Global Credit Services
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Webinar Presentation

Genesco & Caleres

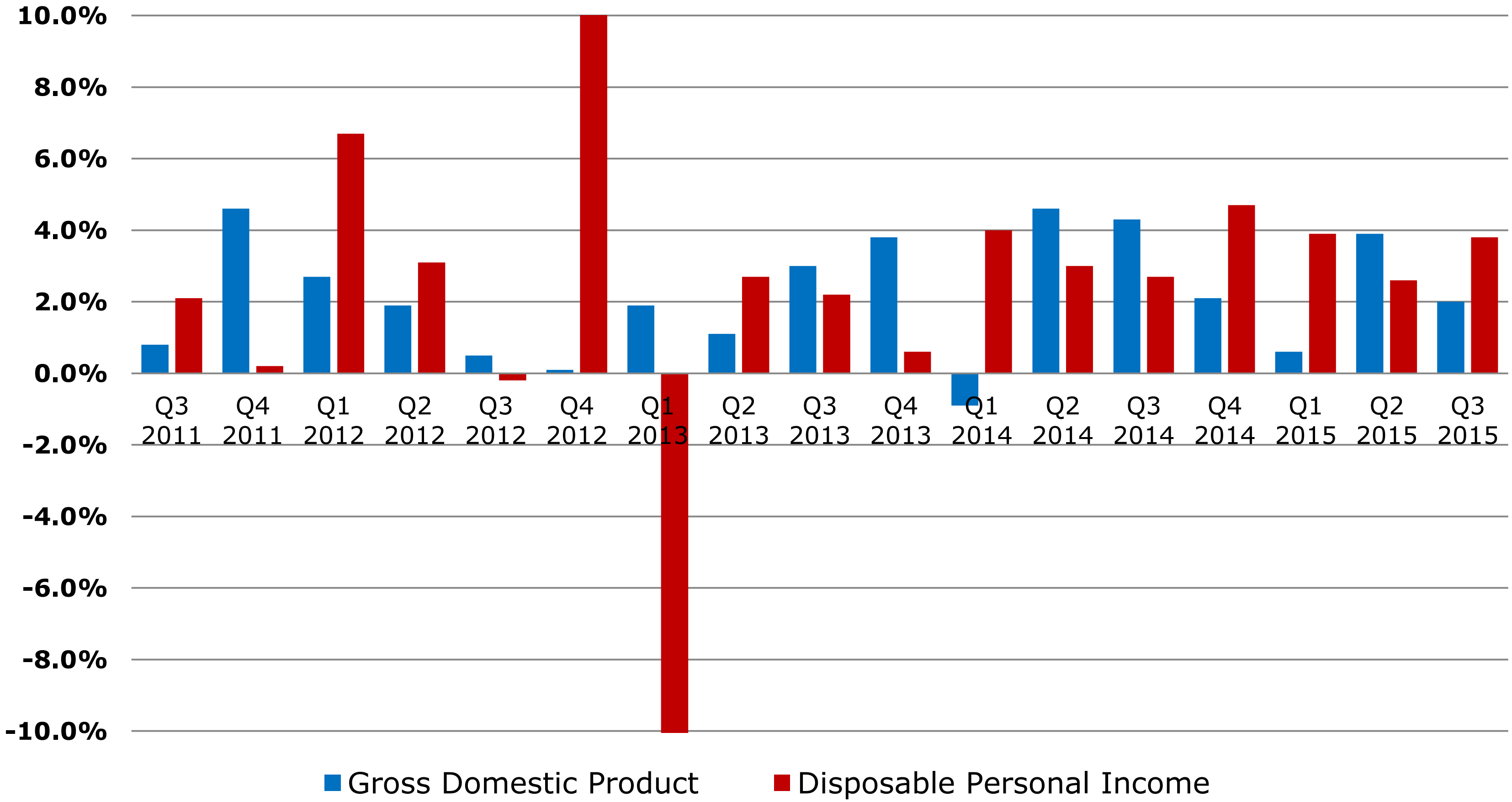
January 14, 2015

Tyrel Powell, CFA - Industry Analyst

AGENDA

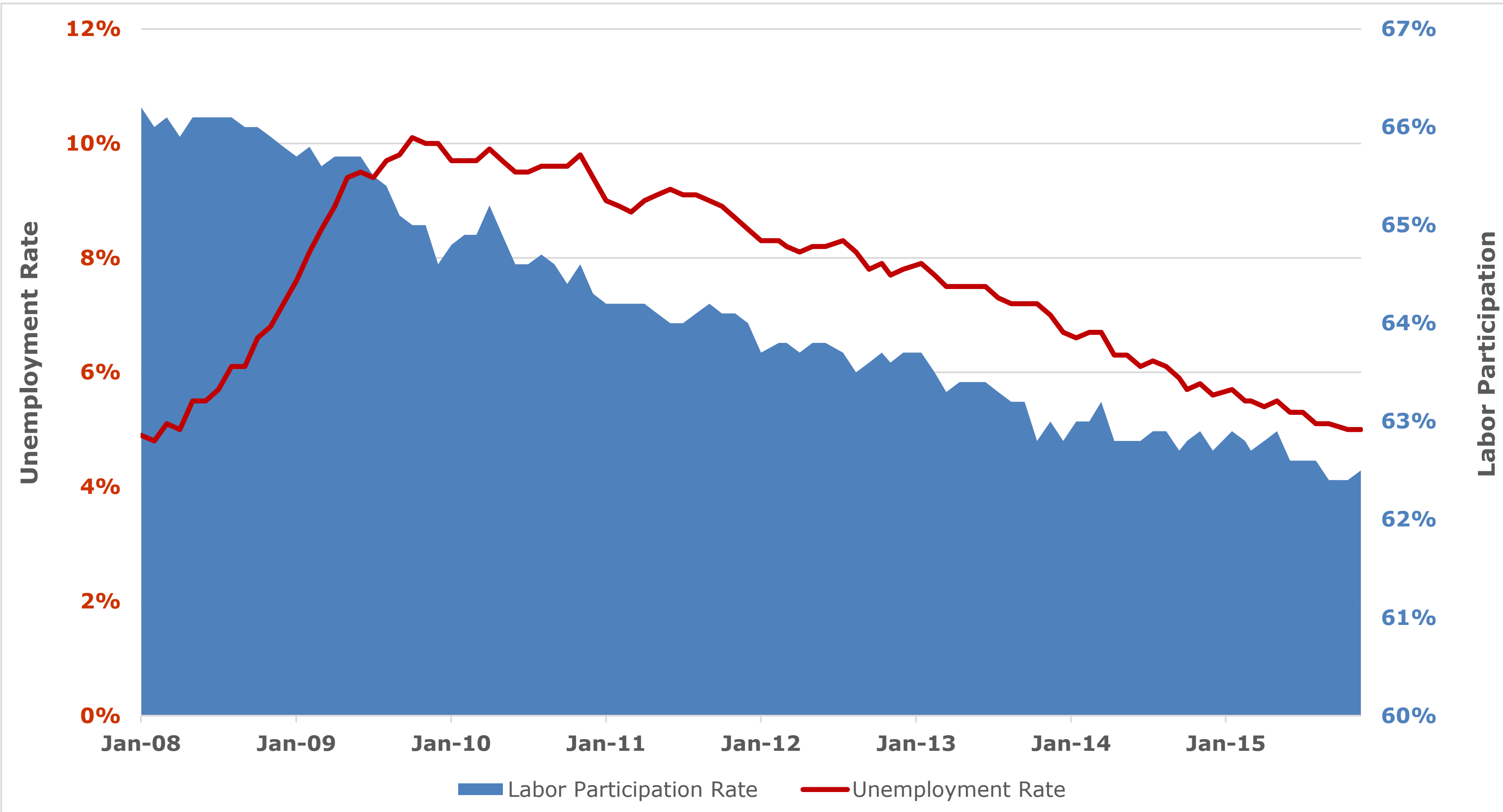
- **Economic Review**
- **Industry Overview**
- **Genesco, Inc.**
  - **Company Profile**
  - **Key Developments & Strategic Initiatives**
  - **Current & Historical Financial Results**
  - **GCS Observations & Conclusions**
- **Caleres, Inc.**
  - **Company Profile**
  - **Key Developments & Strategic Initiatives**
  - **Current & Historical Financial Results**
  - **GCS Observations & Conclusions**
- **Comparative Analysis**
- **Q&A**

ECONOMIC OVERVIEW
Quarterly GDP Growth



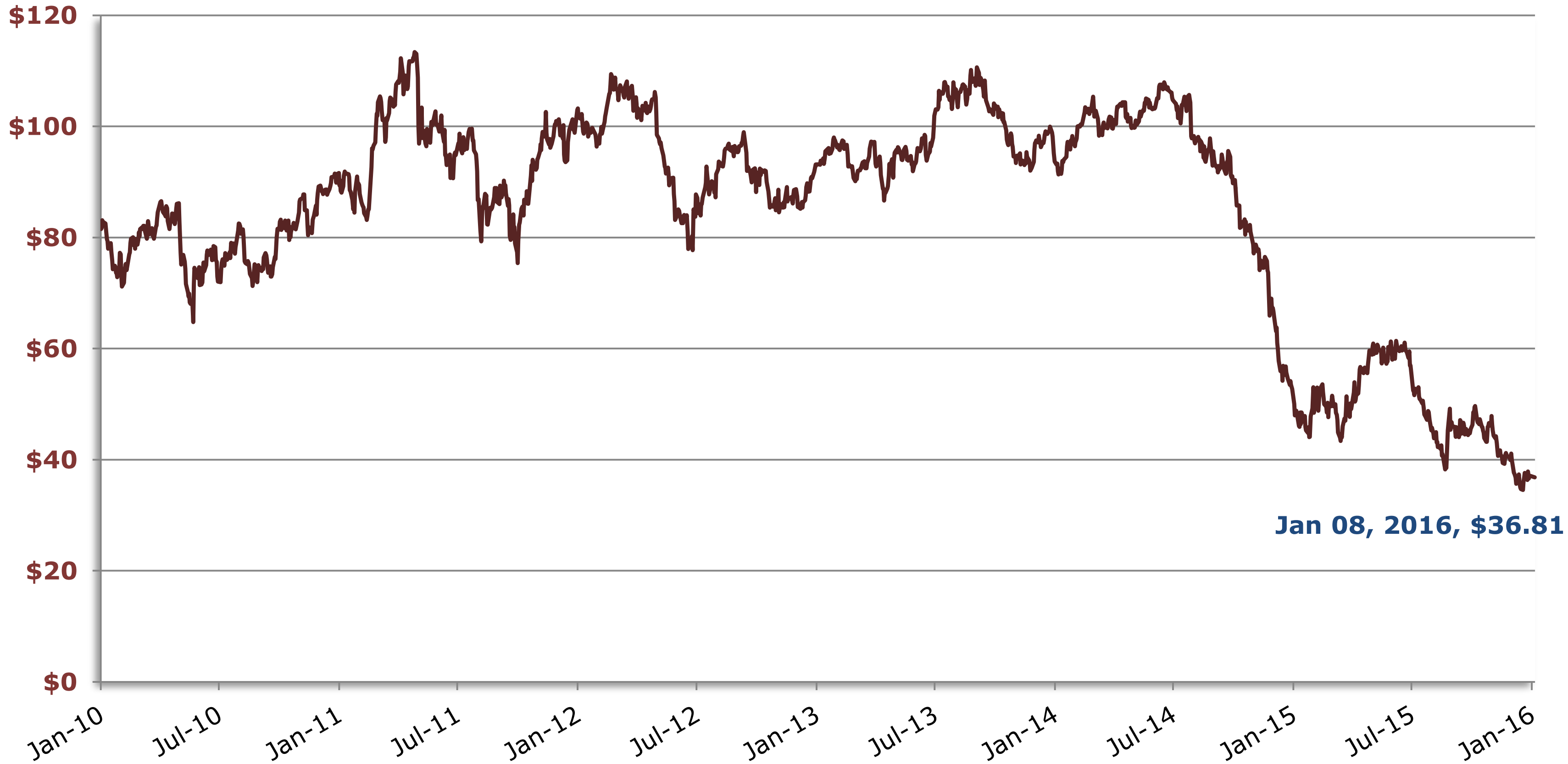
Third quarter GDP rose 2.0% while disposable personal income increased 3.8%

