

RETAIL SECTOR WEEKLY

Key Retail News and Commentary

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Remember...

Use not only all the brains that you have, but all that you can borrow.

Tax Cuts Stimulate - But Don't Solve All Ills

Seeking to boost the economy, House minority leader John Boehner wrote in a recent op-ed for USA Today that the nation's fix lies in "fast-acting tax relief that lets families, small businesses, home-buyers and job-seekers keep more of what they earn." President Barack Obama has decried the GOP's tax-cutting ways, recently arguing that "We can't rely on a losing formula that offers only tax cuts as the answer to all our problems."

The distance between the two major political parties raises the question as to which side is right. What's odd in this strange economic environment is that both Boehner and Obama are seemingly missing the point.

About taxes, it should be first said that Obama doth protest too much in suggesting that tax cuts are a losing formula for growth. Indeed, the greater truth here is that the GOP has won the tax argument, as evidenced by Obama's unwillingness to move the top income tax rate above the level it was at under President Clinton.

That tax cuts on wages and investment earnings are an economic good is quite simply a tautology. They reduce the cost of working and investing, and these should always be goals in Washington regardless of political affiliation.

Still, is the GOP correct in suggesting that tax cuts are always and everywhere an economic tonic? It seems elementary that they would be, but as market indexes are, in the end, the ultimate barometer of a nation's future economic health, the evidence suggests otherwise.

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Retailer of the Week: Bassett Furniture

Bassett Furniture saw operating losses rise in fiscal 2008 as compared to fiscal 2007 and fiscal 2006. Overall losses climbed even higher due to a number of special charges as discussed below. Also, revolver debt nearly doubled from the ends of fiscal 2007 and fiscal 2008 as operations felt the negative impact of a poor housing market and in general lousy economy. With no immediate changes expected in the housing sector or economic environment, and in fact prospects for an even darker outlook, Global Credit's outlook for Bassett Furniture is not optimistic at all. Also in light of the sizable loss for the most recent year, Global Credit will assign an "E" credit rating for Bassett Furniture, reflecting a high degree of credit risk to vendors providing merchandise or services to the Company on open credit terms.

BACKGROUND

Bassett Furniture is a leading retailer and manufacturer of branded home furnishings. The company was founded right after the turn of the 20th century and was incorporated in Virginia in 1930. Bassett Furniture began its retail store strategy in 1997. As of November 29, 2008, there were 31 company owned stores and 84 independently owned licensee stores in operation. Retail sales provided 34% and 33% of total sales for fiscal 2007 and fiscal 2006, respectively.

In recent times, the company has begun to suffer from the housing slump and rising manufacturing costs. Many of Bassett Furniture's competitors now source product from overseas countries providing a cost advantage to them although the Company does receive a subsidy to offset some

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Tax Cuts Stimulate - But Don't Solve All Ills

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Indeed, the top income tax rate was 91% in the 1950s, but the S&P 500 rose 245%. On the other hand, the combined federal tax on income and investment during the presidency of George W. Bush was lower than at any time post-World War II. Despite the relatively low tax burden, the S&P fell 36% on Bush's watch.

So what's the hidden variable to our economic health? Broad evidence suggests the greatest economic predictor is the strength of the dollar, and more importantly, the latter's stability in terms of value. During the 1950s the dollar possessed a stable value definition thanks to the Bretton Woods agreement, which priced it at 1/35th of an ounce of gold.

The Bretton Woods system was abandoned in 1971. During the 1970s the dollar was weak, and not surprisingly the S&P rose a pedestrian 17%, which, while better than this decade, speaks to the basic truth that cheap money is an economic and investment retardant.

In the 1980s the dollar was strong, and the S&P rose 121% on Ronald Reagan's watch. During the 1990s, the dollar exhibited strength but, particularly from 1993 to 1997, it was also very stable. On Bill Clinton's watch the S&P rose 208%. This past decade the dollar was mostly in decline, with the dollar price of gold rising from \$255/ounce in the summer of 2001 to roughly \$900/ounce currently.

The lessons for both parties are really pretty basic.

For Republicans, it would be best if the biggest tax cut boosters were made aware of the market reality, which shows that the policy isn't the be-all, and end-all that they presume. While tax cuts are undeniably good, history tells us that they don't solve every economic ill.

Worse, as the Bush decade has shown, they'll be wrongly discredited if they're blamed for weaknesses actually caused by devaluationist monetary policy. Notably, Obama Treasury Secretary Tim Geithner has so far signaled that a weak dollar policy will continue, so it seems a bit fanciful to presume that tax cuts will work where they haven't in the past.

For the Democrats, it would similarly be best if the biggest tax cut opponents would acknowledge the empirical truth that irrespective of tax rates, federal tax collections have for the last 60 years hovered around 18% of gross domestic product.

So rather than talking down tax cuts as though they correlate with lower federal revenues, it would be better for them to explicitly admit that the price put on work does matter, and that if that price—the income tax rate—is reduced, economy-enhancing work incentives will grow in ways that do not lead to revenue shortfalls.

Economic history shows that currency values trump other variables when it comes to economic growth. With that in mind, a bipartisan solution for now that would please all voters would be one whereby the dollar is strengthened first, than stabilized.

Until then, Democratic talk about tax cuts being a "losing formula" will simply be logically bankrupt, while Republican talk of tax cuts papering over all other economic ills will be a non sequitur.

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

The U.S. Trustee in the Fortunoff Bankruptcy filed a motion to convert the case to a Chapter 7 Liquidation. The Trustee believes that there will be no pay out to unsecured creditors; therefore, conducting this case as a wind down under Chapter 11 will only add unneeded expenses. A hearing is set for February 24th.

In a related matter, **Fortunoff** is seeking court approval to sell off merchandise intended for **Lord & Taylor** stores to that chain in a private sale. Originally, Fortunoff was to operate the jewelry departments in Lord & Taylor locations, replacing Finlay enterprises. This hearing is also scheduled for February 24th.

Gottschalks received final court approval for its \$125 million DIP financing agreement which it has been operating with since filing last month. The agreement, with a consortium of banks led by **GE Capital**, had its maturity date extended to January 16, 2010.

S&P and Moody's said their junk-territory credit ratings on **General Motors Corp.** and **Chrysler LLC** won't be affected by the cost-cutting plans and solicitation of \$21.6 billion in additional aid outlined in the companies' viability plans. Moody's says the chances for one of them filing is 70%, same as the prediction made in December.

Interstate Bakeries Corp., one of Kansas City's best-known companies, is moving its headquarters to Dallas now that it has emerged from more than four years in bankruptcy.

The number of business bankruptcy filings continues to increase year over year as credit requirements are becoming more strenuous. Some recent bond issuance prices are running in the 10% to 12% rate. Finding new funding sources, already quite a challenge, will become more troublesome.

Management on the Move

Hibbett Sports, Inc. promoted **Jeffrey O. Rosenthal**, previously VP Merchandising, to President and COO. Rosenthal is a sporting goods industry veteran who is also Vice Chairman/Treasurer of the National Sporting Goods Association.

