

RETAIL SECTOR WEEKLY

Key Retail News and Commentary

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Remember...

Doing nothing is very hard to do... you never know when you are finished.

Fed Officials More Confident Recession Ending

Federal Reserve officials were more confident than ever that the steep downturn in the economy was coming to an end, but had no firm grasp about the strength of the likely recover, according to the minutes of their last policy meeting released last week.

Bill Hampel, chief economist at Credit Union National Association, said Fed officials were "less worried that they were too optimistic about a second half recovery."

There was some suspicion that the recovery would be pretty fragile and vulnerable to shocks.

A key unknown is whether consumer spending would be restrained and if households will maintain the newfound religion to save more of their income.

The current thinking, according to the summary, is that the recovery would be shaky at first, and likely be led by businesses rebuilding inventories. Only in 2010 would a firmer recovery take hold. "Fed officials expected the pace of recovery to pick up in 2010, but they expressed a range of views, and considerable uncertainty, about the like strength of the upturn," the summary said.

As a result, Fed officials decided to stand pat and make no changes to their zero-interest-rate policy and extraordinary quantitative easing plans. Mr. Hampel said it was likely that the recovery "will not be too much to write home about", given the high debt burden facing consumers.

Officials did agree to slow the pace of the remainder of its purchases of \$300 billion in government debt to the end of October. Fed officials said this was done "to promote a smooth transition in markets."
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Retailer of the Week: Ahold

We are maintaining Ahold's moderate risk, 'C' credit rating and negative outlook. Our negative outlook simply alludes to Ahold walking the tightrope between a weak 'C' credit and a strong 'D' credit. Either way, vendors can remain comfortable with this account for the time being. Ahold has made strides in its U.S. operations, at its Shop & Shop and Giant-Landover stores in particular. Recent results are a far cry from years past that made us wonder whether Ahold wanted to be in the U.S. at all. Margins have improved nicely at the aforementioned banner, and while down a bit at Giant-Carlisle, still remain serviceable. We do not currently have any serious concerns with the firm's balance sheet. Furthermore, the supermarket has several very viable sources of liquidity at its disposal with respect to its cash hoard, revolver availability, and solid free cash flow generation. In late-June 2009, Standard & Poor's revised its credit rating on Ahold from BBB- to BBB.

What a departure from the days of soaring fuel prices where trip consolidation was in vogue. While trading down remains very prevalent in this economy, shopper behavior has also shifted toward an increasing number of trips in pursuit of the best prices and values. Supermarkets and mass merchants appear to be gaining share by luring restaurant-goers that are eating in more often than they'd prefer to. But being competitively priced remains more important than ever, particularly in more densely populated areas where shoppers have more alternatives. Hence, these retailers are in many instances, competing over smaller average basket sizes.

OPERATING PERFORMANCE: 28 WEEKS ENDED JULY 12, 2009

During the first half of fiscal 2009, Ahold's registers churned out receipts of €15.1 billion, a 13.6%
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Fed Officials More Confident Recession Ending

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However many Fed watchers have interpreted the move as a sign that the central bank had entered a new “end of easing” phase. Taken all together, the minutes suggest a fairly quiet meeting.

There were no major changes to the economic outlook that had to be prepared for Congress late in June. Fed officials expect the recovery to take hold sometime in the last six months of the year. Many economists said the big jump in a key reading of nationwide economic conditions in August—the Institute for Supply Management’s factory index—was a signal that the recession was over.

However, there was still a lively debate among officials over inflation. The majority of Fed officials are not worried about the possibility of a spike in higher prices. They argue that the recession has created a lot of “slack” of goods and equipment that will be called on when the economy begins to improve. This will keep companies from all running to the store to purchase new equipment at the same time – a key ingredient for inflation.

A vocal minority at the central bank rejects this argument. They argue that excess money is the key to inflation. The Fed has poured trillions of dollars into the economy to end the recession. This money is tinder that will catch fire unless removed by the central bank. In the background is a quiet fear among some officials that prices might actually sink. This could be as damaging as a burst of inflation. These officials point out the fact that businesses have been cutting back on wages. Lower compensation means workers will have less money to spend and prices may have to drop.

Weakness in the labor market remains a key concern of all members. Although there was a trend toward lower job losses, long-term unemployment and permanent separations continued to rise, suggesting possible problems of skill loss and a need for labor reallocation that could slow recovery in employment as the economy begins to expand.

Feedback?

Questions?

Suggestions?

[Click Here](#)

Management on the Move

Penn Traffic Co. Controller **Eric Sattler** was appointed VP Finance and Interim CFO, following the departure of SVP and CFO **Tod A. Nestor**. Nestor is joining New York-based Fairway Market as its CFO. A formalized search process to replace Nestor is currently underway.

CDW Corp. appointed **Thomas E. Richards** as President and COO. Richards was COO of Qwest Communications prior.

Family Dollar Stores, Inc. named **Kecia Lamm** VP of Store Operations and **Holly Shaskey-Platek** VP of Change Management and Leadership Development. Lamm comes from Home Depot, where she was VP and GM Expo Design Center. Shaskey-Platek’s was a VP with ShopNBC.

W.W. Grainger promoted **Jeff Yin** to VP and General Manager of Grainger China. Yin was Director, Sales and Marketing for China previously. Also, **Sean O’Brien** was named President of Acklands-Grainger Inc., Grainger’s Canadian subsidiary.

United Rentals, Inc. appointed **Ned Graham** VP of Business Development. Graham was SVP of Operations for RSC Equipment Rental prior.

Recreational Equipment Inc. names board member and vice chair of its audit and finance committee **Ivar Chhina** as its new CFO.

Insight Enterprises, Inc. has initiated a global search for a new President and CEO to succeed **Richard A. Fennessy**, who left Insight to pursue other opportunities.

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

Another 18 U.S. speculative-grade corporate issuers defaulted in August, bringing the tally for this year to 147 and lifting the default rate into double digits, according to Standard & Poor's. The default rate was 10.2% in the 12 months through August, up from 9.4% at the end of July and 2.5% a year earlier.

Business and consumer bankruptcy filings fell slightly in August compared with the previous month, but bankruptcy experts believe they will still hit record numbers this year thanks to a downturn in the U.S. economy. Last month, 7,327 businesses filed for bankruptcy, compared with 8,068 that sought protection from creditors in July, according to new data from Automated Access to Court Electronic Records, or AACER, a private firm that tracks bankruptcy filings.

The U.S. retail unit of luggage maker Samsonite Corp. has filed for Chapter 11 bankruptcy protection with the goal of cutting its store count in half in a bid to boost profits. **Samsonite Company Stores LLC** on Wednesday launched a Chapter 11 restructuring in the U.S. Bankruptcy Court in Wilmington, Del. The retailer plans to quickly close up to 84 stores, shuttering its high-end and mall stores in order to focus on its more profitable outlet stores. The Mansfield, Mass., company, which operates 173 stores in 38 U.S. states, said its restructuring was prompted by a recession that has kept many Americans from traveling, thereby reducing demand for its products.