ECONOMIC OVERVIEW
Unemployment Rate



Labor Participation Rate: 5.0% **US Unemployment Rate: 62.5%**

ECONOMIC OVERVIEW
Crude Oil Spot Price



INDUSTRY OVERVIEW
Footwear Retail

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Department Stores	Multi-store Chains	Manufacturers	Internet
macy's	Payless SHOESOURCE	STEVE MADDEN	SHOEbuy.com
bloomingdale's	Foot Locker	Clarks	Zappos.com
NORDSTROM	DSW	SKECHERS	6PM.COM
Century 21		ROCKPORT	shoedazzle

ebay amazon Walmart TARGET

GENESCO

Founded: 1924

Headquarters: Nashville, Tennessee

# of Stores Operated: 2,817

# of Employees: 27,325

Footprint: U.S., Puerto Rico, Canada, the U.K., Ireland and Germany

GENESCO, INC
Management Team

Name	Title
Robert J. Dennis	Chairman of the Board/CEO
Mimi E. Vaughn	Chief Financial Officer
Jonathan D. Caplan	CEO, Genesco Branded Group
James C. Estepa	CEO, Journeys Group
Kenneth J. Kocher	President of Lids Sports Group
Roger G. Sisson	General Counsel

GENESCO, INC
Brands

	Journeys Group	Lids Sports Group	Schuh Group	Johnston & Murphy	Licensed Brands
Presence	1,179 retail stores; ecommerce and catalog	1,347 stores; ecommerce	117 stores in U.K. and Ireland; ecommerce	174 stores; wholesale; ecommerce; catalog	Wholesale
Target Consumer	Individuals from 5 to 35 years old	Early teens to mid 20s age group	Individuals from 5 to 30 years old	Primarily Men 35 to 55 years old	Men 30 to 55 yrs old; certain occupations
Product Offerings	Footwear and accessories	apparel, headwear and accessories, sports decor and novelty products	Branded casual and athletic footwear, as well as private label offering	footwear, apparel and accessories	Footwear

GENESCO, INC
Strategic Initiatives

Genesco's current main priority is improving operations in the Lids' Sports Group segment.

- Position the brand as a leading omni-channel provider of all licensed sports merchandise
- Operate a higher portion of Lids Locker Room and Lids Clubhouse stores
- Clear out segment's stale inventory. For the first nine months of fiscal 2015, the segment's inventory declined 7% yoy, and management will increase promotional activity in Q4 in order to reach the high end of the 10% to 15% reduction target by year-end.

Going forward, the company will attempt to improve Lids' profitability by:

- implementing a new merchandise procedure that includes earlier markdowns to clear inventory regularly
- closing or renegotiating rents for ~50 underperforming locations over the next three years
- launching an improved front-end for lids.com in Q1 2017
- using technology to improve consumer access to inventory
- leveraging the partnership with Macy's.

GENESCO, INC
Key Developments

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September 2015	the company's board of directors authorized a $100mm share repurchase program; by October 31, 2015, this program had $21.5mm remaining.
December 2015	the company's Canadian subsidiary acquired the 37-store Little Burgundy retail footwear chain in Canada from The ALDO Group Inc. The Little Burgundy business will operate within the Journeys Group segment.

Investments to improve omni-channel capabilities and launch new brands.

- Significantly increased online marketing budget.
- Expanded brand portfolio with the launch of Journeys Kidz and Schuh Kidz
- Launched Locate, a system which gives online access to an additional 50,000 plus SKUs in the stores. The system has been rolled out to 800 Lids' stores.
- The rollout of AutoStore, a robotic system that facilitates single order picking to expedite both store and e-commerce shipments. System is currently being tested in the company's warehouse and is expected to become fully operational in the next few months
- Expects to introduce Bass footwear brand in spring of 2016

GENESCO, INC
Income Statement

($ in millions)	3 Months Ended 10/31/15	3 Months Ended 11/1/14	3 Months Ended YOY Var.	9 Months Ended 10/31/15	9 Months Ended 11/1/14	9 Months Ended YOY Var.
Revenue	$773.9	$722.9	7.1%	$2,090.0	$1,967.2	6.2%
Same Store Sales %	7.0%	3.0%		6.0%	2.0%	
Store Count	2,817	2,837	-0.7%			
Gross Margin	48.3%	49.6%	-128 bps	48.8%	49.6%	-80 bps
Adj. EBITDA	$75.0	$69.4	8.1%	$151.2	$146.7	3.1%
Adj. EBITDA Margin	9.7%	9.6%	9 bps	7.2%	7.5%	-22 bps
Operating Income	$52.1	$46.6	11.8%	$80.8	$80.4	0.6%
Operating Margin	6.7%	6.4%	29 bps	3.9%	4.1%	-22 bps
Net Income	$32.5	$28.7	13.4%	$49.9	$47.3	5.4%

GENESCO, INC
Segment Performance

($ in Millions)	3 Months Ended 10/31/15	3 Months Ended 11/1/14	Change	9 Months Ended 10/31/15	9 Months Ended 11/1/14	Change
Journeys						
Sales	$322.0	$303.8	6.0%	$847.8	$802.7	5.6%
Same Store Sales	6.0%	6.0%		5.0%	4.0%	
Operating Margin	12.1%	11.5%	56 bps	8.6%	7.7%	90 bps
Store Count	1,179	1,183	-0.3%			
Lids						
Sales	$247.0	$220.0	12.2%	$675.5	$608.6	11.0%
Same Store Sales	9.0%	1.0%		4.0%	-1.0%	
Operating Margin	1.9%	3.9%	-201 bps	1.0%	4.1%	-312 bps
Store Count	1,347	1,377	-2.2%			
Schuh						
Sales	$101.6	$102.0	-0.3%	$283.4	$283.0	0.1%
Same Store Sales	1.0%	-2.0%		3.0%	-1.0%	
Operating Margin	8.5%	3.9%	464 bps	3.8%	-0.5%	433 bps
Store Count	117	106	10.4%			

GENESCO, INC
Segment Performance (cont)

($ in Millions)	3 Months Ended 10/31/15	3 Months Ended 11/1/14	Change	9 Months Ended 10/31/15	9 Months Ended 11/1/14	Change
Johnston & Murphy						
Sales	$70.4	$66.0	6.8%	$197.6	$184.4	7.2%
Same Store Sales	3.0%	1.0%		5.0%	1.0%	
Operating Margin	6.6%	6.8%	-24 bps	4.8%	4.7%	14 bps
Store Count	174	171	1.8%			
Licensed Brands						
Sales	$32.6	$31.0	5.2%	$85,118	$87.7	-3.0%
Operating Margin	10.3%	10.0%	31 bps	8.8%	9.7%	-82 bps

GENESCO, INC
Cash Flow Statement

$ in Millions, Nine-Month Periods

	10/31/2015	11/1/2014	YOY Change
Cash Income	**$126.2**	**$113.4**	**11.6%**
Working Capital	($202.1)	($104.1)	94.1%
Cash Flow From Operations	**($75.9)**	**$8.9**	**N/A**
Capital Expenditures	($77.8)	($85.3)	-8.8%
Free Cash Flow	**($153.7)**	**($76.4)**	**N/A**
Debt Issuance (Repayment)	$186.3	$77.7	139.7%
Share Repurchases	($120.8)	($0.9)	
Dividends	-	-	
Acquisitions	-	($34.9)	
Change in Cash	($84.7)	($21.4)	
Beginning Cash	$112.9	$59.5	
Ending Cash	**$28.2**	**$38.0**	

GENESCO, INC
Capital Structure

$ in millions	10/31/2015	11/1/2014	YOY Change
Cash & Cash Equivalents	**$28.1**	**$38.0**	-21.3%
Revolver Availability	**$237.6**	**$322.3**	-26.3%
Total Available Liquidity	**$265.7**	**$360.3**	-26.3%
LTM Free Cash Flow	**$9.4**	**$15.8**	-40.5%
LTM Adj. EBITDAR	**$508.9**	**$495.4**	1.4%
Total Debt	**$215.1**	**$115.0**	87.0%
EBITDAR/(Interest + Rent)	**2.1x**	**1.9x**	0.2x
Rent Adj. Debt/EBITDAR	**4.2x**	**4.3x**	(0.1x)

