

# RETAIL SECTOR WEEKLY

## Key Retail News and Commentary

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### Remember...

*We learn by example and by direct experience because there are real limits to the adequacy of verbal instruction.*

### Retail Forward Holiday Forecast Second-Worst in 42 Years

Retail sales during the fourth quarter holiday period will be on the road to recovery but will still rank as the second-worst holiday in 42 years, Retail Forward forecasts. Retail Forward forecasts flat growth—compared with a 4.5% decline a year ago—for the holiday fourth quarter in the key holiday retail segments combined.

The holiday segments represent all retailing except the auto, food and drug channels. Included are home improvement stores, catalogs, online sales and the key retail sectors—where many holiday gifts are traditionally purchased—known as GAFO (general merchandise stores such as conventional and discount department stores, supercenters, warehouse clubs, apparel stores, furniture, home furnishings, consumer electronics and other specialty stores).

“Softer August retail sales declines are signs of an emerging retail recovery that will be driven by growing confidence among households,” comments Frank Badillo, Senior Economist for Retail Forward.

“This is positive news as we move into the critical holiday season, but the economic environment will remain difficult,” Mr. Badillo adds. “Sales declines will persist for specific retail channels—particularly apparel and homegoods—but will end for aggregate measures of retail sales.”

The weak improvement in the sales growth trend is forecast to gain strength quarter by quarter in 2010. Retail Forward expects the retail sector in aggregate to approach long-term average growth rates by the end of 2010.

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### Retailer of the Week: Gander Mountain

*NOTE: As we were going to press, Gander Mountain announced its intent to go private. The company’s two largest shareholders, Gratco LLC and Holiday Stationstores Inc. will pay holders of less than 30,000 shares approximately \$5.15 per share. Owners of more than 30,000 shares will retain their shares and not be paid for them. Gander Mountain plans to reduce the number of existing shareholders to below 300 to make it eligible for delisting. In a press release, Gander Mountain stated that the costs of ongoing regulatory requirements outweighed the benefits of public company status. The company expects the going private transaction to be completed in early 2010.*

Sales of guns and ammunition have been up during 2009. The fear of stronger regulation has set in, and sporting goods stores are replenishing inventory at a faster pace. Companies such as Bass Pro, Cabela’s and Gander Mountain are benefiting from this heightened demand. Margins remain tight in these categories, and low consumer spending increases the pressure to remain profitable throughout these stressed times.

Gander Mountain struggled in the second quarter of fiscal 2010 (or what the company refers to as its fiscal 2009). Top-line growth was down even with the increased traffic in the firearms, ammunition, marine and camping categories. Margins in both the retail and direct segments remain unstable and are fluctuating from quarter to quarter. We believe that post the exit of the power sports categories, Gander will be able to focus on its two strongest categories; hunting and firearms and fishing and marine. Collectively these categories represent a combined 68.8% of consolidated sales. The company continued to post negative operating cash flow and has \$28.1 million of debt obligations due in the next 12 months.

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## Retail Forward Holiday Forecast Second-Worst in 42 Years

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Sales at apparel and accessories channels are forecast to decline about 2% during the fourth quarter holiday period compared with a more than 9% drop last year. Most of the continued decline will be at department stores, which continue to feel the brunt of a combination of economic, competitive and demographic trends.

The broad group of mass retailers that includes discount department stores, supercenters, warehouse clubs and small-format value stores is forecast to grow sales 2.5% this holiday season. This is an increase from 2.0% a year ago.

The homegoods channel will see sales decline more than 2% compared with a 7.4% decline last year. Consumer electronics stores will experience the biggest decline in part due to Circuit City's exit.

Building and home improvement retailers will see sales declines ease to -2.0%. This channel is expected to be the first to benefit from improvements in the housing market and is forecast to see slight sales gains emerge in early 2010.

Online sales across retail channels are forecast to grow 4% this holiday season after declining 5% a year ago. "We expect the pace of online sales to be sustained into 2010, but remain shy of the double-digit growth we saw in the channel for several years," Mr. Badillo commented.