Hhgregg Inc. promoted President and COO **Dennis L. May** President and CEO, effective at the annual meeting in August. CEO **Jerry W. Throgmartin** will become Executive Chairman of the Board. Also CFO **Donald J.B. Van der Wiel** is leaving the company, and a search will be conducted for a replacement.

Eddie Bauer Holdings, Inc. named **Vic Blanco** as VP, Real Estate and Asset Management.

Blanco was most recently Director of Real Estate Alliances for Starbucks.

Bi-Lo, LLC appointed **Michael Byars** President and CEO. Byars comes from Minyard Foods where he held the same posts.

Tech Data Corp. promoted **John O'Shea** to VP, Networking Product Marketing. O'Shea was Director, Product Marketing for Tech Data's Advanced Infrastructure Solutions Division.

Golfsmith SVP and CFO **Virginia Bunte** resigned to pursue other interests. COO **Sue E. Gove** will take over as interim chief financial officer.

Did You Know...?

U.S. consumer prices were flat over the past 12 months, the lowest y-o-y change since 1955, the Labor Department reported. The January CPI rose 0.3% seasonally adjusted, as energy prices rose 1.7%, the first increase since July.

General Retail News

Shopper traffic and frequency is down across the food, drug and mass merchant channels according to the latest report by TNS Retail Forward ShopperScape. Supercenters, saw a small uptick driven by Wal-mart traffic.

Supercenters	+0.7%
Warehouse Clubs	-1.7%
Convenience Stores	-2.2%
Dollar Stores	-2.6%
Drug Stores	-3.1%
Supermarkets	-3.6%
Discount Dept. Stores	-5.0%

The **Index of Leading Economic Indicators** rose 0.4% in January, a second month of gains following a 0.2% increase in December. The Conference Board said the recession's intensity could begin to ease over the next few months, though growth would be "anemic". The index looks ahead two to three quarters to forecast economic activity.

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Off the Rack

J. C. Penney Company, Inc. issued first quarter 2009 guidance in their year end report. Sales are expected to decrease 10% to 13%, with comp store sales down 12% to 15%, resulting in a loss in the range of -\$0.20 to -\$0.30 per share. Management said the "Bridge Plan" initiatives have been successful, bolstering cash flow in 2008 by \$163 million in spite of the difficult conditions. JCP ended the year with merchandise inventories of \$3.3 billion, about 13.5% lower per store than last year.

Gap Inc. has franchised Elbit Trade & Retail Ltd. to open Gap and Banana Republic stores in Israel. The first Gap there will open this fall; the first Banana Republic will open in spring 2010. There are now 89 Gap and 32 Banana Republic franchise stores in 14 countries around the world.

Coldwater Creek Inc. issued preliminary fourth quarter results, expecting a loss for the quarter of \$0.23 to \$0.25 per share. For the full year, CWTR expects its loss per share to expand over 10x to \$0.31 to \$0.33 from a loss of \$0.03 per share in 2007.

Dress Barn, Inc. sales fell 1% to \$343.2 million for its fiscal second quarter ended January 24. Comp store sales decreased 4%. Net loss was

\$1.1 million compared to net earnings of \$7.4 million in the second quarter of fiscal 2008. DBRN affirmed earnings guidance for fiscal 2009 of \$0.70 to \$0.85 per share.

Pacific Sunwear responded to **Adrenalina's** latest overtures, with a letter supporting PSUN's CEO Sally Frame Kasaks and confirming lack of interest in any form of a business combination with the much smaller retailer.

Polo Ralph Lauren Corp. will take direct control of its wholesale and retail distribution in Southeast Asia from licensee Dickson Concepts, effective January 1, 2010. Polo Ralph Lauren products are sold through about 40 freestanding stores and 100 shop-in-shops in the region.

Forever 21 will open a new California store in a former Mervyn's, according to *WWD*. The 80,000 sq. ft. location will be twice the chain's usual store size. Forever 21 acquired 15 Mervyn's locations in the company's bankruptcy.

The U.S. flagship **Topshop** store will open on April 2, on Broadway in NYC's SoHo district. The British fashion apparel banner will occupy 30,000 sq. ft. over three floors.

HAVE YOU HEARD...

The following Trade Commentaries on private Sporting Goods accounts are now available on the Global Credit Services website:

Bass Pro Inc.
 Big Five Sporting Goods
 City Sports Inc.
 Ellett Brothers Inc.
 Green Mountain Corp. DBA Peter Glenn of Vermont
 Edwin Watts Golf Shops
 Golfsmith International Holdings
 Modell's Sporting Goods
 Recreational Equipment
 Retail Concepts Inc.
 Road Runner Sports
 Ski Market Ltd.
 Sportsman's Warehouse

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Hi Tech Entertainment

OfficeMax Inc.'s huge net loss (see the scorecard) includes a \$392.0 million after-tax non-cash charge for impairment of goodwill and various assets. For the full year, impairment charges totaled \$1.295 billion, plus there was a \$462.0 million non-cash charge for writing off notes receivable from Lehman Bros. Excluding those and other assorted one-time charges, OMX' adjusted net income in Q4 was \$1.9 million, down from \$50.1 million last year. For the full year, adjusted net income was \$100.1 million, down from \$184.1 million in 2007.

GameStop Corp. narrowed its fourth quarter 2008 earnings guidance to \$1.33 to \$1.34 per share, the high-end of the previous range. Full year 2008 earnings is now expected to be \$2.39 to \$2.40 per share. For fiscal 2009, GME projects sales growth between +10.0% and +12.0%, comp store sales of +4.0% to +6.0% and earnings per share increasing +18% to +22%. The company plans to open 400+ new stores worldwide.

In the used games and consoles market, **GameStop** is facing increasing competition from website startups, the *Wall Street Journal* reports. Some sites facilitate direct trades of used games, while others offer points-based systems for establishing relative value, and others rent games.

Overstock.com, Inc. authorized \$20 million repurchase program for its convertible senior notes. The company hopes to reduce its debt at a discount to the principal amount of the notes.

Circuit City's going-out-of-business sales have hit the \$1 billion revenue mark, out of the \$1.7 billion total inventory. The remaining stock will be liquidated in the next three to four weeks.

Best Buy Co. will cut 250 jobs at corporate headquarters. BBY has created 210 new jobs as part of a realignment, and the laid off workers can apply for them. The additional cuts were expected after 500 employees took a voluntary buyout last month.

Office Depot Inc. is closing its Orlando distribution center and has laid 125 employees there.

Conn's, Inc. raised its earnings guidance for the quarter ended January 31 to \$0.66 to \$0.68 per share, up from its previous guidance of \$0.53 to \$0.58. Conn's had a 22.3% increase in sales with a 12.5% same store sales gain. The company reports on March 26.

The **E-retail Sector** of the American Customer Satisfaction Index (ACSI) survey from ForeSee Results shows overall customer satisfaction with on-line retailers fell 1 point to 82 in 2008. Tops in the sector was Newegg.com:

E-Retail Aggregate	82
Newegg	88
Amazon.com, Inc.	86
Netflix	85
All Others	82
Overstock.com	82
eBay Inc.	78

Did You Know...?

U.S. producer prices in January rose 0.8%, twice the number expected by Wall Street economists, as energy prices staged a comeback and propelled the overall Producer Price Index.

