Joe McGuire** as CEO of **Tweeter Newco** earlier in the week, **Shultze Asset Management**, owners of Tweeter named retail veteran **George Granoff** as the company's new CEO. Mr. Granoff's experience includes roles as President and COO of both **Ames Department Stores** and **Bradlees**.

... **Circuit City Stores, Inc.** appointed **Ronald L. Turner** to the company's Board of Directors. Until his retirement, Mr. Turner served as Chairman, President and COO for **Ceridian Corporation**.

... **IAC** named **Jonathan L. Sanchez** SVP and Chief Communications Officer reporting directly to IAC Chairman and CEO **Barry Diller**. Mr. Sanchez joined IAC from **Euro RSCG**, where he served as Chief Communications Officer of Euro RSCG Worldwide and Creative Director of its public relation agency.

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## FYI for the DIY

... **Home Depot** tentatively reached a deal to sell its wholesale supply business to a group of private-equity buyers for \$1.8 billion less than the \$10.3 billion originally planned and will also retain a small (12.5%) ownership stake in the unit. In addition, Home Depot will reportedly guarantee \$1.0 billion of the debt the buyers will take on to complete the transaction. The Home Depot Board of Directors is meeting on August 27, 2007 to discuss the agreement.

... In other news, **Home Depot** agreed to pay nearly \$10 million in penalties and investigation costs to settle a lawsuit alleging it mishandled

hazardous waste from its California stores. The settlement, which must be signed by a judge before it can be finalized, also requires that Home Depot contribute to environmental training programs and other environmental initiatives benefiting the state.

... **Lowe's** became the latest retailer to lower its outlook because of the slumping housing market, now expecting earnings for the fiscal year ended February 1, 2008 in the range of \$1.97 to \$2.01 per share, as comp store sales are expected to decline about 2.0%.

## Heard in the Grocery Aisle

... The U.S. Court of Appeals for the District of Columbia Circuit denied a request by the Federal Trade Commission to delay the \$565 million sale of **Wild Oats Markets Inc.** to **Whole Foods Market Inc.** pending the outcome of an appeal. The ongoing saga finally comes to an end. We continue to wonder what the FTC was thinking in the first place.

... **Spartan Stores, Inc.** entered into an agreement to increase the maximum credit availability under its existing Senior Secured Credit Facility with **Wachovia Capital Finance Corporation** and others from \$225 million to \$255 million.

... **Giant Eagle's** winning bid of \$20 million for bankrupt **LeNature's** bottling plant was called into question last week with two publications reporting that Giant Eagle may have allegedly coerced **Cadbury-Schweppes** into not filing a higher bid. Accordingly, the purchase is on hold while the court trustee investigates the allegations.

... After five months of bargaining, the **United Food and Commercial Workers (UFCW)** union, representing about 23,000 employees reached a tentative contract agreement with **Safeway, Albertson's, Fred Meyer** (a division of **Kroger**) and **QFC** in the Puget Sound area near Seattle. A ratification vote is scheduled for this week.

... In St. Louis, **Dierberg's, Schnuck Markets** and **Shop 'n Save** reportedly reached a tentative labor agreement covering approximately 9,500 employees represented by the **UFCW**, avoiding a repeat performance of a bitter strike that occurred in 2003. A ratification vote is scheduled for next week.

... **Albertsons** employees belonging to the **UFCW** in Montana, however, were not as agreeable, voting by a nearly unanimous margin to reject the company's latest contract offer. A strike has been authorized, but not as yet called.

... **Albertsons LLC** is continuing the supply rela-

tionship with **Affiliated Foods** cooperative for the seven New Mexico stores it recently acquired.

... **LoBills**, the smaller, no-frills stores in the **Marsh** chain, are being phased out by the Florida-based owners, being replaced by **Marsh Hometown Markets**. Six stores in Central Indiana cities were renamed in June.

... **Winn-Dixie Stores, Inc.** will release its fourth quarter and fiscal year end results ended June 27, 2007, on Monday, August 27<sup>th</sup>. Be sure to look for Global's updated analysis and assessment shortly thereafter.

... Heeding environmental warnings, **Safeway** is converting its entire truck fleet to B20 biodiesel fuel, which reportedly will reduce Safeway's carbon dioxide gas output by 3,603 metric tons – equivalent to 780 passenger cars not being driven for one year.

... **Supervalu** announced that its **Acme, Albertsons, bigg's, Cub Foods, Farm Fresh, Hornbacher's, Jewel-Osco, Lucky, Shaw's, Shop 'n Save** and **Shoppers Food & Pharmacy** stores have begun making the switch to canola oil, a trans fat-free cooking oil, in their delis.

... In the Bakerfield, California area you soon will be able to have groceries delivered to your home with a click of the mouse. Starting in September **Vons**, a unit of **Safeway**, will begin its shop at home service.

... In the Lubbock, Texas area, regional chain **United Supermarkets** is joining forces with **Family Medicine Centers** to offer a **Living Well ExpressCare** clinic in its Amarillo, Texas store beginning next month. Similar facilities are under construction in two United stores in Lubbock.

... **Alimentation Couche-Tard Inc.** will release its first quarter results on August 29, 2007. Be sure to look for those results on **Global's** web site shortly thereafter.

## Health & Beauty Aids

... **Walgreen Co.** completed its tender offer for **Option Care**, expecting the buyout to be completed shortly. With the expiration of its offer, Walgreen purchased approximately 32.7 million shares of the company, or 94% of the outstanding stock. When the deal is completed, Option Care will become a wholly-owned subsidiary.

... **Wilson Health Information, LLC**, an independent healthcare consumer research firm named **Walgreens Health Initiatives**, a division of **Walgreen Co.** the highest rated pharmacy benefit

manager (PBM) nationally in overall member satisfaction.

