Retail Earnings Kicking Into High Gear

BBI, BONT, GNC, NMG, ZQK Earnings Previews; Downgrade DG to Neutral

HY Consumer, Food, Retail

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With a busy weak of earnings on the horizon (continuing through next month), we are providing our previews for upcoming earnings for Bon-Ton, Neiman Marcus, and Quiksilver (all March 11), and next week's earnings for Blockbuster and GNC (expected, but not yet announced). ***Michaels Stores surprisingly reported a weak 4Q today, 2 days early.***

- Fourth quarter earnings from department store bellwethers indicate that gross margins were most under pressure at high-end retailers (Saks 4Q GM down 16% and Nordstrom down 5.6%). For middle-market stores, the result was more mixed (Macy's down 2.2%, JCPenney 1.5%, and Kohl's up 0.5%). Mass-merchant Wal-Mart reported flat gross margins.
- We expect this trend to play through the coming earnings, with the most gross margin pressure at Neiman Marcus, and least at GNC. We forecast the following for gross margins and EBITDA (worst case to base case):
    - **Michaels Stores** (Neutral) surprisingly reported today instead of Thursday (we think this may have been to calm the market after the CEO switch). Results were at the low end of our estimates, but not as bad as we think the market feared after the CEO switch was announced last night. We were looking for a gross margin decline in the 100bps range; it came in down 370bps. EBITDA of $203 million just missed our worst-case $205 million target. Last night MIK announced that CEO Brian Cornell is leaving to head up Sam's Club, and that it is replacing him with John Menzer, who we believe has a better background for the job, coming from Wal-Mart and Ben Franklin Crafts before then.
    - **Bon-Ton** (Neutral) gross margins down less than 200bps, $100-120 million EBITDA. (earnings 3/11)
    - **Neiman Marcus** (Neutral) gross margin down over 500bps, $25-53 million EBITDA. (3/11)
    - **Quiksilver** (Overweight) gross margins down less than 100bps, $10-15 million EBITDA, the lesser gross margin decline being driven by the business mix of retail as well as wholesale. (3/11)
- **Blockbuster** (Overweight report 3/19) already reported that EBITDA would surpass its $300-315 million target for 2008, and we expect to hear from **GNC** (Overweight) sometime soon, with good earnings.
- On the following pages we show the **earnings calendar**, **earnings outlooks** for the group (actual results for those who have already reported) and **summary forecasts BBI, BONT, GNC, MIK, NMG, and ZQK**.

See page 12 for analyst certification and important disclosures.

Earnings Calendar

Table 1: Retail & Consumer Products Upcoming Earnings

Call Date	Company Name	Earnings Release Time	Call Time (EDT)	Access #
10-Mar-09	Michaels Stores	NTS	5:00 PM	973-935-8513
11-Mar-09	Bon-Ton Stores	NTS	10:00 AM	888.791.4322
11-Mar-09	Neiman- Marcus	NTS	10:00 AM	800.638.4817
11-Mar-09	Quiksilver	AMC	4:30 PM	913-312-1407
19-Mar-09	Blockbuster	AMC	4:30 PM	800-374-0113
24-Mar-09	Phillips- Van Heusen	NTS	9:00 AM	877-723-9509
26-Mar-09	GameStop Corp.	BMO	11:00 AM	877 -718-5108
Estimated dates				
Mid March	Dollar General			
Mid March	GNC			
Early April	Eye Care Centers			
Mid to late April	Claires Stores			
Mid to late April	Burlington Coat Factory			
Late April/Early May	Toys R Us			

Source: Company reports and J.P. Morgan estimates.

Summary 4Q Earnings

Below we summarize our 4Q estimates (shaded areas are estimates). Of the below estimates, we think the most likely to outperform our estimates are Blockbuster (as they pre-reported), Burlington Coat Factory, and Claire's Stores (whose same store sales were modestly better than we expected).

Recommendation change: We are **downgrading Dollar General to Neutral from Overweight** as we believe there is limited room for upside in the near term with bonds trading at or near par. We fear that strength at Wal-Mart and aggressive pricing there could detract from dollar stores.

Table 2: Retail Earnings Preview – 4Q09 Base Case Estimates (shaded areas are estimates)

		Adj. EBITDA				Net Lev		
Company	JPM Rating	JPM 4Q08	Actual 4Q07	YOY % Chg	JPM FY08E	JPM 4Q08	Actual 4Q07	Comments
Blockbuster, Inc. (1)	OW	$121.1	$137.1	-11.7%	$300.0	6.2x	7.1x	*Mgmt said it beat its $310-315mn FY08 target*
Bon-Ton Stores, Inc.	N	$120.9	$174.9	-30.9%	$161.2	7.4x	5.5x	*No Street estimates*
Burlington Coat Factory (2)	N	$88.0	$112.8	-22.0%	$249.4	6.8x	6.0x	*Est for 3Q ended Feb and FY ended May*
Claire's Stores	N	$74.1	$114.0	-35.0%	$204.5	9.7x	7.8x	*No Street estimates, not public*
Dillard's, Inc.	N	$49.4	$178.4	-72.3%	$166.5	8.3x	3.5x	*Missed Street estimates for Q4 by $30mn*
Dollar General	N	$278.2	$250.3	11.2%	$908.7	5.4x	7.2x	*No Street estimates, not public*
Duane Reade Inc. (1)	N	$24.4	$25.5	-3.9%	$88.0	7.5x	7.8x	*In line with estimates*
Eye Care Centers of America (1)	OW	$12.6	$12.0	4.8%	$92.2	4.5x	4.7x	*No Street estimates, not public*
GameStop Corp.	N	$402.4	$333.2	20.8%	$797.1	NA	1.8x	*Street EBITDA est $397 mn for 4Q*
GNC Corp. (1)	OW	$46.6	$45.5	2.4%	$215.2	5.8x	6.8x	*No Street estimates, not public*
Michaels Stores, Inc.	N	$224.3	$264.2	-15.1%	$488.6	7.4x	7.0x	*No Street estimates, not public*
NBTY, Inc. (3)	N	$60.0	$87.1	-31.1%	$367.9	3.2x	2.0x	*Missed Dec qtr ests by about $4mn*
Nebraska Book Company, Inc. (4)	OW	($7.6)	($6.8)	NA	$73.6	6.7x	6.7x	*Beat estimates by $1mn*
Neiman Marcus Group, Inc. (5)	N	$52.8	$187.3	-71.8%	$685.8	6.1x	4.3x	*Ests are 2Q end Jan. We lowered after getting SSS*
Rent-A-Center, Inc. (1)	N	$83.3	$82.7	0.7%	$363.6	3.0x	3.3x	*Met Street est of $83mn for 4Q*
Rite Aid, Inc. (6)	OW	$270.6	$277.1	-2.4%	$977.6	7.3x	7.1x	*Street EBITDA est $269 mn for 4Q*
Saks, Inc.	UW	($61.7)	$91.0	-167.8%	$27.5	10.4x	3.5x	*Missed Street est by $40mn for 4Q*
Sally Beauty Holdings, Inc. (3)	N	$88.0	$87.2	0.9%	$352.4	6.0x	6.3x	*Missed est for Dec qtr by $6mn*
Toys R Us, Inc.	N	$676.6	$776.0	-12.8%	$971.6	6.5x	6.3x	*No Street estimates, not public*
Yankee Candle (1)	N	$100.2	$103.2	-2.8%	$183.0	5.8x	6.1x	*High end of debt analysts' range*
Average				-23.1%		6.5x	5.6x	

Source: Company reports and J.P. Morgan estimates. Note: (1) Fiscal year end is December. (2) Burlington fiscal year end is May. (3) Fiscal year ends Sepember. (4) Nebraska fiscal year ends March. (5) Neiman Marcus fiscal year end is July. (6) Fiscal year ends February.