**Feedback?**

**Questions?**

**Suggestions?**

[Click Here](#)

## The Global World of Sports and Footwear

Privately held sporting goods retailer **Scheels** will open a 200,000 sq. ft. store in Springfield, Illinois in July 2011. The store, which would be the chain's 24th door, is expected to feature a Ferris wheel, giant aquarium and hall of presidents in addition to its merchandise assortments.

**Forzani Group** saw back-to-school comp store sales rise 0.1%. For the seven weeks ended September 20, FGL's corporate stores had a comp store sales decline of 1.6% while franchise doors posted a 3.8% gain.

**Finish Line's** net loss in Q2 (see the scorecard) included a \$12.6 million loss from its discontinued Man Alive urban fashion banner that was sold to Jimmy Jazz in early July. Operating income was down 23% to \$18,728,000 from \$24,203,000.

**SnowSports Industries America** reported that winter sports sales in the 2008-09 season totaled \$2.8 billion, including \$1.1 billion in apparel sales. Total internet sales spent on the category was \$547 million with 15% of all snowboards sold online. 14.8 million American participated in a snow sport in 2008.

## Upcoming Reporting Dates

Company	Event	Date
Aaron's	Financial Results	Oct 21, 2009
Abbott	Financial Results	Oct 14, 2009
Big 5 Sporting Goods	Investor Conferences	Oct 1, 2009
Lululemon Athletica	Investor Conferences	Oct 6, 2009
PC Connection	Investor Conferences	Sep 29, 2009
Sherwin-Williams	Financial Results	Oct 20, 2009
Walgreens	Financial Results	Sep 29, 2009

## 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](mailto:inbox@globalcreditservices.com).

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## Bankruptcy Blotter

Standard & Poor's added one more company to its default list last week, putting the year-to-date total at 216, more than triple 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. The year's defaults surpassed 2008's total during May.

**CIT Group Inc.**'s bonds have risen significantly in recent weeks, indicating increasing optimism among investors that the commercial lender will meet the Oct. 1 deadline to submit a restructuring plan that's acceptable to a key group of bondholders. CIT said in a regulatory filing in August that a majority of the bondholder steering committee, which granted the lender a \$3 billion emergency loan in July, must approve the plan.

Gordon Brothers has been selected to liquidate the inventory and other assets of **Finlay Enterprise**. A buyer to take over the business on an ongoing basis could not be found. Gordon Brothers anticipates having all merchandise sold by the end of February 2010. Based upon the amount of secured debt outstanding, any recovery to unsecured creditors will be very modest, at the very best. The liquidator is promising to pay Finlay 85.75% of the aggregate cost value of the merchandise that will be sold off at 49 retail stores and two distribution centers. Finlay said it expects the merchandise's total value to fall between \$117 million and \$120 million, which would see the retailer recover between \$100 million and \$103 million in sale proceeds.

**Metromedia Steakhouses Co.**, which operates Ponderosa and Bonanza steakhouse restaurant

chains, is seeking more time to craft a Chapter 11 plan. Metromedia said it needs more time to file a plan because it has been busy dealing with its leases and resolving "disputes and issues" with creditors over its use of cash collateral securing lenders' claims, bankruptcy financing and insurance coverage. Also, the company is still negotiating with creditors on terms of a reorganization plan.

**Eddie Bauer Holdings Inc.** received final court permission to hire a chief restructuring officer, but it's not the professional the company originally lined up for the job. Brent I. Kugman of Lake Forest, Ill., Kugman Partners has been charged with winding down the company's bankruptcy proceedings. Eddie Bauer had initially sought to hire the restructuring firm Alvarez & Marsal North America LLC – and specifically, managing director Scott Brubaker – for the role Kugman now holds. Brubaker was to have been paid \$100,000 per month, as opposed to Kugman's \$35,000 monthly fee.

The owner of 70 Jack in the Box fast-food restaurants in California is seeking bankruptcy-court approval to use cash generated from his business to pay employees and vendors. Abe Alizadeh said in court papers that the cash and accounts receivable are collateral securing loans from three lenders. His business owes National Bank of Arizona \$18 million, Irwin Franchise Capital \$3 million and City National Bank \$16.4 million. All of his restaurants closed temporarily until he was able to put the four companies running the restaurants – **Kobra Associates Inc., Food Service Management Inc., Central Valley Food Services Inc. and Sierra Valley Restaurants Inc.** – in Chapter 11 on Sept. 18.

