

# RETAIL SECTOR WEEKLY

## Key Retail News and Commentary

### Inside this issue:

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

#### **Remember...**

*No matter what business you're in, you can't run in place or someone will pass you by.*

### New Home Sales Rebound

Sales of new homes nationwide rebounded by 4.7% in February after hitting a record low in the prior month, according to the Commerce Department.

Sales of new homes rose to a seasonally adjusted annual rate of 337,000 last month, higher than the 323,000 that economists had expected.

Meanwhile, the government revised January's sales pace for new homes to 322,000 units, up from the 309,000 reported earlier. This is still the record low for the series that started in 1963. The February level is the second lowest on record.

February's sales pace was still down 43.8% compared with February 2008.

Some economists speculated that sales may have stabilized at this low level. But other analysts said the housing sector still faces a tough slog.

The problem remains that the inventory overhang is enormous. While inventories of unsold homes fell 2.9% to 330,000 in February, representing a 12.2-month supply at the current sales pace, this is still much higher than the 9.2-month supply of February 2008.

"February's slight increase in sales rates hardly made a dent in the inventory backlog, and at current sales rates the process of clearing these inventories will be a long and drawn out affair,"  
*(continued on page 2)*

### Retailer of the Week: Casual Male Retail Group

We are downgrading Casual Male to an "E" high-risk credit with a "negative" outlook. The fourth quarter at Casual Male was littered with one-time expenses, pulling the firm's bottom line well into the red for the three months. During the three months, Casual Male took a \$71.4 million non-cash goodwill and asset impairment charge. Based on the balance sheet from last quarter, the goodwill portion of the charge consisted of \$63.1 million while other assets were impaired for the remainder. The firm also wrote down its deferred tax asset by \$28.6 million, causing the bottom line to fall wildly into negative territory. Fortunately, neither of these charges were cash charges and didn't affect the firm's liquidity position. However, even if we exclude these special non-cash charges, Casual Male still posted an adjusted operating loss and its EBITDA remained in negative territory for the fourth quarter.

Even though these charges did not have an affect on the firm's liquidity, they did have a profound effect on the company's capital structure. Even though net debt was down slightly, the drop in equity from the loss caused the debt to equity ratio to shoot up. Thankfully, the firm did remain free cash flow positive for the year with enough cash left over to pay down debt slightly. The company had just \$5 million in cash on the books to close the quarter, but its revolver provided an additional \$30 million in availability to close the quarter. The first quarter is traditionally a cash burning quarter so the availability will come down by the next filing. The revolving credit facility does not have any covenants and does not expire until 2011.

Casual Male is expecting 2009 to be equally as challenging and has planned accordingly. The company is saying that its revenue stream will fall by approximately 10% in the coming year and management feels that this will still provide the firm with free cash flow of between \$10 million and \$15 million. The firm's capex budget is just \$5 million for the coming year. Casual Male will be  
*(continued on page 8)*

[RETURN TO FIRST PAGE](#)

## New Home Sales Rebound

(continued from page 1)

said Richard Moody, chief economist at Mission Residential.

Some see firmer activity because of low mortgage rates and first-time buyer tax credits. Mortgage applications jumped in the latest week as low rates spurred refinancing requests.

But Mr. Moody contends that these factors will be offset by deteriorating labor market conditions. Sales rose in two of four regions in February. The South had the biggest gain, showing an increase of 9.7% while sales in the West rose 6.6%

The Midwest took the biggest hit, showing a loss of 9.1%, while sales dropped by 3.2% in the Northeast. Midwest sales are at their lowest level since October 1982.

The figures may overstate the level of sales because they count canceled sales contracts, which have jumped in the past year.

The median sales price fell to \$200,900, down a record 18.1% compared with February 2008. This is the lowest median price since December 2003.

Government statisticians have low confidence in the monthly sales report, which is subject to sizable revisions as well as large sampling and other statistical errors. Indeed, the government says it can take up to five months to establish a new trend in sales.

In a separate report issued last week, the Commerce Department said that demand for durable goods jumped in February after six straight monthly declines.

