



Now What?

RAPAPORT

International Diamond Conference 2009

September 10, 2009

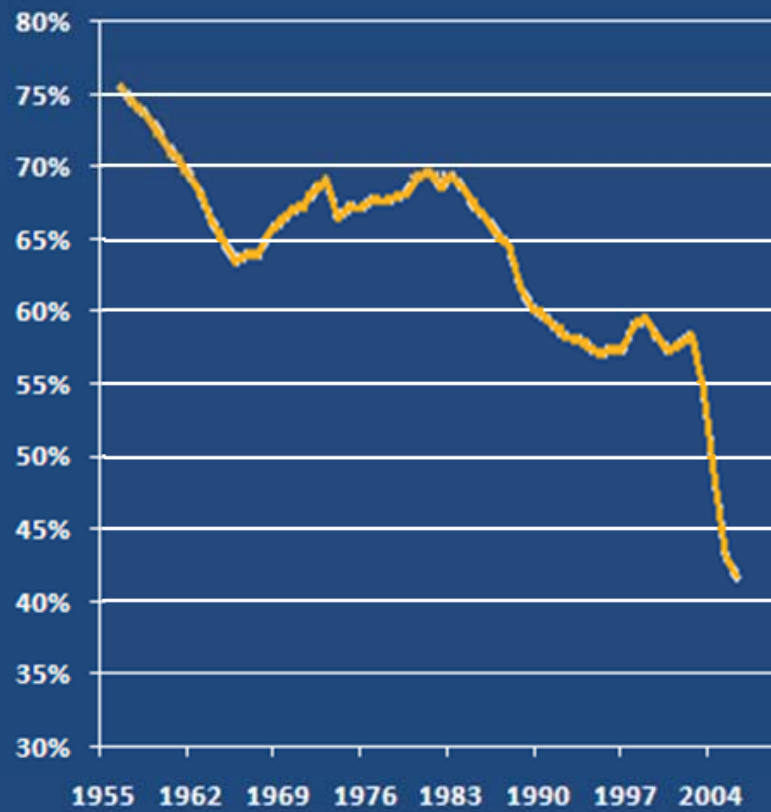


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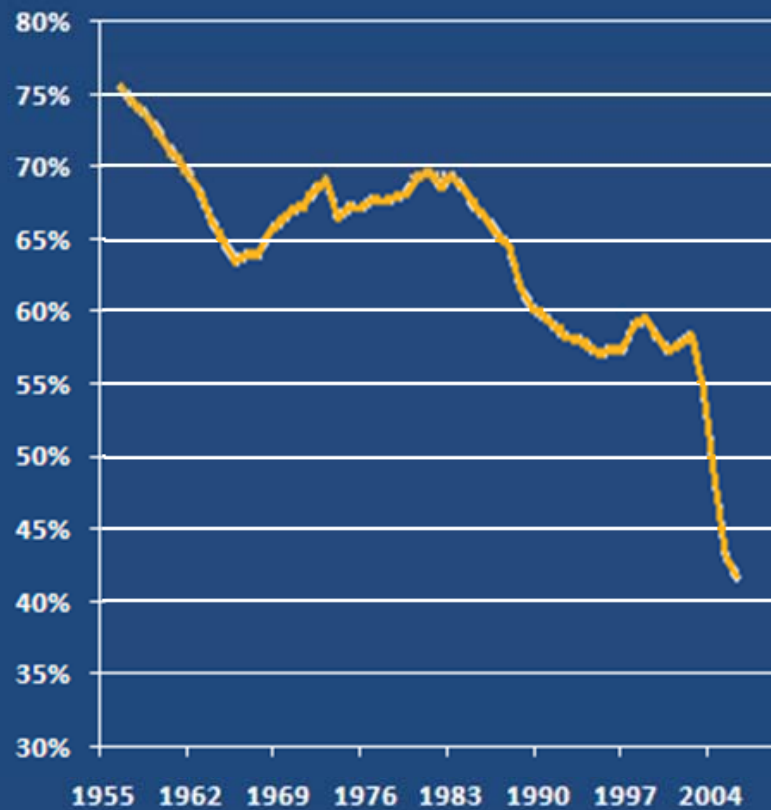
A presentation by
Christopher Ellis, President