... Launched by benefits consultant **Keenan & Associates** and pharmacy benefit manager **Express Scripts, Inc.**, on January 1, 2007, the **Keenan Pharmacy Purchasing Coalition** offers a unique joint group purchase arrangement as well as programs to encourage use of lower cost drugs. Since its inception, the Coalition has grown to serve more than 144,000 employee members in just eight months.

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## Off the Rack

... Home guru **Martha Stewart**, real-estate magnate **Donald Trump**, pop-star **Jessica Simpson** and celebrity chef **Emeril Lagasse** are being tapped by **Macy's** as part of its new \$100 million fall TV campaign, hopefully boosting the company's dowdy image and sagging sales.

... Based on lower sales in June and July, preceded by lower than anticipated results in the first quarter, **Bon-Ton Stores** lowered its earnings guidance for the full year downward to a range of \$2.75 to \$2.90 per share.

... After adjusting for second quarter actual results, earnings per share for the full year at **Cato Corporation** are expected to be in the range of \$1.23 to \$1.38 per share versus \$1.62 last year, a decrease of 24% to 15%, because of one-time gains in the fourth quarter last year.

... **Limited Brands** reported net income for the second quarter ended August 4, 2007 of \$264.4 million, including a pre-tax gain of \$302.0 million related to the divestiture of a 75% interest in **Express** to affiliates of **Golden Gate Capital**, versus net income of \$113.1 million for the comparable period last year.

... **New York & Company** lowered its earnings guidance for the year to a range of 32 cents to 45 cents per share, down from previous guidance in the range of 73 cents to 80 cents per share.

... Based on current unfavorable selling trends, **Stein Mart, Inc.** now expects to report a loss of between 3 cents and 6 cents for the third quarter ending November 3, 2007.

... As a result of **Tween Brands'** lower second quarter earnings and revised outlook in the third and fourth quarters, the company expects full year earnings in the range of \$1.80 to \$1.95 per share, down from previous guidance in the range of \$2.10 to \$2.25 per share.

... For the fiscal year ended July 7, 2007, sales at **bebe stores, inc.** were \$670.9 million, up 15.9% from \$579.1 million for the prior fiscal year. Net income for the year increased to \$77.3 million from \$73.8 million. During the year the company opened 36 stores and closed 5 stores.

... Underscoring its commitment to return excess cash to shareholders, **Gap Inc.** is looking to repurchase an additional \$1.5 billion of the company's stock as part of its ongoing share repurchase program. Since October 2004, the company's repurchase authorization has reached \$5.75 billion.

... **Quiksilver, Inc.** will release its third quarter ended July 31, 2007 financial results on Thursday, September 6, 2007. Be sure to look for those results on **Global's** web site shortly thereafter.

... **Kohl's** is planning a 100,000 square foot department store in Kyle, Texas, a community of approximately 25,000, located 20 miles south of Austin.

... **Saks Inc.** announced plans to close a Saks Off 5<sup>th</sup> outlet store in Dearborn, Michigan, by December 31, 2007.

... **Nordstrom** will open its newest location on September 28<sup>th</sup> in Twelve Oaks Mall in the Bloomfield Hills area of Michigan. The store will be the fifth anchor for the mall.

... Europe's largest clothing retailer, Spain's **Inditex**, is intending to expand in China. The company, whose chains include **Zara** and **Bershka**, will focus growth in Beijing, Hong Kong and the coastal city of Shanghai. Inditex opened its first outlet in China in Hong Kong in 2004 and set up shop in mainland China two years later.

### Did You Know...?

Chain store sales for the week ended August 18<sup>th</sup> rose 2.7% from the year-ago period. On a week-over-week basis, sales rose 0.2%, boosted by a state sales tax holiday in Texas.

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## Specialty Items

... Home furnishing retailer **West Elm**, a division of **Williams-Sonoma**, opened its doors in the historic **Woodward & Lothrop** building in Washington, DC last week. West Elm operates in 24 location in 13 states, with two more scheduled to open by the end of the year.

... Based on results through the second quarter and a reduced share count, **Barnes & Noble** raised its earnings per share guidance for the full year to a range of \$1.69 to \$1.87 per share, from previous guidance in the range of \$1.49 to \$1.67 per share.

... **Spencer Gifts Holdings, Inc.** completed the management-led buyout of the company backed by an affiliate of **ACON Investments**. Terms of the transaction were not disclosed. ACON Invest-

ments is purchasing Spencer from affiliates of **GB Merchant Partners**, the private equity arm of **Gordon Brothers Group**, which is retaining a minority stake in the business.

... **RedEnvelope, Inc.** received notice from **The Nasdaq Stock Market Listing Qualifications** staff regarding the potential delisting of the company due to the company's failure to file its quarter report on Form 10Q for the quarter ended July 1, 2007 on a timely basis. RedEnvelope has appealed and been granted a stay from delisting pending a review and determination.

... With its operating funds seized by its lender, **Comerica, Furniture Express** closed its doors last week.

