

RETAIL SECTOR WEEKLY

Key Retail News and Commentary

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Remember...

Study without desire spoils the memory, and it retains nothing that it takes in.

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Bernanke Suggests Recovery Underway

Last week Federal Reserve Chairman Ben S. Bernanke reported that the recession is “very likely over,” offering his most explicit endorsement so far of the view, increasingly widespread among economists, that a recovery is underway.

Even as he warned that the expansion could prove lackluster, new data released provided evidence that the economy was turning around, showing that Americans returned to stores in August and increased their spending at the highest rate in three years.

With consumers flooding auto dealerships to take advantage of the “Cash for Clunkers” program, total retail sales rose 2.7% over the previous month. However, what surprised analysts was that even excluding auto sales and gasoline, retail sales rose a solid 0.7%. That eased fears, shared by many economists, that the bump in auto sales would come at the expense of spending on other goods and services. In August, at least, people did not scrimp on other purchases even while buying new automobiles.

Mr. Bernanke, meanwhile acknowledged what a growing chorus of analysts has concluded: That the economy bottomed out this summer and is now expanding, at least as measured by gross domestic product. Many forecasters say the nation’s output of goods and services is now rising at an annual rate of 3% or higher. But the Fed chairman also described continued weakness in the job market.

His comment about the recession ending was more blunt than in other recent appearances, for
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Wholesaler of the Week: AmerisourceBergen

AmerisourceBergen remains a moderately high risk, ‘D’ credit with a stable outlook. The firm’s management describes its operating expense control as being part of its culture. The distributor anticipates closing its books at September’s end having spent fewer absolute operating expense dollars running its business than it did during fiscal 2008. The rigorous expense control likely reflects the impact of the company’s CE2 program, which emphasizes customer efficiency and cost effectiveness. Successful expense management came in quite handy for AmerisourceBergen in creating operating leverage on a P&L statement that enjoyed top-line growth of only 2.2% during Q3 2009 and no growth during the nine months ended June 30, 2009. At the beginning of Q4 2009 (July 1st), AmerisourceBergen also anniversaried the loss of Walgreen’s warehouse business, which previously represented \$3 billion in annualized revenue to the company. Financial flexibility remains above average, the firm’s liquidity being founded upon solid levels of cash, operating cash flow, and credit facility availability.

AmerisourceBergen renewed its second largest customer, Kaiser Permanente, to a 7-year contract that is expected to generate annualized revenue of \$3.5 billion to the wholesaler, or about 5% of its total sales. Remember, the firm’s largest customer is Medco Health Solutions, accounting for roughly 17% of its top-line. Inking Kaiser to a deal that is longer than the industry standard of 3 to 5 years should provide a reasonable level of stability for AmerisourceBergen’s revenue stream going forward. Because it is a sizeable piece of business, AmerisourceBergen did have to price the contract very competitively and as such, the deal will likely cause an earnings headwind of approximately 3% over the next twelve months (last three months of fiscal 2009 and first nine months of fiscal 2010).

Yesterday, Senator Max Baucus (Democrat from Montana) revealed his healthcare reform proposal. How the ultimate reformation of the U.S. healthcare system will look is still quite unclear. However, CEO David Yost has gone on record saying that increased pharmaceutical utilization will be good
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Bernanke Suggests Recovery Underway

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instance in August, when he said only that “economic activity appears to be leveling out” and that “prospects for a return to growth in the near term appear good.”

Mr. Bernanke cautioned, however, that the recovery might not be strong enough in 2010 to generate significant job growth or bring down the unemployment rate. The economy needs to grow in the short term faster than its long-term trend, or else “it’ll be relatively slow in creating jobs over and above those needed to employ people coming into the labor force,” Mr. Bernanke said.

The promising forecast for the second half of 2009 reflects efforts by businesses to replenish their depleted inventories and increased government spending as the stimulus program shifts into high gear. But prospects for the rest of the year may not be so rosy. Economists think the clunkers program encouraged people simply to buy new cars sooner, perhaps at the expense of other major purchases. In addition, August is the peak of the back-to-school shopping season, and several states declared sales-tax holidays last month to encourage spending.

The long-term effects of clunkers programs remain unclear. In the U.S. building-supply stores and home furnishing stores were the only two sectors last month to post declines, though they have long been struggling. But shoppers still seemed willing to make smaller discretionary purchases – at least for now.

