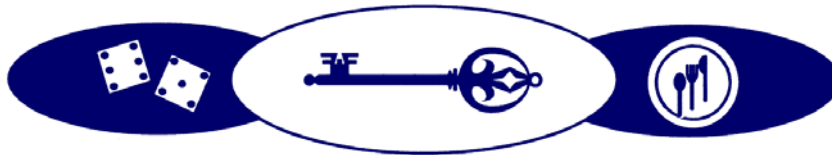


HCE

Hospitality Compensation Exchange®



Presented by:



CHAIN STORE AGE®
THE NEWSMAGAZINE FOR RETAIL EXECUTIVES

2006 Specialty Apparel Compensation Report©



Presented by:
HVS Executive Search
<http://www.hvsinternational.com/Services/ExecutiveSearch/>

Dear Retail Executive:

Welcome to HVS' HCE Hospitality Compensation Exchange®, the specialty apparel industry's most comprehensive guide to compensation information. HVS created the HCE to provide retail owners, operators and investors with current and credible information concerning compensation issues. Data from the 2006 Specialty Apparel Compensation Report© has been obtained through written survey as well as public documentation. One hundred twenty-two companies are included in the report representing organizations that retail men's, women's and/or children's clothing, shoes and accessories. I hope that you will find this report an exciting tool for managing your business, allowing you to attract and retain management talent through an efficient total rewards program.

With kind regards, I am

A handwritten signature in black ink that reads "David A. Mansbach". The signature is written in a cursive style.

David Mansbach
Managing Director
HVS Executive Search





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Hospitality Compensation Exchange®

The HCE Hospitality Compensation Exchange® is the largest industry forum for the exchange of compensation and benefit information. Annual HCE Surveys are conducted for the restaurant, retail, lodging and gaming industries and encompass corporate and property-level positions. Furthermore, clients have access to more focused reports and services.

HCE Annual Retainer

HVS has successfully partnered with companies to provide an “independent” prospective concerning the link between executive rewards and operational/strategic results, stakeholder interests and overall economic enhancement of the organization. Projects include but are not limited to Executive Compensation Reviews, Incentive Program Design and Implementation, Governmental and Regulatory requirements and Compensation Committee Design & Make Up. Based on the size of your company the annual retainer will range from \$20,000 - \$50,000.

HCE Annual Report

HCE Annual Reports contain an executive summary of the national HCE survey data. The data is categorized by suitable industry criteria. Restaurant, Retail, Lodging and Gaming Annual Reports are available for both corporate and property level positions. An HCE Annual Report ranges from \$350 - \$500.

HCE Select

HCE Select generates criteria-specific reports based on data from the national survey. Users can determine their own query parameters for an HCE Select Report. The HCE Select program allows for numerous parameters to be considered simultaneously. A typical HCE Select is \$500-\$1,000.

HCE Custom

HCE Custom creates client-defined reports from newly gathered data. HCE Custom gives clients access to information not collected in the national HCE surveys. Custom surveys are designed to consider an unlimited number of parameters, positions and questions. It is specifically targeted to competitive companies. This ground-up approach results in a fully customized report. A typical HCE Custom is \$5,000-\$15,000.

Participating in the HCE

There is no charge to become a participant in the HCE Hospitality Compensation Exchange®. HCE participants are eligible to receive discounts on HCE services. As confidentiality is the cornerstone of our business, protecting the reputation and data integrity of the participants is of critical importance. To that end, we only provide results in aggregate format.

For More Information Contact David Mansbach, Managing Director, HVS Executive Search at (516) 248-8828 ext. 257 or via e-mail dmansbach@hvsinternational.com





Nationwide Base Salaries and Average Bonuses

Findings from the 2006 Specialty Apparel Compensation Report© include compensation data from 122 private and public retail companies. The survey is HVS' third national examination of corporate level compensation within the Specialty Apparel industry, and results of the study cover twenty-three executive positions.

The national results confirm that compensation in the retail industry continues to be connected to the hierarchy of a traditional organization chart with the Chief Executive Officer and Chief Operating Officer earning the largest median base salaries and annual cash bonuses.

