

RETAIL SECTOR WEEKLY

Key Retail News and Commentary

Inside this issue:

General Retail News	2
Options and Resources	2
Bankruptcy Blotter	3
Management on the Move	4
The Global World of Sports and Footwear	4
Off the Rack	5
FYI for the DIY	5
Hi Tech Entertainment	6
Mass Merchant Musings	6
Rating Changes & Outlooks	6
Heard in the Grocery Aisle	7
Health & Beauty Aids	7
Specialty Items	7
Upcoming Reporting Dates	7
Fourth Quarter Scorecard	10
Full Year Scorecard	12

Remember...

The way to get started is to quit talking and begin doing.

Huge Changes In Store For Financial Statements

Thought the economy wreaked havoc on financial statements? Wait until FASB gets through with them.

A balance sheet that doesn't balance?

Financing and operating classifications that depend on the company type?

A (gulp) cash-basis income statement?

Well, not quite. But accounting standards-setters are online and on the road urging investors and companies to weigh in now on a proposal to radically alter financial statements. And while accrual accounting isn't going away, preparers of financial statements (and readers) might be surprised to find that the above descriptions do accurately describe the look and feel that financial statements might have just two years from now.

Issued as a discussion paper in October by both FASB and the International Accounting Standards Board, the goal of the redesign is to address investor complaints that items on each of the financial statements are not linked across the three statements, and that dissimilar items are often aggregated.

Among the notable features: all three statements—balance sheet, income statement, and cash-flow statement—will be divided into two major sections: business and financing. Since users of financial statements analyze how a company creates value separately from how it funds that value creation, the goal is to separate the creating activities from the financing activities.

The "business" section—which is subdivided into operating and investing categories—will focus on what a company does to produce goods and provide services. The operating category will
(continued on page 2)

Retailer of the Week: Builders FirstSource

The deterioration of the housing industry continued throughout 2008, with the annualized rate for single-family housings starts at the end of 2008 at 398,000, the lowest level since the U.S. Census Bureau began compiling the data in 1959. The already weak housing industry was further damaged in 2008 by the financial crisis, which limited the availability of credit to homebuilders and potential homebuyers, and the general decline in the economy, among other factors.

The company's operating results reflect the tough conditions outlined above as sales for the year of \$1.035 billion represented a 32.4% decline versus sales for the prior year of \$1.531 billion, and a 53.8% decline versus sales for fiscal 2006. As one might expect, with such a precipitous drop in sales, the company recorded a net loss for the second consecutive year of approximately \$139.5 million, which included approximately \$65 million in asset impairment, facility closing costs, and the cost of discontinued operations. And unfortunately, the losses are expected to continue through fiscal 2009.

As a result, we have decided to downgrade the company's Credit Opinion from an "E+" to an "E-" with a "Negative" Outlook. The only reason we are not downgrading the company even more is because of the company's liquidity. While we do not see any immediate danger of the company defaulting, we still have to wonder how long the company can live off of its liquidity.
(continued on page 8)

[RETURN TO FIRST PAGE](#)

Huge Changes In Store For Financial Statements

(continued from page 1)

include its primary or "core" revenue and expense-generating activities, and the investing category will include activities that generate a return but are not "core".

The "financing" section will include those activities that fund a company's business activities. For nonfinancial institutions, that would primarily include cash, bank loans, bonds, and other items that arise from general capital-raising activities.

One effect of the new format is that the balance sheet won't balance the way we expect it to, as assets won't equal liabilities and equity because assets and liabilities will be in each category.

Another feature guaranteed to generate some controversy is that management will decide whether items in the financial statements are related to operations or to financing. That means different companies might account for the same item differently. A manufacturer might record proceeds from mortgage-back securities as investment earnings, while a bank might record identical proceeds as operating earnings. You are going to be looking at financial statements that are prepared by classifying assets and liabilities based on how the asset or liability is used by management.

Another bug change in store for statements is using the direct method to generate a cash-flow statement. Though companies have the option to do so under current accounting, that option is almost universally ignored in favor of the indirect method.

Over the years, analysts have used the indirect method to analyze cash flows because that's all they have. However, while the direct method is superior for predicting future cash flows, it will take analysts time to adjust their models. It's very much like a cash-basis income statement. It allows the analyst to relate what's going on in the income statement to what's going on in the cash-flow statement.

Not everyone likes that idea, however, as the cost to companies of using the direct method, while the value will be low. Especially large diverse companies. However, the direct method would prove most useful to analysts.

General Retail News

NPD Group's **Economy Tracker** for February shows consumers' intentions to shop at their lowest point since October. The report's Retail Response Indicator dropped more than 2 points to 35.4 in February, with 0 being "Very Concerned" and 100 being "Very Confident." The General Economic Perception indicator fell to 36.7, from 38 in October. One positive note is that consumers' concern regarding job security leveling off, which could mean they are preparing to start spending again.

The March 2009 **Consumer Intentions & Actions Survey** from BIGresearch reports that consumer confidence remains flat, and shoppers are cutting spending. 52.7% of respondents said they've become practical in purchasing, and that number has expanded from 50.0% in February and from 43.6% in all of 2008. Also, 90.7% of respondents say the current economic crisis will impact them over the next five years.

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.

How to Advertise in this Publication: If you wish to advertise in our weekly newsletter please contact us via email at serdenis@gcszone.com.

Subscribe to our Newsletter: Click [here to subscribe](#) to *Retail Sector Weekly*.

Feedback?

Questions?

Suggestions?

[Click Here](#)

[RETURN TO FIRST PAGE](#)

Bankruptcy Blotter

Citing unnamed sources, **Bloomberg.com** reported that **Gottschalks** is negotiating with **El Corte Ingles**, a Spanish retail giant that already owns a 16% stake in the company, **Golden Gate Capital Corp.**, a private-equity firm, and **GK Development Inc.**, a development company to continue operating some of the chain's locations.

Circuit City is terminating all of its employees effective March 21st or a date within 14 days of March 21st. The company will, however, continue to employ CEO **James Marcum** and VP of Human Resources **Michelle Mosier** for an undetermined time to manage the liquidation process.

In a related matter, **Circuit City** got court approval to sell off its Canadian operations as word came that the company faces a class-action lawsuit by lawyers claiming some laid-off employees were not paid federally mandated WARN Act payments.

Drug Fair Group Inc., which also operated **Cost Cutters** and is owned by **Sun Capital Partners Inc.**, filed for bankruptcy last week to sell its assets to an affiliate of **Walgreen Co.** Drug Fair has lined up \$40 million in DIP financing with a group of lenders led by **Bank of America**, while the deal with Walgreen covers its 32 pharmacies that remain in business.

In other news **Drug Fair Group** will conduct liquidation sales at 23 Drug Fair and Cost Cutters stores, conducted by **Hudson Capital Partners, LLC**.

Supermarket chain **Bruno's** will seek court permission this week to throw out its labor agreement so it can secure a buyer for its assets. Facing an April 25th court-imposed deadline to line up a buyer and limited funding, the company says the only way it can achieve this goal is by terminating the four labor agreements with **United Food & Commercial Workers Union, Local 1657**.

Unsecured creditors say that **Joe's** \$51.2 million DIP facility puts the company on course to follow a course where lenders see full recoveries while

unsecured creditors receive nothing on their claims. The committee is urging the court to reject the loan agreement with a group of lenders led by Wells Fargo, which contemplates a sale of the business by April.

Confirmation hearings to end the **Linens 'n Things** bankruptcy, originally scheduled for March 10th, were postponed to April 6th. It appears the company has the necessary votes for approval of its liquidation plan.

