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JC Penney Buys Into Martha Stewart

JC Penney paid \$38.5 million to buy a 16.6% stake in Martha Stewart Living Omnimedia, which expects the 10-year deal to garner more than \$200 million from JC Penney, including design fees, advertising commitments, and royalty payments. Penney will set up 'distinct Martha Stewart retail stores' within Penney stores starting in February 2013. Rival Macy's, which also carries Stewart-branded merchandise, is now re-evaluating whether to continue carrying Stewart's products - it's deal with MSLO ends in 2012, but can be renewed.

Big Thanksgiving Holiday Weekend

Retailers racked up \$52.4 billion in sales over the 2011 four-day, Thanksgiving holiday weekend, a 16.4% jump from 2010, as shopper flooded stores that opened at midnight and discounts helped products fly off the shelves, according to trade group National Retail Federation's survey of 3386 shoppers. A record 226 million shoppers hit the stores and websites, up from 212 million last year. Black Friday sales alone surged 6.6% over last year. The NRF estimated shoppers spent an average \$398.62 over the weekend, up 9.1% from last year, with online sales \$150.53 of that total. Among the big retailer winners, noted a Reuters article, were Best Buy, Macy's, and Wal-Mart, while the Gap, Sears, and office supply chains proved to be lagging behind.

Market research firm comScore, Inc. noted the top five websites were Amazon.com, Wal-Mart, Best Buy, Target, and Apple. The company noted that Black Friday spending by more than 50 million shoppers in the US hit \$816 Million, up 26% from last year. Thanksgiving Day spending hit \$479 million, up 18% from last year. Market research firm Mercent released its eCommerce Performance Index results, noting that its online Black Friday sales rose 23% and rose 18% for Thanksgiving Day over 2010. IBM's Coremetrics confirmed those figures with a 24% increase in online sales from 500 US retailers. The line between Black Friday retailing and Cyber Monday online sales continued to blur.

Fashion Bug Up For Sale

Charming Shoppes is putting its Fashion Bug chain up for sale in order to concentrate on Lane Bryant. Plans for the LB brand include enhancing Cacique intimate apparel brand awareness and merchandise offerings, pursuing innovative digital sales initiatives like their recently launched 'Fashion Genius,' and opening new and relocating existing stores that would expand its number of sites to 900. Plans include opening 125 new locations, with 125 relocations from malls into power strip and lifestyle centers and closing approximately 50 stores when leases expire.

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Weekly Retail Sales Summary

Retailers opened stores earlier than ever for Black Friday - mostly midnight on Thanksgiving Thursday but as early as 10pm - and promoted online sales with revamped websites and a cornucopia of deals to bring in the shoppers. And it worked. Shoppers scooped up women's accessories, toys, and electronics such as flat-screen TV's and iPads to tally an impressive \$52.4 billion in sales, up from \$45 billion last year.

For the month, market research company Retail Sails reported that consolidated November 2011 same store sales were up 3.3% from the same month last year - meeting analysts' estimates. Meanwhile, research firm Thomson Reuters noted same store sales grew 3.1%, slightly less than its forecasted 3.3% rise.

Despite protests about intruding on Thanksgiving Day, the jingling bells of the cash register trumped the complaints of the Puritans. You can bet that retailers will open even earlier next year, possibly even as early as 6pm. Future holiday sales carry one caution: margins. Retailers pushed big discounts in store and online and while sales growth may be pleasing, profitability may take the hit for it. Worse, shoppers may become conditioned to waiting for 50% off or more sales to bring them back into stores or onto websites.

Weekly Retail Sales Summary		
Week Ending	Weekly Change	Year Over Year Change
3 - Dec - 11	-22.5%	0.2%
26 - Nov - 11	N/A	4.4%
19 - Nov - 11	-3.4%	3.8%
12 - Nov - 11	6.5%	3.6%
05 - Nov - 11	8.5%	3.7%

Source: National Retail Sales Estimate (NRSE), the ShopperTrak Retail Traffic Index and ShopperTrak Corporation.

Sales and Earnings (in Millions)

	Company	Period Ended	Sales	% Change Sales	Net Income	% Change Income
Apparel	Abercrombie and Fitch	Oct 30/Q3	\$1,076.0	21.0%	\$50.9	1.8%
	Aeropostale	Oct 29/Q3	\$596.5	-1.0%	\$24.1	-58.8%
	American Eagle Outfitters	Oct 29/Q3	\$831.8	11.0%	\$52.4	58.8%
	Ann Inc. (Ann Taylor Consolidated)	Oct 29/Q3	\$564.0	16.6%	\$32.3	33.5%
	bebe Stores (FYE 6/30)	Oct 1/Q1	\$126.2	9.5%	\$2.4	700.0%
	Bluefly	Sept 30/Q3	\$21.2	10.0%	\$(2.5)	-25.0%
	Buckle, The	Oct 29/Q3	\$273.4	12.2%	\$38.3	11.6%
	Burlington Coat Factory	Oct 29/Q3	\$898.5	4.7%		
	Cache, Inc. (FYE 12/31)	Oct 1/Q3	\$48.7	6.5%	\$(1.8)	64.0%
	Casual Male Retail	Oct 29/Q3	\$89.4	-0.6%	\$(1.6)	-653.6%
	Cato Corporation	Oct 30/Q3	\$194.1	-2.0%	\$6.1	4.0%
	Chico's FAS	Oct 29/Q3	\$538.5	11.5%	\$26.5	-8.0%
	Children's Place Retail	Oct 29/Q3	\$484.1	7.0%	\$33.7	7.7%
	Christopher & Banks (FYE 2/27)	Aug27/Q2	\$96.2	-5.0%	\$(13.0)	-411.5%
	Ascena (Dress Barn FYE 7/31)	Oct 29/Q1	\$768.3	8.0%	\$47.5	-1.0%
	Gap, Inc. (consolidated)	Oct 329/Q3	\$3,580.0	-1.9%	\$193.0	-36.3%
	Guess?, Inc.	Oct 29/Q3	\$642.8	4.7%	\$66.3	-4.0%
	Gymboree	Oct 29/Q3	\$303.1	7.9%	\$(3.0)	-1,246.6%
	Hot Topic, Inc.	Oct 29/Q3	\$175.8	-4.0%	\$3.1	698.2%
	J. Crew Group	Oct 29/Q3	\$479.6	11.7%	\$21.6	-42.8%
	Limited Brands	Oct 29/Q3	\$2,173.4	9.6%	\$94.2	53.8%
	Liz Clairborne, Inc	Oct 2/Q3	\$397.8	-9.1%	\$(214.6)	-242.3%
	Pacific Sunwear	Oct 29/Q3	\$242.0	-6.2%	\$(17.6)	-152.8%
	Ross Stores Inc.	Oct 29/Q3	\$2,046.0	9.0%	\$144.0	19.0%
	Saks, Inc. consolidated	Oct 29/Q3	\$692.3	5.1%	\$17.8	-51.2%
	SteinMart, Inc.	Oct 29/Q3	\$258.5	-3.6%	\$(1.8)	-141.4%
	Warnaco	Oct 1/Q3	\$645.1	8.0%	\$44.6	7.5%
	Wet Seal Inc. (consolidated)	Oct 29/Q3	\$152.1	3.9%	\$3.7	46.3%
Zumiez	Oct 29/Q3	\$154.0	13.3%	\$14.1	14.8%	
Discount	99¢ Only Stores (consolidated)	Oct 1/Q2	\$352.2	9.0%	\$15.1	17.0%
	Amazon.com	Sept 30/Q3	\$10,880.0	44.0%	\$73.0	-73.0%
	Big Lots, Inc.	Oct 29/Q3	\$1,138.3	7.8%	\$4.2	-76.3%
	Costco Wholesale (U.S. comps, FYE 8/31)	Nov 20/Q1	\$21,628.0	13.0%	\$320.0	2.6%
	Dollar Tree Stores	Oct 29/Q3	\$1,596.6	11.9%	\$104.5	12.1%
	Freds Inc.	Oct 29/Q3	\$444.4	2.0%	\$9.0	16.0%
	Overstock.com	Sept 30/Q3	\$239.7	-2.0%	\$(7.8)	-129.4%
	SAM's Clubs (div. Wal-Mart Stores, Inc.)	Oct 28/Q3	\$13,298.0	9.5%		
	TJX Companies (consolidated)	Oct 29/Q3	\$5,793.1	5.0%	\$406.5	9.2%
	Wal-mart Stores (div. Wal-Mart Stores, Inc.)	Oct 28/Q3	\$109,516.0	8.2%	\$3,344.0	-2.7%