U.S. Homeowners' Equity
as a % of Real Estate Value
1955-2009 (Q1)

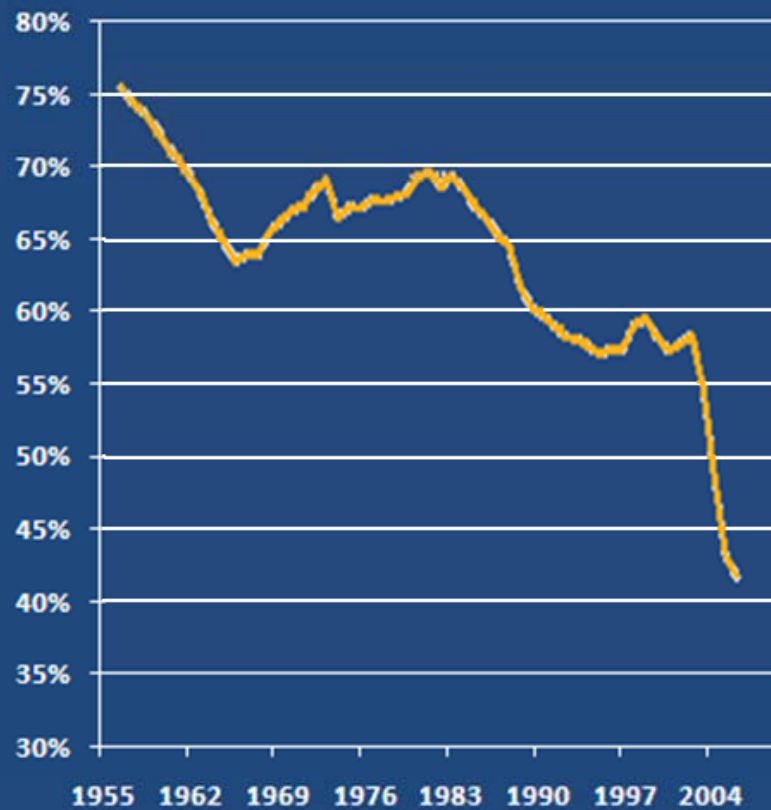


U.S. Homeowners' Equity
as a % of Real Estate Value
1955-2009 (Q1)



❖ Housing Wealth → Down 30% since 2006

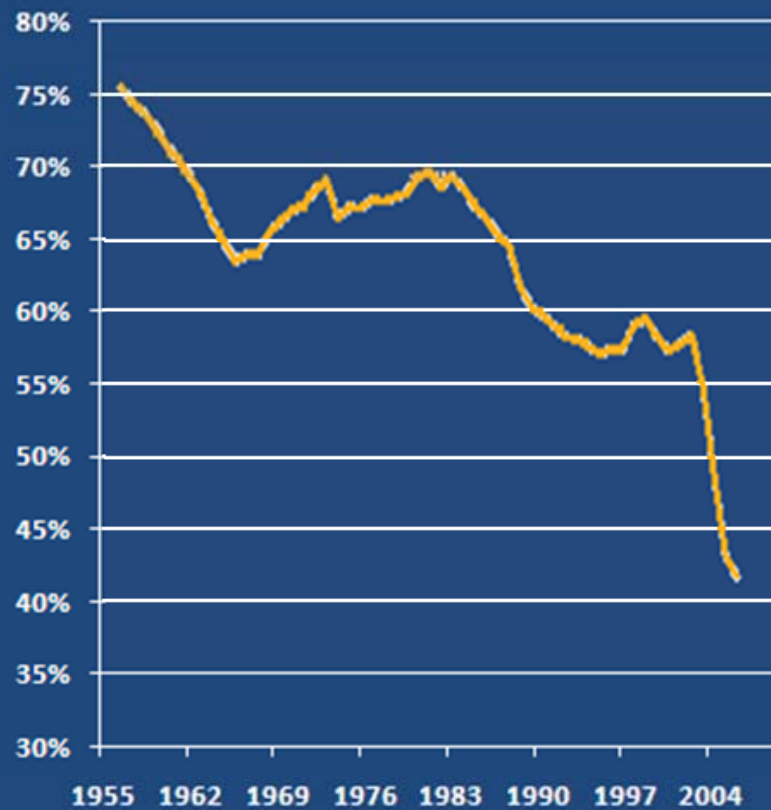
U.S. Homeowners' Equity
as a % of Real Estate Value
1955-2009 (Q1)