Clothing stores reported a 2.4% increase in August sales from the previous month, and department stores saw a similar gain, according to the Commerce Department figures. Sales at sporting goods and bookstores rose 2.3%, and electronics retailers had a 1.1% increase. The 0.7% gain in retail sales excluding autos and gasoline is the first gain in six months, and the industry welcomed the news with cautious optimism.

But compare retail sales with last year’s, and it is clear that consumers remain restrained. Total retail sales fell 5.3% in August from a year earlier. And despite the big monthly jump in auto sales, they were still down 1% from last year.

The next few months will be crucial in assessing the health of consumers. Retailers are worried that the popularity of cash for clunkers could hurt sales at malls and shopping centers this holiday season as many families budget for new monthly car payments. Also, economists say rising unemployment and the tight credit market continue to put pressure on shoppers.

The recovery in the consumer sector is and will continue to lag behind that in other parts of the economy.

Rating Changes & Outlooks

Company	S&P Credit Rating		S&P Credit Outlook		GCS Credit Rating
	Current	Prior	Current	Prior	Current
SONIC AUTOMOTIVE INC	CCC+	CCC+	NM	DEVELOPING	F+
ROUNDYS SUPERMARKETS INC	B	B	STABLE	NEGATIVE	E
QVC INC	BB+	NR		NR	NR
HHGREGG INC (FKA GREGG APPLIANCE)	B+	B+	STABLE	NM	D+

Options and Resources

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Bankruptcy Blotter

Another corporate debt issuer defaulted last week, bringing the year-to-date total to 215, nearly quadruple the number a year earlier, according to Standard & Poor's. Defaults have continued to mount amid tight credit and the recession, which have made borrowing and refinancing difficult, especially for junk-rated companies. This year's defaults surpassed 2008's total during May. The rating agency expects the speculative-grade default rate to hit 13.9% by 2010. Bankruptcy filings also have surged this year, and at 54 exceed last year's total of 49.

The exclusivity date for **Bi Lo** filing its plan of reorganization has been set for October 7. The company intends to file the plan between October 5 and October 7. The date in which all votes solicited for acceptance or rejection of the proposed plan of reorganization are due has been set for December 8. The three parties, Bi Lo, the Unsecured Creditors Committee, and \$260 million debt holders have had arguments as to how the plan of reorganization should proceed. Since a successful reorganization is in the interest of all three parties, it is highly anticipated that any conflicts will be resolved paving the way for an exit from bankruptcy.

Office Depot is being sued for \$217 million by former supplier Nukote International Inc., which alleges Office Depot breached its contract in order to obtain supplies without paying. Nukote, based in Plano, Texas, filed for bankruptcy in June. The suit alleges that, after Office Depot dropped Nukote as a vendor, Nukote's cash flow and borrowing capacity dropped dramatically, forcing it to file for Chapter 11.

Hilo Hattie is on the path toward emerging from bankruptcy next month after a court confirmed its reorganization plan. The company expects to rise from bankruptcy on October 4. The emergence from bankruptcy would coincide with the beginning of a new fiscal year and would be about one year after Hilo Hattie first filed for Chapter 11 bankruptcy reorganization. In its plan, filed in July, Hilo Hattie says it will repay its unsecured creditors 5% of what they are owed in equal installments over five years, without interest, beginning on the first anniversary of the day it emerges out of bankruptcy. Another group receives 20% of what they are owed 30 days after emergence from bankruptcy. Hilo Hattie plans to keep its six stores on four of Hawaii's

major islands open, and it may open one or two additional stores in the near future. Hilo Hattie said it expects sales to stabilize and increase in fiscal year 2011 and after.

In a mostly empty office, the few remaining employees of **Gottschalks Inc.** are hard at work doing the only thing the troubled retailer does any more – raising money to pay creditors. Once-mighty Gottschalks owes creditors more than \$50 million. But with the merchandise long gone and the last of 58 stores closed two months ago, about all that's left to sell are the company's few remaining real estate assets. Four pending sales await approval this month by a federal bankruptcy judge in Wilmington, Del. Gottschalks has raised almost \$23 million so far in sales of property and leases.

Online jewelry retailer Bidz.com prevailed at an auction for **Whitehall Jewelers Holdings Inc.'s** intellectual property assets, picking up four trademarks that once graced 373 stores across the country. The bidder emerged on top with a \$100,000 offer. According to spokesman Andrew Greenebaum, the customer list should be "immensely leveragable" for Bidz.com, which sells discounted jewelry from the likes of Bulgari, Cartier and Tag Heuer – as well as lower-end designers – on its Web site.