Sales and Earnings (in Millions)

	Company	Period Ended	Sales	% Change Sales	Net Income	% Change Income
Drug	CVS/ Caremark	Sept 30/Q3	\$2,674.0	12.5%	\$868.0	7.3%
	Rite Aid (FYE 2/26)	Aug 27/Q2	\$6,300.0	1.8%	\$(92.3)	-53.1%
	Walgreens (FYE 8/30)	Aug 30/Q4	\$17,967.0	6.5%	\$792.0	68.5%
Food	Publix	Sept 24/Q3	\$6,369.7	5.5%	\$311.9	10.1%
	Supervalu (FYE 2/26)	Sept 10/Q2	\$8,429.0	-2.6%	\$60.0	1000+
	Whole Foods (FYE 9/25)	Sept 25/Q4	\$2,353.8	12.2%	\$75.5	31.2%
Specialty	Best Buy (FYE 2/26)	Aug 27/Q2	\$11,347.0	0.0%	\$177.0	-30.3%
	Big 5 Sporting Goods (FYE 12/31)	Oct 2/Q3	\$234.7	1.2%	\$5.8	-14.7%
	Dick's Sporting Goods	Oct 29/Q3	\$1,179.7	9.3%	\$41.5	145.6%
	hhgregg (FYE 3/31)	Sept 30/Q2	\$618.6	28.6%	\$6.0	53.0%
	Hibbett Sports	Oct 29/Q3	\$185.2	10.6%	\$16.0	26.8%
Mass Merch.	Bed Bath & Beyond (FYE 2/26)	Aug 27/Q2	\$2,314.0	8.3%	\$229.4	33.0%
	Kohl's Corporation	Oct 29/Q3	\$4,400.0	3.8%	\$211.0	20.0%
	Target Corporation	Oct 29/Q3	\$16,402.0	5.1%	\$555.0	3.7%
Department Stores	Bon-Ton Stores Inc., The (consolidated)	Oct 29/Q3	\$670.6	-6.5%	\$(22.0)	-249.2%
	Dillard's Inc.	Oct 29/Q3	\$1,416.5	3.1%	\$228.2	1000+
	J.C. Penney	Oct 29/Q3	\$3,986.0	-4.8%	\$(143.0)	-425.0%
	Macy's, Inc.	Oct 29/Q3	\$5,853.0	4.1%	\$139.0	1000+
	Nordstrom	Oct 29/Q3	\$2,478.0	13.6%	\$127.0	6.7%
	Sears Holdings	Oct 29/Q3	\$9,565.0	-1.2%	\$(421.0)	-93.1%
	Stage Stores, Inc.	Oct 29/Q3	\$333.5	0.5%	\$(11.3)	-63.8%
Furn.	Haverty Furniture	Sept 30/Q3	\$155.4	-1.1%	\$(0.1)	-90.0%
	Furniture Brands International	Sept 30/Q3	\$258.0	-5.1%	\$(24.5)	-1,000.0%
Home	Home Depot, The	Oct 30/Q3	\$17,326.0	4.4%	\$934.0	12.0%
	Lowes	Oct 28/Q3	\$11,852.0	2.3%	\$225.0	-44.3%
Office	Office Depot	Sept 24/Q3	2,386.7	-2.0%	\$100.9	148.3%
	OfficeMax	Sept 24/Q3	1,774.8	-2.1%	\$22.0	7.7%
	Staples	Oct 29/Q3	\$6,570.0	0.5%	\$326.0	13.0%
Book	Barnes & Noble (FYE 4/30)	Oct 29/Q2	\$1,891.0	0.6%	\$(6.6)	-47.8%
	Books-A-Million	Oct 29/Q3	\$94.4	-8.1%	\$(4.0)	-126.7%
Auto	Advance Auto	Oct8/Q3	\$1,465.0	4.2%	\$105.6	20.5%
	Auto Zone (FYE 8/27)	Nov 19/Q1	\$1,924.3	7.4%	\$191.0	11.1%
	Pep Boys	Oct 29/Q3	\$522.2	5.2%	\$7.0	22.6%
	O'Reilly	Sept 30/Q3	\$1,535.5	7.6%	\$148.4	27.4%

Retail Bankruptcy Watch

Receive an alert when one of your customers files bankruptcy – join Smyyth Networks. Below are some of the major retailers that have sought bankruptcy protection over the past year:

Sbarro Exits Bankruptcy: Sbarro, Inc. exited Chapter bankruptcy on November 28, 2011 with a reorganization plan that eliminated more than 70% of debt and provided access to \$35 million in fresh capital.

Syms Form and Manner Approved: The US Bankruptcy Court approved on November 17, 2011 Syms' emergency motion to enter into a second agency agreement with a joint venture of Gordon Brothers Retail Partners and Hilco Merchant Resources authorizing them to liquidate Syms' assets and abandon any unsold assets after the sale's conclusion. Meanwhile, Syms' official committee of unsecured creditors had filed an objection to that motion on November 14, 2011. An auction date for the sale of intellectual property has not yet been set.

Syms' official committee of unsecured creditors filed a motion on November 28, 2011 to disband the official committee of equity security holders appointed by the US Trustee, or, alternately, limit fees and expenses incurred by that committee. The Court scheduled a December 14 hearing.

On December 9, 2011, Syms' official committee of equity security holders filed an objection to the motion filed by the official committee of unsecured creditors for an order disbanding the official committee of equity security holders or, alternatively, limiting the scope of duties, fees, and expenses which may be incurred by the committee. The equity committee asserted that Syms is still solvent, even in bankruptcy. Based on its publicly traded share price, Syms has an equity value that easily surpasses \$150 million. The Filene's Basement

subsidiary is insolvent and its unsecured creditors want to capture some of Syms' equity value, necessitating a committee to represent Syms' shareholder interests. The US Trustee assigned to the case also filed an objection to the motion.

Borders Liquidation: The US Bankruptcy Court on Nov 10, 2011 approved Borders Group's Disclosure Statement related to the company's First Amended Joint Plan of Liquidation and scheduled a December 20, 2011 hearing to consider the Plan.

A&P Moves: The Great Atlantic & Pacific Tea Co. filed with the US Bankruptcy Court on November 6, 2011 a motion for approval to enter into certain securities purchase agreements with certain holders of pre-petition 5.125% Unsecured, Convertible Notes due 2011; 6.75% Unsecured, Convertible Notes due 2012, 9.375% Senior Quarterly Interest Bonds due August 1, 2039; 5.125% Convertible Notes and 6.75% Convertible Notes, holders of "Series A-Y" Convertible Preferred Stock and "Series A-T" Convertible Preferred Stock. According to the debtors, the agreements will "infuse the Debtors' estates with a \$490 million new debt and equity investment from the Investors, backed by a specific performance remedy against the Investors; are supported by the Convertible Noteholders, who hold approximately 80% in amount of the Convertible Notes; and provide a cash recovery to general unsecured creditors."