GENESCO, INC
Debt Details

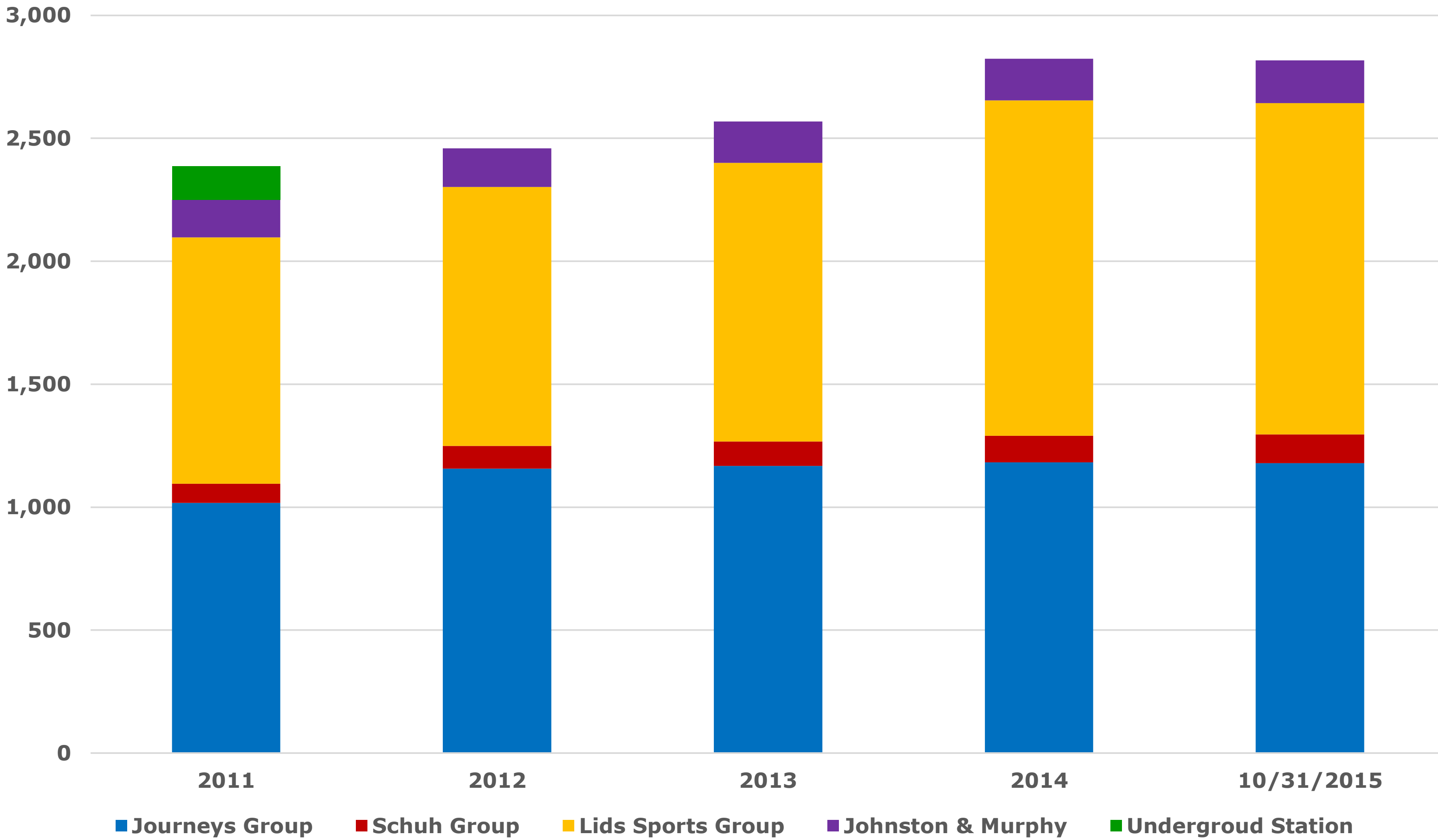
As of October 31, 2015 ($ in thousands)	Amount Outstanding	Interest Rate	Maturity
$400mm U.S. Revolver	$148,845	Prime + 0.25%	January 31, 2019
U.K. Term Loans	$39,268	Varies	2017 - 2019
U.K. Revolver	$27,015	LIBOR + 2.20%	September 15, 2019
Total debt	**$215,128**		

- In May 2015, Genesco refinanced its U.K. bank debt with a multiple tranche facility. Facility A and B (U.K. term loans), total £17.5mm and £11.6mm, respectively, Facility C (U.K. Revolver) has total capacity of £22.5mm, and agreement includes a £2.5mm working capital facility
- The company's domestic revolver includes a sublimit for the issuance of up to $70mm in domestic letters of credit, a $70mm revolving subfacility for the benefit of GCO Canada Inc, and a $50mm subfacility for the benefit of Genesco (UK) Limited.
- The company has the option to increase availability under the domestic revolver by up to $150mm. In connection with this increased facility, the Canadian revolving credit facility may be increased up to $85mm, and the Genesco (UK) Limited subfacility can be increased by an additional $50mm.
- Company anticipates year-end borrowings will include roughly $80mm of domestic revolver debt and less than $50mm of U.K. debt.

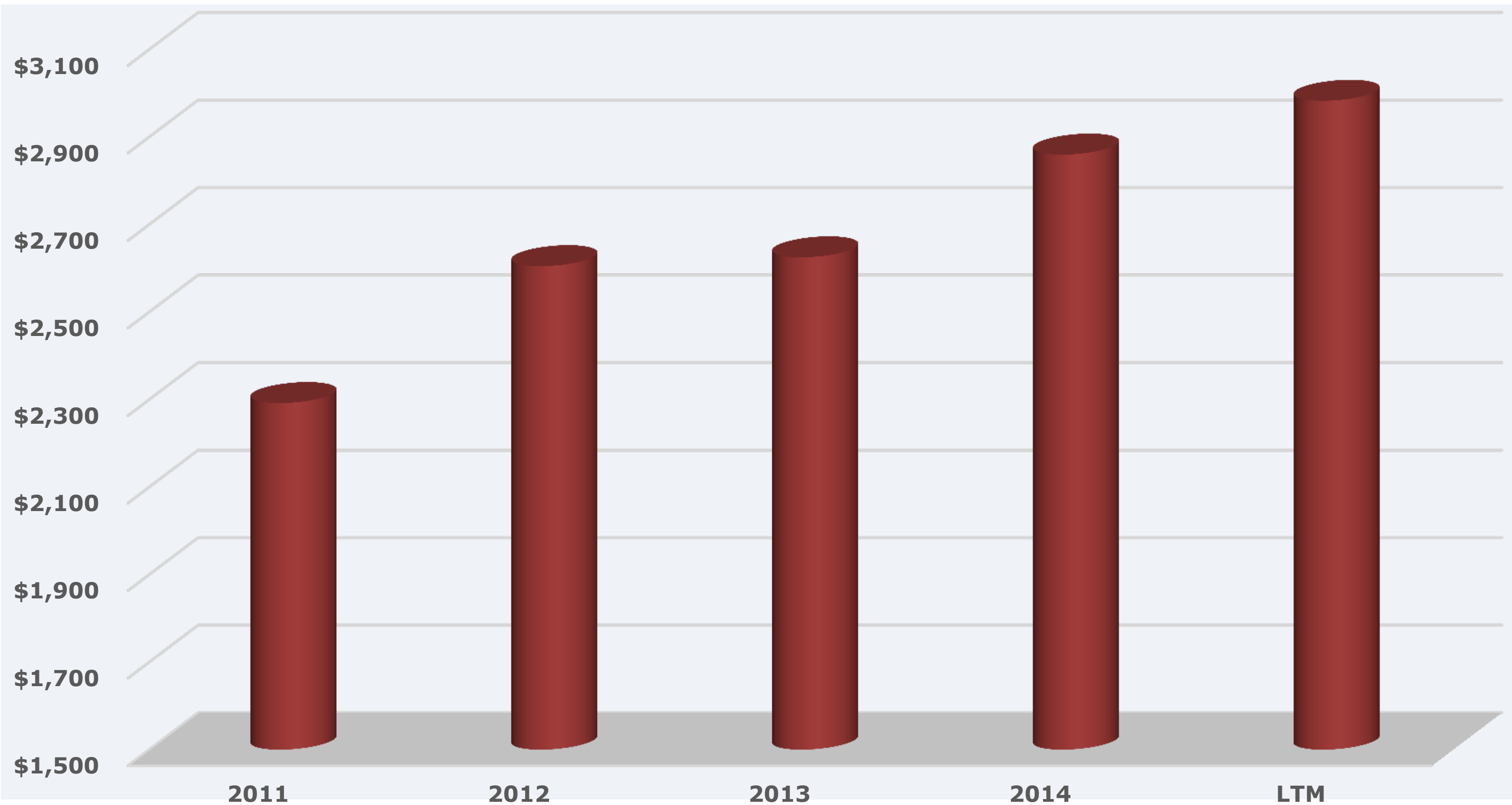
GENESCO, INC
Balance Sheet Metrics

	10/31/2015	11/1/2014
Current Ratio	2.3x	1.9x
Cash/Current Liabilities	6.5%	7.8%
Working Capital	$552.5mm	$446.3mm
Working Capital Coverage	5.3 months	4.5 months
Tangible Net Worth	$539.6mm	$568.6mm
A/P Turnover Ratio	6.1x	5.6x
Days Payables Outstanding	60	65
Inventory Turnover	2.0x	2.1x

