

RETAIL SECTOR WEEKLY

Key Retail News and Commentary



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

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Global Credit Services (GCS) cordially invites you and your associates to join our team and a winning group of industry leading presenters and panelists for our **6th Annual Credit Symposium** from **April 1st - 4th, 2008** at the **Sanibel Harbour Resort & Spa** in Fort Myers, Florida. There has not been a more critical time in recent years for the Retail Supply Chain to stay informed about the latest trends and challenges facing the Retail Sector today. Don't miss this opportunity to meet our talented team of GCS Senior Analysts who will be featured at this year's Symposium to discuss specific customers and retail sector issues of most concern to you. Our compelling program combines our in-house talent with the opportunity to develop relationships with and learn from many retail, credit, financial, and legal professionals alike while exchanging information and ideas regarding risk management.

Based upon the availability of annual-year end results, we have agreed to hold our Symposium in April in order to provide more detailed information and discussion regarding the companies that we monitor. 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 fiscal 2008.

And like every year, we will be offering Sponsors and Exhibitors unique networking opportunities in both a professional and personal format. Detailed sponsorship information regarding this event will be available in the coming days.

For a preview of the **Symposium Agenda**, please click into the **"Sixth Annual Symposium"** info tab on the Global Credit Services website below. Any questions, please contact your Account Executive or Amelia Labriola at 212.308.6060 ext 104.

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Please click on the "Hotel" tab for reservation information. We encourage you to reserve your spot(s) today!

Remember...

There's nothing in the middle of the road but yellow stripes and dead armadillos.

Jobless Rate Jumps

The nation's unemployment rate shot up to 5% in December as job growth stalled, a sign that the labor market is stressed as the U.S. economic slump spreads.

U.S. seasonally adjusted non-farm payrolls rose by 18,000 in December, the weakest job growth since August 2003, according to a survey of thousands of businesses, the Labor Department reported.

Private-sector payrolls fell by 13,000, the first decline in more than four years.

Economists were expecting payrolls to increase about 58,000 in December, according to a survey conducted by MarketWatch.

Job growth was revised up by a total of 10,000 in November and October.

A separate survey of households showed employment plunging by 436,000, marking the biggest decline in five years. The number of unemployed adults rose by 474,000, pushing the unemployment rate up to 5% from 4.7%. Economists were expecting the rate to rise to 4.8% in December. The jobless rate had been under 5% for 25 consecutive months.

The jobless rate has risen 0.6 percentage points since March, and, unfortunately, when unemployment rises by more than 0.5% from its cycle low a recession generally ensues.

The weak jobs report puts more pressure on the Federal Reserve to act aggressively to prevent a recession. Earlier in the week, the prescient Institute for Supply Management manufacturing index fell below the break-even 50% mark, dropping to a nearly four-year low.

Ahead of the report, the Fed was expected to cut its overnight lending rate by a quarter-percentage point later this month to further stimulate the economy, which has slowed significantly with the collapse of the housing market and turmoil in the credit markets. The surge in unemployment could encourage the Fed to cut rates by a half-point.

The risk stemming from this is that consumers who face debt constraints may not see income growth as strong in coming months. For the Federal Reserve, however, the need to continue offering support to the markets and the economy only grows.

However, the Fed's hands are tied somewhat by worries about inflation, and the jobs report added to those concerns. Average hourly earnings rose 7 cents, or 0.4%, in December, more than the 0.2% gain expected. Earnings have increased 3.7% in the past year.

Goods-producing industries cut 75,000 jobs in December, including 49,000 in construction and 31,000 in manufacturing. Construction jobs have fallen by 236,000 since September 2006. Manufacturing industries tied to construction accounted for about 30% of the jobs lost in the factory sector in 2007.

Services-producing industries added 93,000 jobs. Government added 31,000, including 25,000 in education. Professional and business services added 43,000 jobs. Retail industries cut 24,000 jobs; since March, the retail sector has lost 34,000 jobs. Education and health-care added 44,000 jobs.

