

RETAIL SECTOR WEEKLY

Key Retail News and Commentary

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A More Upbeat Fed Stays Course On Policy

The Federal Reserve issued its most positive statement about the economy in recent memory last week, saying that the downturn is slowing and deflation is no longer a big threat.

In its statement after a two-day meeting, the Fed's Federal Open Market Committee stayed the course on interest rates and Treasury purchases, as expected.

"Information received since the FOMC met in April suggests that the pace of economic contraction is slowing," the statement said. Financial-market conditions are improving, and businesses are getting a better grasp on how much inventory is needed for the sales rate, the FOMC said.

Household spending has shown further signs of stabilizing, the statement said.

"The tone of (the statement) now reads that the economy is still contracting but no longer is in danger of falling off a cliff, and that, while deflation no longer poses a credible threat, neither does inflation, at least for some time to come," said Richard Moody, chief economist at Forward Capital LLC.

The Fed is clearly on a tightrope. It wanted to highlight economic improvements without making any change to policy.

Interest rates remain at historically low levels near zero percent and the Fed will purchase \$300 billion in Treasury securities by the fall, as announced earlier.

Treasury prices turned down last week, pushing yields higher for the first day in four. Stocks moved lower.

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Retailer of the Week: Whole Foods Market

We are reiterating our moderately high risk, 'D' credit rating and stable outlook on Whole Foods. To say that this company's business is not well-suited to severe economic downturns is an understatement. Same store sales growth turned negative two quarters ago, and look less likely to hit positive territory this year barring a sharp recovery in consumer psyches. However, what is important is that the firm's sequential quarterly drop-offs in Whole Foods' comps results appear to be narrowing; a continuation of this trend could indicate that the firm has survived the worst. The retailer's second quarter results were likely helped by promotional efforts, better responses to competitors' pricing, and deflation across certain categories that allowed price investment without sacrificing its gross margin. Cost controls also were encouraging.

The firm's days of having a clean balance sheet (a few years back) seem like a distant memory. That being said, the firm's debt-to-capitalization of 43% is not what we'd consider to be at worrisome levels. Between cash from operations and revolver availability, liquidity is adequate for now. Hopefully, the company's FTC settlement will receive final approval shortly and the retailer can get back to using its resources to do what it does best.

As of mid-April 2009, the natural and organic foods grocer was operating 280 stores. While the vast majority of these stores (269 to be exact) are spread across 38 U.S. states, the firm also operates six Canadian locations and five others based in the United Kingdom.

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Remember...

There's only one corner of the universe you can be certain of improving, and that's your own self.

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A More Upbeat Fed Stays Course On Policy

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The Fed highlighted rising energy and commodity prices but said inflation was likely to “remain subdued for some time.” It removed language from the April statement that called deflation the biggest threat to the outlook.

A vocal group of economists is more worried about inflation. They believe the central bank has created so much money that it will soon be used by consumers to chase fewer goods.

The Fed’s upbeat statement on the economy is not very controversial. It really just acknowledges what has been clear from recent economic data – that the downturn appears to be losing steam, which has made economists more confident in their forecasts of some sort of positive growth returning by the end of the year.

Improving conditions present the central bank with its toughest task – deciding when to start to take away the punch bowl at the party. Knowing when to start raising rates is made even more difficult this cycle because the Fed is in uncharted territory.

Not only are interest rates at historically low levels but the Fed for the first time has been actively purchasing troubled assets from financial institutions in return for cash and been buying mortgage-backed debt and Treasury bonds to bring down long-term interest rates.

Reversing course too early could damage the recovery, but waiting too long could jeopardize the inflation outlook.

The economy is tracking at a 1.3% rate of decline in the second quarter, and many forecasters have a small positive growth rate penciled in for the July-through-September quarter. But there is a big split among economists on where the economy is headed from there. Some see minimal growth because consumers have little spending power, but others are forecasting higher spending.

Feedback?

Questions?

Suggestions?

[Click Here](#)

Health & Beauty Aids

Rite Aid Corp. reported its first quarter (see the Scorecard), and noted that pharmacy same store sales increased 1.6%, while front end same store sales fell 1.6%. Also, RAD adjusted guidance downward to take into account an additional \$55 million in interest costs from its recent refinancing. Net loss for fiscal 2010 is now expected to be between \$265 and \$490 million. Sales guidance remains the same for between \$26.3 billion and \$26.7 billion, with same store sales growth of 0.5% to 2.5%.

Shoppers Drug Mart Corp. amended its shelf prospectus from May 22, increasing the aggregate principal amount of medium term notes to be issued from \$1 billion to \$1.5 billion.

The company has issued \$950 million of the notes so far.

CVS Caremark’s MinuteClinic retail clinic operator has become a participating provider with CareFirst BlueCross BlueShield in Maryland, Virginia and the District of Columbia.

Walgreens fired back in the PR battle with the State of Delaware over Medicaid pharmacy rates, claiming it previously agreed to accept nearly two-thirds of the rate cut proposed by the state. WAG said the state’s current proposal would result in it losing money on 84% of the brand name prescriptions it filled for the Delaware Medicaid program.

Options and Resources

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

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Bankruptcy Blotter

One global corporate issuer defaulted last week, according to Standard & Poor's, easing the pace of recent weeks. However, the year-to-date total of 160 issuers remains more than quadruple the level a year ago.

Despite the objections of the unsecured creditors, the court has cleared the way for **Fendi North America Inc.** to move forward with a counterfeiting lawsuit against **Filene's Basement Inc.** The court approved the order after Filene's Basement struck a deal with Fendi, lifting the stay that automatically halted Fendi's lawsuit against Filene's Basement.

In other news, the new owner of **Filene's Basement—Syms Corp.**—is committed to reopening a store in Boston's Downtown Crossing as soon as possible, even if it's unable to resurrect it in the original flagship location.

Sportsman's Warehouse filed an amended Disclosure Statement under which unsecured creditors will receive a payment or series of payments that will not exceed the aggregate sum of \$20.0 million, plus 5% on the outstanding Maximum Amount up to and including December 31, 2013. Payments are estimated to approximate 15 cents on the dollar.