GENESCO, INC
Financial History – Store Count

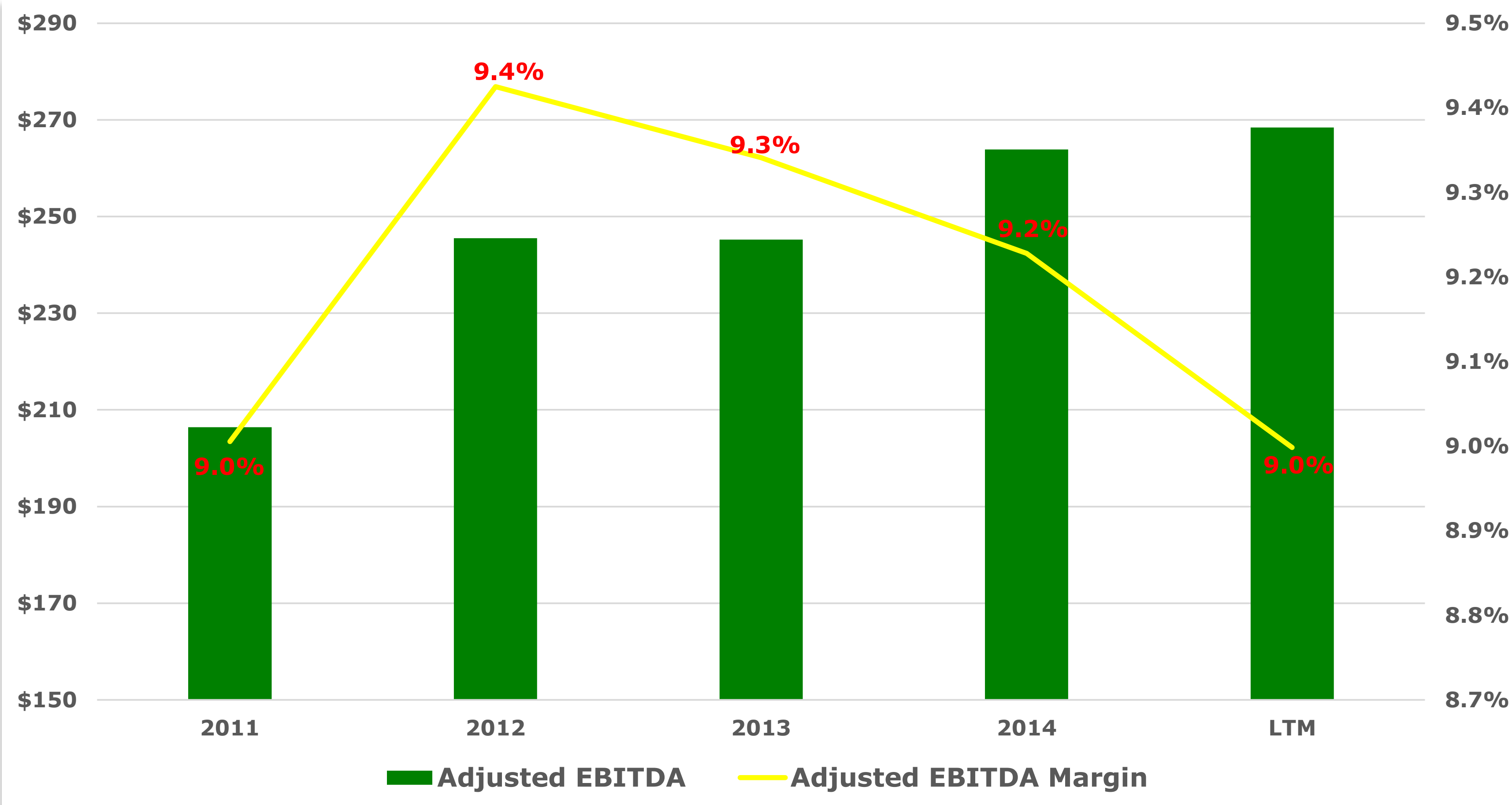


GENESCO, INC
Financial History – Revenue



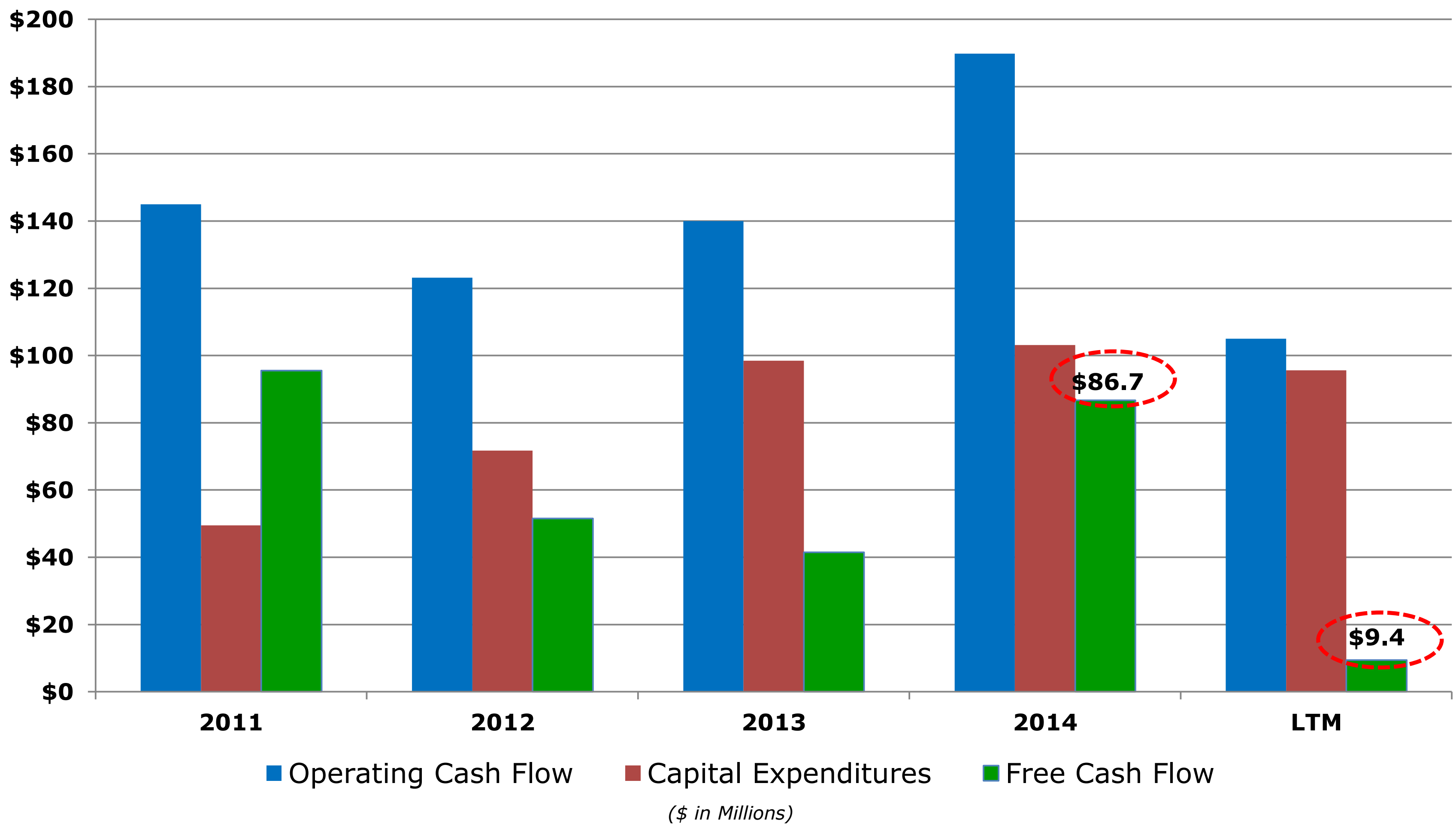
($ in Millions)

GENESCO, INC
Financial History – Adjusted EBITDA

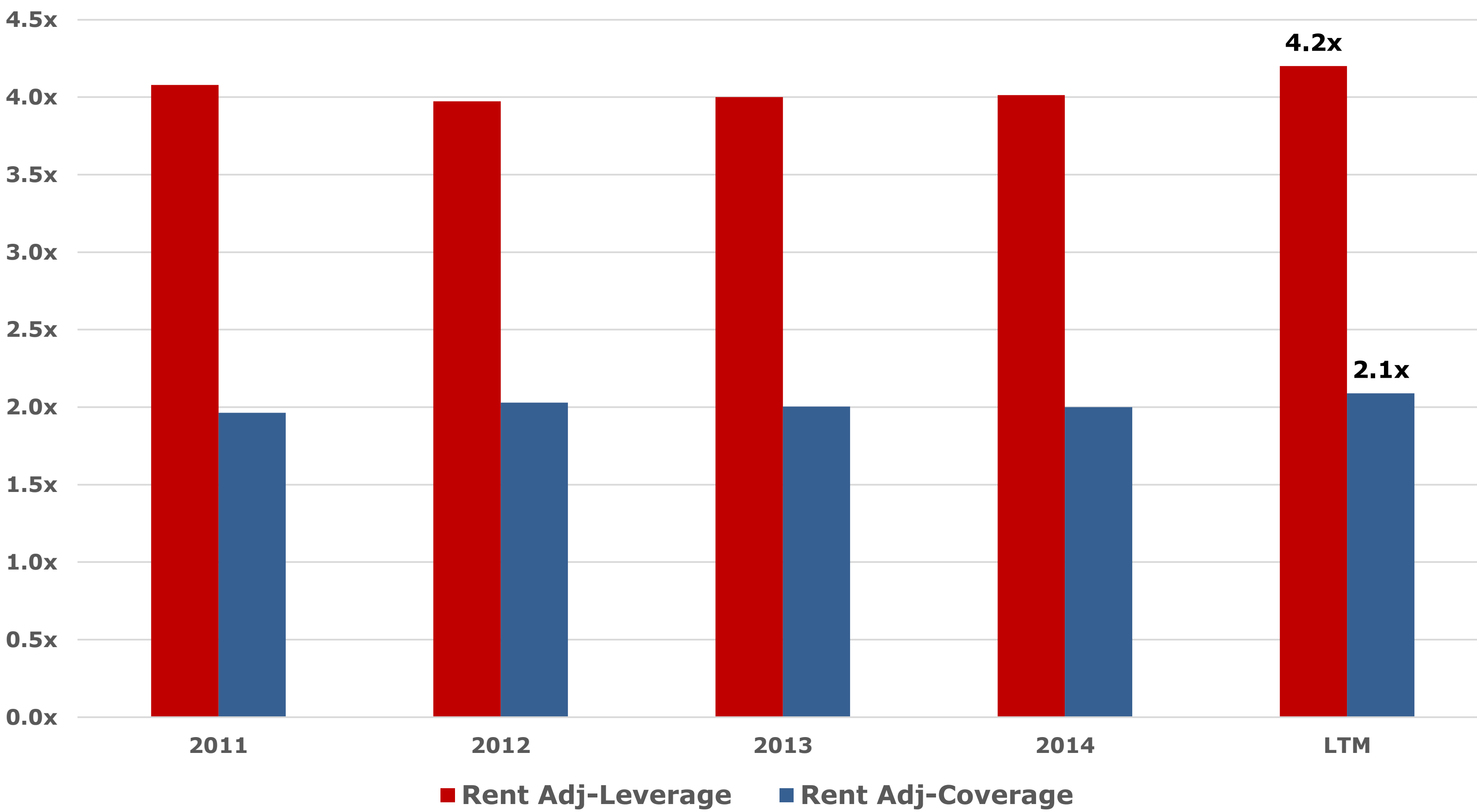


($ in Millions)

GENESCO, INC
Financial History – Cash Flow



GENESCO, INC
Financial History – Credit Metrics



GENESCO, INC
GCS Observations & Conclusions

- **Elevated risk, "D" credit rating with a negative outlook**
  - **Rating and outlook were downgraded in July 2015**

