

RETAIL SECTOR WEEKLY

Key Retail News and Commentary

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Did You Know...?

Leadership is the art of getting someone else to do something you want done because he/she wants to do it.

Gift Spending Steady, But Overall Spending to Drop

While many Americans say they intend to spend less during this year's holiday season, spending on gifts is expected to hold steady and the number of gifts consumers plan to give is up compared with 2006, according to the 22nd Annual Holiday Survey of retail spending and trends, commissioned by Deloitte.

The survey shows that four in 10 consumers (41%) expect to reduce their spending this holiday season. Areas where spending is likely to be down include home improvements, socializing/entertaining, charitable donations, home/holiday furnishings and non-gift clothing. However, consumers said they plan to spend about the same on gifts as they did last year, and they expect to buy more of them – an average of 23, up from 22 last year and the highest over the last six years. Women plan to buy even more, with an average of 26 gifts.

"American consumers are resilient, and clearly they are in a giving mood this year," said Stacy Janiak, Deloitte's U.S. Retail Leader. "They may be more restrained in their general holiday spending and their personal indulgences, but they are determined to maintain the spirit and generosity of the holidays."

As a back-drop to these spending expectations, American consumers are less optimistic about the

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Global Credit Services 6th Annual Symposium Sanibel Harbour Resort, Fort Myers, 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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Gift Spending Steady, But Overall Spending to Drop

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economy, with only 57% of consumers surveyed saying the economy will improve or remain the same next year. However, the vast majority (85%) say they feel secure about their jobs, which is about even with last year. Surprisingly, the recent credit crunch was not cited as a primary reason for spending less this year. Lower levels were more likely to cite volatility in the stock market and declining home values.

Department stores – both traditional and discount – continue to be the top shopping destination, reflecting a continued time-pressured consumer, a need for convenience, and a long-term trend of fewer shopping trips and fewer stores visited. In addition, older consumers – those aged 61 to 74 – plan to spend 27% more than the average consumer, giving added credence to this demographic, which traditionally has reported higher holiday spending.

For the fourth straight year, gift cards are expected to be the top gift purchase, with more than two-thirds (69%) of consumers surveyed planning to buy them, compared with 66% last year. In addition, holiday shoppers are planning to buy even more cards this year: an average of 5.5 cards, compared with the 4.6 cards they planned to buy last year. One in six consumers (16%) plan to buy 10 or more cards, compared with 11% last year. Consumers are also spending more in total on gift cards and more per card: \$36.25 per card on average compared with \$30.22 last year.

“Again, convenience is key,” said Ms. Janiak. “A gift card to a store that the recipient enjoys is a thoughtful gift that accommodates Americans’ limited time to shop. As gift cards continue to grow in popularity, retailers need to be even more creative in their redemption programs, so that they can quickly recognize the dollars in their revenues and potentially capture additional spending beyond the value of the card. As we approach the holidays, retailers could encourage consumers to redeem their unused gift cards for this year’s gift purchases by offering a dollar amount or percentage off the purchase, free gift wrap, or some other bonus.” According to the survey, nearly half of consumers (49%) have at least one partially or completely unused gift card; on average, these consumers have 3.7 unused cards.

In the wake of recent product recalls, consumers are increasingly concerned about the safety of imported products, with those over age 44 being most concerned. More than half of consumers surveyed (54%) say a product’s country of origin is important to them when making a purchase decision. Almost four in 10 consumers (38%) said they feel food products imported from other countries are not safe, and more than one-third of consumers (35%) said the same for non-food products. Almost six in 10 (58%) said the recent news stories about product recalls will influence some of their purchase decisions this holiday season. Of these shoppers, 82% say such concerns will influence their buying decisions on toys and 70% said the same with respect to food purchases.

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Did You Know...?

Shaking off fears about weakness in housing and credit, the U.S. economy created 166,000 net jobs in October, the best job growth since May. The unemployment rate was steady at 4.7%.

Health & Beauty Aids

... Starting early next year, **Walgreens** will begin testing DVD-burning kiosks at select locations. The company plans to work with **Sonic Solutions** to provide industry-approved **Qfix** software. **Walgreens** has declined to provide a cost estimate.