Of 278 industries, 48.4% were hiring in December, the first month since September 2003 that fewer than half of industries were adding jobs. Of 84 manufacturing industries, just 31.5% were hiring in December.

Did You Know...?

The RBC Cash Index, consumer confidence tumbled to a mark of 56.3 in early January Consumer, an all-time low, as worries about jobs, energy bills and home foreclosures darkened people's feelings about the country's economic health. December's reading was 65.9.

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Options and Resources

Feedback and Questions: Should you have any feedback to provide us or questions to ask, please email us at inbox@globalcreditservices.com

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Bankruptcy Blotter

... U.S. Private equity firms raised a record \$48.2 billion to invest in distressed companies in 2007, nearly three times the amount gathered in 2006, indicating that buyout firms continue to see opportunity in corporate restructurings.

... The date in which proof of claims must be filed in the **Bombay Company** case has been reset back to January 21, 2008. The court also approved April 18, 2008 as the deadline in which the company must reject or assume leases.

... **Harvey Electronics Inc.** won interim approval to tap a \$1.5 million loan from YA Global Investments L.P. The court will consider whether to give final approval of the bankruptcy loan at a hearing on January 25th.

... **Princeton Ski Shop Inc.** is reportedly considering closing its suburban New York retail outlets and reorganizing around its flagship store in Manhattan. The information about the possible store closings comes as the company is seeking court approval to continue to use cash pledged to lender **Citibank** to fund its Chapter 11 case through February 22nd. The bank is concerned that a mild winter in the Northeast could doom the company's reorganization effort.

... **Movie Gallery Inc.** is seeking \$100 million to finance its exit from Chapter 11 protection, which the company hopes to accomplish early in the second quarter of 2008. The company also indicated, however, that it may seek to borrow up to \$125 million if it decides to replace its current letter of credit facility.

... In addition to the above, **Movie Gallery** is seeking court approval to extend its exclusivity period to file a Plan of Reorganization from February 13, 2008 to June 13, 2008.

... Adding to the woes of the **Interstate Bakeries Corp.'s** case, the company has lost exclusive control over its reorganization, introducing the possibility that creditors, investors or prospective buyers could submit competing proposals to bring the company out of bankruptcy.

... **Delphi Corp.** won court approval to let members of the official committees that represent its creditors and shareholders participate in the syndication of the company's \$6.8 billion financing package. Normally investment by members of official committees is often restricted because committee members have access to non-public information.

Feedback?

Questions?

Suggestions?

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Hi Tech Entertainment

...**Hhgregg** said its same store sales for the third quarter were up 3%. However, the company said that it expects its fourth quarter ending March 31 will be challenging given the current environment.

...**CompUSA** found a buyer for up to 16 of its locations. **Systemax** has said that it will pay around \$30 million for the locations, as the owner of TigerDirect is looking to expand its retail business.

...**Blockbuster** has announced that it expects to meet its first quarter debt covenants. CEO John Keyes has also said that the company is making progress on a flash memory device that is designed to deliver digital content to mobile devices. Blockbuster is trying a number of things to see what works.

...Comp store sales at **TransWorld** fell 13% for the five weeks ended January 5, 2008. The performance forced the company to forecast a loss for the fiscal year. Total sales for the period containing the holiday season were down 24%. For the year, management is estimating a loss of \$15 million to \$20 million.

...**Sharper Image** reported a 10% drop in comps for the month of December. The company bagged sales of \$97.2 million for the period, down from \$117.5 million last year.

...**Borders Group** announced that comp store sales were up 2.4% for the nine months ended January 5, 2008. However, the gains were driven by intense promotional activity, which will hurt the bottom line. Outside the US, the company claimed a 10.8% increase in comps.

...**Best Buy** reported a comp store gain of 1.5% for the month of December, as sales began to slow for the cream of the crop as well. Revenues for the five weeks ended January 5, 2008 rose 11% to \$7.3 billion.