NATIONWIDE	Minimum	25th Percentile	50th Percentile	75th Percentile	Maximum	Average Bonus
Chief Executive Officer	\$85,114.00	\$455,762.50	\$700,000.00	\$978,849.50	\$10,222,400.00	\$777,310.49
Chief Operating Officer	\$108,810.00	\$375,000.00	\$472,461.00	\$650,288.00	\$1,300,000.00	\$403,476.58
VP Operations	\$123,050.00	\$223,654.00	\$285,500.00	\$395,891.00	\$702,000.00	\$164,707.02
Regional Director Store Operations	\$101,400.00	\$121,025.00	\$192,000.00	\$212,160.00	\$433,600.00	\$43,547.08
Head of Store Operations	\$109,000.00	\$143,662.50	\$180,000.00	\$218,750.00	\$755,000.00	\$50,765.60
VP Human Resources	\$52,000.00	\$241,037.50	\$260,557.00	\$398,520.00	\$540,000.00	\$146,167.17
Director Recruiting	\$95,000.00	\$119,925.00	\$138,750.00	\$205,000.00	\$370,000.00	\$57,822.10
Chief Financial Officer	\$125,000.00	\$249,600.00	\$336,700.00	\$460,744.25	\$2,545,000.00	\$213,174.65
Corporate Controller	\$70,000.00	\$135,176.50	\$195,000.00	\$220,500.00	\$260,000.00	\$44,275.80
VP Finance	\$131,529.00	\$174,035.50	\$233,150.00	\$268,750.00	\$407,156.00	\$70,100.75
General Counsel	\$145,600.00	\$247,600.00	\$292,308.00	\$352,500.00	\$650,000.00	\$118,842.80
Chief Information Officer	\$109,820.00	\$221,221.50	\$245,079.00	\$307,500.00	\$760,000.00	\$99,769.92
Chief Administration Officer	\$325,110.00	\$370,192.25	\$415,000.00	\$500,250.00	\$950,000.00	\$189,960.00
VP Merchandising	\$95,837.00	\$248,629.75	\$397,007.00	\$465,708.00	\$765,000.00	\$264,872.20
Divisional Merchandise Manager	\$140,000.00	\$149,650.00	\$176,670.00	\$199,844.00	\$275,000.00	\$37,665.60
General Merchandise Manager	\$212,500.00	\$250,000.00	\$275,000.00	\$347,000.00	\$505,489.00	\$131,748.35
Buyer	\$53,720.00	\$68,237.50	\$83,025.00	\$114,500.00	\$157,768.00	\$10,023.00
VP Sales/Marketing	\$100,962.00	\$178,500.00	\$320,000.00	\$456,923.00	\$1,040,000.00	\$213,818.90
VP Logistics & Distribution	\$98,280.00	\$196,500.00	\$252,181.00	\$347,500.00	\$880,000.00	\$91,396.11
VP Product Development	\$248,000.00	\$271,000.00	\$336,600.00	\$418,221.25	\$750,000.00	\$128,095.92
VP Real Estate	\$64,229.00	\$200,000.00	\$280,000.00	\$341,346.00	\$899,600.00	\$87,987.47
VP Sourcing	\$110,000.00	\$313,128.50	\$375,000.00	\$439,816.00	\$620,000.00	\$199,371.64
VP Store Planning, Design & Construction	\$95,000.00	\$165,000.00	\$213,300.00	\$277,267.50	\$576,885.00	\$73,929.57





Base Salary and Average Bonus Results by System Sales: Greater Than \$1 Billion

The 2006 results by system sales followed a similar pattern to that of our previous studies. As a company's system sales increases, executive compensation increases as well. For example, a Chief Information Officer overseeing a company with revenues less than \$1 Billion received a median base salary of \$219,712 while a CIO of a company with revenues greater than \$1 Billion received a median base salary of \$285,000 or 30% more. We also applied a regression analysis to indicate the relationship between system sales and compensation for each position in the study (See Appendix A).

System Sales Greater Than \$1 Billion	Minimum	25th Percentile	50th Percentile	75th Percentile	Maximum	Average Bonus
Chief Executive Officer	\$85,114.00	\$702,000.00	\$930,400.00	\$1,174,306.00	\$10,222,400.00	\$1,152,236.65
Chief Operating Officer	\$108,810.00	\$432,539.00	\$575,000.00	\$821,000.00	\$1,300,000.00	\$553,309.98
VP Operations	\$259,000.00	\$338,000.00	\$346,590.00	\$438,341.50	\$702,000.00	\$309,495.80
Regional Director Store Operations	\$101,400.00	\$117,000.00	\$191,000.00	\$235,000.00	\$240,000.00	\$60,957.60
Head of Store Operations	\$109,000.00	\$154,650.00	\$185,000.00	\$220,000.00	\$755,000.00	\$62,772.29
VP Human Resources	\$95,000.00	\$282,969.00	\$328,500.00	\$427,884.50	\$540,000.00	\$180,914.30
Director Recruiting	\$95,000.00	\$121,160.00	\$160,590.00	\$255,000.00	\$370,000.00	\$76,317.29
Chief Financial Officer	\$132,000.00	\$350,177.00	\$460,000.00	\$550,000.00	\$2,545,000.00	\$306,169.43
Corporate Controller	\$127,000.00	\$163,338.25	\$198,050.00	\$247,533.25	\$260,000.00	\$51,406.50
VP Finance	\$231,300.00	\$235,000.00	\$250,000.00	\$325,000.00	\$407,156.00	\$92,041.80
General Counsel	\$218,500.00	\$270,493.00	\$313,639.00	\$393,375.00	\$650,000.00	\$153,874.60
Chief Information Officer	\$180,000.00	\$231,750.00	\$285,000.00	\$374,284.00	\$760,000.00	\$125,684.50
Chief Administration Officer	\$376,923.00	\$415,000.00	\$494,000.00	\$687,400.00	\$950,000.00	\$272,241.86
VP Merchandising	\$95,837.00	\$366,646.25	\$442,455.00	\$539,199.25	\$765,000.00	\$333,747.65
Divisional Merchandise Manager	\$140,000.00	\$146,100.00	\$180,000.00	\$198,896.00	\$275,000.00	\$43,736.57
General Merchandise Manager	\$212,500.00	\$248,000.00	\$315,910.00	\$461,250.00	\$505,489.00	\$161,618.40
Buyer	\$53,720.00	\$72,500.00	\$85,900.00	\$125,000.00	\$157,768.00	\$13,099.20
VP Sales/Marketing	\$167,000.00	\$218,077.00	\$344,000.00	\$528,396.00	\$1,040,000.00	\$225,444.15
VP Logistics & Distribution	\$130,000.00	\$254,700.00	\$340,000.00	\$539,151.50	\$880,000.00	\$105,443.00
VP Product Development	\$259,000.00	\$317,327.00	\$375,500.00	\$503,622.00	\$750,000.00	\$166,062.63
VP Real Estate	\$200,000.00	\$230,000.00	\$341,346.00	\$448,969.00	\$899,600.00	\$83,105.78
VP Sourcing	\$315,000.00	\$375,000.00	\$399,500.00	\$521,277.50	\$620,000.00	\$270,535.71
VP Store Planning, Design & Construction	\$125,000.00	\$210,000.00	\$282,500.00	\$418,750.00	\$576,885.00	\$138,406.83