... **AmerisourceBergen** announced that its net income fell 28% to \$87.6 million during the final quarter of its fiscal year. Revenues increased by 5% to \$16.4 billion. The company also had to deal with a write-down related to the value of tetanus-diphtheria vaccine inventories.

... For its fiscal second quarter ended September 30, 2007, **McKesson Corporation** reported sales of \$24.450 billion, up 9.2% versus sales of \$22.386 billion for the comparable period last year. Net income for the quarter was \$247 million, up 7.9% versus income of \$229 million last year.

... **Cardinal Health** reported sales for its first quarter ended September 30, 2007 of \$21.973 billion, up 5.0% versus sales of \$21.937 billion for the comparable period last year. Net income for the quarter was \$301.8 million, up 11.5% versus net income last year of \$270.7 million.

... Healthcare workers at 14 California hospitals from Palm Springs to San Ramon ratified a new contract with **Tenet Healthcare Corp.**, cementing a deal to strengthen care at their facilities and bringing closure to bargaining that lasted more than a year.

... **Tenet Healthcare Corporation** completed the purchase of the assets of **Stanislaus Behavioral Health Center**, a 67-bed county behavioral health hospital located in Modesto, California, for \$10.9 million, subject to normal post-closing adjustments.

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Bankruptcy Blotter

... **Wal-Mart Stores Inc.** entered the fray of landlords protesting **Movie Gallery Inc.'s** plan to close more than 500 of its stores. The company joined a group of landlords requesting that the court rescind its approval of rules governing the auction of leases on most of the 520 stores that Movie Gallery intends to shut down.

... The authors of **M. Fabrikant & Sons Inc.'s** Chapter 11 plan disclosure statement filed a revised version that now says unsecured creditors, owed about \$36 million to \$110 million, could expect to collect from 7.5% to 100% on their claims. The reason for the wide range of payouts is because much of the plan revolves around litigation that has not been pursued or resolved yet.

... **Tweeter Home Entertainment Group Inc.'s** monthly operating report for June 11th through June 30th showed sales of \$19.4 million and a net loss of \$1.1 million.

... **Movie Gallery Inc.'s** unsecured creditors are asking the court for an extra month to look into the company's \$150 million DIP loan. The creditors are concerned that the financing, if given final approval, could set in stone a reorganization plan it had no role in negotiating.

... **Hancock Fabrics Inc.** reported sales for the period from September 1st to October 6th of \$26 million and a net loss of \$1.8 million, including \$1.3 million of reorganization expenses.

... **Interstate Bakeries**, which last week had secured a commitment for \$400 million in exit financing and reached a deal with a group of lenders to convert about \$218 million in borrowings

into new debt, has indicated that it won't have the support of the official committee of unsecured creditors at a hearing scheduled for this Wednesday.

... In a late developing story, the **Teamsters** union representing 9,500 of **Interstate Bakeries'** workers are teaming up with **Yucaipa** and **Grupo Bimbo** to propose an alternative to Interstate's own private equity backed plan to exit bankruptcy, which includes the acquisition of Interstate by Yucaipa and Bimbo.

... **Gallery Corp.**, a Los Angeles-based mattress retailer known as **Mattress Gallery**, filed for Chapter 11 protection to ease its sale to **Ortho Mattress Inc.** Mattress Gallery is a privately held operator of 52 mattress stores in Southern California. Ortho has agreed to pump \$6.75 million into the company in exchange for all of its new equity.

... Because of the turmoil in the credit market, **Delphi Corp.**, which is looking to exit Chapter 11, is now looking at smaller financing packages that won't be sufficient to make more than \$3 billion in cash payments to its unsecured creditors and General Motors Corp. Instead unsecured creditors will have the option to buy new Delphi stock at a discount through a rights offering.

... With the delay in obtaining its financing to exit Chapter 11, **Delphi Corp.** is seeking court approval to extend its \$4.5 billion DIP loan through June 30, 2008 from its current maturity date of December 30, 2007. The company is now looking to exit bankruptcy by the end of the first quarter 2008.

