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2007

CEO/CFO COMPENSATION REPORT

Retail: Big Box and Department Store Edition

Presented by:

HVS Executive Search

www.hvs-executivesearch.com



INTRODUCTION AND EXECUTIVE SUMMARY

In late 2006, the Securities and Exchange Commission (SEC) introduced revised regulations for executive compensation reporting in publicly held companies. As a result of these changes, reporting of compensation data for executive officers is required to be simple and straightforward. This allows those interested to better understand what executives earn in total compensation. HVS' 2007 Chief Executive Officer/Chief Financial Officer Compensation Report (Retail Edition) profiles detailed compensation information and trends as they pertain to these two positions. Whether you are a shareholder, investor, compensation committee director or just interested in retail executive compensation I am confident you will find this report of interest.

Sincerely,



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ABOUT HVS

HVS Executive Search is the premiere Executive Search and Compensation Consulting firm specializing in the Retail, Hotel, Chain Restaurant and Gaming industries. We deliver superior value by focusing on the needs of our clients and bottom line results. Our professionals are located in New York, Las Vegas, London, Hong Kong, Moscow and New Delhi and give the firm worldwide exposure our clients demand. To that end, each HVS consultant is an expert in each of our core competencies and is dedicated to finding the solution that works best for you.

HVS Executive Search is a division of HVS, a fully integrated consulting firm focusing exclusively on the hospitality industry providing a wide range of services to owners, lenders and operators throughout the world. Founded in 1980, HVS is the world's leading specialist in hospitality consultancy. With more than 24 offices globally, HVS offers unparalleled international market expertise.

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Retail CEO Overall Compensation Data – Public Companies

Company	2006 Salary	Short-Term Incentive ¹	Long-Term Incentive ²	Other Compensation ³	2006 Grand Total	Market Cap (Thousands) ⁴
Bed, Bath, & Beyond	\$1,230,769	\$0	\$5,170,750	\$22,526	\$6,424,045	\$8,108,800
Best Buy	\$1,164,283	\$0	\$0	\$7,087	\$1,171,370	\$20,061,700
Belk Stores ⁵	\$816,784	\$760,133	\$953,308	\$231,032	\$2,761,257	NA
Big Lots	\$960,000	\$1,632,000	\$1,383,031	\$14,559	\$3,989,590	\$2,124,000
BJ's Wholesale Club	\$625,961	\$0	\$2,376,718	\$612,071	\$3,614,750	\$2,239,100
Bon-Ton Stores	\$971,154	\$1,500,000	\$1,530,890	\$91,313	\$4,093,357	\$227,800
Cato	\$912,500	\$1,387,500	\$292,340	\$17,461	\$2,609,801	\$611,200
Circuit City	\$716,346	\$704,700	\$8,689,176	\$96,929	\$10,207,151	\$1,097,300
Costco	\$350,000	\$0	\$0	\$104,179	\$454,179	\$29,070,600
Coldwater Creek	\$1,000,000	\$323,720	\$0	\$2,496,014	\$3,819,734	\$788,400
CVS	\$1,150,000	\$8,172,600	\$9,672,173	\$5,025,236	\$24,020,009	\$61,940,800
Dillard's	\$770,000	\$2,482,055	\$80,567	\$1,048,894	\$4,381,516	\$1,391,700
Dollar Tree Stores	\$700,000	\$497,541	\$384,842	\$45,911	\$1,628,294	\$2,550,800
Family Dollar Stores	\$728,585	\$857,537	\$1,431,781	\$99,360	\$3,117,263	\$3,149,400
Gottschalks	\$570,769	\$0	\$59,838	\$22,102	\$652,709	\$53,800
Home Depot	\$758,384	\$911,250	\$4,424,868	\$212,110	\$6,306,612	\$54,372,600
J.C. Penney	\$1,500,000	\$2,673,750	\$5,263,256	\$946,608	\$10,383,614	\$9,069,600
Kohl's	\$1,087,067	\$1,925,000	\$1,125,306	\$80,780	\$4,218,153	\$15,091,800
Kroger	\$1,155,991	\$2,116,770	\$3,831,030	\$1,150,746	\$8,254,537	\$19,072,800
Longs Drug Store	\$843,750	\$653,940	\$4,234,743	\$89,557	\$5,821,990	\$2,011,100
Lowe's	\$950,000	\$1,037,875	\$4,515,000	\$97,495	\$6,600,370	\$32,292,600
Macys	\$1,383,333	\$2,704,800	\$10,116,328	\$1,442,656	\$15,647,117	\$12,229,800
Nordstrom	\$711,302	\$1,645,490	\$1,743,808	\$710,166	\$4,810,766	\$8,520,800
Office Depot	\$1,000,000	\$2,220,840	\$8,132,532	\$395,709	\$11,749,081	\$4,514,200
Office Max	\$887,500	\$1,404,000	\$2,726,470	\$554,371	\$5,572,341	\$1,787,700
Overstock.com	\$0	\$0	\$114,235	\$23,333	\$137,568	\$556,600
Retail Ventures	\$1,044,711	\$546,674	\$5,932,137	\$53,339	\$7,576,861	\$307,800
Ross Stores	\$993,791	\$1,099,848	\$5,863,291	\$212,763	\$8,169,693	\$3,547,200
Safeway	\$1,332,250	\$2,639,825	\$2,187,278	\$844,640	\$7,003,993	\$14,829,200
Saks	\$1,052,174	\$1,198,759	\$11,814,863	\$73,551	\$14,139,347	\$2,691,800
Staples	\$1,070,192	\$1,523,018	\$10,680,807	\$437,018	\$13,711,035	\$14,107,300
Sears	\$1,010,898	\$889,000	\$2,714,353	\$197,487	\$4,811,738	\$15,394,600
Stein Mart	\$815,500	\$0	\$1,019,342	\$542,302	\$2,377,144	\$256,800
Target	\$1,659,616	\$6,128,960	\$25,211,222	\$3,428,893	\$36,428,691	\$46,749,400
TJX	\$911,539	\$0	\$1,516,698	\$40,655	\$2,468,892	\$12,133,700
Value Vision Media	\$850,000	\$1,287,024	\$0	\$39,459	\$2,176,483	\$238,200
Walgreens	\$833,333	\$500,005	\$5,257,019	\$491,618	\$7,081,975	\$38,881,300
Wal-Mart	\$1,292,308	\$3,941,561	\$8,879,144	\$977,911	\$15,090,924	\$183,192,200
Williams-Sonoma	\$975,000	\$0	\$264,891	\$389,494	\$1,629,385	\$3,016,400

