

RETAIL SECTOR WEEKLY

Key Retail News and Commentary

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Remember...

The most successful people are those who are good at Plan B.

Holiday Outlook Bleak

Amid expectations of falling home prices, foreclosures, job cuts and concerns about toy safety, Americans are girding for their gloomiest holiday season in years.

The struggling economy, tighter credit, high energy prices and the calamity in the real estate market are just part of the bleak picture as the year-end holidays approach.

Consumers are expected to be cautious in their holiday spending plans; gifts and toys are under close scrutiny because of numerous safety recalls, which may also lead to shortages of popular children's items, say analysts.

Not surprisingly, U.S. consumer confidence has slumped to a two-year low amid weakening business and job-market conditions, a Conference Board survey showed. The business research company said its consumer confidence index fell to 99.8, down from a revised 105.6 in August.

The outlook is troubling at the approach of the Christmas season, when consumer spending – about two-thirds of U.S. economic activity – is the greatest.

“We could have a less-than-stellar holiday shopping season to say the least, and if that indeed does

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Global Credit Services 6th Annual Symposium Sanibel Harbour Resort, Fort Meyers, Florida April 1st–4th, 2008



Global Credit Services is pleased to announce that it will be hosting its **6th Annual Credit Symposium** from **April 1st – 4th, 2008** at the **Sanibel Harbour Resort** in Fort Meyers, Florida. Don't miss the opportunity to meet credit, financial, and legal professionals alike to exchange information and ideas regarding risk management.

Based upon the availability of annual-year information, clients and attendees have asked that we hold our symposium in the 2nd quarter of 2008 in

order to provide more detailed information and discussion regarding retailers and other companies that we monitor. We are happy to comply with those requests.

Likewise, this time of year gives us and our esteemed group of Panelists and Speakers a chance to offer a “year in review” perspective and to better comment on economic and credit related trends for the upcoming fiscal 2008.

And like every year, we will be offering Sponsors and Exhibitors unique networking opportunities to reach their target audience in both a professional and personal format. Detailed sponsorship information regarding this event will be available soon.

To learn more about last year's successful **5th Annual Credit Symposium**, please click into the Symposium Info tab on the Global Credit Services website below, or contact Amelia Labriola at 212.308.6060 ext104.

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Holiday Outlook Bleak

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happen I think we're looking at a real potential for a recession in the economy," said economist Joel Naroff of Naroff Economic Advisors.

John Challenger, Chief Executive of the consultancy Challenger, Gray & Christmas, added that with retailers bracing for sluggish sales, hiring will be scaled back as well. "With new reports showing that consumer spending and confidence are dropping along with home values, retailers are undoubtedly getting more skittish about holiday sales prospects," Challenger said.

"If the strength of the dollar continues to erode and the housing market worsens going into the holiday season, retailers may have no choice but to limit seasonal hiring. Some may even be forced to cut workers in order to preserve profit margins."

The National Retail Federation predicted sales will rise 4.0%, the slowest pace since 2002. "With the weak housing market and current credit crunch, consumers will be forced to be more prudent with their holiday spending," said NRG chief economist Rosalind Wells.

Moreover, for many retailers the holidays can mean a make-or-break period, which account for a large portion of revenues and an even bigger share of profits.

Many of the joys of shopping are being eroded by concerns about safety and recalls of a number of Chinese-made products. Consumers have been rattled by a series of scares involving popular toy brands such as Thomas the Tank Engine, Barbie and Polly Pocket in recent months. An because of that, some items will be in short supply.

Parents may stay away from toys with paint and magnets, looking instead toward stuffed toys, electronics and board games. However, without visibility into consumer demand, suppliers won't be able to forecast properly for the holiday season, increasing the probability of empty shelves.

Some analysts say home prices are likely to fall 15% or more from the peak of the housing boom, hurting homebuilders and sellers and making it hard for consumers to draw out cash in home-equity loans, as was done during the real-estate boom.

With lower home prices, lower home equity withdrawal, a credit crunch in mortgage and consumer credit markets, high oil and gas prices, falling employment, lower consumer confidence, the saving-less and debt-burdened U.S. consumer – that spent well above its means for years – is now on the ropes. And if consumers retrench, a recession becomes a sure outcome.

