

This Week's Top Stories in Retail **October 24, 2008**

Tractor Supply Reports Strong 3Q Results

Brentwood, Tenn. (October 23, 2008) Tractor Supply Co. reported that its net sales increased 16.6% to \$733.9 million from \$629.2 million in the prior year's third quarter. Meanwhile, its same-store sales increased 6.2% compared with a 1.9% increase in the prior year's third quarter.

Same-store sales growth was driven by the company's core consumable categories, including animal and pet-related products; seasonal heating-related products; and emergency-response merchandise related to hurricane activity.

Amazon Profit Climbs in 3Q

Seattle (October 23, 2008) Amazon.com announced on Wednesday that its profit grew 48% in its third quarter. Meanwhile, the company reported that its revenue rose almost 31% to \$4.26 billion, while sales of items such as books, CDs and DVDs rose 19% to \$2.49 billion, and sales of electronics and other merchandise jumped 52% to \$1.64 billion.

Amazon said that sales of book titles for the company's wireless e-reader device, Kindle, account for more than 10% of its total book sales.

Holiday Sales Expected to Drop 5% in 2008

New York City (October 23, 2008) Amid a struggling economy and the decrease in consumer confidence, sales for the upcoming 2008 holiday-spending season is expected to drop 5%, according to a report released by Brand Keys.

The number of consumers who plan to spend less this upcoming holiday season is on the rise, the report said. In addition, the number of consumers planning to spend the same as last year is also growing. At the same time, consumers who said they plan to spend more this year decreased by 75% over last year.

RadioShack Profit Up in 3Q

Fort Worth, Texas (October 23, 2008) RadioShack reported a jump its in third-quarter profit on Thursday, aided by demand for digital-television converters and video games.

RadioShack Corp. announced that its net income for the third quarter ended Sept. 30 was \$50.2 million, compared with net income of \$46.3 million in the same quarter the year before.

J.C. Penney to Limit Exec Severance Pay

New York City (October 23, 2008) J.C. Penney Inc. on Thursday said it will limit the amount of severance pay for its senior executives, Reuters reported.

In a filing with the U.S. Securities and Exchange Commission, J.C. Penney said it would limit severance packages for its senior executives to 2.99 times the annual base salary and target bonus in effect the year of termination, unless stockholders approve otherwise. J.C. Penney also said the policy applies only to future severance agreements and not existing agreements, unless specifically modified to include such an arrangement.

Carrefour 3Q Profit Up

Paris (October 23, 2008) Carrefour S.A. said Thursday third-quarter sales rose 7% to euro 24.7 billion (\$31.6 billion), lifted by growth in its French hypermarkets business and continued

strength abroad.

Chief executive Jose Luis Duran said in a statement the performance "put us on track to attain our 2008 objectives." In France, which accounts for 40% of Carrefour's sales, the group reported growth of 3.5% to euro 10.8 billion (\$13.8 billion), helped by improving results at its hypermarkets.

New Steve & Barry's CEO Exits Wet Seal Board

Foothill Ranch, Calif. (October 23, 2008) The Wet Seal Inc. said Thursday that Harold Kahn left the board, effective immediately.

The move is concurrent with his new role as chief executive at apparel chain Steve & Barry's, announced last week. Kahn had been a director since 2005.

Samsung in Deal With Netflix

Los Gatos, Calif. (October 23, 2008) Samsung Electronics Co. is equipping Blu-ray DVD players so they can retrieve movies and TV shows from Netflix Inc.'s Internet streaming service, accelerating Netflix's push to develop more delivery methods beyond the mail.

The deal could set the stage for Netflix to embed software connecting to its streaming service directly into television sets made by Samsung. In a statement, Netflix and Samsung said they are planning to plant the streaming capability in a variety of home-entertainment products.

Anthropologie to Open in Canada

New York City (October 22, 2008) Anthropologie will make its debut in Canada in 2009 in Toronto's upscale Yorkville shopping district, according to the Financial Post.

The flagship store will be about 12,000 sq. ft. split between two levels at the 100 Yorkville at Bellair complex, a new mixed-use development combining retail and residential condominiums.

Panera Bread 3Q Profit Up

St. Louis (October 22, 2008) Panera Bread Co. said Tuesday its net income grew 15% in the third quarter on a bump in revenue as price increases offset a drop in the number of transactions.