¹Short-Term Incentive includes bonus and/or non-equity incentive plans.

²Long-Term Incentive includes stock awards, option awards, and other LTIP compensation. When value was given as number of shares, a Black-Scholes valuation was performed.

³Other Compensation includes aggregate increase in actuarial value of all defined benefit and actuarial plans and earnings on nonqualified deferred compensation during the year.

⁴Market Cap obtained from smartmoney.com on 11/27/2007.

⁵No Longer a Public Company

Retail CFO Overall Compensation Data – Public Companies

Company	2006 Salary	Short-Term Incentive ¹	Long-Term Incentive ²	Other Compensation ³	2006 Grand Total	Market Cap (Thousands) ⁴
Bed, Bath, & Beyond	\$660,577	\$0	\$1,445,105	\$18,229	\$2,123,911	\$8,108,800
Best Buy	\$535,980	\$650,346	\$968,043	\$1,896	\$2,156,265	\$20,061,700
Belk Stores ⁵	\$527,692	\$261,872	\$663,286	\$132,114	\$1,584,964	NA
Big Lots	\$371,209	\$375,000	\$149,953	\$26,899	\$923,061	\$2,124,000
BJ's Wholesale Club	\$419,346	\$6,699	\$468,308	\$68,061	\$962,414	\$2,239,100
Bon-Ton Stores	\$380,769	\$209,625	\$156,660	\$23,103	\$770,157	\$227,800
Cato	\$40,064	\$90,000	\$9,517	\$0	\$139,581	\$611,200
Circuit City	\$541,346	\$475,200	\$5,512,839	\$38,752	\$6,568,137	\$1,097,300
Costco	\$519,808	\$0	\$0	\$131,642	\$651,450	\$29,070,600
Coldwater Creek	\$425,000	\$307,153	\$367,803	\$103,237	\$1,203,193	\$788,400
CVS	\$713,750	\$2,413,200	\$1,348,352	\$1,217,917	\$5,693,219	\$61,940,800
Dillard's	\$580,000	\$1,198,234	\$50,778	\$351,841	\$2,180,853	\$1,391,700
Dollar Tree Stores	\$415,000	\$206,643	\$222,061	\$43,088	\$886,792	\$2,550,800
Family Dollar Stores	\$465,774	\$408,950	\$1,011,069	\$20,725	\$1,906,518	\$3,149,400
Gottschalks	\$361,423	\$0	\$47,331	\$6,908	\$415,662	\$53,800
Home Depot	\$757,308	\$1,008,125	\$2,909,964	\$134,222	\$4,809,619	\$54,372,600
J.C. Penney Co	\$667,125	\$723,575	\$1,479,062	\$756,320	\$3,626,082	\$9,069,600
Kohl's	\$615,833	\$675,000	\$751,855	\$52,965	\$2,095,653	\$15,091,800
Kroger	\$499,099	\$635,031	\$437,488	\$288,040	\$1,859,658	\$19,072,800
Longs Drug Store	\$428,269	\$199,735	\$1,433,116	\$36,965	\$2,098,085	\$2,011,100
Lowe's	\$480,000	\$308,304	\$1,186,989	\$23,614	\$1,998,907	\$32,292,600
Macys	\$741,667	\$724,500	\$2,112,846	\$376,319	\$3,980,332	\$12,229,800
Nordstrom	\$441,870	\$564,439	\$1,040,950	\$272,151	\$2,319,410	\$8,520,800
Office Depot	\$525,000	\$488,943	\$1,097,810	\$98,260	\$2,210,013	\$4,514,200
Office Max	\$482,500	\$416,130	\$1,193,551	\$0	\$2,092,181	\$1,787,700
Overstock.com	\$100,000	\$120,000	\$135,278	\$12,375	\$367,653	\$556,600
Retail Ventures	\$513,750	\$200,000	\$247,662	\$39,749	\$1,001,161	\$307,800
Ross Stores	\$452,310	\$367,054	\$307,113	\$36,154	\$1,162,631	\$3,547,200
Safeway	\$590,928	\$730,505	\$1,636,659	\$78,795	\$3,036,887	\$14,829,200
Saks	\$451,422	\$449,113	\$964,087	\$24,572	\$1,889,194	\$2,691,800
Staples	\$650,435	\$554,619	\$6,098,450	\$178,595	\$7,482,099	\$14,107,300
Sears	\$505,449	\$0	\$0	\$0	\$505,449	\$15,394,600
Stein Mart	\$349,733	\$0	\$225,872	\$202,832	\$778,437	\$256,800
Target	\$881,635	\$755,126	\$4,443,164	\$457,645	\$6,537,570	\$46,749,400
TJX	\$627,596	\$668,120	\$1,172,692	\$93,641	\$2,562,049	\$12,133,700
Value Vision Media	\$269,231	\$126,179	\$21,079	\$13,272	\$429,761	\$238,200
Wal-Mart	\$670,385	\$935,580	\$956,799	\$210,666	\$2,773,430	\$183,192,200
Williams-Sonoma	\$621,212	\$0	\$1,894,376	\$60,820	\$2,576,408	\$3,016,400