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Blockbuster

Table 3: BBI 4Q Earnings Preview

($ in millions)	4Q07	2007	4Q08E	2008E
Revenue	1,567.1	5,542.4	1,472.2	5,375.4
Gross margin	50.9%	51.7%	49.8%	51.6%
EBITDA	137.1	173.9	121.1	300.0
Margin	8.7%	3.1%	8.2%	5.6%
Cash	184.6	184.6	63.2	63.2
Total debt	907.8	907.8	850.6	850.6
Net debt/EBITDA	4.2 x	4.2 x	2.1 x	2.1 x
Adj net debit/EBITDAR	7.1 x	7.1 x	6.2 x	6.2 x

Source: Company reports and J.P. Morgan estimates.

Bon-Ton

Table 4: BONT 4Q Earnings Preview

	4Q07	FY07	4Q08E	FY08E
Revenues	1,138.9	3,365.9	1,031.4	3,130.0
Gross Margin	37.5%	36.1%	35.8%	35.4%
EBITDA	174.9	251.8	120.9	161.2
Margin	14.9%	7.3%	11.7%	5.1%
Cash	21.2	21.2	6.0	6.0
Debt	1,155.0	1,155.0	1,146.3	1,146.3
Net debt/EBITDA	4.5 x	4.5 x	7.1 x	7.1 x
Adj Net Debt/EBITDAR	5.5 x	5.5 x	7.4 x	7.4 x

Source: Company reports and J.P. Morgan estimates.

GNC

Table 5: GNC 4Q Earnings Preview

	4Q07	2007	4Q08E	2008E
Revenue	376.1	1,552.8	388.1	1,653.1
GM %	34.5%	33.9%	34.1%	34.7%
EBITDA	45.5	190.3	46.6	215.2
Margin	12.1%	12.3%	12.0%	13.0%
Cash	28.9	28.9	70.6	70.6
Total Debt	1,087.0	1,087.0	1,078.3	1,078.3
Net debt/EBITDA	5.6 x	5.6 x	4.7 x	4.7 x
Adj. Net Debt/EBITDAR	6.5 x	6.5 x	5.8 x	5.8 x

Source: Company reports and J.P. Morgan estimates.

Michaels Stores

Here we show the actual results reported today:

Table 6: MIK 4Q Earnings Summary

	4Q07	FY07	4Q08A	FY08A
Revenues	1,301.0	3,862.0	1,268.0	3,817.0
Gross Margin	40.0%	38.3%	36.3%	36.3%
EBITDA	265.02	549.0	203.0	453.0
Margin	20.4%	14.2%	16.0%	11.9%
Cash	29.0	29.0	144.8	144.8
Debt	3,863.0	3,863.0	3,928.0	3,928.0
Net debt/EBITDA	7.0x	7.0x	7.4x	7.4x
Adj net debt/EBITDAR	7.3x	7.3x	7.9x	7.9x

Source: Company reports and J.P. Morgan estimates.

Neiman Marcus

Table 7: NMG 2Q Earnings Preview

	2Q08	2Q09E
Revenues	1,373.9	1,079.0
Gross Margin	33.5%	28.0%
EBITDA	187.3	52.8
Margin	13.6%	4.9%
Cash	235.7	192.1
Debt	2,946.0	2,951.8
Total debt/EBITDA	4.2x	6.2x
Adj. Net Debt/EBITDAR	4.3x	6.1x

Source: Company reports and J.P. Morgan estimates.

Quiksilver

Table 8: ZQK 2Q Earnings Preview

	2Q08	2Q09E
Revenues	596.3	529.5
Gross Margin	50.4%	49.3%
EBITDA	86.2	55.7
Margin	14.5%	10.5%
Cash	91.3	68.5
Debt	1,031.5	972.7
Net debt/EBITDA	3.3x	4.0x

Source: Company reports and J.P. Morgan estimates.

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Appendix – Base & Worst Case Models (where we have them)