Feedback?

Questions?

Suggestions?

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Rating Changes and Outlooks

S&P Rating Changes				
Company	Credit Rating		Credit Outlook	
	Current	Prior	Current	Prior
GENESCO INC	BB-	BB-	NM	POS
J CREW GROUP INC	BB-	B+	POS	POS
YUM! BRANDS INC	BBB-	BBB	STA	STA
MICHAELS STORES INC	B-	B-	POS	DEV
PIER 1 IMPORTS INC	CCC+	B-	NEG	NM
SAKS INC/FKA PROFFITTS INC	B+	B+	NM	NM
CSK AUTO CORP	B	B+	STA	NM
SUSSER HOLDINGS CORP	B+	B+	NEG	NM
MICHAELS STORES INC	B-	B-	POS	DEV

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Management on the Move

... **Rite Aid Corporation** named **Lance Aizen**, a pharmaceutical and pharmacy benefit management executive, to the position of VP, Sales in the company's Rite Aid Health Solutions group. Mr. Aizen most recently served as EVP of **Envision Pharmaceutical Services**.

... **Cardinal Health** announced the resignation of **Mark W. Parrish** from his position as CEO of the company's **Healthcare Supply Chain Services** sector. CFO **Jeffrey W. Henderson** will assume the additional role of interim CEO of HSCS until a permanent successor is named.

... **Chico's FAS, Inc.** announced the promotion of **Michele Cloutier**, currently EVP – Chief Merchandising Officer – Chico's, to the position of Brand President – Chico's. Over the years, Ms. Cloutier has worked as a senior executive for numerous retailers including **Ann Taylor**, **Gap** and **Banana Republic**.

... **American Eagle Outfitters, Inc.** announced that **Joe Kerin**, EVP Store Operations, will add **aerie** stores to his responsibilities. **Dennis Parodi**, EVP/COO of the New York Design Center, will resume responsibility for Real Estate across the entire company in addition to his COO responsibilities at the New York Design Center.

... **Mothers Work, Inc.** announced that **Rebecca Matthias**, the company's President and Chief Creative Officer, will immediately assume the additional position of Acting Chief Merchandising Officer on an interim basis while the company continues the search for its Chief Merchandising Officer.

... **Sears Holdings** named **Louis Ramery** as SVP, Customer Relationship Marketing, for **Sears** and **Kmart**. Mr. Ramery comes to Sears Holdings from **Digitas**, where he led the firm's global Marketing Capability, its Loyalty and CRM practice and served as a Relationship Leader on key accounts.

... **Monika Merz**, currently President, **Toys "R" Us, Canada**, was promoted to CEO for **Toys "R" Us, Japan**. Ms. Merz will report to **Kei Kodera**, Representative Director, Chairman and President, Toys "R" Us, Japan and will be based in Japan.

... **Cabela's Incorporated** named **Charles Baldwin** as VP and Chief Human Resources Officer. Mr. Baldwin most recently served as VP of Global Talent Management for **Wal-Mart**.

... **Kevin O'Meara**, President and COO of **Builders FirstSource, Inc.** resigned from the company suddenly. Mr. O' Meara feels that it would be mutually beneficial for both he and the company if he sought new corporate leadership opportunities. Mr. O'Meara is one of the three founders of the company.

... **Tractor Supply Company** appointed **Jim Wright**, President and CEO of the company, as Chairman of the Board replacing **Joe Scarlett**, who is retiring from his role as non-executive Chairman.

... In the wake of the departure of **Shane Evangelist**, previously SVP and General Manager of **Blockbuster Online**, **Blockbuster** is beginning to consolidate its online operations under the parent company. All e-commerce operations for **Blockbuster** now will report to CIO **Keith Morrow**.

Mass Merchant Musings

... **Wal-Mart** completed the opening of 36 new stores and clubs in 22 states in the month of October. Since February the company has opened 205 stores and clubs, including 163 supercenters, 19 Sam's Clubs, 16 Neighborhood Markets and 7 discount stores.

... According to sources **Wal-Mart** is contemplating jumping into the largely unsuccessful business model of online grocery shopping. The company is reportedly on the cusp of trying to form a strategy to deliver grocer products to customers in the markets it serves in the U.S.

