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November 21, 2003

## RETAIL SUMMARY REPORT

### Apparel Manufacturing:

We recommend purchase of **Tommy Hilfiger Corporation (TOM - \$13.07)**. The stock is well below the high of \$16.60 reached earlier this month, partly reflecting the announced discussion with its largest customer, Dillard's (DDS - \$14.50) and the probability of a reduction or elimination of sales to the chain. Even allowing for the loss of all volume sold to Dillard's, we consider TOM undervalued.

### Retailing:

We are adding **The Talbots (TLB - \$32.85)** to our BUY list. Although profits have declined recently, the longer-term outlook remains positive. The firm's balance sheet is strong and the customer base is unusually loyal. On balance, a sharp rebound in operating results is likely in the coming months.

**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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