Mass Merchant Musings

Wal-Mart Stores, Inc. gave guidance for fiscal year 2010, predicting first quarter earnings of \$0.72 and \$0.77 per share, and full year earnings of \$3.45 and \$3.60 per share. Wal-Mart will provide comparable store sales guidance every 13 weeks, instead of monthly, going forward.

Wal-Mart will lower the fees charged for its Walmart MoneyCard prepaid Visa debit cards. The fee will now be \$3 initially (was \$8.94), \$3 to add funds (was \$4.64) and \$3 per month (was \$4.94). Wal-Mart expects to have 2 million cards issued with \$2 billion loaded on them in the near term.

Also, **Wal-Mart** will emphasize its Great Value private label line of food going forward, with new packaging and more marketing, according to a report in *Bloomberg*. WMT is reportedly hiring 75 people to build the private label business.

Wal-Mart settled a class action lawsuit brought in by former employees in South Carolina for wage-and-hour violations, agreeing to pay \$49 million.

Wal-Mart de Mexico SAB sales grew 8.4% percent to 72.7 billion pesos (\$4.983 billion) in the fourth quarter. Net income rose 4.5% to 4.92 billion pesos (\$337.2 million). WalMex has big expansion goals for 2009, with a CapEx budget of US\$805 million and plans to open 252 stores.

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Heard in the Grocery Aisle

Whole Foods Market, Inc. sales were down 0.4% to \$2.467 billion in the 16-week first quarter ended January 18. Comp store sales fell 4.0% and identical store sales fell 4.9%. Income for the quarter fell 17.4% to \$32.3 million. Results included \$11.0 million in legal costs related to the FTC lawsuit. WFMI declined to offer comp store sales guidance for the year, but said that flat comps would translate into sales of approximately \$8.3 billion.

Shaw's Supermarkets Inc. will cut 50 technology jobs from its Massachusetts headquarters and outsource them to India, the *IndUS Business Journal* reported.

Albertsons will close nine supermarkets in Southern California, the *LA Times* reported, as part of Supervalu's underperforming store

closing plan. The stores will be closed between now and April 9.

Giant Eagle opened its new 87,500 sq. ft. store design in Pine, Pennsylvania, the *Tribune-Review* reported. The larger, more open format emphasizes freshness, prepared foods and organics.

Publix Supermarkets has opened a store designed to appeal to Hispanic shoppers located in a largely Mexican neighborhood in Norcross, Georgia. It's the chain's first Hispanic-focused store outside of Florida.

Bruno's Supermarkets LLC detailed restructuring plans to close about 15% of its stores and cut about 30 positions at its headquarters.

FYI for the DIY

Privately owned housing starts in January were at a seasonally adjusted annual rate of 466,000, 16.8% below the revised December estimate of 570,000 and 56.2% below the revised January 2008 rate of 1,064,000.

On a brighter note, the U.S. military is looking for a few good builders—make that quite a few builders—to help it provide better housing for thousands of enlisted personnel across the country. The Air Force currently has 30,372 housing units under construction, while the Army has budgeted \$37.5 billion for new housing construction between 2008 and 2013.

The **National Association of Home Builders'** sentiment index rose slightly to 9 in

February from 8 in January. The prospective buyers traffic index improved to 11 this month from 7 in January. The expected sales index fell to 15 in February from 17 in January.

Lowe's Cos. outlined its business outlook for 2009. For the first quarter, it expects sales to range from a decline of 3% to an increase of 1% with a comp store sales decline of 6% to 10% resulting in earnings of \$0.23 to \$0.27 per share. Lowe's will open approximately 21 new stores in Q1, and 60 to 70 in all of 2009. For the full fiscal year 2009, sales are expected to range from a decline of 2% to an increase of 2% percent, assuming a comp store sales decline of 4% to 8%. FY09 earnings are expected to be \$1.04 to \$1.20 per share.

Health & Beauty Aids

CVS Caremark Corp. reported record fourth quarter and full year results (see the scorecard). The overall same store sales in Q4 rose 3.6%, with pharmacy up 4.5% and front-end up 1.8%. For the full year, overall same store sales increased 4.5%, pharmacy increased 4.8% and front-end increased 3.6%. CVS will move to a calendar fiscal year going forward.

Also, **CVS Caremark** reached an agreement with the Federal Trade Commission and the U.S. Department of Health and Human Services Office for Civil Rights over processes that allowed patient information from CVS pharmacies to be disposed of in dumpsters.

Under the agreement, CVS will institute a chain-wide shredding program for confidential waste and pay \$2.25 million.

Rite Aid Corp. completed its second priority accounts receivable securitization term loan for \$225 million, \$25 million more than previously announced.

MinuteClinic has been approved as a participating provider in Health Net Federal Services/TRICARE North network. TRICARE is the healthcare program for active duty and retired service members and their families.

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The Global World of Sports and Footwear

Cabela's projects 2009 revenues will be slightly lower than 2008, with "roughly flat" year-over-year EPS, a low single digit same store decline and a probable rise in its bad debt percentage to 4.5% to 4.6% versus 2.95% in FY08. CapEx will be in the \$40-50 million range as the retailer opens only a single store in Billings, MT.

Dick's Sporting Goods' bondholders exercise a put option, requiring Dick's to buy back \$174.4 million worth of senior unsecured convertible notes due 2024. Only \$143,365 worth of the notes will now be outstanding and Dick's said it anticipates redeeming those as well. The notes accrued interest at an annual rate of 2.375% of the issue price payable semi-annually until February 18, 2009. After February 18, 2009 the initial principal amount of the notes accretes daily at a discount rate of 2.625% per year, until maturity on February 18, 2024, when a holder would receive \$1,000 per note. Under the terms of the put, noteholders will receive \$676.26 in cash plus interest of about \$8.03 per \$1,000 note.

Joe's Sports, the 31-door Pacific Northwest specialty retailer, is reportedly attempting to renegotiate loan agreements with its lenders while weighing other strategic options that may include raising capital from third parties or a new partner. Also, *The Oregonian* reports that 30 of the 60 workers at Joe's Wilsonville, Oregon DC began a two-week furlough. The newspaper said the members of the group could permanently lose their jobs as early as April 3.

Finish Line will test a new format called Decibel in four locations in April at converted Man Alive

stores, according to the *Indianapolis Business Journal*. With Decibel, The Finish Line will aim to stay in step with youth culture and "be more edgy and urban," and appeal to a broader audience than Man Alive, FINL Glenn Lyon told the newspaper.

City Sports, based in Boston, opens its 16th store in New York's Rockefeller Center area with more than 10,000 sq. ft. and an 80-ft. shoe wall.

Pacific Sunwear responded to **Adrenalina** latest overtures, with a letter supporting PSUN's CEO Sally Frame Kasaks and confirming lack of interest in any form of a business combination with the much smaller retailer.

Pou Sheng Intl., the retail unit of Yue Yuen Industrial, announces the resignation of CEO Huang Tsung Jen. He is being replaced by Liu Wen Xin, founder of Chinese retailer Dalian Dongzhijie Sports Production that is 30%-owned by Pou Sheng.

Chicks' Sporting Goods headquarters in West Covina, CA will close this year, affecting more than 40 jobs, and the DKS-owned chain may change all of its banners to Dick's in May.