First Page

Did You Know...?

Rates on 30-year mortgages fell last week to an average of 6.37% after two consecutive increases, providing a break for potential home buyers and the beleaguered housing industry.

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Specialty Items

... **Barnes & Noble, Inc.** launched a newly designed version of its website which anchors a host of site enhancements, including integrated browse and search functions, and significant new additions to content and community features.

... Meanwhile, **Borders** is ready to see what customers think about their new website, which has been in beta testing for a month. The beta site does not yet include an opportunity for customers to actually purchase items, but does showcase many features that will ultimately be rolled out in the new website to be launched in early 2008.

... **Borders CEO George Jones** received some accolades for his recently exercised options. The troubled bookstore chain has seen some very poor results and a much disintegrated balance sheet has kept the company under the spotlight.

The purchase of 50,000 shares of common stock lead many to believe that Mr. Jones truly believes in the company.

... **Tiffany & Co.** plans for a December 2007 of a new store in Tianjin, China, followed by a January 2008 store opening in Shenyang, China. The two cities are among China's ten largest cities.

... **The RoomPlace at Harlem Furniture** will open its 20th store in Rockford, Illinois, a 30,000 square foot stand-alone location in November.

... **Overstock.com, Inc.** will release its third quarter financial results ended September 30, 2007, before the market opens on Friday, October 19th. Be sure to look for the updated financials on the Global website shortly thereafter.

Bankruptcy Blotter

... Business bankruptcy filings totaled 30,459 in the first nine months of this year, marking a 45% increase over the same period in 2006. The number for all of 2006 was 26,665. Business bankruptcy filings are likely to climb as high as 42,000 by the end of the year.

... **Interstate Bakeries Corp.** reported sales for its first fiscal quarter ended August 25, 2007 of \$689.8 million, up 0.8% from sales of \$684.2 million for the comparable period last year. The net loss for the quarter was \$16.0 million, compared with a net loss of \$26.3 million during the same quarter last year.

... In other news, the court gave **Interstate Bakeries Corp.** and its largest union 30 more days to either work out their differences or develop plans for the company's future, including a possible sale. The deadline for filing a plan of reorganization is now November 7th.

... Last Friday was the day that bids were due from people interested in running **Bombay Co.** as a going concern. Liquidation bids are due by Wednesday. On October 12th, attorneys are expected to tell the court which bid, or combination of bids, yield the best value for creditors.

Creditors of **M. Fabrikant & Sons Inc.** are suing eight banks for at least \$118 million for lending money to the company despite knowing that the family that controls the company was funneling those loans into other business ventures while the diamond wholesaler was insolvent.

... **Musicland Holding Corp.'s** biggest suppliers appealed a court ruling that tossed out their \$25 million lawsuit against the entertainment retailers' banks, led by **Wachovia Bank**. The secured trade creditors allege that the company's deal-

ings with bank lenders before its bankruptcy filing ran afoul of protections they negotiated with the struggling retailer.

... **Bally Total Fitness Holding Corp.** emerged from Chapter 11 as a private company with a \$233.6 million infusion of capital from **Harbinger Capital Partners**. The hedge fund got 100% of the reorganized company's equity in return for the investment.

... **Pacific Lumber Co.** plans to repay all creditors in full under a bankruptcy-exit plan that calls for raising \$1.1 billion by developing and selling some of the more than 200,000 acres of California timberlands it owns. The plan will be funded with up to \$350 million in exit financing, some of which will be provided by Maxxam Inc., the company's corporate parent.

... **Delphi Corp.** filed hundreds of lawsuits against suppliers and other business contacts targeting up to \$5.5 billion in potentially questionable payments made in the six years before it filed Chapter 11.

... Regarding **Delphi Corp.'s** exit financing, the company's Chairman said that the company expects to reach a deal very shortly on financing that would allow it to exit bankruptcy proceedings in the next few months. However, due to the recent credit crunch, the financing will be less than the \$7.1 billion the company previously sought, raising the possibility of reduced cash payments to the company's creditors and more stock.