Checkers Drive-In Restaurants Inc., the largest chain of double-drive-through restaurants, won the green light to purchase the assets of its

largest franchisee after agreeing to raise its offer. A judge signed an order authorizing Checkers to buy franchisee **Alset Owners LLC's** assets with an offer that includes \$1.8 million in cash and forgives \$3.8 million that Alset owes it in royalties and other fees under their franchise agreement.

Finlay Enterprises Inc.'s creditors are fighting the company's "premature" bid to pay millions of dollars in employee wages and benefits when it's not clear what the jewelry retailer's fate will be. The official committee representing Finlay's unsecured creditors is urging the U.S. Bankruptcy Court in Manhattan to deny Finlay's bid to pay up to \$4.8 million in employee wages, benefits, taxes and bonuses it currently owes. The unsecured creditors specifically took issue with Finlay's request to pay up to \$1.1 million in severance payments for executives as well as rank-and-file workers.

Filene's Basement Inc. is asking for 90 more days to keep exclusive control over its bankruptcy case as it works to liquidate its remaining assets and finalize its creditor-repayment plan. The company asked the U.S. Bankruptcy Court in Wilmington, Del., on Monday to extend its exclusive right to file a Chapter 11 plan to Nov. 30 from Sept. 1.

Nearly seven months after wrapping up its going-out-of-business sales, **KB Toys Inc.** has sold its intellectual property to CE Stores Inc. for \$2.1 million. Under the asset-purchase agreement, CE Stores will receive 15 trademarks, including KB Toys, Toy Works and Toy Liquidators. More than 65 URLs, ranging from kbkids.com to kbtoysbankruptcy.com, are also part of the deal.

Mass Merchant Musings

Family Dollar Stores, Inc. sales increased 2.6% to \$1.811 billion in the fiscal fourth quarter ended August 29. Comp store sales increased 1.0%. For the full year just ended, total sales were up 6.0% to 7.401 billion, with comp store sales up 4.0%. FDO will report its fourth quarter on October 7, and expects earnings of \$0.39 and \$0.43 a share.

Wal-Mart Stores, Inc. has partnered with First Data to substitute debit cards for paper paychecks for those Walmart and Sam's Club employees who don't have bank accounts. The First Data Money Network program uses debit Mastercards, which can be used to withdraw

money, or to make purchases anywhere Mastercard is accepted.

Taking a page from Amazon, **Wal-Mart** has launched Walmart Marketplace on Walmart.com, which aggregates almost one million products from outside retailers under the website's search and transaction engine.

Dollar Tree, Inc.'s board of directors will recommend at the 2010 annual meeting that shareholders support an amendment to the company's articles of incorporation to declassify the board.

Did You Know...?

The Pending Home Sales index rose 3.2% in July, the National Association of Realtors reported. It's the sixth straight month of increases, and the index is up 12% year-on-year.

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The Global World of Sports and Footwear

Collective Brands two retail divisions each had their problems in the second quarter. Stride Rite Retail suffered a \$3.5 million operating loss on a 1% revenue decline to \$48.1 million. Payless Domestic, meanwhile, turned an operating profit of \$24.1 million despite a 7% revenue drop to \$546.8 million. Operating profit at Payless Intl. fell 75% to \$4.4 million as revenues fell 11% to \$103.7 million.

Cabela's sold its Van Dyke's Taxidermy business to McKenzie Sports Products for an undisclosed cash price. MacKenzie is owned by Gridiron Capital. Van Dyke's, in business for more than 60 years, will continue to operate out of its Woonsocket, SD factory under the new ownership. Cabela's says the divestiture will not materially impact its Q3 results.

Quiksilver's U.S. retail operations fared poorly in the second quarter, with U.S. comps overall down 20% and eight stores closed during the period. There remain about 120 stores here, but they are losing money right now. ZQK hinted that more stores might be closed but did not go into specifics. Europe, where it opened seven stores during the period, remains profitable.

Lululemon plans to enter the children aged 6-12 market with a new "ivivva" banner, which will sell technical, multi-functional apparel. The concept will initially focus on girls' apparel and will be tested in three stand-alone stores in its home market of Vancouver, BC for Holiday, 2009.

Foot Locker, Inc. is partnering with Orlando-based Gen2Media Corp. on the venture that will bring customized video programming to Foot Locker consumers at FootLockerOnlineTV. Financial terms of the transaction were not disclosed. The ad-supported channel, available at Foot Locker's website before Q4, will

showcase custom video programming and digital advertising especially created for FL's customer base.

U.S. team sports participation has declined in 20 of 23 team sports over the last eight years, according to the latest *U.S. Trends in Team Sports* report from the Sporting Goods Manufacturers Association. Soccer and Ultimate Frisbee were immune to that trend. Team equipment sales, which have been stagnant for the last two years after surpassing the \$2 billion mark in 2006, will likely slip this year due to the smaller athletic budgets. Over the last eight years, U.S. team equipment sales rose 3.2% between 2006 and 2008 to \$2,091 million in 2008.

Athlete's Foot opens its 50th franchised store in Mexico and 14th in the city of Iztaaplana DF in the country's Federal District.

Payless ShoeSource will begin opening franchised locations in Russia in 2010 through a multi-year licensing agreement between parent **Collective Brands** and Collective's Middle East franchisee partner, M.H. Alshaya Company. The goal is for a minimum of 90 Payless locations within five years and 300 doors over the longer-term.

Outdoor Sporting Goods retail sales fell 4% in July year-over-year to \$371 million, according the latest top line report from the Outdoor Industry Association. On the positive side, close-to-home outdoor recreation and camping continued during the cooler-than-usual month, bolstering sales of many camping, backpacking and hiking products. Specialty stores lost 5% y-o-y in total dollar sales in July, while outdoor chain store sales declined 4%, and Internet sales were flat as a 10% increase in average unit retail offset a 10% drop in units.

Did You Know...?

The ISM manufacturing index rose to 52.9 in August from 48.9 in July, the Institute for Supply Management reported. This is the first time the index has been above 50—showing expansion—since January 2008.

Hi Tech Entertainment

Best Buy will open 22 new U.S. Best Buy stores in the third fiscal quarter, including its fifth store in Puerto Rico and a new store on Union Square, in Manhattan.

Tech Data Corp. opened a 25,000 sq. ft. West Coast integration center co-located with its logistics center in Fontana, California. The facility will be used to pre-load and configure customer computer systems and other hardware.