Puma's sales at its own retail stores continued to expand, rising 15% for Q4 to 46.9 million (\$59.1 mm) and now represent 19% of the footwear brand's global sales compared to 17% last year.

K-Swiss opened the athletic brand's first-ever running retail store in the Tienmu area of Taipei, Taiwan.

Did You Know...?

First-time claims for state jobless benefits were unchanged in the latest week, but remained at a high not seen since the early 1980s. Initial claims came in at 627,000, almost twice as much as the year-ago level.

Rating Changes & Outlooks

Company	S&P Credit Rating		S&P Credit Outlook		GCS Credit Rating
	Current	Prior	Current	Prior	Current
HOST HOTELS & RESORTS	BB-	BB	NEGATIVE	NEGATIVE	*
LANDRYS RESTAURANTS	B	B	STABLE	NM	E+
AMAZON COM INC	BBB	BB+	STABLE	POSITIVE	B
SONIC AUTOMOTIVE INC	CCC+	B+	NM	NEGATIVE	E
BURGER KING CORP	BB-	BB-	STABLE	POSITIVE	NR
SBARRO INC	CC	CCC	NEGATIVE	NEGATIVE	E+

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Specialty Items

Advance Auto Parts, Inc. provided some details of expectations for fiscal year 2009, which is 52 weeks vs. 53 in 2008. AAP expects double-digit increase in Commercial comp store sales and a low single-digit decrease in DIY comp store sales. Capex is forecast at \$180 to \$200 million, with 75 new Advance Auto Parts Stores, 30 new Autopart International Stores. The company may close 40 to 55 stores during the year.

Aaron Rents, Inc. raised its guidance for the first quarter and full year 2009. First quarter revenues (excluding franchisees) are projected at over \$445 million, with earnings of \$.49 to \$.54 per share. Fiscal year revenues (excluding franchisees) are projected at about \$1.75 billion with earnings of \$1.72 to \$1.87 per share, up from previous guidance of \$1.70 to \$1.85 per share.

HOM Furniture has purchased the assets of outdoor furniture specialist Seasonal Concepts, *Furniture Today* reported. HOM plans to open Seasonal Concepts galleries in 13 HOM locations.

Rent-A-Center settled a class action suit in West Virginia over charging prices that violated state consumer protection laws. RCII will refund a portion of amounts paid by about 61,000 customers in the state.

Hendricks Furniture Group will exit the Florida market and close its two Norris Furniture & Interiors stores there, according to *Furniture Today*.

Retailer of the Week: Bassett Furniture

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of that effect. Responding to the shift towards Asia for products, Bassett Furniture over the past three years has reduced the number of manufacturing facilities from 13 to three and reduced corporate head count from 4,200 to 1,300.

Many of the company's independent dealers are struggling to maintain their businesses. This in part has put pressure on Bassett Furniture as licensees have begun to have problems honoring inventory commitments. Bassett Furniture has responded by closing some of the more under performing dealers, providing management assistance to those dealers with still future potential, and in some cases, acquiring the dealers. Bassett Furniture is also on the hook for some of those dealer commitments as discussed below.

During fiscal 2008, 14 licensee locations were closed, resulting in bad debt expense to Bassett Furniture. An additional eight to ten dealers are expected to be shuttered during fiscal 2009. Since the end of November 2008, Bassett Furniture has acquired three dealers locations and intends to acquire more dealer stores during fiscal 2009. If industry conditions worsen, we believe that the number of independent dealers could climb even higher. During fiscal 2008, Bassett Furniture also began to offer merchandise on its web site.

The company divides itself into three segments. The wholesale segment is involved in the design, manufacture, sourcing, and sales of furniture products to dealer stores. The retail segment consists of the company owned stores, which operate in ten states. The Investment/Real Estate segment consists of cash and equities management and real estate for manufacturing centers, company owned stores, and stores leased to independent dealers. As of November 29, 2008, Bassett Furniture owned seven company owned stores, seven dealer locations, and ten manufacturing and distribution centers, of which five are not in use. The idle plants were the result of initiatives undertaken to reduce unneeded production capacity.

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Retailer of the Week: Bassett Furniture

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OPERATING PERFORMANCE

Income Statement	FY 2006	FY 2007	FY 2008
Wholesale Revenues	\$284.8 mm	\$247.7 mm	\$242.1 mm
Retail Net Sales	\$84.4 mm	\$87.5 mm	\$97.2 mm
Store Count	27	32	31
Total Net Sales (includes intra company eliminations)	\$328.2 mm	\$295.4 mm	\$288.3 mm
Gross Margin, Wholesale	\$68.4 mm (24%)	\$60.5 mm (24.4%)	\$70.9 mm (29.3%)
Gross Margin, Retail	\$35.1 mm (41.6%)	\$37.9 mm (43.3%)	\$44.5 mm (45.8%)
Total Gross Margin, includes intra company eliminations	\$102.9 mm (31.3%)	\$100.4 mm (33.9%)	\$114.9 mm (39.8%)
SG&A Expenses, Wholesale	\$52.9 mm (18.5%)	\$57.6 mm (23.2%)	\$62.3 mm (25.7%)
Bad Debt Expense, Wholesale	\$3.36 mm (1.2%)	\$3.85 mm (1.6%)	\$11.8 mm (4.9%)
SG&A Expenses, Retail	\$47.3 mm (56%)	\$48.7 mm (55.6%)	\$54.3 mm (55.9%)
Total SG&A Expenses	\$103.6 mm (31.5%)	\$112.4 mm (38.0%)	\$128.3 mm (44.5%)
Wholesale Operating Income/Loss	\$12.1 mm	(\$964,000)	(\$3.1) mm
Retail Operating Loss	(\$12.1) mm	(\$10.8) mm	(\$9.79) mm
Total Operating Loss, including eliminations	(\$656,000)	(\$12.1) mm	(\$13.4) mm
Interest Expense	\$3.86 mm	\$3.67 mm	\$4.02 mm
Income from Subsidies and Government Anti Dumping Laws	\$1.55 mm	\$2.13 mm	\$2.12 mm
Restructuring Charges, including asset impairment charges	\$1.34 mm	\$5.54 mm	\$3.07 mm
Proxy Defense Costs	\$0	\$0	\$1.42 mm
Lease Exit Costs	\$0	\$2.30 mm	\$642,000
Debt Restructuring Charges	\$0	\$2.15 mm	\$0
Income/Loss from Investments	\$7.32 mm	\$5.92 mm	(\$3.94) mm
Impairment Charge on Investments	\$0	\$0	\$3.30 mm
Income from Affiliate Companies	\$4.46 mm	\$5.30 mm	\$6.30 mm
Other Expenses	\$997,000	\$1.60 mm	\$2.00 mm
Net Income/Loss (tax benefit for FY 07 only)	\$5.43 mm	(\$9.91) mm	(\$40.4) mm

Did You Know...?

The Federal Open Market Committee predicts the economy will likely shrink between 1.3% and 0.5% this year, then grow about 2.5% to 3.3% in 2010.