Base Salary and Average Bonus Results by System Sales: Less Than \$1 Billion

System Sales Less Than \$1 Billion	Minimum	25th Percentile	50th Percentile	75th Percentile	Maximum	Average Bonus
Chief Executive Officer	\$90,000.00	\$335,278.50	\$495,863.50	\$647,490.50	\$1,092,000.00	\$384,242.74
Chief Operating Officer	\$139,984.00	\$299,904.00	\$385,071.00	\$450,000.00	\$850,000.00	\$200,369.09
VP Operations	\$123,050.00	\$201,950.00	\$268,077.00	\$321,650.00	\$485,000.00	\$81,175.04
Regional Director Store Operations	\$120,000.00	\$134,056.00	\$194,000.00	\$207,540.00	\$433,600.00	\$32,665.50
Head of Store Operations	\$105,000.00	\$112,500.00	\$155,875.00	\$211,687.50	\$240,000.00	\$18,625.00
VP Human Resources	\$52,000.00	\$195,321.00	\$215,590.00	\$311,086.25	\$355,000.00	\$76,672.90
Director Recruiting	\$115,000.00	\$122,375.00	\$132,100.00	\$138,675.00	\$140,000.00	\$13,666.67
Chief Financial Officer	\$125,000.00	\$200,000.00	\$279,000.00	\$310,000.00	\$400,000.00	\$107,780.56
Corporate Controller	\$70,000.00	\$102,618.00	\$162,590.00	\$204,000.00	\$233,000.00	\$36,126.43
VP Finance	\$131,529.00	\$158,171.00	\$178,600.00	\$212,500.00	\$400,000.00	\$54,428.57
General Counsel	\$145,600.00	\$187,668.00	\$228,055.50	\$292,051.75	\$375,018.00	\$66,295.10
Chief Information Officer	\$109,820.00	\$186,875.00	\$219,712.00	\$268,750.00	\$340,000.00	\$77,557.43
Chief Administration Officer	\$240,000.00	\$245,000.00	\$325,110.00	\$350,000.00	\$519,000.00	\$146,100.00
VP Merchandising	\$137,500.00	\$193,848.50	\$298,084.50	\$399,996.00	\$525,000.00	\$205,180.13
Divisional Merchandise Manager	\$160,000.00	\$160,625.00	\$163,750.00	\$171,255.00	\$218,000.00	\$18,916.67
General Merchandise Manager	\$237,595.00	\$250,000.00	\$267,500.00	\$331,940.00	\$357,500.00	\$89,076.86
Buyer	\$63,355.00	\$68,825.00	\$82,050.00	\$113,000.00	\$133,000.00	\$8,104.86
VP Sales/Marketing	\$100,962.00	\$162,150.00	\$234,265.50	\$395,550.00	\$464,745.00	\$205,422.89
VP Logistics & Distribution	\$98,280.00	\$177,500.00	\$195,200.00	\$233,902.50	\$261,557.00	\$69,322.43
VP Product Development	\$248,000.00	\$249,500.00	\$262,500.00	\$292,050.00	\$343,200.00	\$52,162.50
VP Real Estate	\$64,229.00	\$169,048.75	\$212,500.00	\$288,500.00	\$310,000.00	\$93,479.38
VP Sourcing	\$110,000.00	\$194,329.25	\$236,520.00	\$323,942.75	\$362,000.00	\$74,834.50
VP Store Planning, Design & Construction	\$160,000.00	\$176,650.00	\$193,300.00	\$209,950.00	\$226,600.00	\$16,000.00



Base Salary and Average Bonus Results by Number of Units: Greater Than 500 Units

Similar to system sales, the number of units in a company's portfolio directly affects executive compensation levels. Generally, as the number of units in the company increased so did compensation. For example, median base salary increased an average of more than 55% for CEOs between the two data breaks and average CEO bonus payouts almost doubled.