On Friday, a judge will consider approving the sale of **Finlay Enterprises Inc.** The jewelry retailer is holding an auction Wednesday, where Gordon brothers Retail Partners LLC will serve as the lead bidder. Gordon Brothers' offer would guarantee Finlay sale proceeds in the amount of nearly 65% of the merchandise's value, pegged at around \$180 million. Though Finlay tapped a liquidator as its stalking horse, it said it's still seeking bids from prospective purchasers willing to continue the business as a going concern.

Regional department store chain **Boscov's Inc.** won court approval Thursday to bring its Chapter 11 bankruptcy case to an end as a judge approved the company's plan to resolve all outstanding claims from creditors. The plan allows the birth of a new Boscov's by providing for the transfer of substantially all of the old company's assets to a trust that will make distributions to claims holders. The plan previously received overwhelming support from holders of both priority and unsecured claims.

Did You Know...?

U.S. retail sales rose a seasonally adjusted 2.7% in August, the Commerce Department estimated. Higher energy prices and cash-for-clunkers drove the increase. Sales are down 5.3% year-on-year.

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Management on the Move

CVS Caremark made several executive moves and promotions:

- SVP merchandising **Mike Bloom** is now SVP Merchandising and Supply Chain.
- 12 year company veteran **Scott Baker** was named SVP Internal Operations and Real Estate.
- **Hanley Wheeler**, currently SVP of Stores - Central Division, add responsibility for the East Division, which is being merged with Central into a new East Division.
- **Dennis Palmer**, SVP of Stores - West Division, will add Hawaii to his territory.

Coldwater Creek Inc. co-founder and Chairman **Dennis Pence** has assumed the duties of President and CEO, effective immediately. Pence replaces Daniel Griesemer, who has resigned.

Advance Auto Parts, Inc. elected **Fiona Dias** to its board of directors. Dias is currently EVP for Partner Strategy and Marketing at GSI Commerce, Inc.

Movie Gallery, Inc. appointed **Craig J. Miller** Chief Information Officer. He was most recently Senior Vice President at Bank of America.

Sears Holdings Corp. elected **William C. Kunkler** to its board of directors. Kunkler is

EVP of Operations for private equity firm CC Industries, Inc.

Borders Group has named **Michael Edwards** as its new VP and Chief Merchandising Officer. Edwards comes from Ellington Leather where he was President and CEO.

Conn's board member and former Chairman and CEO **Thomas Frank Sr.** has resigned from the company's board of directors due to health issues.

Safeway Inc. appointed **Joseph Ennen** as SVP Consumer Brands. Ennen was Group Vice President for Innovation at the Frito-Lay Division of PepsiCo previously.

Rite Aid Corp. promoted **Ernie Richardsen** to Group VP of Pharmaceutical Purchasing and Clinical Services. Richardsen was VP of Pharmacy Programs and Clinical Services previously.

Bankrupt grocer **Bashas** President and COO **Mike Proulx** has resigned, and will be replaced on an interim basis by former CFO **Darl Andersen**.

RadioShack Corp. EVP and Chief Merchandising Officer **Peter Whitsett** has left the company to pursue other interests. The Shack has commenced a search for a new Chief Merchant.

Heard in the Grocery Aisle

Kroger Co. lowered its full-year fiscal 2009 earnings guidance to \$1.90 to \$2.00 per share, citing changes in customer behavior and economic factors, but confirmed its expectations for full-year same store sales growth of 3% to 4%, excluding fuel.

Nash Finch Co. and Roundy's Supermarkets, Inc. agreed to dismiss their claims against the other, in exchange for a release of claims, resolving a 2008 lawsuit over Nash Finch's 2005 acquisition of two Roundy's Distribution Centers.

The sale of three store, Boston area Asian grocery chain **Super 88** to New York businessman Jeffrey Wu may not be a done deal, the *Boston Globe* reported. Two other buyers have each filed suit in Suffolk County claiming they have agreements to purchase individual stores.

The latest quarter's Taylor Nelson Sofres World Panel UK grocery market shares are out, and

Dow Jones reported that **Tesco's** share fell to 30.9% from 31.1% a year earlier. **Asda's** share rose to 17.4% from 17.0% a year earlier, and **Sainsbury** saw its share inch up to 15.8% from 15.6% a year ago.

Fresh & Easy Neighborhood Market is launching a large-scale multimedia promotional campaign, according to the *Press Enterprise*. The campaign includes billboards, radio commercials, Internet banner ads and in-store posters in the Southern California, Phoenix and Las Vegas markets.