Table 9: Blockbuster Summary Forecast Model

	1Q08	2Q08	3Q08	4Q08E	2008E	2009E
Date	06-Apr-08	06-Jul-08	05-Oct-08	04-Jan-09	04-Jan-09	02-Jan-10
Total Rental revenues	1,076.3	972.3	899.9	1,005.9	3,954.4	3,932.3
Merchandise sales	309.8	323.8	297.9	458.7	1,390.2	1,459.7
Other revenues	8.0	8.4	6.8	7.6	30.8	25.8
Total Revenue	1,394.1	1,304.5	1,204.6	1,472.2	5,375.4	5,417.8
Cost of rental revenues	410.5	397.5	329.3	367.2	1,504.5	1,533.6
Cost of merchandise sales	241.9	251.8	232.0	371.5	1,097.2	1,153.1
Rental Gross Profit	665.8	574.8	570.6	638.8	2,450.0	2,398.7
Merchandise Gross Profit	67.9	72.0	65.9	87.1	292.9	306.5
Other Gross Profit	8.0	8.4	6.8	7.6	30.8	25.8
Total Gross Profit	741.7	655.2	643.3	733.5	2,773.7	2,731.0
Gross margin - rental	*61.9%*	*59.1%*	*63.4%*	*63.5%*	*62.0%*	*61.0%*
Gross margin - merchandise	*21.9%*	*22.2%*	*22.1%*	*19.0%*	*21.1%*	*21.0%*
Gross margin - total	*53.2%*	*50.2%*	*53.4%*	*49.8%*	*51.6%*	*50.4%*
G&A excluding one time	594.1	593.8	570.7	575.6	2,334.2	2,308.0
Stock comp	4.2	5.6	2.9	4.7	17.4	17.4
Advertising	30.5	31.9	32.4	36.8	131.6	151.7
Depreciation	39.9	37.9	37.1	41.3	156.2	166.0
Impairment, gains, severance	0.0	3.2	0.0	0.0	3.2	0.0
EBITDA	114.3	26.9	37.7	121.1	300.0	271.4
Margin	*8.2%*	*2.1%*	*3.1%*	*8.2%*	*5.6%*	*5.0%*
Rentals	147.4	146.0	145.0	141.5	579.9	503.9
EBITDAR	261.7	172.9	182.7	262.6	879.9	775.2
Net Interest Expense	18.1	17.8	17.4	16.4	69.7	64.1
Income Taxes (Benefit)	6.8	4.2	3.9	23.5	38.4	9.6
Preferred dividend	2.8	2.8	2.8	2.9	11.3	11.3
Net Income to Common Shareholders	45.4	(41.9)	(17.8)	32.3	18.0	3.0
Summary Balance Sheet and CF					218	
Cash	137.7	140.1	100.5	63.2	63.2	111.2
Senior Debt & Can Leases	451.4	540.4	554.4	400.6	400.6	342.9
Total Debt (including converts)	901.4	990.4	1,004.3	850.6	850.6	792.9
EBITDA/Net Interest	6.3 x	1.5 x	2.2 x	7.4 x	4.3 x	4.2 x
Senior Debt/EBITDA	1.7 x	1.7 x	1.8 x	1.3 x	1.3 x	1.3 x
Net Debt/EBITDA (ex converts)	2.3 x	2.1 x	2.4 x	2.1 x	2.1 x	2.0 x
Adj. Debt/EBITDAR (8x rent)	6.4 x	6.1 x	6.2 x	6.2 x	6.2 x	6.1 x
Bank Covenants						
Minimum EBITDA	180.0	200.0	225.0	250.0	250.0	
Max Debt/EBITDA		2.50	2.50	2.50	2.50	2.50
Summary Operating Statistics						
Cash Flow						
Net Income	45.4	(41.9)	(17.8)	35.2	20.9	14.3
D&A	39.9	37.9	37.1	41.3	156.2	166.0
Rental library purchases	(202.6)	(137.9)	(131.3)	(186.1)	(657.9)	(668.5)
Rental amortization	200.1	179.7	152.5	181.1	713.4	668.5
Change in Working Canital	(106.9)	(105.6)	(63.5)	90.1	(185.9)	(17.2)
Operating Cash Flow	(19.5)	(63.4)	(18.2)	166.3	65.2	180.5
Capital Expenditures	(19.9)	(20.7)	(35.5)	(46.9)	(123.0)	(71.1)
Acquisitions or Asset Sales	0.0	0.0	(1.9)	0.0	(1.9)	0.0
Investing Cash Flow	(19.9)	(20.8)	(33.1)	(46.9)	(120.7)	(71.1)
Free Cash Flow	(39.4)	(84.2)	(51.3)	119.4	(55.5)	109.3
Proceeds from credit agreement & Notes	20.0	95.0	60.0	(135.0)	40.0	0.0
Repayments on credit agreement	(23.8)	(3.5)	(43.0)	(18.8)	(89.1)	(57.9)
Net borrowings from revolver	0.0	0.0	0.0	0.0	0.0	0.0
Financing Cash Flow	(9.1)	86.1	11.7	(156.7)	(68.0)	(69.2)
Ending Cash	137.7	140.1	100.5	63.2	63.2	111.2

Source: Company reports and J.P. Morgan estimates.

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Table 10: Bon-Ton Stores Summary Forecast – BASE CASE

	1Q08	2Q08	3Q08	4Q08E	FY08E	1Q09E	2Q09E	3Q09E	4Q09E	FY09E
Date	03-May-08	02-Aug-08	01-Nov-08	30-Jan-09	30-Jan-09	02-May-09	01-Aug-09	30-Oct-09	30-Jan-10	30-Jan-10
Income Statement										
Net Sales	700.2	673.4	724.9	1,031.4	3,130.0	679.6	653.5	702.3	995.3	3,030.6
Other Sales \ Other Income	22.8	21.5	22.7	34.0	101.1	21.7	20.9	22.5	30.9	96.0
Total Sales	723.0	694.9	747.7	1,065.4	3,231.0	701.3	674.4	724.7	1,026.2	3,126.6
Growth	-4.9%	-4.9%	-7.2%	-9.0%	-6.8%	-3.0%	-2.9%	-3.1%	-3.7%	-3.2%
Gross Profit	260.5	262.9	280.9	403.3	1,207.6	251.1	252.9	268.1	387.9	1,160.0
S,G&A	255.8	246.4	261.9	282.3	1,046.4	252.5	242.8	260.9	277.1	1,033.2
Operating EBIT	(25.5)	(32.3)	(12.0)	86.8	17.0	(32.6)	(21.1)	(24.0)	79.5	1.8
+ Depreciation & Amortization	30.2	31.1	31.0	31.1	123.4	31.2	31.2	31.3	31.3	125.0
+ Merger, (Gains), Other One-Time	0.0	17.8	0.0	3.0	20.8	0.0	0.0	0.0	0.0	0.0
EBITDA	4.7	16.5	19.0	120.9	161.2	(1.4)	10.1	7.2	110.8	126.8
Growth	-53.5%	-54.1%	-39.6%	-30.9%	-36.0%	-129.5%	-38.8%	-61.8%	-8.4%	-21.3%
Margin	0.7%	2.4%	2.5%	11.7%	5.1%	-0.2%	1.5%	1.0%	11.1%	4.2%
Rentals	24.9	24.9	24.9	26.3	100.9	26.3	26.3	26.3	26.3	105.0
EBITDAR	29.6	41.4	43.8	147.2	262.0	24.8	36.4	33.5	137.1	231.8
Net Interest Expense	24.4	24.4	24.7	25.7	99.1	23.6	24.3	24.7	26.8	99.5
Income Taxes (Benefit)	(15.8)	(22.9)	(22.4)	21.4	(39.6)	(19.7)	(15.9)	(17.1)	18.4	(34.2)
Net Income	(34.1)	(33.8)	(14.3)	39.8	(42.5)	(36.5)	(29.5)	(31.7)	34.2	(63.5)
EPS	(2.03)	(2.01)	(0.85)	2.35	(2.51)	(2.16)	(1.74)	(1.85)	1.99	(3.69)
Summary Balance Sheet and CF										
Cash	18.8	18.1	16.8	6.0	6.0	3.6	4.9	1.4	2.0	2.0
Senior Debt	695.0	668.0	799.1	622.5	622.5	678.5	714.4	900.4	596.4	596.4
Total Debt	1,217.6	1,189.8	1,323.0	1,146.3	1,146.3	1,202.3	1,238.3	1,424.3	1,120.2	1,120.2
EBITDA/Net Interest	0.2 x	0.7 x	0.8 x	4.7 x	1.6 x	-0.1 x	0.4 x	0.3 x	4.1 x	1.3 x
EBITDA-Capex/Net Interest	-0.9 x	-0.4 x	-0.2 x	4.1 x	0.7 x	-0.5 x	0.1 x	-0.1 x	3.7 x	0.9 x
Senior Debt/EBITDA	2.8 x	2.9 x	3.7 x	3.9 x	3.9 x	4.4 x	4.8 x	6.6 x	4.7 x	4.7 x
Net Debt/EBITDA	4.9 x	5.2 x	6.1 x	7.1 x	7.1 x	7.7 x	8.3 x	10.4 x	8.8 x	8.8 x
Adj. Net Debt/EBITDAR	5.8 x	6.1 x	6.7 x	7.4 x	7.4 x	7.8 x	8.2 x	9.4 x	8.4 x	8.4 x
Summary Operating Statistics										
Gross Margin (ex other income)	34.0%	35.9%	35.6%	35.8%	35.4%	33.7%	35.5%	35.0%	35.9%	35.1%
SGA/Total Revenue	35.4%	35.5%	35.0%	26.5%	32.4%	36.0%	36.0%	36.0%	27.0%	33.0%
EBIT Margin	-3.5%	-4.7%	-1.6%	8.2%	0.5%	-4.6%	-3.1%	-3.3%	7.7%	0.1%
Cash Flow										
Net Income	(34.1)	(33.8)	(14.3)	39.8	(42.5)	(36.5)	(29.5)	(31.7)	34.2	(63.5)
D&A	30.2	31.1	31.0	31.1	123.4	31.2	31.2	31.3	31.3	125.0
Change in Working Capital	(29.0)	46.0	(145.5)	145.7	17.2	(18.3)	(15.1)	(166.1)	233.0	33.4
Operating Cash Flow	(32.0)	59.5	(125.7)	181.9	83.8	(41.3)	(27.8)	(181.9)	317.4	66.3
Capital Expenditures	(25.5)	(27.2)	(23.9)	(16.0)	(92.6)	(10.5)	(8.4)	(9.1)	(12.8)	(40.8)
Investing Cash Flow	(25.5)	(27.2)	(23.6)	(16.0)	(92.3)	(10.5)	(8.4)	(9.1)	(12.8)	(40.8)
Free Cash Flow	(57.5)	32.3	(149.3)	165.9	(8.5)	(51.9)	(36.3)	(190.9)	304.6	25.5
FCF before acquisition	(57.5)	32.3	(149.3)	165.9	(8.5)	(51.9)	(36.3)	(190.9)	304.6	25.5
Change in ST Debt	(6.4)	6.4	0.0	(170.0)	(170.0)	60.0	40.0	190.0	(300.0)	(10.0)
Change in LT Debt	62.6	(27.8)	137.3	(6.6)	165.5	(2.5)	(2.5)	(2.5)	(4.0)	(11.5)
Dividends	(0.9)	(0.9)	(0.1)	(0.1)	(2.0)	(2.0)	0.0	0.0	0.0	(2.0)
Financing Cash Flow	55.0	(33.0)	148.1	(176.8)	(6.8)	55.5	37.5	187.5	(304.0)	(23.6)
Ending Cash	18.8	18.1	16.8	6.0	6.0	3.6	4.9	1.4	2.0	2.0

