
CVM Analysis Shows Improving Supplier Risk in Retail Industry

Financial Performance Improvements in Key Supplier Sectors Driving Stability

Chicago, September 21, 2009 – CVM Solutions, LLC, a leader in enterprise supplier management solutions and owner of the CVM Master Supplier Database, today released findings that showed supplier risk in the retail industry is showing signs of improvement, after a continuous decline over the last two years. CVM's analysis also showed that even though supplier risk is lessening overall, specific supplier sub-sectors – such as business services, electronics and industrial products – still are experiencing financial difficulties that may present risk for their retail customers.

“While retail supplier health has not returned to pre-recession levels, the upswing in financial stability of key suppliers during the first two quarters of 2009 is a positive sign for the retail community,” said Jon Bovit, vice president of marketing and strategy for CVM Solutions. “Of the eight supplier sub-sectors we analyzed, electronics appeared to be still suffering from the stagnating economy, likely due to over capacity and sharp price reductions on big-ticket items.”

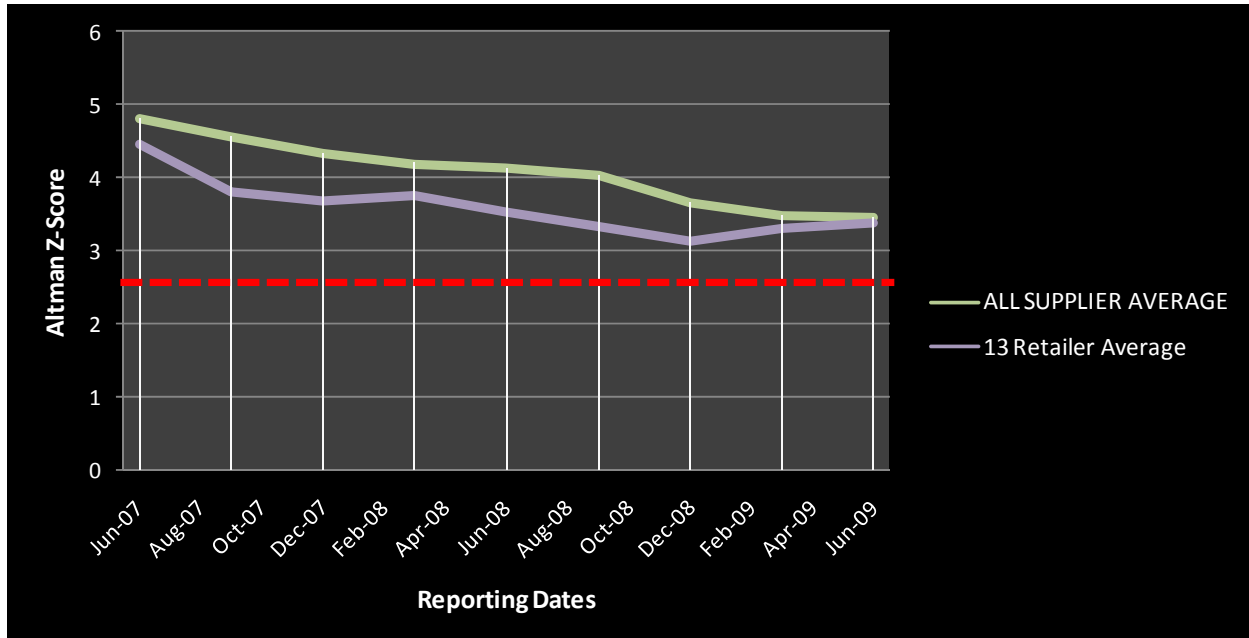
Retail Supplier Analysis Methodology

To determine retailers' supplier risk, CVM utilized a sample data set from its CVM Master Supplier Database that included many of the top retailers in North America. CVM then selected key publicly traded suppliers to these retail customers and calculated an Altman Z-Score for each customer and supplier to objectively measure risk. The Altman Z-Score is a financial analysis model that examines five company financial ratios and is highly predictive of a company's bankruptcy risk. An Altman Z-Score of less than 2.6 is considered “high risk.”