Amazon.com, Inc. filed a 41 page brief to try and persuade a U.S. District Judge to void

Google's breakthrough settlement of a class action suit by U.S. authors and publishers. The deal would allow Google to sell digital copies of copyright-protected books on behalf of copyright owners unless they specifically withdraw from the settlement. Google rivals Amazon, Microsoft and Yahoo are terrified of the deal, which would give Google a big advantage in on-line publishing.

Meanwhile, **Google** has partnered with U.K.-based Interead to make over a million out-of-copyright books available on Interead's "Cool-er" e-book reader, the *Wall Street Journal* reported.

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Off the Rack

Barney's New York is weighing a debt restructuring or bankruptcy filing, according to a *Bloomberg* article. Perry Capital LLC, owner of a large stake of the firm's outstanding debt load, and Toronto department store chain Holt Renfrew are reportedly interested in a joint venture to acquire the struggling upscale chain. Controlling shareholder Istithmar, a Dubai sovereign wealth fund, is reportedly still considering other options

part of the reserve previously taken by TJX in Q2 2007.

Aeropostale, Inc. raised its earnings guidance for the third quarter based on better than expected August results. ARO now expects net earnings will be \$0.78 to \$0.80 per share, up from previous guidance of \$0.76 to \$0.78 per share, and compared to \$0.63 per share in the third quarter last year.

Syms Corp. obtained a committed \$75 million asset-based revolving credit facility from Bank of America, N.A. The new facility expires August 27, 2012.

Burlington Coat Factory Investments Holdings, Inc. sales increased 4.4% to \$3.542 billion for the fiscal year ended May 30, 2009. Comp store sales decreased 2.5%. Net loss for the year expanded to \$191.6 million from a loss of \$49.0 million last year, on a \$294.5 million non-cash impairment charge. Burlington Coat Factory opened 36 net new stores in fiscal 2009 and currently operates 433 locations.

Casual Male Retail Group, Inc. is selling 4.95 million shares to institutional investors for \$2.75 per share. Net proceeds are expected to be \$12.6 million and will be used for general corporate purposes and debt retirement.

Also, **Burlington Coat Factory** reported sales fell 0.3% to \$704.6 million in the first quarter of fiscal 2010 ended August 29. Comp store sales decreased 6.9%.

TJX Companies, Inc. paid \$525,000 to settle a putative financial institutions class action suit from the intrusion into TJX's computer system during 2005 and 2006. The payment is already

Did You Know...?

U.S. factory orders increased 1.3% in July, the Commerce Department reported. Durable goods orders were up an upwardly revised 5.1% in July. Orders for nondurable goods fell 1.9%.

Heard in the Grocery Aisle

Publix plans to open a new supermarket concept in Naples, Florida in the second half of 2010, according to *Progressive Grocer*. The 60,000 sq. ft. hybrid-organic store will combination Publix' GreenWise Market format with a standard store.

million shares, or 8.3 % of its outstanding public float. The term is from September 8, 2009 to September 7, 2010. Over the past year, Metro repurchased 4.55 million shares for a total of \$157.2 million.

Metro Inc. will acquire 15-supermarket chain **Les Supermarchés GP Inc.** The transaction is expected to close later this month.

Sprouts Farmers Market is planning to open at least 13 stores in Texas, Colorado and California, the *Phoenix Business Journal* reported. Sprouts will end 2009 with 11 new stores with 15 more scheduled for 2011.

Also, **Metro Inc.** renewed its normal course issuer bid stock buyback program for up to 6

FYI for the DIY

Builders FirstSource, Inc. stock and debt-holders JLL Partners and Warburg Pincus have proposed a recapitalization of the company. Their proposal consists of a \$75 million rights offering to existing stockholders at \$2.00 per share, swapping \$98 million of notes for common stock at \$2.00 per share, and exchanging the remaining debt for new notes maturing in 2017 at 75 cents on the dollar.

Toledo, Ohio hardware wholesaler **Bostwick-Braun Co.** has moved to buy the assets of bankrupt Alabama-based **Moore-Handley Inc.** The deal, if approved by the bankruptcy court, will boost Bostwick-Braun's annual topline by \$146 million from its current \$100 million in sales.

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Health & Beauty Aids

Walgreens, whose fiscal year ended August 31, reported that total sales increased 7.3% to \$63.347 billion for the year. Comparable store sales for fiscal 2009 increased 2.1%.

Rite Aid Corp. broke out second quarter same store sales as follows: front-end, down 4.9%, and pharmacy, up 0.8%. Excluding Brooks Eckerd stores, same store sales were down 0.6% overall: front-end down 4.9% and pharmacy up 2.0%. Brooks Eckerd same store sales decreased 2.3% overall: front-end decreased 4.7%, and pharmacy decreased 1.4%.

Ulta Salon, Cosmetics & Fragrance, Inc. issued sales and earnings guidance for the third quarter. Ulta expects sales of \$270 million to \$278 million vs. \$254.8 million in the third quarter last year. Comp store sales are expected to decrease 1% to 4%, down from +2.0% last year. Net income for the third quarter is expected to be \$0.08 to \$0.11 per share, from \$0.09 a share last year.

Retail-based clinics provide care for minor ailments as good or better than conventional medical facilities, according to a study published in the September edition of the *Annals of Internal Medicine*. And in-store clinics deliver health care at a significantly lower cost. Quality was about the same as in doctors offices and better than in emergency rooms, the study found.

Shoppers Drug Mart Corp. opened a Murale beauty store in Toronto, Ontario. It's the first Murale in the city and the third in Canada.

Cardinal Health has finally completed the spinoff of CareFusion Corp., which now trades on the NYSE as CFN.

Harris Teeter is implementing MedFlash electronic health records software from Connectyx Technologies Holding Group Inc. in its 118 pharmacies in Harris Teeter stores.

Specialty Items

Jennifer Convertibles, Inc. will open two additional Ashley Furniture HomeStores in New York, in Elmhurst, Queens and in Farmingdale, Long Island. This doubles the number of Ashley Furniture stores in the New York Metropolitan area to four.

Roark Capital Group completed its acquisition of **Pet Valu, Inc.** and **Pet Valu Canada Inc.** The

acquisition was approved by shareholders at an August 25th special meeting. PNCI's shares will be delisted this week and Pet Valu will become a private company.

1-800-Flowers.com, Inc. has been sued by former Deputy General Counsel and Vice President Andrea Kantor in Brooklyn federal court, alleging sex discrimination.

General Retail News

Retail theft losses totaled over \$6.0 billion in 2008 from 22 major retailers surveyed, according to the 21st Annual *Retail Theft Survey* conducted by Jack L. Hayes International. Surveyed retailers apprehended 904,226 shoplifters and dishonest employees in 2008—up 7.26% vs. 2007—but recovered just \$182 million of stolen merchandise.