... The joint venture between **Bharti Enterprises** and **Wal-Mart Stores** will likely post losses for four to five years on high rental costs in India, according to Bharti's Chairman.

... There were numerous statements in the media, attributed to **Toshiba**, indicating exclusive support

for the HD-DVD format in **Kmart** stores. These statements are false. **Kmart** intends to support both the HD-DVD and Blu-ray platforms, and has no plans to support either platform exclusively.

... **Factory Card & Party Outlet Corp.** entered into a definitive agreement with **Gartner Greetings Inc.** pursuant to which Gartner will be the company's primary supplier of everyday and seasonal greeting cards. The agreement imposes certain requirements, among them, shelf space, replenishment processes and seasonal returns.

... After testing the waters over the past year, **Toys "R" Us** is now creating superstores that sell baby and toy products. The baby and toy stores will have separate entrances and signs. But once inside, consumers can shop both stores freely and check out on either side. The first two superstores are opening this week in Elizabeth, New Jersey, and in California.

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Off the Rack

... **JC Penney** celebrated the grand opening of six more stores this week, completing its plan for 50 new locations this year. The company also re-opened a location in Louisiana that had been closed since Hurricane Katrina. JC Penney is also expanding its reach to include more stores that are located outside of malls.

... Rumors of an impending buyout of **Saks** heated up this week, as the **Bauger Group**, based in Iceland, stepped forward and expressed its interest in the high-end retailer. Bauger Group is currently the second largest shareholder behind Mexican billionaire **Carlos Slim**, and currently holds an 8.5% stake in the retailer. Bauger Group has supposedly been in discussions with Dubai-based **Landmark Group** in talks about a possible joint venture.

... **Jones Apparel** may have saw its profits jump to \$400.1 million for the quarter, but a closer look reveals that the gains were largely a result of the sale of **Barney's**. Without the sale, the company would have seen earnings fall from \$0.59 per share last year to \$0.51 per share this year.

... **Dress Barn** seems to have hit a snag. The company has announced that it expects its first quarter profits to fall to between \$0.30 and \$0.32 per share, down from \$0.40 per share for the same quarter last year. The company's projections are based on the expected comp store decline in the low single digits.

... **Dress Barn** believes that its sales woes will continue through much of the year as the company also reduced its earnings guidance for the full year to a range of \$1.25 to \$1.35 per share, down from previous guidance in the range of \$1.40 to \$1.50 per share, a drop of approximately 10%.

... **Redcats USA** has completed its tender offer for **United Retail Group**. The offer will see Redcats Group acquire and estimated 86% of the shares of United Retail Group for \$13.70 per share. The offer will increase the ownership stake to 90%.

... **Abercrombie & Fitch Co.** launched **ruehl.com** for the Greenwich Village inspired brand, which targets 22 to 35 year old men and women with apparel, handbags, cologne and perfume. The Web site initially will sell only handbags, cologne and perfume.

... **Bebe Stores Inc.** reported that net income for its first quarter ended October 6, 2007 was down 24.7% to \$15.4 million from \$20.4 million for the comparable period last year. The decline was attributed to lower sales and higher markdowns as sales increased only slightly to \$161.1 million for the quarter while comp store sales declined 9.3%.

... **Charlette Russe Holding, Inc.** will release its fourth quarter of full year results for its fiscal year ended September 30, 2007 on November 14th. Be sure to look for the updated results on **Global's** website shortly thereafter.

... **Pacific Sunwear of California, Inc.** retained **Financo, Inc.** as its financial advisor to identify and explore strategic alternatives for the company's 154 **demo stores**. Demo, launched in 1998, is a mall-based chain selling labels such as Baby Phat, Ecko and Enyce.

... **Bloomingdale's**, which is owned by **Macy's Inc.**, is expected to announce as early as this week its plans to open at CityNorth, a mixed-use development going up in north Phoenix, Arizona. **Nordstrom** has already committed itself to opening at CityNorth.

Did You Know...?