### Did You Know...?

*First-time state unemployment benefits claims fell 21,000 to 530,000 in the week ending September 19, the Labor Department reported. The four-week average of initial claims fell 11,000 to 553,500, the lowest level since January.*

## FYI for the DIY

Hardware cooperative **True Value Co.** renewed the lease on its 137,000 sq ft headquarters space at President's Plaza in Chicago, Illinois, *Crain's Chicago Business* reported.

**Lowe's Companies, Inc.** reiterated its FY2009 guidance and introduced initial guidance for 2010. 2010 sales are expected to increase 3% to 4%, assuming a comp store sales increase of about 1%. Earnings are expected to be \$1.24 to \$1.34 per share for the fiscal year. LOW expects to open 35 to 45 stores in 2010 reflecting total square footage growth of approximately 2.0% to 2.5%.

**Builders FirstSource** saw attorneys for major shareholder Robotti & Company file a lawsuit in response to the recapitalization plan proposed by JLL Partners Equity IX, LP and Warburg Pincus Private Equity IX, L.P. The complaint alleges the recapitalization plan will give JLL Partners and Warburg Pincus a windfall profit on their debt purchases and will increase their equity stake in the company while diluting the non-controlling stockholders. Another large shareholder, Stadium Capital Management, also opposes the recapitalization plan.

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## Management on the Move

**Lowe's Companies, Inc.** long-time SVP and GMM Kitchen and Bath **John L. Kasberger** will retire effective January 31, 2010. **Clinton T. "Clint" Davis**, currently SVP and GMM Hardlines, will add responsibility for kitchen and bath. Also, **Brent G. Kirby** has been promoted to SVP of Operations for the North Central Division. He replaces **Rick D. Damron**, who will become SVP of Logistics and Distribution. **Eric D. Sowder**, currently SVP of Logistics and Distribution, moves to merchandising where he will serve as SVP and GMM. Finally, **Thomas J. "Tom" Lamb** has been promoted to SVP of Marketing and Advertising.

**Rite Aid Corp.** promoted **Robert I. Thompson** to EVP, Pharmacy. He was formerly SVP, Pharmacy Operations

Also, **Rite Aid Corp.** promoted **Bill Wolfe**, formerly Group VP of Managed Care and Government Affairs to SVP, Managed Care and Government Affairs.

**BJ's Wholesale Club, Inc.** elected **Leonard A. Schlesinger** to its board. Schlesinger is President of Babson College and was Vice Chairman and COO of Limited Brands.

**Sam's Club** has launched a free technical support service called Sam's Club Tech Expert. The service will also offer home delivery and basic installation services for consumer electronics purchases.

**MyWebGrocer** hired **Dan Vanchieri** as VP Sales for the Eastern Region. He'll work out of MyWebGrocer's new Manhattan office. Vanchieri comes from Fox Interactive Media.

**Great Atlantic & Pacific Tea Company** SVP Human Resources, Labor Relations, Legal Services & Secretary **Allan Richards** has left the company to pursue other opportunities.

**Aeropostale, Inc.** CEO **Julian R. Geiger** will step down from that post at the end of the fiscal year. Geiger will continue to serve as Chairman of the company's board. President and CMO **Mindy C. Meads** and EVP and COO **Thomas P. Johnson** will take over as Co-CEOs. Also, EVP and CFO **Michael J. Cunningham** will become President and CFO.

**Toys "R" Us** EVP and President of "R" Us Brands **Ron Boire** was terminated without cause, as his position has been eliminated, according to an SEC filing.

## Health & Beauty Aids

**Rite Aid Corp.** saw front end same store sales fall 4.9% in the second quarter, while pharmacy same store sales grew 0.8%. The number of prescriptions filled increased 1.4%. RAD lowered its fiscal 2010 guidance, and now expects sales of \$25.7 to \$26.2 billion with same store sales between -1.0% and +1.0%. Net loss for fiscal 2010 is expected to be between \$390 million and \$615 million. Guidance for capital expenditures remains at approximately \$250 million.

