

Last Week's Top Stories in Retail

December 26, 2008

Department Stores Prep for After-Christmas Push

HOFFMAN ESTATES, Ill. (December 24, 2008) Sears announced Wednesday that it is cutting prices storewide in a push to pump after-Christmas sales. The move is being replicated at other department stores as well.

"Sears after-Christmas sale allows us to continue to give our customers unbeatable prices on the best, quality merchandise," said Don Hamblen, Sears' chief marketing officer. "In these tough economic times, it's imperative to Sears that we continue to ensure Sears' customers get the most value for their hard-earned dollar on the widest range of merchandise."

On Friday, Dec. 26, from 7:00 am to noon, Sears will offer Morning Doorbusters, plus special savings up to 75% off on home electronics clearance items.

Wal-Mart Settles Labor Suits for Up to \$640 Million

BENTONVILLE, Ark. (December 24, 2008) Wal-Mart Stores said late Tuesday that it has agreed to pay workers up to \$640 million to settle 63 labor lawsuits. The settlement will end years of ongoing dispute.

According to Wal-Mart, the actual amount it pays will depend on how many claims are submitted by eligible workers and could range from \$352 million to as high as \$640 million.

Each settlement still must be approved by a trial court.

Wal-Mart faced 76 similar class action wage-and-hour lawsuits in courts across the country as of March 31, the company said in its most recent 10-K filing with the Securities and Exchange Commission.

Report: Department Stores Not Meeting Consumer Needs

San Francisco (December 23, 2008) Consumers continued a six-year trend of steering away from department stores during the holiday season, but the struggling economy was not entirely responsible, according to the Ninth Annual National Shopping Behavior Study.

The study found that some department stores are not meeting consumer needs, including having desired items in stock, fair everyday pricing, easy return policies and helpful employees.

Consumers answered questions that showed how the current economic environment affected what motivated them to shop, where they shopped and what mattered to them most when making a purchase.

Charlotte Russe Shareholder Criticizes Bid Rebuff

New York City (December 23, 2008) Charlotte Russe Holdings Inc. shareholder B. Riley & Co. LLC said Tuesday that the retailer should not have spurned a takeover offer by KarpReilly Capital Partners LP and H.I.G. Capital LLC, according to the Associated Press.

Charlotte Russe in November opposed a nearly \$200 million takeover offer by KarpReilly and H.I.G. Capital, saying it wanted to stick to its turnaround plan. The bid was valued at \$188.1 million to \$198.6 million, a premium of 31% to 38% over Charlotte Russe's closing stock price the day before the offer.

In a letter, B. Riley asked Charlotte Russe to explain why it decided to terminate negotiations with KarpReily.

OfficeMax Names VP, Treasurer and Investor Relations

Naperville, Ill. (December 23, 2008) OfficeMax announced that Tony Giuliano has been named VP, treasurer and investor relations. Giuliano will oversee treasury and risk-management activities, as well as investor relations for the company.

Prior to joining OfficeMax, Giuliano was treasurer with ACCO Brands Corp. since 2005, where he was responsible for integrating and managing the merged global-treasury activities of ACCO and General Binding Corp.

NRF Asks Obama for National Sales-Tax Holidays

Washington, D.C. (December 23, 2008) The National Retail Federation asked President-elect Barack Obama on Tuesday to incorporate a series of national sales-tax holidays into upcoming economic stimulus legislation as a step toward rebuilding consumer confidence.

NRF said that short-term gains from consumer spending and long-term growth from job creation are both needed to achieve economic recovery.

NRF proposed that tax holidays be held during March, July and October 2009, each lasting 10 days, including two weekends. Tax-free treatment would apply to all tangible goods subject to a state sales tax, ranging from apparel and home furnishings to restaurant dining and automobiles, but would exclude tobacco and alcohol.

Prime Retail to Develop Outlet Mall in Calif.

Livermore, Calif. (December 23, 2008) Prime Retail has entered into a development agreement for a \$156 million, 120-store outlet mall in Livermore, Calif.

Prime Retail, with 21 outlet malls nationwide, has already signed up Saks Inc. and Neiman Marcus for the new mall to be called Prime Outlets Livermore Valley.

Destination Maternity Prepays \$10M of Term Loan Debt

Philadelphia (December 23, 2008) Destination Maternity Corp. has prepaid \$10 million of its senior-secured term loan due March 2013 as a part of its effort to deleverage its balance sheet.

On Nov.18, the company announced that it intended to prepay \$10 million of its term loan prior to the end of the first quarter of fiscal 2009 (Dec. 31). The \$10 million of term-loan prepayments the company has made since that announcement include a \$622,000 prepayment required under the annual excess cash-flow provision of the term loan. Pursuant to the provisions of the term loan, the prepayments were made without any prepayment premium or penalty.

Wal-Mart Starts \$2.66B Tender Offer for Chile's D&S

Santiago, Chile (December 23, 2008) Wal-Mart launched on Tuesday its \$2.66 billion tender offer for all of the issued and outstanding shares, including American Depositary Shares, of Chile's leading supermarket D&S.

The offer was for 40.8 cents a share of D&S, and \$24.48 per ADR, equivalent to 60 D&S shares each.

Holder of stock will have from midnight local time on Dec. 24 through midnight on Jan. 22 to accept the offer.