Outsourced retail e-commerce provider **GSI Commerce** acquired **Pepperjam**, an interactive marketing agency that specializes in search engine marketing, affiliate marketing and on-line media and planning. Terms of the deal weren't available. GSIC said last year its on-line marketing efforts for clients produced \$100 million in sales.

Rating Changes & Outlooks

| Company | S&P Credit Rating | | S&P Credit Outlook | | GCS Credit Rating |
|------------------------------|-------------------|-------|--------------------|----------|-------------------|
| | Current | Prior | Current | Prior | Current |
| JO ANN STORES INC | B+ | B | STABLE | POSITIVE | B- |
| DESTINATION MATERNITY CORP | B- | B- | POSITIVE | STABLE | E |
| BROWN SHOE COMPANY INC | B- | B | STABLE | NEGATIVE | D+ |
| SUBURBAN PROPANE PARTNERS LP | BB | BB- | STABLE | POSITIVE | C- |

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Retailer of the Week: Ahold

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Did You Know...?

The ISM service index increased to 48.4 in August, up from 46.4 in July, the Institute for Supply Management said. The index remains below 50, which indicates contraction.

increase over the year ago period. Assuming constant exchange rates, six-month sales increased by 5.2%. Although the grocer does not provide same store sales growth for the consolidated American operations, we do know that the firm's U.S. revenues comprise about 60% of its revenue base (in euros). In the U.S., we estimate Ahold's same store sales to have risen 2.1% and 2.7%, respectively, during Q2 2009 and the first semester of fiscal 2009 (see Comparable Store Sales). A few observations that can be taken away from the firm's second quarter U.S. sales results: 1) the price of gasoline continued to be a drag on results, 2) Stop & Shop/Giant Landover segment faced some easier comparisons while Giant Carlisle bumped up against tougher ones, and the fruits of the firm's work with its VIP (Value Improvement Program) seem to be gaining the acceptance of its shoppers. In Europe, the Albert Heijn banner was able to produce 0.6% identical store sales growth during Q2 2009 while Albert/Hypernova endured a 1.6% identical store sales decline.

The company's six-month gross margin of 27.3% reflected 95 basis points of improvement. Given the rapid slowdown in inflation, CEO John Rishton pointed out that a significant portion of Ahold's U.S.-based growth was driven by volume growth. The VIP program has been critical to this volume growth, as it has been a departure from the pattern of simply raising prices and allowing volume to decline. Although not specifically disclosed on the Q2 2009 earnings call, management did note that it continues to see ample opportunities to grow its private label offerings in the U.S. Though not particularly large, the company did report \$18 million of impairment charges (versus \$6 million in H1 2008) and \$4 million of gains related to asset sales (versus \$36 million in H1 2008) during the first half of fiscal 2009. Therefore, Ahold's adjusted operating income tallied €705 million during H1 2009, up 30.3% from €541 million during the prior year period.

Net income for the period was €391 million, down 35% from the prior comparable period. The key consideration here is to remember that Ahold lost €54 million from discontinued operations in the first half of fiscal 2009; during the same period last year, discontinued operations added €201 million of income to its bottom line. Without these disparities, Ahold's net profit would have risen about 12% to €445 million. Making up the majority of the current year's discontinued operations, Ahold took a €65 million after-tax provision to cover liabilities related to lease guarantees for its formerly owned bankrupt grocers, BI-LO and Bruno's. During the year-ago period, the bulk of Ahold's income from discontinued operations can be traced back to Schuitema, which provided a total boost of €179 million.

| € in millions, 28 weeks ended | July 12, 2009 | YOY Var. | July 13, 2008 |
|--|---------------|----------|---------------|
| Net Sales | € 15,084 | 13.6% | € 13,283 |
| Operating Profits | € 691 | 21.0% | € 571 |
| Operating Margin | 4.58% | 28 bps | 4.30% |
| Net Income From Continuing Operations | € 445 | 11.8% | € 398 |
| Net Income (shareholders') | € 391 | (34.7%) | € 599 |
| EBITDA * | € 1,092 | 19.7% | € 912 |
| EBITDA Margin * | 7.24% | 37 bps | 6.87% |
| Interest Coverage(EBITDA * / Interest Expense) | 6.07x | 23.1% | 4.93x |
| Average Value of US\$ | € 0.7474 | | € 0.6526 |

*- not added back in the calculation of EBITDA are income from discontinued operations or Ahold's share of income from its joint ventures.

USA Retail: Ahold concluded the first half of fiscal 2009 with \$12.0 billion worth of U.S.-based revenue, implying a 2.9% growth rate. Over the same period, operating profits escalated 24.7% to \$561 million. To paint Ahold's U.S.-based stores with the same broad brush may not be appropriate in this case. The Stop & Shop/Giant-Landover arena (564 stores) reported top-line growth of 2.8% and 3.2% for Q2 2009 and H1 2009, respectively. Furthermore, this arena's operating profits soared 60% and 35% during Q2 2009 and H1 2009, respectively, to \$200 million and \$442 million. While management was pleased with the Stop & Shop/Giant Landover arena's performance, it did admit that the unit anniversaried some easier comparisons in Q2 2009. Walking the aisles of some of

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Retailer of the Week: Ahold

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the New Jersey-based stores, we have found Stop & Shop's pricing to be more comparable to neighboring Shop Rites and further distanced from the more expensive A&P locations.

Giant-Carlisle (149 stores), on the other hand, found growth more difficult to come by due to tougher comparisons and making some needed adjustments to compete with both ends of the market. Remember that nearly three quarters of the Giant-Carlisle stores compete with a Wal-Mart supercenter. Additionally, some of its stores also bump into Wegman's, an exceptionally well-run, high quality grocer with about 73 stores (mostly based in New York, New Jersey, & Pennsylvania). Looking past its fuel pumps, the Giant-Carlisle arena was able to grow inside identical store sales and expand volumes. This arena's revenue fell 0.4% during Q2 2009 to \$1.1 billion and rose 1.7% to \$2.6 billion during H1 2009. Operating income eased 6% during Q2 2009 to \$48 million and fell 3.3% to \$119 million during the first semester of fiscal 2009.

| \$ in millions, 28 weeks ended | July 12, 2009 | YOY Var. | July 13, 2008 |
|--|---------------|----------|---------------|
| Stop & Shop/Giant Landover Arena Sales | \$9,443 | 3.2% | \$9,147 |
| Stop & Shop/Giant Landover Arena Operating Profits | \$442 | 35.2% | \$327 |
| Stop & Shop/Giant Landover Arena Operating Margin | 4.68% | 111 bps | 3.57% |
| Giant Carlisle Arena Sales | \$2,575 | 1.7% | \$2,531 |
| Giant Carlisle Arena Operating Profits | \$119 | (3.3%) | \$123 |
| Giant Carlisle Arena Operating Margin | 4.62% | (24 bps) | 4.86% |

*- the Giant Carlisle Arena was formerly known as the Giant Carlisle/Tops Arena

LIQUIDITY & FINANCIAL STRUCTURE

As of July 12, 2009, Ahold reported having €2.6 billion in cash on its balance sheet, which was only 0.2% lower than the level seen one year earlier. Beyond simply having a nice cash cushion, the supermarket chain's €1.2 billion revolver recently been used only for letters of credit. While Ahold doesn't divulge L/C usage on a quarterly basis, we assume that L/Cs are not significantly different from the €413 million reported as of fiscal 2008's end. Under that assumption, an additional €787 million of availability would've remained this summer (see Bank Reference). The company's balance sheet strength largely stems from the sale of U.S. Foodservice and prudent financial management.