¹Short-Term Incentive includes bonus and/or non-equity incentive plans.

²Long-Term Incentive includes stock awards, option awards, and other LTIP compensation. When value was given as number of shares, a Black-Scholes valuation was performed.

³Other Compensation includes aggregate increase in actuarial value of all defined benefit and actuarial plans and earnings on nonqualified deferred compensation during the year.

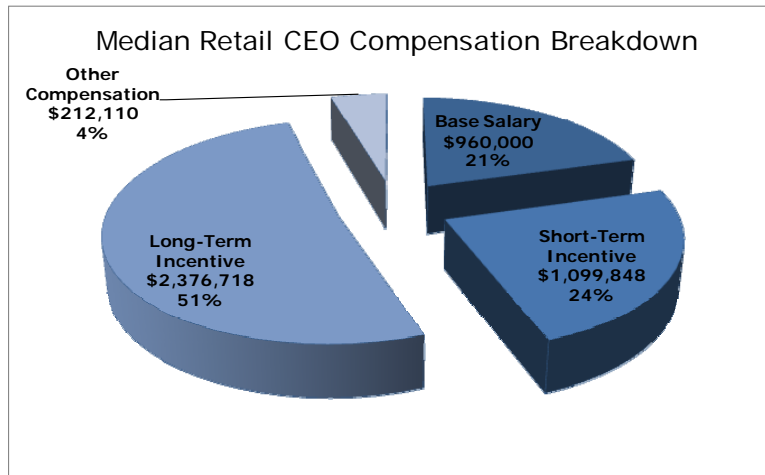
⁴Market Cap obtained from smartmoney.com on 11/27/2007.

⁵No Longer a Public Company

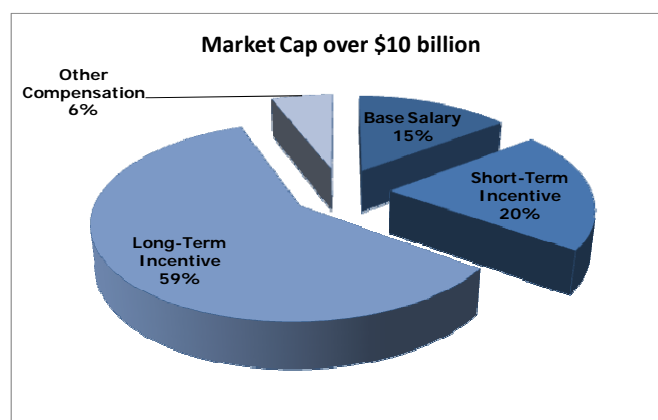
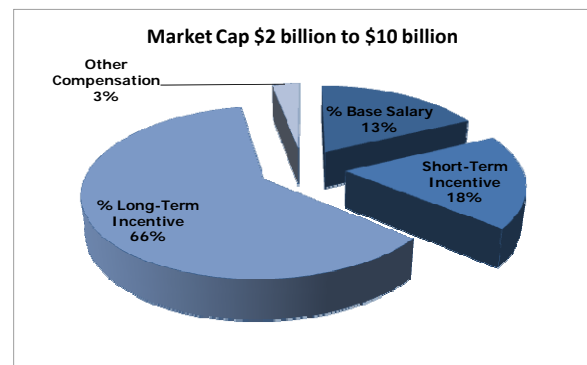
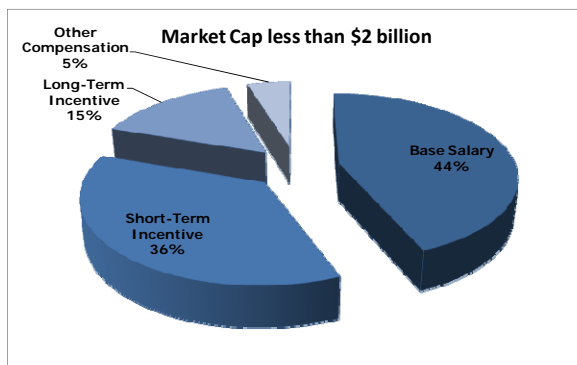
CEO Compensation Breakdown – By Component