...**Circuit City's** main shareholder got out recently. The TCW Group, which formerly owned 10.9% of the company, sold nearly all of the shares of stock for the beleaguered electronics retailer. Circuit City reported that comps for the month of December were down 11.4%.

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Management on the Move

... **Supervalu** named **John Hanlin** to the post of VP, Food Safety, a new position. Mr. Hanlin was previously Director of Microbiology and Thermal Process, Quality and Regulatory Operations for **General Mills**.

... **Keith Miller** joined **Unified Grocers** in the newly created position of Executive Director, Business Strategy. Mr. Miller, most recently a consultant, spent 11 years with **United Grocers** in Portland and eight years with **Fleming Cos.**

... **Krispy Kreme Doughnuts, Inc.** elected **James H. Morgan**, its Chairman of the Board, to the additional positions of President and CEO. Mr. Morgan replaces **Daryl G. Brewster** who resigned from the company for personal reasons.

... **Chris Duffy** was appointed VP of Pharmacy at **Marsh Supermarkets**. Mr. Duffy previously worked at **Wal-Mart Stores** serving as Regional Operations Manager, District Operations Manager and Pharmacy Operations Manager.

... **Duane Reade Holdings, Inc.** announced the resignation of **Richard W. Dreiling**, Chairman, President and CEO of the company. Mr. Dreiling has moved over to the CEO position at **Dollar General**. **David D'Arezzo**, Duane Reade's current Chief Marketing Officer, was named Interim CEO.

... **Alejandro Silva**, Chairman and CEO of **Evans Food Group, Ltd.**, was elected to the Board of Directors of **Walgreens Company Inc.** as an independent Director.

... **George Barrett**, formerly CEO of **Teva North America**, is joining **Cardinal Health** as Vice Chairman of Cardinal Health and CEO of its Healthcare Supply Chain Services sector.

... **Limited Brands, Inc.**, parent company of **Victoria's Secret**, appointed **Shashi Batra** as President of **Victoria's Secret Beauty**. Mr. Batra joins the company from **N.V. Perricone**, where he served as President.

... **The Talbots, Inc.** appointed **Paula Bennett** as the new President of the **J. Jill** brand. Most recently, Ms. Bennett served as President and CEO of **Appleseed's**, **Tog Shop** and **WinterSilks** brands at **Orchard Brands**.

... **Wal-Mart** hired **Jack Sinclair**, a former executive at both **Tesco** and **Safeway Plc** in the UK, to be its VP of Grocery Merchandise, in charge of planning, category management and general

oversight of **Wal-Mart's** U.S. grocery business.

... **Target Corporation's** Board of Directors announced the retirement of **Bob Ulrich**, CEO and Chairman of the Board, and the appointment of **Gregg Steinhafel** to the Board to succeed Mr. Ulrich as CEO. Mr. Ulrich will remain as Chairman through the end of fiscal 2008.

... **Big Lots, Inc.** announced the retirement of **Donald A. Mierzwa** as EVP - Store Operations. A search has begun for his successor.

... **Dollar General** appointed **Richard W. Dreiling** as CEO of the 8,000+ chain. Mr. Dreiling most recently served as Chairman, President and CEO of **Duane Reade**, the largest drug store chain in the New York City metropolitan area.

... **Modell's** named **Seth Horowitz** EVP Merchandising, responsible for all merchandising, advertising/marketing and planning/allocation functions. Mr. Horowitz previously served as CEO of **Everlast**. As noted earlier, Modell's COO **Bob Stevenish** will retire at the end of January.

... **Joe's Sports & Outdoor** named **Hal Smith** as its new President & CEO, and appointed him to the company's Board of Directors, succeeding **Norm Daniels**, who will continue to serve on the company's Board of Directors. Mr. Smith is the former President of **Bass Pro Shops** and has been the President/CEO of several other leading retail companies.

... **Golfsmith International Holdings, Inc.** announced the resignation of **James D. Thompson** as CEO to pursue other interests. The Board of Directors appointed Chairman **Martin Hanaka** as the company's interim CEO.