On November 14, 2011, the company filed a Joint Chapter 11 Plan of Reorganization and related Disclosure Statement that noted

investors would provide \$490 million: \$210 million face amount of privately placed New Second Lien Notes, \$210 million face amount of privately placed New Convertible Third Lien Notes, and \$80 million in New Equity Investment. The proceeds of the New Money Commitment will allow the Debtors to make distributions pursuant to the Plan, including paying secured creditors in full in cash, and will provide a \$40 million cash pool for distributions to General Unsecured Creditors.

On November 28, 2011, the company filed a motion to amend collective bargaining agreements with various unions. On December 9, the Court approved the amendments with the United Food & Commercial Workers – International and 13 local affiliates.

On November 30, the company filed a Joint Chapter 11 Plan of Reorganization and related Disclosure Statement with \$490 million in new money commitment. These proceeds will allow the company to make distributions pursuant to the plan, including paying certain secured creditors in full in cash, and will provide a cash pool of \$40 million, less the amount distributed pursuant to the Substantive Consolidation Settlement Cash Pool, for distributions to General Unsecured Creditors. The Plan provides for a settlement and compromise of the intercreditor issues relating to whether the liabilities and assets of the Debtors should be substantively consolidated for purposes of distributions under the Plan. The Court scheduled a December 15, 2011 hearing on the plan.

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Wal-Mart Chases Clinics

Wal-Mart Stores, Inc. is seeking to partner with health-care companies to expand its quick- and basic-service clinics in its US stores. Wal-Mart lags behind CVS Caremark Corp. (645 clinics) and Walgreens (347 clinics) and is competing with Kroeger Co., Target Corp., Safeway, Inc. and others in ramping up such clinics.

Target To Sell Credit Card Receivables?

According to a Wall Street Journal article, Target Corp. is looking to sell its credit card receivables business and is concentrating on reducing bad-debt expenses.

Ohio Woos Sears

While Illinois legislators voted down \$250 million in tax incentives to keep Sears' headquarters in the state, Ohio ponied up \$400 million in incentives to get the retail giant to move across state lines.

UPS Holiday Deliveries

United Parcel Service, Inc. forecast its 2011 holiday shipping volume will be up 6.2% over last year – 120 million deliveries during peak week 2011, up from 113 million in 2010. The company predicted December 22 nd will be the busiest shipping day of the year with 26 million packages, up from 25 million last year. It also plans to hire 55,000 temporary seasonal employees, up 10% from last year.

According to the National Retail Federation, 93% of stores will offer free shipping in 2011, up from 85% in 2010, although many will mandate a minimum order to qualify for the free shipping.

Wal-Mart Tops Social Media

Online market research company Socialbakers found that Wal-Mart topped all retailers in Facebook fans with 10,479,565, followed by Target (6,339,128), Kohl's (6,030,585), Macy's (2,945,545), and JC Penney (2,128,383). No surprise that the retailer with the most fans generated the most buzz.

Wal-Mart Corruption Probe

Perhaps Wal-Mart became too social. The company launched an investigation into whether employees violated the Foreign Corrupt Practices Act, which prohibits bribery overseas. Wal-Mart provided no details, but did meet with Justice Department and Securities and Exchange Commission officials.

Rite Aid Bets On Photos

Rite Aid revamped its website to offer improved photo printing service that allows consumers to order prints, photo books, calendars, and a wide range of photo gifts that can be mailed to any snail mail address, or selected photo prints and photo books than can be picked up at any of its 4700 stores. After uploading photos, customers can choose from hundreds of new professionally designed templates on dozens of personalized photo gifts including mugs, brush stroke canvases, mouse pads, 3D and light-up laser-etched crystals, woven wall tapestries, dinner plates, teddy bears,

neckties, and playing cards. Payment can be made in stores or on-line, although amounts of \$25 or more must be made on-line.

OfficeMax Carries

Amazon Kindle Family

OfficeMax, Inc. committed to carrying the Amazon Kindle family of e-readers, starting with the Kindle Fire on Nov 15, 2011 and other versions of the Kindle later in the month.

Cabela's New PayItFast Service

Cabela's, Inc. introduced a new PayItFast service powered by US Dataworks, Inc. at all of its stores. The service allows customers to make in-person payments on their Cabela's Club Visa card balance at the store without delays.

American Apparel Lip Gloss

American Apparel, the fashion retailer, launched a line of lip glosses in nine colors as part of a strategy to increase its beauty products offerings and sales. The petroleum-, fragrance-, mineral oil- and cruelty-free gloss retails for \$12 per tube.

Kohl's Tops Survey

A Market Force Information survey of 7000 shoppers (80% women) found that Kohl's ranked highest in nine of 11 categories among major chains - third year in a row that Kohl's came out on top. More than 70% of those surveyed shopped most recently for casual clothing, with business clothing coming in a distant second, and 90% shopped for casual clothing at their favorite retailer. The survey also found 68% will show on Black Friday, down 6%, and 63% will shop on Cyber Monday, up 2%. Not surprisingly, Kohl's boosted its fourth quarter holiday marketing budget by \$30 million.

Christopher & Banks Store Closings

Christopher & Banks Corp. plans to close 100 underperforming stores at the end of January 2012, combine some stores with CJ Banks stores, and renegotiate leases. The company also laid off 7% of its home office workers and 13% of its field management team in a move expected to save \$2.2 million a year. The company currently operates 761 stores in 45 states, including 472 Christopher & Banks stores, 238 plus-size CJ Banks stores, 28 dual-concept locations, and 23 outlet stores.

Universal, Sony Split Up EMI Group

Citigroup Inc sold EMI Group's recorded-music unit to Vivendi SA's Universal Music Group for \$1.9 billion and sold EMI's publishing unit to Sony for \$2.2 billion, exceeding price expectations. However, the deals face antitrust scrutiny from US and European regulators, which have to decide whether such a consolidation reduces competition among labels.

Best Buy Bolts Britain

Best Buy Co. is closing its big box stores in the UK and paying \$1.3 billion to buy out the US mobile-phone business from its partner, Carphone Warehouse Group PLC. Best Buy and Carphone will maintain their joint venture called Best Buy Europe that consists of 2500 phone stores and will continue to partner in Global Connect, which aims to bring phone stores to China, Mexico, and other markets. Best Buy asserted the buy out will generate \$120 million to \$140 million in earnings during next fiscal year as it opens new stores in US.

Hooked On Nook

Barnes & Noble, Inc. may not be pleased to scream "We're number three!" but considering the sheer number of tablet computers on the market, that's not a bad spot to be in. According to market research company Forrester Research, B&N is forecasted to sell 1.5 million to 2 million Nooks through January 31, Amazon.com, Inc. will sell 3 million to 4 million Kindle Fires, and Apple, Inc. will sell 20 million iPads worldwide (8 million in US) for the fourth quarter 2011.

To help spur sales, B&N cut the price of the Nook Simple Touch from \$139 to \$99 and the Nook Color from \$249 to \$199 to make pricing room for the new \$249 Nook Tablet. That's not much more of a premium than Amazon's \$79 basic model Kindle that shoves advertising in your face and about the same as the \$199 Kindle Fire. Apple's iPad2 is \$499 and up.