Tangible net worth has enjoyed a 21% increase to €4.3 billion over the past twelve months. Over that timeframe, working capital increased 44% to €1.4 billion thanks to a lower short-term debt balance. During the first semester of 2009, Ahold's operating cash flow of €983 million represented a 21% improvement and provided an adequate funding source to pay for capital spending needs of €387 million. Following the script of many other retailers which all seem to be tightening the grasp on their cash these days, Ahold's capital spending is pacing about 11% below fiscal 2008. CEO Rishton expects to spent less than €1 billion on capital expenditures in 2009. Thus far, excess free cash flow has been used to pay back €519 million of loans.

The firm's debt balance of €3.8 billion seen this summer was mainly comprised of €2.3 billion of loans (of which €130 million is current), €1.0 billion of capitalized leases, and €497 million of cumulative preferred stock (which Ahold classifies as debt and we in turn view as super-subordinated debt). Near-term maturities as reflected on Ahold's balance sheet were €202 million, which is quite manageable given the company's cash position.

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RETAIL SECTOR WEEKLY

Second Quarter Scorecard

| \$ in Millions. Quarter ended closest to 7/31/09 | Sales | | | Comps | Net Income | | |
|--|-----------|-----------|--------|--------|------------|-----------|---------|
| | 2009 | 2008 | Change | | 2009 | 2008 | Change |
| Apparel | | | | | | | |
| Abercrombie & Fitch | \$648.5 | \$845.8 | -23.3% | -30.0% | (\$26.7) | \$77.8 | -134.3% |
| Aeropostale, Inc. | \$453.0 | \$377.1 | 20.1% | 12.0% | \$38.6 | \$21.1 | 83.4% |
| American Apparel | \$136.1 | \$133.0 | 2.3% | -10.0% | \$4.5 | \$6.8 | -34.3% |
| American Eagle Outfitters | \$657.6 | \$688.8 | -4.5% | -10.0% | \$28.6 | \$59.8 | -52.2% |
| American Tire Distributors | \$557.3 | \$504.3 | 10.5% | NA | \$0.3 | \$2.3 | -87.0% |
| AnnTaylor Stores Corp. | \$470.2 | \$592.3 | -20.6% | -22.5% | (\$18.0) | \$29.3 | -161.4% |
| Belk, Inc. | \$760.3 | \$829.3 | -8.3% | -9.4% | \$9.4 | \$8.2 | 14.6% |
| Bon Ton Stores, Inc. | \$609.2 | \$673.4 | -9.5% | -9.8% | (\$34.8) | (\$33.8) | -2.9% |
| Buckle, Inc. | \$192.9 | \$169.8 | 13.6% | 8.6% | \$25.0 | \$22.3 | 12.1% |
| Cache, Inc. | \$56.9 | \$74.0 | -23.1% | -23.0% | \$0.8 | \$2.1 | -59.9% |
| Casual Male Retail Group | \$98.3 | \$113.5 | -13.4% | -13.9% | \$3.6 | \$1.9 | 89.5% |
| Cato Corporation | \$225.4 | \$231.0 | -2.4% | -3.0% | \$16.7 | \$12.1 | 38.1% |
| Charming Shoppes, Inc. | \$527.2 | \$648.6 | -18.7% | -14.0% | \$5.0 | \$10.7 | 53.3% |
| Chico's FAS, Inc. | \$419.9 | \$405.2 | 3.6% | 1.3% | \$14.9 | \$6.7 | 123.1% |
| Children's Place | \$315.7 | \$338.0 | -6.6% | -9.0% | (\$7.1) | \$0.0 | -64191% |
| Citi Trends, Inc. | \$111.6 | \$115.7 | -3.5% | -12.4% | (\$0.1) | \$2.9 | -102.4% |
| Coldwater Creek Inc. | \$225.2 | \$241.4 | -6.7% | -10.2% | (\$4.9) | \$3.1 | -256.1% |
| dELiA*s, Inc. | \$45.7 | \$44.6 | 2.5% | -8.1% | (\$4.7) | (\$5.0) | 6.5% |
| Dillard's, Inc. | \$1,366.3 | \$1,606.7 | -15.0% | -13.0% | (\$26.7) | (\$38.3) | 30.4% |