The general macro environment lowered wholesale revenues in fiscal 2008. However, the most recent fiscal year benefited from an extra selling week. Retail sales for fiscal 2008 benefited from an annual comp store sales gain of 2% with strong results in the Dallas market and a Pineville, NC store. For fiscal 2007, comp store sales were positive, however, Bassett Furniture did not report an actual increase.

Gross margins in the wholesale sector improved vastly in fiscal 2008, particularly in percentage terms, due to better product pricing strategies. Improved pricing also drove higher margins in the retail sector.

SG&A expenses in the wholesale increased as freight charges soared from \$0 in fiscal 2006 to \$5.23 million in fiscal 2007 and then escalating to \$16.4 million in fiscal 2008. SG&A expenses in the retail segment continued to rise in both dollar and percentage of sales terms as costs increased faster than the rate of sales gains. With independent dealers defaulting on obligations backed by Bassett Furniture, including those dealers forced out of business, bad debt expense soared during fiscal 2008.

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Retailer of the Week: Bassett Furniture

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During fiscal 2006 through fiscal 2008, Bassett Furniture continued to close down manufacturing facilities, which included write downs of those assets. Lease exit costs include expenses for severance, cover lease exit costs, and prepare company owned facilities to be idled. For fiscal 2008, restructuring charges were net of a \$1.34 million gain from the sale of a corporate airplane.

For fiscal 2008, with the stock market suffering Bassett Furniture took a loss on its investment portfolio, including the write down of the value of some of its marketable securities. Income from affiliates includes income an investment in International Home Furnishings Center, Inc. (IHFC) along with other minor equity investments. IHFC is a lessor of permanent exhibition spaces to furniture and accessories manufacturers and is located in High Point, NC. For 2008, IHFC had revenues of nearly \$46 million, net income of \$13.7 million, assets of nearly \$61 million but with negative net worth of (\$61.8) million due to its highly leveraged situation.

Other expenses include losses in real estate values and the write down on leasehold improvements provided to independent dealers that closed during the year.

Balance Sheet/Liquidity	FY 2006	FY 2007	FY 2008
Cash	\$6.05 mm	\$3.54 mm	\$3.78 mm
Receivables	\$38.3 mm	\$38.6 mm	\$35.6 mm
Inventory/Inventory Days Turnover	\$48.9 mm/ 78 days	\$50.6 mm/ 93 days	\$43.8 mm/ 91 days
Adjusted Current Assets (cash, inventory, receivables)	\$93.3 mm	\$92.7 mm	\$83.2 mm
Investments/Securities	\$78.6 mm	\$76.9 mm	\$35.1 mm
Real Estate	\$33.5 mm	\$31.2 mm	\$29.6 mm
Notes Receivable from Independent	\$15.1 mm	\$14.1 mm	\$16 mm
Total Assets	\$309.9 mm	\$310.7 mm	\$243.8 mm
Payables/Payable Days Turnover	\$16.9 mm/ 27 days	\$26.1 mm/ 48 days	\$18.7 mm/ 39 days
Revolver Borrowings (reclassified by Global Credit to short term debt)	\$4 mm	\$10 mm	\$19 mm
Mortgage Debt, including current portion	\$20.1 mm	\$19.5 mm	\$22.2 mm
Total Liabilities	\$50.5 mm	\$59.3 mm	\$70.1 mm
Adjusted Current Ratio	1.7:1	1.6:1	1.3:1
Leverage Percentage	31%	37%	47%

Going down the balance sheet, Bassett Furniture was able to reduce inventory levels albeit inventory turnover is still slower than two years ago. The fiscal 2008 improvement allowed for reduced payables and short pay back periods to suppliers. On the other hand, covering losses, including from independent dealers, is forcing the company to borrow more. The decrease in investment values illustrates the sizable decline in securities value in the latter part of fiscal 2008 and at this point it appears that this trend will continue into fiscal 2009. There was also a modest drop in real estate values as the commercial real estate property has begun to also suffer in value.

At fiscal year end 2008, the company maintained commercial mortgages, which are payable over six to twenty years at interest rates ranging from 6.73% to 9.18%. Over the next twelve months, \$812,000 of principle plus accrued interest will due on this debt. As of November 29, 2008, there was \$10.6 million available under a \$45 million senior secured credit facility. Given the current rate of losses and dealer guarantees as noted in the next paragraph, this amount is far from strong to cover liquidity and possible operational needs at least near term.

At the end of fiscal 2008, Bassett Furniture guaranteed \$11.6 million of leases and \$7.87 million of loans for independent dealers. Again in light of the harsh environment for these dealers, it is quite conceivable that Bassett Furniture may be called upon to cover some of these obligations during fiscal 2009.

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Retailer of the Week: Bassett Furniture

(continued from page 10)

The decline in investments and real estate along with the near doubling of revolver debt has depressed liquidity, as evidenced by the declining current ratio, and increased the leverage position of Bassett Furniture.

OUTLOOK

As of now, Bassett Furniture has three major challenges. First, its own wholesale and retail operations that continue to lose money. When considering that the housing market and general economy have softened even more since the end of November 2008, prospects for profitability are not good. Second, the commitments the company has guaranteed for independent dealer inventory purchases, leases, and loans. And when viewing the macro aspects of this retail sector, it is fairly apparent that Bassett Furniture will incur more losses in this area being forced to honor failed dealer commitments. Third, is the declining value of the company's marketable securities and real estate. In turn, this would leave less derived from these sources if the various equities and/or properties were sold to raise cash. And with the stock market heading towards a new low as of this writing (February 17, 2009) those investments going forward could lose even more steam.

Add to that a weakening balance sheet with minimal cash and limited credit resources and a liquidity meltdown is not out of the question, as highlighted by Global Credit's high credit risk "E" credit rating. Consequently, we advise clients to closely monitor their exposures and adjust as they see necessary. First quarter results, which will cover more of the holiday period but the slower first two months of the calendar, should be made available around early to mid April. Once Bassett Furniture files its first quarter financial statement, Form 10Q, with the Securities and Exchange Commission, Global Credit will update its analysis and revise its outlook and credit rating as appropriate.

Upcoming Reporting Dates

Company	Event	Date
1-800-Flowers.com	Investor Conference	Feb 25, 2009
Aeropostale	Financial Results	Mar 12, 2009
Big 5 Sporting Goods	Financial Results	Feb 26, 2009
BJ's Wholesale Club	Financial Results	Mar 4, 2009
Brown Shoe	Financial Results	Mar 4, 2009
Cato	Financial Results	Mar 19, 2009
Collective Brands	Financial Results	Mar 10, 2009
Express Scripts	Financial Results	Feb 25, 2009
Hibbett Sports	Financial Results	Mar 12, 2009
Home Depot	Financial Results	Feb 24, 2009
Ingram Micro	Investor Conference	Feb 26, 2009
Kirkland's	Financial Results	Mar 20, 2009
Lululemon	Advertising Conference	Feb 25-27, 2009
Macy's	Financial Results	Feb 24, 2009
Nordstrom	Financial Results	Feb 23, 2009
Office Depot	Financial Results	Feb 24, 2009
PC Mall	Financial Results	Feb 23, 2009
RadioShack	Financial Results	Feb 24, 2009
Safeway	Financial Results	Feb 26, 2009
Talbots	Financial Results	Mar 12, 2009
Tech Data	Financial Results	Mar 3, 2009
Tech Data	Investor Conferences	Mar 4 & 10, 2009
TJX Companies	Financial Results	Feb 25, 2009
Tween Brands	Financial Results	Feb 25, 2009
United Rentals	Financial Results	Feb 26, 2009
Urban Outfitters	Financial Results	Mar 5, 2009