Greater Than 500 Units	Minimum	25th Percentile	50th Percentile	75th Percentile	Maximum	Average Bonus
Chief Executive Officer	\$180,769.00	\$700,935.50	\$925,460.00	\$1,063,396.00	\$10,222,400.00	\$946,579.72
Chief Operating Officer	\$108,810.00	\$414,077.00	\$520,000.00	\$732,200.00	\$1,300,000.00	\$379,967.10
VP Operations	\$223,654.00	\$305,400.00	\$337,800.00	\$467,500.00	\$702,000.00	\$202,799.82
Regional Director Store Operations	\$101,400.00	\$137,018.75	\$188,000.00	\$224,000.00	\$240,000.00	\$51,925.00
Head of Store Operations	\$109,000.00	\$143,662.50	\$185,875.00	\$230,000.00	\$755,000.00	\$50,642.67
VP Human Resources	\$95,000.00	\$323,115.00	\$355,000.00	\$425,000.00	\$540,000.00	\$179,287.06
Director Recruiting	\$95,000.00	\$112,290.00	\$162,350.00	\$272,500.00	\$370,000.00	\$71,827.33
Chief Financial Officer	\$179,712.00	\$339,711.50	\$450,000.00	\$550,000.00	\$2,545,000.00	\$234,663.34
Corporate Controller	\$127,000.00	\$177,500.00	\$199,300.00	\$241,400.00	\$260,000.00	\$46,865.50
VP Finance	\$178,600.00	\$196,575.00	\$233,150.00	\$246,250.00	\$325,000.00	\$55,545.17
General Counsel	\$260,581.00	\$300,596.00	\$352,500.00	\$450,000.00	\$650,000.00	\$201,043.67
Chief Information Officer	\$225,000.00	\$285,000.00	\$322,000.00	\$349,382.50	\$760,000.00	\$134,856.80
Chief Administration Officer	\$376,923.00	\$446,000.00	\$559,000.00	\$719,100.00	\$950,000.00	\$317,615.50
VP Merchandising	\$95,837.00	\$398,592.25	\$450,884.50	\$539,199.25	\$765,000.00	\$306,692.36
Divisional Merchandise Manager	\$140,000.00	\$159,670.00	\$179,500.00	\$198,896.00	\$275,000.00	\$38,113.57
General Merchandise Manager	\$212,500.00	\$277,705.00	\$315,590.00	\$461,250.00	\$505,489.00	\$166,471.30
Buyer	\$82,050.00	\$83,512.50	\$92,600.00	\$126,442.00	\$157,768.00	\$13,713.25
VP Sales/Marketing	\$167,000.00	\$292,730.50	\$460,000.00	\$558,333.50	\$1,040,000.00	\$184,274.43
VP Logistics & Distribution	\$130,000.00	\$225,000.00	\$308,820.00	\$509,804.25	\$880,000.00	\$91,812.33
VP Product Development	\$279,308.00	\$333,077.00	\$375,500.00	\$448,958.25	\$595,833.00	\$193,705.00
VP Real Estate	\$210,000.00	\$242,500.00	\$296,000.00	\$347,836.50	\$525,000.00	\$89,480.40
VP Sourcing	\$311,257.00	\$375,000.00	\$387,520.00	\$578,923.00	\$620,000.00	\$164,150.00
VP Store Planning, Design & Construction	\$160,000.00	\$176,650.00	\$193,300.00	\$209,950.00	\$226,600.00	\$16,000.00



Base Salary and Average Bonus Results by Number of Units: Less Than 500 Units

Less Than 500 Units	Minimum	25th Percentile	50th Percentile	75th Percentile	Maximum	Average Bonus
Chief Executive Officer	\$161,538.00	\$403,908.00	\$597,505.00	\$781,250.00	\$1,560,000.00	\$514,306.52
Chief Operating Officer	\$150,000.00	\$382,139.75	\$438,749.50	\$576,484.00	\$1,208,333.00	\$361,325.42
VP Operations	\$134,500.00	\$215,000.00	\$227,950.00	\$343,200.00	\$429,000.00	\$114,994.08
Regional Director Store Operations	\$117,000.00	\$149,200.00	\$195,000.00	\$209,080.00	\$433,600.00	\$36,366.00
Head of Store Operations	\$105,000.00	\$115,000.00	\$175,000.00	\$205,000.00	\$240,000.00	\$35,328.57
VP Human Resources	\$52,000.00	\$166,019.50	\$224,025.00	\$270,157.00	\$324,000.00	\$64,464.70
Director Recruiting	\$115,000.00	\$126,250.00	\$138,750.00	\$155,000.00	\$210,000.00	\$29,376.17
Chief Financial Officer	\$125,000.00	\$227,566.75	\$305,806.00	\$375,000.00	\$764,400.00	\$160,848.30
Corporate Controller	\$70,000.00	\$110,000.00	\$169,500.00	\$208,000.00	\$245,711.00	\$42,549.33
VP Finance	\$131,529.00	\$157,085.50	\$200,171.00	\$360,000.00	\$407,156.00	\$84,656.33
General Counsel	\$163,190.00	\$200,000.00	\$278,596.00	\$313,639.00	\$410,000.00	\$78,682.15
Chief Information Officer	\$109,820.00	\$193,500.00	\$209,814.00	\$247,039.50	\$275,000.00	\$82,589.20
Chief Administration Officer	\$180,500.00	\$290,500.00	\$320,150.00	\$350,000.00	\$400,000.00	\$46,900.00
VP Merchandising	\$137,500.00	\$209,045.50	\$317,195.50	\$412,405.75	\$700,000.00	\$237,812.09
Divisional Merchandise Manager	\$146,200.00	\$153,100.00	\$160,000.00	\$189,000.00	\$218,000.00	\$36,620.33
General Merchandise Manager	\$233,894.00	\$238,797.50	\$250,000.00	\$292,500.00	\$350,880.00	\$82,144.14
Buyer	\$53,720.00	\$64,428.75	\$78,625.00	\$100,000.00	\$133,000.00	\$7,562.83
VP Sales/Marketing	\$108,150.00	\$206,550.00	\$234,265.50	\$395,550.00	\$481,520.00	\$202,718.43
VP Logistics & Distribution	\$98,280.00	\$187,125.00	\$192,690.00	\$238,353.75	\$261,557.00	\$90,563.67
VP Product Development	\$248,000.00	\$256,750.00	\$292,650.00	\$375,621.25	\$750,000.00	\$95,291.38
VP Real Estate	\$64,229.00	\$146,737.50	\$195,490.00	\$254,000.00	\$899,600.00	\$85,854.71
VP Sourcing	\$110,000.00	\$222,439.00	\$262,500.00	\$362,000.00	\$375,000.00	\$229,467.60
VP Store Planning, Design & Construction	\$95,000.00	\$157,500.00	\$181,875.00	\$221,437.50	\$289,690.00	\$28,762.17