| Gap Inc. | \$3,245.0 | \$3,499.0 | -7.3% | -8.0% | \$228.0 | \$229.0 | -0.4% |
| Gordman's | \$99.9 | \$101.0 | -1.1% | -1.9% | \$2.7 | \$0.0 | 6223% |
| Gymboree Corporation | \$212.3 | \$202.8 | 4.7% | -1.0% | \$12.2 | \$8.0 | 51.8% |
| Hot Topic, Inc. | \$157.8 | \$166.8 | -5.4% | -7.7% | (\$3.2) | (\$0.5) | -611.1% |
| J. Crew Group, Inc. | \$357.6 | \$336.3 | 6.3% | -5.0% | \$18.6 | \$18.1 | 2.8% |
| J.C. Penney Company | \$3,943.0 | \$4,282.0 | -7.9% | -9.5% | (\$1.0) | \$117.0 | -100.9% |
| Jo-Ann Stores, Inc. | \$419.4 | \$403.0 | 4.1% | 1.8% | (\$3.2) | (\$11.7) | 72.6% |
| JoS. A. Bank Clothiers | \$167.7 | \$152.7 | 9.8% | 6.2% | \$12.5 | \$8.9 | 40.4% |
| Kohl's Corporation | \$3,806.0 | \$3,725.0 | 2.2% | -2.3% | \$229.0 | \$236.0 | -3.0% |
| Limited Brands | \$2,067.0 | \$2,284.0 | -9.5% | -9.0% | \$60.3 | \$93.9 | -35.8% |
| Macy's, Inc. | \$5,164.0 | \$5,718.0 | -9.7% | -9.5% | \$7.0 | \$73.0 | -90.4% |
| New York & Company, Inc. | \$247.8 | \$295.7 | -16.2% | -16.4% | (\$4.8) | \$8.8 | -154.5% |
| Nordstrom, Inc. | \$2,145.0 | \$2,287.0 | -6.2% | -9.8% | \$105.0 | \$143.0 | -26.6% |
| Pacific Sunwear | \$242.8 | \$312.7 | -22.4% | -24.0% | (\$14.2) | \$2.8 | -607.1% |
| Reitmans Limited | \$286.1 | \$289.5 | -1.2% | -2.2% | \$26.4 | \$35.4 | -25.4% |
| Ross Stores, Inc. | \$1,769.0 | \$1,640.0 | 7.9% | 3.0% | \$103.4 | \$71.3 | 45.0% |
| Saks Incorporated | \$561.7 | \$657.0 | -14.5% | -15.5% | (\$54.5) | (\$32.7) | -66.7% |
| Stage Stores, Inc. | \$341.7 | \$372.7 | -8.3% | -10.7% | \$9.1 | \$9.7 | -5.8% |
| Stein Mart, Inc. | \$287.5 | \$311.6 | -7.7% | -4.5% | \$1.5 | (\$8.0) | 118.8% |
| Tandy Leather Factory | \$13.2 | \$13.8 | -4.3% | 4.3% | \$0.8 | \$0.7 | 16.2% |
| TJX Companies | \$4,747.5 | \$4,554.4 | 4.2% | 4.0% | \$261.6 | \$200.2 | 30.7% |
| Tween Brands, Inc. | \$205.1 | \$223.1 | -8.1% | -12.0% | (\$2.8) | (\$6.7) | 58.2% |
| Urban Outfitters, Inc. | \$458.6 | \$454.3 | 0.9% | -6.0% | \$49.0 | \$57.0 | -14.0% |
| Wet Seal, Inc. | \$136.4 | \$149.1 | -8.5% | -10.6% | \$3.1 | \$10.2 | -69.5% |
| Drug | | | | | | | |
| Abbott | \$7,495.0 | \$7,314.0 | 2.5% | NA | \$1,288.0 | \$1,322.0 | -2.6% |
| CVS Caremark Corporation | \$24,871 | \$21,140 | 17.6% | 6.1% | \$886.5 | \$774.8 | 14.4% |
| Drugstore.com, Inc. | \$100.3 | \$92.2 | 8.8% | NA | \$1.0 | (\$2.3) | 145.2% |
| Duane Reade Holdings | \$479.1 | \$451.4 | 6.1% | 1.7% | (\$11.6) | (\$12.1) | 4.1% |
| Express Scripts, Inc. | \$5,503.3 | \$5,530.8 | -0.5% | NA | \$192.3 | \$190.2 | 1.1% |
| Rite Aid Corp. | \$6,297.0 | \$6,473.0 | -2.7% | -1.1% | tba | tba | |
| Shoppers Drug Mart (C\$) | \$2,288.8 | \$2,109.3 | 8.5% | 5.7% | \$136.1 | \$126.6 | 7.5% |
| Ulta Salon, Cosmetics, Fragra | \$273.5 | \$249.1 | 9.8% | -1.7% | \$5.8 | \$3.7 | 56.8% |
| Food | | | | | | | |
| Arden Group | \$107.9 | \$116.6 | -7.5% | -7.5% | \$4.7 | \$6.6 | -28.8% |
| Delhaize Group Le Lion | \$7,173.4 | \$7,063.2 | 1.6% | 4.1% | \$175.6 | \$183.3 | -4.2% |
| Loblaws Companies Ltd (C\$) | \$7,233.0 | \$7,037.0 | 2.8% | 2.5% | \$193.0 | \$140.0 | 37.9% |
| Nash Finch Company | \$1,216.6 | \$1,023.9 | 18.8% | -0.8% | \$9.5 | \$9.4 | 1.1% |