**Feedback?**

**Questions?**

**Suggestions?**

[Click Here](#)

## Rating Changes & Outlooks

Company	S&P Credit Rating		S&P Credit Outlook		GCS Credit Rating
	Current	Prior	Current	Prior	Current
DOLLAR GENERAL CORP	B	B	POSITIVE	STABLE	D
MARRIOTT INTERNATIONAL INC	BBB	BBB	NM	NEGATIVE	D+
STARWOOD HOTELS & RESORTS WORLDWIDE INC	BB+	BB+	NM	NEGATIVE	D+
VERIFONE	B+	BB-	STABLE	NM	NR
DRIVETIME AUTOMOTIVE GROUP INC	B-	B+	NEGATIVE	NM	NR
MACYS INC (FKA FEDERATED DPT STORES)	BBB-	BBB-	NM	NM	D-
REGIONS BANK	A+	A+	NEGATIVE	STABLE	NR
PENSKE AUTOMOTIVE GROUP INC	B+	BB-	NEGATIVE	NEGATIVE	E-
SONIC AUTOMOTIVE INC	CCC+	B+	NM	NEGATIVE	E
ASBURY AUTOMOTIVE GROUP INC	B+	BB-	NEGATIVE	NEGATIVE	E-
SEARS HOLDING CO. F/K/A KMART HOLDING CORP	BB-	BB-	NM	NEGATIVE	D-
BI LO INC	D	CCC	NM	DEVELOPING	11

## Options and Resources

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[RETURN TO FIRST PAGE](#)

## Bankruptcy Blotter

Another four companies defaulted last week, bringing this year's total to 51, more than double the year-earlier rate. Of defaults so far this year, roughly 40% are owing to not making payments, while about 35% are related to bankruptcy filings.

**Gottschalks** is going on the auction block today, March 30<sup>th</sup>, with **Shandong Commercial Group General Corp.**, a Chinese company, as the only bidder that would acquire the assets and keep the business running. Other bidders include two groups of liquidators with the stalking horse bid assigned to a group made up of **SB Capital Group**, **Tiger Capital Group**, **Great American Group** and **Hudson Capital Partners**. A second group of bidders includes liquidators **Gordon Brothers Retail Partners**, **Hilco Merchant Resources** and **Hilco Real Estate Holdings**.

**Sportsman's Warehouse**, won interim court approval for its \$85 million DIP credit facility with **GE Capital Corporation**. The interim approval gives the company access to \$30 million under the facility. A hearing on final approval of the facility is scheduled for April 15<sup>th</sup>.

**BI-LO LLC**, privately owned by **Lone Star Funds**, filed for Chapter 11 protection, listing assets and debt of as much as \$1 billion. The company has 215 supermarkets in South Carolina, North Carolina, Georgia and Tennessee. **Bruno's Supermarkets**, which was spun off from BI-LO in 2007, filed for bankruptcy earlier this year.

Meanwhile, **Bruno's Supermarkets** has agreed to let the **United Food and Commercial**

**Workers Union** meet with potential purchasers of the company's stores, a small victory for the union, which continues to spar with the chain over collective bargaining agreements and the impediment of such agreements to a sale of the company.

**Coachmen Industries Inc.**, in its annual report, expressed substantial doubt about its ability to continue as a going concern and said that it may be forced to file for bankruptcy. Coachmen isn't the only RV maker struggling as two competitors, **Fleetwood Enterprises Inc.** and **Monaco Coach Corp.** have already sought Chapter 11 protection.

**Ritz Camera Center Inc.** won approval for the sale of 400 stores it plans to shutter. The company currently operates 800 locations under the names **Ritz Camera**, **Wolf Camera**, **Kits Camera**, **Inkley's** and **Camera Shops**.

Thwarting the efforts of three creditors attempting to push it into involuntary Chapter 7, **Dial-A-Mattress Operating Corp.** filed for Chapter 11 protection with the intention of selling the business to fellow bedding retailer **Sleepy's LLC**. Dial-A-Mattress is 100% owned by **Napoleon Barragan**, who founded the business in 1983.

In related developments, a franchisee of **1-800-Mattress Corp.**, a unit of **Dial-A-Mattress**, is accusing the company of orchestrating a sale of the company out of bankruptcy that is designed to benefit the company's executives only with little regard for the devastating impact it could have on creditors and franchisees.

## Specialty Items

**Tiffany & Co.** expects a worldwide sales decline of about 11% in fiscal 2009. Earnings from continuing operations are expected to be \$1.50 to \$1.60 per diluted share. CapEx will decline 33% to \$100 million. Management said that all regions are soft, with first quarter-to-date sales down more than 20%.

**Pier 1 Imports Inc.** now plans 80 or fewer store closures, down from 125 underperforming

locations the company had been reviewing. PIR also said it has saved \$5 million in rent from negotiating with landlords.

**Williams-Sonoma, Inc.** expects revenues of \$600 to \$625 million in the first quarter of fiscal 2009, with full year revenues of \$2.800 to \$2.950 billion. No comp store sales guidance was given. Net income for the year is forecast at \$0.27 to \$0.36 per share.