Equity/Long-Term Incentives

Although stock options remain the most common form of long-term incentive/equity compensation many organizations are paring back their use due to shareholder scrutiny and changes in accounting methods required by the SEC (companies are now required to expense stock options on date of grant). Equity alternatives such as Performance Shares, Restricted Stock Awards and Stock Appreciation Rights (SARs) are now being implemented. The chart below illustrates the value of all equity/long-term incentives for the public companies that are included in the study*.

Long-Term Incentives	Min	25th Percentile	50th Percentile	75th Percentile	Max
Chief Executive Officer	\$0.00	\$295,650.00	\$538,280.00	\$2,291,025.00	\$32,397,034.00
Chief Operating Officer	\$0.00	\$199,330.00	\$330,658.00	\$1,199,356.50	\$15,472,600.00
VP Operations	\$0.00	\$19,065.00	\$47,271.73	\$270,360.50	\$1,767,749.00
Regional Director Store Operations	\$0.00	\$21,060.00	\$49,531.00	\$78,860.00	\$197,775.00
Head of Store Operations	\$0.00	\$13,250.00	\$56,478.00	\$158,095.00	\$524,072.00
VP Human Resources	\$0.00	\$76,550.00	\$137,118.90	\$394,099.03	\$4,089,956.00
Director Recruiting	\$0.00	\$0.00	\$22,152.00	\$78,860.00	\$172,398.40
Chief Financial Officer	\$0.00	\$164,320.00	\$203,576.00	\$496,229.00	\$3,854,400.00
Corporate Controller	\$0.00	\$0.00	\$74,520.00	\$121,330.00	\$524,072.00
VP Finance	\$0.00	\$0.00	\$84,564.21	\$126,321.00	\$999,825.00
General Counsel	\$0.00	\$29,360.00	\$139,770.00	\$372,480.00	\$2,166,532.08
Chief Information Officer	\$0.00	\$74,500.00	\$162,395.00	\$284,077.00	\$659,250.00
Chief Administration Officer	\$0.00	\$53,507.68	\$582,150.50	\$1,363,416.25	\$1,716,750.00
VP Merchandising	\$0.00	\$28,562.00	\$90,176.00	\$336,168.36	\$2,085,600.00
Divisional Merchandise Manager	\$0.00	\$0.00	\$55,757.32	\$186,628.50	\$250,643.00
General Merchandise Manager	\$0.00	\$0.00	\$43,750.00	\$501,048.00	\$898,062.00
Buyer	\$0.00	\$0.00	\$25,460.00	\$66,490.00	\$83,260.00
VP Sales/Marketing	\$0.00	\$72,380.00	\$174,829.00	\$345,678.85	\$1,842,211.62
VP Logistics & Distribution	\$0.00	\$22,390.00	\$78,923.50	\$373,905.00	\$1,253,120.00
VP Product Development	\$0.00	\$5,900.00	\$60,690.60	\$320,440.00	\$524,072.00
VP Real Estate	\$0.00	\$15,960.00	\$88,420.00	\$149,736.00	\$810,486.00
VP Sourcing	\$0.00	\$22,962.00	\$115,224.00	\$388,266.00	\$1,284,723.00
VP Store Planning, Design & Construction	\$0.00	\$3,250.00	\$48,319.00	\$192,675.65	\$2,296,441.00

The table represents 112 of 122 companies surveyed, which are publicly traded.

* Equity/Long-term Incentives include stock options, deferred stock, restricted stock, stock bonus and other stock awards. The value of stock options was calculated using Black-Scholes Valuation Model.



Benefits

In order to gain an understanding of general retail industry benefit trends we asked our survey participants to address several key benefit components such as Medical and Dental to assist in determining how the rising cost of healthcare is impacting how and what organizations are providing to their corporate level employees.

Medical & Dental Plans

Every company that participated in the study offers corporate executives medical and dental plan coverage. The programs and types of plans are as follows:

- Preferred Provider Program (PPO) – Eighty-Eight Percent (88%)
- Health Maintenance Organization (HMO) – Nineteen Percent (19%)
- Point Of Service (POS) – Thirteen Percent (13%)

Additional Points of Interest:

- In thirty-two percent (32%) of the cases, dental insurance is provided in conjunction with the medical plan.