Did You Know...?

The U.S. unemployment rate increased to 9.7% in August, the Labor Department estimated, as payrolls fell by 216,000. Meanwhile, ADP's employment report pegged the number of jobs lost in August at 298,000.

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RETAIL SECTOR WEEKLY

Second Quarter Scorecard

(continued from page 9)

| \$ in Millions. Quarter ended closest to 7/31/09 | Sales | | | Comps | Net Income | | |
|--|-----------|------------|--------|--------|------------|-----------|---------|
| | 2009 | 2008 | Change | | 2009 | 2008 | Change |
| Food | | | | | | | |
| Publix Super Markets | \$6,000.0 | \$5,900.0 | 1.7% | -2.6% | \$300.8 | \$295.8 | 1.7% |
| Safeway, Inc. | \$9,462.1 | \$10,120.0 | -6.5% | -1.5% | \$238.6 | \$234.3 | 1.8% |
| Weis Markets, Inc. | \$615.4 | \$603.4 | 2.0% | 2.4% | \$15.2 | \$12.8 | 18.5% |
| High-Tech & Electronics | | | | | | | |
| Amazon.com, Inc. | \$4,651.0 | \$4,063.0 | 14.5% | NA | \$142.0 | \$158.0 | -10.1% |
| BMTC Group Inc. (C\$) | \$168.8 | \$181.7 | -7.1% | NA | \$3.1 | \$11.6 | -73.3% |
| Conn's, Inc. | \$190.3 | \$190.6 | -0.2% | -5.2% | \$4.9 | \$10.2 | -51.5% |
| GameStop Corp. | \$1,740.0 | \$1,750.0 | -0.6% | -14.1% | \$38.6 | \$57.1 | -32.4% |
| IAC/InterActiveCorp | \$340.0 | \$354.2 | -4.0% | NA | \$40.8 | (\$421.6) | 109.7% |
| Ingram Micro Inc. | \$6,578.6 | \$8,816.6 | -25.4% | NA | \$25.3 | \$58.9 | -57.0% |
| Office Depot, Inc. | \$2,824.1 | \$3,605.1 | -21.7% | -18.0% | (\$82.6) | (\$2.0) | -4030% |
| OfficeMax Incorporated | \$1,657.9 | \$1,984.6 | -16.5% | -11.6% | (\$17.7) | (\$895.3) | 98.0% |
| PC Connection, Inc. | \$377.3 | \$449.4 | -16.0% | NA | (\$6.5) | \$5.1 | -227.5% |
| PC Mall, Inc. | \$261.4 | \$331.2 | -21.1% | NA | \$0.8 | \$3.0 | -73.3% |
| RadioShack Corporation | \$965.7 | \$994.9 | -2.9% | -4.0% | \$48.8 | \$41.4 | 17.9% |
| Staples, Inc. | \$5,533.8 | \$5,074.7 | 9.0% | -5.0% | \$92.4 | \$150.2 | -38.5% |
| Systemax Inc. | \$721.6 | \$756.0 | -4.6% | NA | \$6.5 | \$13.5 | -51.9% |
| Tech Data Corporation | \$5,183.7 | \$6,166.0 | -15.9% | NA | \$35.2 | \$22.1 | 59.3% |
| Trans World Entertainment | \$165.7 | \$215.2 | -23.0% | -15.0% | (\$17.8) | (\$19.2) | 7.3% |
| Home Centers | | | | | | | |
| Builders FirstSource, Inc. | \$175.5 | \$282.3 | -37.8% | NA | (\$22.6) | (\$45.9) | 50.8% |
| Calloway's Nursery, Inc. | \$16.5 | \$20.3 | -18.7% | -9.9% | \$0.9 | \$1.9 | -52.6% |
| Fastenal Company | \$474.9 | \$604.2 | -21.4% | -24.2% | \$43.5 | \$76.2 | -42.9% |
| Greybar Electric | \$1,121.6 | \$1,420.9 | -21.1% | NA | \$8.3 | \$28.4 | -70.8% |
| Griffin Land & Nurseries | \$19.7 | \$21.1 | -6.6% | NA | (\$1.0) | (\$0.4) | -158.1% |
| Home Depot, Inc. | \$19,071 | \$20,990 | -9.1% | -8.5% | \$1,116.0 | \$1,202.0 | -7.2% |
| Huttig Building Products | \$119.9 | \$195.4 | -38.6% | NA | (\$6.0) | (\$2.5) | -140.0% |
| Interline Brands, Inc. | \$269.9 | \$311.4 | -13.3% | NA | \$6.4 | \$11.2 | -42.9% |
| Lowe's Companies | \$13,844 | \$14,509 | -4.6% | -9.5% | \$759.0 | \$938.0 | -19.1% |
| Lumber Liquidators | \$143.1 | \$128.0 | 11.8% | NA | \$6.9 | \$5.9 | 18.0% |
| Rona, Inc. (C\$) | \$1,370.0 | \$1,473.3 | -7.0% | -6.2% | \$60.8 | \$76.6 | -20.6% |
| Sherwin-Williams Company | \$1,947.8 | \$2,229.5 | -12.6% | -13.5% | \$158.0 | \$171.7 | -8.0% |
| Tractor Supply Company | \$946.5 | \$898.3 | 5.4% | -2.7% | \$54.8 | \$43.4 | 26.3% |
| True Value Company | \$540.7 | \$571.3 | -5.4% | -2.2% | \$27.8 | \$18.5 | 50.3% |
| United Rentals, Inc. | \$615.0 | \$831.0 | -26.0% | NA | (\$17.0) | \$37.0 | -145.9% |
| W.W. Grainger | \$1,533.3 | \$1,756.9 | -12.7% | tba | \$92.5 | \$113.2 | -18.3% |
| Wesco International | \$1,159.2 | \$1,587.8 | -27.0% | NA | \$26.4 | \$58.0 | -54.5% |
| Mass Merchants | | | | | | | |
| Big Lots, Inc. | \$1,086.6 | \$1,105.2 | -1.7% | -2.4% | \$28.4 | \$26.0 | 9.1% |
| BJ's Wholesale Club, Inc. | \$2,566.1 | \$2,702.7 | -5.1% | -7.7% | \$35.1 | \$36.5 | -3.8% |
| Canadian Tire (C\$) | \$2,324.8 | \$2,450.7 | -5.1% | -2.7% | \$103.7 | \$97.7 | 6.1% |
| Dollar Tree Inc. | \$1,220.0 | \$1,090.0 | 11.9% | 6.8% | \$56.9 | \$37.6 | 51% |
| Fred's, Inc. | \$434.2 | \$447.1 | -2.9% | -1.3% | \$4.2 | \$1.0 | 310.5% |
| Overstock.com | \$176.1 | \$188.8 | -6.7% | NA | \$0.4 | (\$7.4) | 105.4% |
| Sears Canada Inc. | \$1,250.0 | \$1,420.3 | -12.0% | -10.0% | \$49.1 | \$61.5 | -20.2% |
| Sears Holdings Corp. | \$10,551 | \$11,762 | -10.3% | -8.6% | (\$94.0) | \$65.0 | -244.6% |
| Target Corporation | \$14,567 | \$15,472 | -5.8% | -6.2% | \$594.0 | \$634.0 | -6.3% |
| Toys R Us Inc. | \$2,567.0 | \$2,771.0 | -7.4% | -7.2% | \$27.0 | \$13.0 | 107.7% |
| Wal-Mart Stores, Inc. | \$100,082 | \$101,546 | -1.4% | -1.9% | \$3,442 | \$3,449 | -0.2% |
| Specialty | | | | | | | |
| A.C. Moore Arts & Crafts | \$104.4 | \$126.4 | -17.4% | -13.8% | (\$8.1) | (\$4.3) | -91.1% |
| Aarons, Inc. | \$417.3 | \$387.0 | 7.8% | 8.4% | \$27.8 | \$23.3 | 19.3% |
| Advance Auto Parts, Inc. | \$1,322.8 | \$1,235.8 | 7.0% | 4.8% | \$80.3 | \$75.4 | 6.5% |
| Amscan Holdings, Inc. | \$342.1 | \$371.5 | -7.9% | -2.4% | \$11.0 | \$14.7 | -25.4% |
| Barnes & Noble, Inc. | \$1,155.7 | \$1,221.0 | -5.3% | -6.9% | \$12.2 | \$15.3 | -20.3% |
| Blue Nile, Inc. | \$69.9 | \$73.7 | -5.2% | NA | \$2.8 | \$3.2 | -12.5% |

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Second Quarter Scorecard

(continued from page 10)