In related news, unsecured creditors are objecting to **Sportsman's Warehouse Inc.'s** bid to pay out bonuses to eight executives, saying that the compensation plan is built on "vague and unclear standards" that violate bankruptcy law.

Bruno's Supermarkets filed its liquidation plan, which is subject to court approval. The plan contemplates paying unsecured creditors a pro rata share of available funds after each class of secured, priority, and administrative creditors. No specific estimated recovery has been given in the plan.

Eddie Bauer is hoping to get court approval this week to put its stores and assets on the auction block this week. The retailer hopes to kick off the bidding with the \$200 million-plus stalking-horse bid it already lined up with **CCMP Capital Advisors LLC**. CCMP plans to keep most of the 370 Eddie Bauer stores open.

The court approved the \$53 million sale of **Fleetwood Enterprises'** RV division to **American Industrial Partners**, with the deal expected to close on July 10th. Details of the deal, including whether any leaders of Fleetwood's RV division will transition to American Industrial's operations, or what fate is in store for Fleetwood's RV plan in Riverside, which was not part of the sale, remain unclear.

The court finally signed off on the sale of **1-800-Mattress Corp.** to **Sleepy's LLC** for \$25 million, overruling protests from two franchisees. Reportedly, the Sleepy's bid will allow unsecured creditors to be paid 85% of what they were owed when the company filed for Chapter 11 in March.

Did You Know...?

Sales of pre-owned homes rose 2.4% to a seasonally adjusted annual rate of 4.77 million in May, according to the National Association of Realtors. The median home sale price fell 16.8% y-o-y to \$173,000.

Mass Merchant Musings

Wal-Mart Stores Inc. plans to invest \$809 million in Brazil in 2009, a third more than the previous year, betting that an economic recovery in Latin America's largest economy will stoke consumer demand.

Here in the U.S., **Wal-Mart** has grown its grocery market share to over 50% in Arkansas, Oklahoma and Mississippi and it is number one in grocery share in the other states that border Arkansas, the *Arkansas Democrat-Gazette* reported, citing data from to Shelby Publishing Co.

Also, **Wal-Mart** pulled ads in Texas which claimed that consumers would save \$700 a year buying groceries in its stores compared to

competitor **H-E-B**. The National Advertising Division of the BBB questioned the claim.

Target Corp.'s election auditor, IVS Associates, certified the re-election of all four of the company's incumbent director nominees.

Also, **Target** opened a Target Commercial Interiors showroom in Phoenix, Arizona, its 14th nationwide.

Meijer plans to test a smaller format store of a mere 102,000 sq. ft. in Niles, Illinois, the *Chicago Tribune* reported. A smaller store would fit better in urban areas, such as the Chicago market.

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Management on the Move

Foot Locker appointed **Ken Hicks** to succeed the retiring **Matt Serra** on August 17 as President and CEO. Hicks is the President and Chief Merchandising Officer of J.C. Penney. Prior to joining Penney's, he was president of Payless ShoeSource. His responsibilities at Penney's will be assumed by CEO Myron Ullman on an interim basis.

Kroger Co.'s board elected **W. Rodney McMullen** President and COO, effective August 1. He replaces **Don McGeorge**, who is retiring. McMullen is a 31 year Kroger veteran who started as a part-time store clerk.

Best Buy Co.'s new CEO is **Brian J. Dunn**, completing a succession plan announced last winter.

RadioShack Corp. appointed **Sharon S. Stufflebeme** SVP and Chief Information Officer. Stufflebeme was SVP and CIO for 7-Eleven previously.

Wal-Mart Stores, Inc. promoted **L. Mecole "Cole" Brown** to Chief Diversity Officer. Brown has been with Wal-Mart's legal team since 2002.

Pep Boys' board appointed **Max Lukens** Chairman at the auto parts retailer's annual shareholders meeting. Lukens was President and CEO of Stewart & Stevenson Services Inc.

Barnes & Noble, Inc. appointed **Jamie Iannone** EVP, Shopping, Barnes & Noble.com and Barnes & Noble Digital. Iannone comes from eBay, where he was most recently VP of Global Search.

Tandy Leather Factory, Inc. named **Jon Thompson** Chief Executive Officer effective July 1. He is replacing **Ron Morgan** who is retiring effective June 30, 2009. Thompson will continue as President and COO, in addition to his new role as CEO.

Bebe Stores, Inc. appointed **Kathy Lee** to Chief Merchandising Officer. Lee was most recently the SVP of Merchandising with Forever 21.

Sportsman's Guide named **Jay Berlin** as its CEO. He most recently had been with Fingerhut and C.O.M.B. and also had been SVP of catalog and e-commerce sales for Northern Tool.

Borders Group appointed **Arthur Keeney** SVP of Marketing. Keeney was VP and General Manager at Friedman's Supermarkets prior.

Cato Corp. Director **Robert W. Bradshaw, Jr.** retired from the company's board.

IAC/InterActiveCorp. elected **Richard F. Zannino** to its board of directors. Zannino is a global media and retail executive and advisor.

Off the Rack

Loehmann's sales decreases 10.9% to \$107.7 million in the first quarter ended May 2. Comp store sales were down 7.2%. The firm did cut its first quarter net loss in half, as gross margin improved for the three months. Dubai's Istithmar World owns Loehmann's as well as Barney's.

Dress Barn will buy **Tween Brands** for \$157 million via a stock swap in which one share of Tween Brands stock will convert into 0.47 shares of Dress Barn stock. As a result, shareholders of Tween Brands will now own around 16% of Dress Barn. The deal is expected to close in the fourth quarter. At least two law firms are already circling in the water, suggesting the effective price of \$6.22 a share is too low.

Luxury retailers like **Saks** and **Neiman Marcus** will cut orders and pursue higher margins this year, according to a *Bloomberg* report. Saks will order 20% less than last year, and expects higher gross margins from fewer markdowns. Neiman Marcus' orders were down 25% year-on-year in the fiscal second quarter ended May 2.

Christopher & Banks Corp. realized \$7.5 million in SG&A saving in the first quarter from its ongoing cost reduction program, which has a SG&A reduction goal of at least \$15 million for the full fiscal year. CBK expects comp store sales in the second quarter to be similar to the first quarter.