❖ **Housing Wealth → Down 30% since 2006**

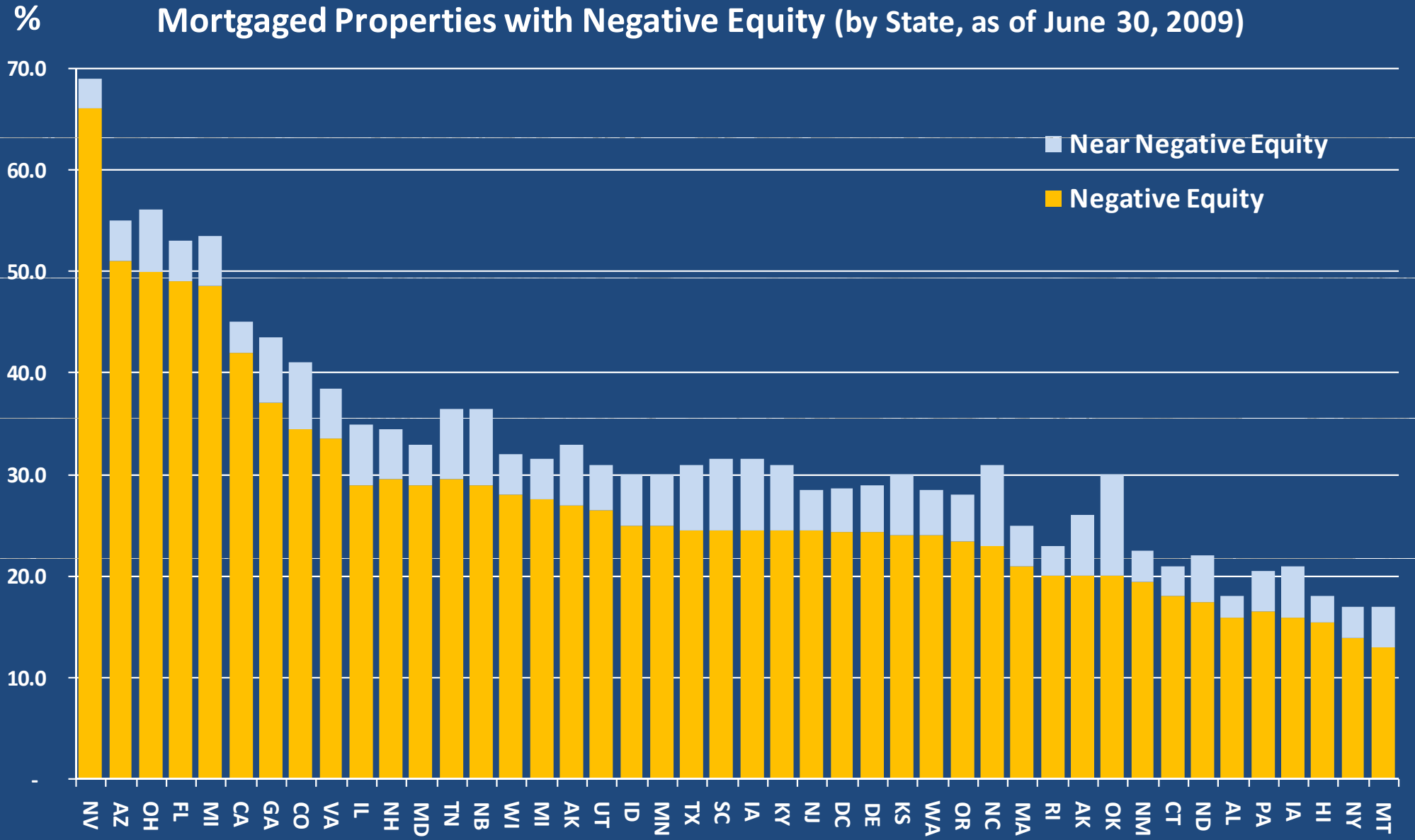
❖ **Household Net Worth → Down \$11.2 trillion from 2007**