... In other news **Delphi Corp.** reported sales for the month of August of \$1.52 billion and a net loss of \$100 million, including \$14 million of reorganization items.

Feedback?

Questions?

Suggestions?

[Click Here](#)

Management on the Move

... **The Penn Traffic Company** appointed EVP and COO **Gregory J. Young** to serve as President and CEO, following the resignation of **Robert R. Panasuk** as President, CEO and Director of the company for personal reasons.

... **Anthony Gilmore**, President of the Northern California division of **Whole Foods Market Inc.**, joined **Safeway Inc.** as a VP of Safeway's Lifestyle unit, the company's high-end store format.

... **Bruno's Supermarkets** named **Kent Moore** as its new President and CEO replacing **David West**. Mr. Moore, who has been in the supermarket industry for 20 years, previously was the CEO and CFO at **United Supermarkets**.

... **Coldwater Creek** Co-founder, Chairman of the Board and CEO, **Dennis Pence**, is retiring as CEO

at the end of this month, though he will remain as Chairman of the Board. The company appointed current President and COO, **Daniel Griesemer**, as President and CEO and as a member of the Board of Directors. Mr. Griesemer, who joined the company in October 2001, was promoted to President and COO last March.

... **Sport Supply Group, Inc.** appointed **John Pitts** to the position of CFO. Mr. Pitts was formerly SVP of Finance, and replaces **William Estill** who officially retired last month.

... **John B. Lowe Jr.** was named Chairman of the Board of **Zale Corp.**, replacing **Richard Marcus**, who remains a Director of the jewelry retailer. Mr. Lowe, who joined the Board in 2004, is also Chairman of **TDIndustries Ltd.** and President of the Dallas Independent School District Board.

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Heard in the Grocery Aisle

... The **United Food and Commercial Workers** reportedly has come to an agreement with **Save Mart**, **Raley's** and **Safeway** to extend the current contract to one of its locals to December 1st, which would create the same expiration for all the UFCW locals in Northern California, similar to the situation in Southern California.

...**Fresh Brands** CEO **Paul Butera** has formally announced he will purchase the company. **Fresh Brands** is the parent company of the Wisconsin-based **Piggly Wiggly** brand. Terms of the deal were not disclosed and management said that no downsizing is to be expected.

...**Whole Foods** completed a \$166 million sale of **Henry Farmers Market** and **Sun Harvest Market** stores to **Smart & Final**. The 27 Henry Farmers Market stores are in California while the 8 Sun Harvest Market locations are in Texas.

... **Village Super Market, Inc.**, which operates a chain of 23 **ShopRite** stores in New Jersey and eastern Pennsylvania, reported sales for the fiscal year ended July 28, 2007 of \$1.05 billion, up 2.9% versus sales of \$1.02 billion in the prior year. Net income for the year was \$20.5 million, up 24.4% versus last year.

... **Supervalu Inc.** will release its second quarter financials on Tuesday, October 16th. Be sure to look for **Global's** updated analysis and assessment shortly thereafter.

... **Spartan Stores, Inc.** will release its second quarter financial results following the stock market close on Wednesday, October 17th. Be sure to look for **Global's** updated analysis and assessment shortly thereafter.

... One of Florida's oldest grocery chains, **Kash n' Karry**, converted its last locale in the 103-store chain to the company's new brand **Sweetbay Supermarket**, completing a three year project.

... **Safeway Inc.** will release its third quarter financial results on Thursday, October 11th. Be sure to look for **Global's** updated analysis and assessment shortly thereafter.

... Blaming the volatility in the financial markets, **Bi-Lo's** President and CEO, **Brian Hotarek**, told employees that the company will likely not be sold soon, and will concentrate on reinvesting in its operations to strengthen its presence in the Southeast.

...**Sysco** announced plans to build a warehouse/office complex in suburban Houston. The facility, which is expected to be opened in 15 months, will use 25% less energy than a conventional facility of an equivalent size.

... Former **Ahold** CEO **Cees van der Hoeven** has agreed to pay the company \$7.1 million to settle a severance dispute. The former executive inflated profits as a way of boosting the firm's stock price.