- **Rationale Considers:**
  - **Moderate top-line growth, but shrinking margins to-date**
  - **Company burned more free cash flow this year, yet significantly increased its stock buyback activity**
  - **The projection that Genesco's fiscal year-end debt will more than triple YoY**
  - **Adequate existing liquidity**
  - **Rent-adjusted credit metrics continue to exhibit and elevated level of risk**
    - **Leverage is 4.2x**
    - **Coverage is 2.1x**

Founded: 1878

Headquarters: St. Louis, Missouri

# of Stores Operated: 1,208

# of Employees: 11,000

Footprint: 50 U.S. states and 60 other countries

CALERES, INC
Management Team

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Name	Title
Diane M. Sullivan	CEO and Chairman of the Board
Ken Hannah	Chief Financial Officer
Richard M. Ausick	President, Famous Footwear
Sam Edelman	Founder and President of Sam Edelman Shoe
John W. Schmidt	President, Caleres Brand Portfolio
Dan Friedman	President, Global Sourcing and Supply Chain

CALERES, INC
Brands

	Famous Footwear	Branded Portfolio
Presence	1,044 retail stores; ecommerce	164 stores; wholesale; ecommerce
Target Consumer	Women who buy brand-name shoes at a value for themselves and their families.	Majority of brands aimed at women
Product Offerings	Footwear	Footwear

CALERES, INC
Key Developments & Strategic Initiatives

- **Since 2011:** the company has been realigning its operations by shedding some of its underperforming assets. These efforts included the sale of American Sporting Goods, the sale of the AND 1 division, exiting certain women's specialty and private label brands, exiting the children's wholesale business, the sale and closure of sourcing and supply chain assets, closing or relocating numerous underperforming or poorly aligned retail stores, the termination of the Etienne Aigner license agreement, and the election not to renew the Vera Wang license.

- **February 2014:** Caleres purchased the Franco Sarto trademarks for $65mm. Prior to the acquisition, Caleres had a licensing agreement to sell the brand's footwear that expired 2019

- **December 2014:** the company sold Shoes.com to ShoeMe Technologies for consideration of $4.4mm in cash and a $7.5mm secured convertible note.

- **May 2015:** the company effectively changed its name from Brown Shoe Company to Caleres as a part of its rebranding effort. The company also began trading under the ticker symbol CAL on the NYSE.

- Company recently launched its Diane von Furstenberg brand and plans to launch Brown Shoe Bootmakers in 2016

CALERES, INC
Income Statement

($ in millions)	3 Months Ended 10/31/15	3 Months Ended 11/1/14	3 Months Ended YOY Var.	9 Months Ended 10/31/15	9 Months Ended 11/1/14	9 Months Ended YOY Var.
Revenue	$728.6	$729.3	-0.1%	$1,968.8	$1,956.3	0.6%
Same Store Sales %	4.4%	-0.2%		2.6%	0.8%	
Store Count	1,208	1,213				
Gross Margin	39.6%	39.9%	-28 bps	40.6%	40.5%	10 bps
EBITDA	$67.2	$69.0	-2.7%	$161.4	$159.0	1.5%
EBITDA Margin	9.2%	9.5%	-24 bps	8.2%	8.1%	7 bps
Operating Income	$52.2	$53.2	-1.9%	$118.3	$113.2	4.5%
Operating Margin	7.2%	7.3%	-13 bps	6.0%	5.8%	22 bps
Net Income	$34.0	$33.2	2.3%	$70.3	$66.8	5.2%

CALERES, INC
Segment Performance

($ in Millions)	3 Months Ended 10/31/15	3 Months Ended 11/1/14	Change	9 Months Ended 10/31/15	9 Months Ended 11/1/14	Change
Famous Footwear						
Sales	$456.2	$449.1	1.58%	$1,212.1	$1,219.9	-0.6%
Same Store Sales	4.4%	-0.2%		2.6%	0.8%	
Operating Margin	8.7%	8.3%	35 bps	7.9%	7.4%	51 bps
Store Count	1,044	1,041	0.3%			
Brand Portfolio						
Sales	$272.5	$280.2	-2.8%	$756.7	$736.4	2.8%
Same Store Sales	2.5%	-6.9%		-1.7%	-3.5%	
Operating Margin	7.7%	9.9%	-214 bps	6.4%	7.7%	-129 bps
Store Count	164	172	-4.7%			

CALERES, INC
Cash Flow Statement

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$ in Millions, Nine-Month Periods	**10/31/15**	**11/1/14**	YoY Change %
Cash Income	**$125.6**	**$111.2**	13.0%
Working Capital	($41.6)	($42.7)	-2.6%
Cash Flow From Operations	**$84.1**	**$68.5**	22.7%
Capital Expenditures	($47.3)	($36.5)	29.6%
Free Cash Flow	**$36.7**	**$32.0**	14.8%
Debt Issuance (Repayment)	-	$7.0	
Share Repurchases	-	-	
Dividends	($9.2)	($9.2)	0.2%
Change in Cash	$18.9	($43.5)	
Beginning Cash	$67.4	$82.6	
Ending Cash	**$86.3**	**$39.1**	

CALERES, INC
Capital Structure

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$ in millions	10/31/15	11/1/14	YOY Change
Cash & cash Equivalents	**$86.3**	**$39.1**	120.8%
Revolver Availability	**$561.8**	**$509.6**	10.2%
Total Available Liquidity	**$648.1**	**$548.7**	18.1%
LTM Free Cash Flow	**$78.6**	**$67.9**	15.7%
LTM EBITDAR	**$340.7**	**$329.9**	3.3%
Total Debt	**$200.0**	**$213.2**	-6.2%
EBITDAR/(Interest + Rent)	**2.0x**	**2.0x**	
Rent Adj. Debt/EBITDAR	**4.1x**	**4.1x**	

CALERES, INC
Debt Details

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As of October 31, 2015 ($ in thousands)	Amount Outstanding	Interest Rate	Maturity
$600mm Revolver	-	Prime + 0.25%	December 18, 2019
Senior Notes	$200,000	6.25%	August 15, 2023
Total Debt	**$200,000**		

- During July 2015, the company refinanced $200mm of senior notes due May 2019; in addition to extending this maturity by four years, the company also managed to reduce the interest rate on this debt by ~88 bps.
- If the revolver's excess availability falls below 12.5% of the borrowing base for three consecutive days, then lenders may assume control over the company's cash until the event is cured or waived. Furthermore, if excess availability declines below 10% of the borrowing base, the company must comply with a Fixed Charge Coverage Ratio of 1.0x.
- The revolving credit agreement provides for the ability to increase the credit facility by up to $150mm.