**CVS/pharmacy** opened its 7,000th store in Little Canada, Minnesota.

**Cardinal Health** completed its debt tender offer following the spinoff of CareFusion Corp. The company will purchase approximately \$1.1 billion in aggregate principal amount of its long-term debt securities for an aggregate purchase price of \$1.2 billion.

## Rating Changes & Outlooks

Company	S&P Credit Rating		S&P Credit Outlook		GCS Credit Rating
	Current	Prior	Current	Prior	Current
MASTROS RESTAURANTS LLC	CCC	B-	NEGATIVE	NEGATIVE	NR
LOGANS ROADHOUSE INC	B-		STABLE		NR
NEBRASKA BOOK CO	B-	B-	POSITIVE	NEGATIVE	NR
BUFFETS INC	B-	NR	STABLE	NR	11
EL POLLO LOCO	B-	CCC+	STABLE	NEGATIVE	NR
PERKINS & MARIE CALLENDERS INC	CCC	B-	NEGATIVE	NEGATIVE	F+
NEBRASKA BOOK COMPANY INC	B-	B-	POSITIVE	NEGATIVE	E-
SONIC AUTOMOTIVE INC	CCC+	CCC+	NM	DEVELOPING	F+

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## Off the Rack

**TJX Companies, Inc.** approved a new \$1 billion stock repurchase program, which adds to the \$367 million remaining under TJX's existing \$1 billion program. The company expects to repurchase approximately \$625 million of TJX stock in Fiscal 2010.

**Abercrombie & Fitch** saw a Minnesota Court of Appeals throw out its appeal of a judgment and fine for discriminating against an autistic teenager because the retailer failed to submit a document by certified mail.

**GSI Commerce Inc.** is partnering with Denmark-based vertical apparel retailer IC Company, and will provide an end to end e-commerce solution including design, web technology, order processing, fulfillment and call center services.

**Hennes & Mauritz AB (H&M)** plans to expand

its store count in China by almost 30% by the end of this year. The fashion retailer saw sales rise 8.7% to 27.6 billion kronor (\$4.0 billion) in its fiscal third quarter. Earnings increased 3.9% to 3.46 billion kronor (\$508 million).

**Kohl's Corp.** opened 37 stores last week, including 30 in California. The retailer now operates 1,059 stores in 49 states.

**Christopher & Banks Corp.** issued third quarter guidance, expecting a decline in comp store sales in the low-to-mid teens, with gross margins expected to improve by a couple hundred basis points. CBK's current SG&A reduction goal is now \$17 to \$18 million for the full fiscal year.

**Tween Brands, Inc.** is now back in compliance with the NYSE's minimum market capitalization standard and will be removed from its watch list.

### Did You Know...?

*U.S. existing home sales dropped 2.7% in August to a seasonally adjusted annual rate of 5.10 million, the National Association of Realtors reported. Inventories declined by 10.8% to 3.62 million, the lowest since April 2007.*

## General Retail News

The National Retail Federation is speaking out against the **Kerry-Bingaman HELP Bill**, an amendment to the health care reform bill that would require employers to offer health insurance to their workers and pay at least 60% of the cost of premiums. Those who didn't offer insurance or pay the required percentage would be levied a penalty of \$750 for each full-time worker and \$375 for each part-time worker. The amendment, co-sponsored by Sens. John Kerry (D-MA) and Jeff Bingaman (D-NM) would replace health care reform's conditional "free rider" employer mandate.

72% of retailers predict **holiday sales** will be the same or lower than last year, according to a survey from the Hay Group. 57% of retailers plan to reduce staffing levels this year vs. last. Just 28% of retailers are optimistic this year and expect an increase in sales, down from 60% of retailers that expected an increase in sales this time last year. 62% of U.S. retailers are seeing more seasonal applicants this year but 40% of retailers are hiring less seasonal help. 43% intend to run more promotions and/or deeper discounts this year and have shifted the strategy away from a Black Friday focus to a promotional campaign that will be consistent through New Year's Day.

## Heard in the Grocery Aisle

**Aldi** has broken ground on its first New York City store, in Queens.

Denver area **Safeway** and **King Soopers** workers rejected the chains' final contract offers and reauthorized a strike. UFCW Local 7 members voted against a proposed 5-year contract.

