

StoreInteSM Coldwater Creek (CWTR) - Quarterly Financial Summary: Q3 FY 2011 ended Oct 29, 2011
Highlights:

- Total sales decreased 19.3% to \$187.5 million vs. \$185.6 consensus estimate
- Comparable premium reetail store sales fell 19.8% on top of 20.1% drop last year, direct segment sales declined 25.4%
- Gross margins down 51 bps primarily due to the deleveraging of fixed retail occupancy expenses given the lower sales, partially offset by higher merchandise margins as a result of lower promotional activity
- Total inventory fell 12.9%, premium retail store inventory per sq ft (incl. inventory in distribution center) declined 13.6%
- Net loss widened to \$29.2 million from \$10.9 million, Diluted EPS -\$0.31 vs. -\$0.33 consensus estimate

vs Consensus Estimates	Quarter Ended Oct 29, 2011		
	Actual	Estimate	Beat / (Miss)
Sales (1,000's)	\$187,465	\$185,600	1.0%
Diluted EPS	-\$0.31	-\$0.33	6.1%

Dennis Pence, Chairman and Chief Executive Officer stated: "Our third quarter results were in line with our guidance, with our top and bottom line performance at the better end of the range we provided. Despite the impact of higher sourcing costs, we experienced a 200 basis point increase in our merchandise margin rate in the quarter, which we believe demonstrates that our merchandise and inventory strategies are gaining traction. We also ended the quarter with total inventory down 13 percent, in line with our guidance of a low to mid-teens decline." Mr. Pence continued, "As we begin the fourth quarter, we are pleased with the initial favorable reception to our holiday offerings, the second assortment in the evolution of our new design aesthetic and the first fully developed under our new merchandising leadership. During the month of November our comparable retail sales were down mid-single digits, a significant improvement compared to the 26 percent comparable retail sales decline for the first nine months of the year, driven by meaningful improvements in traffic, conversion, and average unit retail trends. Although we expect the environment for consumer spending to remain challenging during the fourth quarter, we are encouraged by the progress we are seeing from the implementation of our merchandising and design initiatives and remain confident that our strategies will lead to an improvement in our long-term operating performance."

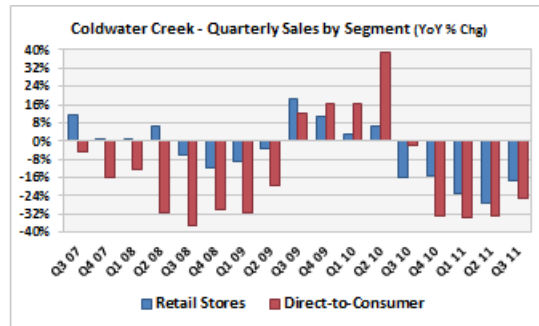
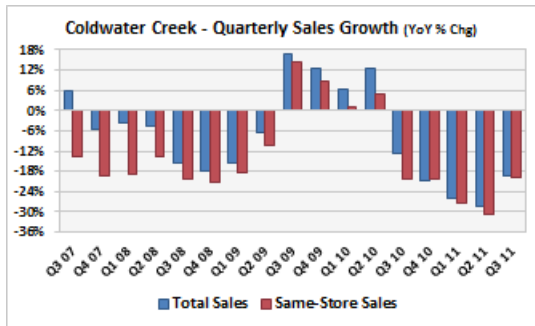
Macro Outlook

- 2011 is a transitional year as the company works to reinvigorate product offerings and reconnect with customers
- Q3 showed continued traffic declines, expect sales to remain challenging as company progresses through transition
- weakness in consumer spending persists as a result of continued uncertain macroeconomic conditions reflected in reduced incomes and asset values, high unemployment and deterioration in the housing market
- These conditions continue to have negative impact on sales, gross margin and operating performance. As long as these conditions continue, company expects that consumer spending will remain subdued
- Encouraged by progress from implementation of several new processes for merchandising, design and inventory management which co. believes will position them for improved performance
- Fall assortment was 1st seasonal floorset reflecting new design aesthetic, holiday assortment continues this evolution