CALERES, INC
Balance Sheet Metrics

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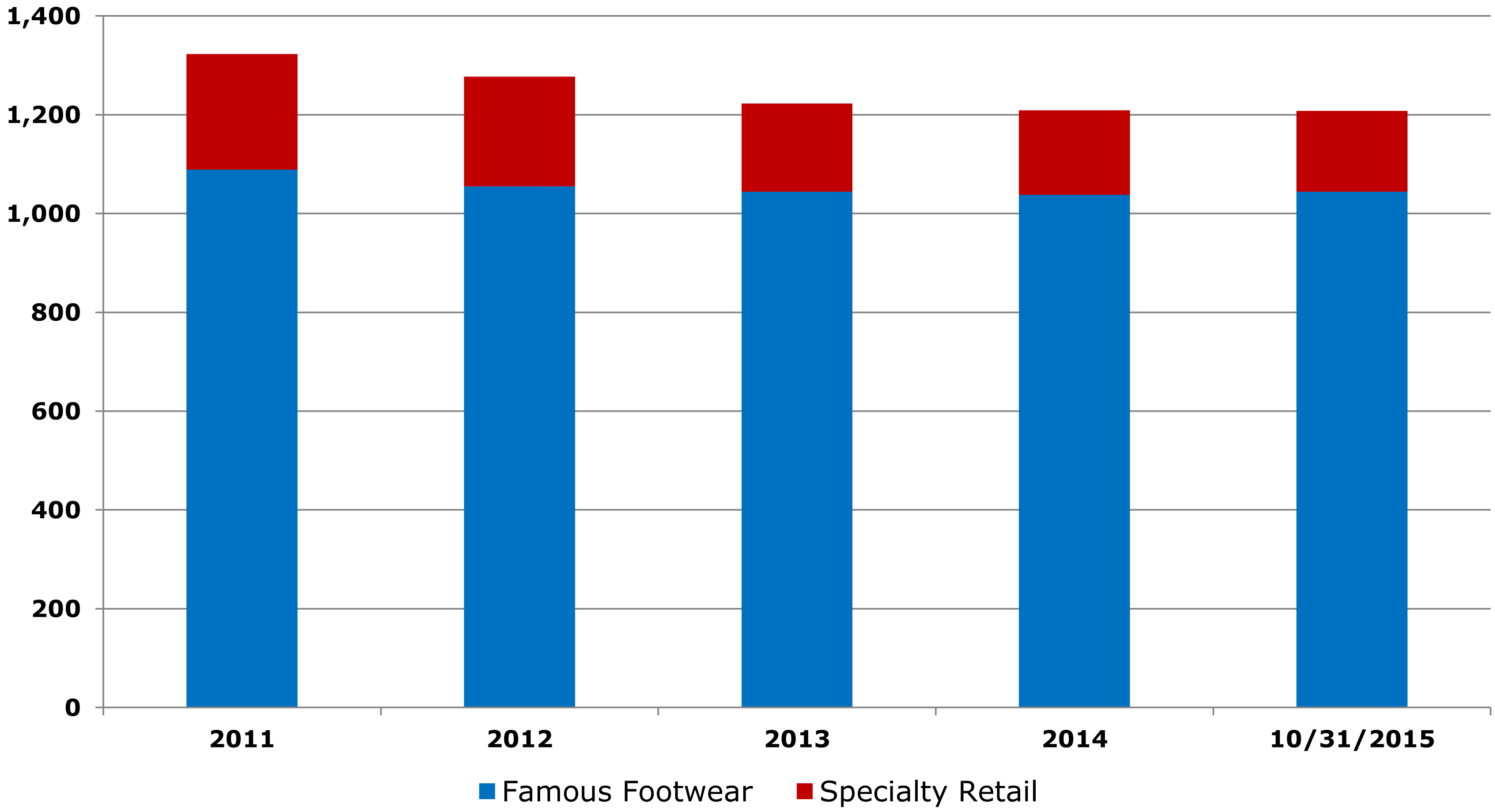
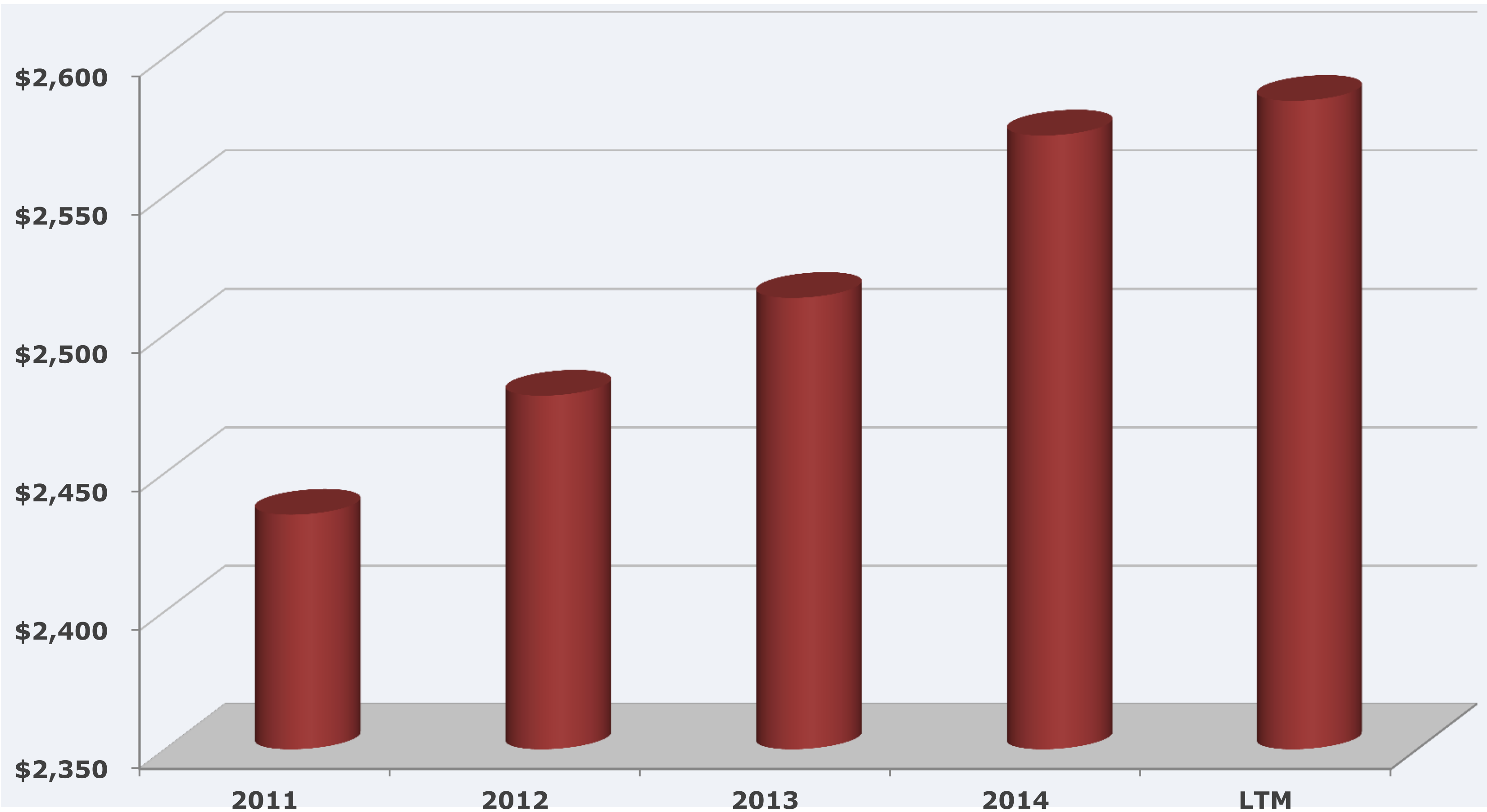
	10/31/15	11/1/14
Current Ratio	2.2x	2.0x
Cash/Current Liabilities	10.5%	5.0%
Working Capital	$443.8mm	$393.8mm
Working Capital Coverage	5.9 months	5.2 months
Tangible Net Worth	$470.0mm	$405.2mm
A/P Turnover Ratio	7.5x	7.7x
Days Payables Outstanding	49	48
Inventory Turnover	2.8x	2.7x

CALERES, INC
Financial History – Store Count

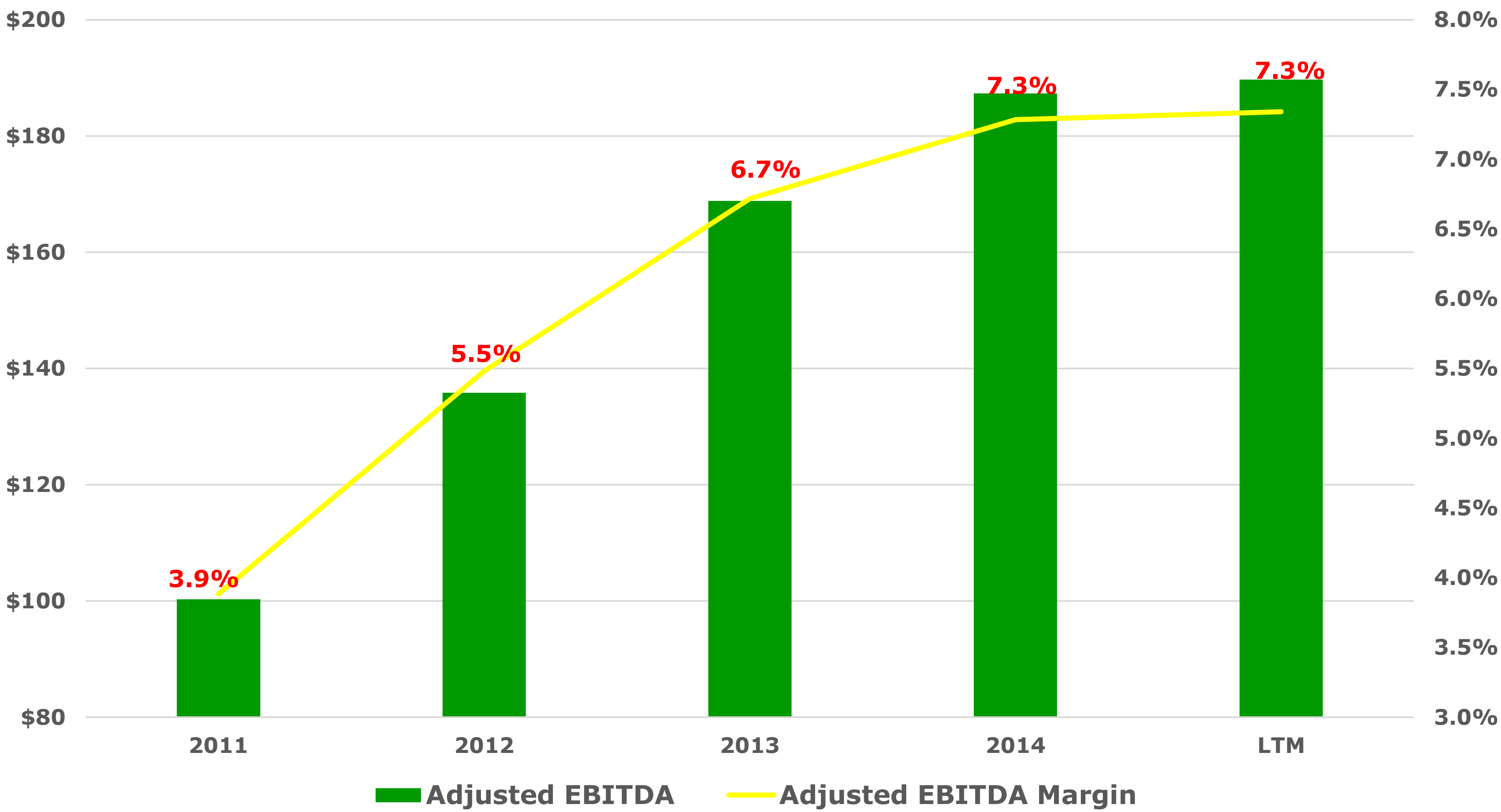


CALERES, INC
Financial History – Revenue



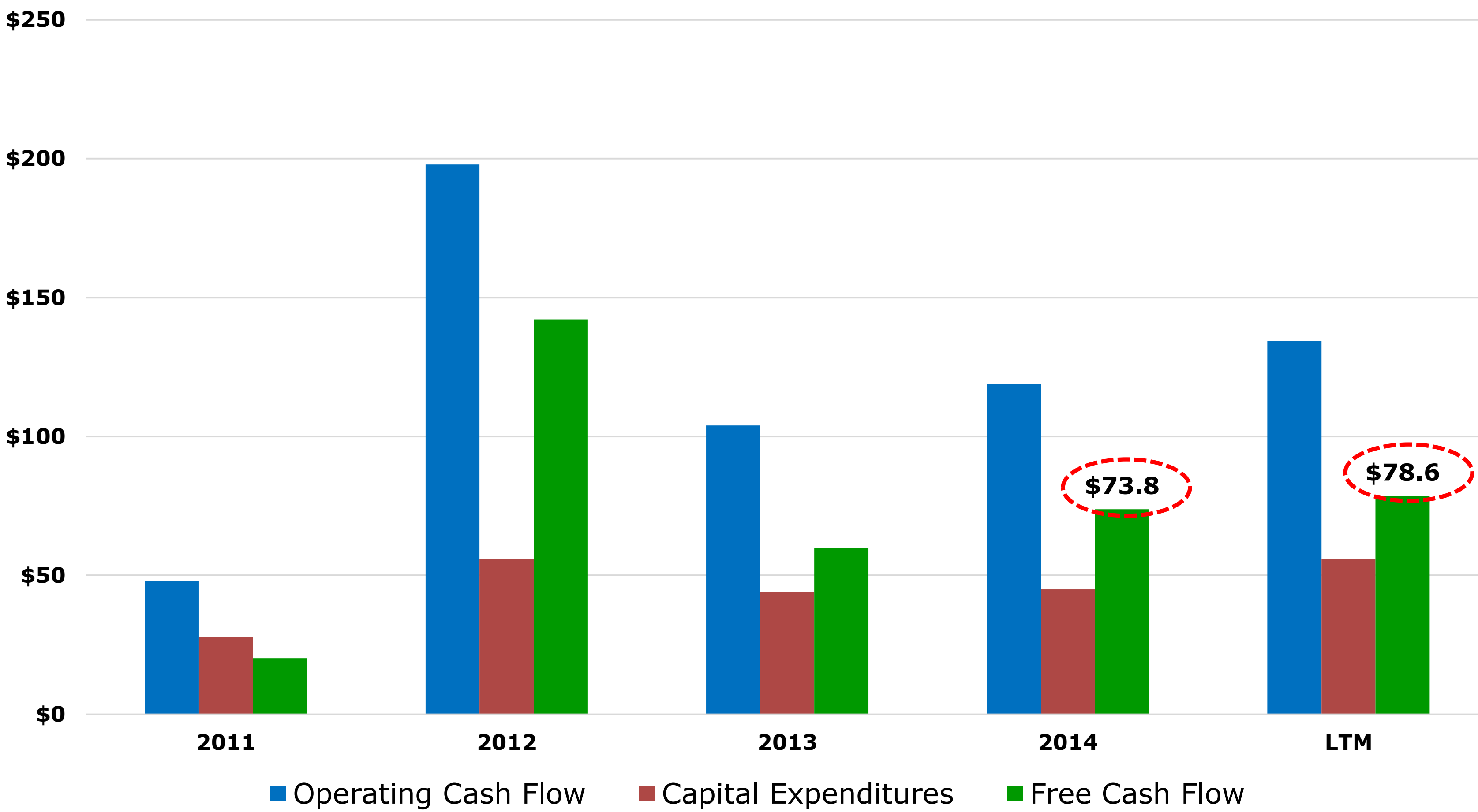
($ in Millions)