Source: Company reports and J.P. Morgan estimates.

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Table 11: Bon-Ton Summary Forecast – WORST CASE

Date	1Q08 03-May-08	2Q08 02-Aug-08	3Q08 01-Nov-08	4Q08E 30-Jan-09	FY08E 30-Jan-09	1Q09E 02-May-09	2Q09E 01-Aug-09	3Q09E 30-Oct-09	4Q09E 30-Jan-10	FY09E 30-Jan-10
Income Statement										
Net Sales	700.2	673.4	724.9	971.5	3,070.1	679.6	653.5	702.3	937.5	2,972.8
Other Sales \ Other Income	22.8	21.5	22.7	32.1	99.1	21.7	20.9	22.5	29.1	94.2
Total Sales	723.0	694.9	747.7	1,003.6	3,169.2	701.3	674.4	724.7	966.6	3,067.0
Growth	-4.9%	-4.9%	-7.2%	-14.3%	-8.6%	-3.0%	-2.9%	-3.1%	-3.7%	-3.2%
Gross Profit	260.5	262.9	280.9	381.4	1,185.7	241.9	242.8	253.7	362.5	1,100.9
S,G&A	255.8	246.4	261.9	281.0	1,045.1	252.5	244.8	259.5	270.6	1,027.4
Operating EBIT	(25.5)	(32.3)	(12.0)	66.3	(3.6)	(41.7)	(33.2)	(37.1)	60.5	(51.5)
+ Depreciation & Amortization	30.2	31.1	31.0	31.1	123.4	31.1	31.2	31.3	31.3	124.9
+ Merger, (Gains), Other One-Time	0.0	17.8	0.0	3.0	20.8	0.0	0.0	0.0	0.0	0.0
EBITDA	4.7	16.5	19.0	100.4	140.6	(10.5)	(2.0)	(5.8)	91.8	73.5
Growth	-53.5%	-54.1%	-39.6%	-42.6%	-44.2%	-321.5%	-112.2%	-130.6%	-8.5%	-47.7%
Margin	0.7%	2.4%	2.5%	10.3%	4.6%	-1.5%	-0.3%	-0.8%	9.8%	2.5%
Rentals	24.9	24.9	24.9	26.3	100.9	26.3	26.3	26.3	26.3	105.0
EBITDAR	29.6	41.4	43.8	126.6	241.5	15.7	24.2	20.5	118.1	178.5
Net Interest Expense	24.4	24.4	24.7	25.7	99.1	24.6	25.3	26.1	29.2	105.1
Income Taxes (Benefit)	(15.8)	(22.9)	(22.4)	14.2	(46.8)	(23.2)	(20.5)	(22.1)	11.0	(54.8)
Net Income	(34.1)	(33.8)	(14.3)	26.4	(55.8)	(43.1)	(38.1)	(41.0)	20.4	(101.8)
EPS	(2.03)	(2.01)	(0.85)	1.56	(3.30)	(2.55)	(2.24)	(2.40)	1.18	(5.92)
Summary Balance Sheet and CF										
Cash	18.8	18.1	16.8	0.7	0.7	2.4	3.0	6.8	5.3	5.3
Senior Debt	695.0	668.0	799.1	702.5	702.5	768.5	834.4	1,110.4	746.4	746.4
Total Debt	1,217.6	1,189.8	1,323.0	1,226.3	1,226.3	1,292.3	1,358.3	1,634.3	1,270.2	1,270.2
EBITDA/Net Interest	0.2 x	0.7 x	0.8 x	3.9 x	1.4 x	-0.4 x	-0.1 x	-0.2 x	3.1 x	0.7 x
EBITDA-Capex/Net Interest	-0.9 x	-0.4 x	-0.2 x	3.3 x	0.5 x	-0.9 x	-0.4 x	-0.6 x	2.7 x	0.3 x
Senior Debt/EBITDA	2.8 x	2.9 x	3.7 x	5.0 x	5.0 x	6.1 x	7.8 x	13.5 x	10.2 x	10.2 x
Net Debt/EBITDA	4.9 x	5.2 x	6.1 x	8.7 x	8.7 x	10.3 x	12.7 x	19.8 x	17.2 x	17.2 x
Adj. Net Debt/EBITDAR	5.8 x	6.1 x	6.7 x	8.4 x	8.4 x	9.3 x	10.4 x	13.2 x	11.8 x	11.8 x
Summary Operating Statistics										
Gross Margin (ex other income)	34.0%	35.9%	35.6%	36.0%	35.4%	32.4%	34.0%	32.9%	35.6%	33.9%
SGA/Total Revenue	35.4%	35.5%	35.0%	28.0%	33.0%	36.0%	36.3%	35.8%	28.0%	33.5%
EBIT Margin	-3.5%	-4.7%	-1.6%	6.6%	-0.1%	-5.9%	-4.9%	-5.1%	6.3%	-1.7%
Cash Flow										
Net Income	(34.1)	(33.8)	(14.3)	26.4	(55.8)	(43.1)	(38.1)	(41.0)	20.4	(101.8)
D&A	30.2	31.1	31.0	31.1	123.4	31.1	31.2	31.3	31.3	124.9
Change in Working Capital	(29.0)	46.0	(145.5)	72.9	(55.6)	(19.5)	(32.5)	(234.6)	311.5	25.0
Operating Cash Flow	(32.0)	59.5	(125.7)	95.8	(2.4)	(52.6)	(58.4)	(264.7)	374.6	(1.1)
Capital Expenditures	(25.5)	(27.2)	(23.9)	(15.1)	(91.7)	(10.5)	(8.4)	(9.1)	(12.1)	(40.1)
Investing Cash Flow	(25.5)	(27.2)	(23.6)	(15.1)	(91.4)	(10.5)	(8.4)	(9.1)	(12.1)	(40.1)
Free Cash Flow	(57.5)	32.3	(149.3)	80.7	(93.7)	(63.1)	(66.9)	(273.8)	362.5	(41.2)
FCF before acquisition	(57.5)	32.3	(149.3)	80.7	(93.7)	(63.1)	(66.9)	(273.8)	362.5	(41.2)
Change in ST Debt	(6.4)	6.4	0.0	(90.0)	(90.0)	70.0	70.0	280.0	(360.0)	60.0
Change in LT Debt	62.6	(27.8)	137.3	(6.6)	165.5	(2.5)	(2.5)	(2.5)	(4.0)	(11.5)
Dividends	(0.9)	(0.9)	(0.1)	(0.1)	(2.0)	(2.0)	0.0	0.0	0.0	(2.0)
Financing Cash Flow	55.0	(33.0)	148.1	(96.8)	73.2	65.5	67.5	277.5	(364.0)	46.4
Ending Cash	18.8	18.1	16.8	0.7	0.7	2.4	3.0	6.8	5.3	5.3