| \$ in Millions. Quarter ended closest to 7/31/09 | Sales | | | Comps | Net Income | | |
|---|-----------|-----------|--------|--------|------------|----------|---------|
| | 2009 | 2008 | Change | | 2009 | 2008 | Change |
| Specialty | | | | | | | |
| Books-A-Million, Inc. | \$122.4 | \$123.3 | -0.7% | -4.9% | \$1.5 | \$0.6 | 132.6% |
| Borders Group, Inc. | \$624.7 | \$758.5 | -17.6% | -17.9% | (\$45.6) | (\$9.2) | -395.7% |
| Brookstone, Inc. | \$73.0 | \$97.4 | -25.1% | -18.6% | (\$16.7) | (\$8.7) | -92.0% |
| Cost Plus, Inc. | \$183.4 | \$210.7 | -13.0% | -10.9% | (\$20.8) | (\$26.6) | 21.8% |
| DGSE Companies, Inc. | \$21.6 | \$25.1 | -13.9% | NA | \$0.7 | \$0.5 | 40.8% |
| Hancock Fabrics, Inc. | \$59.6 | \$63.8 | -6.6% | -4.2% | (\$2.3) | (\$10.1) | 77.2% |
| Haverly Furniture | \$129.7 | \$168.4 | -23.0% | -22.6% | (\$6.6) | (\$2.3) | -187.0% |
| Kirkland's, Inc. | \$87.7 | \$87.7 | 0.0% | 6.1% | \$3.4 | (\$1.7) | 303.3% |
| Leon's Furniture Limited | \$209.9 | \$224.7 | -6.6% | -6.5% | \$8.6 | \$11.6 | -25.9% |
| Michaels Stores, Inc. | \$807.0 | \$796.0 | 1.4% | -0.8% | \$2.0 | (\$30.0) | 106.7% |
| Pet Valu Inc. | \$52.3 | \$54.6 | -4.2% | 6.0% | \$2.8 | \$3.6 | -22.2% |
| PetSmart, Inc. | \$1,308.8 | \$1,241.9 | 5.4% | 0.8% | \$39.0 | \$37.2 | 4.8% |
| Rent-A-Center, Inc. | \$679.6 | \$719.0 | -5.5% | -6.2% | \$41.9 | \$37.7 | 11.1% |
| Tiffany & Co. | \$612.5 | \$729.6 | -16.0% | -16.0% | \$56.8 | \$80.8 | -29.7% |
| Williams-Sonoma, Inc. | \$672.1 | \$819.6 | -18.0% | -15.3% | \$0.4 | \$18.4 | -97.8% |
| Sports & Footwear | | | | | | | |
| Bakers Footwear Group, Inc | \$43.7 | \$43.6 | 0.2% | 0.7% | tba | (\$2.3) | tba |
| Big 5 Sporting Goods Corp. | \$216.0 | \$209.0 | 3.3% | 0.3% | \$4.7 | \$1.7 | 170.0% |
| Broder Bros., Co. | \$177.7 | \$257.6 | -31.0% | NA | \$15.2 | (\$0.7) | 2271.4% |
| Brown Shoe Company, Inc. | \$511.6 | \$569.2 | -10.1% | -6.7% | (\$4.2) | \$2.2 | -291.5% |
| Cabela's | \$549.2 | \$526.0 | 4.4% | 6.1% | \$9.1 | \$7.3 | 24.7% |
| Collective Brands (Payless) | \$836.3 | \$911.7 | -8.3% | -7.3% | \$18.7 | \$8.1 | 130.9% |
| Dick's Sporting Goods, Inc. | \$1,126.8 | \$1,086.3 | 3.7% | -4.1% | \$38.9 | \$39.9 | -2.5% |
| DSW Inc. | \$369.5 | \$357.2 | 3.4% | -2.9% | tba | \$11.0 | tba |
| Foot Locker | \$1,099.0 | \$1,302.0 | -15.6% | -12.1% | \$0.0 | \$18.0 | -100.0% |
| Gander Mountain | \$248.4 | \$252.9 | -1.8% | -2.4% | (\$7.3) | (\$4.9) | -51.1% |
| Genesco Inc. | \$334.7 | \$353.1 | -5.2% | -8.0% | (\$2.7) | (\$10.8) | -74.9% |
| Golfsmith International | \$114.8 | \$130.0 | -11.7% | -9.5% | \$6.8 | \$8.6 | -20.9% |
| GSI Commerce | \$187.2 | \$193.2 | -3.1% | NA | (\$13.1) | (\$20.3) | 35.5% |
| Hibbett Sporting Goods, Inc. | \$123.1 | \$130.3 | -5.5% | -10.5% | \$1.1 | \$4.8 | -77.1% |
| Shoe Carnival, Inc. | \$152.8 | \$158.5 | -3.6% | -6.4% | \$1.0 | \$1.0 | 0.5% |
| West Marine, Inc. | \$215.4 | \$226.7 | -5.0% | -1.0% | \$32.5 | \$4.4 | 638.6% |
| WinMark Corporation | \$8.8 | \$8.7 | 1.4% | NA | \$1.2 | \$0.9 | 28.5% |
| Zumiez Inc. | \$85.2 | \$92.3 | -7.7% | -18.8% | (\$3.1) | \$2.7 | -214.8% |

Numbers in italics are implied or company estimates.

Did You Know...?

First time unemployment benefits claims fell by 4,000 to a seasonally adjusted 570,000 in the week ended August 29, the U.S. Labor Department reported. The four-week average of new claims rose 4,000 to 571,250.

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Upcoming Reporting Dates

| Company | Event | Date |
|-----------------------|----------------------|------------------|
| Abbott | Investor Conference | Sep 14, 2009 |
| Advance Auto Parts | Investor Conference | Sep 10, 2009 |
| Bakers Footwear | Financial Results | Sep 10, 2009 |
| Blue Nile | Investor Conferences | Sep 9 & 15, 2009 |
| Chico's FAS | Investor Conference | Sep 9, 2009 |
| CVS Caremark | Investor Conference | Sep 11, 2009 |
| Dick's Sporting Goods | Investor Conference | Sep 9, 2009 |
| Dollar General | Financial Results | Sep 10, 2009 |
| Dollar Tree | Investor Conference | Sep 10, 2009 |
| Dress Barn | Financial Results | Sep 16, 2009 |
| Home Depot | Investor Conference | Sep 10, 2009 |
| IAC | Investor Conference | Sep 16, 2009 |
| Ingram Micro | Investor Conference | Sep 9, 2009 |
| Insight Enterprises | Investor Conference | Sep 10, 2009 |
| J. Crew Group | Investor Conference | Sep 10, 2009 |
| Kroger | Financial Results | Sep 15, 2009 |
| Lowe's Companies | Investor Conference | Sep 22, 2009 |
| Lululemon Athletica | Financial Results | Sep 10, 2009 |
| Men's Wearhouse | Financial Results | Sep 9, 2009 |
| Neiman Marcus | Financial Results | Sep 9, 2009 |
| Office Depot | Investor Conference | Sep 10, 2009 |
| OfficeMax | Investor Conference | Sep 10, 2009 |
| Pep Boys | Financial Results | Sep 9, 2009 |
| Rex Stores | Financial Results | Sep 9, 2009 |
| Rite Aid | Investor Conference | Sep 10, 2009 |
| Rite Aid | Financial Results | Sep 24, 2009 |
| Safeway | Investor Conference | Sep 9, 2009 |
| Saks | Investor Conference | Sep 9, 2009 |
| Supervalu | Investor Conference | Sep 10, 2009 |
| Talbots | Financial Results | Sep 9, 2009 |
| Tech Data | Investor Conference | Sep 9, 2009 |
| Tractor Supply | Investor Conference | Sep 9, 2009 |
| United Natural Foods | Financial Results | Sep 9, 2009 |
| Wal-Mart Stores | Investor Conference | Sep 10, 2009 |
| Zale | Financial Results | Sep 9, 2009 |

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