CALERES, INC
Financial History – Adjusted EBITDA



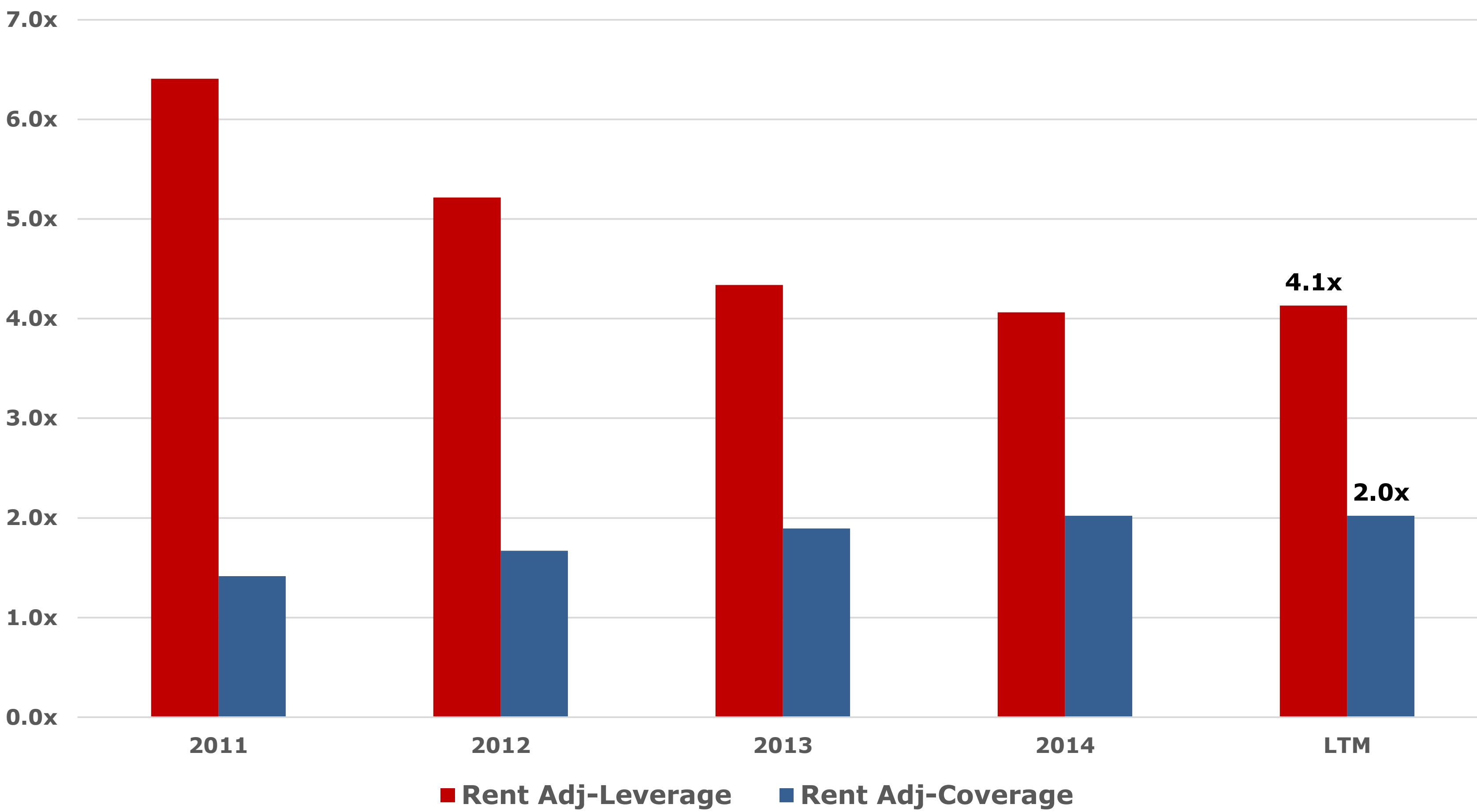
($ in Millions)

CALERES, INC
Financial History – Cash Flow



($ in Millions)

CALERES, INC
Financial History – Credit Metrics



CALERES, INC
GCS Observations & Conclusions

- **Elevated risk, "D-" credit rating with positive outlook**
  - Outlook was upgraded in December 2015
- **Rationale considers:**
  - Prior restructuring efforts have positioned the company for better profitability going forward
  - Moderate comparable sales growth in the last trailing twelve months
  - Double-digit growth in cash flow
  - Existing liquidity of $648.1mm including an undrawn revolver
  - Rent-adjusted credit metrics confirm distressed level of risk
    - Leverage is 4.1x
    - Coverage is 2.0x

COMPARATIVE ANALYSIS
Operational Overview

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	Genesco, Inc.	Caleres, Inc.
Product Offerings	Footwear, apparel and accessories. Licensed merchandise comprises ~4% of net sales	Footwear, apparel and accessories. Licensed merchandise comprises ~10% of net sales
Presence	2,817 retail stores, catalogs and branded e-commerce websites. Wholesale distribution in the U.S., Puerto Rico, Canada, U.K. and Ireland	1,208 retail stores located in shopping centers, outlets, and regional malls in all 50 states, Guam, and Canada. Wholesale distribution to over 2,500 retailers located in the U.S., Canada, ~60 other countries. E-commerce
Distribution Network	12 distribution warehouses located primarily in Tennessee and Indiana, as well as New York, Canada and Scotland	Operate 3 distribution centers located in Tennessee, California and Ontario. Footwear sold through domestic wholesale business is processed through a third-party facility in either California or New Jersey

COMPARATIVE ANALYSIS
Comparable Store Sales

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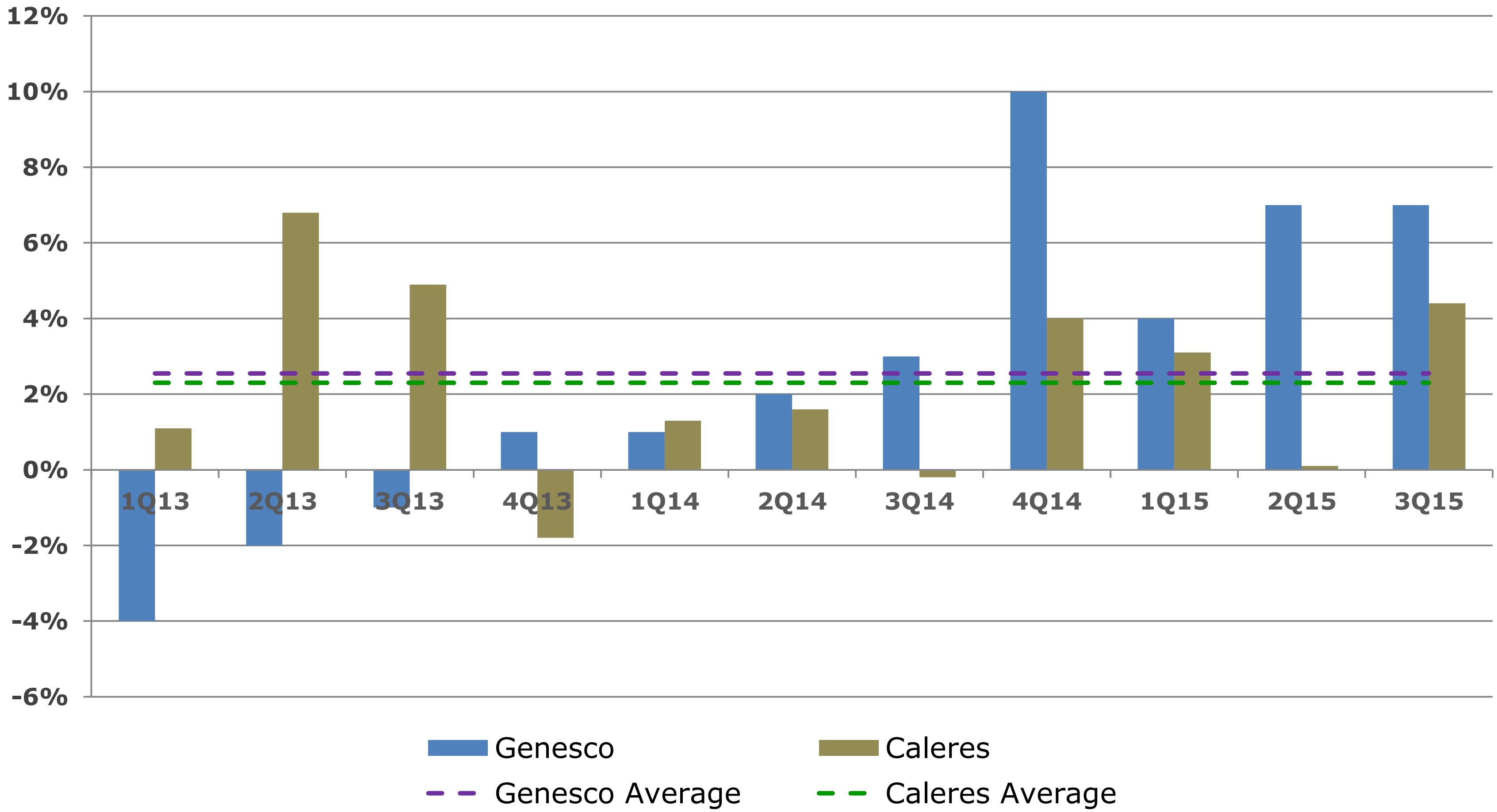