Colorado **Safeway** and **King Soopers** grocery workers are voting on whether to accept a new contract offer or to authorize a strike. UFCW Local 7 there represents about 17,000 workers. The union is still in negotiations with management at **Albertson's**, the other supermarket chain affected.

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Hi Tech Entertainment

Overstock.com, Inc. will launch a new website called O.BIZ on October 31. The site will focus on wholesale and bulk transactions for small businesses and consumers willing to purchase in quantity to get deep discounts. The site will primarily focus on restaurant, office, and hotel products.

Also, **Overstock.com** received an SEC notice that the Commission is investigating OSTK's restatement of financials for 2006 and 2008, its billings to its partners in the fourth quarter of 2008 and other issues.

Chinese e-tailer **Alibaba** will launch an e-commerce site for the U.S. market by the end of the year, according to *Silicon Alley Insider*. Alibaba had \$250 million in revenue in the first half of this year and the company just launched its platform in Europe.

Office Depot, Inc. will reduce its consumer electronics offerings, which currently amount to approximately 25% of sales, but have poor margins, *TWICE* reported. The retailer will focus on services and private label, and is testing a smaller format store—all in the interests of driving higher profitability.

Best Buy Co., Inc. saw sales boom in the second quarter (see the scorecard) but in lower margin items like flat-screen TVs, mobile phones and laptops which hurt profitability. The company reported gaining 2.7% of market share, in the absence of Circuit City. Looking forward, BBY is projecting annual earnings of \$2.64 to \$2.94 per share, including \$0.06 a share in restructuring

charges. Revenue for the full year is expected to come it at \$48 to \$49 billion, an increase of about 8%, with same store sales down 2% to flat.

Redbox parent **Coinstar, Inc.** closed its offering of \$175 million in 4.00% convertible senior notes due 2014, including a \$25 million over allotment. Net proceeds will be used to pay down the company's term loan and revolving line of credit.

Blockbuster, Inc. will offer \$340 million in senior notes due 2014 in a private sale to institutional buyers. Proceeds from the offering will be used to retire existing debt.

Also, **Blockbuster** is now planning to close up to 960 stores by the end of next year, according to an SEC filing. Blockbuster will complete about 70% of the closings this year with the rest in 2010. That's twice the number of closings originally planned, and would shrink the chain by 20%.

Spending on Consumer Electronics has fallen below 2008 and 2007 levels, according to the new *Consumer Decision Process* report from Parks Associates. Of the surveys respondents, almost half did not buy any CE products at all in the first half of 2009. Looking forward, intentions to purchase CE products in the in the second half of 2009 are higher, however.

Systemax Inc. completed its acquisition of European IT products supplier WStore Europe, SA. Financial terms of the acquisition were not disclosed.

Did You Know...?

U.S. consumer prices rose a seasonally adjusted 0.4% in August, the Labor Department reported. But excluding food and energy, the core CPI rose just 0.1% in August. Year-over-year, the core CPI is up just 1.4%.

FYI for the DIY

The **AHMA** Home Improvement Industry Current Situation Index jumped to 91.7 in August, up from 70.8 in July. The Future Expectations Index was 170.7, down from 184.5 in July.

W.W. Grainger completed its tender offer bid in Japan for 380,000 shares of Japanese MRO marketer MonotaRO Co., Ltd. at a price of \$11.11 per share. As a result of the completion of the transaction, Grainger has achieved a 53% majority ownership in MonotaRO and will consolidate MonotaRO's results beginning with the balance sheet in the third quarter and full income statement in the fourth quarter. HD expects to record a one-time gain of \$0.30 to \$0.40 a share in the third quarter. In 2008, MonotaRO had revenues of \$136 million and operating earnings of \$11 million.

Building products distributor **L&W Supply** will close 30 distribution centers at the beginning of the fourth quarter. Parent USG will take a \$25 million charge for the closings.

Builders FirstSource retained Moelis & Co. as its financial adviser; Alston & Bird as its legal counsel; and Morris, Nichols, Arsht & Tunnell as its special Delaware counsel, all to assist a "special committee" of independent directors to evaluate a recapitalization proposal announced two weeks ago by the company's two largest investors, JLL Partners and Warburg Pincus.

Home Depot has been sued by technology company Edgenet, alleging that the retailer's Home Depot Link uses technology from its proprietary Big Hammer supply chain system.