FYI for the DIY

Minton's Lumber & Supply in Mountain View, California is shutting its doors after 112 years in business, the *San Jose Mercury News*

reported. A new apartment building will take its place.

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Heard in the Grocery Aisle

Supervalu Inc. warned that it expects first quarter earnings to be substantially below estimates of \$0.65 per share. Management said that identical store sales will be approximately -3% for the quarter, which ended June 20.

Also, **Supervalu** shareholders approved a "say on pay" resolution, which will give them a voice on executive pay. The board of directors opposed the measure.

Ingles Markets, Inc. wants to exchange \$575 million of its registered 8 7/8% senior notes due 2017 for the same principal amount of its outstanding 8 7/8% senior notes due 2017, which are not registered under the Securities Act of 1933 and have certain transfer restrictions and other provisions.

Kroger Co.'s first quarter sales fell slightly (see the scorecard) on 40% lower fuel prices. The company expects full-year identical store sales to be up 3% to 4% without fuel. Full-year 2009 earnings are expected to be \$2.00 to \$2.05 per diluted share.

The Chicago area's **Shop & Save Market**, which caters to Polish communities there, is opening a fifth location, and the first one in the city proper, in a vacant former Dominick's store on the Southwest Side, *Crain's Chicago Business* reported.

Marsh Supermarkets Inc. has resolved a dispute with suppliers Topco and AmerisourceBergen. Marsh will continue to participate in Topco's pharmaceutical supply agreement.

Boston specialty grocer **DeLuca's Market** is suing grocery distributors C&S Grocers and Supervalu, according to the *New Hampshire Business Review*. The suit alleges that the two companies have a secret "carve out" deal not to compete in each other's territories. C&S operates in the Northeast, while Supervalu distributes in the Midwest.

The jury trial of three former **Ralphs** managers who were indicted on federal labor fraud charges last fall has ended with acquittal for all three. As we reported earlier, the charges were linked to the 2003-04 Southern California supermarket strike and lockout.

Safeway employees represented by UFCW Local 7 in Colorado voted to reject the company's latest contract offer. The no vote follows a thumbs down from **King Soopers** workers last week.

Safeway has partnered with Cellfire Inc. and will use that company's nationwide digital grocery coupon program. The digital grocery coupons are available via cell phone or computer.

Did You Know...?

First-time state unemployment claims rose 15,000 to 627,000 in the week ended June 20, the Labor Department reported. Continuing claims rose 29,000 to 6.74 million in the week ended June 13, while the four-week moving average of continuing claims fell 3,250 to 6.76 million.

Hi Tech Entertainment

Major appliances shipments fell over 17 percent in May and year to date, according to data from the Association of Home Appliance Manufacturers reported by *TWICE*.

Office Depot sold \$350 million of convertible preferred stock to private equity firm BC Partners, giving the company much-needed liquidity. The dividend on the stock will be 10% for the first three years, falling to 7.87% in the fourth year. The conversion price for the shares is \$5. BC Partners takes an approximate 20%

ownership stake in ODP and will name three new directors to the company's board.

Best Buy Co. is testing used videogames kiosks in several Dallas and Austin, Texas, stores, the *Wall Street Journal* reported. The kiosk verifies that the game CD is valid, then issues a credit voucher.

Also, **Best Buy** intends to open 40 more Best Buy Mobile stores this year, new CEO Brian Dunn said, in an effort to increase its share of the U.S. mobile phone market to 15% from 3%.

Rating Changes & Outlooks

Company	S&P Credit Rating		S&P Credit Outlook		GCS Credit Rating
	Current	Prior	Current	Prior	Current
BUILDING MATERIALS HOLDINGS	NR	CCC	NR	NEGATIVE	11
EXPRESS LLC	B	B	NEGATIVE	STABLE	NR
LAZY DAYS RV CENTER INC	SD	CC	NM	NEGATIVE	E-
INTERLINE BRANDS INC/FKA WILMAR INDUSTRIES	BB-	BB-	NEGATIVE	STABLE	C-

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The Global World of Sports and Footwear

Retail executive compensation at public companies in the sporting goods sector climbed 12% in 2008 after rising just 7% in 2007 according to a study in *Sporting Goods Intelligence*. Certainly, retailer managers generally fared better than shareholders, as stock prices of retail companies in the sector fell 44% for the year. Only 13 of the 79 executives in the study were awarded performance bonuses; however, increases were made in other forms of compensation such as stock and option grants. Perhaps the most common method of increasing compensation was non-equity compensation, which is generally a more discretionary bonus that is awarded by the compensation committee for achieving certain goals such as restructuring a company.

Finish Line has agreed to sell Man Alive to the Jimmy Jazz chain of urban stores. Finish Line will pay the buyer a total of \$7 million to take the money-losing venture off its hands, including the liability for the leases. The deal is expected to close July 3, at which time FINL will file detailed financials on the two banners, and will result in a pre-tax charge of \$20-25 million in Q2. Jimmy Jazz currently operates 95 stores

as far south as GA and west as IL. Man Alive, mostly in the Midwest and Southeast, lost \$13.2 million in the most recent FY, more than offset by the \$54.0 million made at the flagship chain.

Sports Supply Group acquired Webster's team Sports, one of Florida's largest team sports dealers. Terms of the deal weren't disclosed except that it was an asset purchase and RBI did not assume any liabilities. Bob and Bill Webster will continue to run the company. RBI will add 6-7 road salesmen with the deal to its existing 197 and will increase its sales force in FL by about 25%.

Also, **Sports Supply Group** amended its \$40.0 million credit facility to permit the company to make acquisitions, up to \$2.0 million in aggregate, prior to the date its senior subordinated convertible bonds due December 1, 2009, are retired.

Nike noted that for its fiscal year ended May 31, direct sales rose 6% reflecting growth in factory outlets and on-line. Nike in-line stores, however, suffered a 29% comp store decline in fiscal Q4.

Specialty Items

Cost Plus, Inc.'s board of directors amended its bylaws to decrease the size of the board from nine directors to eight directors. The amendment follows the decision of director Christopher V. Dodds not to stand for re-election.