401K Plans

Every company that participated in the study provides a 401k Plan for their corporate level executives. Eligibility periods and vesting schedules are as follows:

Eligibility

- Immediately – Seventeen Percent (17%)
- Less Than 6 Months – Eighteen Percent (18%)
- 6 Months – 1 Year – Twenty-Seven Percent (27%)
- After 1 Year – Thirty-Eight Percent (38%)

Additional Points of Interest:

- Of the respondents that have 401k Plans, seventy-five percent (75%) have vesting restrictions in place with the most common schedule being over a five-year period. Most companies in the peer group have matching contributions for their executives; the average of the group was \$0.50 for every dollar an employee invests up to 4.25% (average).

Life Insurance Plans

- Life Insurance is provided to 100% of corporate level executives included in the study. The maximum coverage offered ranged from \$10,000.00 to \$2,000,000.00 with the average maximum coverage at \$386,875.
- 82% of the respondents give their employees the right to purchase supplemental life insurance.
- 68% of the respondents give their employees the right to purchase dependent life insurance.





Disability Insurance Plans

- Short-Term Disability Insurance is provided to 72% of the corporate level executives included in the study.
- Long-Term Disability Insurance is provided to 87% of the corporate level executives included in the study.

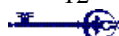


Appendix A-Regression Analysis

A regression analysis is performed using a mathematical formula to determine whether one set of data has any relationship to another set of data. This formula analyzes the relationship between a dependent variable and an independent variable. For the purpose of our report, we examined whether executives' salaries (dependent variable) were correlated to company system sales (independent variable).

In the regression analysis, the closer the R-squared (R^2) value is to 1.00, the more likely that the executives' salaries correlated to system sales. For this study, an R^2 value of less than 0.20 reflected a low correlation; a value of 0.20 to 0.50 reflected a medium correlation, while a value of higher than 0.50 showed a high correlation. Eleven of the twenty-three positions showed a Medium to High correlation.

POSITION	R ²	Rating
Chief Executive Officer	0.1848	Low
Chief Operating Officer	0.1691	Low
VP Operations	0.3224	Medium
Regional Director Store Operations	0.0078	Low
Head of Store Operations	0.4423	Medium
VP Human Resources	0.1676	Low
Director Recruiting	0.3192	Medium
Chief Financial Officer	0.2563	Medium
Corporate Controller	0.1431	Low
VP Finance	0.1107	Low
General Counsel	0.1994	Low
Chief Information Officer	0.3748	Medium
Chief Administration Officer	0.5478	High
VP Merchandising	0.2823	Medium
Divisional Merchandise Manager	0.0193	Low
General Merchandise Manager	0.0603	Low
Buyer	0.0188	Low
VP Sales & Marketing	0.0894	Low
VP Logistics & Distribution	0.4946	Medium
VP Product Development	0.2077	Low
VP Real Estate	0.8392	High
VP Sourcing	0.3513	Medium
VP Store Planning, Design & Construction	0.2434	Medium





Appendix B-Survey Participants

Abercrombie & Fitch Co.
Aeropostale, Inc.
Alloy, Inc.
Amazon.com, Inc.
American Eagle Outfitters, Inc.
AnnTaylor Stores Corporation
Baby Universe Inc
Bakers Footwear Group, Inc.
Barneys New York, Inc.
Bebe Stores Inc.
Bernard Chaus, Inc.
Big Dog Holdings, Inc.
Big Lots, Inc.
BJ's Wholesale Club, Inc.
Blair Corp.
Bluefly Inc
Boss Holdings Inc.
Brown Shoe Co., Inc.
BTWW Retail LP
Cache Inc.
Carter's Inc.
Casual Male Retail Group Inc
Celebrate Express Inc
Charlotte Russe Holding, Inc.
Charming Shoppes Inc.
Chelsea Property Group
Chicos FAS, Inc.
Christopher & Banks Corp.
Citi Trends Inc
Claire's Stores, Inc.
Coach Inc
Coldwater Creek Inc.
David's Bridal, Inc.
Deb Shops Inc.
DEliA*s Corp.
Dillard's Inc.
Dollar General Corp.
Dollar Tree Stores, Inc.
DSW Inc
Duckwall Alco Stores, Inc.
Eddie Bauer
Family Dollar Stores Inc
Federated Department Stores, Inc.
Foot Locker Inc.
Gadzooks, Inc.
Gaiam, Inc.
Gap, Inc.
Genesco Inc.
Gottschalks Inc
Guess, Inc.
Gymboree Corp.
Hanna Andersson Corporation
Harold's Stores, Inc.
Healthcare Uniform Company Inc
Hibbett Sporting Goods, Inc.
Hot Topic, Inc.
InterActiveCorp.
J. Jill Group, Inc.
J.C. Penney Co., Inc.
Jones Apparel Group, Inc.
Jos. A. Bank Clothiers, Inc.
Kenneth Cole Productions, Inc.
Kohl's Corporation
Lands End
Limited Brands Inc.
Liz Claiborne, Inc.
Maidenform Brands Inc
May Department Stores Co.
Mothers Work, Inc.
New York & Company Inc
Nike Inc
Nordstrom Inc.
Oakley Inc.
Oshkosh B'Gosh Inc.
Overstock.com Inc.
Pacific Sunwear
Payless Shoesource, Inc.
Phillips Van Heusen Corp.
Polaris Industries Inc.
Polo Ralph Lauren Corporation
Retail Ventures, Inc.
Rocky Brands Inc
Ross Stores Inc.
S&K Famous Brands Inc.
Saks, Inc.
Samsonite Corp.
Sears, Roebuck & Co.
Shoe Pavilion, Inc.
Skechers USA, Inc.
Stage Stores, Inc.
Stein Mart, Inc.
Steven Madden, Ltd.
Syms Corp.
Talbots Inc.
Target Corporation
The Bon-Ton Stores Inc
The Buckle Inc.
The Cato Corporation
The Children's Place Retail Stores, Inc.
The Dress Barn Inc
The Finish Line, Inc.
The Knot Inc
The Men's Wearhouse, Inc.
The TJX Companies Inc
The Wet Seal, Inc.
Too, Inc.
Tween Brands Inc
United Retail Group Inc.
Urban Outfitters, Inc.
ValueVision Media, Inc.
Volcom Inc
Weyco Group, Inc.
Wilson's The Leather Experts Inc.
Winmark Corp.
Wolverine World Wide Inc.
Zumiez Inc