## Earning Release Dates

### Apparel/Department Stores

Chico's FAS, Inc.	29-Aug
Citi Trends, Inc.	29-Aug
Coldwater Creek	29-Aug
dELiA*s, Inc.	30-Aug
Gottschalks Inc.	30-Aug

### Consumer Electronics

Conn's, Inc.	30-Aug
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### Mass Merchants

Big Lots, Inc.	29-Aug
Dollar Tree Stores, Inc.	29-Aug
Fred's, Inc.	29-Aug
Sears Holding	30-Aug

### Sporting Goods & Footwear

Brown Shoe Company, Inc.	29-Aug
Payless ShoeSource	29-Aug
Genesco, Inc.	30-Aug

### Specialty

Tuesday Morning Corporation	28-Aug
Borders Group, Inc.	29-Aug
Finlay Enterprises, Inc.	29-Aug
Jo-Ann Stores, Inc.	29-Aug
Williams-Sonoma, Inc.	29-Aug
Cost Plus, Inc.	30-Aug
Kirkland's, Inc.	30-Aug
Restoration Hardware	30-Aug

### Did You Know...?

*The Retail Sector Newsletter has increased readership each week since publishing began?*

## Mass Merchant Musings

... The United Kingdom's Competition Commission reportedly asked that both **Tesco** and **Wal-Mart**-owned **Asda Group** turn over millions of emails that it believes may show that the two retailers have been placing inappropriate pressure on vendors and suppliers. Keep in mind that Tesco is entering the U.S. market this fall, taking on Wal-Mart on this side of the Atlantic. Stay tuned.

... **Wal-Mart** entered into agreements to offer \$500 million of the company's 5.8% Notes Due 2018 and \$2.25 billion of the company's 6.5% Notes Due 2037. The company expects to net \$2.725 billion from the Notes.

... Former **Wal-Mart** marketer Julie Roehm's law-

suit for breach of contract against the retailer was dismissed from state court in Michigan last week, leaving it unclear whether she will continue her legal battle.

... **Wal-Mart Stores** is now selling digital music downloads on its Web site without the customary copy-protection technology that limits where consumers can play the songs.

... **BJ's Wholesale Club** has partnered with **Barclays** to launch the BJ's Visa Card, providing two points for every dollar spent on eligible BJ's purchases and one point for every dollar spent on all other purchases. Each 2,000 points provides the user with a \$20 BJ's Bucks check.

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## Hi Tech Entertainment

... **Schultze Asset Management**, parent of **Tweeter Newco**, announced the reduction of Tweeter's corporate stall by half, or approximately 80 staffers in a move to reduce excess corporate overhead. There were no reductions in stores or store-level personnel.

... **Sharper Image** secured a \$20 million term loan with **Wells Fargo Retail Finance**, providing much needed liquidity for the short term. The loan increases the company's Credit Facility to \$140 million.

... Struggling **Movie Gallery Inc.** received two **NASDAQ Staff Determination** letters, each indicating that the company is not in compliance with filing requirements for continued listing on the exchange. The company has not maintained a minimum stock price of \$1.00 for the last 30 consecutive trading days, nor has it maintained a minimum market value of \$15.0 million for the last 30 consecutive trading days.

... Due to the excellent results achieved in the second quarter, **GameStop Corp** raised its full year earnings per share guidance to a range of \$1.45 to \$1.48 pre share, exclusive of debt retirement costs.

... **PC Mall, Inc.** entered into an agreement to acquire **SARCOM, Inc.**, one of the nation's largest independent IT solutions providers for approximately \$55 million, consisting of \$47.5 million in cash and up to \$7.5 million in shares of PC Mall

stock. The transaction is subject to customary closing conditions and is currently expected to close in the third quarter of 2007.

... **Virgin Megastores North America**, a unit of the UK's **Virgin Group**, was sold to **Related Companies** for an undisclosed sum. Virgin Megastores North America currently operates 11 stores nationally across 400,000 square feet of retail space.

... **Acer Inc.** entered into a definitive agreement to acquire **Gateway, Inc.** for \$1.90 per share, which represents total equity value consideration of approximately \$710 million. The acquisition has been unanimously approved by the Boards of Directors of both companies and is subject to standard closing conditions. The acquisition is expected to close by December 2007.

... Just prior to the **Acer** announcement, **Gateway** announced its intention to exercise its Right of First Refusal to acquire all of the shares of **PB Holding Company, S.ar.l**, the parent company for **Packard Bell BV**, a European PC vendor based in France.

... **Ingram Micro Inc.** entered into a five-year \$275 million revolving senior unsecured credit facility, which may be increased up to \$450 million. The facility replaces the company's previous \$175 million revolving senior unsecured credit facility, scheduled to mature on July 29, 2008.

### Did You Know...?

*The ranks of U.S. businesses in serious financial trouble swelled this month, with the percentage of at-risk corporate bond issuers more than tripling from its July level, according to Standard & Poor's.*

## The Global World of Sports and Footwear

... **The Finish Line, Inc.** retained **Bain & Company** to assist in the merger integration planning for the company's pending acquisition of **Genesco Inc.** The transaction is expected to close in the Fall.

... Including the expected results of Golf Galaxy, **Dick's Sporting Goods** now expects earnings for the fiscal year to be in the range of \$2.47 to \$2.50 per share, up from previous guidance in the range of \$2.37 to \$2.40 per share.

... In other news, **Dick's Sporting Goods** signed an exclusive, long-term agreement with **The Field & Stream Licenses Company** covering three core outdoor categories including fishing, hunting and camping gear and technical apparel.

... **Sportsman's Warehouse** will open its fourth Oregon store in Medford in mid November and intends to have 65 total doors by year-end with additional outlets in Michigan, Arkansas, Montana, Idaho and Virginia.

... **Academy Sports & Outdoors** is delaying the opening of two stores in El Paso, Texas from early

September until the end of October, citing its current glut of store openings for the postponement.

... **Cabela's** will open its newest destination retail store in Hammond, Indiana, in October. The store, **Cabela's** first in Indiana, is the company's 23<sup>rd</sup> retail location in the country.

... **Zumiez** will be added to the **S&P SmallCap 600** GICS Apparel Retail Sub-Industry index.

... **Kangaroo Crossing**, a Worcester, Massachusetts retailer and team dealer since 1980, is exiting the retail side of its business but will continue selling apparel and gear direct to sports teams in New England. Parent **Mayberry Shoe Co.** bought the business from founder **Charles Bibaud** in 2003.