Toys "R" Us, Inc. subsidiary TRU 2005 RE Holding Co. I, LLC, which will be renamed Toys"R"Us Property Company I, LLC will offer

\$950 million of senior unsecured notes due 2017. Proceeds from the offering will go towards repaying an existing \$1.3 billion senior unsecured credit agreement.

The venerable **Woolworths** banner has been revived as an online retailer by brand owner UK's Shop Direct. Currently the website offers toys, party supplies and kids wear.

General Retail News

The **National Retail Federation** and the **Retail Industry Leaders Association** have called off their proposed merger. The boards of both organizations decided not to move forward. "Following a deliberative process, RILA and NRF have ended discussions aimed at merging

the two organizations. NRF and RILA will devote all resources to continuing the work they are each doing to address the serious issues that America's consumers and retailers are facing in today's economic environment," said the two boards of directors in a joint statement.

Upcoming Reporting Dates

Company	Event	Date
Loblaw Companies	Financial Results	Jul 24, 2009
MSC Industrial Direct	Financial Results	Jul 2, 2009
Shoppers Drug Mart	Financial Results	Jul 22, 2009
Supervalu	Financial Results	Jul 28, 2009

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Retailer of the Week: Whole Foods Market

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OPERATING PERFORMANCE: 6 MONTHS ENDED APRIL 12, 2009

\$ in millions	28 Weeks 4/12/2009	YOY Var.	28 Weeks 4/13/2008
Revenue	\$4,324.1	0.0%	\$4,323.8
Comparable Store Sales	(-4.4%)		8.1%
Operating Profit	\$146.4	(-6.4%)	\$156.4
Net Profit	\$67.6	(-14.5%)	\$79.1
Gross Margin	34.0%	(23 bps)	34.2%
SG&A Burden*	30.6%	0 bps	30.6%
Operating Margin	3.39%	(23 bps)	3.62%
Return on Sales	1.56%	(27 bps)	1.83%
EBITDA / Interest Expense	13.09x	(-6.8%)	14.05x

* - direct store expenses, G&A expenses, and pre-opening expenses.

Did You Know...?

U.S. personal incomes rose 1.4% in May, primarily from \$250 stimulus payments to Social Security recipients, the Commerce Department reported. Wages and salaries fell 0.1%.

For the twenty-eight weeks ended April 12, 2009, Whole Foods recorded a nominal increase on its revenue line. Same store sales suffered a 4.4% decline during the opening half of Whole Foods' fiscal 2009 year; over this timeframe, identical store sales (which exclude nine relocations and three expansions) dropped 5.3%. Both the comps and identical store sales declines would have been less severe by 80 basis points and 70 basis points, respectively, if one were to exclude the negative impact of foreign currency translation (see Comparable Store Sales). On an encouraging note, CEO John Mackey cited on the Q2 earnings call that on a sequential basis, the quarterly comps decline seen from Q1 2009 to Q2 2009 had greatly moderated from the pace seen moving from Q4 2008 to Q1 2009. Moreover, he noted that the second quarter comp decline represented a more even balance between transaction count and basket size (as opposed to be completely driven by traffic). Lastly, comps continued to fall during the first four weeks of Q3 2009, down about 3.3%, which would again actually mark some improvement. Could traffic trends be on the mend?

Private label penetration stood at 22% this spring, thanks to a 5% boost in off-brand SKU count. During the recent second quarter ended, deflation in certain categories such as produce and dairy allowed Whole Foods to deliver better prices to its shoppers without damaging its gross margin; the firm's six-month gross margin fell 23 basis points after having fallen 28 basis points in Q1 2009. The retailer also recouped some ground on its operating margin by keeping a lid on its operating expenses, which for the six-month period also fell 23 basis points. Whole Foods opened three new stores during Q2 2009 that appear to be more indicative of the direction the firm is headed in. These stores, which are based in Dallas, TX, Paramus, NJ, and Santa Cruz, CA, respectively, exhibit a simpler decor, are smaller in nature, and require less labor-intensive perishable departments. While EBITDA dipped to 13.1 times Whole Foods' interest expense, it still suffices for now.

Whole Foods is awaiting final approval of its settlement agreement reached with the FTC resolving the seemingly endless antitrust litigation related to its Wild Oats acquisition. If approved, a 3rd party trustee will be marketing 1) the leases and assets of 19 nonoperating, former Wild Oats locations and 2) leases and related assets (excluding inventory) for 13 operating stores (12 of which are Wild Oats stores, 1 of which is Whole Foods). Upon securing final approval of this arrangement, Whole Foods intends to book a non-cash charge of \$5.5 million related to the potential sale of the 13 stores.

LIQUIDITY AND FINANCIAL STRUCTURE

As of mid-April 2009, Whole Foods reported having \$362.6 million of cash and equivalents on its balance sheet. Back on December 2, 2008, Whole Foods raised \$413 million of proceeds from its \$425 million convertible preferred stock offering, serving to significantly boost the retailer's cash balances. The company's \$350 million bank agreement had \$260.9 million of availability as

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Retailer of the Week: Whole Foods Market

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of the most recent statement date. Availability was nearly identical to levels seen three months ago, with letters of credit totaling \$89.1 million being the only usage against the bank agreement. Some of the proceeds from the preferred equity offering were used to eliminate direct borrowings against the firm's revolver (see Bank Reference). The \$700 million term loan that the company took out to finance its acquisition of Wild Oats remained fully-drawn as of April 12th.

The company's \$743.2 million of long-term debt is comprised primarily of bank borrowings. The company's current debt equals a negligible \$0.4 million. A majority of Whole Food's principal obligations come due during 2012. The grocer's tangible net worth expanded 12.8% to \$814.7 million. Cash flow from operations of \$315.1 million sufficiently covered capital expenditures of \$185.2 million. The company has chosen to eliminate its dividend to common shareholders in an effort to conserve capital. However, the preferred shares sold to the private equity group do offer an 8% dividend. The cash infusion allowed the firm's GAAP working capital swung from a \$89.4 million deficit to a \$268.0 million positive figure.