The Federal Reserve, confronted with surging oil prices and a slumping housing market, lowered the federal funds rate to 4.5%, but signaled that may be all the rate relief the economy needs right now.

FYI for the DIY

... **Wesco International, Inc.** acquired **J-Mark Inc.**, one of the leading providers of interior products and components to the manufactured housing industry, headquartered in Phoenix, Arizona, with sales of approximately \$30 million annually. Financial details of the transaction were not provided.

... Just a few days after reporting a net loss for the third quarter of \$11.5 million, **Builders FirstSource** announced the resignation of **Kevin**

O'Meara the company's President and COO. Mr. O'Meara was one of the three founders of Builders FirstSource and was instrumental in growing the company to over \$2 billion in annual revenue.

... **Jewett-Cameron Trading Company Ltd.** reported sales for its fiscal year ended August 31, 2007 of \$70.5 million, down 7.3% versus sales of \$76.1 million for the prior year. Net income for the year was \$2.29 million, down slightly versus prior year net income of \$2.34 million.

Options and Resources

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The Global World of Sports and Footwear

... Intent on growing store productivity and sales per square foot in 2008 with smaller doors, **Cabela's** is embarking on a number of initiatives that include a new store design with a more flexible merchandising format for seasonal categories, in-store pick-up and order kiosks; more signage and fixtures and brand shops from the likes of **Under Armour**, **Carhartt**, **The North Face** and **Columbia Sportswear**. The average store sized planned for 2008 will be 119,000 square feet, down from 195,000 in 2005.

... **Dick's Sporting Goods** launched **Nike ACG**, a diverse collection of active and outdoor apparel, with exclusive styles available at Dick's and Dick's online. Nike ACG utilizes innovative, advanced technology and a unique layering system for progressive protection for active lifestyles.

... **Foot Locker** secured a fifth amended and restated credit agreement with its lender extending the agreement for one year to 2010, reducing the Fixed Charge Coverage Ratio and permitting dividend payments of up to \$90 million in fiscal 2008 and \$100 million in fiscal 2009 and 2010.

... Having reported better than expected results for the third quarter, **Big 5 Sporting Goods** now expects earnings per share for the full year to be in the range of \$1.33 to \$1.43 per share, assuming that sales will continue to be challenged by macro-economic issues affecting the consumer environment.

... **Sport Supply Group** reported sales for its first fiscal quarter ended September 30, 2007 of \$70.4 million, up 3.2% versus sales of \$68.2 million for the comparable period last year. Net income for the quarter was \$4.1 million, up 24.3% versus last year.

... In addition to the above, **Sport Supply Group** increased its credit facility to \$25.0 million with

an accordion feature to potentially expand availability to \$55 million.

... **MarineMax, Inc.** reported sales for its fiscal year ended September 30, 2007 of \$1.256 billion, up 3.5% versus sales of \$1.214 billion for the prior year. Net income for the year was \$20.1 million, down 49.0% versus net income of \$39.4 million, as the boating industry continues to reel from the high fuel costs.

... **Sport Chalet, Inc.** will enter the Utah market with the opening of its new 42,000 square foot store at Jordan Landing in West Jordan. The location, which is the company's 49th, will feature an on-site SCUBA training pool.

... Because it must change from traditional "going concern" accounting to "liquidation accounting", **American Skiing Company** will not be able to file its 10K annual report with the SEC on time. The company does, however, expect to have the filing complete within 15 days of the prescribed filing date.

... **Quiksilver** reached a definitive agreement to divest the golf equipment business, **Cleveland Golf Company, Inc.**, acquired with its July 2005 purchase of **Rossignol**, to **SRI Sports Ltd.** of Japan, parent of the **Srixon** golf brand and owned by **Sumitomo Rubber** for \$132.5 million. The deal is slated to close by January 31, 2008.

... **Under Armour, Inc.** opened its first full-line retail store, a 4,500 square foot 100% unfiltered brand experience built to enable consumers to immerse themselves in the company's brand and performance products in Annapolis, Maryland.

... As a point of interest, **Genesco** has now turned over more than 1.5 million documents to **Finish Line** and **UBS** in the ongoing battle over the sale of Genesco to Finish Line.