Source: Company reports and J.P. Morgan estimates.

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Table 12: GNC Summary Forecast

Date	2007 31-Dec-07	1Q08 31-Mar-08	2Q08 30-Jun-08	3Q08 30-Sep-08	4Q08E 31-Dec-08	2008E 31-Dec-08	2009E 31-Dec-09
Income Statement							
Net Sales	1,552.8	428.1	422.7	414.2	388.1	1,653.1	1,710.3
Gross Profit	526.4	149.2	148.4	144.2	132.4	574.2	573.0
Total S,G&A	438.3	104.7	101.4	100.7	97.0	403.8	384.8
Operating EBIT	88.1	44.5	47.0	43.5	35.3	170.4	188.1
EBITDA	190.3	55.6	58.0	55.0	46.6	215.2	237.6
Growth	*17.9%*	*16.7%*	*22.2%*	*6.4%*	*2.4%*	*13.1%*	*10.4%*
Margin	*12.3%*	*13.0%*	*13.7%*	*13.3%*	*12.0%*	*13.0%*	*13.9%*
Company-reported EBITDA	190.8	55.6	58.0	55.0	46.6	217.5	237.7
Rentals (not including truck fleet)	115.5	28.9	28.9	28.9	29.1	115.7	119.7
EBITDAR	305.8	84.5	86.9	83.8	75.7	330.9	357.3
Interest Expense - Net	118.6	23.1	19.4	19.7	19.1	81.3	73.1
Income Taxes (Benefit)	1.9	8.1	10.5	7.5	5.8	32.0	42.1
Summary Balance Sheet and CF							
Cash	28.9	28.0	55.8	39.9	70.6	70.6	96.6
Senior Debt (bank)	679.7	677.8	675.6	673.8	670.8	670.8	619.9
Debt through sr nts	977.0	975.1	973.0	971.3	968.3	968.3	917.4
Debt through sub nts	1,087.0	1,085.1	1,083.0	1,081.3	1,078.3	1,078.3	1,027.4
Cash used for Working Capital	(3.1)	(22.8)	12.7	(18.2)	20.3	(8.0)	(12.8)
Capital Expenditures	(34.5)	(6.2)	(15.0)	(13.8)	(10.1)	(45.1)	(34.2)
EBITDA/Net Interest	1.6 x	2.4 x	3.0 x	2.8 x	2.4 x	2.6 x	3.2 x
EBITDAR/Net Interest + 1/3Rent	1.9 x	2.6 x	3.0 x	2.9 x	2.6 x	2.8 x	3.2 x
EBITDA-Capex/Net Interest	1.3 x	2.1 x	2.2 x	2.1 x	1.9 x	2.1 x	2.8 x
Senior Debt/EBITDA	3.6 x	3.4 x	3.3 x	3.2 x	3.1 x	3.1 x	2.6 x
Net Debt/EBITDA	5.6 x	5.3 x	5.0 x	4.9 x	4.7 x	4.7 x	3.9 x
Adj. Net Debt/EBITDAR (thru sr notes)	6.1 x	6.0 x	5.7 x	5.7 x	5.5 x	5.5 x	5.0 x
Adj. Net Debt/EBITDAR (thru sub notes)	6.5 x	6.3 x	6.1 x	6.0 x	5.8 x	5.8 x	5.3 x
Sales Growth	4.4%	9.2%	8.5%	4.8%	3.2%	6.5%	3.5%
Gross Margin	33.9%	34.9%	35.1%	34.8%	34.1%	34.7%	33.5%
SGA/Total Revenue	28.2%	24.5%	24.0%	24.3%	25.0%	24.4%	22.5%
EBIT Margin	5.7%	10.4%	11.1%	10.5%	9.1%	10.3%	11.0%
Cash Flow							
Net Income	(32.3)	13.3	17.0	16.3	10.4	57.0	72.9
Change in Working Capital	(3.1)	(22.8)	12.7	(18.2)	20.3	(8.0)	(12.8)
Operating Cash Flow	41.1	7.1	44.9	13.4	43.7	109.1	109.5
Capital Expenditures	(34.5)	(6.2)	(15.0)	(13.8)	(10.1)	(45.1)	(34.2)
Investing Cash Flow	(1,677.6)	(6.3)	(15.0)	(24.6)	(10.1)	(56.0)	(34.2)
Free Cash Flow (OCF - Capex)	(1,636.4)	0.8	29.9	(11.3)	33.6	53.1	75.3
Free Cash flow (ex acq)/Debt	0.5%	0.1%	2.8%	-0.1%	3.1%	5.9%	7.3%
Financing Cash Flow	1,641.4	(1.8)	(2.3)	(4.4)	(3.0)	(11.4)	(49.3)
Exchange Rate Effect	(0.2)	0.1	0.2	(0.2)	0.0	0.0	0.0
Changes in Cash Balances	4.8	(0.9)	27.8	(15.9)	30.7	41.7	26.0
Beginning Cash	24.1	28.9	28.0	55.8	39.9	28.9	70.6
Ending Cash	28.9	28.0	55.8	39.9	70.6	70.6	96.6

Source: Company reports and J.P. Morgan estimates.