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Fourth Quarter Scorecard

\$ in Millions. Quarter ended closest to 1/31/09	Sales			Comps	Net Income		
	2008	2007	Change		2008	2007	Change
Apparel							
Abercrombie & Fitch	\$997.7	\$1,229.0	-18.8%	-25.0%	\$68.4	\$216.8	-68.5%
Aeropostale, Inc.	\$690.1	\$591.3	16.7%	6.0%	tba	\$64.7	tba
American Eagle Outfitters	\$905.7	\$995.4	-9.0%	-16.0%	tba	\$140.5	tba
Bon Ton Stores, Inc.	\$1,031.4	\$1,138.9	-9.4%	-9.7%	tba	\$75.2	tba
Cache, Inc.	\$65.9	\$78.5	-16.1%	-17.0%	tba	\$4.9	tba
Cato Corporation	\$209.1	\$209.4	-0.1%	-3.0%	tba	(\$1.8)	tba
Chico's FAS, Inc.	\$373.4	\$409.3	-8.8%	-13.0%	tba	(\$20.5)	tba
Children's Place	\$441.5	\$443.3	-0.4%	-5.0%	tba	(\$58.5)	tba
Citi Trends, Inc.	\$146.6	\$134.6	8.9%	-1.9%	tba	\$8.4	tba
Coldwater Creek Inc.	\$280.0	\$345.5	-19.0%	-22.0%	tba	(\$17.0)	tba
Dillard's, Inc.	\$1,977.7	\$2,161.8	-8.5%	-8.0%	tba	\$47.3	tba
Eddie Bauer Holdings	\$356.0	\$377.6	-5.7%	-8.8%	tba	(\$18.3)	tba
Gap Inc.	\$4,080.0	\$4,675.0	-12.7%	-14.0%	tba	\$265.0	tba
Gottschalks	\$184.2	\$204.4	-9.9%	-7.1%	tba	\$1.1	tba
Gymboree Corporation	\$285.3	\$275.3	3.6%	-2.0%	tba	\$26.8	tba
Hot Topic, Inc.	\$238.0	\$220.7	7.8%	5.2%	tba	\$11.9	tba
J.C. Penney Company	\$5,759.0	\$6,390.0	-9.9%	-10.8%	\$211.0	\$430.0	-50.9%
Jo-Ann Stores, Inc.	\$571.9	\$585.9	-2.4%	-2.9%	tba	\$27.5	tba
Kohl's Corporation	\$5,235.5	\$5,487.3	-4.6%	-4.6%	tba	\$411.7	tba
Limited Brands	\$2,991.1	\$3,228.3	-7.3%	-10.0%	tba	\$389.0	tba
Macy's, Inc.	\$7,934.0	\$8,594.0	-7.7%	-7.0%	tba	\$750.0	tba
Nordstrom, Inc.	\$2,300.0	\$2,510.0	-8.4%	-12.5%	tba	\$212.1	tba
Pacific Sunwear	\$351.7	\$384.3	-8.5%	-10.0%	tba	\$5.2	tba
Retail Ventures, Inc.	\$455.5	\$452.0	0.8%	-7.9%	tba	(\$125.7)	tba
Ross Stores, Inc.	\$1,734.0	\$1,652.0	5.0%	-1.0%	tba	\$94.5	tba
Saks Incorporated	\$843.4	\$985.6	-14.4%	-15.3%	tba	\$39.5	tba
Stage Stores, Inc.	\$455.8	\$473.1	-3.7%	-7.2%	tba	\$31.7	tba
Talbots, Inc.	\$328.0	\$428.0	-23.4%	-24.6%	tba	(\$171.4)	tba
Urban Outfitters, Inc.	\$508.1	\$465.4	9.2%	-1.0%	tba	\$53.6	tba
Wet Seal, Inc.	\$154.8	\$179.6	-13.8%	-13.4%	tba	\$12.2	tba
Drug							
Abbott	\$7,950.3	\$7,221.4	10.1%	NA	\$1,536	\$1,203.0	27.7%
CVS Caremark Corporation	\$24,142.2	\$21,942.4	10.0%	3.6%	\$952.8	\$815.0	16.9%
Drugstore.com, Inc.	\$93.9	\$91.3	2.8%	NA	\$0.3	(\$2.3)	113.0%
Shoppers Drug Mart	\$2,496.8	\$2,168.8	15.1%	3.6%	\$173.1	\$151.3	14.4%
Home Centers							
Calloway's Nursery, Inc.	\$8.6	\$11.0	-21.8%	1.2%	(\$0.3)	(\$0.1)	300.0%
Fastenal Company	\$545.0	\$519.2	5.0%	tba	\$62.5	\$56.2	11.2%
Griffin Land & Nurseries	\$11.1	\$10.8	2.8%	NA	(\$7.6)	\$2.0	-480.0%
Huttig Building Products	\$126.0	\$179.9	-30.0%	NA	(\$15.4)	(\$5.8)	-165.5%
Interline Brands, Inc.	\$277.6	\$300.2	-7.5%	NA	\$7.2	\$13.6	-47.1%
Lowe's Companies	\$9,984.0	\$10,379.0	-3.8%	-9.9%	\$162.0	\$408.0	-60.3%
Sherwin-Williams Company	\$1,699.8	\$1,853.9	-8.3%	-10.0%	\$50.2	\$100.8	-50.2%
Tractor Supply Company	\$799.5	\$723.3	10.5%	1.3%	\$24.7	\$30.0	-17.7%
W.W. Grainger	\$1,592.7	\$1,611.8	-1.2%	tba	\$107.9	\$104.4	3.4%
Wesco International	\$1,429.8	\$1,489.2	-4.0%	NA	\$41.9	\$61.1	-31.4%
Specialty							
Advance Auto Parts, Inc.	\$1,192.4	\$1,048.4	13.7%	3.0%	\$24.4	\$34.8	-29.8%
Blue Nile, Inc.	\$85.8	\$111.9	-23.3%	NA	\$3.5	\$7.5	-53.3%
Finlay Enterprises, Inc.	\$306.7	\$383.1	-19.9%	-15.0%	tba	\$13.4	tba
Haverty Furniture	\$161.8	\$205.8	-21.4%	-22.6%	(\$10.1)	\$1.6	-715.9%
Kirkland's, Inc.	\$133.6	\$138.3	-3.4%	5.3%	tba	\$1.5	tba
Leon's Furniture Limited	\$206.1	\$185.9	10.9%	-1.7%	\$23.2	\$21.6	7.4%
Sports & Footwear							
Bakers Footwear Group, Inc.	\$55.5	\$54.7	1.5%	3.6%	tba	\$7.4	tba
Big 5 Sporting Goods Corp.	\$219.6	\$232.1	-5.4%	-8.6%	tba	\$6.2	tba
Brown Shoe Company, Inc.	\$521.0	\$571.4	-8.8%	-3.6%	tba	\$14.0	tba
Cabela's	\$879.4	\$889.5	-1.1%	2.2%	\$49.4	\$56.2	-12.1%
Gander Mountain	\$333.0	\$317.6	4.8%	-0.2%	\$20.0	\$5.8	244.8%
Golfsmith International	\$68.2	\$79.0	-13.7%	-17.3%	tba	(\$46.7)	tba