U.S. Homeowners' Equity
as a % of Real Estate Value
1955-2009 (Q1)



- ❖ **Housing Wealth → Down 30% since 2006**
- ❖ **Household Net Worth → Down \$11.2 trillion from 2007**
- ❖ **Negative Equity (home worth less than mortgage) → 33% of mortgaged homes**

Mortgaged Properties with Negative Equity (by State, as of June 30, 2009)



❖ Wages & Salaries → Down 4.7%

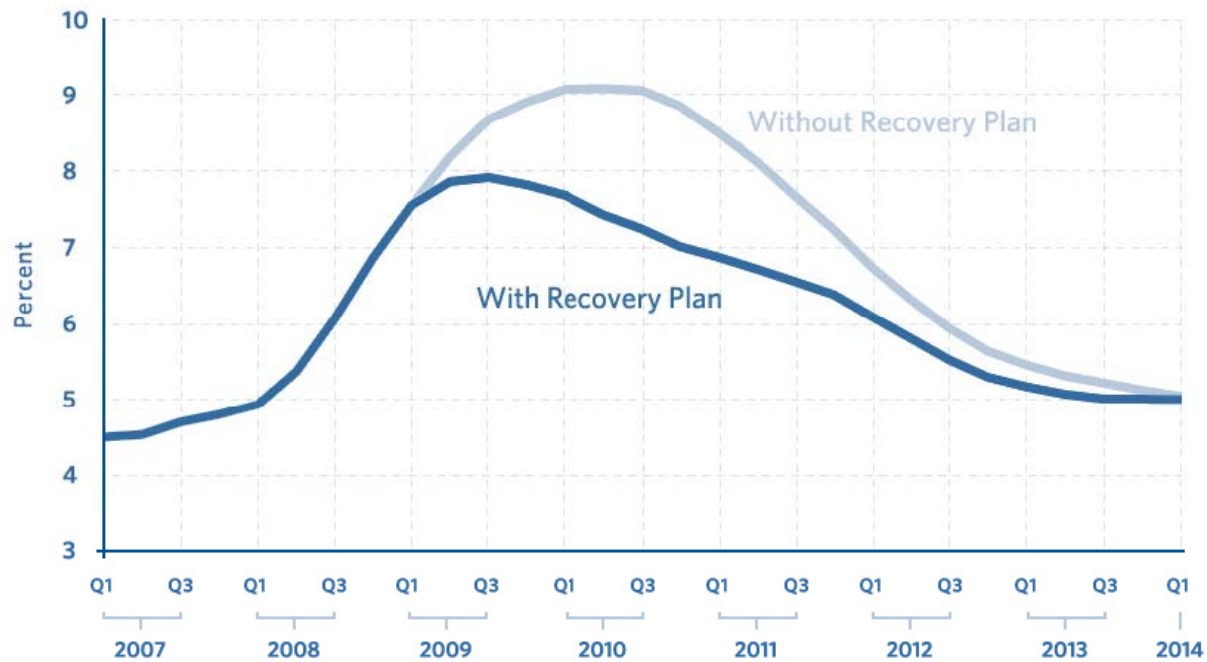
❖ Unemployment Rate → 9.7%



❖ Unemployment Rate → 16.8%



Figure 1
Unemployment Rate With and Without the Recovery Plan



Extract from The Job Impact of the American Recovery and Reinvestment Plan published in January 2009 by the Council of Economic Advisers

Retailers

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THE GEM OF BOSTON SINCE 1796


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WHERE TREASURES LIVE.

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the engagement ring store[™]