Did You Know...?

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

Specialty Items

... **Tuesday Morning Corporation** reported sales for its first quarter ended September 30th of \$201.7 million, up 3.7% versus sales of \$194.4 million for the comparable period last year. Net income for the quarter was \$1.2 million, down 63.5% versus the prior year's net income of \$3.2 million.

... **Jo-Ann Stores Inc.** is spending approximately \$23 million to acquire all of the outstanding shares of **IdeaForest.com Inc.**, which operates **JoAnn.com**. When the deal is complete, Jo-Ann will operate IdeaForest as a wholly owned subsidiary.

... **The Pep Boys - Manny, Moe & Jack** agreed to sell, subject to certain closing conditions, 34

properties for an aggregate purchase price of \$166.2 million, which the company intends to lease back to be operated as Pep Boys stores. The transaction represents the company's first step in its efforts to monetize its real estate assets and lighten its balance sheet.

... **Books-A-Million, Inc.** opened a 15,500 square foot store in Fultondale, Alabama, the company's 28th store in Alabama and its ninth store in the Birmingham metropolitan area.

... **Tiffany & Co.** plans to open a 6,000 square foot store Westfarms, central Connecticut's premier luxury retail center, in May 2008. The center is bounded by West Hartford and Farmington, Connecticut.

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Hi Tech Entertainment

...Embattled video rental chain **Blockbuster** gave critics some more firepower this week. The company announced that its third quarter loss would come in at \$37.8 million compared to \$27.5 million last year. Revenues for the quarter fell 5% to \$1.24 billion, below the \$1.28 billion forecast. Over the summer, the company saw its online subscriber membership fall from 3.6 million to 3.1 million, while rival Netflix added 286,000 customers during that same time frame. The retailer cut 400 jobs and closed more than 500 stores during the quarter.

...The turnaround efforts at **Officemax** gained more traction this week. The company's net income rose to \$49 million for the third quarter, up 61% from the same quarter last year. Revenues were up 3% to \$2.32 billion. The retailer opened just nine stores during the quarter, as it saw its expansion pace slow rapidly. It ended the quarter with 934 retail locations. Comps were up 0.8% for the quarter.

... **Staples, Inc.** reached a settlement in a wage and hour class action lawsuit concerning the alleged misclassification of its California-based assistant store managers, agreed to pay \$38 million, subject to court approval. Original claims in the case amounted to \$150 million.

... **Staples Inc.** and **United Parcel Service Inc.** are launching co-branded stores in China. The first

two stores, called **Staples UPS Express**, opened last week in Beijing, with two additional locations expected to open in Shanghai by the end of 2007.

...Europe's largest electronics retailer **DSG International** saw its stock price get a boost this week. The boost came on rumors that **Best Buy** was interested in the company as a possible acquisition target. DSG's market cap is around \$4.8 billion, roughly one-fifth the size of Best Buy.

... **CompUSA** opened a new format store in Texas, elements of which will be incorporated into other CompUSA stores across the country that include an Apple shop, a full-length LCD TV wall, expanded gaming and business services sections, and a redesigned IT support area. The company is trying to reach three core customers – the technology enthusiast, educated professional and small and medium businesses.

...The transition at **Rex Stores** took another step forward this week. The company announced that it had provided \$50.8 million in funding to One Earth Energy, an ethanol venture located in Illinois. The funding gives Rex a 74% equity ownership position in the company. The plant provides capacity for 100 million gallons of ethanol annually. Soon, we will have to stop reporting on Rex as a consumer electronics retailer.

Did You Know...?

The U.S. economy shook off the worst housing downturn in a generation to grow at a 3.9% annual pace in the third quarter, the best performance in six quarters. The increase was better than the 43.4% gain expected by economists.

Heard in the Grocery Aisle

... **The Penn Traffic Company** was finally able to report its annual report on Form 10-K for its fiscal year ended February 3, 2007, reporting a loss of the year of \$21.2 million on sales of \$1.31 billion. The company is continuing the process of finalizing outstanding quarterly reports on Form 10-Q for fiscal 2006, 2007 and 2008.