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Off the Rack

Dress Barn, Inc. sales increased 4.3% to \$398.9 million in the fiscal fourth quarter ended July 25, while comp store sales increased 1%. Net income was up 19.5% to \$26.4 million in Q4. For the full fiscal year, sales rose 3.5% to \$1.494 billion on flat comps. Net income was off 5.9% to \$69.7 million for the year. DBRN expects earnings for the coming fiscal year will be in the range of \$1.10 to \$1.20 per share. The company will update guidance after the Tween Brands merger closes.

Charlotte Russe Holding Inc. extended its marketing services agreement with GSI Commerce through 2012. GSIC's GSI Interactive division provides paid search, comparison shopping engines, display advertising, and e-mail marketing to CHIC.

Barney's New York and **Loehmann's Holding** parent Istithmar World may be close to liquidating, according to an article published recently by *Bloomberg*. Creditor Dubai World, the owner of Istithmar, has a significant amount of debt coming

due, and is reportedly looking to restructure a total of around \$12 billion in debt.

Gap, Inc. is partnering with Paris boutique Merci to open a temporary concept store next to the Gap flagship in NYC. Dubbed Merci Gap, the store will be open from September 10 through October 4.

Zara, the world's largest specialty apparel retailer, is planning to launch an e-commerce site for Fall/Winter 2010, the *Wall Street Journal* reported. About 8% of competitor Gap, Inc.'s revenues come from web sales.

Abercrombie & Fitch has been sued by the U.S. Equal Employment Opportunity Commission for allegedly not hiring a Muslim teenager as a sales clerk because she wore a headscarf.

Neiman Marcus opened its first store in the Pacific Northwest, in Bellevue, Washington anchoring upscale outdoor mall The Bravern.

Specialty Items

Toys 'R' Us, Inc. will open 350 temporary pop-up stores for the holiday season. Many of the stores will be co-located at Babies 'R' Us locations that don't have nearby Toys 'R' Us store, and about 80 will occupy vacant mall space, of which there is plenty. The stores will have a 'Holiday Express' banner and will open early in October. The stores will be about 4,000 sq. ft..

Pier 1 Imports Inc. expects to save \$11 million in cash in fiscal 2010 from renegotiating store

leases, and said it has reached rental reduction agreements on approximately 30% of its 1,061 U.S. stores.

Zale Corp. will restate its financial statements for fiscal 2008 and interim periods in fiscal 2008 and 2009, after finding errors in the accounting for prepaid advertising costs and other areas. The restated financial statements will be included in Zale's 10-K for the fiscal year ended July 31, 2009, which it expects to file by October 29.

General Retail News

Credit card interchange fees have cost U.S. consumers \$125 billion over the last four years, according to the Merchants Payments Coalition. U.S. companies pay about 2%, while the fee is about 0.30% in the EU and about 0.50% in Australia, *Reuters* reported.

Consumers have adjusted to the "new normal" of a lower level of spending according to the latest *ARG/UBS Consumer Mind Reader* survey from UBS Securities. 75% of households have cut back on spending with the average monthly decrease between \$151 and \$200 versus 2 - 3 years ago. This equates to 8% to 10% of the average U.S. household's monthly spend.

Furthermore, 60% of these households have accepted this new lower level and will not spend more if and when they can afford to. Other key findings:

- 1) Only 35% of those surveyed visited malls and 13% visited specialty stores in August 2009.
- 2) More than 50% are looking for discounts of at least 50% off.
- 3) 36% of teens and 49% of women plan to stick with lower priced brands even if economy improves.

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The Global World of Sports and Footwear

Participation in Outdoor Recreation by those ages 6 to 17 has fallen nearly 17% over the last three years after declining 6% for the group in 2008, according to findings in the 2009 Outdoor Recreation Participation Report from The Outdoor Foundation. Meanwhile, the youngest set, those ages 6 to 12, had a 9% decrease in outdoor participation last year. A lack of time is cited as the primary reason that this age group doesn't get outside more. Overall, nearly 49% of Americans ages 6 and older participated in outdoor recreation in 2008.

Cabela's renewed \$350 million in financing for one year with JPMorgan Chase via notes issued by Cabela's credit card business. CAB believes the infusion will provide the company with significant liquidity for its World Foremost Bank business through Q310.

Dick's Sporting Goods was sued by racquet grip and grip tape producer Unique Sports Products, alleging trademark infringement. The companies have been negotiating for after

several months over Dicks' Slazenger brand "Tour Overgrip" which Unique feels creates market confusion with its trademarked "Tourna Grip".