Circuit City Gets Final Approval for Financing

Richmond, Va. (December 23, 2008) Circuit City Stores received final approval Monday for \$1.1 billion in financing in order to keep operating while in Chapter 11 bankruptcy protection.

The debtor-in-possession financing, approved on Monday by U.S. Bankruptcy Court, allows the retailer to pay vendors and other business partners for goods and services received.

The company filed for Chapter 11 protection last month.

Barnes & Noble Offers Same-Day Holiday Shipping in N.Y.C

New York City (December 22, 2008) Barnes & Noble is offering free delivery for gifts on their way to New York City.

Abercrombie & Fitch Extends Contract for CEO

New Albany, Ohio (December 22, 2008) Abercrombie & Fitch Co. Monday announced that it had entered into a new employment agreement with Michael S. Jeffries, the company's chairman and chief executive.

Report: Holiday Online Sales Register Decline

New York City (December 22, 2008) Online holiday sales registered a first-ever decline in seven years, according to sales tracker ComScore, CNN.Money.com reported.

The firm said online spending for the first 49 days of the critical November-December gift-buying period fell 1% to \$24.03 billion, compared to \$24.15 billion over the same period last year.

American Apparel Gets Credit Extension

Los Angeles (December 22, 2008) American Apparel said Monday that it has received a three-month extension from its revolving credit and second lien credit-facility lenders. The amendments require American Apparel to pay the debts on April 20. The original debt was set to mature on Jan. 18.

The new amendments, which include the payment extension and imposes additional legal obligations, enables the company to operate its business according to its plan while continuing discussions with its lenders and other parties regarding longer-term financing. The amendments have been filed with the Securities and Exchange Commission.

H.E.B. Launches Employee Discount Program

San Antonio, Texas (December 22, 2008) H.E.B. introduced a new employee program that offers discounts on its private-label merchandise.

Report: Supermarkets Most Likely Place to Spend Gas Savings

Toronto (December 22, 2008) As gas prices continue to drop, shoppers are choosing to spend these savings on groceries, according to a study from retail-analytics firm Precima.

In mid-July, pump prices were hovering around \$4 a gallon. Today, those prices have dropped 57%. According to responses from 3,013 consumers, 48% of shoppers are investing the money they saved on gas on their household groceries.

Walgreens Adds Three New Execs

Deerfield, Ill. (December 22, 2008) Walgreen Co. announced that it is adding three new executives to its senior-management team.

Bryan Pugh has been named VP, format development. In this position, he will focus on affordable and essential merchandise, including food items, paper products and other consumables.

KB Toys Gets Green Light on Liquidation

Pittsfield, Mass. (December 22, 2008) Following the approval of a Delaware bankruptcy judge on Thursday, KB Toys commenced its going-out-of-business sale chain-wide on Friday. Judge Kevin Carey granted the request after attorneys ensured that KB Toys resolved issues with landlords and creditors concerning rent and other legal operating issues.

"I can see no other alternative," Carey said. "We're at a time of year where, unless the going-out-of-business sales go forward now, there's hardly any sense in doing it."

Report: Store Closings Put Real Estate Market at Risk

New York City (December 22, 2008) Store closures and retail bankruptcies continue in regions across the country, however, the social impact of these empty stores could be devastating in the long-term, according to a report by CNNMoney.com.

Walgreen Posts Lower Profit, Slows Store Openings

Deerfield, Ill. (December 22, 2008) Walgreen Co. posted a lower-than-expected quarterly profit on Monday of \$408 million, down 10.4% from a year ago.

Wal-Mart in Bid for Chilean Supermarket Retailer

Bentonville, Ark. (December 22, 2008) Wal-Mart Stores on Friday said it has made an all-cash offer to buy Distribucion y Servicio D&S SA, which operates the largest supermarket chain in Chile. If completed, the deal would give Wal-Mart a foothold in Chile's highly competitive retail market.

S&P Cuts Limited Brands' Rating

New York City (December 19, 2008) Standard & Poor's said Friday it cut the long-term corporate credit rating on Limited Brands Inc. to BB+ from BBB- because of the weak economy. S&P also lowered Limited's short-term rating to B-1 from A-3. The outlook is "stable."

Penn Traffic in Deal to Sell Wholesale Business

Syracuse, N.Y. (December 19, 2008) The Penn Traffic Co. has entered into a definitive agreement to sell its wholesale-business segment to C&S Wholesale Grocers, in an approximately \$43 million transaction. The company said the move will enable it to focus on retail stores and customers, and dramatically improve its capital structure.

Muslim-American Files Bias Suit Against Wal-Mart

Dearborn, Mich. (December 19, 2008) An Arab- and Muslim-American man filed a \$12 million lawsuit Thursday against Wal-Mart Stores, saying employees discriminated against him and fired him because of his background.

Fitch Affirms Kohl's 'BBB+' Rating

New York City (December 19, 2008) Fitch Ratings affirmed its investment-grade "BBB+" credit rating on Kohl's Corp. on Thursday, saying the company has above-average operating margins and a successful business strategy. The ratings outlook is "stable."

Costco CEO Receives \$3.8M in Compensation

Portland, Ore. (December 19, 2008) Costco Wholesale Corp.'s president and CEO James Sinegal received compensation valued at \$3.8 million for the 2008 fiscal year, according to a proxy statement filed Friday with the Securities and Exchange Commission.