When analyzing each Chief Executive Officer’s total compensation, we calculated the median dollar amounts for each component; base salary, short and long-term incentives and other compensation.

The largest portion of CEO compensation was in Long-Term Incentive representing 51% or \$2,376,718 of total compensation. Short-Term Incentive was the second largest component with 24% or \$1,099,848. Base Salary was 21% of total compensation or \$960,000. Other compensation made up the remaining 4%.



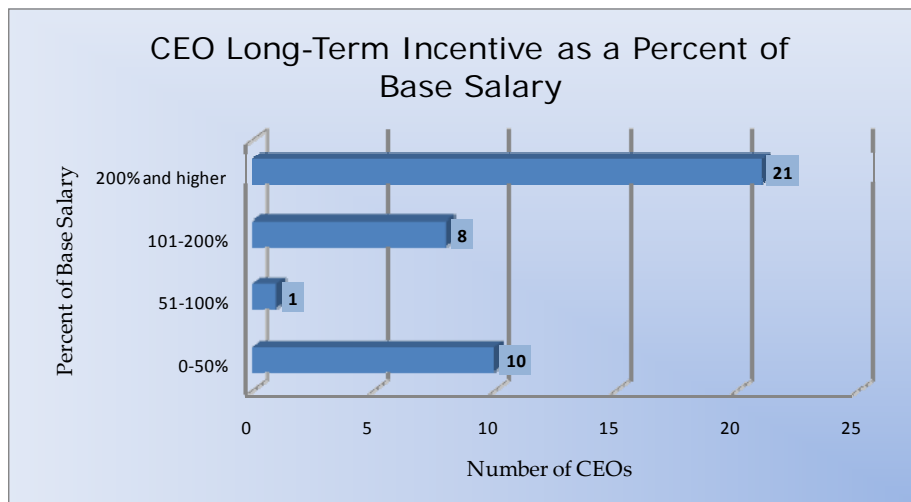
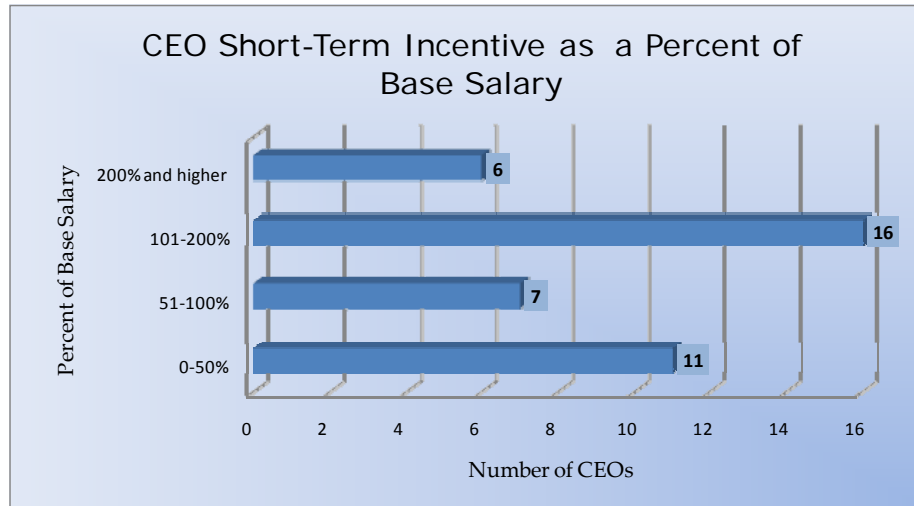
We also reviewed median compensation by component as it relates to size of the organization. Our findings indicate a correlation between size of company and the type of payouts received. For example, CEO’s working for smaller companies (market capitalization less than \$2 billion) received the largest portion of compensation in the form of base salary. The majority of CEO’s serving at larger companies (market capitalization greater than \$2 Billion) had the opposite breakdown, with the majority of pay in Long-Term Incentives and salary making up the smallest component.



