



ResearchSelectSM Search Report
Results Report for [Investor Name & Firm Deleted]
March 30, 2007

Executive Summary

Based on the Research Needs Assessment, we have reviewed our analytic contacts and our proprietary database to identify firms that meet the requirements outlined by [investor name and firm deleted]. Despite the narrow field of interest, we uncovered 20 firms that offer channel checking services in the retail sector. Of these firms, six fit the specific criteria. We are recommending four. The table below provides a brief summary of these four firms:

Research Firm	Sector Coverage	Geographic Coverage	Cost	Website
A Equity Research	Retail, Consumer, Tech, Healthcare	North America, Asia	Starts at 15k for field-based projects involving 60 locations	
B Equity Research	Retail	North America	35k for M4 Report; 10-50k for custom work	
C Equity Research	Retail, Medical, Tech Industrials	Global	8.5-10.5k for 20-25 interviews	
D Equity Research	Consumer, Industrial, Retail, Technology	Global	3-5k per custom project	

[Investor firm deleted] indicated that it is considering a channel checker either to develop recurring metrics on the retail space or to execute one-off projects. For the metrics, we recommend either A Research or B Research. For “one-off” channel checking projects, we recommend C Forecasting and D Equity Research.

One of our top recommendations in this group is [redacted]. [redacted] specializes in conducting telephonic surveys of store-level company managers, competitors, distributors and end-users. We have chosen [redacted] because it has a strong reputation and broad research capabilities. It also has previous experience providing primary research to firms similar to [Investor firm deleted]. Its major limitation, however, is that it does not conduct on-the-ground, in-store primary research.

We also recommend [redacted], which is very similar to [redacted] in several key respects. Like [redacted], [redacted] focuses on conducting telephone surveys and has experience providing primary research to firms similar to [Investor firm deleted] (it recently

completed a large project for [REDACTED]). The major difference between the two firms is that [REDACTED] is relatively new to the space. Its founder, [REDACTED], has many years of channel checking experience (he was formerly CEO of [REDACTED]—a research firm that provides primary research in the tech space), but his firm has not yet achieved a reputation on par with that of [REDACTED]. The other difference is that channel checking is not [REDACTED] primary line of work—the firm specializes in building proprietary financial modeling software. Consequently, the firm does not have a large analytical or field team, and lacks the scalability of some of its competitors. A major advantage to [REDACTED], however, is that the firm will provide free trials to prospective clients.

Another firm to consider is [REDACTED]. Unlike [REDACTED] or [REDACTED], this firm has a nationwide network of 100 professionals that can perform in-store channel checks in all major US metropolitan areas.

An additional firm to consider is [REDACTED]. This firm focuses specifically on performing channel checks in the retail sector. It regularly monitors 45 companies, including several that are followed by [Name deleted], including FD, JCP, JWN, KSS, and SKS. It also tracks trends in the retail industry generally.

Research Needs Assessment

On March 14, 2007, Integrity Research Associates conducted a Research Needs Assessment with [Investor Name & Title deleted] and [Name & Title deleted]. [Name deleted] asked Integrity Research to identify firms that provide channel checking services in the retail sector. Conversations with [Name deleted] indicated that she was looking for firms with the following criteria:

- A “pure” channel checker—does not delve deeply into fundamental, economic, technical or other research methodologies
- Covers (or has the capability to cover) the following firms: Dillard Inc (DDS), Federated Department Stores (FD), JC Penny (JCP), Nordstrom’s (JWN), Kohl’s (KSS) and Sak’s (SKS)
- Has the capability to perform one-off research projects or provide on-going data delivery
- Does not exceed 50k/year, with cost as a consideration

Once we identified all the firms that met [Name deleted]’s criteria, we examined their products, methodologies, analytical resources, and business strength. We investigated websites and engaged in conversations with management, clients and key industry players to cull insights on their offerings and reputations. Based on our work, we are recommending four firms as potential research providers.

The following pages will discuss the four recommended firms in detail. These pages will include all relevant information about the firm, including a table of key facts, a general company description, a discussion of products and services, and a list of the firm’s relative advantages and disadvantages.