### Did You Know...?

*Pre-owned home sales rose a surprisingly strong 5.1% in February, to a seasonally adjusted annual rate of 4.72 million, according to the National Association of Realtors.*

[RETURN TO FIRST PAGE](#)

## Management on the Move

**Sears Holdings Corp.** appointed **Bill Jackson** as SVP and President of Automotive. Jackson comes from Booz & Company where he led the Global Automotive, Transportation and Industrials practice. Also, Sears named **Hugo Malan** SVP and President, Fitness and Sporting Goods. Malan was most recently a Managing Director at Barclays Capital.

**Staples, Inc.** appointed **Rob Vale** as President of Staples Europe. Vale most recently served as CEO of Spicers, Ltd., an office products wholesale distributor.

**Citi Trends, Inc.** Chairman and CEO **Ed Anderson** will retire as CEO on April 4. President and COO **David Alexander** will assume the role of Chief Executive Officer and become a member of CTRN's board.

**The Finish Line, Inc.** appointed **Edward W. Wilhelm** EVP and Chief Financial Officer. Interim CFO Steven J. Schneider will remain as President and COO. Wilhelm was CFO of Borders Group, Inc. prior.

**C&S Wholesale Grocers'** CFO **Chris Kreidler** is departing this month to pursue alternative opportunities. Controller Tom Reilly and Treasurer Tim Ludlow are reportedly covering Kreidler's responsibilities until a replacement can be hired.

**Advance Auto Parts, Inc.** named **Scott Bauhofer** SVP and General Manager, E-Commerce. Bauhofer was most recently VP, Consumer Sales Strategy for Symantec Corporation.

**Conn's, Inc.** appointed **Timothy L. Frank** Chief Executive Officer effective June 2, 2009. Frank was named CEO Designate as of June 1, 2008.

**RadioShack Corp.** named **Kim Warmbier** SVP of Human Resources. Previously, Warmbier was Chief Personnel Officer for PepsiCo Sales.

**DSW Inc.** named **Michael MacDonald** President and CEO, replacing Jay Schottenstein, who will retain the role of chairman. MacDonald was most recently CEO of Shopko Stores.

**ShopKo Stores** did not waste any time in naming a successor, as **Paul Jones**, currently President of ShopKo, will be replacing Michael MacDonald as Chairman and CEO.

**The Talbots, Inc.** appointed **John Fiske, III** EVP and Chief Stores Officer. Fiske was previously Talbots' EVP of Human Resources and Administration.

**Associated Wholesale Grocers** promoted EVP Merchandising **Jerry Garland** to the CEO post, vacated by **Gary Phillips** who has retired. Also, AWG promoted company veteran **Mike Rand** to COO.

**Sprouts Farmers Markets** appointed **Rick Kaiser** as SVP of Operations and **Joe Dobrow** as VP of Marketing, *Progressive Grocer* reported. Kaiser was most recently SVP of Operations for Raley's. Dobrow's resume included senior marketing posts at Whole Foods and Balducci's.

### Did You Know...?

*U.S. home prices were up 1.7% in January from December, but are down 6.3% in the past year and are down 9.6% from the April 2006 peak, the Federal Housing Finance Agency reported.*

## Upcoming Reporting Dates

Company	Event	Date
American Apparel	Investor Conference	Apr 1, 2009
Christopher & Banks	Financial Results	Apr 9, 2009
Family Dollar Stores	Financial Results	Apr 8, 2009
Haverty Furniture	Investor Conference	Apr 2, 2009
lululemon athletica	Investor Conference	Apr 1, 2009
MSC Industrial Direct	Financial Results	Apr 2, 2009
Rite Aid	Financial Results	Apr 2, 2009
Saks	Investor Conference	Apr 1, 2009
Talbots	Financial Results	Week of Apr 13, 2009
Wal-Mart Stores	Investor Conference	Apr 1, 2009
Williams-Sonoma	Investor Conference	Mar 31, 2009

[RETURN TO FIRST PAGE](#)

## The Global World of Sports and Footwear

**Finish Line** took an impairment charge in the fourth quarter of \$32.6 million consisting of \$12.1 million for goodwill at Man Alive, \$14.2 million for asset impairment at Man Alive and \$6.1 million for asset impairment at Finish Line. Excluding one-time items, Q4 net income was \$19.6 million this year against \$21.3 million last year. This year, Finish Line plans to open 15-18 stores, remodel 8-12 stores and close 10-15 stores depending on lease negotiations.

**Lululemon** is accelerating its e-commerce launch from H2 2009 to next month, and is now planning to open six stores this year but will also shut one store in Texas, not open three more for which it had already signed leases and impair three additional stores where it is still negotiating with landlords. However, it has CapEx for the FY is budgeted at \$12-13 million. Providing guidance only for Q1 at this point, LULU predicted revenues of \$70-75 million, which assumes a low double digit comp decline on a constant dollar basis. Net income is projected at \$0.07 to \$0.08 per share.