First Quarter Scorecard

\$ in Millions. Quarter ended closest to 4/30/09	Sales			Comps	Net Income		
	2009	2008	Change		2009	2008	Change
Apparel							
Abercrombie & Fitch	\$612.1	\$800.2	-23.5%	-30.0%	(\$26.8)	\$62.1	-143.1%
Aeropostale, Inc.	\$408.0	\$336.3	21.3%	11.0%	\$31.7	\$17.5	81.1%
American Apparel	\$114.3	\$111.6	2.4%	-7.0%	(\$9.0)	\$1.1	-918.2%
American Eagle Outfitters	\$612.0	\$640.3	-4.4%	-10.0%	\$22.0	\$43.9	-49.9%
American Tire Distributors	\$538.3	\$511.0	5.3%	NA	(\$3.2)	\$1.7	-288.2%
AnnTaylor Stores Corp.	\$426.7	\$591.7	-27.9%	-30.7%	(\$2.3)	\$25.9	-108.9%
Belk, Inc.	\$760.9	\$817.3	-6.9%	-7.7%	\$0.5	\$5.1	-89.4%
Bluefly, Inc	\$19.9	\$25.2	-21.0%	NA	(\$3.0)	(\$2.9)	-1.2%
Bon Ton Stores, Inc.	\$644.5	\$700.2	-8.0%	-8.6%	(\$45.4)	(\$34.1)	-33.3%
Buckle, Inc.	\$199.7	\$160.3	24.6%	17.7%	\$26.9	\$18.7	43.9%
Cache, Inc.	\$53.0	\$67.7	-21.7%	-20.7%	(\$1.6)	(\$2.1)	22.3%
Carter's, Inc.	\$356.8	\$330.0	8.1%	5.2%	\$16.4	\$11.6	41.4%
Casual Male Retail Group	\$97.6	\$107.6	-9.3%	-10.7%	\$0.3	\$0.1	250.0%
Cato Corporation	\$238.1	\$225.8	5.4%	3.0%	\$18.8	\$16.9	11.6%
Charming Shoppes, Inc.	\$538.1	\$641.3	-16.1%	-13.0%	(\$6.6)	(\$46.8)	85.9%
Chico's FAS, Inc.	\$410.6	\$409.6	0.2%	-3.2%	\$14.5	\$12.7	13.9%
Children's Place	\$401.9	\$400.2	0.4%	1.0%	\$23.5	\$19.5	20.4%
Christopher & Banks Corporat	\$120.4	\$155.4	-22.5%	-24.0%	\$1.7	\$11.3	-85.0%
Citi Trends, Inc.	\$143.1	\$121.0	18.3%	7.4%	\$7.9	\$5.2	53.4%
Coldwater Creek Inc.	\$228.4	\$271.1	-15.8%	-18.6%	(\$7.6)	(\$9.2)	17.4%
dELIA's, Inc.	\$52.1	\$46.8	11.3%	0.2%	(\$3.6)	(\$3.9)	7.7%
Dillard's, Inc.	\$1,505.3	\$1,713.6	-12.2%	-13.0%	\$7.7	\$2.7	186.2%
Eddie Bauer Holdings	\$179.8	\$213.2	-15.7%	-13.7%	(\$44.5)	(\$19.3)	-130.6%
Gap Inc.	\$3,127.0	\$3,384.0	-7.6%	-8.0%	\$215.0	\$249.0	-13.7%
Gordman's	\$94.8	\$91.3	3.8%	2.8%	\$2.8	(\$2.1)	230.4%
Gymboree Corporation	\$228.0	\$238.9	-4.6%	-10.0%	\$21.8	\$25.0	-12.9%
Hart Stores Inc. (C\$)	\$35.0	\$31.1	12.5%	-3.3%	(\$0.6)	\$0.0	NA
Hot Topic, Inc.	\$175.1	\$159.0	10.1%	7.1%	\$1.2	(\$1.4)	187.5%
J. Crew Group, Inc.	\$345.8	\$340.6	1.5%	-5.0%	\$20.4	\$30.5	-33.0%
J.C. Penney Company	\$3,884.0	\$4,127.0	-5.9%	-7.5%	\$25.0	\$120.0	-79.2%
Jo-Ann Stores, Inc.	\$460.0	\$446.1	3.1%	1.0%	\$8.6	\$3.0	186.7%
JoS. A. Bank Clothiers	\$161.9	\$145.4	11.3%	4.3%	\$11.5	\$9.8	16.5%
Kohl's Corporation	\$3,638.0	\$3,624.0	0.4%	-4.2%	\$137.0	\$153.0	-10.4%
Le Chateau Inc. (C\$)	\$71.8	\$70.6	1.7%	-5.9%	\$5.1	\$5.6	-8.9%
Limited Brands	\$1,725.2	\$1,925.1	-10.4%	-7.0%	\$2.6	\$35.4	-92.7%
Macy's, Inc.	\$5,199.0	\$5,747.0	-9.5%	-9.0%	(\$88.0)	(\$59.0)	-49.2%

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First Quarter Scorecard

(continued from page 8)