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Table 13: Neiman Marcus Summary Forecast – BASE CASE

	27-Oct-07 1Q08	26-Jan-08 2Q08	26-Apr-08 3Q08	02-Aug-08 4Q08	02-Aug-08 2008	01-Nov-08 1Q09	31-Jan-09 2Q09E	02-May-09 3Q09E	01-Aug-09 4Q09E	01-Aug-09 2009E
Income statement data:										
Revenues	1,132.2	1,373.9	1,062.2	1,032.3	4,600.5	985.8	1,079.0	977.9	968.5	4,011.1
YOY Growth	9.0%	6.0%	-1.0%	5.2%	4.8%	-12.9%	-21.5%	-7.9%	-6.2%	-12.8%
COGS	667.1	913.2	637.0	717.6	2,935.0	617.7	776.9	591.6	677.9	2,664.2
Gross profit	465.1	460.6	425.2	314.7	1,665.6	368.0	302.1	386.3	290.5	1,347.0
Margin	41.1%	33.5%	40.0%	30.5%	36.2%	37.3%	28.0%	39.5%	30.0%	33.6%
SG&A	272.0	292.6	238.9	242.0	1,045.4	242.8	264.4	229.8	234.4	971.4
Inc/Gain on Credit Card Sale	(17.3)	(19.3)	(15.7)	(13.5)	(65.7)	(13.0)	(15.0)	(13.0)	(13.5)	(54.5)
EBIT	189.7	134.3	148.6	(6.2)	466.4	81.6	(0.5)	119.7	23.3	224.0
Nonrecurring items	(14.5)	18.0	18.0	49.6	71.0	18.0	18.0	18.0	18.0	72.1
EBITDA	210.4	187.3	202.0	86.1	685.8	138.2	52.8	169.5	69.6	430.0
YOY Growth	*4.5%*	*4.1%*	*-6.0%*	*-5.1%*	*-0.1%*	*-34.3%*	*-71.8%*	*-16.1%*	*-19.2%*	*-37.3%*
EBITDA/Sales	*18.6%*	*13.6%*	*19.0%*	*8.3%*	*14.9%*	*14.0%*	*4.9%*	*17.3%*	*7.2%*	*10.7%*
Rent Pmts (Qtly estimates)	23.0	25.0	22.0	22.6	92.6	24.7	25.4	23.1	23.7	97.0
EBITDAR	233.4	212.3	224.0	108.7	778.4	163.0	78.2	192.6	93.3	527.0
Net Interest	61.2	60.4	57.3	60.9	239.8	57.8	58.2	59.0	58.5	233.6
Pre-Tax Income	128.5	73.9	91.3	(67.1)	226.6	23.7	(58.7)	60.7	(35.3)	(9.6)
Net Income	78.8	44.3	55.4	(35.6)	142.8	12.9	(35.2)	36.4	(18.3)	(4.3)
Cash	80.6	235.7	206.1	239.2	239.2	115.4	192.1	330.6	348.2	348.2
Secured debt	1,746.0	1,746.0	1,746.1	1,746.1	1,746.1	1,746.2	1,746.2	1,746.2	1,746.2	1,746.2
Senior debt	2,446.0	2,446.0	2,446.1	2,446.1	2,446.1	2,446.2	2,451.8	2,469.0	2,486.7	2,486.7
Total debt	2,946.0	2,946.0	2,946.1	2,946.1	2,946.1	2,946.2	2,951.8	2,969.0	2,986.7	2,986.7
EBITDA/Int	3.4x	3.1x	3.5x	1.4x	2.9x	2.4x	0.9x	2.9x	1.2x	1.8x
EBITDAR/Net int. + 1/3 rent	3.4x	3.1x	3.5x	1.6x	2.9x	2.5x	1.2x	2.9x	1.4x	2.0x
Secured debt/EBITDA	2.5x	2.5x	3.0x	2.5x	2.5x	2.8x	3.6x	3.9x	4.1x	4.1x
Debt/EBITDA	4.2x	4.2x	5.1x	4.3x	4.3x	4.8x	6.2x	6.6x	6.9x	6.9x
Net rent adj sr debt/EBITDAR	3.9x	3.7x	4.4x	3.8x	3.8x	4.4x	5.3x	5.4x	5.5x	5.5x
Net rent adj debt/EBITDAR	4.6x	4.3x	5.2x	4.4x	4.4x	5.1x	6.1x	6.3x	6.5x	6.5x
Total Stores	41	41	41	41	41	42	41	41	41	42
Same store sales	6.5%	3.7%	-2.5%	-1.4%	1.7%	-14.5%				
Cash Flow Statement										
Net Income	78.8	44.3	55.4	(35.6)	142.8	12.9	(35.2)	36.4	(18.3)	(4.3)
Depreciation & Amort (ex debt issue amort)	53.1	53.0	53.4	61.0	220.6	56.6	53.2	49.7	46.5	206.1
Deferred taxes	(9.2)	(4.5)	0.1	(31.1)	(44.6)	(8.7)	(39.2)	34.7	(35.3)	(48.5)
Loss (Gain) on asset sales/disc ops	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairments /Amort of debt issue costs	3.6	3.6	3.6	34.8	45.5	3.6	3.6	3.6	3.6	14.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (inc. non-cash interest)	(24.3)	6.4	4.1	3.4	(10.5)	4.1	5.7	17.2	17.6	44.7
Inc/(Dec) in Work. Cap	(115.8)	95.8	(99.9)	51.4	(68.5)	(158.4)	113.5	18.4	22.8	(3.6)
Discontinued ops	0.0	0.0	0.0	0.0	0.0	0.0				
Operating Cash Flow (OCF)	(13.8)	198.6	16.7	83.9	285.3	(89.9)	101.6	160.0	37.0	208.7
Capex	(46.0)	(42.1)	(45.0)	(50.3)	(183.5)	(33.5)	(24.8)	(21.5)	(19.4)	(99.2)
Investing cash flow	(46.0)	(42.1)	(45.0)	(50.3)	(183.5)	(33.5)	(24.8)	(21.5)	(19.4)	(99.2)
Free Cash Flow ex Acquisitions	(59.9)	156.5	(28.3)	33.5	101.9	(123.3)	76.7	138.5	17.6	109.5
Change in Debt	(0.8)	(1.3)	(1.4)	(0.5)	(3.9)	(0.5)	0.0	0.0	0.0	(0.5)
Financing cash flow	(0.8)	(1.3)	(1.4)	(0.5)	(3.9)	(0.5)	0.0	0.0	0.0	(0.5)
Change in Cash	(60.7)	155.2	(29.6)	33.1	98.0	(123.8)	76.7	138.5	17.6	109.0
Beginning cash	141.2	80.6	235.7	206.1	141.2	239.2	115.4	192.1	330.6	239.2
Ending cash	80.6	235.7	206.1	239.2	239.2	115.4	192.1	330.6	348.2	348.2

Source: Company reports and J.P. Morgan estimates.