**Citi Trends** current outlook for FY09 is calling for diluted EPS of \$1.30, a same store sales increase of about 3% and selling square footage expansion of at least 15%. Annual operating profit is forecast to jump about 20%. Part of this year's unit expansion will be in California where Citi Trends intends to open 4 to 5 doors. Management believes the chain has "outstanding opportunities" for growth on the West Coast.

**Foot Locker** secures a new four-year, asset-backed credit revolver for up to \$200 million initially with a consortium of lenders led by Bank of America, JPMorgan Chase and Wells Fargo Retail Finance. Under the agreement, FL will also be allowed to make up to four requests for credit up to an aggregate \$100 million over the term. The credit facility replaces a previous three-year, \$175 million revolver that was slated to mature on May 16, 2011.

**DSW, Inc.** is currently forecasting a mid-single digit drop in same store sales in FY09. The chain only intends to open 10 new stores this fiscal year versus 41 last year. The annual CapEx budget, meanwhile, is being slashed 57% to approximately \$35 million against the \$81 million spent in FY08.

**Amazon** is launching Javari, a new e-commerce brand for Japan focused exclusively on shoes and accessories, *Bloomberg* reported. The site follows Endless.com, which follows that model in the U.S.

**The Walking Co.** is seeking a delisting of its stock from NASDAQ. The company guided that the TWC banner is forecast to generate a "mid to high single digit" drop in comparable Q1 sales and flat margins year-over-year.

**The Sports Authority** will grand open nine new stores across the country on April 4th. With the addition of the new stores the company will operate 463 stores in 45 states.

## FYI for the DIY

**Taiga Building Products Ltd.**'s rights offering fizzled as the company's share price fell below the exercise price of \$0.14 per share. Taiga now plans to defer monthly interest payments on its subordinated notes starting in early April, which will save about \$1.3 million in cash per month. Interest will accrue and attract a further 14% interest on interest charge. Meanwhile, Taiga continues with cost reduction initiatives and hopes to save \$22 million in the next fiscal year.

**Interline Brands, Inc.** adopted a poison pill shareholder rights plan, triggered if anyone acquires or launches a tender offer for 15% or more of the company's stock. The rights go to stockholders of record on April 2, and entitle them to buy one one-thousandth of a share of a new series of junior participating preferred stock at a purchase price of \$30.00.

**Rona** changed the tagline "Doing it Right" to replace "The Canadian How-To People" in its advertising.

**Richelieu Hardware** sales fell 2.0% to \$94.2 million in the first quarter ended February 28, 2009. Net income was off 34.8% to \$4.3 million. Sales to manufacturers fell 1.8% to \$77.1 million, while sales to hardware retailers fell 3.1% to \$17.0 million.

**United Hardware Distributing Co.** sales rose 2.3% to 185.4 million in the year ended November 30, 2008. Net income expanded 50.3% to \$4.1 million.

**Menard's** opened two new megastores on March 17. A 246,000 sq. ft. store opened in Escanaba, Michigan, and a 240,000 sq. ft. store opened in Waukesha, Wisconsin.

[RETURN TO FIRST PAGE](#)

## Off the Rack

**dELiA\*s, Inc.** had a big gain in Q4 and fiscal 2008 net income (see the scorecard) due to the pre-tax gain of \$49.4 million related to the sale of the CCS business in Q4. Full-year loss from continuing operations was \$12.6 million compared to a loss of \$12.3 million in 2007.

**Sears** has changed its tagline to "Sears. Life. Well spent." from "Sears. Where it begins."

**Macy's** announced a plan to tie senior executive bonuses to how well the company's stock performs compared to that of other department and mass-merchant retailers over a three year period.

**Fred's, Inc.** expects first quarter 2009 sales to decline 2% to 4% due to store closings. Comp store sales are expected to increase 1% to 3%, and earnings are forecasted to be \$0.19 to \$0.21 per share. For the full fiscal year, Fred's expects total earnings of \$0.73 to \$0.80 per share.

**Zara** parent Inditex reported flat profit in the year ended January 31 at 1.25 billion on a sales increase of 10% to 10.41 billion and comps that were down 0.7%, according to the *Wall Street Journal*. Inditex has scaled back on expansion plans in the teeth of the global economic downturn.

**Wet Seal, Inc.** issued first quarter 2009 guidance for sales of between \$131.2 and \$137.5 million and earnings of \$0.02 to \$0.06 per diluted share. Comp store sales are expected to decline between 3% and 8%. The company plans one new store opening at Wet Seal and three closings at Arden B.