... **Forzani Group** named **Tom Quinn** as President of both its corporate and franchises businesses as **Bill Gregson**, the former President and COO of the company's corporate unit, and a 10-year veteran, is departing.

... **Kirkland's Inc.** announced the resignation of its President and COO **Catherine Davis**. **Robert Alderson**, current CEO, will take over those duties going forward.

... **RadioShack** appointed **Bryan Bevin** to the position of EVP - Store Operations. Most recently Mr. Bevin served as SVP, North American Stores at **Blockbuster Entertainment Limited**.

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Heard in the Grocery Aisle

...**Albertsons LLC** has announced plans to close 4 of its 51 Arizona stores because these locations were unprofitable.

...**Supervalu** reported that its Q3 2008 sales fell to \$10.2 billion from \$10.7 billion; however, net earnings grew 25% to \$141 million.

...**Supervalu** has announced plans to consolidate and eliminate brands in its private label program. The company wants to go from 100 company-owned brands down to 20 to 25 names.

...**The Great Atlantic & Pacific Tea Company** is planning a cost-effective renovation program inside of its recently purchased **Pathmark** stores.

...**Delhaize Group** has agreed with the **Tengelmann Group** to purchase the Greek retailer **Plus Hellas** for \$102.7 million. The agreement includes 33 stores and a distribution center. The Tengelmann Group also owns a significant portion of **The Great Atlantic & Pacific Tea Company**.

...Bill Bolton, a former **Supervalu** executive, is rumored to be purchasing the organic grocery store **Fox & Obel**.

...Through a subsidiary, **Associated Wholesale Grocers** has agreed to purchase **United Supermarkets of Oklahoma**.

...**Brown & Cole** plans to spend \$12 million during the next 18 months to improve its store base. The cash comes from the **Hancock Park Associates**, a Los Angeles-based private equity group, which bailed the 20-store chain out of bankruptcy.

...**Kroger** announced the sale of \$750 million worth of 12-year bonds. The yield on the bonds is 6.18% and they were deemed to be of investment grade quality by the major rating agencies.

...**Kroger** denied reports that it is interested in any real estate deals in India.

...**Kroger** has purchased an 85,000 square foot building for \$9 million in Louisville, Kentucky to house its Mid-South operations.

...**Wegmans** has announced the launch of an in-house floral delivery service at its Pittsford, NY location. The facility will serve the surrounding areas of suburban Monroe County.

...**Publix Supermarkets** has settled a legal matter with a Florida consumer over the composition of benzene in cans of Publix Diet Lemon Lime soda.

...**United Natural Foods Inc.** has reached an agreement to build a distribution center in Moreno Valley, California. The 613,200 square foot building will serve Arizona and Hawaii, along with southern parts of California, Nevada and Utah. The company also aims to obtain sites and build facilities in the Mid-Atlantic and Texas.

...Two **Southern Family Markets** will soon fly the **Piggly Wiggly** banner. Both banners of these Tennessee locations are owned by **C&S Wholesale Grocers**. **BI-LO LLC** originally owned one of these stores while the other was formerly a **Winn Dixie** location.

Did You Know...?

A clearer understanding of usage terms will help boost sales of gift cards by nearly \$14 billion over the next five years as nearly 35% of consumers who purchased gift cards in the past 12 months anticipate spending more on gift cards during the next 12 months.

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Health & Beauty Aids

...**Walgreen's** CEO Jeffrey Rein reiterated that the company is not interested in purchasing a prescription benefits management (PBM) firm. In addition, he affirmed Walgreen's ambitious store expansion plans. Management had previously floated the idea of slowing store growth.

...**Walgreen** has announced that **DHL** will begin putting shipping kiosks at all of the firm's pharmacies.

...**Duane Reade** announced that it remains on track to achieve previous announced financial guidance of 7.5% to 8.0% same store sales growth and adjusted FIFO EBITDA of between \$76 million and \$80 million.

...**Jean Coutu** saw an 88% decline in profits. Some of the decline was due to losses from its share of the **Rite Aid** business. On a year-to-date basis, Jean Coutu's share of Rite Aid's losses totals C\$61.2 million.