Sport Supply Group won two major contracts. First, it will become the exclusive supplier of sporting goods, physical education equipment and uniforms to the U.S. Communities program from Oct. 1, 2009 until Sep. 30, 2014. Also, Sport Supply signed a multi-year contract to become the exclusive equipment supplier to Focused Fitness, a leading supplier of coordinated school health curricula for the in-school and after-school markets in the U.S.

Bakers Footwear Group, Inc. will transfer its share listing from the Nasdaq Global Market to the Nasdaq Capital Market on September 22. The Company's stock symbol will continue to be "BKRS" on the Capital Market. Bakers has until March 15, 2010, to get its share price above the \$1.00 minimum level, which applies to both exchanges.

Health & Beauty Aids

An FTC review of **CVS's** acquisition of **Caremark** in 2007 has been requested by eight U.S. congressmen. The letter sent by the bi-partisan group says they believe that CVS Caremark is engaging in unfair and deceptive business practices.

Walgreens' Take Care Health Systems opened its 37th clinic in the Chicago area, and 350th clinics nationwide.

Mass Merchant Musings

Wal-Mart Stores, Inc. will offer €1 billion in 4.875% notes due 2029 via lead managers Barclays PLC, Deutsche Bank AG, Royal Bank of Scotland Group PLC, Credit Suisse AG, JP Morgan Chase & Co and Morgan Stanley. The bonds will be priced at 99.074% of the aggregate principal amount.

Also, **Wal-Mart** is expanding its prescription drug mail delivery program nationwide. WMT does not add a shipping charge for delivery.

Upcoming Reporting Dates

Company	Event	Date
Christopher & Banks	Financial Results	Sep 24, 2009
Finish Line	Financial Results	Sep 25, 2009
Gymboree	Investor Conferences	Sep 22, 2009
Loblaw	Investor Conference	Sep 22, 2009
Lowe's Companies	Investor Conference	Sep 22, 2009
PC Connection	Investor Conferences	Sep 29, 2009
Rite Aid	Financial Results	Sep 24, 2009

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Wholesaler of the Week: AmerisourceBergen

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for both AmerisourceBergen and the industry. Remember, AmerisourceBergen also remains well positioned in generic drugs and specialty products, both of which should be key growth areas going forward.

There was not a significant amount of transaction activity at the company during the recent fiscal third quarter ended, other than its June 2nd acquisition of Innomar Strategies for C\$15 million (or \$13.8 million in U.S. currency). This Toronto-based specialty pharmaceutical services firm provides services to Canadian pharmaceutical and biotechnology companies such as strategic consulting and access solutions, specialty logistics management, patient assistance and nursing services, and clinical research services. While this deal was small in size, AmerisourceBergen reiterated not only its interest in looking at mid-sized acquisitions but its ability to complete them with its financial resources and organizational capacity.

OPERATING PERFORMANCE: 9 MONTHS ENDED JUNE 30, 2009

\$ in millions, 39 weeks ended	June 30, 2009	YOY Var.	June 30, 2008
Operating Revenue	\$51,778.7	1.8%	\$50,857.0
Bulk Deliveries To Customers' Warehouses	\$1,265.2	(41.8%)	\$2,174.9
Total Revenue	\$53,043.9	0.0%	\$53,031.9
Adj. EBITDA (1)	\$744.2	4.9%	\$709.8
Adj. Operating Profit (1)	\$674.8	6.1%	\$636.2
Net Income From Continuing Operations (2)	\$381.7	7.8%	\$354.2
Net Income	\$373.3	175.9%	\$135.7
Gross Margin	2.94%	7 bps	2.87%
Adj. EBITDA Margin (1)	1.40%	6 bps	1.34%
Adj. Operating Margin (1)	1.27%	7 bps	1.20%
Return on Sales	0.70%	44 bps	0.26%

(1) - EBITDA and operating profits were adjusted to exclude the following items during fiscal 2009 and fiscal 2008, respectively: gains on antitrust litigation settlements of \$0.0 million and \$1.6 million; intangible asset impairments of \$10.2 million and \$0.0 million; facility consolidations, employee severance, and other items totaling \$5.5 million and \$9.4 million.

(2) - excludes income/(loss) from discontinued operations of (\$8.5 million) and \$218.4 million during fiscal 2009 and fiscal 2008, respectively.