**Christopher & Banks Corp.** reported preliminary results for the fourth quarter ended February 28, 2009. The company expects to report a loss per share from continuing operations of \$0.81 to \$0.84 including one-time charges of \$0.17 to \$0.19 per share. Same store sales are expected to have declined 20%.

### Did You Know...?

*Durable goods orders were up 3.4% in February, following a revised 7.3% decline in January, the Commerce Department reported. It was the first increase after six months of declines.*

## Hi Tech Entertainment

**Best Buy, Inc.** issued guidance for the fiscal year ending on Feb. 27, 2010. Revenue is expected to be \$46.5 to \$48.5 billion with comp stores sales flat to down 5%. Earnings are forecast at \$2.50 to \$2.90 per share. BBY plans to open approximately 65 net new stores in the fiscal year – 45 in the domestic segment and 20 in the international segment. CapEx is forecast at \$700 million.

**GameStop, Inc.** is optimistic for 2009, expecting another record year. Guidance is for total 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%. GME plans CapEx of \$170 million, including the opening of over 400 new stores. For Q1, the company expects comp store sales of only flat to +2.0% due to major new titles in last year's quarter. Q1 earnings are expected to be \$0.40 to \$0.42 per share.

**Amazon.com Inc.** will close distribution centers in Munster, Indiana, Red Rock, Nevada and Chambersburg, Pennsylvania, the *Wall Street Journal* reported. 210 employees will be laid off or transferred to other facilities.

**Staples, Inc.** has priced a proposed public offering of \$500 million of its senior notes at

7.75% coupon, due April 1, 2011. Net proceeds of approximately \$497.5 million will be used to pay down its commercial paper and for general corporate purposes.

**CompUSA**, a subsidiary of Systemax, Inc. opened two new B-to-B sales offices in Boise, Idaho and Sioux City, South Dakota. 35-person sales team will be split between the new locations.

The **Consumer Electronics Association** and CNET's CEA-CNET Index of Index of Consumer Expectations (ICE) grew to 173.1 in March, its highest level since February 2008. The ICE jumped nearly seven points from last month.

**Blockbuster's** fourth quarter and fiscal year were blemished by a non-cash charge of \$435.0 million for the impairment of goodwill and other long-lived assets. Adjusted for one-time charges, net income for the full year 2008 was \$79.3 million compared to \$124.3 million in 2007. Looking forward, BBI sees full-year 2009 net income in the range of \$40 to \$60 million.

**Conn's, Inc.** initiated guidance for fiscal year 2010 ending January 31, 2010. The company expects earnings of \$1.75 to \$1.85 per share, excluding any fair value adjustments.

[RETURN TO FIRST PAGE](#)

**Did You Know...?**

*Real disposable incomes fell 0.4% in February as wages also dropped 0.4%, the Commerce Department reported. Consumer spending, adjusted for inflation, fell 0.2% in the month.*

**Mass Merchant Musings**

**Wal-Mart's** SVP of International Supply Chain **Gary Maxwell** will be the keynote speaker at the Council of Supply Chain Management Professional's 2009 Annual Global Conference held on September 20-23 in Chicago.

**Wal-Mart's** efforts to open a second store within Chicago city limits are getting a boost from City Council member Howard Brookins. The *Chicago Sun Times* reports that the alderman plans to introduce a redevelopment agreement at an April 22 council meeting that would allow the retailer to build at a vacant industrial site.

More details about the new **Kmart.com** e-commerce site were reported by *Internet Retailer*. The redesigned site has a "liquid layout" which uses the full screen width unlike

most sites that are designed for older computers with small screens. A new flyout navigation menu and links to social networks were also added.

**Dollar General Corp.** expects 2009 CapEx to be \$250 million to \$275 million, consisting of improvements at existing stores, opening of 450 new stores and remodeling or relocating approximately 400 stores.

**Wal-Mart** is back in court fighting an eight-year-old sex discrimination case. The company is asking the Ninth Circuit Court of Appeals in San Francisco to reverse the class-action status a lower court certified. As a class action, the lawsuit would include 2 million past and present WMT employees.

**General Retail News**

An alternative to the **Employee Free Choice Act** was put forth by Starbucks Corp., Whole Foods Market Inc. and Costco Wholesale Corp. last week, as the retailers try to dilute potentially damaging "card check" rules. The companies' proposal preserves secret ballot elections and eliminates binding arbitration, while still toughening penalties for union violations. Also, swing vote Senator Arlen Specter of Pennsylvania announced last week he would vote to stop the card check legislation.