As of the end of February, **KB Toys** balance sheet showed \$11.6 million in cash, \$3.2 million in receivables, and \$32.8 million in total assets. However, the company also reported over \$92 million in mortgage and capital leases, \$39.8 million in trade payable, with total pre-petition liabilities total \$191.3 million. Accordingly, there appears to be very little and more likely no recovery to unsecured creditors.

Ritz Camera Centers Inc. is looking to close at least half of its chain of 800 specialty camera stores, which operate under Ritz Camera, Wolf Camera, Kits Camera, Inkley's and Camera Shops stores. If the company's request is approved, bids would be due March 30th with an April 1st auction.

In addition to the above, **Ritz Camera Centers** is liquidating its **Boater's World** locations. The GOB sale is being managed by a joint venture between **Hilco Merchant Resources** and **Gordon Brothers Group**.

Masonite International Inc., which filed a pre-packaged Chapter 11 last week, won court approval to spend money to maintain operations during its high speed restructuring expected to leave the door maker property of its senior lenders. Among other things, the company won authorization to spend \$22 million immediately to cover what it owes important vendors.

Three class action suits have been filed against **Fleetwood Enterprises Inc.** which filed for Chapter 11 protection last week, alleging the company did not provide enough notice to employees laid off last week. All of the suits are seeking benefits and 60 days of pay.

Did You Know...?

U.S. housing starts were up 22% in February driven by an 82% increase in construction of apartment buildings. In the past three months, new housing starts had fallen 38%.

[RETURN TO FIRST PAGE](#)

Management on the Move

Sears Holdings named Circuit City veteran **Elliot Becker** VP & GM of Electronics, replacing **Jonathan Magasanik**, who is leaving the company. Also, Sears promoted VP **Eddie Combs** to Chief Marketing Officer for Electronics.

Dick's Sporting Goods elects **Catherine Smith**, EVP/CFO of home builder Centex, to its board.

Books-A-Million CEO **Sandra B. Cochran** has resigned to become CFO of Cracker Barrel Old Country Store Inc. BAMB Chairman **Clyde B. Anderson** will take the CEO post.

Limited Brands, Inc. appointed **Joanne Nemeroff** President of La Senza, its Canadian subsidiary. Nemeroff was Group VP of Aldo and has more than 30 years of retail experience.

Jewett-Cameron Trading Company Ltd. named **Thomas Rice** CFO, replacing Terry Schumacher who is leaving the company. Rice is currently President of Jewett-Cameron subsidiary Greenwood Products.

Staples, Inc. promoted **Steven Bussberg** to SVP Finance for North American Delivery and **Luis Borgen** to SVP Finance for U.S. Stores. Both were formerly VPs of Finance.

Walgreen Co. elected **Steven A. Davis**, Chairman and CEO of Bob Evans Farms Inc., to its board of directors.

Footstar, which is winding down its business, will eliminate the positions of SVP/General Counsel, SVP/CFO and VP/Controller/Principal Accounting Office held by **Maureen Richards**, **Michael J. Lynch** and **Craig M. Haines**, respectively, on May 15.

Bon-Ton Stores extended the contract of CEO **Byron Bergren** through January 31, 2011.

Talbots, Inc. EVP Retail **Michele M. Mandell** retired. Mandell had been with the retailer since 1983.

FAO Schwarz Inc. named **Barry Erdos** CEO, replacing **Ed Schmults**. Erdos is the former President of Bluefly.com.

The Global World of Sports and Footwear

Sporting goods retail space may expand slightly in 2009. Following rather a strong contraction in retail floor space in 2008 of 5% from 2007 levels of 153.3 million sq ft., industry retailers are predicting a 2% increase in 2009 to 149.6 million sq. ft. from 146.3 million sq. ft., but the picture may worsen depending on what happens to some of the existing and planned space in the event of more bankruptcies such as the one to hit Joe's Sports recently. Channel breakdowns from the *Sporting Goods Intelligence* study are as follows: Big box: +4.3%, Mall: -0.4%, Off-mall: +4.9%, Small box: +5.0%, Outdoor specialty: +2.9%, Golf specialty: +1.1%, Misc. specialty: +0.7%.

U.S. snowsports retail sales were up 2.3% in units but down 1.5% in dollars to \$2.3 billion for the six months ended Jan. 31. Specialty shop sales were off 3% in units and 4.5% in dollars to \$1.38 billion for the period. Chain store sales rose 1.9% in units but fell 4.6% in dollars to \$471 million for the six months and internet/catalog sales were nearly 28% higher in units and up 13% in dollars to \$448.7 million. The data is from the SIA Retail Audit conducted by Leisure Trends Group.

Play It Again Sports (PIAS) contributed \$9.8 million in royalties and franchise fees last year

to Minneapolis parent Winmark Corp., down from \$10.4 million in both 2007 and 2006. Additionally, PAIS contributed less of Winmark's consolidated revenues last year, 27.6% versus 33.3% in 2007 and 38.3% in 2006. The franchised chain of used and new sporting goods had annual revenues of \$235 million in 2008, ending the fiscal year with 364 doors versus 374 at the end of FY07.

Dick's Sporting Goods noted that apparel sales rose 16% in 2008 to \$1,254 million, or 30% of all revenues, from \$1,077 million or 28% of DKS' revenues in FY08. Meanwhile, footwear sales rose 1.7% in Dick's stores last year to \$659 million (16% of revenues) from \$648 million in FY07; hard goods sales were 2.5% higher in FY08 at \$2,217 million and represented 54% of the chain's total revenues.

Shoe Carnival intends to open 15 stores in 2009, including 10 in Q1, and close approximately 10 locations. Management expects the business to remain challenging through H1.

DSW and Zappos reached a settlement in a case brought by DSW in May 2008. The case related to affiliated marketing over the Internet that included the DSW name.

Did You Know...?

Consumer prices rose a seasonally adjusted 0.4% in February, the Labor Department reported. The driver was energy prices, which increased 3.3%. The core CPI excluding food and energy increased just 0.2%.

[RETURN TO FIRST PAGE](#)

Off the Rack

American Apparel, Inc. expects 2009 sales to be \$575 to \$600 million, with income from operations of \$55 to \$65 million. APP plans to open a total of 25 to 30 new stores in 2009, and has opened five so far this year.

Charming Shoppes, Inc. charges of \$69.5 million in the fourth quarter and a total of \$114.7 million during the year ended January 31 contributed to their nine-figure loss (see the scorecard). The Q4 charges included pre-tax non-cash goodwill and impairment charges of \$64.2 million and cash charges of \$5.3 million severance and discontinued businesses. Full-year charges included after-tax non-cash goodwill and impairment charges of \$87.7 million and after-tax cash charges of \$27.0 million for severance, lease terminations and other business transformation costs. Looking forward, CHRS is projecting a first quarter loss of \$(0.09) to \$(0.13) per share including \$0.06 per share in non-cash charges. First quarter net sales are projected to be \$535 to \$545 million, assuming low double-digit negative comps.

Also, **Charming Shoppes** renewed its \$50.0 million credit card securitization facility through March 30, 2010. Including term series asset-backed securities, the current receivables funding structure provides availability of \$655 million. As of the January 31, \$536 million of securitized credit card receivables were outstanding.

Gap Inc. will cut the size of its board of directors from 13 to 10 and reduce the annual cash and stock compensation paid to directors by 15%. Also, Chairman and CEO Glenn Murphy will take a 15% reduction in base salary.