...**Tesco** announced that it would be opening 48 locations in Southern California by the end of 2009. Riverside County will be home to 30 locations while San Bernardino County will hold 18 stores. Two stores are to be opened this year, 17 during 2008, while 29 stores will open in 2009. The firm also has 100 more store locations in its pipeline. In addition, **Tesco's** 1.4 million-square foot Riverside distribution center is on schedule.

...**Tesco** has announced that its **Fresh & Easy Neighborhood** Market stores will not offer shopper loyalty cards at first. However, management left the door open to offering such cards down the road. Meanwhile the company reported that first-half net income was \$1.91 billion, up 19% from the comparable period last year. Revenue was up 9.1% to \$46.1 billion.

...**Stop & Shop** along with **Giant-Landover** stores announced the introduction of an EDLP strategy with regard to the firm's soup, sauce, pasta, rice and canned vegetables. These priced reductions are part of parent **Ahold's** Value Improvement Program (VIP).

...**Really Cool Foods** has announced plans to open an organic food distribution center in Cambridge City, Indiana. The firm expects to supply **Whole Foods**, **Kroger** and **Trader Joe's**. The new facility is expected to cost \$100 million. **Really Cool Foods** currently operates a supply kitchen and store in Syosset, NY.

...**Moody's** has put **Nash Finch** on its watch list. The potential downgrade stems from a dispute between the Minnesota-based firm and its creditors with regard to a dividend payment.

...**National Cooperative Grocers Association**, **Hanover Co-op Food Stores**, **PCC Natural Markets** and **Unified Grocers** have launched a joint program to detect and prevent fake organic suppliers. The newly launched program may include spot checks and residue tests.

...In a \$38.5 million deal, **Unified Grocers** (Formerly known as **Unified Western Grocers**) completed its acquisition of **Associated Grocers** of Seattle. **Associated Grocers** CEO **John Runyan** will become an advisor to **Unified Grocers**. **Al Plamann** will remain as President and CEO of this new larger company.

...**Topps Meat** will go out of business because of the beef recall that made 30 people sick in eight

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Heard in the Grocery Aisle

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states. **Topps Meat** is not in any way related to **Ahold's Tops** supermarkets in Western New York. agreement were not disclosed; however, the merger is expected to close within the next 30 days. **Millbrook** currently generates \$300 million in revenue by distributing 22,000 products.

...**United Natural Foods** has agreed to purchase

Millbrook Distribution Services. The terms of the

Rating Changes and Outlooks

S&P Rating Changes

Company	Credit Rating		Credit Outlook	
	Current	Prior	Current	Prior
ARAMARK SERVICES INC	B+	B+	STA	NEG
MARRIOTT INTERNATIONAL INC NEW	BBB	BBB+	STA	STA
TJX COMPANIES INC	A	A	STA	NEG
JO ANN STORES INC	B-	B-	POS	STA
RESTAURANT CO (INC)	B-	B-	NEG	STA
MCDONALDS CORP	A	A	STA	NEG
FINLAY ENTERPRISES INC	B	B	NM	NEG
FINLAY FINE JEWELRY CORP	B	B	NM	NEG
KOHL'S CORP	BBB+	A-	STA	STA
FOOT LOCKER INC	BB+	BB+	NM	STA
LOEHMANN'S HOLDINGS INC DE	B-	B-	NEG	STA
VICORP RESTAURANTS INC	CCC+	B-	NEG	NEG
BUFFETS INC	CCC+	B-	NEG	NEG
MCDONALDS CORP	A	A	STA	NEG
STAR GAS PARTNERS LP	B-	CCC+	STA	NM
BUFFETS HOLDINGS INC	CCC+	B-	NEG	NEG
GAMESTOP CORP	BB	BB-	STA	POS
BUFFETS INC	CCC+	B-	NEG	NEG
KOHL'S CORP	BBB+	A-	STA	STA
SEMINOLE TRIBE OF FLORIDA INC	BBB	BBB-	STA	STA
SUSSER HOLDINGS CORP	B+	B+	NM	STA

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Off the Rack

... **Nordstrom Rack**, the discount division of **Nordstrom Inc.** will open in Naperville, Illinois as part of a new shopping center next fall. The Naperville store will be the fifth Nordstrom Rack in the Chicago area.