For the nine months ended June 30, 2009, AmerisourceBergen's revenue was seen flatlining at \$53.0 billion. Helping to offset the final quarter of negative impact from the loss of the Walgreen's warehouse business was \$700 million of new quarterly revenue from AmerisourceBergen's relationships with the CPA Retail Group and HPG Hospital Group. Excluding the impact of the lost Walgreen's business, firmwide revenues would've climbed 6% during Q3 2009 versus the actual increase of 2.2%. As noted in the table above, operating revenue ascended at a 1.8% clip to \$51.8 billion on the heels of a 2.6% to nearly \$18.0 billion during Q3 2009. Operating revenue comprises more than 97% of AmerisourceBergen's total revenue.

Currently, the overall organization's revenue stream is breaks down in the following manner: 68% institutional and 32% retail. During the recent third quarter ended, the firm's institutional business rose 5% due to an expanded relationship with a large institutional buying group customer while its retail business fell 3% due to the Walgreen's impact which was softened by the addition of a new large independent retail buying group customer.

AmerisourceBergen's gross margin picked up 5 basis points on a quarterly basis to 2.8% and added 7 basis points on a year-to-date basis to 2.9%. CFO Mike DiCandilo noted on this front that the improvement was assisted by a favorable product mix that included a 20% lift in generic revenues. Moreover, the Q3 pick-up in gross margin was also helped by strong performance under the firm's fee-for-service agreements and some contribution from price increases.

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Did You Know...?

U.S. household wealth rose by \$2 trillion in the second quarter—at a 17% annual rate—to \$53.1 trillion, the Federal Reserve reported. The increase follows a 13% decline in the first quarter. The stock market rally was the main contributor to the increase.

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Wholesaler of the Week: AmerisourceBergen*(continued from page 8)*

The company's total SG&A expenses were up about 0.9% on a year-to-date basis to \$902.4 million as lower depreciation & amortization helped to offset modest increases in distribution, selling and administrative costs. Also keep in mind, total SG&A expenses were influenced by some one-time items which are denoted in the table above. Extracting these items from the ongoing expense structure yielded adjusted operating profit of \$674.8 million, up 6.1%, on a year-to-date basis and \$222.1 million, up 8.1%, on a quarterly basis. With adjusted EBITDA providing interest coverage of better than 17.1 times, AmerisourceBergen does not have any issues paying its financing expenses on an ongoing basis.

LIQUIDITY AND FINANCIAL STRUCTURE

As of June 30, 2009, AmerisourceBergen had \$912.9 million of cash and equivalents on its balance sheet. CEO Yost cited that he would be content having a cash balance of between \$300 million and \$400 million to fund the firm's day-to-day operations, therefore implying that anything above that level, at least in today's market, could be considered excess cash. In terms of liability-side liquidity, the company's \$695 million unsecured line had \$445.7 million of availability on it after considering direct borrowings of \$237.2 million and an estimated \$12.1 million of outstanding letters of credit (see Bank Reference). As of the latest statement date, the distributor had no usage against its \$700 million A/R securitization agreement. The company's \$55 million Blanco revolver, which continued to be fully drawn as of June's end, was also renewed for an additional twelve months.

AmerisourceBergen reported nine months worth of operating cash flow totaling \$430.7 million, representing a 93% improvement over the same period last year. Cash flow from operations was mainly a function P&L performance. Working capital fluctuations on net basis actually reduced operating cash flow by approximately \$115 million, though they caused a much larger collective reduction of \$277 million to operating cash flow during the same period last year.

Cash provided by operations during the nine months ended June 30, 2009 was principally the result of income from continuing operations of \$381.7 million, an increase in accounts payable, accrued expenses, and income taxes of \$416.0 million, and non-cash items of \$170.3 million, primarily offset by an increase in merchandise inventories of \$222.3 million and an increase in accounts receivable of \$292.8 million. Although accounts receivable rose 8% during the recent nine-month period ended due to a 12.5% increase in the month of June 2009 compared to sales in the month of September 2008, the average number of days sales outstanding during the nine months ended June 30, 2009 decreased by one-half day from the prior year nine-month period. The decline in average days sales outstanding was primarily due to favorable customer mix within ABDC. Merchandise inventories increased 5% during the nine-month period due to an increase in sales during the June 2009 quarter; the average number of inventory days on hand in the nine months ended June 30, 2009 was essentially the same as the prior year period. The increase in accounts payable, accrued expenses, and income taxes was primarily driven by the increase in sales in the June 2009 quarter.