\$ in Millions. Quarter ended closest to 4/30/09	Sales			Comps	Net Income		
	2009	2008	Change		2009	2008	Change
Apparel							
Men's Wearhouse	\$464.1	\$491.1	-5.5%	-7.0%	\$5.3	\$9.9	-46.5%
New York & Company, Inc.	\$232.9	\$270.1	-13.8%	-15.0%	(\$4.9)	\$6.7	-173.1%
Nordstrom, Inc.	\$1,706.0	\$1,879.0	-9.2%	-13.2%	\$81.0	\$119.0	-31.9%
Pacific Sunwear	\$223.5	\$266.9	-16.3%	-18.0%	(\$8.7)	(\$37.1)	76.5%
Reitmans Limited	\$231.7	\$228.3	1.5%	-0.8%	\$7.8	\$18.4	-57.7%
Retail Ventures, Inc.	\$385.8	\$366.3	5.3%	-4.7%	-43.9%	\$29.2	-101.5%
Ross Stores, Inc.	\$1,691.6	\$1,556.3	8.7%	3.0%	\$91.4	\$79.5	15.0%
Saks Incorporated	\$621.3	\$850.0	-26.9%	-27.6%	(\$5.1)	\$17.3	-129.5%
Stage Stores, Inc.	\$333.6	\$353.5	-5.6%	-9.0%	(\$0.9)	\$2.3	-139.8%
Stein Mart, Inc.	\$319.6	\$352.1	-9.2%	-8.0%	\$16.1	\$7.0	130.0%
Talbots, Inc.	\$306.2	\$414.8	-26.2%	-26.9%	(\$23.6)	\$1.6	-1575%
Tandy Leather Factory	\$13.4	\$13.3	0.8%	tba	\$0.7	\$0.6	16.7%
TJX Companies	\$4,354.2	\$4,303.6	1.2%	2.0%	\$209.2	\$193.9	7.9%
Tween Brands, Inc.	\$205.2	\$251.7	-18.5%	-23.0%	(\$1.4)	\$4.3	-133.5%
Urban Outfitters, Inc.	\$384.8	\$394.3	-2.4%	-7.0%	\$30.8	\$42.6	-27.6%
Wet Seal, Inc.	\$132.0	\$142.4	-7.3%	-7.3%	\$5.0	\$8.9	-43.7%
Drug							
Abbott	\$6,718.0	\$6,765.6	-0.7%	NA	\$1,439.0	\$937.9	53.4%
CVS Caremark Corporation	\$23,394	\$21,326	9.7%	3.3%	\$738.4	\$748.5	-1.3%
Drugstore.com, Inc.	\$98.3	\$92.6	6.2%	NA	\$1.3	(\$2.7)	148.1%
Duane Reade Holdings	\$444.5	\$427.1	4.1%	1.1%	(\$17.2)	(\$21.0)	18.1%
Express Scripts, Inc.	\$5,422.8	\$5,490.8	-1.2%	NA	\$214.4	\$177.2	21.0%
Omnicare, Inc.	\$1,563.6	\$1,559.0	0.3%	NA	\$30.9	\$26.2	18.1%
PharMerica Corporation	\$468.2	\$495.1	-5.4%	NA	\$8.2	\$3.3	148.5%
Rite Aid Corp.	\$6,531.2	\$6,612.9	-1.2%	0.6%	(\$98.4)	(\$156.6)	37.2%
Shoppers Drug Mart	\$2,195.3	\$2,023.8	8.5%	4.0%	\$106.8	\$100.7	6.1%
Ulta Salon, Cosmetics, Fragra	\$268.8	\$239.3	12.3%	-2.3%	\$4.9	\$4.3	14.0%
Food							
Arden Group	\$108.8	\$118.8	-8.4%	-8.4%	\$5.8	\$6.5	-10.8%
Delhaize Group Le Lion	\$6,742.8	\$7,127.7	-5.4%	2.0%	\$167.7	\$161.1	4.1%
George Weston Ltd.	\$7,022.0	\$6,835.0	2.7%	2.1%	\$853.0	\$118.0	622.9%
Kroger Co.	\$22,799	\$23,144	-1.5%	3.1%	\$435.1	\$386.0	12.7%
Loblaw Companies Ltd (C\$)	\$6,718.0	\$6,527.0	2.9%	2.1%	\$109.0	\$63.0	73.0%
Nash Finch Company	\$1,140.3	\$1,004.9	13.5%	-2.3%	\$14.4	\$10.6	35.8%
Penn Traffic Co.	\$200.1	\$212.1	-5.7%	-4.8%	(\$9.3)	(\$12.4)	-25.0%
Publix Super Markets	\$6,416.6	\$6,276.4	2.2%	-2.8%	\$321.5	\$343.2	-6.3%
Safeway, Inc.	\$9,236.4	\$9,998.8	-7.6%	-0.7%	\$144.2	\$193.4	-25.4%
Weis Markets, Inc.	\$606.2	\$595.7	1.8%	1.6%	\$16.5	\$9.1	82.4%
High-Tech & Electronics							
Amazon.com, Inc.	\$4,889.0	\$4,135.0	18.2%	NA	\$177.0	\$143.0	23.8%
Best Buy Co., Inc.	\$10,095.0	\$8,990.0	12.3%	-6.2%	\$153.0	\$179.0	-14.5%
BMTC Group Inc.	\$168.8	\$181.7	-7.1%	NA	\$3.1	\$11.6	-73.3%
Conn's, Inc.	\$231.3	\$218.6	5.8%	-4.6%	\$11.5	\$10.6	8.5%
GameStop Corp.	\$1,980.8	\$1,813.6	9.2%	-1.5%	\$70.4	\$62.1	13.4%
Hastings Entertainment	\$125.7	\$131.9	-4.7%	-5.9%	\$1.7	\$3.0	-43.1%
IAC/InterActiveCorp	\$332.0	\$370.7	-10.4%	NA	(\$33.1)	(\$11.1)	-198.2%
Ingram Micro Inc.	\$6,745.1	\$8,577.3	-21.4%	NA	\$27.5	\$64.1	-57.1%
Office Depot, Inc.	\$3,225.3	\$3,962.0	-18.6%	-17.0%	(\$55.3)	\$68.6	-180.6%
OfficeMax Incorporated	\$1,911.7	\$2,302.9	-17.0%	-12.7%	\$13.1	\$63.3	-79.3%
PC Connection, Inc.	\$326.2	\$423.7	-23.0%	NA	(\$1.6)	\$4.8	-133.3%
PC Mall, Inc.	\$259.3	\$336.6	-23.0%	NA	\$1.0	\$3.0	-66.3%
RadioShack Corporation	\$1,002.1	\$949.0	5.6%	5.0%	\$43.1	\$38.8	11.1%
Rent-A-Center, Inc.	\$728.2	\$756.6	-3.8%	NA	\$45.4	\$36.4	24.8%
Rex Stores Corporation	\$29.7	\$26.8	10.8%	NA	(\$1.7)	\$1.5	-213.3%
Staples, Inc.	\$5,817.6	\$4,884.6	19.1%	-8.0%	\$143.0	\$212.3	-32.6%

Did You Know...?

The consumer sentiment index rose to 70.8 in June from 68.7 in May, according to the University of Michigan/Reuters survey. The index has bounced back from a low of 55.3 in November.