In addition, Sears and K-Mart stores now sell the Nook, joining retailers Target Corp., Best Buy Co., Books-A-Million, Inc., Kroger Co.'s (KR) Fred Meyer Stores, OfficeMax, Inc., P.C. Richard & Son, Inc., RadioShack Corp., Staples, Inc., Wal-Mart Stores, Inc., and B&N. When you're going head to head with Amazon and Apple, it helps to have as many retail friends as possible.

Prime Loyalty For Amazon

Shopper estimated that members of Amazon.com's \$79 Prime program, which offers free shipping and other benefits, triple their purchases at Amazon.com to \$1500 per year, with about 40% of all revenue coming from the estimated 10 million Prime members. Purchasers of Kindle Fires receive 30-day free trial of Prime, which will include for the first time e-book lending.

Coach Class To China

Over the next few years, luxury retailer Coach intends to open 30 stores per year in China, mostly in smaller cities, with sales on target to reach \$300 million in 2011 and \$500 million by 2014.

Neiman Marcus Forevermark

Neiman Marcus Group, Inc. debuted exclusive De Beers' Forevermark diamond jewelry at 10 of its US stores with the idea of offering the exclusive fringe of the exclusive fringe of jewelry. Less than 1% of De Beers diamonds carry the Forevermark label.

California Dreaming Of Dollar Stores

Family Dollar Stores, Inc. is planning to open 50 stores in Southern California over the next year and Dollar General Corp is planning to open its first stores in the state next year as well. 99 Cents Only already has 280 stores in California. The state is proving attractive to the dollar stores as the number of cash-strapped consumers rises - perhaps not the best economic statistic, but one imbued with opportunity.

Syms' Last Sale

Like Borders before it, Syms Corp. stores held going out of business sales at all locations of its \$100 million inventory of apparel, plus furniture, fixtures, tables, and such. All sales were final. The GOB sales are expected to be finished by December 31.

Pacific Sunwear Closing Up To 200 Stores

Pacific Sunwear of California Inc. plans to close from 175 to 200 stores in the next 14 months after reporting its 13th straight quarterly loss. The company secured \$160 million in new financing to overhaul its operations and trying to target an older teen and early-20s customer base to better align itself with its more successful menswear. The stores targeted for closure had average sales of \$600,000 in the last year, compared with stronger stores that had about \$1.1 million in sales

Ann's Canadian Expansion

Ann, Inc. intends to open Ann Taylor retail stores in Canada by late 2012, with further global expansion after that.

CVS Cuts 34 Drugs

CVS Caremark Corp. listed 34 drugs it will no longer support starting January 1, 2012 because pharmaceutical manufacturers refused to offer deeper discounts to CVS. The company will offer generic versions or charge more for the 34 drugs.

Finish Line Ugly Sweater Contest

Give athletic shoe retailer Finish Line credit for cyber creativity. The company is holding a contest to design the ugliest holiday sweater with the winner getting a ski trip to Utah. The company is also offering a Whack-an-Elf online game. What this has to do with sneakers is a bit murky, but it may get people to their website or into one of their 647 stores in malls across the US.

Gap Opens Flagship Store in Hong Kong

Gap, Inc. opened its ninth store in Greater China with a 15,000 square foot flagship store in the Central District of Hong Kong featuring large floor-to-ceiling windows, white marble, and Chinese oak wooden floors and stocks Gap, GapKids, babyGap and GapBody products.

Foster's: It's Belgian For Acquisition

SABMiller's \$11.2 billion deal to acquire beer maker Foster's Group Ltd won preliminary Australian regulatory approval with the condition that management remain in Australia. The deal will tie Fosters into the SABMiller line and also give the company an almost 50% market share in Australia.

Staples Reality Meets NBCUniversal Fiction

Staples, Inc. inked a deal with NBCUniversal to produce and distribute Dunder Mifflin paper – the main product of the TV sitcom *The Office* – through its wholly-owned subsidiary Quill.com and through NBC's website.

US Post Office Rate Increase

The US Postal Service filed to raise priority mail shipping rates 3.1%, express mail rates 3.3%, and first-class mail by 1 cent to 45 cents. No doubt websites will raise shipping rates to match. The USPS lost \$5.1 billion on revenue of \$65.7 billion for the year ending September 30 and would have been even larger had Congress not voted to allow the USPS to delay making \$5.5 billion in pension payments. Total mail volume fell three billion pieces, or 1.7%, over the last year.

Bet Your Bottom Dollar

Delhaize Group announced plans to open 450 new Bottom Dollar stores by 2014. Currently, Delhaize operates about 1,600 stores in the U.S., including the Harvey's, Hannaford and Sweetbay chains. The chain also plans to update all of its approximately 1,100 Food Lions by 2013.

More Dollar Stores Than Drug Stores

A report by real estate services company Colliers International noted that the four big national chains – Dollar General, Dollar Tree, Family Dollar, and 99 Cents Only Stores – currently operate approximately 21,500 locations in the US – more than the top three drugstores – Walgreens, CVS, and Rite Aid – which collectively operate 19,700 locations.

Industry and Economic News

Unemployment Drops to 8.6%

The November unemployment rate dropped to 8.6% from 9.0% as private businesses hired 140,000 new workers and government laid off 20,000 workers – although the biggest part of the drop came from 315,000 workers who left the labor force. Retailers last month boosted their head counts by 50,000, the second-largest holiday hiring in November in a decade. More than half of those gains were at apparel and clothing accessory stores, with electronics retailers hiring an additional 5,000 new workers.

Executive Changes

Target

Casey Carl
Promoted to President of Digital Operations

Urban Outfitters

David W. McCreight
Hired as CEO of Anthropologie chain

Wendy McDevitt
Transferred to be President of home and outdoor products chain Terrain.

Crate & Barrel

Sascha Bopp
Promoted to CEO, effective April 2012

Marta Calle
Named as President, effective April 2012

JC Penney

Michael Kramer
Hired as COO

Wicked Quick Industries

Mike Edwards
Hired as Chairman

American Eagle Outfitters

Robert Hanson
Hired as CEO

Office Depot

Steve Schmidt
Promoted to President, International

Giant Eagle

Laura Shapira Karet
Promoted to CEO

John Lucot
Promoted to President and COO

Mattel, Inc.

Robert A. Eckert
Retires as CEO, effective December 31, 2011

Bryan G. Stockton
Appointed as CEO, effective December 31, 2011

Holiday Sales And Inventory

According to a BDO USA survey of chief marketing officers at 100 US retailers, holidays sales are expected to grow 2.9% in 2011, about the same as the National Retail Federation prediction of 2.8%, but far less than the optimistic 6.5% projected by Customer Growth Partners.

Cautious optimism remains the rule of the season. The BDO survey found that inventory levels will be up 0.7% this year versus the 2.8% in 2010, and indeed, 65% reported inventory levels will be about the same, up from 52% last year. Given the tepid consumer spending of the summer, when most merchants finalize inventory plans, it's not surprising that many remain cautious. The survey found 48% expected holiday sales to be about the same as last year, 41% expected a rise, and 11% expected a decline. Note that 67% of CMOs at the larger retailers predicted a sales rise, 33% expected flat

General Growth Properties, Inc.

Michael B. Berman
Hired as Executive VP and CFO, effective December 15, 2011

Steve Douglas
Resigned as Executive VP and CFO

American Apparel, Inc.

Tom Casey
Resigns as President

Talbots, Inc.

Trudy F. Sullivan
Retires as CEO, effective when Board names successor

Esprit Holdings

Chew Fook Aun
Resigns as CFO

Kraft Foods, Inc.

Irene Rosenfeld
Becomes CEO of snacks business, effective end of 2012

Anthony Vernon
Becomes CEO of North American grocery business, effective end of 2012

Warner Music Group

Edgar Bronfman, jr.
Resigns as chairman

Conn's, Inc.