[REDACTED]

Contact Information	Key Facts	
	Methodology	Primary: Channel Checking
	Sectors Covered	All
	Geographic Coverage	Global
	Cost	\$8,500-\$10,500 for 20-25 interviews
	Analytical Resources	100 Interviewers “On Tap”
	Year Founded	1998

General Company Description

[REDACTED] provides channel checking services on companies in all sectors, including retail. The firm’s channel checking techniques are based primarily on telephone interviews with mid-level managers, competitors, distributors and end-user communities. The firm does not provide on-the-ground, in-store research.

Products and Services

[REDACTED] specializes in conducting open-ended telephone surveys and providing base-level analysis of the primary research gathered. The survey process begins with a client defining an investment “question.” Analysts then develop from scratch the names of relevant managers within a number of target companies, competitive firms, end-user communities or distributors for potential interviewing. Once the names have been identified, [REDACTED] analysts conduct numerous interviews which, although generally open-ended, follow a calling guide that is designed to comprehensively answer the investment "question". At the end of the program, [REDACTED] will analyze the data, generate an Investigation Summary, and provide interview summaries to the client with names and contact information of

all interviewees.

Advantages

- Has extensive experience interviewing executives, store managers, competitors and end-users.
- Can provide both “one-off” custom research projects or do ongoing market tracking on a monthly or quarterly basis.
- Interviewees are not on a [REDACTED] “panel” and have no strings attached to the answers they provide. Interviewee list is developed from scratch for each project.
- Can provide primary-level insights on specific companies, markets or industries as a whole.
- Has experience forecasting key company performance metrics, such as same-store sales and earnings estimates.
- Strong reputation and positive client feedback.
- Can set up “follow on” interviews that connects client directly with interviewees.

Disadvantages

- Specializes in telephone surveys and does not have significant experience providing on-the-ground, in-store channel checks.
- Sometimes syndicates the data it collects in custom research projects (after a several week “blackout” period).
- Does not focus specifically on the retail industry, like Merchant Forecast.



[REDACTED]

Contact Information	Key Facts	
	Methodology	Primary: Channel Checking
	Sectors Covered	All
	Geographic Coverage	Global
	Cost	3-5k per project
	Analytical Resources	2 full-time analysts, 3 part-time
	Year Founded	2004

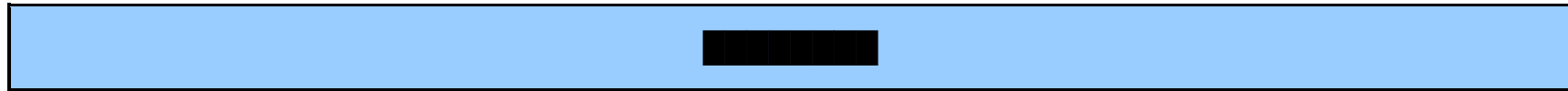
General Company Description

[REDACTED] Research provides both financial modeling and primary research. Financial modeling is its primary business, but it also has a channel checking service called "Check Work." Its channel checking service is conducted exclusively through telephonic surveys. The service includes the delivery of both data and analysis. Capabilities include competitive analysis, evaluations of product acceptance and customer satisfaction.

Products and Services

Check Work is conducted on-demand and driven by customer requests. [REDACTED] charges roughly 3-5k per project, which can include anywhere from 10-100 interviews (depending on the level and depth of information requested). [REDACTED] also has clients that have hired the company on retainer to provide on-going data collection. The retainer service can fall into the six-figure range, depending on the nature of the relationship.

[REDACTED] offers free trials to attract prospective customers.



Advantages

- Has the capability to examine both domestic and international retail activity as well as sell thru.
- Has the capability to do both one-off projects and provide on-going data delivery.
- Can turn around a project in days.
- Founded by [REDACTED], who has many years experience in the channel checking space (he was formerly CEO of [REDACTED], a research firm that provides primary research in the tech space).
- Willing to give free trials.
- Continues calling until the customer is satisfied.
- In many cases, research is published to the website after a two-week “exclusive period” in which clients get proprietary access to the research. However, clients have the option of making the research totally proprietary at no additional cost.

Disadvantages

- Small shop. Lacks the scalability of [REDACTED].
- Does not do on-the-ground research. Telephone calls only.
- Relatively new in the space. Company still lacks strong reputation.
- Price for ongoing data delivery might fall outside of the proscribed price range.