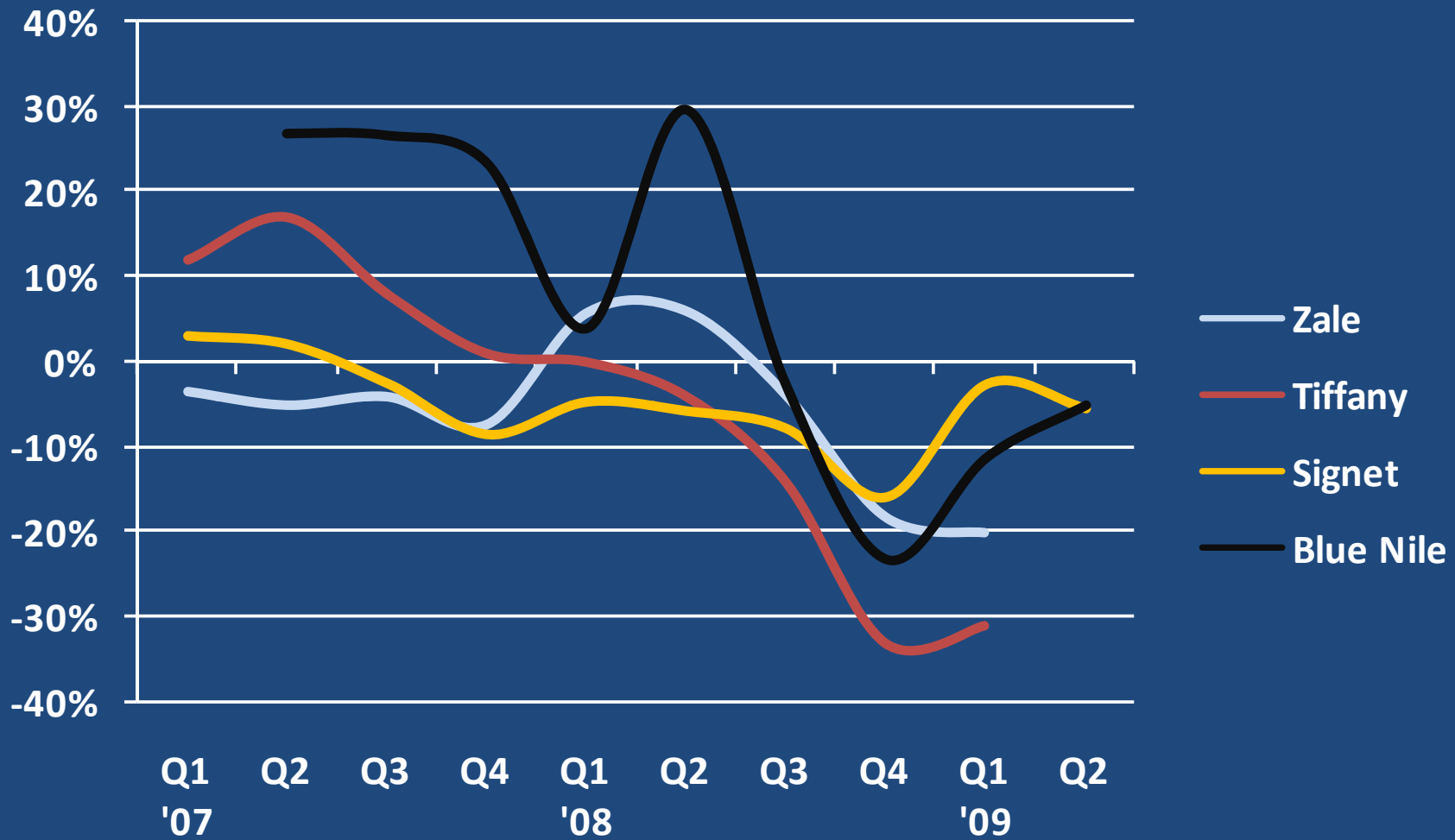
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Sample Retail Bankruptcies*
Over the Last 12 Months