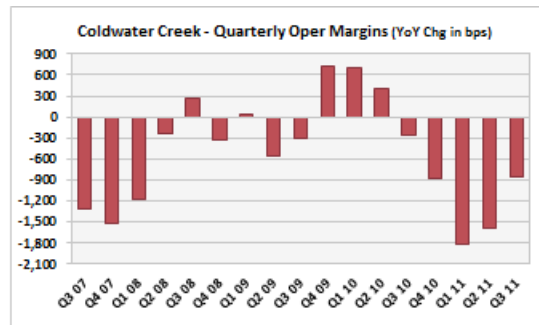
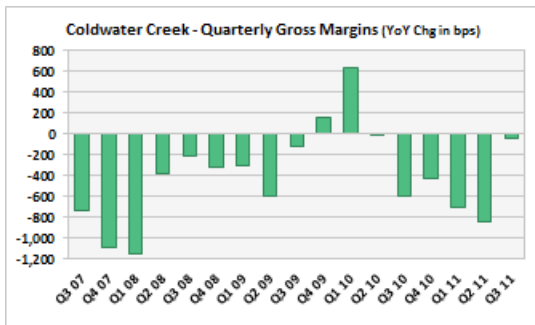
Fiscal 4th quarter outlook:

- Net loss per share in the range of \$0.13 to \$0.21, compared to previous guidance of \$0.17 to \$0.26 per share
- Gross margin to improve 200 to 400 bps compared to Q4 2010 due to reductions in markdown selling as a result of tighter inventory buys, partially offset by deleveraging of occupancy/buying expenses & higher product input costs
- Total inventory at the end of the fiscal year to be down in mid to high teens on a % basis as compared to 2010
- SG&A expenses expected to decline an additional \$4-\$9 million on top of \$16 million reduction already realized through the first nine months of FY 2011

Sales & Comps	Quarter Ended Oct 29, 2011			Nine Months Ended Oct 29, 2011		
	Sales (1,000's)	YoY Chg	Comp	Sales (1,000's)	YoY Chg	Comp
Retail Stores	\$144,138	-17.3%	-19.8%	\$421,644	-22.7%	-26.2%
Direct-to-Consumer	\$43,327	-25.4%		\$127,025	-30.7%	
Total Company	\$187,465	-19.3%		\$548,669	-24.7%	



Margins	Quarter Ended Oct 29, 2011			Nine Months Ended Oct 29, 2011		
	Dollars (1,000's)	Margin	YoY Chg (bps)	Dollars (1,000's)	Margin	YoY Chg (bps)
Gross Margin	\$56,265	30.0%	-51	\$156,199	28.5%	-536
Operating Margins						
Retail Stores	\$1,759	0.9%	-97	-\$11,753	-2.1%	-736
Direct-to-Consumer	\$6,247	3.3%	35	\$18,449	3.4%	-173
Corporate & Other	-\$36,410	-19.4%	-786	-\$91,749	-16.7%	-520
Total Company	-\$28,404	-15.2%	-848	-\$85,053	-15.5%	-1,429



Earnings Data	Quarter Ended		Nine Months Ended	
	Oct 29, 2011	YoY Chg	Oct 29, 2011	YoY Chg
Net Income	-\$29,158	-168.6%	-\$86,865	-1,129%
Diluted EPS	-\$0.31	-158.3%	-\$0.93	-1,063%

Stores & Square Footage	Quarter Ended Oct 29, 2011			
	Stores	YoY Chg	Sq Feet (1,000's)	YoY Chg
Premium Retail Stores	366	-1.6%	2,127	-2.6%
Outlet Stores	39	5.4%	266	3.0%
Spa Stores	9	0.0%	49	0.0%
Total Company	414	-1.0%	2,442	-1.9%

Store Operating Metrics

Premium Retail Stores	Quarter Ended	9 Mo Ended
	Oct 29, 2011	
Comparable Traffic	-16.3%	-17.2%
Comparable Conversion	-2.2%	-7.6%
Comparable Avg Unit Retail	4.2%	2.7%

Direct-to-Consumer

Order Volume	-25.9%	-30.9%
Average Unit Retail	6.8%	4.2%

Retail Stores	Quarter Ended	
	Oct 29, 2011	YoY Chg
Sales per Square Foot	\$59.00	-16.4%
Sales per Store (1,000s)	\$348	-17.4%

Nine Months Ended	
Oct 29, 2011	YoY Chg
\$170.66	-23.7%
\$1,011	-24.4%

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