... Citing recent sales trends and a retail calendar shift, **Shoe Carnival** lowered its third quarter sales guidance by more than 5% to a range of \$183 to \$186 million versus an analyst consensus of \$195.8 million. The company remains on track to open 25 doors this year.

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## Amscan Holdings Inc.: Retailer of the Week

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### FINANCIAL INFORMATION

#### Income Statement, Second Quarter

	2006	2007
<b>Net Sales, including franchisee fees and royalties</b>	\$228.7 mm	\$279.2 mm
<b>Gross Profit</b>	\$71.5 mm (31.3%)	\$104.1 mm (37.3%)
<b>SG&amp;A Expenses</b>	\$59.3 mm (25.9%)	\$78.3 mm (28%)
<b>Operating Income</b>	\$12.2 mm (5.3%)	\$25.8 mm (9.2%)
<b>Interest Expense</b>	\$13.9 mm	\$13.9 mm
<b>Other Expenses/Income</b>	\$1.7 mm	(\$15.8) mm
<b>Net Loss (tax benefit for 2007)</b>	\$0	(\$2.5) mm

#### Income Statement, First Six Months

	2006	2007
<b>Net Sales</b>	\$437.1 mm	\$527.6 mm
<b>Gross Profit</b>	\$131.2 mm (30%)	\$186.7 mm (35.4%)
<b>SG&amp;A Expenses</b>	\$117.8 mm (26.9%)	\$154 mm (29.2%)
<b>Operating Income</b>	\$13.4 mm (3.1%)	\$32.7 mm (6.2%)
<b>Interest Expense</b>	\$27.1 mm	\$28 mm
<b>Other Expenses/Income</b>	\$2 mm	\$15.7 mm
<b>Net Loss (Income Tax Benefit for both 2006 and 2007)</b>	(\$7.2) mm	(\$6.9) mm

#### Did You Know...?

Nationally, the number of homes in foreclosure was up 93% in the month of July. The numbers include homes in several stages of foreclosure leading to an auction.

Amscan saw positive revenue momentum in all of its wholesale and retail divisions, except for Party America with comp store sales for the second quarter of this year dipping (.7%).

Gross profits for the wholesale division increased from \$27.2 million (26.3%) to \$31.2 million (28.7%) in the (second) quarter to quarter period and from \$58.4 million (27.7%) to \$63.9 million (29.5%) in the year to date period. Retail gross profits increased from \$39.4 million (32.8%) to \$67.2 million (40.8%) and from \$63.7 million (29.4%) to \$112.1 million (37.4%), respectively. These results are before inter company eliminations. Both the wholesale and retail sector benefited from a better product mix and improved pricing on merchandise.

While margins saw a very beneficial gain, the Company's cost structure rose in both this year's second quarter and first six months. Overall costs were negatively impacted by increased advertising expenditures, higher payroll, and expenses tied to the further integration of Party America. Year to date, \$1 million has been accrued for severance payments and Amscan Holdings may incur \$4 million of expenses during 2007 relating to employee retention of key personnel. The debt refinancing in May 2007 allowed for lower interest rates, however, that was basically offset by increased borrowing to fund the acquisition of Party America. Still, lower interest rates should help to reduce interest expense as time goes on (assuming borrowings do not rise materially).

Other expenses incurred in the second quarter of 2007 consisted of costs to refinance debt, including early retirement fees and penalties. Other expenses also included interest rate derivative gains or losses and Amscan Holding's share of losses or income in an unconsolidated joint income.

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## Amscan Holdings Inc.: Retailer of the Week

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### BALANCE SHEET

	2006	2007
<b>Cash</b>	\$4.6 mm	\$6.4 mm
<b>Receivables</b>	\$86.3 mm	\$95.2 mm
<b>Inventory</b>	\$173.4 mm	\$231.3 mm
<b>Current Assets</b>	\$301.8 mm	\$376.1 mm
<b>Total Tangible Assets</b>	\$471.2 mm	\$558.6 mm
<b>Accounts Payable</b>	\$68.7 mm	\$61.8 mm
<b>Revolver Borrowings</b>	\$17.7 mm	\$77.9 mm
<b>Long Term Term Loan Debt</b>	\$385 mm	\$374.1 mm
<b>Long Term Notes</b>	\$175 mm	\$175 mm
<b>Total Liabilities</b>	\$762.3 mm	\$859.2 mm
<b>Current Ratio</b>	2.2:1	1.8:1
<b>Working Capital Coverage</b>	8.7 months	6.7 months
<b>Leverage Percentage (tangible assets only)</b>	162%	153%

The jump in revolver borrowings was mainly the result of acquiring Party America in September 2006, including the repayment of that chain's debt of \$12.6 million. In turn, the increased revolver debt, classified as short term debt, forced a lower current ratio. However, sizable levels of receivables and inventory along with unused availability under the Company's \$200 million revolver should allow for sufficient liquidity.

In May 2007, Amscan Holdings refinanced its debt including a new \$200 million asset backed revolver and the rolling of two term loans aggregating approximately \$375 million into a six year term loan for that amount. The new term loan requires quarterly payments with the balance due on the maturity date in May 2013. As of June 30, 2007, the balance on the new term loan was \$374.1 million. The original two term loans were utilized to fund the acquisition of Party City in late 2005 and have now leveraged Amscan Holdings quite extensively on a tangible asset basis.

With respect to suppliers, there was a noticeable decline in average account payable turns between the two first halves. Comparing the end of June 2006 to the end of June 2007, average account payable turns decreased from 54 days to 31 days, respectively.