Theodore M. Wright
Promoted to President and CEO

Ascena Retail Group, Inc.

Jeff Gerstel
Promoted to President of Dressbarn

George Goldfarb
Promoted to President of Maurices

sales, and none foresaw a sales decline. The CMOs expected consumer electronics to be the strongest seller this year.

Meanwhile, the Conference Board reported US households are expected to spend an average of \$497 on gifts this holiday season, based on a Nielsen survey in October. Only 7% of consumers said they plan to spend more on holiday gifts in 2011, while about 40% expected to spend less than last year. The survey noted about 65% planned to buy at least some gifts online, with about 15% noting they would buy over half their gifts online.

This is somewhat more pessimistic than the National Retail Federation's 2011 Holiday Consumer Intentions and Actions Survey, conducted by BIGresearch, which found that holiday shoppers plan to spend an average of \$704.18 on holiday gifts and seasonal merchandise in 2011, down slightly from last year's \$718.98.

On a more optimistic note, Standard & Poor's Chief Equity Technical Strategist Mark Arbeter is calling for a strong December, noting that the conditions that existed back in the second quarter bull market for stocks are aligning again. As retailers know, especially those on the luxury end, a strong stock market translates into strong sales.

Commerce Department figures for October 2011 showed \$397.7 billion in retail sales, up 0.5% – the fifth consecutive monthly increase, with spending on electronics up 3.7% and strong increases for sporting goods, building materials, and food. In addition, wholesale prices fell 0.3% during October, the first monthly decline since June. However, the Commerce Department reported the overall US economy grew at 2.0% during the third quarter 2011, down from a initial 2.5% report, adjusted largely because manufacturing output fell during the period.

Smells Like Retail Spirit

Retailers are adding pine, cinnamon, and mulled cider scents to the usual holiday music to entertain the nose as well as the ears, according to an Inc magazine article. A great smelling store can entice shoppers to stay longer, which leads to more sales.

This may be the reason why so many holiday gifts are bought that turn out to be, well, unwanted. No problem! A Harris poll of 2574 US adults found that 41% re-gifted presents, while only 35% believed they were on the receiving end of a re-gifted item. That leaves a 6% gap of people clever enough to get away with it.

Big Spending For Holiday Decorations

A survey by BIGresearch noted that consumers will spend about \$6 billion for 2011 holiday decorations, up 8.1% from last year. Hot sellers include solar-powered lights, LED bulbs that keep burning even if one breaks, and a gadget that makes lights blink in time with "Jingle Bells" and other carols.

Am Misbehavin'

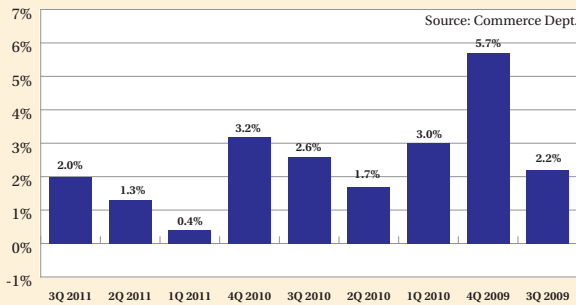
Maybe they should add more check-out cashiers, mobile cashiers, and sales staff instead of smells – a November 2011 Harris poll of 2429 US adults found 96% dreaded some aspect of holiday shopping, from standing in check-out lines to outright fighting. Yes, 14% admitted they 'misbehaved' during holiday shopping. How? Well, 6% admitted to cutting in line, 6% to fighting over parking space, 4% to parking in handicapped spot, 3% to taking an item from someone else's cart, 3% to physically or verbally fighting in store, and 4% to the unspecified 'other mean manners.' The mind boggles at what these incidents might be – shoplifting, counterfeiting, kicking Santa in his jingle bells, and wearing antler earmuffs with overenthusiastic perkiness.

Security To Aisle 1!

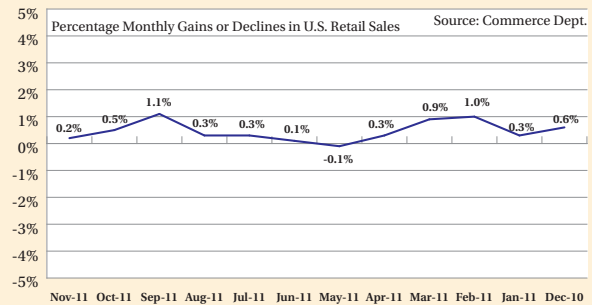
Although more attuned to Black Friday than any other day in the year, The US Labor Dept's Occupational Safety and

Economic and Creditor Indicators

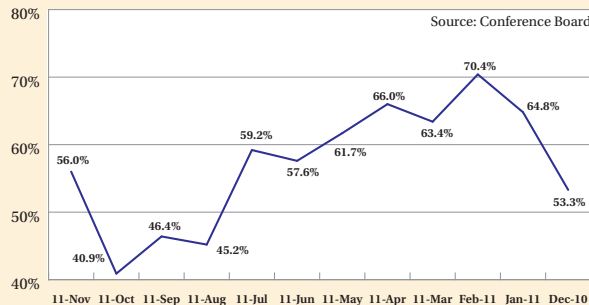
Gross Domestic Product



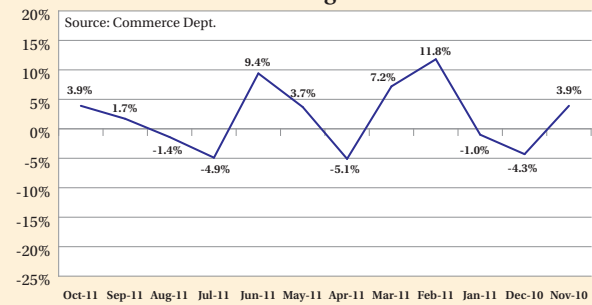
Retail Sales



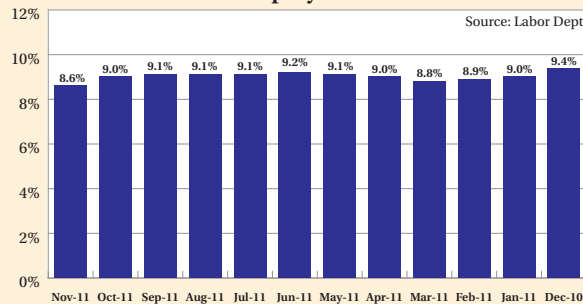
Consumer Confidence Index



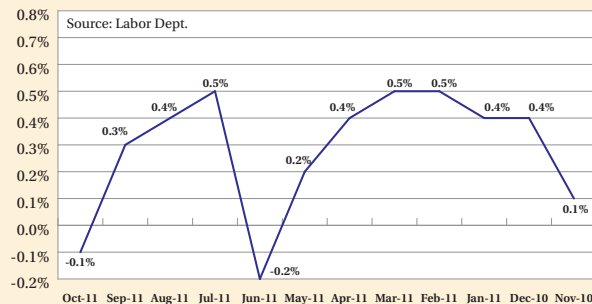
Housing Starts



Unemployment Rate



Consumer Prices



Health Administration urged retailers to pay more attention to crowd control when running big promotional events – shoppers stampede when the doors open, injuring and sometimes killing workers and other shoppers in their haste to buy the latest limited quantity, quarter-priced product. Most of the recommendations are plain common sense – have lots of uniformed security personnel, set up barriers, remove shopping carts and other obstructions from inside doorways, and other measures. More at www.osha.gov. The National Retail Federation also released guidelines: www.nrf.com/crowdmanagement. Preparation is crucial, of course, but who can predict shootings in parking lots and a pepper spray attack?