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Table 14: Neiman Marcus Summary Forecast – WORST CASE

	27-Oct-07 1Q08	26-Jan-08 2Q08	26-Apr-08 3Q08	02-Aug-08 4Q08	02-Aug-08 2008	01-Nov-08 1Q09	31-Jan-09 2Q09E	02-May-09 3Q09E	01-Aug-09 4Q09E	01-Aug-09 2009E
Income statement data:										
Revenues	1,132.2	1,373.9	1,062.2	1,032.3	4,600.5	985.8	1,040.1	933.2	951.2	3,910.3
YOY Growth	9.0%	6.0%	-1.0%	5.2%	4.8%	-12.9%	-24.3%	-12.1%	-7.9%	-15.0%
COGS	667.1	913.2	637.0	717.6	2,935.0	617.7	769.7	606.6	665.9	2,659.8
Gross profit	465.1	460.6	425.2	314.7	1,665.6	368.0	270.4	326.6	285.4	1,250.5
Margin	41.1%	33.5%	40.0%	30.5%	36.2%	37.3%	26.0%	35.0%	30.0%	32.0%
SG&A	272.0	292.6	238.9	242.0	1,045.4	242.8	260.0	228.6	237.8	969.3
Inc/Gain on Credit Card Sale	(17.3)	(19.3)	(15.7)	(13.5)	(65.7)	(13.0)	(15.0)	(13.0)	(13.5)	(54.5)
EBIT	189.7	134.3	148.6	(6.2)	466.4	81.6	(27.8)	61.2	14.8	129.8
Nonrecurring items	(14.5)	18.0	18.0	49.6	71.0	18.0	18.0	18.0	18.0	72.1
EBITDA	210.4	187.3	202.0	86.1	685.8	138.2	25.4	111.0	61.0	335.6
YOY Growth	*4.5%*	*4.1%*	*-6.0%*	*-5.1%*	*-0.1%*	*-34.3%*	*-86.4%*	*-45.1%*	*-29.1%*	*-51.1%*
EBITDA/Sales	*18.6%*	*13.6%*	*19.0%*	*8.3%*	*14.9%*	*14.0%*	*2.4%*	*11.9%*	*6.4%*	*8.6%*
Rent Pmts (Qtly estimates)	23.0	25.0	22.0	22.6	92.6	24.7	25.4	23.1	23.7	97.0
EBITDAR	233.4	212.3	224.0	108.7	778.4	163.0	50.8	134.1	84.8	432.6
Net Interest	61.2	60.4	57.3	60.9	239.8	57.8	58.2	59.2	59.2	234.5
Pre-Tax Income	128.5	73.9	91.3	(67.1)	226.6	23.7	(86.1)	2.1	(44.4)	(104.7)
Net Income	78.8	44.3	55.4	(35.6)	142.8	12.9	(51.6)	1.2	(23.1)	(60.6)
Cash	80.6	235.7	206.1	239.2	239.2	115.4	162.8	223.1	264.9	264.9
Secured debt	1,746.0	1,746.0	1,746.1	1,746.1	1,746.1	1,746.2	1,746.2	1,746.2	1,746.2	1,746.2
Senior debt	2,446.0	2,446.0	2,446.1	2,446.1	2,446.1	2,446.2	2,451.8	2,469.0	2,486.7	2,486.7
Total debt	2,946.0	2,946.0	2,946.1	2,946.1	2,946.1	2,946.2	2,951.8	2,969.0	2,986.7	2,986.7
EBITDA/Int	3.4x	3.1x	3.5x	1.4x	2.9x	2.4x	0.4x	1.9x	1.0x	1.4x
EBITDAR/Net int. + 1/3 rent	3.4x	3.1x	3.5x	1.6x	2.9x	2.5x	0.8x	2.0x	1.3x	1.6x
Secured debt/EBITDA	2.5x	2.5x	3.0x	2.5x	2.5x	2.8x	3.9x	4.8x	5.2x	5.2x
Debt/EBITDA	4.2x	4.2x	5.1x	4.3x	4.3x	4.8x	6.5x	8.2x	8.9x	8.9x
Net rent adj sr debt/EBITDAR	3.9x	3.7x	4.4x	3.8x	3.8x	4.4x	5.6x	6.6x	6.9x	6.9x
Net rent adj debt/EBITDAR	4.6x	4.3x	5.2x	4.4x	4.4x	5.1x	6.5x	7.7x	8.1x	8.1x
Total Stores	41	41	41	41	41	42	41	41	41	42
Same store sales	6.5%	3.7%	-2.5%	-1.4%	1.7%	-14.5%				
Cash Flow Statement										
Net Income	78.8	44.3	55.4	(35.6)	142.8	12.9	(51.6)	1.2	(23.1)	(60.6)
Depreciation & Amort (ex debt issue amort)	53.1	53.0	53.4	61.0	220.6	56.6	53.2	49.7	46.5	205.9
Deferred taxes	(9.2)	(4.5)	0.1	(31.1)	(44.6)	(8.7)	(53.4)	(4.6)	(44.4)	(111.1)
Loss (Gain) on asset sales/disc ops	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairments /Amort of debt issue costs	3.6	3.6	3.6	34.8	45.5	3.6	3.6	3.6	3.6	14.4
Other (inc. non-cash interest)	(24.3)	6.4	4.1	3.4	(10.5)	4.1	5.7	17.2	17.6	44.7
Inc/(Dec) in Work. Cap	(115.8)	95.8	(99.9)	51.4	(68.5)	(158.4)	114.0	13.6	60.7	30.0
Discontinued ops	0.0	0.0	0.0	0.0	0.0	0.0				
Operating Cash Flow (OCF)	(13.8)	198.6	16.7	83.9	285.3	(89.9)	71.4	80.8	60.9	123.2
Capex	(46.0)	(42.1)	(45.0)	(50.3)	(183.5)	(33.5)	(23.9)	(20.5)	(19.0)	(96.9)
Investing cash flow	(46.0)	(42.1)	(45.0)	(50.3)	(183.5)	(33.5)	(23.9)	(20.5)	(19.0)	(96.9)
Free Cash Flow ex Acquisitions	(59.9)	156.5	(28.3)	33.5	101.9	(123.3)	47.5	60.2	41.9	26.3
Change in Debt	(0.8)	(1.3)	(1.4)	(0.5)	(3.9)	(0.5)	0.0	0.0	0.0	(0.5)
Financing cash flow	(0.8)	(1.3)	(1.4)	(0.5)	(3.9)	(0.5)	0.0	0.0	0.0	(0.5)
Change in Cash	(60.7)	155.2	(29.6)	33.1	98.0	(123.8)	47.5	60.2	41.9	25.8
Beginning cash	141.2	80.6	235.7	206.1	141.2	239.2	115.4	162.8	223.1	239.2
Ending cash	80.6	235.7	206.1	239.2	239.2	115.4	162.8	223.1	264.9	264.9

Source: Company reports and J.P. Morgan estimates.