... Continuing to grow its presence nationwide, **J.C. Penney Company, Inc.** opened 22 new stores last week, putting the company firmly on track to deliver 50 new stores in 2007. Year-to-date the company opened 44 new stores, and six more will open in the coming weeks.

... **Kohl's Corp.** opened 80 stores in states such as Arizona, California, Wyoming and Delaware last week, with plans to open 15 more stores next month, for a total of 929 stores in 47 states. Expansion plans call for the company to add approximately 500 more locations in the next five years for a total of 1,400 stores by 2012.

... **Value City Department Stores LLC**, a subsidiary of **Retail Ventures Inc.**, signed a definitive agreement to assign or sublease up to 24 locations to **Burlington Coat Factory** as part of the company's review of strategic alternatives. The stores will operate through the holiday season and close by the end of March 2008.

... **United Retail Group, Inc.** and **Redcats USA, Inc.** were granted early termination of the waiting period under Hart-Scott-Rodino in connection with Redcats pending acquisition of United Retail Group for \$13.70 per share in cash.

... **Gottschalks** amended its credit facility and increased the capacity to \$200 million. The amended facility, which is through **GE Commercial Finance**, also had the expiration date extended to 2012. Proceeds are expected to be used to repurchase stock and reduce higher cost debt.

... Holders of **Saks'** \$230 million in convertible notes now have the right to convert the notes into

equity. The fact that the company's stock price has traded at 120% of the face value for 20 out of the last 30 trading days for the quarter ended September 30, 2007 triggered a clause in the notes.

... Primarily as a result of continued softness in average store transaction counts and lower than anticipated full-priced selling at both its Wet Seal and Arden B divisions, **The Wet Seal, Inc.** lowered its third quarter earnings guidance from a range of 7 cents to 10 cents per share to a range of breakeven to 2 cents per share.

... **Syms Corp.** reported that sales for its second quarter ended September 1, 2007 were \$61.4 million, down 2.1% versus sales for the comparable period last year of \$62.7 million. The company reported a net loss for the quarter of \$1.42 million, slightly worse than the net loss reported last year of \$1.37 million.

... **The Bon-Ton Stores, Inc.** plans to open a two-level 63,000 square foot Carson Pirie Scott furniture gallery located adjacent to the Carson Pirie Scott department store in the Orland Square Mall. The gallery will be the fifth in the greater Chicago area following, Hawthorn, Shaumburg, Eden's Plaza, Yorktown and Fox Valley.

... **Dillard's** will begin an item-level Radio Frequency Identification (RFID) tagging pilot in its stores this month. The pilot will consist of certain styles of merchandise being marked with RFID-enabled tags. The tags, which are designed to be removed at the time of purchase, will enable sales associates to perform more frequent inventory counts.

... **Tandy Leather Factory, Inc.** acquired **Heritan Leather & Craft Supplies**, a leathercraft store in Montreal, Quebec, Canada. The 1,800 square foot store is the last of Tandy's ten planned store openings for 2007.

Did You Know...?

The housing and credit slumps are holding back job growth in the U.S. private sector. Private payrolls grew by 58,000 in September, following a revised 27,000 gain in August, marking the third straight month of modest job growth.

FYI for the DIY

... **Fastenal Company** will release its third quarter operating results on Thursday, October 11th. Be sure to look for **Global's** updated analysis and assessment shortly thereafter.

... **Richelieu Hardware Ltd.** reported sales for its

fiscal third quarter ended August 31, 2007 of C\$111.9 million, up 16.3% versus sales of C\$96.2 million for the comparable period last year. Net income for the quarter was C\$9.1 million, up 3.8% versus last year.

Options and Resources

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The Global World of Sports and Footwear

... The National Golf Foundation reported that rounds of golf played in the U.S. in the month of August decreased 2.7% compared to the same month last year. As a result, the year-to-date figure is down 0.8% through August, though the premium public segment is slightly positive for the YTD period.