CEO Compensation – As a Percentage of Base Salary

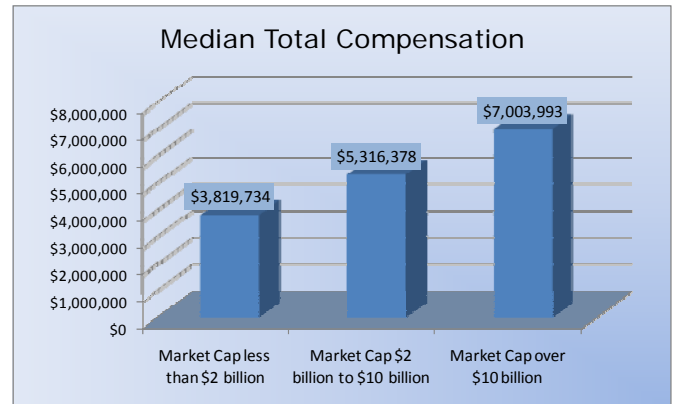
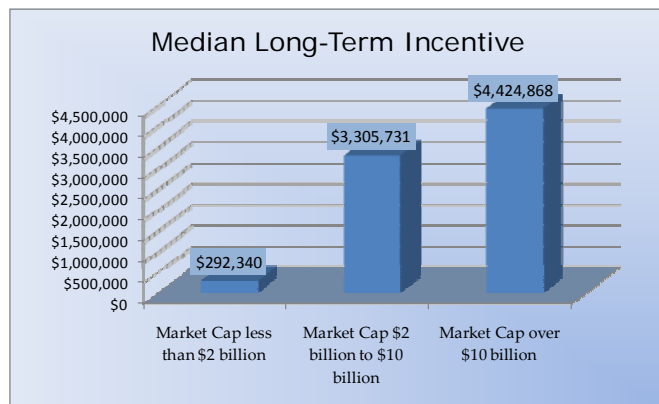
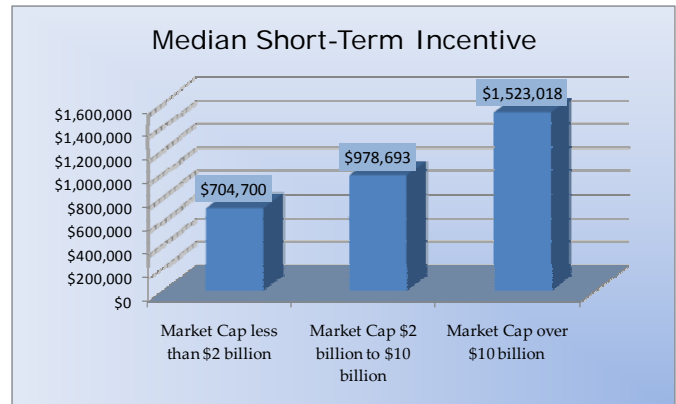
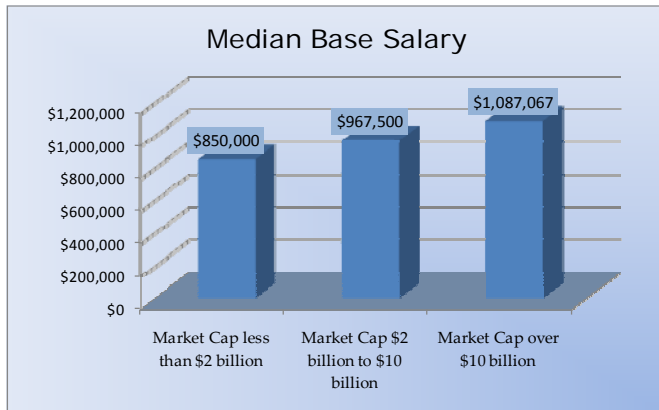
In addition to studying Chief Executive Officer pay by component we also analyzed short and long-term incentives as a percentage of base salary. Of the 40 retail CEOs included in the study 11 received short-term incentives of less than 50% (as a percentage of base salary), 7 received between 51% and 100%, 16 between 101% and 200% and 6 greater than 200%.

Conversely, long-term incentives indicated results heavily weighted towards the high range; 21 greater than 200% and 8 CEOs received less than 50% (as a percentage of base salary). 1 received between 51% and 100%, 10 between 101% and 200%.