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Table 15: Quiksilver Summary Forecast

Date	1Q08 31-Jan-08	2Q08 30-Apr-08	3Q08 31-Jul-08	4Q08 31-Oct-08	2008 31-Oct-08	1Q09E 30-Jan-09	2Q09E 30-Apr-09	3Q09E 31-Jul-09	4Q09E 31-Oct-09	2009E 31-Oct-09
Total Revenue	496.58	596.28	564.88	606.90	2,264.64	440.00	529.53	531.07	603.08	2,103.69
Gross Profit	243.52	300.34	284.83	291.89	1,120.59	212.72	260.98	261.95	290.00	1,025.66
SG&A	221.41	230.80	232.09	231.63	915.93	215.60	221.35	225.71	230.19	892.85
EBIT	22.11	69.19	52.73	(5.18)	138.86	(152.88)	39.63	36.25	59.81	(17.19)
Depreciation and Amortization	13.53	14.56	14.84	14.30	57.23	14.50	14.80	15.09	15.42	59.81
Adj. EBITDA	39.68	86.25	71.71	79.16	278.95	15.92	55.73	51.64	74.53	197.82
EBITDA Growth	19.4%	25.0%	-2.4%	-6.3%	7.0%	-59.9%	-35.4%	-28.0%	-5.8%	-29.1%
EBITDA Margin	8.0%	14.5%	12.7%	13.0%	12.3%	3.6%	10.5%	9.7%	12.4%	9.4%
Rent	23.78	23.78	23.78	23.78	95.10	24.96	24.96	24.96	24.96	99.86
EBITDAR	63.46	110.02	95.49	102.93	374.05	40.89	80.69	76.60	99.50	297.67
Interest expense - Net	11.05	13.00	11.80	9.48	45.33	17.16	16.15	14.96	15.79	64.06
Income Taxes (Benefit)	4.04	16.56	8.68	3.76	33.04	(50.32)	7.43	6.48	13.00	(23.42)
Net income (loss)	(21.94)	(206.22)	2.85	(0.96)	(226.28)	(117.42)	17.35	15.11	30.32	(54.64)
Dilluted Shares	124.51	130.05	130.02	127.07	129.49	127.07	127.07	127.07	127.07	127.07
Dilluted EPS	0.06	0.30	0.25	(0.11)	0.51	(0.92)	0.14	0.12	0.24	(0.43)
Summary Balance Sheet and CF										
Cash	75.18	91.33	145.28	53.03	53.03	45.63	68.47	60.57	59.09	59.09
Senior Debt	631.90	631.54	672.71	660.32	660.32	648.89	572.73	502.73	552.73	552.73
Debt of discontinued operations		93.31	18.31	0.00	0.00					
Total Debt included disc ops	1,031.90	1,031.54	1,072.71	1,060.32	1,060.32	1,048.89	972.73	902.73	952.73	952.73
Adj EBITDA/ Net Interest	3.6 x	6.6 x	6.1 x	8.3 x	6.2 x	0.9 x	3.5 x	3.5 x	4.7 x	3.1 x
Senior debt / EBITDA	2.4 x	2.2 x	2.4 x	2.4 x	2.4 x	2.5 x	2.5 x	2.5 x	2.8 x	2.8 x
Total Debt/ LTM Adj EBITDA	3.9 x	3.6 x	3.8 x	3.8 x	3.8 x	4.1 x	4.3 x	4.4 x	4.8 x	4.8 x
Net Debt/ LTM Adj EBITDA	3.6 x	3.3 x	3.3 x	3.6 x	3.6 x	3.9 x	4.0 x	4.1 x	4.5 x	4.5 x
Adj. Net Debt/ LTM Adj EBITDAR	4.7 x	4.5 x	4.5 x	4.7 x	4.7 x	5.0 x	5.2 x	5.4 x	5.7 x	5.7 x
Summary Operating Statistics:										
Sales Growth	20.9%	14.6%	6.9%	3.3%	10.6%	-11.4%	-11.2%	-6.0%	-0.6%	-7.1%
Adjusted Gross Margin	49.0%	50.4%	50.4%	48.1%	49.5%	48.3%	49.3%	49.3%	48.1%	48.8%
SG&A/Total Revenue	44.6%	38.7%	41.1%	38.2%	40.4%	49.0%	41.8%	42.5%	38.2%	42.4%
Receivable Days	118	71	80	71	76	321	284	298	278	80
Inventory Days	163	92	118	86	95	787	413	486	345	100
Payable Days	61	57	68	51	56	114	183	253	213	62
Cash Flow										
Net Income	(21.94)	(206.22)	2.85	(0.96)	(226.28)	(117.42)	17.35	15.11	30.32	(54.64)
D&A	19.02	9.08	14.84	14.30	57.23	14.50	14.80	15.09	15.42	59.81
Stock comp	2.46	2.16	1.84	3.13	9.59	2.00	2.00	2.00	2.00	8.00
Change in Working Capital	50.37	(53.96)	14.22	(34.37)	(23.74)	(5.48)	75.47	40.56	(86.44)	24.12
Operating Cash Flow	58.69	22.26	68.97	29.53	179.45	(1.40)	109.61	72.76	(38.69)	142.29
Cash from discontinued ops	0.00	0.00	0.00	(107.30)	(107.30)					
Purchases of PPE (Capex)	(35.41)	(9.97)	(20.94)	(27.43)	(93.75)	(11.00)	(15.62)	(15.67)	(17.79)	(60.08)
Investing Cash Flow	79.28	(45.89)	(20.16)	(77.97)	(64.74)	27.10	(15.62)	(15.67)	(17.79)	(21.98)
FCF	137.97	(23.63)	48.81	(155.74)	7.41	25.70	93.99	57.10	(56.48)	120.31
FCF pre-acquisition & ex discontinued	23.56	14.24	48.54	2.17	88.51	25.70	93.99	57.10	(56.48)	120.31
Borrowings on lines of credit	14.55	109.60	37.60	24.03	185.78	0.00	0.00	0.00	0.00	0.00
Payments on lines of credit	(5.35)	(9.88)	(6.93)	(25.00)	(47.16)	0.00	0.00	(70.00)	50.00	(20.00)
Borrowings on long-term debt	87.52	30.49	99.55	22.83	240.39	0.00	0.00	0.00	0.00	0.00
Payments on long-term debt	(141.29)	(35.66)	(12.39)	(9.46)	(198.79)	(38.10)	(76.15)	0.00	0.00	(114.25)
Exercise of stock options	2.77	3.50	5.06	0.27	11.60	5.00	5.00	5.00	5.00	20.00
Financing Cash Flow	(41.79)	98.05	122.89	12.67	191.81	(33.10)	(71.15)	(65.00)	55.00	(114.25)
Ending Cash	110.18	22.02	119.66	53.03	53.03	45.63	68.47	60.57	59.09	59.09

Source: Company reports and J.P. Morgan estimates.

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