... **The Finish Line, Inc.** signed a distribution agreement with **Warmbat Australia** to carry the company's Kangaroo Classic line of sheepskin boots in select locations beginning in October.

... **Cabela's** will open its newest 185,000 square foot store in Hammond, Indiana on October 19th.

... In addition to the above, **Cabela's** announced that it will release its third quarter financial results after the market closes on November 1st. Be sure to look for **Global's** updated analysis and assessment shortly thereafter.

... **Golfsmith International Holdings** amended and restated its credit facility with a consortium of lenders led by GE Capital, increasing its asset-

based revolver to \$90 million from \$65 million and required reserve to \$3.5 million.

... **GSI Commerce Inc.** will release its fiscal third quarter results after the close of the markets on Wednesday, October 24th. Be sure to look for **Global's** updated analysis and assessment shortly thereafter.

... **REI** opened its first prototype store to test new retail concepts and the performance of green building features, including state-of-the-art technology and environmentally-friendly materials last week in Boulder, Colorado. Some of the features include a solar hot water system and the use of green materials such as bamboo and recycled rubber and cork. The facility was constructed by remodeling the company's existing store that opened in 2002.

... **The Walking Company** plans to open six new locations during October 2007, following six store openings in September as part of the company's plans to open more than 20 new locations in the final three months of 2007.

Health & Beauty Aids

... **Rite Aid Corp.** increased the size of its receivables securitization facility to \$650 million, up from \$400 million previously. The termination date of the receivables financing agreement was also extended to Sept. 16, 2008, and the availability of its backstop amortization facility was extended to September 2010. The agreement is through **Wachovia** and **Citibank**.

...In spite of a decline in earnings for the fourth quarter of 3.8%, **Walgreen Co.** reported its 33rd year of record earnings with sales for the fiscal year ended August 31, 2007 of \$53.76 billion, up 13.4% versus sales for the prior fiscal year of \$47.41 billion. For the year the company reported earnings of \$2.04 billion, up 16.6% versus last year. Meanwhile the company remains on track to have 7,000 stores by 2010.

... **Take Care Health Systems**, the wholly-owned subsidiary of **Walgreens** that manages its clinics, is opening clinics in nine new markets, including Cincinnati, Cleveland, Houston, Las Vegas, Miami, Nashville, Orlando, Tampa and Tucson. Combined with expansion in existing markets, up to 100 new clinics will open this fall.

...**MinuteClinic**, a unit of **CVS**, will open 14 in-store health clinics in the Los Angeles area. By the end of the year, the company expects to open 11 more of these facilities in the Los Angeles area.

... Both **Express Scripts** and **CVS Caremark Corpo-**

ration earned accreditation under the new pharmacy benefit management (PBM) accreditation program established by URAC, the Washington D.C.-based independent accreditor of health care management organizations.

... **Cardinal Health Inc.** began a \$50 million, 250,000 square foot expansion at the company's headquarters. The new building is expected to be completed in spring 2009, will be home to the Healthcare Supply Chain Services sector, formed by the combination of the company's pharmaceutical and medical products supply chain businesses, a \$74 billion sector.

...**AmerisourceBergen** acquired **Bellco Health** for \$190 million in cash. The firm generated \$2.0 billion in revenues and is a major player in the distribution of branded and generic pharmaceuticals in the New York City Metro market.

...**McKesson** agreed to purchase **Oncology Therapeutics Network (OTN)** for \$575 million including the assumption of debt. **OTN** is one of the nations largest distributors of specialty drug products.

... **Tenet Healthcare Corporation** signed a definitive agreement to sell Shelby Regional Medical Center in Center, Texas, to **Shelby Medical Holdings, LLC**, a newly formed company owned by **Tariq Mahmood, M.D.** Pre-tax proceeds are expected to be approximately \$2 million.

Did You Know...?

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

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Hi Tech Entertainment

...**Circuit City** just cannot seem to get itself out of the spotlight. The latest rumors have **Sears Holdings**, who many feel are primed to make an acquisition, eyeing the beleaguered consumer electronics dealer. The company's stock price has taken a beating throughout the year, and is less than half the price it opened the year at. Sears' Eddie Lampert is widely considered one of the best money managers around, and he has reportedly keeping his attention on the high profile company.