**Nielsen** reported the product categories with the highest sales spikes during the 2008 holiday season. Looking at Nov-Dec sales as a percentage of full year sales, Musical instruments led with 52%. Other standouts were baking supplies 33% and cookware 31%, computer products 29% and film and cameras 27%.

**Heard in the Grocery Aisle**

Former **Minyard Food Stores** CEO Ronald Johnson was ordered to pay \$2.3 million to the company, after a Dallas jury found he had accepted \$1 million worth of kickbacks from the supermarket chain's suppliers.

**Giant Eagle Inc.** is rolling out its Giant Eagle Express concept after a two year test. Various sources say the company could begin opening more of the 14,000 sq ft stores by the end of the year.

Belgian retailer **Delhaize** could be interested in taking some **Carrefour** stores if the French company decides to exit or scale back in Belgium. Carrefour could be considering this pullback in an effort to redeploy its resources to augment declining revenue and profit trends.

**Kuhns Quality Foods** is in negotiations with UFCW Local 23 over the 70 workers at the retailer's Beulah Road store. Kuhns was forced to recognize the union that was already in place at the store, which it acquired from Foodland.

**Health & Beauty Aids**

**Walgreen Co.** sales increased 7.0% to \$16.475 billion in the second quarter of fiscal 2009 ended February 28. Overall comp store sales increased 1.3% in the quarter, with front-end comps down 1.2% and prescription comps up 2.9%. Net income for the quarter fell 6.7% to \$640 million including \$39 million after tax in net impact from the company's restructuring program.

**Wal-Mart Stores Inc.** plans on expanding the prescription drugs program it piloted with Caterpillar Inc. and offer one-stop pharmacy benefit services to employers, according to a report from *Bloomberg*. About 75 million Americans have employer-funded health-insurance plans.

[RETURN TO FIRST PAGE](#)

## Retailer of the Week: Casual Male Retail Group

(continued from page 1)

making some cost cutting this year with SG&A pegged to fall by \$15 million the coming year. Casual Male is also planning to reduce inventory levels by another 10%, this on top of the 17% inventory reduction this year.

\$ figures in millions, 12-Months ended	01/31/2009 (FY09)	02/02/2008 (FY08)	Year-over-Year Change
<b>Liquidity Ratios</b>			
Cash and Equivalents	\$5.0	\$5.3	-6.42%
Cash and Equivalents % Current Liabilities	5.23%	5.03%	20 bps
Working Capital	\$20.0	\$41.0	-51.22%
Current Ratio	1.21x	1.39x	-18 bps
<b>Leverage Ratios</b>			
EBITDA / Interest Expense	3.89x	6.47x	-258 bps
Total Debt	\$51.2	\$58.3	-12.2%
Total Debt / Total Equity	71.23%	32.04%	3,919 bps
Total Debt / Tangible Equity	133.00%	67.72%	6,528 bps
Total Liabilities / Total Assets	64.30%	44.08%	2,022 bps
Total Liabilities / Tangible Assets	77.08%	62.49%	1,459 bps

### Did You Know...?

Showing the labor market's considerable strain, the number of people collecting state unemployment benefits reached yet another new record, jumping 122,000 to a seasonally adjusted 5.56 million.

### OPERATING PERFORMANCE

#### Fourth Quarter Ended January 31, 2009

Revenues for the fourth quarter ended January 31, 2009 were \$123.1 million, down 8.1% from the same quarter last year. Comp store sales for the quarter fell 9.3% as the figure worsened as the year went on. The firm's core retail business reported a decline of 12%, consisting of a decline of 7.2% at the Casual Male banner and a comp store decline of 19.5% at the Rochester banner. Direct revenues increased by 1.5%.

As was the case with most retailers in the fourth quarter, excessive markdowns were needed to get product flowing. As a result, Casual Male saw its gross margin drop 300 basis points for the three months. Making matters worse was the lack of any cost cutting, as the company's SG&A spending continued to rise despite the slowing revenue stream. As a result, the SG&A burden rose 370 basis points as a percentage of revenues. The double whammy brought the firm's bottom line well into the red for the quarter.

During the three months, Casual Male took a \$71.4 million non-cash goodwill and asset impairment charge, significantly weakening the GAAP results further.

For the three months, Casual Male reported a GAAP operating loss of \$76.9 million, a nasty drop from operating profits of \$3.4 million for the same quarter last year. Excluding the \$71.4 million non-cash goodwill and asset impairment charge, the firm's adjusted operating loss still would have been \$5.5 million for the quarter. The EBITDA also failed to break into positive territory, coming in at an \$823,000 EBITDA loss for the three month period.