...**Rite Aid** has agreed to be the exclusive supplier of a glucose monitoring system made by **Home Diagnostics**.

...**Standard & Poor** has cut **Rite Aid's** long-term debt outlook to negative. The firm's debt is considered to be of "junk" quality and the rating agency has assigned it a "B" rating.

...**McKesson** has signed an agreement with Community Health Systems to provide physical portal, electronic medical record and performance-analysis software to its network of 125 hospitals.

...**McKesson** announced the opening of an all-digital full-service community facility at Dublin Methodist Hospital.

...The Massachusetts Department of Public Health has approved the construction in-store clinics in the commonwealth. **CVS** had been eyeing 20 to 30 locations in the greater Boston area.

Specialty Items

... **Tuesday Morning Corporation** reported sales for the second quarter ended December 31, 2007 of \$308.7 million compared to \$321.3 million for comparable period last year. Based on these sales results, the company expects earnings for the second quarter to be in the range of 49 cents to 51 cents per share, down from earnings of 57 cents per share last year.

... Under its restructuring plan, begun in late 2005, **Avon Products** now expects to achieve annualized savings of approximately \$430 million once all initiatives are fully implemented by 2011-2012, compared to the original objective of \$300 million. Total costs to implement the initiatives will be approximately \$530 million instead of \$500 million, of which the company will have recorded approximately \$460 million through the fourth quarter of 2007.

... Based on holiday sales results and January sales trends to date, **Barnes & Noble** reduced its earnings per share guidance to \$1.57 to \$1.76 per share for the fourth quarter, and to \$1.81 to \$1.99 per share for the full year. The new guidance represents a decline of roughly 5% to 10% versus prior guidance.

... In addition to the above, **Barnes & Noble** announced the signing of store leases in Port Orange, Florida; Tupelo, Mississippi; and Hurst, Texas.

... As a result of lower sales than previously projected, **Finlay Enterprises, Inc.** lowered its estimate for net income on a continuing operations basis for the fourth quarter to a range of \$1.50 to \$1.60 per share versus previous guidance in the range of \$2.15 to \$2.40 per share.

... **Jennifer Convertibles, Inc.** reported sales for its first quarter ended November 24, 2007 of \$34.7 million, up 6.5% versus sales of \$32.6 million for the comparable period last year. For the quarter, the company reported a net loss of \$0.5 million versus a loss of \$0.6 million last year.

... **Wickes Furniture** is asking suppliers to sign an agreement that would postpone the company's payment of its past-due debt until July 2009. The agreement then proposes that Wickes will repay one-sixth of the amount monthly over six months starting July 31, 2009.

... **Ethan Allen** will close 12 company-owned stores and two service centers, transferring most of the business to other locations serving the same market areas. The consolidation move is expected to improve operating profits by about \$3 to \$4 million annually.

... **Pilgrim Furniture City** is opening a second 80,000 square foot store in Connecticut with environmentally friendly features as well as some trademark touches.

... **The RoomPlace** is expending into its first major metropolitan market other than Chicago with the opening of the first of two new stores in Indianapolis, Indiana. Each store is about 30,000 square feet and features 100 already-assembled rooms.

... **O'Reilly Automotive, Inc.** reported that comp store sales for its fourth quarter ended December 31, 2007 were up 2.1% versus guidance of an increase in the range of 4% to 6%. Earnings for the fourth quarter and full year will be available on February 19, 2008.

Did You Know...?

Employees at car dealerships, furniture stores, gas stations and clothing retailers were among the hardest hit by job losses in December, when unemployment climbed to a two-year high.

Off the Rack

...**Bon Ton Stores** reported that its comps for the month of December fell 11.3%, below expectations. Comps at Carson's fell 9.5% while Bon Ton Stores fell 14.2%. Total sales for the month were down 13% to \$558.2 million.