... **Tesco** announced that it was opening a store outside of San Diego in the suburb of Chula Vista, CA. The company also has plans to move into the Phoenix market by the end of the year; however, the international grocer failed to provide additional details.

... Industry analysts surmise that **Tesco** may produce up to \$10 billion in U.S. sales by 2012.

... **Kroger** and its employees represented by the **United Food and Commercial Workers** Local 1099 representing approximately 11,000 workers reached a tentative 3-year labor agreement. The agreement avoided a last minute strike at 79 stores in the Cincinnati region.

... **Supervalu Inc.** is shipping about 180 information technology jobs to India. The transition is expected to take 20 months.

... **Ruddick Corporation**, the parent of **Harris Teeter** and **American & Efid**, reported sales for the fiscal year ended September 30, 2007 of \$3.639 billion, including \$3.299 billion from Harris Teeter, which saw sales increase by 12.9% versus prior year. Net income for the year for Ruddick was \$80.7 million, of which Harris Teeter contributed \$154.1 million in operating profit, which represented a 20.7% increase over prior year.

... **H.E. Butt Grocery Company** has launched an email consumer newsletter as a way to further drive customer traffic to its stores.

... **Fas Mart**, operator of approximately 150 convenience stores in the Virginia area is acquiring the 57-unit **Double Kwik** convenience chain and will convert them to the Fas Mart brand. Double Kwik is owned by **Barnette Enterprises**. Financials regarding the transaction were not provided.