### OUTLOOK

With the third quarter, we should see more normalized financial statements without the impact of refinancing debt. While Amscan Holdings realized a sizable gain in operating income, it still had nearly half of its operating earnings chewed up by interest expense. Unfortunately, this heavy debt load will be around for quite awhile placing pressure on overall earnings potential. And of course, if operations slow due to macro economic factors, the extensive levels of debt and the interest expense therein could become fairly problematic.

However, at least for the short term we see no significant issues with Amscan Holdings meeting obligations. In light of the leveraged situation of the Company, and therefore the corresponding Global Credit's "D+" credit rating, clients should be mindful of ongoing Global Credit reports and updates.

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## Options and Resources

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### Did You Know...?

*New orders for long-lasting U.S.-made manufactured goods surged a much bigger-than-expected 5.9% in July, the biggest gain since September, and a business investment gauge posted the first gain in three months.*

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## Second Quarter Earnings

\$ in Millions	Sales			2nd Qtr Comps	Net Income		
	2006	2007	Change		2006	2007	Change
<b>Apparel</b>							
Abercrombie & Fitch	\$658.7	\$804.5	22.1%	-2.0%	\$65.7	\$81.3	23.7%
Aeropostale, Inc.	\$274.6	\$311.2	13.3%	-4.1%	\$8.4	\$14.7	74.5%
American Eagle Outfitters	\$602.3	\$703.2	16.7%	2.0%	\$72.1	\$81.3	12.8%
AnnTaylor Stores Corporation	\$610.0	\$614.5	0.7%	-6.2%	\$43.2	\$31.7	-26.6%
Big Dog Holdings, Inc.	\$53.2	\$55.9	5.0%		\$0.6	(\$0.2)	N/A
Bon Ton Stores, Inc.	\$746.8	\$708.6	-5.1%	-5.0%	(\$19.8)	(\$15.0)	24.3%
Buckle, Inc.	\$102.4	\$124.3	21.3%	10.1%	\$6.6	\$11.8	77.6%
Cache, Inc.	\$71.7	\$71.0	-0.9%	1.0%	\$2.1	\$1.3	-37.1%
Carter's, Inc.	\$277.6	\$287.8	3.7%	-0.9%	\$9.0	(\$143.4)	-1690.7%
Casual Male Retail Group	\$111.8	\$114.2	2.2%	3.9%	\$3.4	\$2.5	-27.3%
Cato Corporation	\$214.6	\$219.0	2.0%	-1.0%	\$12.1	\$12.5	3.4%
Charming Shoppes, Inc.	\$763.4	\$770.9	1.0%	-3.0%	\$32.6	\$18.3	-43.9%
Chico's FAS, Inc.	\$403.0	\$436.0	8.2%	-5.6%			
Children's Place	\$395.6	\$424.3	7.3%	-1.0%	(\$15.2)	(\$27.1)	-78.0%
Citi Trends, Inc.	\$76.3	\$96.8	26.9%	3.4%			
Deb Shops, Inc.	\$75.7	\$77.7	2.8%	0.1%	\$5.9	\$6.2	5.1%
Dillard's, Inc.	\$1,683.9	\$1,649.0	-2.1%	-3.0%			
Eddie Bauer Holdings	\$225.7	\$227.0	0.6%	0.9%	(\$42.0)	(\$22.2)	47.0%
GAP	\$3,714.0	\$3,685.0	-0.8%	-5.0%	\$128.0	\$152.0	18.8%
Gottschalks	\$153.4	\$145.0	-5.5%	-4.0%			
Gymboree Corporation	\$152.1	\$182.4	19.9%	5.0%	\$0.5	\$5.8	966.5%
Harold's Stores, Inc.	\$19.3	\$17.5	-9.3%	-12.8%			
Hot Topic, Inc.	\$160.3	\$161.7	0.8%	-5.8%	(\$0.9)	(\$1.7)	-91.0%
J.C. Penney Company	\$4,238.0	\$4,391.0	3.6%	1.9%	\$179.0	\$182.0	1.7%
JoS. A. Bank Clothiers	\$119.1	\$134.3	12.8%	2.5%			
Kohl's Corporation	\$3,301.5	\$3,589.2	8.7%	1.3%	\$232.4	\$269.2	15.8%
Limited Brands	\$2,453.9	\$2,624.1	6.9%	2.0%	\$113.1	\$264.4	133.8%