The company earned \$13.7 million in the three-month period ending Sept. 23, compared to \$11.9 million in the same period last year.

Limited Brands to Cut Capital Spending

New York City (October 22, 2008) Limited Brands said Wednesday it plans to cut back on the number of real estate projects.

The company plans to pull back on the number of projects vs. its initial projection by about 35% in 2008 and plans to curtail capital spending further in 2009 with project counts expected to be down significantly vs. 2008, executive VP and chief administrative officer Martyn Redgrave at the company's analyst meeting.

Aldi in Florida Expansion

(October 22, 2008) Aldi will open 10 stores in Central Florida on Oct. 27, including the three local stores, FloridaToday.com reported.

Overall, the discount grocer has announced plans to eventually open 25 stores in Central Florida.

Report: Target Customers Have Trouble With Credit-Card Payments

New York City (October 22, 2008) Shares of Target Corp. slipped Wednesday as the retailer offered more evidence that its customers had trouble making their credit-card payments in September, the Associated Press reported.

Shares declined \$2.71, or 7.2%, to \$34.99 in afternoon trading-not far off their 52-week low of \$33.96.

Safeway Launches Solar Initiative

Pleasanton, Calif. (October 22, 2008) Safeway Inc. Wednesday announced a new environmental project to power 23 California stores with renewable solar energy. The company installed solar panels atop a newly renovated Safeway store in Dublin, California.

The company plans to extend the program to nearly two-dozen stores as part of a broader renewable-energy initiative.

New York & Co.'s CFO Departs

New York City (October 22, 2008) New York & Co. announced that its CFO and president Ron Ristau has left the company to pursue other opportunities.

Sheamus Toal, presently the company's chief accounting officer has been named CFO.

Value City Cuts Headquarters Staff

Columbus, Ohio (October 22, 2008) Value City Department Stores has cut its corporate staff, according to Business First of Columbus.

The company confirmed that an undisclosed number of employees were laid off Monday from the company's Columbus-based headquarters, citing the difficult economy as the reason for the decision.

Wal-Mart Sets New Rules for Suppliers

Beijing (October 22, 2008) Wal-Mart Stores issued environmental and product-safety guidelines for its global suppliers Wednesday, starting with those in China, as part of its bid to be more environmentally responsible and to avoid any recalls or defective-product returns.

"Sustainability is about building a better business," said Lee Scott, president and CEO of Wal-Mart Stores, in a statement. "We think it is essential to our future success as a retailer-and to meeting the expectations of customers. Maintaining the trust of our customers-today and in the future-is tied hand-in-hand with improving the quality of our supplier factories and their products."

Walgreens to Buy Specialty Pharmacy

Deerfield, Ill. (October 21, 2008) Walgreen Co. said Tuesday that it will acquire McKesson Corp.'s specialty pharmacy, a business that operates within McKesson's Specialty division.

While the terms of the agreement were not disclosed, the parties expect to close the transaction within 60 days, according to a company statement.

Report: Higher Prices Haunt Halloween Shoppers

New York City (October 21, 2008) Halloween shopping is taking a scary turn as candy and costume-accessories prices spiked compared to last year, according to The Nielsen Co.

Costume hair coloring is the highest price culprit, as products average \$4.42, an increase of \$2.46, or 126% compared to a year ago.

Auto Care Co. to Expand

Scottsdale, Ariz. (October 21, 2008) Honest-1 Auto Care Co. announced that it plans to double its 19 existing nationwide franchises within one year. The full-service auto-repair chain, which calls itself 100% eco-friendly, said it is implementing rigorous internal standards so that it can remain "the leader in eco-friendly automotive service."

The company employs strict regulations for recycling auto materials, pollution prevention, resource conservation and trademarked services such as ECO TuneUp and ECO Oil Change.

Big Lots Launches E-Commerce Site

Columbus, Ohio (October 21, 2008) Big Lots announced Tuesday that it launched an e-commerce Web site.

Similar to its in-store experience, the site features a treasure hunt atmosphere and the company's well-known low, closeout prices.

Report: Holiday Retail Sales Will be Modest

New York City (October 21, 2008) As the economy continues to take its toll on the retail industry and consumer confidence, the International Council of Shopping Centers (ICSC) estimated that "traditional" holiday season retail sales will increase a mere 1.7% compared to last year.