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Third Quarter Earnings

\$ in Millions	Sales		Change	3rd Qtr Comps	Net Income		
	2006	2007			2006	2007	Change
Apparel							
Cache, Inc.	\$59.9	\$60.6	1.1%	4.0%	\$0.7	\$0.2	-76.7%
Carter's, Inc.	\$392.0	\$410.9	4.8%		\$35.0	\$34.6	-1.0%
Mass Merchants							
Cost U Less, Inc.	\$54.6	\$57.9	6.0%	5.7%			
Overstock.com	\$156.9	\$161.9	3.2%		(\$24.5)	(\$4.7)	80.8%
Sears Canada Inc.	C\$1,408.8	C\$1,367.6	-2.9%	-3.6%	C\$37.8	C\$105.2	278.3%
Home Centers							
Builders FirstSource, Inc.	\$569.9	\$413.9	-27.4%		\$17.3	(\$11.5)	N/A
Building Materials Holding Corporation	\$817.8	\$618.3	-24.4%		\$35.3	\$4.2	-88.2%
Fastenal Company	\$470.1	\$533.8	13.5%		\$54.1	\$62.1	14.9%
Griffin Land & Nurseries	\$17.7	\$12.1	-31.4%		\$2.6	\$2.3	-12.2%
Huttig Building Products	\$294.2	\$233.0	-20.8%		(\$9.1)	(\$0.1)	98.9%
Interline Brands, Inc.	\$314.2	\$330.2	5.1%		\$14.2	\$16.0	12.4%
Sherwin-Williams Company	\$2,116.7	\$2,197.0	3.8%	-0.6%	\$179.1	\$200.3	11.9%
Tractor Supply Company	\$559.2	\$629.2	12.5%	1.9%	\$18.1	\$17.5	-3.3%
United Rentals, Inc.	\$983.0	\$997.0	1.4%		\$95.0	\$112.0	17.9%
Wesco International	\$1,343.1	\$1,545.6	15.1%		\$59.4	\$70.0	17.8%
W. W. Grainger	\$1,519.5	\$1,658.6	9.2%		\$104.5	\$109.2	4.5%
Sports & Footwear							
Big 5 Sporting Goods Corp.	\$223.3	\$231.3	3.6%	0.1%	\$7.8	\$8.4	7.1%
Cabela's	\$490.5	\$546.8	11.5%	4.6%	\$15.0	\$13.2	-11.8%
GSI Commerce	\$118.5	\$137.3	15.9%		(\$6.2)	(\$6.1)	2.1%
Skechers USA, Inc.	\$331.1	\$395.0	19.3%		\$22.2	\$24.7	11.5%
West Marine, Inc.	\$195.6	\$187.5	-4.1%	0.3%	\$2.9	\$5.3	80.6%
WinMark Corporation	\$7.2	\$8.0	9.8%		\$0.8	\$1.2	41.5%
Specialty							
A.C. Moore Arts & Crafts	\$128.9	\$122.6	-4.9%		(\$2.6)	(\$0.4)	84.6%
Advance Auto Parts, Inc.	\$1,099.5	\$1,158.0	5.3%	1.1%	\$58.9	\$59.0	0.2%
Brookstone, Inc.	\$87.8	\$91.3	4.0%	4.2%	(\$10.3)	(\$10.2)	0.9%
Haverty Furniture	\$222.9	\$200.7	-10.0%	-11.6%	\$4.1	\$0.1	-97.0%
O'Reilly Automotive, Inc.	\$597.1	\$661.8	10.8%	4.3%	\$47.9	\$53.1	10.9%
Consumer Electronics							
Aaron Rents, Inc.	\$317.7	\$359.4	13.1%	4.0%	\$17.4	\$15.9	-8.4%
Amazon.com, Inc.	\$2,307.0	\$3,262.0	41.4%		\$19.0	\$80.0	321.1%
IAC/InterActiveCorp	\$1,411.7	\$1,515.8	7.4%		\$74.9	\$71.8	-4.2%
Ingram Micro Inc.	\$7,510.3	\$8,607.9	14.6%		\$58.5	\$72.4	23.7%
OfficeMax Incorporated	\$2,244.4	\$2,315.2	3.2%	0.8%	\$31.4	\$49.9	59.1%
PC Connection, Inc.	\$415.2	\$456.5	9.9%		\$4.4	\$7.7	75.1%
PC Mall, Inc.	\$242.2	\$287.7	18.8%		\$1.9	\$3.0	56.1%
RadioShack Corporation	\$1,059.5	\$960.3	-9.4%	-8.6%	(\$16.3)	\$46.3	N/A
Rent-A-Center, Inc.	\$587.2	\$709.7	20.9%	-1.8%	\$25.2	\$25.3	0.1%
Zones, Inc.	\$137.9	\$163.0	18.2%		\$2.1	\$2.6	25.5%
Food							
Publix Super Markets	\$5,286.7	\$5,630.3	6.5%	4.5%	\$252.9	\$249.1	-1.5%
Weis Markets, Inc.	\$557.2	\$565.0	1.4%	1.8%	\$11.6	\$10.8	-6.5%
Drug							
CVS Caremark Corporation	\$11,208.8	\$20,495.2	82.8%	5.0%	\$284.2	\$689.5	142.6%
Drugstore.com, Inc.	\$100.6	\$107.3	6.6%		(\$2.6)	(\$2.4)	8.4%
Express Scripts, Inc.	\$4,330.2	\$4,519.0	4.4%		\$114.7	\$142.9	24.6%
Longs Drug Stores	\$1,123.2	\$1,158.0	3.1%	1.4%			
Omnicare, Inc.	\$1,593.9	\$1,537.0	-3.6%		\$52.2	\$42.6	-18.4%

Did You Know...?

The Federal Reserve pumped \$41 billion into the U.S. financial system last week, one of its largest cash infusions to help companies get through a credit crunch that took a turn for the worse in August.

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Earnings Release Dates

Apparel/Department Stores

Citi Trends, Inc.	7-Nov
True Religion	7-Nov
Abercrombie & Fitch Co.	21-Nov
Bon-Ton Stores	29-Nov
Casual Male Retail Group, Inc.	29-Nov

Specialty

Pet Valu, Inc.	6-Nov
Barnes & Noble, Inc.	20-Nov
Pep Boys-Manny, Moe & Jack	28-Nov
Michaels Stores Inc.	29-Nov

Sporting Goods & Footwear

Golfsmith International Holdings, I	7-Nov
Hibbett Sports, Inc.	20-Nov

Food

Nash Finch Company	13-Nov
Loblaw Companies Limited	15-Nov

Home Centers

Home Depot	13-Nov
Lowe's Cos.	19-Nov