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Fourth Quarter Scorecard

(continued from page 12)

\$ in Millions. Quarter ended closest to 1/31/09	Sales			Comps	Net Income		
	2008	2007	Change		2008	2007	Change
Sports & Footwear							
GSI Commerce	\$391.4	\$335.1	16.8%	NA	\$24.4	\$16.5	47.9%
West Marine, Inc.	\$111.1	\$118.3	-6.1%	-5.1%	tba	(\$65.6)	tba
High-Tech & Electronics							
Aaron Rents, Inc.	\$404.9	\$364.7	11.0%	6.2%	\$21.1	\$15.5	36.1%
Amazon.com, Inc.	\$6,704.0	\$5,673.0	18.2%	NA	\$225.0	\$207.0	8.7%
BMTC Group Inc.	\$216.8	\$223.6	-3.0%	NA	\$21.9	\$16.1	36.0%
Conn's, Inc.	\$245.4	\$200.6	22.3%	12.5%	tba	\$13.1	tba
GameStop Corp.	\$3,500.0	\$2,865.6	22.1%	9.6%	tba	\$189.8	tba
IAC/InterActiveCorp	\$351.0	\$378.9	-7.4%	NA	\$227.4	(\$369.9)	161.5%
Ingram Micro Inc.	\$8,684.5	\$10,007.4	-13.2%	NA	(\$564.3)	\$114.1	-594.6%
OfficeMax Incorporated	\$1,883.1	\$2,198.1	-14.3%	-13.6%	(\$395.2)	\$71.5	-652.7%
PC Connection, Inc.	\$439.1	\$489.6	-10.3%	NA	\$1.9	\$6.2	-69.4%
Rent-A-Center, Inc.	\$699.8	\$717.0	-2.4%	0.0%	\$36.1	(\$5.4)	768.5%
United Stationers Inc.	\$1,145.2	\$1,119.9	2.3%	NA	\$22.6	\$28.3	-20.1%
Mass Merchants							
Big Lots, Inc.	\$1,353.1	\$1,400.8	-3.4%	-3.2%	tba	\$92.0	tba
BJ's Wholesale Club, Inc.	\$2,500.0	\$2,479.6	0.8%	6.4%	tba	\$50.2	tba
Dollar General Corporation	\$2,845.8	\$2,559.6	11.2%	9.4%	tba	\$55.4	tba
Dollar Tree Inc.	\$1,390.0	\$1,300.0	6.9%	2.2%	tba	\$94.7	tba
Fred's, Inc.	\$469.4	\$494.1	-5.0%	-1.1%	tba	(\$4.4)	tba
Overstock.com	\$255.9	\$294.5	-13.1%	NA	\$1.0	(\$6.5)	115.4%
Target Corporation	\$19,023	\$19,872	-4.3%	-5.9%	tba	\$1,028.0	tba
Wal-Mart Stores, Inc.	\$109,116	\$107,343	1.7%	2.3%	\$3,792	\$4,096	-7.4%
Food							
Loblaw Companies Limited	\$7,745.0	\$6,967.0	11.2%	10.6%	\$188.0	\$40.0	370.0%
Weis Markets, Inc.	\$619.4	\$603.0	2.7%	2.2%	\$17.0	\$8.6	97.7%

Numbers in italics are implied or company estimates.

Full Year Scorecard

\$ in Millions Full fiscal year	Sales			Comps	Net Income		
	2008	2007	Change		2008	2007	Change
Apparel							
Abercrombie & Fitch	\$3,540.3	\$3,749.9	-5.6%	-13.0%	\$272.3	\$475.7	-42.8%
Aeropostale, Inc.	\$1,886.0	\$1,591.0	18.5%	8.0%	tba	\$129.2	tba
American Eagle Outfitters	\$2,989.0	\$3,055.0	-2.2%	-10.0%	tba	\$400.0	tba
Bon Ton Stores, Inc.	\$3,130.0	\$3,365.9	-7.0%	-7.4%	tba	\$11.6	tba
Cache, Inc.	\$265.7	\$274.5	-3.2%	tba	tba	\$6.5	tba
Cato Corporation	\$845.7	\$834.3	1.4%	-1.0%	tba	\$32.3	tba
Chico's FAS, Inc.	\$1,582.0	\$1,714.0	-7.7%	-15.1%	tba	\$88.9	tba
Children's Place	\$1,630.3	\$1,520.5	7.2%	2.0%	tba	(\$59.6)	tba
Citi Trends, Inc.	\$488.2	\$437.5	11.6%	0.0%	tba	\$14.2	tba
Coldwater Creek Inc.	\$1,000.0	\$1,151.5	-13.2%	tba	tba	(\$2.5)	tba
Dillard's, Inc.	\$6,739.9	\$7,204.9	-6.5%	-7.0%	tba	\$53.8	tba
Eddie Bauer Holdings	\$971.3	\$989.4	-1.8%	-1.8%	tba	(\$101.7)	tba
Gap Inc.	\$14,530.0	\$15,763.0	-7.8%	-12.0%	tba	\$833.0	tba
Gottschalks	\$563.2	\$628.5	-10.4%	-8.8%	tba	(\$12.4)	tba
Gymboree Corporation	\$997.3	\$920.8	8.3%	tba	tba	\$80.3	tba
Hot Topic, Inc.	\$761.0	\$728.1	4.5%	1.0%	tba	\$16.0	tba
J.C. Penney Company	\$18,486.0	\$19,860.0	-6.9%	-8.5%	\$572.0	\$1,111.0	-48.5%
Jo-Ann Stores, Inc.	\$1,901.0	\$1,879.0	1.2%	0.5%	tba	\$15.4	tba
Kohl's Corporation	\$16,388.9	\$16,473.7	-0.5%	-0.5%	tba	\$1,083.9	tba
Limited Brands	\$9,042.7	\$10,086.4	-10.3%	-9.0%	tba	\$718.0	tba
Macy's, Inc.	\$24,892.0	\$26,313.0	-5.4%	-4.6%	tba	\$893.0	tba
Nordstrom, Inc.	\$8,270.0	\$8,830.0	-6.3%	-9.0%	tba	\$715.0	tba
Pacific Sunwear	\$1,250.0	\$1,310.0	-4.6%	-5.0%	tba	(\$30.4)	tba
Retail Ventures, Inc.	\$1,885.0	\$1,871.9	0.7%	-5.1%	tba	\$51.4	tba
Ross Stores, Inc.	\$6,486.0	\$5,975.0	8.6%	2.0%	tba	\$261.1	tba
Saks Incorporated	\$3,053.8	\$3,249.1	-6.0%	-6.1%	tba	\$47.5	tba
Stage Stores, Inc.	\$1,515.8	\$1,545.6	-1.9%	-6.1%	tba	\$53.1	tba