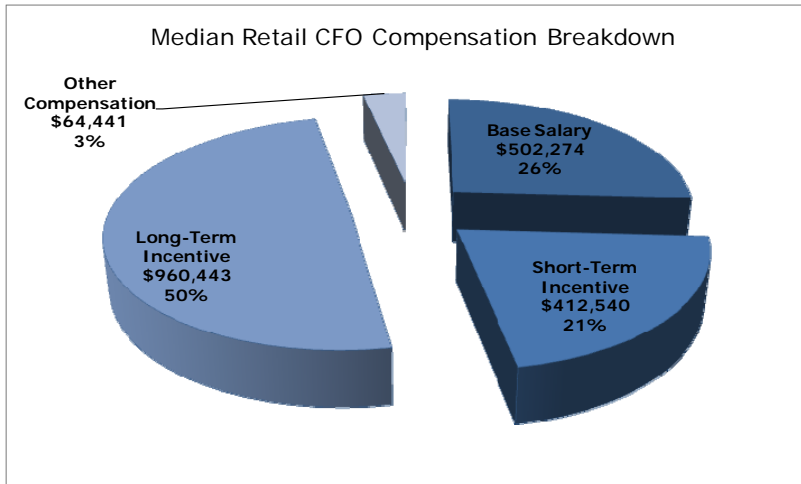
CEO Compensation - By Market Capitalization

To determine if there was a correlation between pay and size of the organization HVS compared CEO compensation to company market capitalization. We separated the peer group into three segments (Market cap of Less than \$2 billion, \$2 billion - \$10 Billion and Greater than \$10 Billion). The charts below indicate a strong correlation between pay and market capitalization:

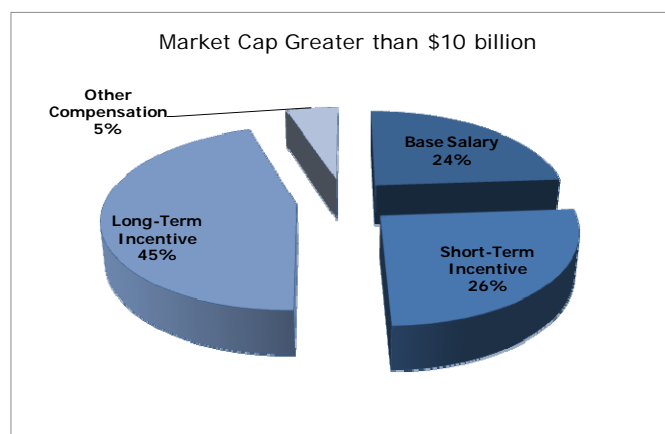
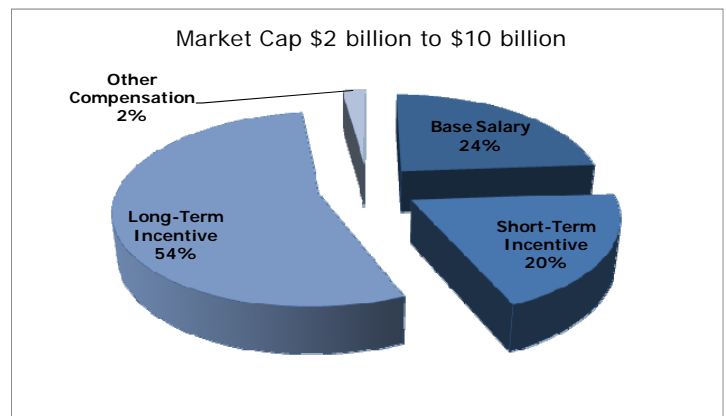
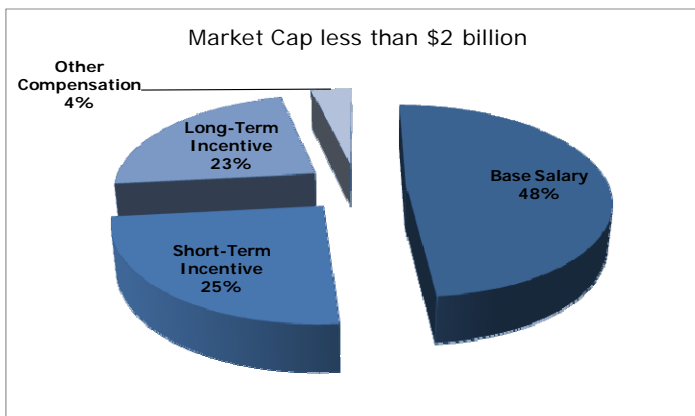


CFO Compensation Breakdown – By Component

We reviewed Chief Financial Officer’s total compensation in the same manner as our CEO analysis. The largest portion of CFO compensation was in Long-Term Incentive representing 50% or \$960,443 of total compensation. Base Salary was the second largest component with 26% or \$502,274. Short-Term Incentive was 21% of total compensation or \$412,540. Other compensation made up the remaining 3%.