...**Gottschalk's** reported a comp store decline of 13.8% for the month of December. Total sales for the month were down 15.2% to \$112.8 million. Year-to-date comps are down 5.1% while revenues are down 6.6%.

...**Casual Male** announced that it is going to buy back up to \$24 million in stock, extending the \$75 million program that was started in 2007.

...**TJX Companies** raised its fourth quarter outlook. Comp store sales for the month of December rose 3%. The company has also stated that its margins remained strong for the period.

...**Charming Shoppes** gave some more bad news. The company expects its fourth quarter loss to be \$0.17 to \$0.20 per share, down from previous estimates of \$0.06 to \$0.08 per share.

...**Dillard's** beat the street by posting a comp store decline of 5% for December. Estimates had the number falling 6.8%. For the month, total sales fell 5% to \$1.17 billion.

...December comps at **Stein Mart** were down 5.7%. The company saw its revenues fall 9.2% to \$196.3 million for the month.

...Holders of **Saks** \$230 million 2% convertible senior notes are entitled to convert the notes into shares of common stock. The closing price of the company's common stock exceeded 120% of the conversion price for at least 20 out of the last 30 trading days.

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The Global World of Sports and Footwear

... The **Genesco – Finish Line** dispute now heads to the New York courts with the issue of solvency post merger still looming, and the impact on the funding commitment by **UBS**.

... **Cabela's** is reportedly considering locating a Pacific Northwest distribution center in a former **Costco** warehouse in Union Gap, Washington.

... **Sport Chalet, Inc.** expects total sales for the third quarter ended December 30, 2007 of \$116.0 million, up 1.1% versus sales of \$114.7 million for the third quarter last year, with comp store sales expected to decline approximately 7.0%. The company expects earnings for the quarter to be in the range of 6 cents to 9 cents per share versus earnings of 28 cents per share last year.

... **Big 5 Sporting Goods Corporation** reported sales for its fiscal year ended December 30, 2007 of \$898.3 million, up 2.5% versus sales of \$876.8 million for the prior year, while comp store sales declined 1.0%. For the year, the company now expects to realize earnings in the range of \$1.22 to \$1.25 per share.

... **The Sports Authority** is closing down its Houston DC at month's end. All stores serviced by the former **Oshman's** facility have been divided up among the chain's remaining DCs in Atlanta, Chicago, New Jersey, Denver and California.

... **Dick's Sporting Goods** is beginning its march into **The Sports Authority's** home turf, inking a deal to open its first South Florida store, a two-level, 80,000 square foot store in West Palm Beach.

... A 70,000 square foot **Dick's Sporting Goods** store in Glendale, Arizona, site of Super Bowl XLII, is scheduled to open in September. Dick's will be competing with **Foot Locker, Champs Sports, Just Sports** and **Glass Cage Sports** in the shopping

complex.

... **Sport Supply Group, Inc.** expects to exceed current analyst consensus revenue and earnings estimates and produce a profitable second quarter ended December 31, 2007.

... **West Marine, Inc.** reported that sales for its fiscal year ended December 29, 2007 were \$679.1 million, down 5.2% versus sales of \$716.6 million for the prior year. While the company did not provide an earnings update, it did report that they would be absorbing a \$56.9 million pre-tax, non-cash impairment charge, and approximately \$3.0 million in other one-time charges in the fourth quarter.

... **Golfsmith International Holdings, Inc.** expects to report earnings for the fiscal year ended December 29, 2007 in the range of 13 cents to 16 cents per share on total revenues of approximately \$388 million. However, the company is in the process of reviewing its Goodwill and may have to take an impairment charge, which would lower the earnings expectations.

... **Talisker Canyons** exercised its right to extend the deadline for closing on its acquisition of The Canyons from **American Skiing Company** to May 31, 2008. Talisker Canyons provided an additional deposit of \$2.5 million.

... Same-store golf rounds in the U.S. were down 3.8% in November 2007 versus November 2006, bringing the year-to-date total to level with last year. Year-to-date, the best-performing region compared to last year has been the Northeast, and the South Central the worst.