Edition by Banana Republic is the name of Gap Inc.'s new accessories boutique. A test of the concept will open in May in San Francisco. The store will feature limited edition products that are not available anywhere else.

Talbots amended its term loan agreement with majority shareholder Aeon, removing financial

covenants including the Leverage Ratio, Fixed Charge Coverage Ratio, and Net Worth requirements.

Eddie Bauer Holdings, Inc. took a \$144.6 million non-cash impairment charge for trademarks (\$80 million) and goodwill (\$64.6 million) in the fourth quarter. Also, EBHI is negotiating an amendment to its \$225 million term loan agreement to provide covenant relief. The company says terms are likely to be onerous, including upfront cash and payment-in-kind fees, higher interest rates and stock warrants.

Casual Male Retail Group, Inc. took a non-cash impairment charge of approximately \$100.0 million—\$71.4 million goodwill and intangibles, and \$28.6 million to for a valuation allowance against deferred tax assets—in the fourth quarter. Adjusting for the charges, non-GAAP net loss would have been just \$7.3 million for the year.

Stein Mart, Inc. took fourth quarter non-cash pre-tax charges of \$21.1 million for asset impairment and store closing charges and \$19.0 million valuation allowance for deferred tax assets. For the full year SMRT added another \$4.3 million for asset impairment to the Q4 charges.

Children's Place Retail Stores, Inc. signed a 20-year lease for its new 120,000 sq. ft. corporate headquarters in Secaucus, New Jersey. Rent will start at \$3.3 million per year increasing to \$4.0 million per year by the end of the term.

Cato Corporation issued guidance for 2009, estimating comp store sales will be down 3% to flat resulting in net income of \$28.8 million to \$34.7 million. First quarter net income are expected to be \$14.4 to \$16.0 million based on comparable store sales of down 3% to flat. CTR expects to open 55 new stores and close 25 during 2009. CapEx is projected to be approximately \$18 million.

FYI for the DIY

84 Lumber closed six more stores on March 9th, in Falls Creek, Erie and Mount Pocono, Pennsylvania; West Houston, Texas; Crystal Lake, Illinois; and Vineland, New Jersey. Last month, the company was forced to eliminate nine locations in Kentucky, Pennsylvania, Maryland, Ohio, Missouri, Florida, Virginia and Utah.

Jewett-Cameron Trading Company Ltd. announced that it plans to cut 5% of its workforce, but emphasized that it was in a strong financial position with no borrowing against its \$5.0 million line of credit.

[RETURN TO FIRST PAGE](#)

Hi Tech Entertainment

Comcast and **Sony** will open a Sony Style Comcast Labs test store in Philadelphia's Comcast Center, showcasing Sony electronics alongside Comcast cable TV products, *Twice* reported.

Ingram Micro Inc. will restructure its operations in Nordic countries and divest its distribution business in Denmark. IM recently entered into an agreement to sell the assets of its Danish operations to Actebis Group, a technology distributor based in Germany. Terms of the sale were not disclosed. Also, Ingram will shut down its distribution businesses in Finland and Norway by the end of Q2 2009.

Amazon.com, Inc. is sued by Discovery Communications, Inc., alleging the Kindle infringes on a patent issued to Discovery for electronic book technology.

Major appliance (majap) shipments fell 14% in February according to the Association of Home Appliance Manufacturers. But the y-o-y decline moderated from January, when shipments fell 24%. Units shipped fell to 4.6 million from 5.3 million in February 2008.

Barnes & Noble, Inc. expects first quarter 2009 comp store sales to decrease 6% to 9%, and full-year comp store sales to decrease 4% to 6%. First quarter loss is expected to be \$0.10 to \$0.20 per share, while full-year earnings is expected to be \$0.95 to \$1.25 per share. BN currently operates 726 Barnes & Noble stores and 52 B. Dalton stores.

P.C. Richard & Son will open its first store in Connecticut—in a former Circuit City—this summer, according to an *AP* story. P.C. Richard operates 52 stores in the New York metro area.

Did You Know...?

First time unemployment claims dropped by 12,000 to 646,000 for the week ending March 14, the Labor Department reported. Continuing claim was up 185,000 to a seasonally adjusted 5.47 million for the week ending March 7.

Mass Merchant Musings

Target Corp. investor Pershing Square Capital Management—led by hedge fund manager William Ackman— notified the company it intends to nominate five candidates for election to the company's Board of Directors at its upcoming annual meeting. Some analysts have predicted Ackman will have a hard time winning this battle because of a lack of widespread shareholder unrest. Target said it intends to defend its current directors whose terms expire this year in the proxy contest.

Wal-Mart is expanding and enhancing its Great Value brand, and said it has tested more than

5,250 of its private label products against national brands and changed the formulas for 750 items. The trend toward store brands is strong, with sales of private-label products up 10% in 2008 to \$82.9 billion, while branded products sales increased 2.8%.

Costco Wholesale Corp. will open its usual 25 to 30 stores per year this year, in spite of the economy, as it takes advantage of the distressed real estate market. *Reuters* reported that Costco sees opportunities for sites such as shopping centers that would otherwise be unavailable to the warehouse club.

Rating Changes & Outlooks

Company	S&P Credit Rating		S&P Credit Outlook		GCS Credit Rating
	Current	Prior	Current	Prior	Current
GROUP 1 AUTOMOTIVE	B+	BB-	NEGATIVE	NEGATIVE	E-
INN OF THE MOUNTAIN GODS RESORT & CASINO	CCC	B	NEGATIVE	NEGATIVE	E+
OFFICEMAX INC	B	BB-	STABLE	NEGATIVE	E+
MANDALAY RESORT GROUP	NR	BB+	NR	NM	D+
NORDSTROM INC	A-	A-	NM	NEGATIVE	C-
SAKS INC/ FKA PROFFITTS INC	B-	B	NEGATIVE	NEGATIVE	E
VENETIAN CASINO RESORT LLC	B-	B	NEGATIVE	NM	NR
LAS VEGAS SANDS CORP	B-	B	NEGATIVE	NM	D
TEXTRON FINANCIAL	BB+	BBB	DEVELOPING	NM	NR
WENDYS INTERNATIONAL	B+	B+	STABLE	NM	D+

[RETURN TO FIRST PAGE](#)

Heard in the Grocery Aisle

Newflower opened its latest farmers market in East Dallas, according to the *Dallas Morning News*. The chain is the latest effort of Wild Oats founder Mike Gilliland, positioned to be a lower price competitor to Whole Foods.

Alimentation Couche Tard, Inc. sales fell 14.8% to \$3.912 billion for the fiscal third quarter ended February 1. Net income expanded 40.8% to \$71.1 million on improved gross margin.

Meijer is starting a \$27 million expansion of its distribution center in Newport, Michigan. The

project will add more than 25% to the facility's size, expanding it to nearly 1.2 million sq ft, and will create 366 total jobs in the area. The Newport DC ships meat, produce, dry grocery products and frozen foods to more than 45 Meijer stores in the region.

United Food & Commercial Workers union Local 911 is merging with Cincinnati, Ohio's Local 1099 to form 30,000 member Local 75. Kroger employs most of the UFCW members in the region.

Health & Beauty Aids

Ulta Salon, Cosmetics & Fragrance, Inc. expects first quarter sales of \$262 to \$271 million, which assumes a comp stores sales decrease of 2% to 5%. Income for the first quarter is estimated to be \$0.04 to \$0.06 per share. For the full year 2009, Ulta is planning capital expenditures of \$72 million to \$74 million, and currently plans to open 35 new stores.

