

TULLY & HOLLAND

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Chain Store Sales Update

Retailers | Comparable Sales Tracking

Month Ending June 30, 2012

Chain Store Comparable Growth

Discount/Off Price	+ 2.1%
Mid-tier Dept. Stores	+ 2.3%
Specialty Apparel	+ 0.8%
Luxury Retail	+ 7.3%
All Stores Reporting	+ 3.3%

U.S. consumer sentiment dropped to a six-month low of 73.2 in June as American's view of the economy took a turn for the worse. Still, all four categories tracked by Tully & Holland finished the month with positive same store sales growth, albeit below expectations. The Luxury Retail sector led chain store sales performance for the 7th straight month dating back to December 2011.

The 23 chain stores tracked monthly by Tully & Holland reported a median comparable store sales increase of 3.3% for the month of June. 65% of the chains monitored reported same store sales increases for the month.

The Discount/Off Price sector realized a median increase of 2.1% for the month of June. Sales were driven by off-price retailers' growth of 7%, reflecting middle class consumers' desire to realize value on each purchase. Lagging performers in the sector included the discount general merchants (down 4% for the month) driven by ALCO and Fred's underperformance.

The Mid-tier Department Stores posted a median increase of 2.3% for the month of June. The sector was highlighted by Kohl's (+4.2%) first month of 2012 in the black compared to the previous year.

The Specialty Apparel sector reported a median increase in same store sales of 0.8%. Victoria Secret and Zumiez continued to outperform the market reporting sales

increases of 11% and 8.2%, respectively. The sector also had several losers including Cato (-10%), Arden B (-11.9%), and Wet Seal (-8.5%).

High end retail stores remained resilient in June with the Luxury sector reporting another strong month of same store sales increases of 7.3%. Affluent consumers' purchasing trends remain unaffected and insulated from the economic downturn which has fueled continued growth across the Luxury sector. Nordstrom's sales grew 8.5% in the month of June.

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