... With slow comp store sales growth, **Zumiez** lowered its full year earning per share guidance to a range of 82 cents to 83 cents per share from earlier guidance of 92 cents to 94 cents per share.

Did You Know...?

Sales contracts on previously owned homes fell by 2.6% in November, a sign that home sales could continue to fall.

Rating Changes and Outlooks

S&P Rating Changes				
Company	Credit Rating		Credit Outlook	
	Current	Prior	Current	Prior
RITE AID CORP	B	B	NEG	STA
EL POLLO LOCO	B-	B-	STA	NEG
FINLAY ENTERPRISES INC	B-	B	NEG	NM
FINLAY FINE JEWELRY CORP	B-	B	NEG	NM
BUFFETS INC	D	CCC	NM	NEG
BUFFETS HOLDINGS INC	D	CCC	NM	NEG
BUFFETS INC	D	CCC	NM	NEG

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FYI for the DIY

... **Ace Hardware** completed the reconciliation of its \$154 million inventory shortage, necessitating a restatement of its financial statements. The adjustment to reported income and the company's equity is totally non-cash in nature. The company expects to report earnings for the year in the range of \$30 to \$35 million.

... **Jewett-Cameron Trading Company Ltd.** reported sales for the first quarter ended November 30, 2007 of \$14.3 million, down 8.2% versus sales of \$15.5 million for the comparable period last year. For the quarter, the company reported net income of \$0.4 million, up 29.9% versus last year, reflecting both margin improvement and expense reductions.

... **MSC Industrial Direct Co., Inc.** reported sales for its first quarter ended December 1, 2007 of \$437.6 million, up 8.8% versus sales of \$402.0 million for the comparable period last year. For the quarter the company reported net income of

\$46.9 million, up 16.3% versus last year.

... **United Rentals, Inc.** expects to report full year earnings for fiscal 2007 of \$2.55 to \$2.60 per share, an increase of at least 12% over full year 2006 earnings of \$2.28. This range is before an estimated benefit of 50 cents per share from the company's receipt of a \$100 million termination fee under its recently ended merger agreement with affiliates of **Cerberus**.

... In addition to the above, **United Rentals** announced preliminary 2008 earnings guidance in the range of \$2.80 to \$3.00 per share based on rental revenue growth of 3.0% to \$2.71 billion and total revenue of \$3.53 billion.

... **Thomasville Furniture's** first outdoor furniture collections will debut exclusively at **The Home Depot**, both in stores and online, beginning this month.

Mass Merchant Musings

... **Wal-Mart's** Mexican subsidiary, **Walmex** will open at least 132 stores and restaurants in 2008.

... **Cherokee Inc.** extended its licensing agreement for the Cherokee brand with **Target Corporation** from the current term, which expires January 31, 2009, to January 31, 2012.

... **PriceSmart**, operator of warehouse clubs in Central America and the Caribbean, reported that its first quarter net income was up 63% to \$6.7 million, from \$4.1 million during the same period a year ago. First quarter sales were up 24% to \$250.4 million with comp store sales up 21.6%.

... The **Toys "R" Us**, U.S. division reported a comp store sales increase for the nine-week holiday

selling period of 3.1%. The **Babies "R" Us** division experienced a comp store sales increase of 0.9%.

... **Family Dollar Stores, Inc.** reported net income for its first quarter ended December 1, 2007 of \$51.9 million, down 4.1% versus net income of \$54.1 million for the first quarter last year. Sales for the first quarter were approximately \$1.68 billion, 5.2% above sales of \$1.60 billion last year.

... For its third quarter ended December 31, 2007, **99 Cents Only Stores®** reported sales of \$325.0 million, an increase of 7.6% over sales of \$302.1 million for the same quarter last year, while comp store sales for the quarter increased 2.9%.

Did You Know...?

Amid the angry clouds over the credit markets, there is this silver lining: The market for asset-backed commercial paper grew for the first time since August during the week ended January 2nd, and the cost for borrowing in that market fell to the lowest level in 22 months.

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