Retail prescription drug sales grew just 1.3% to \$291 billion in 2008, according to new

research by IMS Health Inc. It was the slowest growth in the last 47 years. Sales of medicines in 2007 increased 3.8%, down from 8.0% in 2006.

Aldi supermarkets is launching a line of very inexpensive beauty products under the Lacura brand, according to the *Tampa Tribune*. The line of beauty products is popular in Europe and competes with major brands while costing up to 95% less, at \$1.99 to \$4.99.

Specialty Items

Hill Country Furniture Partners has acquired the licenses for six Houston area Ashley Furniture HomeStores from Finger Furniture, according to *The Houston Chronicle*.

Cost Plus, Inc. expects first quarter sales of \$179 to \$184 million, based on a same store sales decrease between 9% and 12% and assuming eight store closures in continuing operations. 16 other stores to be closed are in markets CPWM is exiting completely, and will be treated as discontinued operations. Q1 loss from continuing operations is projected at \$23 to \$25 million.

Kirkland's, Inc. plans to close 35 to 40 stores and open 15 to 20 in 2009. Full year sales for fiscal 2009 are expected to be moderately below 2008 based on the smaller store base throughout the year. Earnings for the year are expected to be comparable to or modestly above fiscal 2008 levels.

Pier 1 Imports, Inc. said that its Hong Kong subsidiary purchased \$79 million of PIR's outstanding 6.375% convertible senior notes due 2036, allowing the company to take the liability off its balance sheet. The foreign subsidiary intends to hold the debt until maturity.

Upcoming Reporting Dates

Company	Event	Date
dELiA*s	Financial Results	Mar 25, 2009
Family Dollar Stores	Financial Results	Apr 8, 2009
Fred's	Financial Results	Mar 26, 2009
GameStop	Financial Results	Mar 26, 2009
lululemon athletica	Financial Results	Mar 26, 2009
Rite Aid	Financial Results	Apr 2, 2009
Talbots	Financial Results	Week of Apr 13, 2009
Walgreens	Financial Results	Mar 23, 2009
Wet Seal	Financial Results	Mar 26, 2009
Williams-Sonoma	Financial Results	Mar 24, 2009

[RETURN TO FIRST PAGE](#)

Retailer of the Week: Builders FirstSource

(continued from page 1)

BACKGROUND

Builders FirstSource, Inc. is a leading supplier and manufacturer of structural and related building products for residential new construction. Operations are principally located in the southern and eastern U.S. with 58 distribution centers and 57 manufacturing facilities, many of which are located on the same premises as the distribution centers.

OPERATIONS

Income Statement (\$ in the Millions)	For the Fiscal Year Ended			
	12/31/2006	12/31/2007	12/31/2008	Change
Sales	\$2,239.5	\$1,530.5	\$1,034.5	-32.4%
Gross Margin	58660%	37640%	22320%	-40.7%
% of Sales	26.2%	24.6%	21.6%	-303 BP
Overhead	\$439.9	\$358.3	\$292.3	18.4%
Operating Income	\$146.6	\$18.1	(\$69.1)	NA
% of Sales	6.5%	1.2%	NA	NA
Net Income	\$68.9	(\$23.8)	(\$139.5)	-487.3%
% of Sales	3.1%	NA	NA	NA

Did You Know...?

The index of leading economic indicators fell 0.4% in February, following a +0.1% change in January, the Conference Board reported. Six of the 10 leading indicators rose, and four fell.

Macroeconomic factors continued to decline sharply in 2008 as both housing starts, and commodity lumber and lumber sheet goods prices, were down year-over-year. Housing starts in the company's markets decreased approximately 42.5% while market prices for lumber and lumber sheet goods were on average approximately 8.4% lower than 23007.

Sales for the year declined 32.4% primarily due to the decline in single-family housing starts in the company's markets. Management was, however, able to mitigate some of the decline by expanding into the multi-family and light commercial segment. Both of these items contributed to an approximately 10% market share growth in 2008.

The company felt the negative effect of decreased housing starts across all its product categories primarily due to volume declines. For the lumber & lumber sheet goods category, unit volume accounted for 91.1% of the sales decline in this product category while prices accounted for 8.9% of the decline.

(\$ in the Millions)	2007	2008	\$ Change	% Change
Prefabricated components	\$316.2	\$204.7	(\$111.5)	-35.3%
Windows & doors	\$358.9	\$255.9	(\$103.0)	-28.7%
Lumber & lumber sheet goods	\$406.0	\$247.6	(\$158.4)	-39.0%
Millwork	\$151.8	\$107.6	(\$44.2)	-29.1%
Other building products	\$297.6	\$218.7	(\$78.9)	-26.5%
Total Sales	\$1,530.5	\$1,034.5	(\$496.0)	-32.4%

The company's sales mix continued to shift toward manufactured and value added products and away from lumber & lumber sheet goods, which has fewer barriers to entry and therefore is more competitive. Other building products and services has continued to increase as a percentage of total sales. The category grew due to expansion of the company's installation services in the multi-family and light commercial segments.

The company experienced margin compression across all product categories, as evidenced by a 303 basis point decline in gross margins to 21.6%, due to competition and lower sales volumes against fixed costs in the manufacturing facilities. In addition, the mix swing to other building products and services mentioned above had a further negative impact on margins.

(continued on page 9)

[RETURN TO FIRST PAGE](#)

Retailer of the Week: Builders FirstSource

(continued from page 8)

While management spent a significant amount of effort in reducing overhead, with overhead dropping 18.4%, the gross margin decline was just too great to overcome. The company's overhead as a percent of sales increased 484 basis points to 28.3%, though overhead dollars were reduced by \$66.0 million, or 18.4%, in spite of the fact that the company shuttered 14 facilities and reduced its headcount over the year by 39.3%.

As a result of the above, the company reported an operating loss for the year of \$69.1 million, which when added to the one-time write-offs for asset impairments, facility closure costs and discontinued operations resulted in a net loss of \$139.4 million.

Management expects 2009 to continue to be very difficult for the housing industry. In fact, the National Association of Home Builders is forecasting 461,000 single-family housing starts for 2009, a 25.9% decline from 2008. Management has prudently cut costs during his downturn, and these efforts will continue in 2009.

LIQUIDITY & CASH FLOW

The company continues to manage its business with an eye to conserving cash and maintaining a strong cash position throughout fiscal 2008. As of December 31, 2008, the company balance sheet reflected cash on hand of \$106.9 million, though there was nothing available under the company's \$350 million revolving credit facility. In fact, the company's cash of \$106.9 million included roughly \$12.8 million of restricted cash, leaving the company with \$94.1 million of liquidity and a current ratio of 2.7:1. It should also be noted that the company's cash position covers almost 85% of the company's current liabilities.

In addition to the above, the company expects to receive \$35 million in tax refunds during the first six months of 2009 to help with its cash conservation efforts.

OUTLOOK

Although it is impossible to predict how long the housing decline will continue, it is most likely that Builders FirstSource will not see any significant improvement through most of 2009. Along with the continued decline in sales and gross margin pressure, the company will continue to record net losses. However, if the company is able to sustain its current liquidity position, they should be able to ride out the storm. We advise clients to monitor their exposure with the company and will be sure to update any significant deterioration in liquidity as we expect the company will continue to operate under very adverse conditions.

Did You Know...?

Rates on fixed-rate mortgages dropped to near record lows last week, with the 30-year rate making an encore appearance below 5% at 4.98%.