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First Quarter Scorecard

(continued from page 9)

\$ in Millions. Quarter ended closest to 4/30/09	Sales			Comps	Net Income		
	2009	2008	Change		2009	2008	Change
High-Tech & Electronics							
Systemax Inc.	\$752.3	\$724.7	3.8%	NA	\$8.7	\$18.1	-51.9%
Tech Data Corporation	\$4,991.0	\$6,065.8	-17.7%	NA	\$31.8	\$21.4	48.6%
Trans World Entertainment	\$191.4	\$232.6	-17.7%	-9.0%	(\$13.7)	(\$11.8)	-16.1%
United Stationers Inc.	\$1,121.3	\$1,252.5	-10.5%	NA	\$13.5	\$21.3	-36.6%
ValueVision Media, Inc.	\$133.8	\$156.3	-14.4%	NA	(\$12.0)	(\$17.6)	31.8%
Home Centers							
Ace Hardware	\$851.2	\$872.1	-2.4%	-0.6%	\$14.4	\$10.8	33.3%
Builders FirstSource, Inc.	\$163.8	\$259.9	-37.0%	NA	(\$30.6)	(\$15.8)	-93.7%
Building Materials Holding Cor	\$167.5	\$342.9	-51.2%	NA	(\$45.2)	(\$33.9)	-33.3%
Calloway's Nursery, Inc.	\$8.7	\$9.8	-11.2%	5.6%	(\$0.3)	(\$0.1)	-107.3%
Fastenal Company	\$489.3	\$566.2	-13.6%	-15.1%	\$48.7	\$68.1	-28.5%
Goodfellow Inc (US\$)	\$72.7	\$101.4	-28.3%	tba	\$1.9	\$0.0	4650%
Greybar Electric	\$1,057.5	\$1,282.7	-17.6%	NA	\$2.5	\$19.0	-86.8%
Griffin Land & Nurseries	\$4.6	\$4.5	3.4%	NA	(\$1.8)	(\$1.6)	-13.9%
Home Depot, Inc.	\$16,175	\$17,907	-9.7%	-10.2%	\$514.0	\$356.0	44.4%
Huttig Building Products	\$100.0	\$166.8	-40.0%	NA	(\$14.3)	(\$9.8)	-45.9%
Interline Brands, Inc.	\$256.8	\$289.1	-11.2%	NA	\$2.9	\$8.7	-66.7%
Lowe's Companies	\$11,832	\$12,009	-1.5%	-6.6%	\$476.0	\$607.0	-21.6%
Lumber Liquidators	\$123.9	\$122.6	1.1%	-5.8%	\$5.1	\$4.3	18.6%
Rona, Inc. (C\$)	\$846.0	\$911.5	-7.2%	-8.5%	(\$2.5)	(\$2.4)	-4.2%
Sherwin-Williams Company	\$1,550.7	\$1,781.7	-13.0%	-12.7%	\$37.3	\$77.9	-52.1%
Tractor Supply Company	\$650.2	\$576.2	12.8%	4.2%	\$0.5	(\$2.0)	123.5%
True Value Company	\$442.9	\$464.7	-4.7%	NA	\$11.2	\$5.2	115.4%
United Rentals, Inc.	\$594.0	\$772.0	-23.1%	-20.0%	(\$19.0)	\$38.0	-150.0%
W.W. Grainger	\$1,465.2	\$1,661.0	-11.8%	-11.0%	\$96.4	\$11.2	760.7%
Wesco International	\$1,179.6	\$1,465.2	-19.5%	NA	\$23.3	\$42.7	-45.4%
Mass Merchants							
Big Lots, Inc.	\$1,141.7	\$1,151.6	-0.9%	-0.5%	\$36.2	\$34.5	4.9%
BJ's Wholesale Club, Inc.	\$2,314.0	\$2,307.8	0.3%	-1.5%	\$24.3	\$17.2	41.3%
Canadian Tire	\$1,758.1	\$1,825.3	-3.7%	2.5%	\$49.7	\$67.1	-25.9%
Dollar General Corporation	\$2,779.9	\$2,403.5	15.7%	13.3%	\$83.0	\$5.9	1307%
Dollar Tree Inc.	\$1,201.1	\$1,051.3	14.2%	9.2%	\$60.4	\$43.6	38.5%
Duckwall-ALCO Stores, Inc.	\$115.5	\$105.7	9.3%	6.2%	(\$0.1)	(\$5.9)	99.1%
Fred's, Inc.	\$458.4	\$464.3	-1.3%	2.8%	\$8.6	\$7.3	17.9%
Overstock.com	\$187.4	\$202.8	-7.6%	NA	(\$2.1)	(\$4.7)	55.3%
Sears Canada Inc.	\$1,116.5	\$1,254.4	-11.0%	-10.4%	\$10.3	\$70.8	-85.5%
Sears Holdings Corp.	\$10,055	\$11,068	-9.2%	-7.4%	\$26.0	(\$56.0)	146.4%
Target Corporation	\$14,361	\$14,802	-3.0%	-3.7%	\$522.0	\$602.0	-13.3%
Toys R Us Inc.	\$2,480.0	\$2,720.0	-8.8%	-5.4%	(\$40.0)	(\$47.0)	-14.9%
Wal-Mart Stores, Inc.	\$94,242	\$94,940	-0.7%	2.9%	\$3,139	\$3,144	-0.2%
Specialty							
A.C. Moore Arts & Crafts	\$108.6	\$126.5	-14.2%	-13.4%	(\$4.3)	(\$1.8)	-138.9%
Aarons, Inc.	\$473.9	\$412.7	14.8%	7.9%	\$35.2	\$24.8	42.0%
Advance Auto Parts, Inc.	\$1,683.6	\$1,526.1	10.3%	8.2%	\$93.6	\$82.1	14.0%
Barnes & Noble, Inc.	\$1,105.2	\$1,155.9	-4.4%	-5.7%	(\$2.7)	(\$2.2)	-22.7%
Bed Bath & Beyond	\$1,694.3	\$1,648.5	2.8%	-1.6%	\$87.2	\$76.8	13.5%
Blue Nile, Inc.	\$62.4	\$70.5	-11.5%	NA	\$1.9	\$2.6	-24.5%
Borders Group, Inc.	\$650.2	\$735.8	-11.6%	-13.5%	(\$86.0)	(\$31.7)	-171.3%
Brookstone, Inc.	\$61.5	\$89.8	-31.5%	-25.1%	(\$27.4)	(\$11.7)	-134.2%
Cost Plus, Inc.	\$184.3	\$201.9	-8.7%	-8.9%	(\$41.6)	(\$32.0)	30.0%
DGSE Companies, Inc.	\$25.9	\$32.2	-19.6%	NA	\$0.6	\$0.5	15.7%
Finlay Enterprises, Inc.	\$159.3	\$142.1	12.1%	NA	(\$28.7)	(\$11.0)	-160.9%
Hancock Fabrics, Inc.	\$64.1	\$63.8	0.5%	2.3%	(\$0.9)	(\$5.3)	83.0%
Haverty Furniture	\$144.2	\$185.3	-22.2%	-22.9%	(\$7.3)	\$1.0	-830.0%
Kirkland's, Inc.	\$83.3	\$84.1	-1.0%	5.2%	\$3.5	(\$2.6)	237.1%