Fast Start, Slow Finish?

Retailers may have been rubbing their hands in glee with the huge Thanksgiving holiday and Cyber Monday sales figures, but what about the rest of the season? According to a Reuters article, market research firm Capital Economics crunched weekly sales numbers from the International Council of Shopping Centers and found that holiday seasons that start strong tend to end weak. In other words, shoppers roared into the sales like lions, but will meander like lambs through the end of the year.

Sales rose 16.4% overall, but with 9% unemployment and inflation-adjusted hourly earnings down 1.6% in the 12 months through October 2011, shoppers may have only brought forward their spending instead of kicking off the golden holiday season. The Commerce Department reported spending rose at an annual rate of 2.3% in the third quarter, but disposable income fell 2.1% during the same quarter. America's Research Group noted that credit card use during the 2011 Thanksgiving holiday weekend was at 27.3%, up from 16.3% in 2010. As a caveat, remember that shopping hours for Black Friday were extended, retail spending may come at the expense of other spending (such as restaurants), and online sales may not be fully tallied.

However, the Conference Board reported its Consumer Confidence Index soared 15 points in November 2011 to 56.0 – highest since summer (although well below the score of 90 that indicates a prosperous economy). In November, the private sector added 206,000 jobs, way up from the initial 130,000 estimate, although many are seasonal jobs. Still, that's better than before, although whether sales growth can continue and translate into more permanent jobs – the key to economic success – remains to be seen.

Cyber Monday And Cyber Week Records

ComScore, Inc. reported \$1.25 billion in 2011 Cyber Monday online sales, up 22% from 2010. This is on top of \$2.33 billion in online sales from Thanksgiving Thursday to Sunday. The average online order was for \$198.26, up 2.6% from last year. Clever retailers are not just counting on Monday,

but launched Cyber Week specials to maintain that Thanksgiving holiday sales momentum.

Cyber Week 2011 garnered \$5.959 billion in sales, according to comScore, Inc., up 15% from last year. Notable feature: Free shipping on 63.2% of transactions during Cyber Week.

VC Backs Online Retail

All those Cyber-spending records are bringing VC money back to tech. According to Thomson Reuters, venture capitalists invested a record \$2.39 billion in online shopping companies this year, more than double 2010's \$1.06 billion, which in turn was almost double 2009's investments in the sector. Sure, there's bound to be a bubble and no supplier wants to be holding the short end of the overdue stick, but for now, companies that build a better mouse-click trap are thriving.

Kindle Vs. iPad2

A TechBargain survey found that 67% of shoppers did not own a computer tablet, but 64% plan to buy one within the next six months while 76% of shoppers do not own an e-reader but 34% said they would buy one. Of those potential e-reader sales, 76% said they'd buy a Kindle Fire, while 9% would choose the Barnes & Noble Nook Color. Of those potential tablet sales, 35% would buy an Apple iPad2 and 32% would buy a Kindle Fire – a blurring of the lines that should help Amazon. When buying electronics, 65% of men valued recommendations from friends as most important purchasing factor, while 73% of women cited free shipping.

Chicago Fed Economic Index

US economic activity started out November with a strong climb towards at least historical growth, indicating a strengthening economy, heading into the important unofficial start to holiday shopping at Thanksgiving. The post-weekend cyber bash leveled off overall economic activity, but the overall trend offers economic promise.

The Chicago Fed National Financial Conditions Index (NFCI) is a comprehensive weekly index summarizing variation in 85 data series on US economic activity. A value of 0 (zero) suggests that the US economy is proceeding along its historical growth path, a negative number suggests that growth is below average, and a positive number suggests that growth is above average. In addition, the more negative the index value, the less upward pressure on prices while the more positive the index value, the more upward pressure on prices.

4 - Nov - 2011	-0.18
11 - Nov - 2011	-0.15
18 - Nov - 2011	-0.06
25 - Nov - 2011	-0.05
2 - Dec - 2011	-0.08

Shopping For Pets

An Associated Press-Petside.com poll found that 51% of pet owners will spend

about \$46 this year buying their pet one or more holiday gifts, with 68% buying a toy, 45% some sort of food treat, 8% on new bedding, and – please don't show us these photos – 6% on new clothes. The poll notes pets can receive more than one gift.

3Q2011 E-Commerce Sales Up 13%

ComScore, Inc. reported that third quarter 2011 e-commerce sales of \$36.308 billion, up 13% from year ago sales of \$32.133 billion, but down 3.2% from second quarter 2011 sales of \$37.501 billion. The growth was attributed to an increase in the number of buyers (up 22%), with 74% of all internet users making at least one online purchase in the third quarter. The top-performing online product categories were: Digital Content & Subscriptions, Event Tickets, Jewelry & Watches, Consumer Electronics, and Computer Software.

Lips: No New Graphics

US District Court Judge Richard Leon temporarily postponed imposing a new FDA regulation to place graphic images warning about consequences of smoking on cigarette packs – at least until tobacco companies' lawsuit against the regulation gets resolved. The FDA's goal is to reduce adult smoking rate from current 20% to 12% by 2020, which would also reduce the estimated 400,000 tobacco-linked deaths per year in the US.

Daily Deals DOA?

A Forrester Research survey found that 36% of those who subscribed to a daily deal coupon web site never bought anything while 26% bought four or more coupons. Of those that bought an item, the survey found 51% would have bought the item without a coupon and paid full price (although that also means 49% needed the coupon to buy an item – hence the merchant bait on the e-commerce hook). Of those that bought a coupon, 43% did not make a purchase before the coupon expired, which makes them the “best customers” of the coupon site – the coupon web site keeps the fees without having to process a purchase. Critics note that the deals often have considerable fine print – like limited item choices or inconvenient appointment times.

As for the coupon web sites, 49% never signed up because they did not want to receive more e-mails and of those that joined a coupon web site, 29% dumped the site due to blizzard of unwanted e-mails.

Credit Card Exhaustion Tuesday

With consumers rushing out to shop on Black Friday, Small Business Saturday, Second Shopping Sunday, and Cyber Monday, no doubt Tuesday will dawn bright and early with credit cards still warm in the wallets from extensive use. The real measure will come about a month later on Statement Shock Day of Reckoning, when all those credit card bills show up in the mail or e-mail.

Thinking Ahead: Top Food Trends For 2012

Market research company Innova Market identified a number of food and beverage trends for 2012, including: continued shift to identifying products as "Pure" instead of "Natural," increasing use of "Green" in product creation and marketing, acknowledging place where food was produced, pushing the idea of premium foods as a way for shoppers to treat themselves in time of austerity, and catering to senior citizens with better labeling.

Plastic Salvation

The Salvation Army got smart. Smartphones, that is. And it added a Square credit card reader. That's right, those bell-ringing Salvation Army soldiers started to embrace 21st century with a pilot project this year in New York City, Dallas, Chicago, and San Francisco. The high-tech combo allows the Army to accept credit card payments in addition to coins and bills. In 2010, it collected \$148 million in physical money, but noticed that fewer people are carrying cash - hence the move to credit cards.

Empty Shelves Equal Empty Sales

A Harris Interactive poll of 1,021 US adults found that 68% of shoppers would not shop at a retailer with empty shelves, 64% would not shop at stores with long check-out lines, and 63% would not shop at retailers with desired items out of stock. In a breakdown of the empty shelves syndrome, 73% of women would shun such a store while only 62% of men would do so. As retailers know, it's tough to get new customers, so turning existing customers away for lack of stock risks the loss of all that shopper's purchases, not just the one item.