...After taking some subscribers from top competitor **Netflix, Blockbuster Total Access** seems that it has reversed course. It is expected that the company will report that Total Access subscribers will be down for the most recent quarter, which is a sharp reversal in the trend that we have been seeing. Blockbuster has had problems with profitability in the business segment, and it is still up in the air just how long the retailer will be able to compete with the cash rich Netflix. Blockbuster has spent over \$300 million in the past three

years in efforts to compete in the online rental industry.

... **Aaron Rents, Inc.** acquired all of the stores of Prime Time Rentals. The 33 stores are located in Virginia, North Carolina, Maryland, and West Virginia. Aaron Rents currently has more than 1,470 company-operated and franchised stores in 48 states and Canada.

... **HHgreg** is opening its first Florida stores in Jacksonville, to be followed by store openings in Orlando, and is also considering sites in Tampa and Tallahassee.

... **Rent-A-Center, Inc.** will release its third quarter operating results on Tuesday, October 30, 2007. Be sure to look for the updated financials on **Global's** website shortly thereafter.

... **Ingram Micro Inc.** will release its financial results for the third quarter ended September after the market closes on Thursday, October 25th. Be sure to look for **Global's** updated analysis and assessment shortly thereafter.

Mass Merchant Musings

... The holiday selling season has officially opened, as **Wal-Mart** cut prices by 10% to 50% on its "Top 12 Toys of Christmas," and signaled that more reductions are coming. The move marks an ever-earlier start to the holiday price wars.

... A Pennsylvania judge ruled that **Wal-Mart**, which last year lost a class action suit there that claimed it forced employees to work off the clock, now will have to pay the victorious employees \$62.3 million in damages. This is in addition to the \$78.5 million already awarded when the case was decided last year.

... **Wal-Mart** considered spinning off its **Sam's Club** membership warehouse division last year, but decided against it because remaining a part of the mother company would give it "access to its vendor relationships, logistics and customer information." Based on results this year, the study evidently lit a fire under Sam's management.

... South of the border, **Wal-Mart de Mexico** received all the necessary regulatory approvals to allow it to begin opening bank branches there, possibly as soon as next month. The new bank will be called Banco Wal-Mart de Mexico Adelante.

...**Meijer** has agreed to a tentative contract with its 27,000-member union in Michigan. The 4 ½ year deal includes separate contracts for the retail, distribution and property management services staffs. The agreement also lays the groundwork for immediate and future wage increases. Union leadership has recommended that the contract be approved by its membership.

... Canon Classic and Cannon Royal Family bed-

ding and bath branded programs are set to soon hit **Meijer** via a recently inked partnership with Homestead, a division of **Li & Fung** that is a licensed producer of **Cannon** bedding and bath goods.

... **Meijer** launched a new e-commerce Web site, its first e-commerce initiative. The site includes a new order management system, a customer contact center application, and a supplier-direct distribution network.

... **Family Dollar Stores, Inc.** reported sales for its fiscal year ended September 1, 2007 of \$6.83 billion, up 6.9% versus sales of \$6.39 billion for the prior fiscal year. Net income for the year was \$242.9 million, an increase of 24.5% versus last year.

...**Dollar Tree Stores** has recently announced that it has authorized a \$500 million share repurchase program. The company still has \$99 million remaining on its previous share repurchase program, leaving the total available to be purchased at \$599 million.

... **Cost-U-Less, Inc.** reported sales for the third quarter ended September 30, 2007 of \$57.9 million, up 6.0% versus sales of \$54.6 million for the comparable period last year. Comp store sales for the quarter were up a tidy 5.7%.

... **Canadian Tire Corporation, Limited** completed its public offering of \$300 million in 3-year Medium Term Notes. The Notes carry a coupon rate of 5.22% and have a maturity date of October 1, 2010.

Did You Know...?

The number of newly laid off workers filing claims for unemployment benefits shot up last week by the biggest amount in four months. The Labor Department reported a total of 317,000 applications for benefits, an increase of 16,000 from the previous week.

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