Appendix C-Job Descriptions

Chief Executive Officer

Reports to Board of Directors and/or Shareholders. Oversees entire company. Makes final decisions on financial and corporate matters. Responsible for development of corporate vision, as well as short and long-term business plans

Chief Operating Officer/President

Reports to Chief Executive Officer. Responsible for all operating aspects of the company. Assesses operational performance of retail units and advises the Board Members and/or CEO on overall business trends.

Vice President of Operations

Reports to Chief Executive Officer and/or COO. Assists CEO and/or COO with operating all aspects of the company. Assesses operational performance of retail units and advises CEO and/or COO of trends.

Regional Director of Store Operations

Reports to VP of Operations. Responsible for multiple units in a specific geographical region of the country. Develops strategies to increase the financial performance of units within his/her territory.

Head of Store Operations

Reports to the Regional Director of Store Operations. Is responsible for overall store operations, staff functions and profits.

Vice President of Human Resources

Reports to Chief Executive Officer and/or Chief Operating Officer. Provides counsel to senior executives in labor laws and human resource management. Implements company-wide procedures to manage human resources including, compensation & benefits, recruiting, terminating, organizational development, succession planning, employee relations, training and manpower planning.

Director Recruiting

Reports to VP Human Resources. Is accountable for the development, implementation and administration of the company's recruiting programs. This can include both management and line worker training.

Chief Financial Officer

Reports to Chief Executive Officer. Acts as chief strategist with CEO to define company financial performance goals. Supervises finance, treasury and accounting staff. Implements and manages a comprehensive financial reporting system for performance measures and budgeting purposes. Develops and maintains control of expenditures and profit maximization.

Corporate Controller

Reports to Chief Financial Officer. Responsible for accounting, financial reporting, budgeting, internal audit, expense control, and systems support for entire company. Leads regional controllers in developing and following accounting procedures.

Vice President of Finance

Reports to CFO and/or Treasurer. Responsible for facilitating the financing and equity purchase and/or sale of company assets. Negotiates with financial institutions regarding financing, refinancing and capital structure terms.

General Counsel

Reports to CEO. Provides legal counsel to senior executives in all business matters including mergers and acquisition, franchising and development. Writes and edits contracts and researches legal precedents for business purposes.

Chief Information Officer

Reports to Chief Financial Officer. Plans, directs, designs, and oversees implementation of company-wide systems. Installs and maintains all computerized systems in corporate offices. Develops and researches all information technology strategies for company. Maintains financial databases for legal reporting purposes.





Chief Administration Officer

Reports to CEO and is responsible for managing corporate departments to create an effective synergy throughout the organization.

Vice President of Merchandising

Reports to CEO and/or COO. Oversees the entire merchandise planning process.

Divisional Merchandise Manager

Reports to General Merchandise Manager. Supervises a group of buyers, typically in related merchandise categories.

General Merchandise Manager

Responsible for setting the merchandise direction to ensure a focused continuity across all segments of the company.

Buyer

Reports to Divisional Merchandise Manager. Selects the merchandise to be sold in the stores by sourcing open market vendors in the U.S. and overseas markets and/or by working with vendors to produce house label goods.

Vice President of Sales/Marketing

Reports to CEO and/or COO. Strategize overall sales and marketing directions for entire company. Provides market analysis to ensure that target markets are being pursued. Develops advertising, PR and promotions strategy for the company.

VP Logistics & Distribution

Reports to CFO and/or COO. Accountable for the establishment and implementation of programs and policies for the purchase and distribution of retail products.

VP Product Development

Coordinates all facets of product development, including procuring samples, preparing cost analysis and preparing product presentations.

VP Real Estate

Reports to CEO and/or COO. Responsible for acquisition and disposition of real estate assets. Specific responsibilities include site location, selection, property acquisition and leasing.

VP Sourcing

Responsible for the management of supplier relationships and compliance with the company's technical, quality and ethical standards.

Vice President Store Planning, Design & Construction

Reports to CEO and/or COO. Responsible for designing, planning and construction of retail facilities. Specific duties may include subcontracting negotiations, purchasing fixtures, and filing permits with state and local agencies.





Appendix D – Sample HCE Corporate Survey

SECTION ONE: COMPANY INFORMATION

PLEASE GIVE COMPLETE ADDRESS INFORMATION FOR YOUR RETAIL COMPANY. ALL ADDRESS INFORMATION MUST BE COMPLETED.