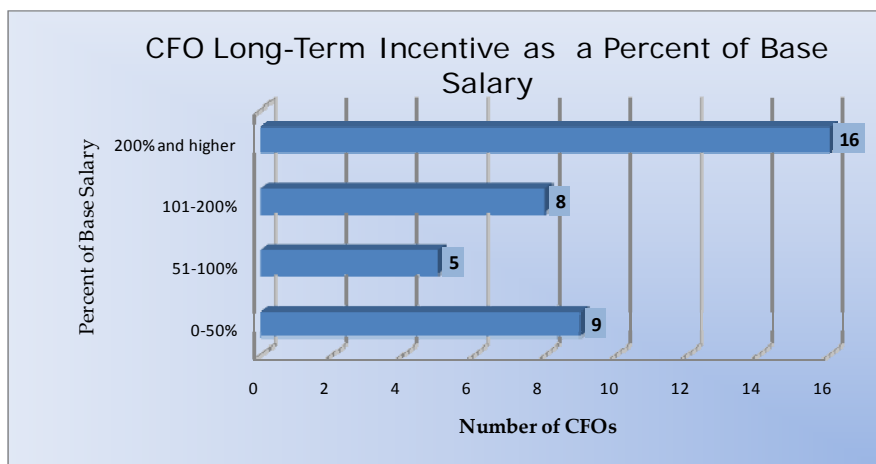
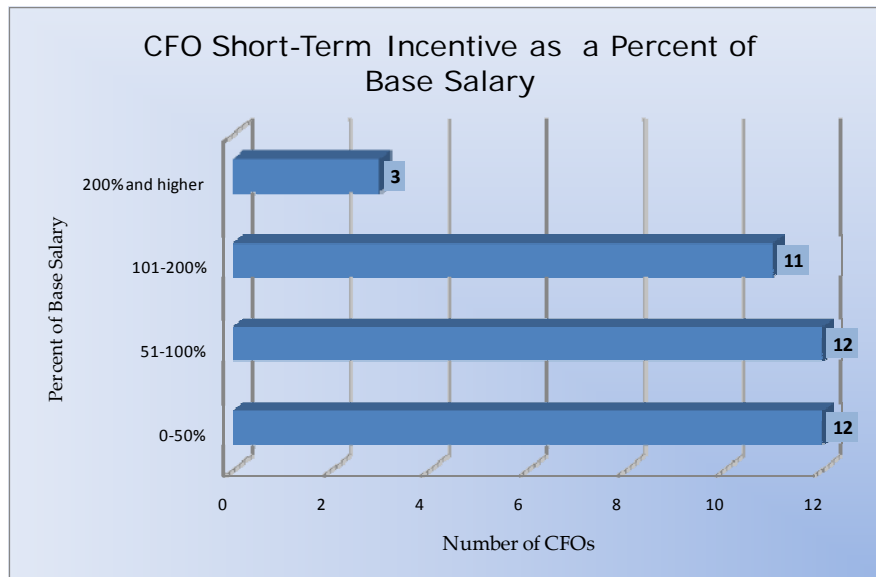
As with our CEO comparisons CFOs findings indicate a strong correlation when comparing median compensation by component as it relates to size of the organization. CFO’s working for smaller companies (market capitalization less than \$2 billion) received the largest portion of compensation in the form of base salary. The majority of CFO’s serving at larger companies (market capitalization greater than \$10 Billion) had compensation closely split between salary, short and long-term incentives.