Additionally, Casual Male was forced to write down its deferred tax asset by \$28.6 million as it is unlikely the firm will return to profitability enough to realize the asset over the next three years. This was also a non-cash expense. The firm also took an \$895,000 charge from discontinued operations. For the three months, Casual Male reported a GAAP net loss of \$108 million. While the entire amount will not affect the liquidity of the firm, it does still have significant ramifications on the financial structure of the company going forward.

#### Year Ended January 31, 2009

Revenues for year ended January 31, 2009 were \$444.2 million, a 4.3% decline from the same period a year ago. Comp store sales for the year were down 4.3% and were the driving factor

(continued on page 9)

[RETURN TO FIRST PAGE](#)

## Retailer of the Week: Casual Male Retail Group

*(continued from page 8)*

behind the decline. The core retail business showed a decline of 6% due to a 5.8% decline at both the Casual Male and Rochester banners. The firm's direct revenues increased 4.4%.

The back half of the year was riddled with markdowns needed to get merchandise moving, causing the annual gross margin to fall 170 basis points lower than last year's levels. Again, the company wasn't able to roll out any successful cost cutting measures as SG&A spending was on the same level as last year. Given the drop in sales, the firm will need to find ways to cut costs going forward in order to clean up its income statement. As a percentage of revenues, the SG&A burden was up 170 basis points.

During the year, Casual Male took a \$71.4 million non-cash goodwill and asset impairment charge. This charge was taken in the fourth quarter.

For the year, Casual Male reported a GAAP operating loss of \$77 million, a vicious swing from \$10.5 million in operating profits last year. Excluding the \$71.4 million non-cash goodwill and asset impairment charge, the firm's adjusted operating loss still would have been \$5.6 million for the year. The EBITDA for the year did manage to stay positive, coming in at \$11.5 million. This was down from an EBITDA of \$27.9 million last year.

Casual Male was forced to write down its deferred tax asset by \$28.6 million as it is unlikely the firm will return to profitability enough to realize the asset over the next three years. This was also a non-cash expense. The firm also took an \$895,000 charge from discontinued operations. For the year, Casual Male reported a GAAP net loss of \$109.3 million. As was the case in the fourth quarter discussion above, the entire amount will not affect the liquidity of the firm but it does still have significant ramifications on the financial structure of the company going forward.

### **Did You Know...?**

*Gross Domestic Product for the fourth quarter of 2008 was revised down to a 6.3% annualized seasonally adjusted decline, the Commerce Department reported.*

### **CAPITAL STRUCTURE**

Despite the struggles at the Casual Male Group throughout the year, the company did manage to stay free cash flow positive, generating an increased cash figure from its operations. In fact, for the year, Casual Male more than doubled its cash generated from operations to \$23.2 million. This was nearly two times the capex bill of the firm and generated enough cash to fund a \$3 million acquisition and payout an additional \$1.3 million in conjunction of the Rochester acquisition. The company also had enough cash left over to pay down some of its revolver borrowings and pay off some debt without borrowing additional funds.

The firm's cash position was still very low to close the year. There was just \$5 million in cash on the balance sheet to close the year, which more than likely will not be enough to cover the operations during the quarter, which is traditionally a cash burning quarter. Casual Male still had \$30 million available on its revolving credit facility to close the quarter, providing the liquidity for the near term. Last year, the operations in the first quarter used over \$8 million in cash and being that the results will likely slip this year, the operations could use more cash this year.

Part of the reason that the cash generated from operations improved so drastically was the drop in inventory position to close the year. The firm's inventory levels were 16% below last year's levels, as the company prepares for a slow year. The inventory levels were down \$19 million, yet the firm's accounts payable fell only \$10 million, meaning that the merchandise may be becoming dated. Fortunately, the products that the company sells do not typically go out of style.

The firm's debt levels fell marginally as the company used its free cash flow to pay down debt. The majority of the debt consists of the \$38.7 million that was outstanding on the revolving credit facility to close the year. The firm also had other debt totaling \$12.5 million, of which \$4.9 million is classified as current and payable in the coming year.

The biggest downgrade on the firm's balance sheet stems from the \$60.7 million in goodwill that was wiped out from the charge in the fourth quarter. The company also wrote down its deferred tax asset to zero. These two factors had the largest impact on the firm's asset value.