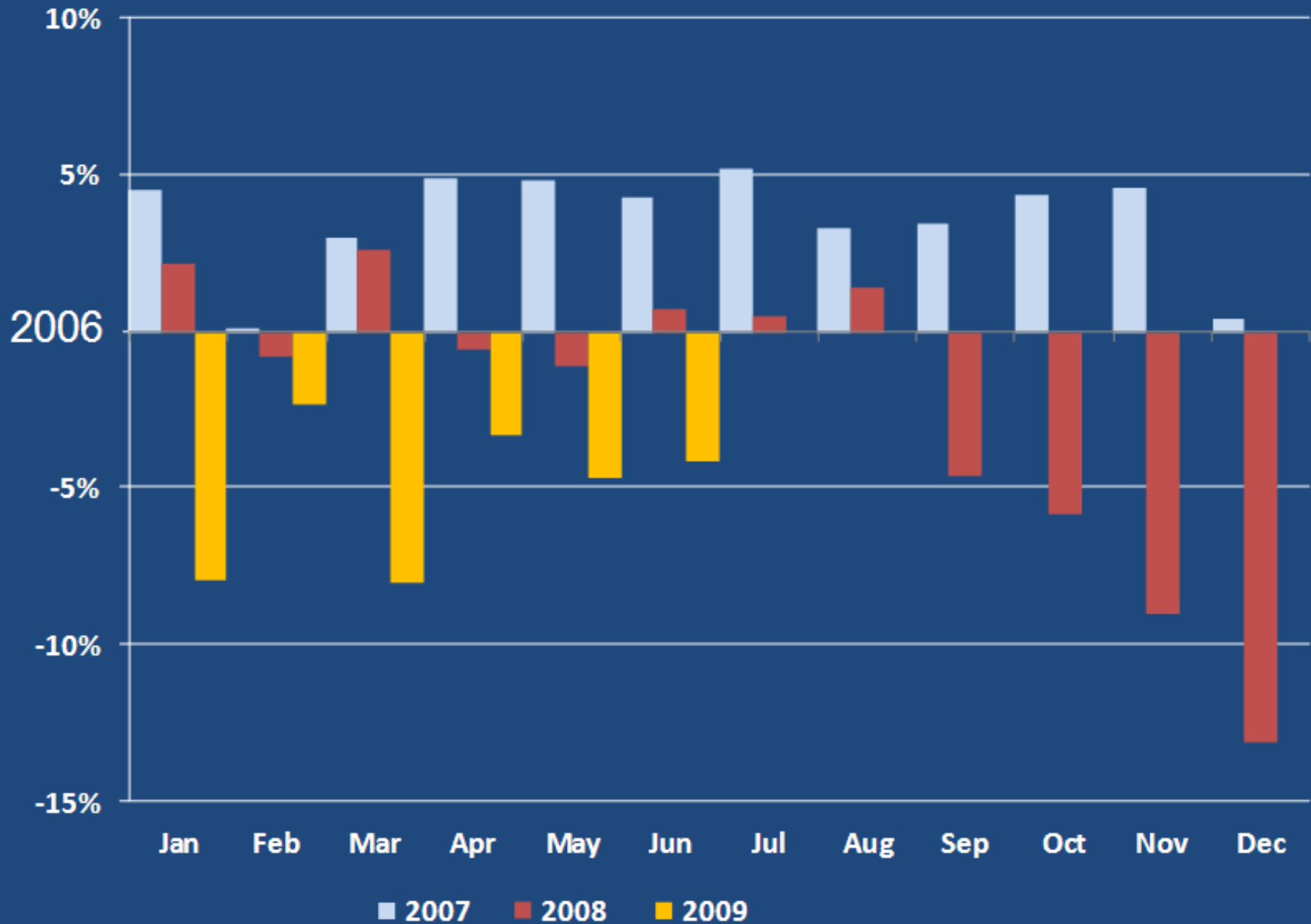
	Stores Prior to Filing	Surviving Stores
Friedman's	650	0
Whitehall	373	17
Shane	26	20
Robbins Bros.	16	10
Ultra	194	174
Christian Bernard	15	0
	1274	221

*Consensus acted as financial advisor to various stakeholders in each of these companies.