Holiday Coupons And Shopping

The 2011 Shoppers Trend Report, based on coupon site Retailmenot.com data, found that coupon use rose 23% during August-October period 2011 over the same period in 2010 and that sales from coupons rose 82% over the same period from a year ago. A related poll of 1,007 US adults by Ipsos found that 51% would spend the same amount of money as last year, 11% more, and the rest less. Among those trimming costs, 41% were adults 35 years old and up. The survey noted that free shipping was the most preferred promotional offer (26%), followed by a price discount (23%), and buy-one-get-one-free offer (20%).

What will these holiday shoppers buy? Apparel and accessories (54%), books/movies/music (44%), consumer electronics such as TVs, e-readers, and video games (37%), toys (34%), and bath and beauty products (26%). And the survey found that 46% of online shoppers were going to be on the naughty list - they planned to do online shopping during work hours - including 11% who planned to spend five hours or more surfing for deals.

Shop Small, Think Big

American Express pushed Small Business Saturday again in 2011, noting that its customer survey found that 93% want to shop at small businesses, although only 38% say they plan to do so. That's still 89 million shoppers - although far lower than estimated 138 million that shop the big retailers.

Men's Fashion Sense Grows Sales

Market research company NPD Group noted that men's apparel sales rose 6.5% to \$53.7 billion in the first three quarters of 2011, doubling the usual 2% to 3% rise and blowing past women's 1.2% increase. Tailored suits and ties and other neckwear rose over 10% each as younger men show more interest in dressing up.

Nerd Raids: Seizing Websites Allegedly Selling Counterfeit Goods

In the last moments before Cyber Monday, the US Immigration and Customs Enforcement agency seized 150 websites for allegedly selling counterfeit goods, up from 82 websites in 2010. Prosecution is difficult to impossible due to the overseas ownership. ICE made purchases and worked with companies owning the trademarks to determine authenticity of products. Website owners can appear in court to challenge the seizures.

Record Online Sales Before Cyber Monday

Retail scored with Black Friday and the holiday weekend, but online sales jumped before Cyber Monday. Software company ChannelAdvisor reported its clients' 2011 sales on Amazon.com soared 30% on Thanksgiving Day, 50% on Black Friday, 50% on Small Business Saturday, and 59% on Sunday compared to 2010. Its clients' 2011 sales on E-Bay rose about 15% on each of the four days.

China Suppliers Head To Emerging Countries

To compensate for slowing Western markets, especially Europe, a survey of 581 exporters by Global Sources found that 42% will strengthen ties with emerging countries in South and Central America, Middle East, Africa, and the Asia-Pacific region, 18% will develop China's domestic market, 15% will fast track new products, 11% will cut production costs, 10% will raise R&D investments, 3% will relocate factories and 1% will close factories. The survey noted that 66% of companies reported a drop in shipments - with about a third of these noting shipments dropped more than 25% from last year. Worse, 40% expect shipments to Europe to fall a further 10% to 25% in 2012, while only 29% expected exports to Europe will rise. The survey was mostly conducted in China's primary export centers of Guangdong, Zhejiang and Jiangsu provinces, and Shanghai.

Happy Employees, Happy Sales?

Online career site CareerBliss released its Happiest Retailers for 2011 report, which analyzed more than 1,800 independent employee reviews and 11,300 data points from 54 US companies, to figure out the retailer with the happiest employees. Coming in at number 1: Nordstrom. The rest of the top 10: Costco, Lord & Taylor, Bloomingdale's, Sears, Macy's, Best Buy, Marshalls, Foot Locker, and Target.

Those data points included: work-life balance, senior management, compensation, benefits, job security, whether the employee would recommend their employer, the work the employee does, the company culture, and the employee's work environment. Funny that Apple did not make the top 10 list...

Unhappy 30-Somethings

A Boston College Center on Aging and Work study of 1156 workers found that employees between the ages of 30 and 39 are the most unhappy at work, with more than 40% complaining about lack of promotion opportunities - possibly because baby boomers refuse to retire and open up those coveted management slots. The boomers are sticking around due to hits to their 401(k) plans over the last couple years.

Yule Time Crime

Sticky fingers, organized crime heists, and return fraud ratchets up during the holiday season. According to the University of Florida, retailers lost \$35.3 billion in 2010 (\$33.5 billion in 2009) shoplifting accounted for about \$11 billion in lost merchandise while organized crime rings, return fraud, general inventory mistakes and price labeling errors accounted for the rest.

The NRF noted the most effective way to prevent loss rests with the employees on the retail front line. A vigilant minimum-wage worker remains the best defense in deterring yule time crimes. That's nice, but the University of Florida's survey found that 45% of all losses are attributable to employee theft, compared to 31% due to shoplifting and organized crime.

Electronics remain high on the list of shoplifted items, however, large supermarkets suffered the highest shrinkage rates in the industry, topping 3%. Infant formula, over-the-counter drugs, and diabetic test strips are among the items most often stolen.

India Retailing Opens Then Closes

India issued new regulations that allows up to 51% foreign ownership of supermarkets, department stores, and other retailing joint ventures in India, according to an article in the Wall Street Journal. Previously, only foreign wholesale operations were allowed. In addition, single-brand retailers like Nike can now own up to 100% of the business, up from forcing them to create joint ventures with a maximum

51% ownership. The move was expected to create a retailing gold rush which should help India's employment, infrastructure, and overall economy, although fears existed that mom-and-pop stores will be run out of business by chains, just as has occurred in the US. Wal-Mart, which has operated under the old rules in India for the last three years, was expected to be one of the first to open up stores.

However, an anonymous senior government official noted the entire plan was put on 'pause' as the Indian legislature performed a pantomime of the US Congressional bickering while the once red-hot economy cooled. Predictably, politics shelved the plan entirely.

Retail Pet Medications

According to market research company Packaged Facts, retail sales of pet medications, including sales through veterinarians, brick-and-mortar retailers, and online, will reach \$6.7 billion in 2011. Among brick-and-mortar retailers, mass-market channels are the least involved in pet medications, dealing mainly in flea/tick products. Nonetheless, online pharmacies (including Wal-Mart and Target) continue to expand their product range, and Packaged Facts expects these retailers to become a much greater factor in the market.

Housing Woes Hurt Retail

No news is still bad news in the housing market. Almost 29% - 14.7 million - of US homeowners with mortgages owe more on their homes than the properties are worth. That's about \$700 billion in underwater mortgages, with some high growth states even worse: 60% in Nevada, 49% in Arizona, and 45% in Florida. Home prices continue to fall and the unsold inventory tops 14 months - more than twice the normal six-month inventory - and that in turn leads to a 75% decline in home construction from the peak about five years ago. Worse, according to the US Census Department, only 11.6% of Americans changes residences from 2010 to 2011, the lowest percentage since it started collecting such statistics in 1948.

Boomerang Thursday, Green Monday, And Free Shipping Day

Enough with the day naming! UK-based CollectPlus, a joint venture between PayPoint, the UK's leading retail payment network, and the UK's leading parcel delivery company Yodel, noted 10% of holiday gifts bought on-line will be returned, with December 1 (Boomerang Thursday) being the heaviest day to return parcels.

Ebay coined the term Green Monday for the second Monday in December, which also happens to be a top online sales day. Free Shipping Day is December 16.

Holiday Online Spending Soars 15%

For the first 39 days of the 2011 holiday season, online spending reached \$24.6

billion, up 15% versus the corresponding period last year, according to comScore.

Mergers

Williams-Sonoma Rejuvenated

Williams-Sonoma Inc. acquires home furnishings manufacturer and retail chain Rejuvenation Inc. for an undisclosed amount.