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First Quarter Scorecard

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\$ in Millions. Quarter ended closest to 4/30/09	Sales			Comps	Net Income		
	2009	2008	Change		2009	2008	Change
Specialty							
Leon's Furniture Limited	\$152.5	\$154.6	-1.4%	-1.3%	\$8.6	\$11.1	-22.5%
Michaels Stores, Inc.	<i>\$852.0</i>	<i>\$847.0</i>	0.6%	-2.0%	<i>\$4.0</i>	<i>(\$20.0)</i>	120.0%
O'Reilly Automotive, Inc.	\$1,163.8	\$646.2	80.1%	NA	\$62.8	\$46.3	35.6%
Pep Boys -Manny, Moe & Jaci	\$496.5	\$498.0	-0.3%	-0.3%	\$10.9	\$4.7	131.9%
Perfumania Holdings	\$96.7	\$62.0	56.0%	NA	<i>(\$9.9)</i>	\$0.7	-1510%
Pet Valu Inc.	\$49.1	\$53.3	-7.9%	8.1%	\$2.7	\$2.8	-4.1%
PetSmart, Inc.	\$1,327.6	\$1,212.9	9.5%	3.9%	\$46.3	\$41.2	12.4%
Pier 1 Imports, Inc.	\$281.1	\$310.0	-9.3%	-7.5%	\$29.3	<i>(\$32.8)</i>	189.3%
Tiffany & Co.	\$523.1	\$668.1	-21.7%	-21.0%	\$24.3	\$64.4	-62.3%
Williams-Sonoma, Inc.	\$611.6	\$781.8	-21.8%	-21.0%	<i>(\$18.7)</i>	\$10.4	-279.8%
Sports & Footwear							
Bakers Footwear Group, Inc	\$45.0	\$43.5	3.4%	4.8%	<i>(\$2.8)</i>	<i>(\$4.9)</i>	42.5%
Big 5 Sporting Goods Corp.	\$210.3	\$212.9	-1.2%	-4.4%	\$2.8	\$4.1	-31.7%
Broder Bros., Co.	\$151.7	\$196.7	-22.9%	NA	<i>(\$14.8)</i>	<i>(\$13.3)</i>	-11.3%
Brown Shoe Company, Inc.	\$538.7	\$554.5	-2.8%	-4.9%	<i>(\$7.6)</i>	\$7.2	-205.6%
Cabela's	\$500.9	\$490.9	2.0%	8.2%	\$5.1	\$10.0	-49.0%
Collective Brands (Payless)	\$862.9	\$932.4	-7.5%	-4.8%	\$38.0	\$19.7	92.9%
Dick's Sporting Goods, Inc.	\$959.7	\$912.1	5.2%	-6.0%	\$10.2	\$19.6	-48.0%
DSW Inc.	\$385.8	\$366.3	5.3%	-4.7%	\$7.1	\$10.3	-31.1%
Finish Line, The	\$267.2	\$287.9	-7.2%	-3.9%	<i>(\$0.6)</i>	\$0.9	-169.1%
Foot Locker	\$1,216.0	\$1,309.0	-7.1%	-2.4%	\$31.0	\$3.0	933.3%
Footstar, Inc.	\$2.5	\$117.9	-97.9%	tba	<i>(\$2.2)</i>	<i>(\$1.5)</i>	46.7%
Forzani Group Ltd. (C\$)	\$307.7	\$307.5	0.1%	-0.4%	<i>(\$1.1)</i>	<i>(\$2.8)</i>	-60.7%
Gander Mountain	\$227.7	\$207.7	9.6%	7.4%	<i>(\$18.6)</i>	<i>(\$24.4)</i>	23.8%
Genesco Inc.	\$370.4	\$356.9	3.8%	2.0%	<i>(\$5.8)</i>	\$129.3	-104.5%
Golfsmith International	\$68.8	\$79.2	-13.1%	-11.7%	<i>(\$5.1)</i>	<i>(\$5.4)</i>	5.8%
GSI Commerce	\$196.5	\$195.5	0.5%	NA	<i>(\$11.1)</i>	<i>(\$10.8)</i>	-2.8%
Hibbett Sporting Goods, Inc.	\$157.7	\$145.8	8.2%	2.4%	\$10.9	\$9.4	16.0%
Lululemon Athletica Inc.	\$81.7	\$77.0	6.1%	-8.0%	\$6.5	\$8.5	-23.5%
Recreational Equipment	\$286.3	\$287.9	-0.6%	tba	<i>(\$14.9)</i>	<i>(\$11.3)</i>	-31.9%
Shoe Carnival, Inc.	\$167.3	\$162.1	3.2%	-0.3%	\$4.1	\$4.8	-14.6%
West 49 (C\$)	\$40.8	\$38.9	4.9%	2.9%	<i>(\$2.6)</i>	<i>(\$4.2)</i>	-38.1%
West Marine, Inc.	\$101.0	\$113.3	-10.9%	-6.8%	<i>(\$14.8)</i>	<i>(\$17.7)</i>	16.4%
WinMark Corporation	\$5.6	\$5.3	5.7%	tba	\$1.4	\$0.9	50.8%
Zumiez Inc.	\$76.8	\$78.7	-2.4%	-15.3%	<i>(\$1.7)</i>	\$1.4	-221.7%

Numbers in italics are implied or company estimates.[RETURN TO FIRST PAGE](#)