[REDACTED]

Contact Information	Key Facts	
	Methodology	Primary: Channel Checking
	Sectors Covered	All
	Geographic Coverage	United States
	Cost	Starts at 15k (see below)
	Analytical Resources	Over 100 Professionals Nationwide
	Year Founded	2002

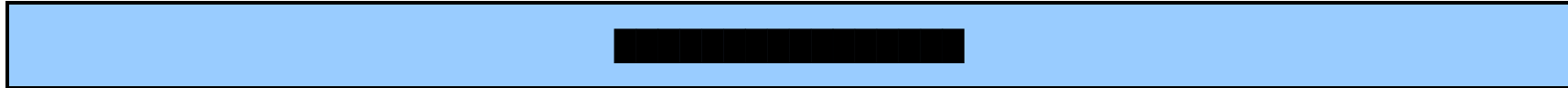
General Company Description

[REDACTED] offers channel checking services that include interviews, store visits and off-the-record telephone conversations with buyers, suppliers, distributors and purchasing managers, as well as other players. The firm offers custom, proprietary research to a select group of portfolio managers and analysts. At present, the firm has 20 institutional clients.

Products and Services

[REDACTED] works closely with clients to define the scope of the project, target contacts and develop a timeline for deliverables. Because all projects are custom-built, pricing is variable. Standard costs:

- 15k for field-based projects involving 60 locations (beyond 60 locations priced at \$250 per in-store interview, \$150 per phone interview).
- 15k for 10 “expert” interview/channel checks (beyond 10 interviews priced at \$1,250 per interview)
- 50% retainer due upon signing
- Satisfaction Guarantee: retainer will be refunded if not completely satisfied.



Advantages

- Research exclusive property of client who commissions the work.
- Client confidentiality guaranteed. Client identity known only to Principal, [REDACTED]
- Flexible pricing plans: project or retainer, hard or soft dollars.
- Clients pay only for research they can use.
- Quick turnaround—weeks or days.
- Has network of over 100 professionals nationwide, many of whom have MBA degrees and industry experience.
- Can provide field research in every major US metro area.
- Maintains an extensive database of contacts.
- Expertise in retailers, specialty retailers and big box chains.
- Scope of project can be modified DURING the project.

Disadvantages

- Firm does not focus exclusively on the retail space.



[REDACTED]

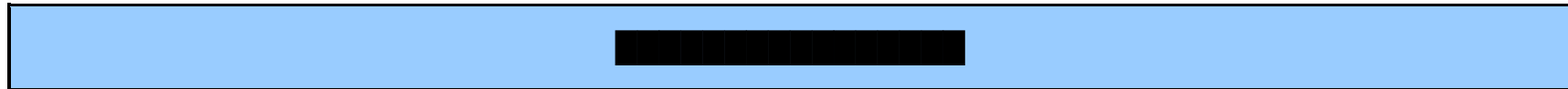
Contact Information	Key Facts	
	Methodology	Primary: Channel Checking
	Sectors Covered	Retail
	Geographic Coverage	United States
	Cost	35k for M4 Report, 10-50k custom research
	Analytical Resources	Maintains a national field team of 150 store managers in 88 malls across the country; 2 in-house analysts
	Year Founded	2002

General Company Description


[REDACTED] focuses specifically on the retail sector. It provides channel research and analysis via a subscription product called the [REDACTED] and custom channel check services. The firm maintains a national field team of 150 store managers in 88 malls across the country. The firm's goal is to provide actionable information on the current performance of retail products.

Products and Services

[REDACTED] offers custom channel checking services for 10-50k, depending on the scope of the project. The firm charges 35k annually for its [REDACTED], which provides weekly commentary on trends in the retail sector.



Advantages

- Can cover up to 80% of a customer's store base, gathering actionable information in a short period of time.
- Maintains field team of 150 store managers at 88 malls across the country. Research is founded on the belief that retailers are the best source of information about other retailers.
- Custom projects are the exclusive property of client.
- Provides specific data points as well as meaningful analysis.
- Regularly monitors several of the companies covered by *[Name deleted]* including FD, JCP, KSS, JWN and SKS. Also regularly covers 40 other retail companies.
-  provides weekly snapshot of retail marketplace broadly.
- Small client base, limited distribution.

Disadvantages

- Limited network—best used for firms with high component of mall distribution

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