About 20,000 **Fry's Food Stores** and **Safeway** employees in Arizona voted to authorize a strike if UFCW Local 99, which represents them, can't come to terms with management, the *Arizona*

*Daily Star* reported. They are currently working under a contract extension that expires October 3.

**Meijer Inc.** announced yesterday that it is extending its Grocery Express order picking and parking lot delivery service to its stores in St. Charles and Aurora, Illinois.

**Amazon.com** is expanding its Amazon Fresh grocery delivery area to the whole Seattle, Washington metropolitan area.

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## Mass Merchant Musings

**Sears** is now seeking business partners for the "marketplace" part of its web site, following in the footsteps of Amazon, eBay, and more recently Wal-Mart. Sears Market charges outside vendors on a variable cost-per-click basis or a flat fee when a customer visits the retailer's Web site. Or, the vendor can use Sears' checkout system,

charging a monthly plus a commission on sales.

**Wal-Mart** will pay \$3 million to settle a Massachusetts complaint alleging that it forced employees to work through their meal breaks in violation of state labor laws.

## Hi Tech Entertainment

**Netflix** awarded a \$1 million prize to a group of researchers—the winners of a contest to see who could develop software that improved Netflix' movie recommendation algorithm.

**Office Depot** is partnering with convenience store distributor Lii' Drug Store Products, Inc. to distribute 25 frequently used Office Depot office products for sale in convenience stores throughout the country.

## Specialty Items

**Aaron's, Inc.** now expects third quarter 2009 same store sales percentage to increase mid-single digits.

quarter, sales were up 7.1% and domestic same store sales increased 5.4%. Net income for the quarter fell 3.1% to \$236.1 million. For the full fiscal year, sales rose 4.5% to \$6.817 billion, while same store sales gained 4.4%. Net income increased 2.4% to \$657 million for the year.

**AutoZone, Inc.** sales rose 1.0% to \$2.232 billion for its fourth quarter ended August 29. Excluding sales from the additional week in last year's

## Retailer of the Week: Gander Mountain

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Management has advised that it is working on the following initiatives:

- Improving its in-store experience with cleaner assortments and attractive price points
- Expanding online assortments
- Cross-promotional activities for the web and store combined
- Improve cost control and profitability

These initiatives could create measurable improvements in both the retail segment and the direct business segment. The company remains a high risk, 'E' credit, although we are adjusting our outlook to negative given the negative cash flow from operations and debt obligations maturing in the next 12 months.

### OPERATING PERFORMANCE

\$ in millions	FOR THE SECOND QUARTER ENDING			FOR THE SIX MONTHS ENDING		
	8/1/09	8/2/08	CHANGE	8/1/09	8/2/08	CHANGE
SALES	\$248.4	\$252.8	(1.7%)	\$476.0	\$460.5	3.3%
GROSS PROFIT	\$64.3	\$67.4	(4.5%)	\$111.2	\$109.5	1.5%
GROSS MARGIN	25.8%	26.6%	(80 bps)	23.3%	23.7%	(4 bps)
OPERATING INCOME	(\$4.5)	(\$0.2)	(\$4.3)	(\$20.3)	(\$19.5)	(\$0.8)
OPERATING MARGIN	(1.8%)	(0.1%)	( 173 bps)	(4.2%)	(4.2%)	NA
NET INCOME	(\$7.3)	(\$4.8)	(\$2.5)	(\$25.9)	(\$29.2)	\$3.3
RETURN ON SALES	(2.9%)	(1.8%)	(110 bps)	(5.4%)	(6.3%)	90 bps

Gander Mountain generated \$248.4 million in consolidated sales during Q2 2010, this was down 1.8% over the prior year's comparable period. The company continued to see strength in its guns and ammunition categories. Unfortunately, this was not enough to stop the overall decline of same store sales by 2.4%. Same store sales growth was impacted by markdowns on inventory in the

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## Retailer of the Week: Gander Mountain

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company's power boat, ATV and power sports categories which Gander is currently exiting at this time. Removing these items would shift comps to positive territory to the tune of 1.8%. In the second quarter hunting and firearms represented 30.9% of consolidated sales while fishing and marine represented 37.9%. The company's retail segment declined slightly for the quarter to \$210.8 million or 1.1% over last years comparable period. Gander's direct segment, which consists of the company's website and the Overton's business declined 5.4% for the quarter, primarily due to lower consumer spending in the boating and accessory categories.