[RETURN TO FIRST PAGE](#)

RETAIL SECTOR WEEKLY

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.	\$690.0	\$591.3	16.7%	6.0%	\$68.2	\$64.7	5.4%
American Apparel	\$145.6	\$111.2	30.9%	11.0%	\$3.9	\$3.0	30.0%
American Eagle Outfitters	\$905.7	\$995.4	-9.0%	-16.0%	\$32.7	\$140.5	-76.7%
AnnTaylor Stores Corp.	\$483.4	\$600.8	-19.5%	-24.5%	(\$375.6)	(\$6.7)	-5506%
Bon Ton Stores, Inc.	\$1,031.4	\$1,138.9	-9.4%	-9.7%	(\$87.7)	\$75.2	-216.6%
Buckle, Inc.	\$251.4	\$207.0	21.4%	14.3%	\$34.3	\$29.1	17.9%
Cache, Inc.	\$65.9	\$78.5	-16.1%	-17.0%	(\$5.5)	\$4.9	-211.6%
Carter's, Inc.	\$422.0	\$393.4	7.3%	4.1%	\$27.3	\$28.6	-4.5%
Casual Male Retail Group	\$123.1	\$133.9	-8.1%	-9.3%	(\$76.9)	\$3.4	-2362%
Cato Corporation	\$209.1	\$209.4	-0.1%	-3.0%	\$3.9	(\$1.8)	316.7%
Charming Shoppes, Inc.	\$631.9	\$731.8	-13.7%	-15.0%	(\$108.5)	(\$124.4)	-12.8%
Chico's FAS, Inc.	\$373.4	\$409.3	-8.8%	-13.0%	(\$40.5)	(\$20.5)	-97.2%
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.	\$283.2	\$345.5	-18.0%	-21.4%	(\$18.6)	(\$17.0)	-9.4%
Dillard's, Inc.	\$2,038.9	\$2,162.5	-5.7%	-8.0%	(\$149.3)	\$47.3	-415.4%
Eddie Bauer Holdings	\$369.9	\$392.4	-5.7%	-8.8%	(\$127.5)	(\$18.3)	-598.6%
Gap Inc.	\$4,082.0	\$4,675.0	-12.7%	-14.0%	\$243.0	\$265.0	-8.3%
Gordman's	\$139.9	\$147.9	-5.4%	-7.1%	\$5.6	\$6.0	-6.7%
Gottschalks	\$184.2	\$204.4	-9.9%	-7.1%	tba	\$1.1	tba
Gymboree Corporation	\$288.7	\$278.4	3.7%	-2.0%	\$29.5	\$26.8	10.2%
Hot Topic, Inc.	\$238.0	\$220.7	7.8%	5.2%	\$14.2	\$11.9	19.3%
J. Crew Group, Inc.	\$388.0	\$400.0	-3.0%	-13.0%	(\$13.5)	\$25.0	-154.0%
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%	\$20.4	\$27.5	-25.8%
Kohl's Corporation	\$5,235.5	\$5,487.3	-4.6%	-4.6%	\$336.0	\$411.7	-18.4%
Limited Brands	\$2,991.1	\$3,228.3	-7.3%	-10.0%	\$16.1	\$389.0	-95.9%
Macy's, Inc.	\$7,934.0	\$8,594.0	-7.7%	-7.0%	\$310.0	\$750.0	-58.7%
Men's Wearhouse	\$476.4	\$535.0	-11.0%	-9.9%	\$1.5	\$14.8	-89.9%
New York & Company, Inc.	\$325.1	\$359.4	-9.5%	-10.9%	(\$27.4)	\$6.9	-497.1%
Nordstrom, Inc.	\$2,301.0	\$2,514.0	-8.5%	-12.5%	\$68.0	\$212.1	-67.9%
Pacific Sunwear	\$351.7	\$384.3	-8.5%	-10.0%	(\$27.1)	\$5.2	-618.2%
Retail Ventures, Inc.	\$455.5	\$452.0	0.8%	-7.9%	tba	(\$125.7)	tba
Ross Stores, Inc.	\$1,734.1	\$1,651.7	5.0%	-1.0%	\$97.4	\$94.5	3.1%
Saks Incorporated	\$800.1	\$999.7	-20.0%	-15.3%	(\$98.8)	\$39.5	-350.3%
Stage Stores, Inc.	\$455.8	\$473.1	-3.7%	-7.2%	\$25.3	\$31.7	-20.1%
Stein Mart, Inc.	\$363.9	\$417.4	-12.8%	-12.0%	(\$56.2)	(\$12.1)	-364.5%
Talbots, Inc.	\$328.0	\$428.0	-23.4%	-24.6%	tba	(\$171.4)	tba
TJX Companies	\$5,380.0	\$5,391.9	-0.2%	-2.0%	\$250.7	\$301.1	-16.7%
Tween Brands, Inc.	\$265.9	\$316.1	-15.9%	-23.0%	(\$13.9)	\$25.0	-155.6%
Urban Outfitters, Inc.	\$508.1	\$465.4	9.2%	-1.0%	\$40.5	\$53.6	-24.5%
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%
Duane Reade Holdings	\$464.5	\$431.6	7.6%	2.4%	(\$17.4)	(\$15.1)	-15.2%
Express Scripts, Inc.	\$5,510.0	\$5,550.0	-0.7%	NA	\$206.8	\$138.5	49.3%
Rite Aid Corp.	\$6,683.0	\$6,810.0	-1.9%	-0.1%	tba	(\$952.2)	tba
Shoppers Drug Mart	\$2,496.8	\$2,168.8	15.1%	3.6%	\$173.1	\$151.3	14.4%
Ulta Salon, Cosmetics, Fragrance	\$341.4	\$309.3	10.4%	-5.5%	\$12.3	\$13.6	-9.6%
Home Centers							
Ace Hardware	\$956.1	\$957.9	-0.2%	NA	\$15.3	\$21.0	-27.1%
Builders FirstSource, Inc.	\$201.3	\$290.2	-30.6%	NA	(\$58.9)	(\$20.4)	188.7%
Building Materials Holding Corp	\$233.0	\$403.0	-42.2%	NA	(\$104.0)	(\$331.0)	68.6%
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%	2.2%	\$62.5	\$56.2	11.2%
Greybar Electric	\$1,247.1	\$1,330.6	-6.3%	NA	\$20.5	\$17.2	19.2%
Griffin Land & Nurseries	\$11.1	\$10.8	2.8%	NA	(\$7.6)	\$2.0	-480.0%
Home Depot, Inc.	\$14,607.0	\$17,659.0	-17.3%	-13.0%	(\$54.0)	\$671	-108.0%
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%
Lumber Liquidators	\$116.5	\$105.5	10.4%	-4.6%	\$6.5	\$3.0	113.2%
Rona, Inc.	\$1,124.6	\$1,087.0	3.5%	-0.8%	\$25.7	\$30.5	-15.7%
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%
True Value Company	\$483.5	\$479.2	0.9%	NA	\$20.0	\$16.1	24.2%
United Rentals, Inc.	\$791.0	\$925.0	-14.5%	-10.4%	(\$853.0)	\$155.0	-650.3%
W.W. Grainger	\$1,592.7	\$1,611.8	-1.2%	0.1%	\$107.9	\$104.4	3.4%
Wesco International	\$1,429.8	\$1,489.2	-4.0%	NA	\$41.9	\$61.1	-31.4%

RETURN TO FIRST PAGE

(continued on page 11)

Fourth Quarter Scorecard

(continued from page 10)