Capital spending approximated \$102.2 million during the first nine months of fiscal 2009; full-year capital spending is expected to be \$140 million. Common share buybacks totaling \$273.8 million during the first three quarters of fiscal 2009 were down 50% from last year's pace. Additionally, AmerisourceBergen returned additional value to its shareholders in the form of a 20% dividend increase that came on top of the 33% increase announced last November. Just to keep the dividend in proper perspective, the firm has only paid out \$45.9 million in cash dividends on a year-to-date basis, so vendors need not fret about the recent increase.

The wholesaler's current debt still totals a mere \$0.7 million. With respect to its long-term debt capital, the firm has \$399.0 million of 5.625% senior notes coming due in 2012 and \$498.3 million of 5.875% notes coming due in 2015. Because the firm on average over the past three years has generated cash flow from operations in excess of \$900 million, we view these maturities as being manageable. The headway the firm has made on its P&L statement has allowed it to reduce its tangible net deficit by 59% to \$71.4 million. The firm's debt to capitalization ratio of 30% came in at the low end of management's target range of 30% to 35%. Therefore, management believes it has the flexibility to be strategic should the right opportunity present itself.

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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%
Hart Stores Inc. (C\$)	\$46.3	\$41.0	12.9%	-3.5%	\$1.0	\$1.5	-28.8%
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%
Le Chateau Inc. (C\$)	\$81.4	\$88.7	-8.2%	7.0%	\$7.8	\$9.8	-20.4%
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%
Men's Wearhouse	\$526.2	\$545.3	-3.5%	-8.0%	\$39.5	\$32.8	20.4%
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%
Retail Ventures, Inc.	\$369.5	\$357.2	3.4%	-2.9%	16.2%	\$17.7	-99.1%
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%
Talbots, Inc.	\$304.6	\$395.2	-22.9%	-24.9%	(\$24.5)	(\$25.0)	2.0%
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	(\$222.0)	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%

Did You Know...?

The Index of Leading Economic Indicators rose 0.6% in August, the fifth straight increase, the Conference Board reported.

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RETAIL SECTOR WEEKLY

Second Quarter Scorecard

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\$ in Millions. Quarter ended closest to 7/31/09	Sales			Comps	Net Income		
	2009	2008	Change		2009	2008	Change
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%
Kroger Co.	\$17,735	\$18,094	-2.0%	2.6%	\$254.4	\$276.5	-8.0%
Loblaw 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%
Penn Traffic Co.	\$208.8	\$228.3	-8.5%	-6.8%	(\$7.3)	(\$3.4)	-114.7%
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%
Best Buy Co., Inc.	\$11,022.0	\$9,801.0	12.5%	-3.9%	\$158.0	\$202.0	-21.8%
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%
Rex Stores Corporation	\$21.5	\$42.1	-48.9%	NA	\$0.8	\$1.2	-30.8%
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%	-24.2%	(\$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 General Corporation	\$2,901.9	\$2,609.4	11.2%	8.6%	\$93.6	\$27.7	237.9%
Dollar Tree Inc.	\$1,220.0	\$1,090.0	11.9%	6.8%	\$56.9	\$37.6	51%
Duckwall-ALCO Stores, Inc.	\$123.4	\$125.4	-1.6%	-3.0%	\$3.0	\$3.3	9.1%
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%

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Second Quarter Scorecard

(continued from page 11)

\$ in Millions. Quarter ended closest to 7/31/09	Sales			Comps	Net Income		
	2009	2008	Change		2009	2008	Change
Mass Merchants							
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%
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%
Haverty 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%
Pep Boys -Manny, Moe & Jacl	\$488.9	\$500.0	-2.2%	-2.3%	\$7.7	\$5.5	41.9%
Perfumania Holdings	\$107.3	\$63.8	68.2%	-11.6%	(\$9.5)	\$1.3	-831%
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%
Pier 1 Imports, Inc.	\$286.7	\$320.5	-10.5%	-7.6%	(\$15.8)	(\$30.2)	47.6%
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%	(\$1.7)	(\$2.3)	23.1%
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%
Forzani Group Ltd. (C\$)	\$296.5	\$295.6	0.3%	-1.0%	(\$4.4)	\$1.6	-375.0%
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%
Lululemon Athletica Inc.	\$97.7	\$85.5	14.3%	-10.0%	\$9.2	\$11.2	-17.5%
Shoe Carnival, Inc.	\$152.8	\$158.5	-3.6%	-6.4%	\$1.0	\$1.0	0.5%
West 49 (C\$)	\$43.6	\$45.0	-3.1%	-4.7%	(\$1.0)	(\$1.8)	45.6%
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.

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