Macy's, Inc.	\$5,995.0	\$5,894.0	-1.7%	-2.6%	\$317.0	\$74.0	-76.7%
Men's Wearhouse	\$460.6	\$569.3	23.6%	1.1%	\$35.6	\$54.2	52.2%
New York & Company, Inc.	\$264.9	\$294.4	11.2%	4.7%	\$6.5	\$3.5	-46.2%
Nordstrom, Inc.	\$2,270.5	\$2,389.5	5.2%	5.9%	\$178.8	\$180.4	0.9%
Pacific Sunwear of California, Inc.	\$313.7	\$344.2	9.7%	1.8%	\$9.7	(\$10.5)	N/A
Retail Ventures, Inc.	\$694.5	\$732.7	5.5%	0.3%			
Ross Stores, Inc.	\$1,308.1	\$1,444.6	10.4%	2.0%	\$45.4	\$50.9	12.1%
Saks Incorporated	\$603.8	\$694.1	14.9%	13.2%	(\$51.9)	(\$24.6)	52.5%
Stage Stores, Inc.	\$362.1	\$359.2	-0.8%	0.5%	\$3.9	\$9.9	156.3%
Stein Mart, Inc.	\$336.3	\$330.7	-1.7%	-1.2%	\$8.3	\$2.2	-73.6%
Talbots, Inc.	\$571.4	\$572.3	0.2%	-4.8%	(\$3.9)	(\$13.3)	-245.2%
Tandy Leather Factory	\$13.4	\$13.4	-0.1%	-0.8%	\$1.1	\$0.4	-65.0%
TJX Companies	\$3,963.7	\$4,313.3	8.8%	5.0%	\$138.2	\$59.0	-57.3%
True Religion Apparel, Inc.	\$30.7	\$35.7	16.3%		\$4.9	\$5.1	3.7%
Tween Brands, Inc.	\$185.8	\$213.7	15.0%	-2.0%	\$5.9	\$2.1	-64.4%
United Retail Group	\$120.9	\$122.3	1.2%	-1.0%			
Urban Outfitters, Inc.	\$285.6	\$348.4	22.0%	5.0%	\$25.7	\$31.9	24.2%
Wet Seal, Inc.	\$129.5	\$143.3	10.7%	-1.7%	\$4.4	\$6.8	52.9%
Wilsons The Leather Expert	\$49.2	\$43.6	-11.3%	-11.9%	(\$24.5)	(\$29.4)	-19.9%
<b>Mass Merchants</b>							
Big Lots, Inc.	\$1,046.5	\$1,075.4	2.8%	5.2%			
BJ's Wholesale Club, Inc.	\$2,124.5	\$2,295.0	8.0%	3.7%	\$26.4	\$36.3	37.4%
Canadian Tire	C\$2,247.6	C\$2,316.7	3.1%	1.7%	C\$103.3	C\$122.3	18.4%
Cost U Less, Inc.	\$53.6	\$55.3	3.3%	3.3%	\$0.5	\$0.7	43.8%
Dollar Tree Stores, Inc.	\$883.6	\$971.2	9.9%	4.4%			
Fred's, Inc.	\$406.9	\$424.6	4.3%	0.8%			
Overstock.com	\$159.2	\$149.0	-6.4%		(\$15.7)	(\$13.8)	12.5%
Sears Canada Inc.	C\$1,428.4	\$1,443.9	1.1%	2.2%	C\$18.1	C\$47.6	263.0%
Target Corporation	\$13,347.0	\$14,620.0	9.5%	4.9%	\$609.0	\$686.0	12.6%
Wal-Mart Stores, Inc.	\$85,430.0	\$93,012.0	8.9%	2.0%	\$2,083.0	\$3,105.0	49.1%
<b>Home Centers</b>							
Builders FirstSource, Inc.	\$642.4	\$465.1	-27.6%		\$28.4	\$8.4	-70.4%
Building Materials Holding Corporation	\$922.0	\$697.0	-24.4%		\$34.2	\$19.4	-43.2%
Calloway's Nursery, Inc.	\$28.6	\$28.4	-0.9%	-9.1%	\$3.1	\$1.2	-59.3%
Fastenal Company	\$458.8	\$519.7	13.3%		\$51.5	\$60.3	17.0%
Five Star Products, Inc.	\$29.9	\$35.9	20.0%		\$0.1	\$0.6	350.0%
Griffin Land & Nurseries	\$24.6	\$31.9	29.7%		(\$0.3)	\$6.0	N/A
Home Depot, Inc.	\$22,592.0	\$22,184.0	-1.8%	-5.2%	\$1,862.0	\$1,587.0	-14.8%
Huttig Building Products	\$296.3	\$239.5	-19.2%		\$3.3	\$1.1	-66.7%
Interline Brands, Inc.	\$235.4	\$313.2	33.1%		(\$2.9)	\$12.0	N/A
Lowe's Companies	\$13,389.0	\$14,167.0	5.8%	-2.6%	\$935.0	\$1,019.0	9.0%
Rona, Inc.	C\$1,346.0	C\$1,469.1	9.1%	1.4%	C\$80.0	C\$86.2	7.7%
Sherwin-Williams Company	\$2,130.0	\$2,198.2	3.2%	0.0%	\$184.6	\$202.6	9.8%
Tractor Supply Company	\$714.9	\$790.9	10.6%	1.0%	\$42.9	\$43.8	1.9%
True Value Company	\$597.0	\$594.4	-0.4%	1.5%	\$24.0	\$27.0	12.5%
United Rentals, Inc.	\$919.0	\$966.0	5.1%		\$56.0	\$67.0	19.6%
Wesco International	\$1,336.0	\$1,518.1	13.6%		\$55.2	\$57.1	3.4%
W. W. Grainger	\$1,482.9	\$1,601.0	8.0%	8.0%	\$93.7	\$104.8	11.8%