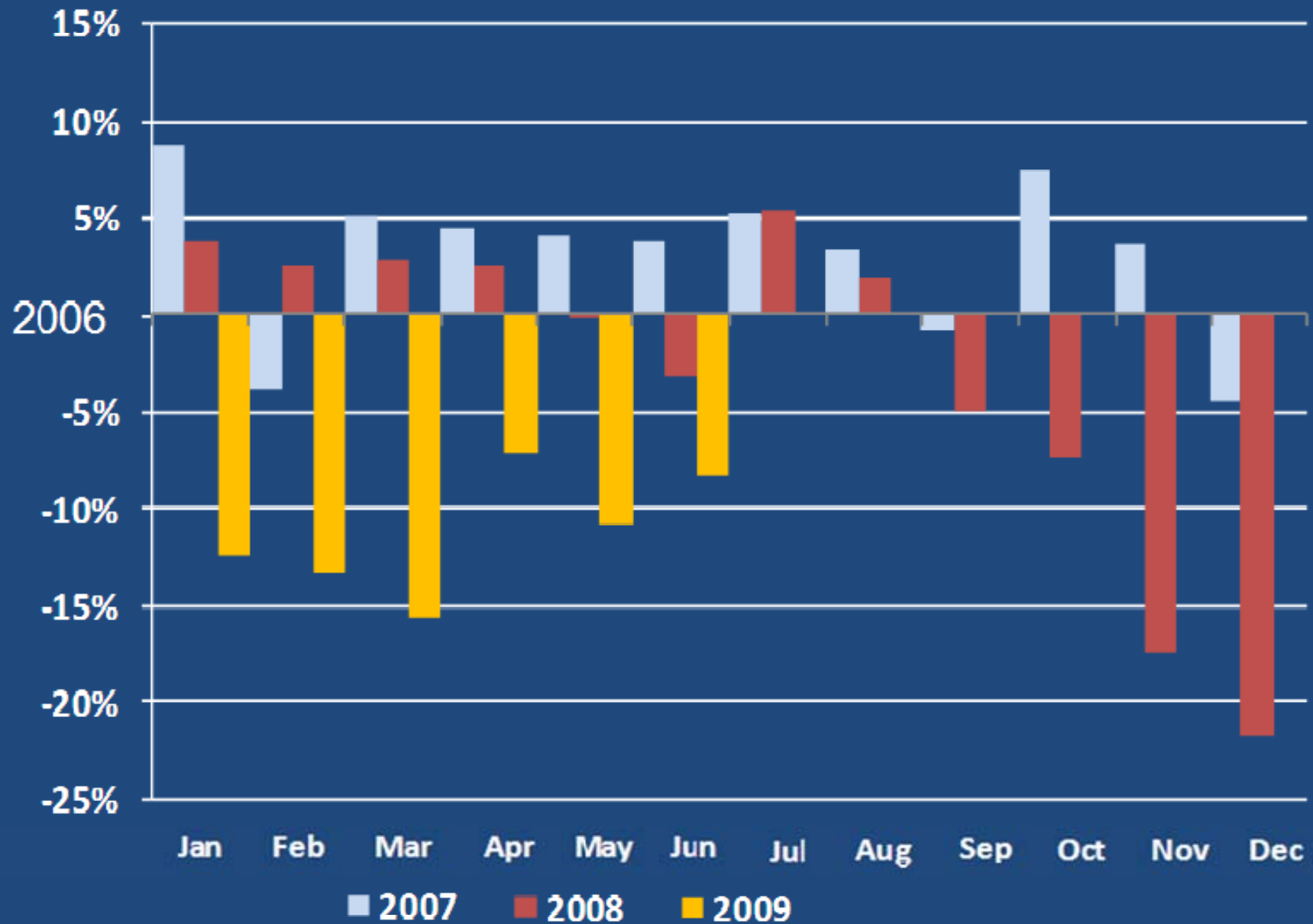
Sales Change vs. Prior Year for Selected Public Specialty Jewelers