ICSC also expects GAFO store sales-or those comprised of general merchandise, apparel, furniture and electronics and other stores, including hobby, book and sporting goods-will increase by 1.8% for the same time frame.

Shoe Pavilion Closing Its Doors

Sherman Oaks, Ill. (October 21, 2008) Shoe Pavillion Inc. has won an emergency bankruptcy court order allowing it to hire liquidators to close its remaining 64 stores after going-out-of-business sales. The sale is expected to last between 10 and 12 weeks.

The move follows a liquidation auction held last Thursday during which the company was unable to sell itself in order to continue to operate as a going concern. The discount shoe retailer entered bankruptcy in July after five straight quarterly losses.

Liz Claiborne COO to Step Down

New York City (October 21, 2008) Michael Scarpa, COO for Liz Claiborne, is leaving his post as of Nov. 30. He was with the company for 25 years.

The company, which has experienced a recent financial slowdown, will not be replacing Scarpa. Instead, his responsibilities will be divided among other senior executives.

Coach Net Income Declines

New York City (October 21, 2008) The economy continues to take its toll on luxury retailers, including Coach. The company reported that in its first quarter net income declined 6% to \$146 million. Revenue rose 11% to \$752.5 million.

The company estimates second fiscal-quarter sales will jump to approximately \$1.05 billion, representing a year-over-year increase of about 8%. Coach expects a new line of handbags and updates to existing lines to contribute to this increase, as well as spur holiday sales. Looking ahead, the company cut its fiscal-year sales guidance. Coach now expects sales to rise 10% from last year-from a previous estimate of 13%-to about \$3.5 billion.

Report: Wal-Mart's China Sales Growth at More than 25%

New York City (October 21, 2008) Wal-Mart Stores has achieved annual sales growth in China of at least 25% and this strong growth will continue, a company executive said on Tuesday, Reuters reported. "Wal-Mart is committed to China, and the growth will continue," Gray said. Gray said he expected double-digit growth this year.

Gray, speaking ahead of a company-sponsored conference, did not give a dollar figure for the company's current China sales or say what portion of global sales come from its more than 100 stores in the country.

Court Confirms Goody's Reorganization

Knoxville, Tenn. (October 21, 2008) Goody's Family Clothing Inc., which filed for bankruptcy protection in June, on Tuesday said a court confirmed its reorganization plan. The U.S. Bankruptcy Court for the District of Delaware confirmed the plan, which is expected to become effective in about 10 days.

Since filing for bankruptcy, the moderately priced apparel retailer has focused on reorganizing its business model by reducing operating costs and focusing on leveraging its core assets. This included shuttering 69 underperforming stores operating in 18 states, and closing a distribution center in Arkansas and a corporate office in New York. The company also ceased operation of its e-commerce business and the operation's fulfillment center in Tennessee.

Wal-Mart Launches Presidential Candidate Videos on Web Site

Bentonville, Ark. (October 20, 2008) Wal-Mart Stores Monday launched a video-based voter guide enabling presidential candidates Sen. Barack Obama and Sen. John McCain to share their views on key issues with Wal-Mart customers and associates.

Through the company's Web sites, both major candidates will present their views on issues beginning today through Election Day.

Report: Tweeter CEO Out

Boston (October 20, 2008) George Granoff, CEO of Tweeter Newco, has left the consumer-electronics chain after 13 months, apparently following a disagreement with its New York investment firm owner, Schultze Asset Management Group, according to the Boston Herald.

Schultze acquired the former Tweeter Home Entertainment Group for \$38 million in a bankruptcy auction last year.

Toys 'R' Us Not Cutting Back Seasonal Help

Wayne, N.J. (October 20, 2008) Although many retailers are cutting back on their holiday staffing, Toys "R"Us is not one of them.

The chain announced Monday that it plans to hire approximately 35,000 seasonal employees in its toy stores nationwide. These hiring plans are equal to last year.

CVS Tender for Longs Drug Successful

Woonsocket, R.I. (October 20, 2008) CVS Caremark Corp. on Monday announced that its tender offer for shares of common stock of Longs Drug Stores Corp. at a price of \$71.50 per share has been successful. The offer period expired at 6:00 p.m., New York City time, on Friday, Oct. 17, 2008.

Tom Ryan, chairman, president and CEO of CVS Caremark, commented, "We are very pleased with the strong response to our tender offer. Having now satisfied all closing conditions, we look forward to promptly purchasing the tendered shares and completing our merger with Longs."