COMPARATIVE ANALYSIS
Adjusted EBITDA Margins

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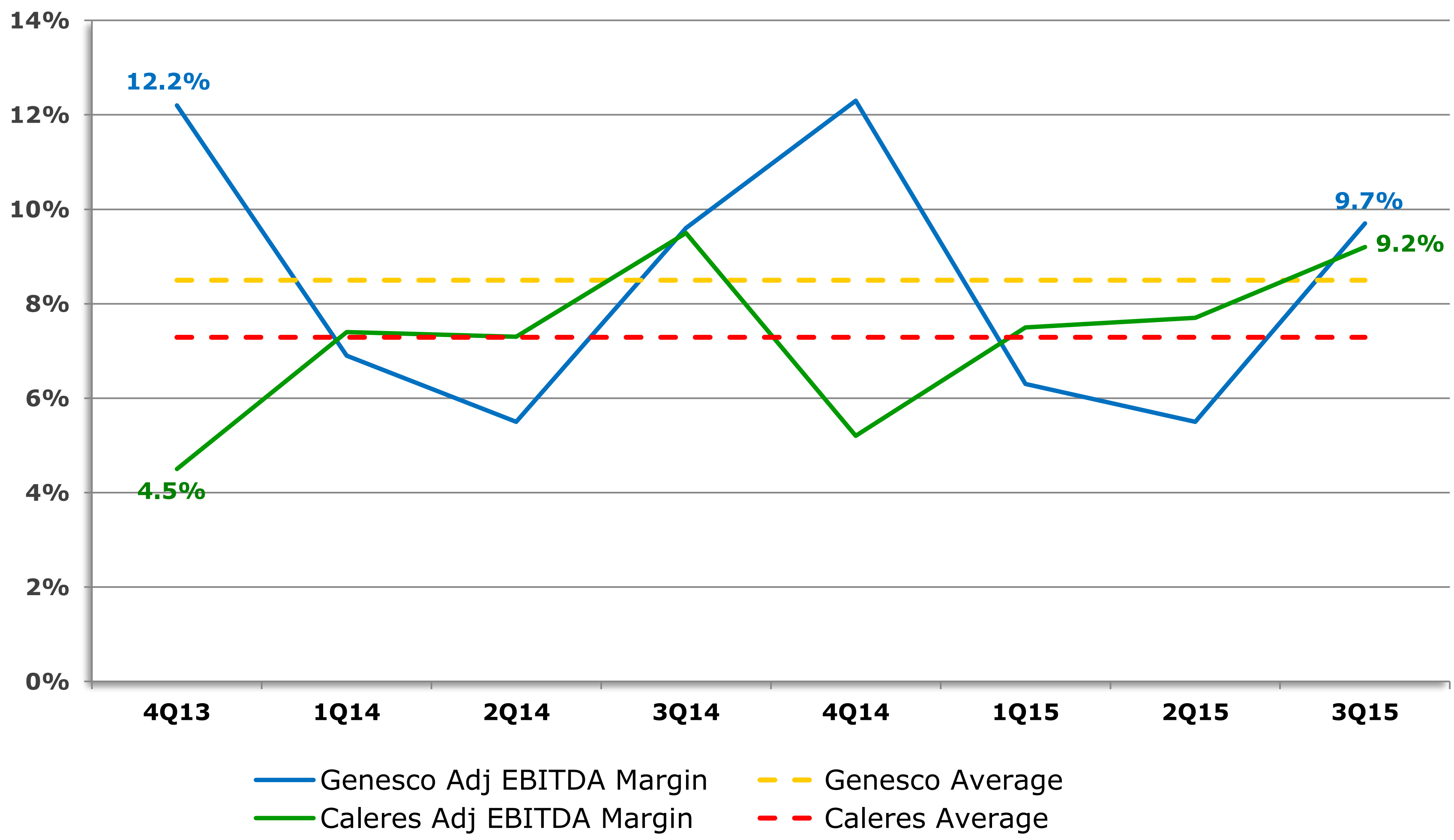

COMPARATIVE ANALYSIS
LTM Performance

	Genesco, Inc.	Caleres, Inc.
LTM Sales v 2014 Fiscal Year	4.30%	0.49%
LTM Adjusted EBITDA Margin	9.00%	7.34%
YTD Change In EBITDA Margin	-23 bps	+6 bps
LTM Cash Earnings	$214.4	$152.4
Debt Issuance (Repayment)	$103.2	$0.0

COMPARATIVE ANALYSIS
Credit Quality

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($ in millions)	Genesco, Inc.	Caleres, Inc.
Total Liquidity	$265.7	$648.1
Cash as % of Liquidity	10.6%	13.3%
Working Capital	$552.5	$443.8
Working Capital Coverage	5.3 months	5.9 months
Total Debt	$215.1	$200.0
Total Assets	$1,743.7	$1,260.3
Tangible Net Worth	$539.6	$470.0
Leverage	4.20x	4.13x
Coverage	2.09x	2.02x
GCS Rating	D	D-
Outlook	Negative	Positive

ADMINISTRATIVE ITEMS
Contact Information

Global Credit Services
A passion for insight.

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ADMINISTRATIVE ITEMS
Upcoming Webinars

Global Credit Services
A passion for insight.

- **Burlington Stores**
  - Tuesday, February 9th @ 2PM Eastern
  - Rob Pike - Senior Industry Analyst
- **Stage Stores & Pacific Sunwear**
  - Thursday, February 18th @ 2PM Eastern
  - Iwan Juwana, CFA - Senior Industry Analyst
- **Sears Holdings**
  - Thursday March 24th @ 2PM Eastern
  - Rafay Khalid, CFA – Senior Industry Analyst

GCS RATINGS DEFINITIONS

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Rating/Risk	Financial Structure	Liquidity	Cash Flow	Revenues	Operating Profitability
A MINIMAL Risk	**Strong financial structure** – low leverage, strong coverage, high quality capitalization.[1]	**Strong liquidity** – both cash & short-term investments, as well as proven access to unsecured credit	**Strong cash flow** – from profitable continuing business, adequate capital investment, strong management of working capital.[2]	**Dependable revenues** – organic growth; competitive dominance.	**High quality operating profitability** – margins better than industry norms.
B LOW Risk	**Solid financial structure** – modest leverage, strong coverage, tangible equity, longer debt capital.	**Solid liquidity** – both proven access to unsecured credit with committed lines backing any commercial paper; adequate cash, short-term investments.	**Solid cash flow** – from profitable continuing business, adequate capital investment, solid management of working capital.	**Dependable, growing organic revenues** – strong competitive position.	**Solid quality operating profitability** – solid margins vis-à-vis industry.
C MODERATE Risk	**Stable financial structure** – moderate leverage, acceptable coverage, moderate-quality capitalization; some elements of financial structure may pose risks.	**Dependable liquidity** – committed unsecured bank lines with moderate usage and availability, securitization programs, adequate cash holdings.	**Cash flow** – from profitable continuing business, capital investment, and adequate management of working capital; cash flow may be erratic some years.	**Dependable revenue base** – organic growth in line with economic environment.	**Operating profitability** – margins at or better than industry norms.
D ELEVATED Risk	**Risky financial structure** – heavier leverage, marginal coverage, lower quality capitalization.	**Defensive liquidity** – secured bank lines usually in use, availability still sufficient.	**Cash flow occasionally negative** – capital investment constrained, defensive management of working capital.	**Revenue base stagnant** – little organic growth, uncertain competitive standing.	**Weaker operating profitability** – margins at or below industry norms
E HIGH Risk	**Weak financial structure** – heavy leverage, weak coverage, short-to-medium-term debt capital, little if any tangible equity.	**Weaker liquidity** – secured bank lines mostly in use with little availability; defensive cash hoarding may be evident.	**Cash flow frequently negative** – capital investment limited, defensive management of working capital; asset sales material ongoing source of cash.	**Revenue base declining** – weak competitor that's losing market share.	**Weak operating profitability or losses** – margins below industry norms.
F DISTRESSED Risk	**Extremely weak financial structure** – overwhelming leverage, inadequate interest coverage, impending debt maturities, negative tangible equity.	**Little or no liquidity** – secured bank lines near limits with no effective availability; defensive cash hoarding.	**Negative cash flow** – inadequate capital investment, cash conversion cycle lengthening, working capital eroding; marketable assets mostly sold already.	**Declining revenues** – eroding competitive standing, losing market share.	**Operating losses** – on continuing business.

[1]Quality of capitalization includes tangible equity and maturity of debt capital. High quality capital includes tangible equity and long term unsecured and subordinated debt. Elements that weaken capitalization include goodwill and debt maturing within next couple of years.

[2]Management of working capital emphasizes the cash conversion cycle: turnover of receivables, inventory, payables and unearned income.

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MAP OF GCS SORES & RATINGS TO AGENCIES

Global Credit Services				
Score		Rating		
From	To		S&P / Fitch	Moodys
-	-	0	NR	NR
1.00	1.32	A+	AAA	Aaa
1.00	1.32	A+	AA+	Aa1
1.33	1.65	A	AA	Aa2
1.66	1.99	A-	AA-	Aa3
2.00	2.32	B+	A+	A1
2.33	2.65	B	A	A2
2.66	2.99	B-	A-	A3
3.00	3.32	C+	BBB+	Baa1
3.33	3.65	C	BBB	Baa2
3.66	3.99	C-	BBB-	Baa3
4.00	4.32	D+	BB+	Ba1
4.00	4.32	D+	BB	Ba2
4.33	4.65	D	BB-	Ba3
4.66	4.99	D-	B+	B1
5.00	5.32	E+	B	B2
5.00	5.32	E+	B-	B3
5.33	5.65	E	CCC+	aa1
5.33	5.65	E	CCC	aa2
5.66	5.99	E-	CCC-	aa3
6.00	6.32	F+	CC+	a1
6.00	6.32	F+	CC	a2
6.33	6.65	F	CC-	a3
6.66	6.99	F-	C	
6.66	6.99	F-	D	D