### Did You Know...?

Nationally, the number of homes in foreclosure was up 93% in the month of July. The numbers include homes in several stages of foreclosure leading to an auction.

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## Second Quarter Earnings

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\$ in Millions	Sales			2nd Qtr Comps	Net Income		
	2006	2007	Change		2006	2007	Change
<b>Sports &amp; Footwear</b>							
Bakers Footwear Group, Inc	\$47.2	\$42.0	-11.0%	-18.3%			
Big 5 Sporting Goods Corp.	\$211.8	\$217.8	2.9%		\$7.4	\$5.9	-20.0%
Big Dog Holdings, Inc.	\$53.2	\$55.9	5.0%	2.3%	\$0.6	(\$0.2)	N/A
Broder Bros., Co.	\$259.5	\$249.4	-3.9%		(\$0.2)	(\$4.4)	-1988.5%
Cabela's	\$346.5	\$403.4	16.4%	-0.8%	\$8.4	\$11.3	34.8%
Dick's Sporting Goods, Inc.	\$734.0	\$1,013.4	38.1%	7.2%	\$25.7	\$47.9	86.6%
DSW Inc.	\$301.3	\$348.7	15.7%	5.9%			
Foot Locker	\$1,303.0	\$1,283.0	-1.5%	-7.3%	\$14.0	(\$18.0)	-228.6%
Footstar, Inc.	\$190.6	\$173.4	-9.0%	-14.5%	\$21.4	\$21.5	0.5%
Gander Mountain	\$182.5	\$216.5	18.6%	4.2%	(\$7.6)	(\$9.7)	-27.8%
Golfsmith International Holdings, Inc.	\$114.1	\$125.0	9.5%	-4.7%	(\$7.9)	\$6.8	N/A
Golf Town	C\$82.1	C\$94.3	14.8%		C\$10.1	C\$10.9	8.0%
GSI Commerce	\$119.6	\$131.3	9.7%		(\$3.6)	(\$5.0)	-40.5%
Hibbett Sporting Goods, Inc.	\$104.4	\$114.4	9.6%	2.6%	\$4.0	\$4.7	16.4%
NexCen Brands, Inc. (The Athlete's Foot)		\$8.9			(\$1.5)	(\$0.2)	83.9%
Shoe Carnival, Inc.	\$146.9	\$154.8	5.4%	-7.1%	\$2.9	\$0.2	-94.2%
Shoe Pavilion, Inc.	\$31.4	\$37.5	19.5%	-1.0%	\$1.0	(\$1.1)	N/A
Skechers USA, Inc.	\$292.2	\$352.2	20.5%		\$17.6	\$14.9	-15.1%
West Marine, Inc.	\$264.5	\$247.8	-6.3%	-2.9%	\$14.2	\$20.1	41.8%
WinMark Corporation	\$6.3	\$7.6	20.6%		\$0.7	\$0.5	-15.9%
Zumiez Inc.	\$55.8	\$82.0	47.0%	11.6%	\$1.6	\$3.1	89.9%
<b>Specialty</b>							
A.C. Moore Arts & Crafts	\$129.8	\$124.4	-4.1%	-10.0%	(\$1.8)	(\$0.3)	80.6%
Advance Auto Parts, Inc.	\$1,107.9	\$1,169.9	5.6%	1.3%	\$62.9	\$68.4	8.7%
Barnes & Noble, Inc.	\$1,156.2	\$1,244.2	7.6%	4.4%	\$16.6	\$18.1	8.9%
Brookstone, Inc.	\$91.3	\$99.9	9.4%	2.1%	(\$11.0)	(\$6.5)	41.1%
Finlay Enterprises, Inc.	\$149.3	\$148.0	-0.9%	-3.6%			N/A
Guitar Center, Inc.	\$458.0	\$518.9	13.3%	-0.1%	\$13.4	\$9.6	-28.8%
Haverty Furniture	\$211.0	\$187.1	-11.3%	-12.7%	\$3.6	(\$1.4)	N/A
Jo-Ann Stores, Inc.	\$363.2	\$388.5	7.0%	7.0%			
Kirkland's, Inc.	\$91.0	\$87.4	-4.0%	-10.5%			
Leon's Furniture Limited	C\$134.0	C\$147.0	9.7%	3.5%	C\$8.3	C\$9.9	20.2%
Linens N Things	\$611.6	\$593.6	-2.9%	-7.3%	(\$39.1)	(\$42.0)	-7.3%
Midas, Inc.	\$45.1	\$45.3	0.4%	2.2%	\$2.6	\$3.0	15.4%
O'Reilly Automotive, Inc.	\$591.2	\$643.1	8.8%	2.0%	\$49.3	\$51.9	5.2%
Pep Boys -Manny, Moe & Jack	\$578.6	\$558.9	-3.4%	-3.6%	\$1.5	\$4.2	185.4%
PetSmart, Inc.	\$1,020.6	\$1,116.7	9.4%	4.0%	\$34.6	\$47.1	36.1%
Pet Valu	\$35.5	\$38.6	8.9%	6.1%	\$1.2	\$2.8	127.6%
Richelieu Hardware Ltd.	C\$102.6	C\$116.3	13.4%		C\$8.6	C\$8.7	0.3%
Tuesday Morning Corp.	\$207.7	\$219.4	5.6%	0.1%			
Yankee Candle Company	\$116.3	\$133.4	14.8%	3.0%	\$4.8	(\$16.7)	N/A
<b>Consumer Electronics</b>							
Aaron Rents, Inc.	\$321.7	\$359.0	11.6%	5.0%	\$20.7	\$19.7	-4.8%
Amazon.com, Inc.	\$2,139.0	\$2,886.0	34.9%		\$22.0	\$78.0	254.5%
Blockbuster Inc.	\$1,299.9	\$1,263.2	-2.8%		\$68.4	(\$35.3)	N/A
BMTC Group Inc.	C\$200.8	C\$200.9	0.1%		C\$11.3	C\$13.8	22.5%
CDW Corporation	\$1,633.5	\$2,032.8	24.4%	5.0%	\$73.1	\$80.1	9.5%
Conn's, Inc.	\$163.6	\$179.0	9.4%				
GameStop Corp.	\$963.3	\$1,338.2	38.9%	29.1%	\$3.2	\$21.8	586.5%
Gateway, Inc.	\$909.3	\$840.6	-7.6%		(\$7.7)	\$1.9	N/A
Hastings Entertainment	\$123.1	\$125.9	2.3%		\$0.2	\$1.9	850.0%
IAC/InterActiveCorp	\$1,431.6	\$1,512.4	5.6%		\$53.8	\$96.0	78.4%
Ingram Micro Inc.	\$7,395.6	\$8,186.1	10.7%		\$53.8	\$52.4	-2.6%
Movie Gallery	\$601.3	\$561.2	-6.7%	-4.7%	(\$14.9)	(\$309.9)	-1980.4%
Office Depot, Inc.	\$3,494.9	\$3,631.6	3.9%	-5.0%	\$118.3	\$109.1	-7.8%
OfficeMax Incorporated	\$2,041.0	\$2,132.4	4.5%	1.6%	\$27.4	\$27.4	0.1%
PC Connection, Inc.	\$408.1	\$441.1	8.1%		\$3.1	\$5.8	84.9%
PC Mall, Inc.	\$234.1	\$263.0	12.3%		\$0.4	\$3.0	659.2%
RadioShack Corporation	\$1,099.9	\$934.8	-15.0%	-8.9%	(\$3.2)	\$47.0	N/A
Rent-A-Center, Inc.	\$583.6	\$724.2	24.1%	2.7%	\$39.8	\$41.3	3.5%
Sharper Image	\$104.1	\$77.6	-25.5%	-10.0%			
Staples, Inc.	\$3,873.9	\$4,300.0	11.0%	-2.0%	\$161.3	\$179.0	11.0%
Systemax Inc.	\$547.2	\$647.1	18.2%		\$7.1	\$13.8	93.7%
Tech Data Corporation	\$4,943.3	\$5,613.3	13.6%		(\$155.5)	\$7.2	N/A
Trans World Entertainment Corporation	\$298.3	\$267.3	-10.4%	-6.0%	(\$7.7)	(\$10.1)	-31.2%
United Stationers Inc.	\$1,111.1	\$1,141.2	2.7%		\$41.4	\$24.1	-41.7%
ValueVision Media, Inc.	\$187.0	\$190.6	1.9%		(\$0.7)	(\$5.4)	-677.2%
Zones, Inc.	\$145.2	\$192.2	32.4%		\$2.9	\$4.4	51.1%