CVM then segmented the suppliers into eight sub-sectors – apparel, building products, business services, electronics, food/retail drug, home furnishings/appliance, industrial products and non-food retail – to evaluate risk by category.

The resulting analysis showed that the retailers' stability had started improving back in the beginning of this year and that direct suppliers to the retail industry seems to be trailing the retailer recovery by at least a quarter. The resulting analysis showed that the suppliers

average Altman Z-Score has bottomed out in the last two quarters and has remained at 3.46.



Most sub-sectors had scores of 3.1 or higher, with the exception of electronics which dropped to 1.78 at the end of the second quarter of 2009, industrial products with a score of 2.44 and business services with a 2.74 (see related chart).

	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09
Apparel	6.082858	5.716054	5.055328	4.642202	4.618569	4.271578	3.738639	3.386133	3.560053
Building Products	3.907044	3.661997	3.537713	3.40886	3.114662	3.315207	3.412611	3.191357	3.135349
Business Services	3.934889	3.832284	3.597565	3.5399	3.37776	3.415216	3.669144	2.683167	2.737415
Electronics	3.554871	3.430922	3.137407	2.966932	3.060537	2.652248	2.309297	2.225565	1.78709
Food/Retail Drug	6.880756	6.743549	7.11447	7.139563	7.091528	7.199212	6.49633	6.462204	6.5124
Home Furnishing-Appliance	4.501574	4.255081	4.03755	3.765432	3.790881	3.809106	3.576327	3.154281	3.303553
Industrial Products	3.932973	3.577898	3.312441	3.124934	3.175556	3.16438	2.742786	2.481107	2.442551
Non-food Retail	5.659166	5.276212	4.9258	4.976827	4.868846	4.448096	4.058015	4.220478	4.212981
ALL SUPPLIER AVERAGE	4.806766	4.56175	4.339784	4.195581	4.137292	4.034365	3.650494	3.475537	3.461424
13 Retailer Average	4.441813	3.799588	3.677106	3.729851	3.525005	3.328039	3.116597	3.294326	3.369354

Mitigating Risk

To ensure their business will not be impacted by high risk suppliers, CVM recommends that retailers perform a detailed supplier risk assessment on all critical, strategic, and high-spend suppliers. Risk analysis can include the Altman Z-Score; third-party risk score; independent financial assessment; tracking of bankruptcy, liens and judgments; and other factors such

compliance with federal and state regulations. In addition, retailers should define supplier qualification standards and enforce compliance for all suppliers, while proactively defining and monitoring risk with regard to strategic suppliers.

About the CVM Master Supplier Database

The CVM Master Supplier Database has quickly become a standard central repository for supplier data for Fortune 1000 companies. Due to the underlying contributory data model, where CVM customer use contributes to the supplier data as a whole, the CVM Master Supplier Database contains detailed data on the most relevant and highly used suppliers. The CVM Master Supplier Database consists of millions of suppliers and their locations globally. The CVM Master Supplier Database is kept updated and fresh through a unique data aggregation approach from over 1,000 different data sources and a high quality review process. The unique process ensures that all supplier data is up-to-date and highly accurate.

About CVM Solutions

CVM Solutions, LLC (CVM) is a leading provider of supplier management solutions covering centralized vendor management, supplier diversity, supplier risk management, and supplier performance management. CVM has worked with over 350 customers since the company was founded in 2002. The company's featured product, Supplier Central, is composed of technology, data, and managed services solutions. CVM's Supplier Central technology product is divided into 4 modules that are entitled vendor central, diversity central, risk central, and performance central. CVM provides data services that include enterprise supplier data with parent linkage, supplier diversity data, and supplier risk data. CVM also provides a set of managed services that round out the complete Supplier Central offering including supplier data and spend enrichment, supplier risk assessments, supplier diversity, and tier two diversity program management.

For more information, please go to our website at www.cvmsolutions.com

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