\$ in Millions. Quarter ended closest to 1/31/09	Sales			Comps	Net Income		
	2008	2007	Change		2008	2007	Change
Specialty							
A.C. Moore Arts & Crafts	\$165.0	\$177.3	-6.9%	-8.7%	(\$10.7)	\$7.4	-244.6%
Advance Auto Parts, Inc.	\$1,192.4	\$1,048.4	13.7%	3.0%	\$24.4	\$34.8	-29.8%
Barnes & Noble, Inc.	\$1,631.6	\$1,739.0	-6.2%	-7.3%	\$81.2	\$115.0	-29.4%
Blue Nile, Inc.	\$85.8	\$111.9	-23.3%	NA	\$3.5	\$7.5	-53.3%
Books-A-Million, Inc.	\$164.0	\$168.3	-2.6%	-5.3%	\$11.4	\$11.9	-4.2%
Cost Plus, Inc.	\$354.8	\$369.3	-3.9%	-6.1%	(\$18.3)	(\$12.5)	-46.4%
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%	\$15.0	\$1.5	906.7%
Leon's Furniture Limited	\$206.1	\$185.9	10.9%	-1.7%	\$23.2	\$21.6	7.4%
Michaels Stores, Inc.	\$1,268.0	\$1,301.0	-2.5%	-5.6%	\$74.0	\$53.0	39.6%
PetSmart, Inc.	\$1,359.3	\$1,328.4	2.3%	3.0%	\$78.4	\$75.4	4.0%
Pier 1 Imports, Inc.	\$389.3	\$436.7	-10.9%	-9.7%	(\$29.4)	\$13.7	-314.6%
Tiffany & Co.	\$841.2	\$1,053.2	-20.1%	-23.0%	\$31.1	\$127.4	-75.6%
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%	\$3.6	\$6.2	-41.7%
Brown Shoe Company, Inc.	\$521.0	\$571.4	-8.8%	-3.6%	(\$153.0)	\$14.0	-1197%
Cabela's	\$879.4	\$889.5	-1.1%	2.2%	\$49.4	\$56.2	-12.1%
Collective Brands (Payless)	\$732.2	\$776.8	-5.7%	-6.6%	(\$144.0)	(\$46.6)	-209.0%
Dick's Sporting Goods, Inc.	\$1,207.5	\$1,212.6	-0.4%	-8.6%	(\$104.4)	\$73.2	-242.6%
Foot Locker	\$1,317.0	\$1,482.0	-11.1%	-7.3%	(\$126.0)	\$72.0	-275.0%
Footstar, Inc.	\$229.9	\$181.7	26.5%	tba	\$24.7	\$25.6	-3.5%
Gander Mountain	\$333.0	\$317.6	4.8%	-0.2%	\$20.0	\$5.8	244.8%
Genesco Inc.	\$451.7	\$467.0	-3.3%	-5.0%	\$23.7	\$3.2	640.6%
Golfsmith International	\$67.8	\$79.0	-14.2%	-17.3%	(\$6.5)	(\$46.7)	86.1%
GSI Commerce	\$391.4	\$335.1	16.8%	NA	\$24.4	\$16.5	47.9%
Hibbett Sporting Goods, Inc.	\$147.9	\$142.8	3.6%	-2.8%	\$7.6	\$7.6	0.4%
Recreational Equipment	\$405.1	\$417.4	-2.9%	tba	\$12.8	\$25.2	-49.1%
Shoe Carnival, Inc.	\$156.9	\$164.3	-4.5%	-8.3%	(\$3.0)	\$1.1	-370.5%
West Marine, Inc.	\$111.1	\$118.3	-6.1%	-5.1%	(\$29.0)	(\$65.6)	55.8%
WinMark Corporation	\$8.7	\$8.0	8.7%	-18.1%	(\$2.1)	(\$0.9)	-133.3%
Zumiez Inc.	\$125.5	\$126.6	-0.9%	-13.4%	\$6.3	\$12.4	-49.2%
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%
Office Depot, Inc.	\$3,270.6	\$3,866.9	-15.4%	-18.0%	(\$1,539)	\$18.8	-8286%
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	(\$2.7)	\$6.2	-143.5%
PC Mall, Inc.	\$334.3	\$408.0	-18.1%	NA	\$1.0	\$4.6	-78.3%
RadioShack Corporation	\$1,258.7	\$1,364.3	-7.7%	-9.2%	\$62.0	\$101.0	-38.6%
Rent-A-Center, Inc.	\$699.8	\$717.0	-2.4%	0.0%	\$36.1	(\$5.4)	768.5%
Staples, Inc.	\$6,173.6	\$5,324.4	15.9%	-13.0%	\$286.0	\$333.2	-14.2%
Systemax Inc.	\$812.7	\$769.3	5.6%	NA	\$10.0	\$24.2	-58.8%
Tech Data Corporation	\$5,712.5	\$6,483.9	-11.9%	NA	\$58.6	\$50.2	16.7%
Trans World Entertainment	\$344.7	\$451.5	-23.7%	-14.0%	(\$9.4)	(\$66.0)	85.8%
United Stationers Inc.	\$1,145.2	\$1,119.9	2.3%	NA	\$22.6	\$28.3	-20.1%
Mass Merchants							
Big Lots, Inc.	\$1,366.9	\$1,412.4	-3.2%	-3.2%	\$78.8	\$92.0	-14.4%
BJ's Wholesale Club, Inc.	\$2,558.0	\$2,479.9	3.1%	6.4%	\$52.7	\$50.2	4.9%
Canadian Tire	\$2,587.8	\$2,505.1	3.3%	7.3%	\$101.2	\$131.3	-22.9%
Dollar General Corporation	\$2,845.8	\$2,559.6	11.2%	9.4%	tba	\$55.4	tba
Dollar Tree Inc.	\$1,386.5	\$1,298.6	6.8%	2.2%	\$105.2	\$94.7	11.1%
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%
Sears Canada Inc.	\$1,616.3	\$2,295.8	-29.6%	-6.2%	\$95.5	\$145.4	-34.3%
Sears Holding Corp.	\$13,280.0	\$15,074.0	-11.9%	-8.3%	\$190.0	\$426.0	-55.4%
Target Corporation	\$19,560	\$19,872	-1.6%	-5.9%	\$609.0	\$1,028.0	-40.8%
Wal-Mart Stores, Inc.	\$109,116	\$107,343	1.7%	2.3%	\$3,792	\$4,096	-7.4%
Food							
Arden Group	\$129.5	\$126.3	2.5%	2.5%	\$7.4	\$7.4	0.7%
Kroger Co.	\$17,259.5	\$17,234.6	0.1%	3.8%	\$349.2	\$322.9	8.1%
Loblaw Companies Limited	\$7,745.0	\$6,967.0	11.2%	10.6%	\$188.0	\$40.0	370.0%
Nash Finch Company	\$1,202.9	\$1,069.3	12.5%	-0.2%	\$6.2	\$8.5	-27.1%
Publix Super Markets	\$6,000.0	\$5,939.9	1.0%	-0.9%	\$249.0	\$311.0	-19.9%
Safeway, Inc.	\$13,815.9	\$13,356.4	3.4%	-1.2%	\$338.0	\$301.1	12.3%
Village Supermarket, Inc.	\$312.4	\$292.8	6.7%	5.9%	\$8.0	\$6.4	25.0%
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.