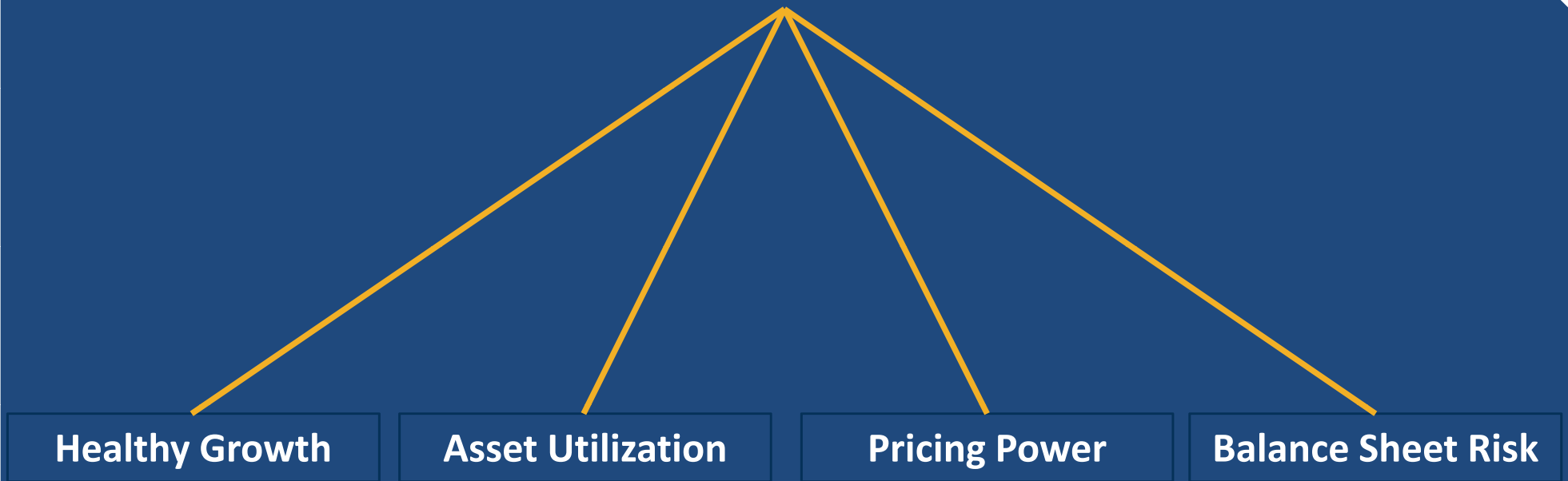
Monthly Changes in Jewelry Sales from a 2006 Baseline (Mass Merchants and Specialty Stores)



Monthly Changes in Jewelry Sales from a 2006 Baseline (Specialty Stores Only)



Consensus Retailer Health Ratings



Approximately 175 Publicly Traded Retailers

Retailer Health Ratings

Asset Utilization

5-year Adjusted Inventory Turn \times Turn Volatility $+$ Cap Ex Productivity

Asset Utilization Top 10	
Rank	Company Name
1	PC Mall Inc.
2	Amazon.com
3	Blue Nile
4	Charlotte Russe Holdings Corp.
5	Costco Wholesale Corp.
6	BJ's Wholesale Club Inc.
7	Aeropostale Inc.
8	Wet Seal Inc. (The)
9	Walmart Stores Inc.
10	Bebe Stores Inc.

Asset Utilization Bottom 10	
Rank	Company Name
166	Borders Group Inc.
167	Advance Auto Parts Inc.
168	Books-A-Million Inc.
169	O'Reilly Auomotive Inc.
170	Autozone Inc.
171	Trans World Entertainment Corp.
172	Jos A Bank Clothiers Inc.
173	Tiffany & Co.
174	Zale Corp.
175	West Marine Inc.

Retailer Health Ratings

Pricing Power

Impact to sales of change in gross margin

Pricing Power Top 10	
Rank	Company Name
1	Liberty Media
2	BJ's Wholesale Club Inc.
3	Nordstrom Inc.
4	Advance Auto Parts Inc.
5	Macy's Inc.
6	Syms Corp.
7	Shoe Carnival Inc.
8	Office Depot Inc.
9	Stage Stores Inc.
10	PC Mall Inc.

Pricing Power Bottom 10	
Rank	Company Name
166	Best Buy Company Inc.
167	Haverty Furniture Companies Inc.
168	O'Reilly Automotive Inc.
169	Costco Wholesale Corp.
170	Amazon.com
171	Petmed Express Inc.
172	Blue Nile
173	Gamestop Corp.
174	Autonation Inc.
175	Drugstore.com

How to Survive & Thrive: Thoughts for Independents

How to Survive & Thrive: Thoughts for Independents

- Revise Thinking

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- Revise Thinking
- Clean Up the Balance Sheet

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- Streamline and Spice Up Offerings

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- Revise Thinking
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- Streamline and Spice Up Offerings
- Plan/Budget for Sales Levels Below Last Year

How to Survive & Thrive: Thoughts for Independents

- Revise Thinking
- Clean Up the Balance Sheet
- Streamline and Spice Up Offerings
- Plan/Budget for Sales Levels Below Last Year
- **Whatever You Have, Spend Less**



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