CFO Compensation – As a Percentage of Base Salary

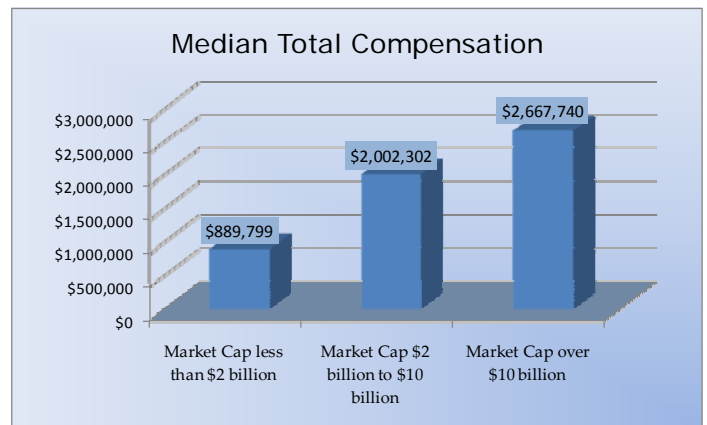
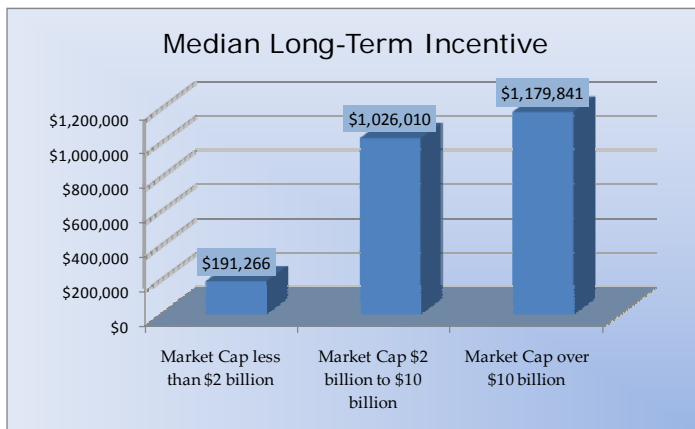
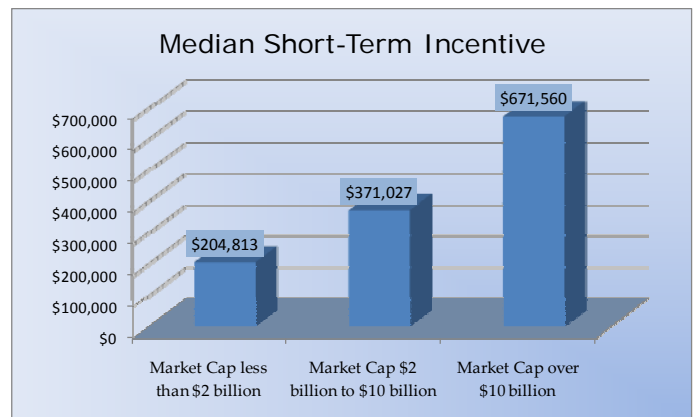
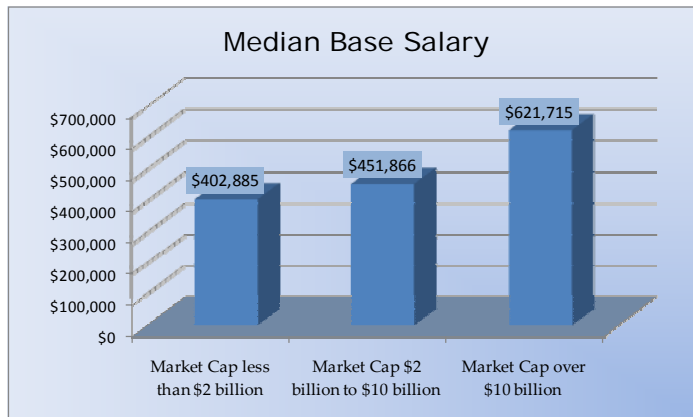
Of the 38 retail CFOs included in the study 12 received short-term incentives of less than 50% (as a percentage of base salary), 12 received between 51% and 100%, 11 between 101% and 200% and 3 greater than 200%.

Long-term incentives followed a similar pattern with a majority of CFO's (9) receiving less than 50% (as a percentage of base salary). 5 received between 51% and 100%, 8 between 101% and 200% and 16 greater than 200%.



CFO Compensation - By Market Capitalization

To determine if there was a correlation between pay and size of the organization HVS compared CFO compensation to company market capitalization. To analyze the effect that company size has on CFO compensation we separated the peer group into three segments; Market cap of Less than \$2 billion, \$2 billion - \$10 Billion and Greater than \$10 Billion. Our CFO analysis indicated a strong correlation between pay and size of company.



Highest Earning CEOs by Compensation Component

Top Total Compensation	
Company	Total Compensation
Target	\$36,428,691
CVS	\$24,020,009
Macys	\$15,647,117
Wal-Mart	\$15,090,924
Saks	\$14,139,347

Top Base Salaries	
Company	Salary
Target	\$1,659,616
J.C. Penney	\$1,500,000
Macys	\$1,383,333
Safeway	\$1,332,250
Wal-Mart	\$1,292,308

Top Short-Term Incentive	
Company	S-T Incentive
CVS	\$8,172,600
Target	\$6,128,960
Wal-Mart	\$3,941,561
Macys	\$2,704,800
J.C. Penney	\$2,673,750

Top Long-Term Incentive	
Company	L-T Incentive
Target	\$25,211,222
Saks	\$11,814,863
Staples	\$10,680,807
Macys	\$10,116,328
CVS	\$9,672,173

Highest Earning CFOs by Compensation Component

Top Total Compensation	
Company	Total Compensation
Staples	\$7,482,099
Circuit City	\$6,568,137
Target	\$6,537,570
CVS	\$5,693,219
Home Depot	\$4,809,619

Top Base Salaries	
Company	Salary
Target	\$881,635
Home Depot	\$757,308
Macys	\$741,667
CVS	\$713,750
Wal-Mart	\$670,385

Top Short-Term Incentive	
Company	S-T Incentive
CVS	\$2,413,200
Dillard's	\$1,198,234
Home Depot	\$1,008,125
Wal-Mart	\$935,580
Best Buy	\$847,500

Top Long-Term Incentive	
Company	L-T Incentive
Staples	\$6,098,450
Circuit City	\$5,512,839
Target	\$4,443,164
Home Depot	\$2,909,964
Best Buy	\$2,168,725

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