Retail Company Name

Street Address

City

State

Zip

Phone

Fax

Your Name

Your Title

Your Email Address

Today's Date

Fill out the survey as completely and accurately as possible. All information is strictly confidential. Only tabulated results will be released.





SECTION ONE: COMPANY INFORMATION (CONTINUED)
PLEASE RESPOND BY FILING IN OR CIRCLING THE APPROPRIATE
RESPONSES FOR YOUR COMPANY.

- 1) How many retail units does your company have? _____
- 2) What is the company's annual gross revenue (\$)? _____
- 3) What segment of the industry does your company serve (please circle the letter next to the description)?
- A) Men's Specialty Stores – Companies specializing in the sale of men's and/or boy's clothing. (Example: Today's Man)
 - B) Women's Specialty Stores - Companies specializing in the sale of women's and/or children's clothing. (Example: Chico's FAS Inc.)
 - C) Family Specialty Stores – Companies selling both men's and women's clothing and possibly children's apparel. (Example: Gap, Inc.)
 - D) Children's Specialty Stores – Companies specializing in the sale of children's clothing (which may include maternity wear). (Example: Kid's 'R Us)
 - E) Sporting Goods Specialty Stores – Companies with at least 20% of their product sales in sporting goods. (Example: Gart Sports Company)
 - F) Other: _____



SECTION TWO: SALARY INFORMATION

PLEASE GIVE COMPLETE INFORMATION FOR EACH POSITION (IF TITLES WITHIN YOUR COMPANY ARE NOT EXACTLY THE SAME PLEASE MATCH UP APPROPRIATELY). WRITE "NA" IF THE POSITION DOES NOT APPLY TO YOUR COMPANY. PROVIDE AVERAGES FOR MULTIPLE INCUMBENTS.

Positions	Current Annualized Base Salary [\$]	Most Recent Annual Bonus [\$]?	Number Stock Options Granted in Last Fiscal Year [#]	Any Other Income [\$]*
Chairman/Chief Executive Officer				
President/Chief Operating Officer				
Chief Financial Officer				
VP Finance				
Corporate Controller				
Treasurer				
Chief Information Officer				
Chief Administration Officer				
VP Human Resources #1				
Director Human Resources #2				
Director Recruiting				
VP Operations #1				
Regional Director Store Operations #2				
Head of Store Operations #3				
VP Purchasing				
VP Store Planning, Design & Construction				
VP Logistics & Distribution				
VP Manufacturing				
VP Production				
VP Sourcing				
VP Marketing & Sales				
VP Real Estate				
VP Strategic Planning				
VP Loss Prevention				
VP Risk Management				
VP Security				
VP Product Development				
VP Merchandising				
General Merchandise Manager				
Divisional Merchandise Manager				
Buyer				

* Value of "Any Other Income" includes 401K contributions, relocation compensation, etc., that has been paid to the executive during the last fiscal year.



SECTION THREE: BENEFIT INFORMATION

PLEASE INDICATE WHICH OF THE FOLLOWING BENEFITS ARE OFFERED BY YOUR COMPANY.

Medical And Dental Plan Information

1a) Do you offer a Medical plan to your corporate level employees? Yes () No ()

2a) What type of Medical Plan is offered to your corporate level employees?

Check all that apply

- (a) HMO ()
(b) PPO ()
(c) POS ()
(d) Other ()

3a) Do you offer Dental Insurance to your corporate level employees? Yes () No ()

4a) Is the Dental Insurance provided in conjunction with your Medical Plan? Yes () No ()

Retirement Plan Benefit Information

1b) Do you offer a 401k plan to your corporate level employees? Yes () No ()

If Yes:

2b) When is the corporate level employee eligible for the 401k Plan?

- (a) Immediately ()
(b) Less Than 6 Months ()
(c) 6 Months - 1 Year ()
(d) After 1 Year ()

3b) Is there a vesting schedule for the 401k Plan? Yes () No ()

If Yes:

4b) Describe the vesting schedule?

5b) What is the matching contribution for each dollar a corporate level employee invests? (\$)

6b) Up to what percentage of the corporate level employees contribution does your company match? (%)

Life Insurance Information

1c) Do you provide Life Insurance for your corporate level employee? Yes () No ()

If Yes:

2c) What is the maximum amount of coverage provided for the corporate level employee? (\$)

3c) Does the corporate level employee have the option to purchase Supplemental Life Insurance? Yes () No ()



4c) Is Dependent Life Insurance offered as an option for your corporate level employee?
Yes () No ()

Disability Insurance Information

1d) Do you provide Short-Term Disability for your corporate level employee? Yes () No ()

If Yes:

2d) What is the corporate level employees contribution to the cost of Short-Term Disability benefits per month?
_____ (%)

3d) Do you provide Long-Term Disability benefits for your corporate level employee? Yes () No ()

If Yes:

4d) What is the corporate level employees contribution to the cost of long-term benefits per month?
_____ (%)

Other Benefit Information

1e) Do you provide child care assistance to your corporate level employees? Yes () No ()

2e) Do you provide elder care assistance to your corporate level employees? Yes () No ()

3e) Do you have a tuition benefit program for your corporate level employees? Yes () No ()

4e) Do you provide legal services for your corporate level employees? Yes () No ()



Presented by:

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