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### Did You Know...?

While high gas prices and a weak housing market may make consumers somewhat cautious, Standard & Poor's Equity Research sees strong employment levels, increased hourly earnings, and healthy consumer confidence pushing back-to-school/back-to-college retail sales towards the \$65.7 billion projected by the National Retail Federation.

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## Second Quarter Earnings

(Continued from page 11)

\$ in Millions	Sales			2nd Qtr Comps	Net Income		
	2006	2007	Change		2006	2007	Change
<b>Food</b>							
Arden Group	\$119.1	\$119.8	0.6%	0.6%	\$4.7	\$6.5	39.6%
George Weston Ltd.	C\$7,507.0	C\$7,739.0	3.1%		C\$184.0	C\$129.0	-30.0%
Loblaw Companies Limited	C\$6,699.0	C\$6,933.0	3.5%		C\$194.0	C\$119.0	-38.7%
Nash Finch Company	\$1,070.8	\$1,064.0	-0.6%	0.3%	\$4.1	\$9.6	132.6%
Publix Super Markets	\$5,349.0	\$5,665.0	5.9%	4.0%	\$264.0	\$306.4	16.1%
Safeway, Inc.	\$9,367.1	\$9,823.3	4.9%	4.5%	\$246.2	\$218.2	-11.4%
Weis Markets, Inc.	\$561.9	\$578.8	3.0%	3.2%	\$15.5	\$18.2	17.2%
Wild Oats Markets	\$296.6	\$311.8	5.1%	3.1%	\$4.9	\$0.1	-97.4%
<b>Drug</b>							
Abbott	\$5,501.1	\$6,370.6	15.8%		\$612.2	\$988.7	61.5%
CVS Caremark Corporation	\$10,564.4	\$20,703.3	96.0%	5.7%	\$337.9	\$723.6	114.1%
Drugstore.com, Inc.	\$102.4	\$110.4	7.8%		(\$2.2)	(\$3.0)	-37.5%
Duane Reade Holdings	\$398.8	\$431.9	8.3%	7.9%	(\$21.1)	(\$21.1)	-0.3%
Express Scripts, Inc.	\$4,421.1	\$4,600.4	4.1%		\$107.8	\$152.7	41.7%
Longs Drug Stores	\$1,237.2	\$1,274.5	3.0%	1.0%	\$19.0	\$26.6	39.8%
Omnicare, Inc.	\$1,641.1	\$1,549.2	-5.6%		\$8.4	\$49.2	487.7%
Shoppers Drug Mart	C\$1,768.2	C\$1,928.1	9.0%	5.3%	C\$94.4	C\$112.3	18.9%
Tenet Healthcare Corp.	\$2,195.0	\$2,228.0	1.5%		(\$398.0)	(\$30.0)	92.5%

## Rating Changes and Outlooks

S&P Rating Changes				
Company	Credit Rating		Credit Outlook	
	Current	Prior	Current	Prior
LESLIES POOLMART INC	B	B+	NEG	STA
LESLIES POOLMART INC	B	B+	NEG	STA
MCDONALDS CORP	A	A	STA	NEG
LESLIES POOLMART INC	B	B+	NEG	STA
LESLIES POOLMART INC	B	B+	NEG	STA
WYNDHAM WORLDWIDE CORP	BBB	BBB	NEG	STA
STARBUCKS CORP	BBB+	NM	STA	NM
SEMINOLE TRIBE OF FLORIDA INC	BBB	BBB-	STA	STA
FIDELITY NATIONAL TITLE CO	A	A	STA	POS
155 EAST TROPICANA LLC	CCC+	B-	NM	NM
OFFICEMAX INC	B+	B+	POS	STA
STARBUCKS CORP	BBB+	NM	STA	NM
DELHAIZE AMERICA INC	NR	BB+	NR	POS
LOWES COMPANIES INC	A+	A	STABLE	POS
DARDEN RESTAURANTS INC	BBB+	BBB+	NEG	STA
STAR GAS PARTNERS LP	B-	CCC+	STA	NM
AMAZON COM INC	BB	BB	POS	STA
ARAMARK SERVICES INC	B+	B+	STA	NEG
SAFeway INC	BBB-	BBB-	POS	STA
DRIVETIME AUTOMOTIVE GROUP INC	B+	B	STA	STA
BON TON STORES INC	B+	B+	NEGA	STA

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