Rite Aid Plans Reverse Stock Split

New York City (October 20, 2008) Rite Aid plans a reverse stock split after the company's shares fell below \$1, Bloomberg reported Friday. The reverse split will allow Rite Aid to keep its shares traded on the New York Stock Exchange (NYSE).

The board has yet to determine what ratio the reverse split will take, the drug store chain said Friday in a statement. The split will be completed by December after a special shareholders meeting.

Adrenalina Makes Bid for PacSun

New York City (October 20, 2008) Pacific Sunwear of California Inc. on Monday received a \$4.50-per-share cash and stock bid from Adrenalina, a manufacturer and retailer of extreme sports gear, according to MarketWatch.com. The offer represents a premium of 24% over Pacific Sunwear's closing price of \$3.62 on Friday, Oct. 17.

Adrenalina's chief executive Ilia Lekach said the company is making the proposal public after Pacific Sunwear's CEO Sally Frame Kasaks repeatedly declined Adrenalina's prior attempts to enter into discussions.

Report: Circuit City to Close Stores, Cut Jobs

New York City (October 20, 2008) Circuit City Stores Inc. is considering a plan to shutter at least 150 stores and cut thousands of jobs as an alternative to filing Chapter 11 bankruptcy, the Wall Street Journal reported Monday.

The Journal quoted unnamed sources as saying the store closings and furloughs would be an alternative for the troubled consumer-electronics retailer to filing for bankruptcy-court protection.

Report: Consumer Confidence Plummets

New York City (October 17, 2008) Reuters and the University of Michigan on Friday released the preliminary results of their survey of consumers for the month of October, showing that the consumer sentiment index fell by more than economists had been expecting.

The consumer sentiment index fell to 57.5 in October from a reading of 70.3 in September, according to the Reuters/University of Michigan Surveys of Consumers index. Economists had been expecting a more modest decrease by the index to a reading of about 65.0. With the decrease, which marked the biggest monthly drop on record, the consumer sentiment index fell to its lowest level since June.

Mervyn's to Shutter Remaining Locations

Hayward, Calif. (October 17, 2008) Mervyns LLC plans to close its remaining 149 stores and shut down after nearly six decades in business, the company said on Friday.

The company will hold going-out-of-business sales during the holiday season to raise money for its creditors.

Best Buy to Reduce Carbon Emissions

Minneapolis (October 17, 2008) Best Buy Co., Inc. has announced plans to reduce greenhouse-gas emissions by 8% per square foot across all U.S. stores and operations, including its corporate headquarters, fleet, and distribution centers by 2012.

According to a release, all new stores will be built with skylights and high-efficiency lighting, heating and cooling systems.

Report: Mervyns Stores Plan To Liquidate, Cease Operations

Hayward, Calif. (October 17, 2008) Mervyns LLC may have plans on Friday to announce that it is filing for Chapter 7 bankruptcy protection, according to a report on the Web site of San Francisco CBS 5.

The move will cause the retailer to shut its doors and liquidate its inventory, according to the report.

Gap Inc. Outlines Strategies for its Brands

San Francisco (October 17, 2008) Gap Inc. at its investor meeting Thursday presented an update on the company's strategies for improving business at its brands, along with an overview of growth initiatives across its online and international businesses. At the meeting, which featured addresses by division heads, executives affirmed plans to eliminate 10% to 15% of Gap's real estate holding by creating smaller stores and closing units over the next three to five years in hopes of increasing productivity.

Executives said they were pleased with the Gap brand's efforts at strengthening its brand positioning globally and delivering a great product, and that it is now turning its attention to bringing customers back into stores. The brand doesn't plan to do any more television advertising this year, but will shift to a mix of traditional and non-traditional marketing tactics. Gap's top priorities for 2009 are driving traffic, executing on its real estate strategy and improving productivity.

Retired Exec Bids for Boscov's

Reading, Pa. (October 17, 2008) The retired chairman of Boscov's Inc. has submitted a bid for the chain that his family founded in 1921, according to the Associated Press. The move comes just days before the company's bankruptcy court hearing.

Albert Boscov, 76, passed the chairmanship of Boscov's to his nephew, Kenneth S. Lakin, in 2006. He worked with several people to submit a bid for the company ahead of the scheduled auction of Boscov's assets next week in U.S. Bankruptcy Court in Wilmington, Del., the report said.