E-Bay Buys A Hunch

E-Bay Inc. acquired Hunch.com, an online web site with technology that delivers customized recommendations - the so-called taste graph - to its users based on their individual tastes. This extended form of data mining delves into users' affinity for products, services, other people, websites, social media likes, and just about anything else in can gather in from their computers to offer customized recommendations. E-Bay noted the technology can be adapted to include search, advertising, and marketing for a more personalized use of E-Bay.

Sara Lee Sells Bakery Business

Sara Lee Corp. sold its fresh bakery business in Spain and Portugal, including seven manufacturing facilities, to Mexico's Grupo Bimbo S.A.B. de C.V. for \$155 million.

Hershey's Buys Brookside

Hershey Co. reached an agreement to purchase Brookside Foods Ltd., a privately held confectionery company based in Abbotsford, British Columbia, Canada, for undisclosed amount to expand its fruit and chocolate product lines.

IBM Acquires DemandTec

IBM agreed to pay \$440 million to acquire DemandTec, which provides internet-based, number-crunching software services advising retailers how much to charge for products.

Stocks

Lowe's \$1 Billion In Notes

Lowe's Companies, Inc. agreed to sell \$500 million of 3.80% Notes due 2021 and \$500 million of 5.125% Notes due 2041. Estimated net proceeds from this offering will be approximately \$991 million, after deducting offering expenses and underwriters' discounts. Lowe's will use the net proceeds for general corporate purposes, which may include repurchases of shares of our common stock, capital expenditures, acquisitions, and working capital needs.

Warnaco Group Credit Facilities

The Warnaco Group, Inc. amended its \$275 million US and Canadian Senior Secured Credit Facilities to provide more flexible terms and conditions, reduce fees and interest rates, and extend the maturity date of the Facilities to November 2016. The

company currently borrows less than \$10 million under the facilities.

GNC Stock Repurchase

GNC Holdings, Inc. authorized the repurchase of \$70 million of its Class A common shares. GNC operates over 7500 retail locations.

Dollar Tree Stock Repurchase

Dollar Tree, Inc. entered into an agreement with Wells Fargo Bank, National Association, to repurchase \$300 million of its common shares. Dollar Tree operated 4,335 stores in 48 states and 5 Canadian Provinces as of October 29, 2011.

Dollar General Stock Repurchase

Dollar General voted to repurchase up to \$500 million of its common stock using cash from operations or borrowings on its revolving credit facility. Currently, \$185 million of the \$500 million authorization is expected to be purchased in the 2011 fourth quarter from the Company's controlling shareholder, Buck Holdings, L.P., with the remainder completed within one year.

Chico's Stock Repurchase

Chico's FAS, Inc. authorized the repurchase of up to \$200 million of the company's outstanding common stock, effective November 23, 2011. This program replaces the now cancelled August 2010 \$200 million program in its entirety that had \$24.2 million remaining.

HanesBrands Notes

HanesBrands announced its intention to redeem \$200 million of its Floating Rate Senior Notes due December 15, 2014 and use the cash to reduce its leverage and long-term debt. It will redeem the Notes on December 28, 2011 at a redemption price equal to 100 percent of the principal amount of the Notes, including interest accrued on the Notes to the Redemption Date. Following the redemption, \$290,735,000 aggregate principal amount of Floating Rate Notes (exclusive of Floating Rate Notes previously repurchased by Hanes but not retired) will remain outstanding.

American Greetings Notes

American Greetings Corp. closed its public offering of \$225.0 million aggregate principal amount of 7.375% Senior Notes due 2021 and will use proceeds plus cash on hand to finance cash tender offers for any and all of its outstanding 7.375% Senior Notes due 2016 and any and all of its outstanding 7.375% Notes due 2016. Any remaining net proceeds will be used to finance the redemption of any such notes that remain outstanding after the completion of the tender offers.

Perry Ellis Stock Repurchase

Perry Ellis International, Inc. approved a \$20 million increase to the company's

stock repurchase program, now authorizing repurchase up to \$40 million of its common stock over a 12 month period. Total purchases under the program, since inception, have amounted to \$17.4 million through the third quarter of fiscal 2012, leaving availability of \$22.6 million remaining under the program.

In addition, the company entered into an amended and restated loan and security agreement that amends the company's existing senior credit facility until December 2, 2016. Perry Ellis can borrow on a revolving basis up to \$125 million, with an option to increase borrowing in increments of \$25 million up to a maximum of \$200 million. Proceeds of the borrowings under the credit facility will be used for general working capital and other corporate purposes.

Safeway Stock Repurchase

Safeway, Inc. increased the authorized level of the company's stock repurchase program by \$1.0 billion to a total of \$8.0 billion. Through the end of the third quarter of 2011, Safeway had repurchased approximately \$6.1 billion of its stock.

99-Cent Only Stores Senior Notes

Number Merger Sub, Inc., a subsidiary of 99-Cent Only Stores, will offer \$250 million in aggregate principal amount of senior notes due 2019 in early December 2011 through a private placement.

Frederick's Of Hollywood Delisting?

Frederick's of Hollywood Group, Inc. received a notice from the NYSE Amex about its non-compliance with exchange rules on equity and losses, which may lead to delisting. The company has until January 6, 2012 to submit a plan addressing how it intends to regain compliance with these continued listing standards by May 30, 2013.

Overstock Shelf Registration

Overstock.com, Inc. filed a new shelf registration statement with the Securities and Exchange Commission. When instituted, the new registration statement would allow the company to sell up to \$200 million of its debt securities, common stock, warrants, and other securities in one or more offerings. The terms of any offering under the shelf registration statement will be established at the time of any such offering.



Bernard Sands LLC
A Member of the Smyyth Family of Companies

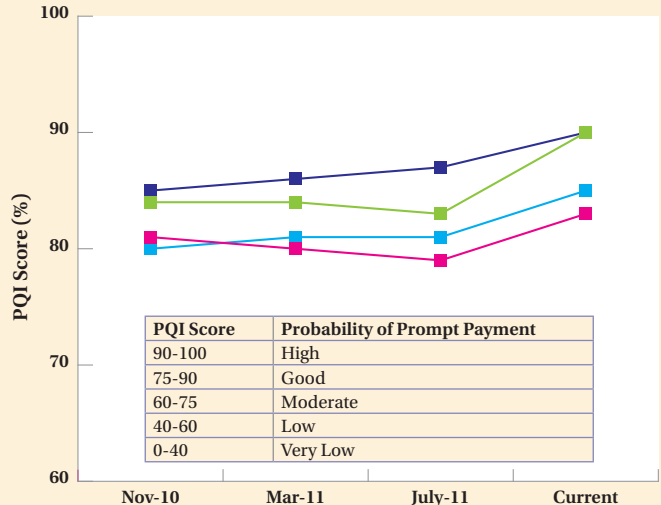
51 Cragwood Road, Suite 201
South Plainfield, NJ 07080

1-201-714-4500
1-908-755-7451 fax
rpm@bernardsands.com
www.bernardsands.com

Bernard Sands PQI™ Index

The Bernard Sands Payment Quality Index (PQI) is based on receivable aging data submitted by trade suppliers, and is a weighted average score of the probability of being paid according to supplier terms. It takes a number of factors into consideration, including the amount past due relative to total owing, the past due aging distribution and the ratio of monthly payments compared to total owing, all tracked over 13 months. The PQI is adjusted to reflect an accelerating, improving or worsening payment trend. We believe that PQI trends can be predictive of default risk.

12 Month Historical Select Retailers



	Nov-10	Mar-11	July-11	Current
Department Store	81%	80%	79%	83%
Drugstore	84%	84%	83%	90%
Grocery	85%	86%	87%	90%
Mass Merchandisers	80%	81%	81%	85%

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