[RETURN TO FIRST PAGE](#)

RETAIL SECTOR WEEKLY

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.	\$1,885.5	\$1,590.9	18.5%	8.0%	\$149.4	\$129.2	15.6%
American Apparel	\$545.1	\$387.0	40.9%	22.0%	\$14.1	\$15.5	-9.0%
American Eagle Outfitters	\$2,989.0	\$3,055.0	-2.2%	-10.0%	\$179.1	\$400.0	-55.2%
AnnTaylor Stores Corp.	\$2,194.6	\$2,396.5	-8.4%	-14.8%	(\$333.9)	\$97.2	-443.5%
Bon Ton Stores, Inc.	\$3,130.0	\$3,365.9	-7.0%	-7.4%	(\$169.9)	\$11.6	-1570%
Buckle, Inc.	\$792.0	\$619.9	27.8%	20.6%	\$104.4	\$75.2	38.8%
Cache, Inc.	\$265.7	\$274.5	-3.2%	-4.0%	(\$7.1)	\$6.5	-208.9%
Carter's, Inc.	\$1,490.0	\$1,412.2	5.5%	9.0%	\$75.1	(\$70.6)	206.4%
Casual Male Retail Group	\$444.2	\$464.1	-4.3%	-4.3%	(\$77.0)	\$10.5	-833.3%
Cato Corporation	\$845.7	\$834.3	1.4%	-1.0%	\$33.6	\$32.3	4.0%
Charming Shoppes, Inc.	\$2,474.9	\$2,722.5	-9.1%	-12.0%	(\$244.2)	(\$83.4)	-192.8%
Chico's FAS, Inc.	\$1,582.4	\$1,714.3	-7.7%	-15.1%	(\$19.1)	\$88.9	-121.5%
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.	\$1,024.2	\$1,151.5	-11.1%	tba	(\$26.0)	(\$2.5)	-940.0%
Dillard's, Inc.	\$6,830.5	\$7,207.4	-5.2%	-7.0%	(\$241.1)	\$53.8	-548.5%
Eddie Bauer Holdings	\$1,023.4	\$1,044.4	-2.0%	-1.8%	(\$165.5)	(\$101.7)	-62.7%
Gap Inc.	\$14,526.0	\$15,763.0	-7.8%	-12.0%	\$967.0	\$833.0	16.1%
Gordman's	\$438.1	\$442.5	-1.0%	-4.5%	\$2.2	\$2.1	4.8%
Gottschalks	\$563.2	\$628.5	-10.4%	-8.8%	tba	(\$12.4)	tba
Gymboree Corporation	\$1,000.7	\$920.8	8.7%	0.0%	\$93.5	\$80.3	16.4%
Hot Topic, Inc.	\$761.1	\$728.1	4.5%	1.0%	\$19.7	\$16.0	23.1%
J. Crew Group, Inc.	\$1,428.0	\$1,334.7	7.0%	-4.0%	\$54.1	\$97.1	-44.3%
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.	\$1,901.1	\$1,878.8	1.2%	0.5%	\$21.9	\$15.4	42.2%
Kohl's Corporation	\$16,388.9	\$16,473.7	-0.5%	-0.5%	\$885.0	\$1,083.9	-18.3%
Limited Brands	\$9,042.7	\$10,086.4	-10.3%	-9.0%	\$220.1	\$718.0	-69.3%
Macy's, Inc.	\$24,892.0	\$26,313.0	-5.4%	-4.6%	\$280.0	\$893.0	-68.6%
Men's Wearhouse	\$1,972.4	\$2,112.6	-6.6%	-9.6%	\$58.8	\$147.0	-60.0%
New York & Company, Inc.	\$1,139.9	\$1,194.9	-4.6%	-8.6%	(\$19.8)	(\$4.9)	304.1%
Nordstrom, Inc.	\$8,272.0	\$8,828.0	-6.3%	-9.0%	\$401.0	\$715.0	-43.9%
Pacific Sunwear	\$1,254.9	\$1,306.0	-3.9%	-5.0%	(\$63.8)	(\$30.4)	-110.1%
Retail Ventures, Inc.	\$1,885.0	\$1,871.9	0.7%	-5.1%	tba	\$51.4	tba
Ross Stores, Inc.	\$6,486.1	\$5,975.2	8.6%	2.0%	\$305.4	\$261.1	17.0%
Saks Incorporated	\$3,053.8	\$3,249.1	-6.0%	-6.1%	(\$154.9)	\$47.5	-426.3%
Stage Stores, Inc.	\$1,515.8	\$1,545.6	-1.9%	-6.1%	(\$65.5)	\$53.1	-223.4%
Stein Mart, Inc.	\$1,326.5	\$1,457.6	-9.0%	-10.9%	(\$71.3)	(\$4.5)	-1484%
Talbots, Inc.	\$1,495.0	\$1,708.0	-12.5%	-14.2%	tba	(\$188.8)	tba
TJX Companies	\$18,990.0	\$18,340.0	3.5%	1.0%	\$880.6	\$771.8	14.1%
Tween Brands, Inc.	\$995.1	\$1,014.0	-1.9%	-12.0%	(\$17.1)	\$52.6	-132.5%
Urban Outfitters, Inc.	\$1,834.6	\$1,507.7	21.7%	8.0%	\$199.4	\$160.2	24.4%
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%
Duane Reade Holdings	\$1,774.0	\$1,686.8	5.2%	4.2%	(\$72.8)	(\$87.8)	17.1%
Express Scripts, Inc.	\$21,980.0	\$21,820.0	0.7%	NA	\$776.1	\$567.8	36.7%
Rite Aid Corp.	\$26,185.0	\$24,319.0	7.7%	0.8%	tba	(\$1,079)	tba
Shoppers Drug Mart	\$9,422.9	\$8,478.4	11.1%	4.8%	\$565.2	\$490.4	15.3%
Ulta Salon, Cosmetics, Fragran	\$1,084.6	\$912.1	18.9%	0.2%	\$25.3	\$25.3	-0.3%
Home Centers							
Ace Hardware	\$3,864.2	\$3,970.6	-2.7%	-3.6%	\$85.8	\$86.9	-1.3%
Builders FirstSource, Inc.	\$1,034.5	\$1,530.5	-32.4%	NA	(\$139.5)	(\$23.8)	486.1%
Building Materials Holding Corp	\$1,300.0	\$2,200.0	-40.9%	NA	(\$215.0)	(\$313.0)	31.3%
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%	9.6%	\$279.7	\$232.6	20.2%
Greybar Electric	\$5,400.2	\$5,258.3	2.7%	NA	\$87.4	\$83.4	4.8%
Griffin Land & Nurseries	\$44.5	\$59.4	-25.1%	NA	(\$11.2)	\$9.4	-219.1%
Home Depot, Inc.	\$71,288.0	\$77,349.0	-7.8%	-8.7%	\$2,260	\$4,395	-48.6%
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%
Lumber Liquidators	\$482.2	\$405.3	19.0%	1.6%	\$22.1	\$11.3	95.6%
Rona, Inc.	\$4,891.1	\$4,785.1	2.2%	-4.0%	\$160.2	\$185.1	-13.5%
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%
True Value Company	\$2,010.0	\$2,020.0	-0.5%	-2.1%	\$64.2	\$63.8	0.6%
United Rentals, Inc.	\$2,469.0	\$2,625.0	-5.9%	-5.4%	(\$704.0)	\$362.0	-294.5%
W.W. Grainger	\$6,850.0	\$6,418.0	6.7%	6.1%	\$475.4	\$420.1	13.2%
Wesco International	\$6,110.8	\$6,003.4	1.8%	NA	\$212.7	\$240.6	-11.6%

(continued on page 13)