[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
<b>Apparel</b>							
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%	\$38.8	(\$58.5)	166.3%
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%
dELiA*s, Inc.	\$67.2	\$67.1	0.1%	-2.0%	\$22.6	\$6.0	276.7%
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.	\$154.9	\$179.6	-13.7%	-13.4%	\$4.3	\$12.2	-64.8%
<b>Drug</b>							
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, Fragra	\$341.4	\$309.3	10.4%	-5.5%	\$12.3	\$13.6	-9.6%
<b>Food</b>							
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%
<b>High-Tech &amp; Electronics</b>							
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%

(continued on page 11)

RETURN TO FIRST PAGE

## RETAIL SECTOR WEEKLY

## 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
<b>High-Tech &amp; Electronics</b>							
Best Buy Co., Inc.	\$14,724.0	\$13,418.0	9.7%	-4.9%	\$570.0	\$737.0	-22.7%
Blockbuster Inc.	\$1,384.7	\$1,567.1	-11.6%	4.4%	(\$359.8)	\$41.9	-958.7%
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%	\$12.6	\$13.1	-3.5%
GameStop Corp.	\$3,492.1	\$2,865.6	21.9%	9.6%	\$232.3	\$189.8	22.4%
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%
<b>Home Centers</b>							
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 Cor	\$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%
<b>Mass Merchants</b>							
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%	\$81.9	\$55.4	47.8%
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%	\$2.3	(\$4.4)	152.5%
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%
<b>Specialty</b>							
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%
Pet Valu Inc.	\$47.4	\$46.9	1.1%	tba	\$4.3	\$4.7	-8.5%

(continued on page 12)

[RETURN TO FIRST PAGE](#)

## RETAIL SECTOR WEEKLY

## Fourth Quarter Scorecard

(continued from page 11)

\$ in Millions. Quarter ended closest to 1/31/09	Sales			Comps	Net Income		
	2008	2007	Change		2008	2007	Change
<b>Specialty</b>							
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%
Williams-Sonoma, Inc.	\$1,008.0	\$1,374.4	-26.7%	-22.3%	\$12.2	\$124.6	-90.2%
<b>Sports &amp; Footwear</b>							
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%
Finish Line, The	\$364.1	\$382.8	-4.9%	-3.9%	(\$1.4)	(\$39.2)	96.4%
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%
Lululemon Athletica Inc.	\$103.9	\$104.0	-0.1%	-8.0%	\$10.9	\$14.6	-25.3%
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%

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
<b>Apparel</b>							
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%	\$82.4	(\$59.6)	238.3%
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%
dELiA*s, Inc.	\$215.6	\$201.6	6.9%	3.0%	\$17.2	(\$2.3)	-847.8%
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%

(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
<b>Apparel</b>							
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.	\$593.0	\$611.2	-3.0%	(\$8.5)	\$30.2	\$23.2	30.0%
<b>Drug</b>							
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, Fragra	\$1,084.6	\$912.1	18.9%	0.2%	\$25.3	\$25.3	-0.3%
<b>Food</b>							
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%
<b>High-Tech &amp; Electronics</b>							
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%
Best Buy Co., Inc.	\$45,015.0	\$40,023.0	12.5%	tba	\$1,003.0	\$1,407.0	-28.7%
Blockbuster Inc.	\$5,287.9	\$5,542.4	-4.6%	6.4%	(\$374.1)	(\$73.8)	-406.9%
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%	\$25.7	\$39.7	-35.2%
GameStop Corp.	\$8,805.9	\$7,094.0	24.1%	12.3%	\$398.3	\$288.3	38.2%
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%
<b>Home Centers</b>							
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 Cor	\$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%

(continued on page 14)

RETURN TO FIRST PAGE

## Full Year Scorecard

(continued from page 13)

\$ in Millions Full fiscal year	Sales			Comps	Net Income		
	2008	2007	Change		2008	2007	Change
<b>Home Centers</b>							
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%
<b>Mass Merchants</b>							
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%	\$108.2	(\$12.8)	945.3%
Dollar Tree Inc.	\$4,644.9	\$4,240.0	9.5%	4.1%	\$229.5	\$201.3	-14.0%
Fred's, Inc.	\$1,798.8	\$1,780.1	1.1%	1.8%	\$16.6	\$10.7	54.9%
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%	(\$1.6)	\$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%
<b>Specialty</b>							
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%
Pet Valu Inc.	\$181.0	\$163.0	11.0%	tba	\$14.7	\$12.4	18.5%
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%
Williams-Sonoma, Inc.	\$3,361.5	\$3,944.9	-14.8%	-17.2%	\$30.0	\$195.8	-84.7%
<b>Sports &amp; Footwear</b>							
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%
Finish Line, The	\$1,262.3	\$1,277.2	-1.2%	-0.4%	\$3.8	(\$60.8)	106.3%
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%
Lululemon Athletica Inc.	\$353.5	\$269.9	31.0%	3.0%	\$39.4	\$30.8	27.9%
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%

Numbers in italics are implied or company estimates.

[RETURN TO FIRST PAGE](#)