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Full Year Scorecard

(continued from page 13)

\$ in Millions Full fiscal year	Sales			Comps	Net Income		
	2008	2007	Change		2008	2007	Change
Apparel							
Talbots, Inc.	\$1,495.0	\$1,708.0	-12.5%	-14.2%	tba	(\$188.8)	tba
Urban Outfitters, Inc.	\$1,834.6	\$1,507.7	21.7%	8.0%	tba	\$160.2	tba
Wet Seal, Inc.	\$735.3	\$611.2	20.3%	tba	tba	\$23.2	tba
Drug							
Abbott	\$29,528	\$25,914	13.9%	NA	\$4,881	\$3,606	35.3%
CVS Caremark Corporation	\$87,471.9	\$76,329.5	14.6%	4.5%	\$3,212.1	\$2,637.0	21.8%
Drugstore.com, Inc.	\$366.6	\$339.3	8.0%	NA	(\$8.3)	(\$11.5)	27.8%
Shoppers Drug Mart	\$9,422.9	\$8,478.4	11.1%	4.8%	\$565.2	\$490.4	15.3%
Home Centers							
Calloway's Nursery, Inc.	\$44.3	\$46.4	-4.5%	0.6%	\$0.6	\$0.4	50.0%
Fastenal Company	\$2,340.4	\$2,061.8	13.5%	tba	\$279.7	\$232.6	20.2%
Griffin Land & Nurseries	\$44.5	\$59.4	-25.1%	NA	(\$11.2)	\$9.4	-219.1%
Huttig Building Products	\$671.0	\$874.8	-23.3%	NA	(\$35.4)	(\$8.2)	-331.7%
Interline Brands, Inc.	\$1,195.7	\$1,239.0	-3.5%	NA	\$40.8	\$51.0	-20.0%
Lowe's Companies	\$48,230.0	\$48,283.0	-0.1%	-7.2%	\$2,195.0	\$2,809.0	-21.9%
Sherwin-Williams Company	\$7,979.7	\$8,005.3	-0.3%	-5.3%	\$476.9	\$615.6	-22.5%
Tractor Supply Company	\$3,007.9	\$2,703.2	11.3%	1.4%	\$81.9	\$96.2	-14.9%
W.W. Grainger	\$6,850.0	\$6,418.0	6.7%	tba	\$475.4	\$420.1	13.2%
Wesco International	\$6,110.8	\$6,003.4	1.8%	NA	\$212.7	\$240.6	-11.6%
Specialty							
Advance Auto Parts, Inc.	\$5,142.3	\$4,844.4	6.1%	1.5%	\$238.0	\$238.3	-0.1%
Blue Nile, Inc.	\$295.3	\$319.3	-7.5%	NA	\$11.6	\$17.5	-33.7%
Finlay Enterprises, Inc.	\$862.6	\$835.9	3.2%	-10.6%	tba	(\$10.1)	tba
Haverty Furniture	\$691.1	\$784.6	-11.9%	-14.3%	(\$12.9)	\$1.8	-833.0%
Kirkland's, Inc.	\$391.3	\$396.7	-1.4%	3.6%	tba	(\$25.9)	tba
Leon's Furniture Limited	\$740.4	\$637.5	16.1%	2.3%	\$63.4	\$58.5	8.4%
Sports & Footwear							
Bakers Footwear Group, Inc.	\$183.7	\$186.3	-1.4%	0.5%	tba	(\$17.7)	tba
Big 5 Sporting Goods Corp.	\$864.7	\$898.3	-3.7%	-7.0%	tba	\$28.1	tba
Brown Shoe Company, Inc.	\$2,276.4	\$2,360.0	-3.5%	tba	tba	\$60.4	tba
Cabela's	\$2,552.7	\$2,349.6	8.6%	-3.7%	\$76.4	\$87.9	-13.1%
Gander Mountain	\$1,063.5	\$969.4	9.7%	tba	tba	(\$31.8)	tba
Golfsmith International	\$379.1	\$388.2	-2.3%	-6.3%	tba	(\$40.8)	tba
GSI Commerce	\$966.9	\$750.0	28.9%	NA	(\$16.9)	\$3.0	-663.3%
Recreational Equipment	\$1,434.6	\$1,342.0	6.9%	0.3%	\$14.5	\$41.4	-65.1%
West Marine, Inc.	\$631.3	\$679.6	-7.1%	-6.8%	tba	(\$50.0)	tba
High-Tech & Electronics							
Aaron Rents, Inc.	\$1,592.6	\$1,394.9	14.2%	3.1%	\$90.2	\$80.3	12.3%
Amazon.com, Inc.	\$19,166.0	\$14,835.0	29.2%	NA	\$645.0	\$476.0	35.5%
BMTC Group Inc.	\$856.2	\$841.5	1.7%	NA	\$69.9	\$49.0	42.7%
Conn's, Inc.	\$805.0	\$731.0	10.1%	2.0%	tba	\$39.7	tba
GameStop Corp.	\$8,800.0	\$7,094.0	24.0%	12.3%	tba	\$288.3	tba
IAC/InterActiveCorp	\$1,445.1	\$1,332.6	8.4%	NA	\$156.2	\$144.1	8.4%
Ingram Micro Inc.	\$34,362.2	\$35,047.1	-2.0%	NA	(\$394.9)	\$275.9	-243.1%
OfficeMax Incorporated	\$8,267.0	\$9,082.0	-9.0%	-10.8%	(\$1,658)	\$207.4	-899.4%
PC Connection, Inc.	\$1,753.7	\$1,785.4	-1.8%	NA	\$15.0	\$23.0	-34.8%
Rent-A-Center, Inc.	\$2,884.2	\$2,906.1	-0.8%	2.3%	\$139.6	\$76.3	83.0%
United Stationers Inc.	\$4,986.9	\$4,646.4	7.3%	NA	\$98.4	\$107.2	-8.2%
Mass Merchants							
Big Lots, Inc.	\$4,594.2	\$4,606.2	-0.3%	0.5%	tba	\$158.5	tba
BJ's Wholesale Club, Inc.	\$9,802.1	\$8,791.6	11.5%	6.4%	tba	\$122.9	tba
Dollar General Corporation	\$10,457.7	\$9,495.2	10.1%	9.0%	tba	(\$12.8)	tba
Dollar Tree Inc.	\$4,640.0	\$4,240.0	9.4%	4.1%	tba	\$201.3	tba
Fred's, Inc.	\$1,800.0	\$1,780.0	1.1%	1.8%	tba	\$10.7	tba
Overstock.com	\$834.4	\$765.9	8.9%	NA	(\$12.7)	(\$48.0)	73.5%
Target Corporation	\$62,884	\$63,367	-0.8%	-2.9%	tba	\$2,849.0	tba
Wal-Mart Stores, Inc.	\$405,607	\$378,476	7.2%	3.0%	\$13,400	\$12,731	5.3%
Food							
Loblaw Companies Limited	\$30,802.0	\$29,384.0	4.8%	4.2%	\$545.0	\$330.0	65.2%
Weis Markets, Inc.	\$2,422.4	\$2,318.6	4.5%	4.3%	\$47.0	\$51.0	-7.8%

Numbers in italics are implied or company estimates.

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