Consolidated gross margins came under pressure again in Q2 2010 declining 77 basis points to 25.9% compared to Q2 2009. Lower retail gross profit rates combined with a decline in the direct segments gross profit drove this contraction. SG&A expenses rose 2.3% to \$68.5 million due to higher advertising costs on the retail side. The direct business segment slightly offset rising SG&A costs due to lower catalog expenses. Operating losses for Q2 2009 widened over Q2 2008 to negative \$4.5 million from negative \$0.2 million. Interest expense decreased 42.1% for the quarter due to a combination of lower revolver borrowings, lower long term debt and lower average interest rates. Net losses amounted to negative \$7.3 million, a 52% increase of the prior comparable period.

Cash flow from operations ran at negative \$19.5 million during the recent second quarter ended. Higher inventory levels and lower accounts payable position were major factors to the negative cash flow.

Gander's operating performance during Q2 is somewhat concerning. A declining top line coupled with lower retail margins and high SG&A are concerning at this time. While accounting for adjustments made to the performance due to the exit of the power sports categories consolidated sales need to show improvement in the next quarter.

### LIQUIDITY & FINANCIAL STRUCTURE

Gander Mountain maintains a \$345.0 million revolver with the Bank of America. The credit facility as well as the company's \$20.0 million term loan A and have a maturity date of June 30, 2012. The revolver's availability is subject to a borrowing base consisting of eligible inventory and accounts receivables. At the end of the second quarter, Gander reported that it had availability of \$39.8 million, which rose \$9.3 million over the second quarter last year. Outstanding on the revolver plus the loan A was \$259.7 million for Q2 2010. The company also has a term loan of \$40.0 million, which was borrowed to help fund the acquisition of Overton's. At the end of the second quarter the company had \$35 million outstanding on term loan B, which expires September 30, 2011. There is an accordion feature on the revolver, which can increase capacity by \$55.0 million; however, until the term loan B is completely paid back, the company is not able to exercise this option.

The bank line contains certain credit facility covenants that require availability not to fall below 5% of the lower of the borrowing base or the credit facility limit. It is important to note that this 5% requirement increased to 7.5% in August 2009. Gander Mountain reported \$1.5 million in cash at the end of the second quarter. Senior management has since reported that borrowing availability under the revolver as of September 8, 2009 was \$41.8 million.

Gander Mountain also extended a \$10.0 million term loan that is payable to the company's two largest shareholders. The loan was due at the end of March and is now payable on September 30, 2009. This loan has been extended during the previous three quarters and we expect the loan will be extended again at the end of September.

On August 1, 2009 Gander had \$28.1 million in debt obligations due within one year.

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

*Orders for durable goods fell 2.4% in August, as airplane orders slowed, the Commerce Department reported. Excluding the 9.3% drop in transportation orders, orders were flat in August.*

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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
<b>Apparel</b>							
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%
Christopher & Banks Corporat	\$101.2	\$128.5	-21.2%	-22.0%	(\$2.1)	\$0.8	-351.2%
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%
<b>Drug</b>							
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.	\$6,321.9	\$6,500.2	-2.7%	-1.1%	(\$116.0)	(\$222.0)	47.7%
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%

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## 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
<b>Food</b>							
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%
<b>High-Tech &amp; Electronics</b>							
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%
<b>Home Centers</b>							
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%
<b>Mass Merchants</b>							
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%

### Did You Know...?

New home sales rose just 0.7% in August to a seasonally adjusted annual rate of 429,000, the Commerce Department estimated. Sales were off 3.4% year-on-year, but up 30% from January.

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## 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
<b>Mass Merchants</b>							
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%
<b>Specialty</b>							
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%
Bed Bath & Beyond	\$1,914.9	\$1,853.9	3.3%	-0.6%	\$135.5	\$119.3	13.6%
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%
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%
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%
<b>Sports &amp; Footwear</b>							
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
Finish Line, The	\$298.7	\$337.0	-11.4%	-9.9%	(\$0.9)	\$13.1	-106.7%
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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