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RETAILING REPORT

Retailing Comment:

Sales for most retailers in September were far stronger than generally anticipated and above company budgets. Moreover, volume strengthened throughout the five-week fiscal period. Most importantly, September results have accurate predictive value for the important Christmas selling season.

Based on better-than-expected volume in the month, **Federated Department Stores (FD- \$45.60)** raised its profit projection for the third quarter ending October 31. **Charming Shoppes' (CHRS-\$6.63)** gains were encouraging for each of the firm's three divisions (Fashion Bug, Lane Bryant and Catherine's). In particular, we consider the long-awaited improvement for the Lane Bryant division an important indicator of a coming upturn in total company profits.

Analyst's Certification: I Alan M. Silverman certify that the views expressed in this research report accurately reflect my personal views about the subject companies and their securities. I also certify that I have not been and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendations in this report.

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