RETURN TO FIRST PAGE

RETAIL SECTOR WEEKLY

Full Year Scorecard

(continued from page 12)

\$ in Millions Full fiscal year	Sales			Comps	Net Income		
	2008	2007	Change		2008	2007	Change
Specialty							
A.C. Moore Arts & Crafts	\$534.7	\$559.7	-4.5%	-8.7%	(\$26.8)	\$5.7	-570.2%
Advance Auto Parts, Inc.	\$5,142.3	\$4,844.4	6.1%	1.5%	\$238.0	\$238.3	-0.1%
Barnes & Noble, Inc.	\$5,121.8	\$5,286.7	-3.1%	-5.4%	\$75.9	\$135.8	-44.1%
Blue Nile, Inc.	\$295.3	\$319.3	-7.5%	NA	\$11.6	\$17.5	-33.7%
Books-A-Million, Inc.	\$513.3	\$535.1	-4.1%	-7.2%	\$10.8	\$16.5	-34.5%
Cost Plus, Inc.	\$1,000.4	\$995.7	0.5%	-2.6%	(\$102.7)	(\$55.5)	-85.0%
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%	\$9.3	(\$25.9)	135.9%
Leon's Furniture Limited	\$740.4	\$637.5	16.1%	2.3%	\$63.4	\$58.5	8.4%
Michaels Stores, Inc.	\$3,817.0	\$3,862.0	-1.2%	-4.6%	\$4.0	(\$32.0)	112.5%
PetSmart, Inc.	\$5,065.3	\$4,672.7	8.4%	3.8%	\$192.7	\$258.7	-25.5%
Pier 1 Imports, Inc.	\$1,320.7	\$1,511.8	-12.6%	tba	(\$129.3)	(\$96.0)	34.7%
Tiffany & Co.	\$2,860.0	\$2,938.8	-2.7%	-7.0%	\$220.0	\$323.5	-32.0%
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%	\$13.9	\$28.1	-50.5%
Brown Shoe Company, Inc.	\$2,276.4	\$2,360.0	-3.5%	tba	(\$133.2)	\$60.4	-320.4%
Cabela's	\$2,552.7	\$2,349.6	8.6%	-3.7%	\$76.4	\$87.9	-13.1%
Collective Brands (Payless)	\$3,442.0	\$3,035.4	13.4%	-3.6%	(\$68.7)	\$42.7	-260.9%
Dick's Sporting Goods, Inc.	\$4,130.1	\$3,888.4	6.2%	-4.8%	(\$35.1)	\$155.0	-122.6%
Foot Locker	\$5,237.0	\$5,437.0	-3.7%	-3.2%	(\$81.0)	\$38.0	-313.2%
Footstar, Inc.	\$634.2	\$637.0	-0.4%	tba	\$53.7	\$52.0	3.3%
Gander Mountain	\$1,063.5	\$969.4	9.7%	tba	tba	(\$31.8)	tba
Genesco Inc.	\$1,551.6	\$1,502.1	3.3%	0.0%	\$152.6	\$6.9	2112%
Golfsmith International	\$378.8	\$388.2	-2.4%	-6.3%	(\$0.5)	(\$40.8)	98.8%
GSI Commerce	\$966.9	\$750.0	28.9%	NA	(\$16.9)	\$3.0	-663.3%
Hibbett Sporting Goods, Inc.	\$564.2	\$520.7	8.4%	0.5%	\$29.4	\$30.3	-3.0%
Recreational Equipment	\$1,434.6	\$1,342.0	6.9%	0.3%	\$14.5	\$41.4	-65.1%
Shoe Carnival, Inc.	\$647.6	\$658.7	-1.7%	-4.6%	\$5.3	\$12.8	-58.6%
West Marine, Inc.	\$631.3	\$679.6	-7.1%	-6.8%	(\$38.8)	(\$50.0)	22.4%
WinMark Corporation	\$35.4	\$31.2	13.5%	tba	\$1.1	\$3.0	-62.5%
Zumiez Inc.	\$408.7	\$381.4	7.2%	-6.5%	\$17.2	\$25.3	-32.0%
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%
Office Depot, Inc.	\$14,495.5	\$15,527.5	-6.6%	tba	(\$1,479)	\$395.6	-473.9%
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	\$10.4	\$23.0	-54.8%
PC Mall, Inc.	\$1,328.0	\$1,215.4	9.3%	NA	\$9.6	\$12.4	-22.6%
RadioShack Corporation	\$4,224.5	\$4,251.7	-0.6%	-0.6%	\$192.4	\$236.8	-18.8%
Rent-A-Center, Inc.	\$2,884.2	\$2,906.1	-0.8%	2.3%	\$139.6	\$76.3	83.0%
Staples, Inc.	\$23,083.8	\$19,372.7	19.2%	-9.0%	\$805.3	\$995.7	-19.1%
Systemax Inc.	\$3,033.0	\$2,779.9	9.1%	NA	\$52.8	\$69.5	-24.0%
Tech Data Corporation	\$24,080.5	\$23,423.1	2.8%	NA	\$123.6	\$108.3	14.1%
Trans World Entertainment	\$987.6	\$1,265.7	-22.0%	-11.0%	(\$69.0)	(\$99.4)	30.6%
United Stationers Inc.	\$4,986.9	\$4,646.4	7.3%	NA	\$98.4	\$107.2	-8.2%
Mass Merchants							
Big Lots, Inc.	\$4,645.3	\$4,656.3	-0.2%	0.5%	\$151.5	\$158.5	-4.4%
BJ's Wholesale Club, Inc.	\$10,027.4	\$9,014.5	11.2%	6.4%	\$134.6	\$122.9	9.5%
Canadian Tire	\$9,121.3	\$8,606.1	6.0%	1.8%	\$374.2	\$411.7	-9.1%
Dollar General Corporation	\$10,457.7	\$9,495.2	10.1%	9.0%	tba	(\$12.8)	tba
Dollar Tree Inc.	\$4,644.9	\$4,240.0	9.5%	4.1%	\$229.5	\$201.3	-14.0%
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%
Sears Canada Inc.	\$5,236.0	\$5,602.0	-6.5%	tba	\$367.0	\$400.0	-8.3%
Sears Holding Corp.	\$46,770.0	\$50,703.0	-7.8%	-8.0%	\$302.0	\$1,586.0	-81.0%
Target Corporation	\$64,948	\$63,367	2.5%	-2.9%	\$2,214	\$2,849	-22.3%
Wal-Mart Stores, Inc.	\$405,607	\$378,476	7.2%	3.0%	\$13,400	\$12,731	5.3%
Food							
Arden Group	\$479.1	\$485.9	-1.4%	-1.4%	\$24.7	\$29.2	-15.4%
Kroger Co.	\$75,999.7	\$70,234.7	8.2%	5.0%	\$1,249.4	\$1,180.5	5.8%
Loblaw Companies Limited	\$30,802.0	\$29,384.0	4.8%	4.2%	\$545.0	\$330.0	65.2%
Nash Finch Company	\$4,703.7	\$4,532.6	3.8%	-0.8%	\$36.2	\$38.8	-6.7%
Publix Super Markets	\$23,900	\$23,194	3.0%	1.3%	\$1,100	\$1,183.9	-7.1%
Safeway, Inc.	\$44,104.0	\$42,286.0	4.3%	1.5%	\$965.3	\$888.4	8.7%
Village Supermarket, Inc.	\$603.7	\$556.4	8.5%	5.1%	\$14.3	\$10.7	33.6%
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.

RETURN TO FIRST PAGE