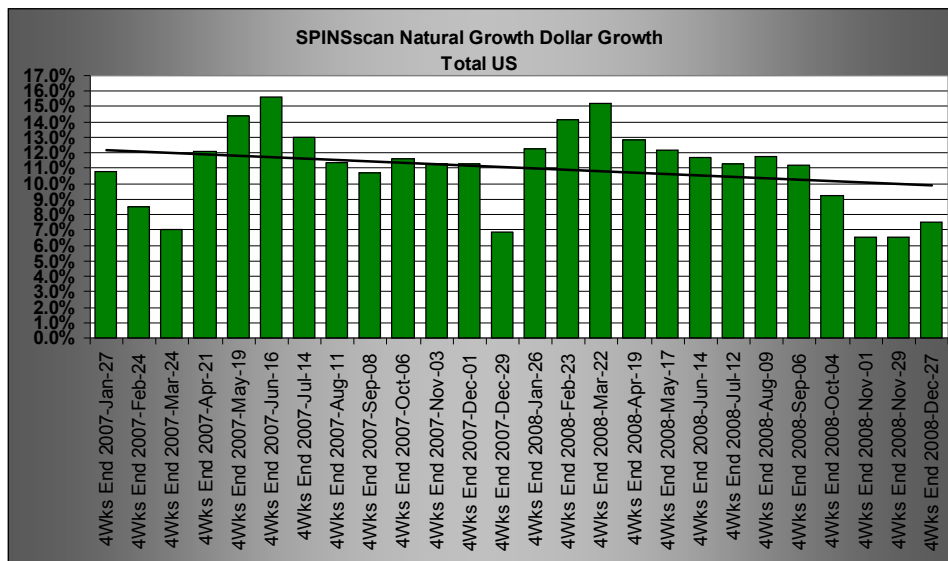
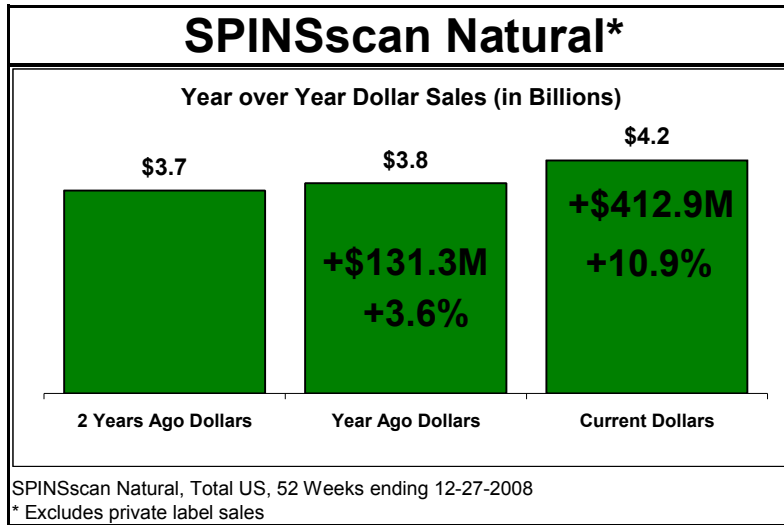


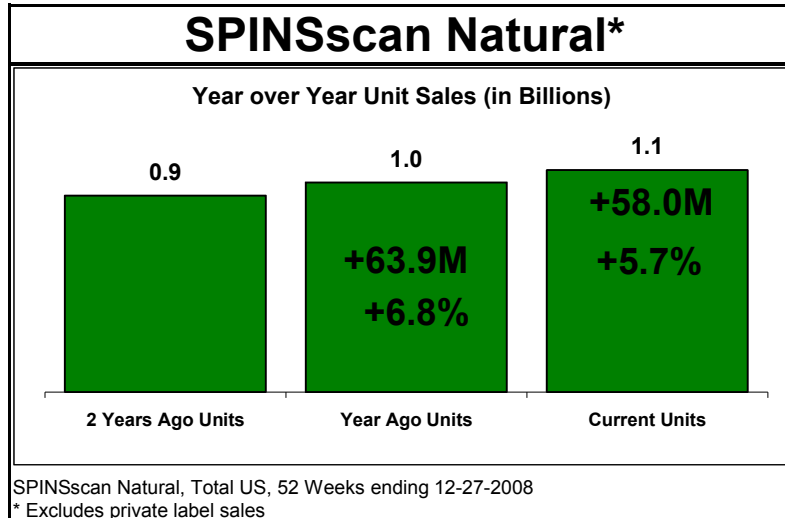


## Double Digit Dollar Growth in Natural

While the past year proved to be a challenge for many industries, the Natural Foods Channel was still able to produce double digit dollar growth in 2008. Natural product sales, as measured by SPINS SPINSscan Natural service, increased by +10.9% for the 52 weeks ending 12/27/2008 vs. year ago. While SPINSscan Natural added \$412.9M in dollar sales, the rate of dollar growth had slowed from a 2008 high of +15.2% (4 weeks ending 3/22/2008 vs. year ago) to a current growth rate of +7.5% (4weeks ending 12/27/2008 vs. year ago).



Price increases contributed to some of the dollar growth but that was only part of the story. Unit sales were up (+5.7%) for the 52 weeks ending 12/27/2008 while the average retail price for the channel moved from \$3.75 to \$3.94. It was increased commodity costs and higher fuel prices that drove many manufacturers to start passing along price increases towards the end of 2008.



The SPINS category that was the largest contributor to dollar growth was Bread & Baked Goods (adding \$25.0M) while Beans, Grains, & Rice saw the largest percentage increase (growing dollar sales by +26.7%). In the case of the Bread & Baked Goods category it was increased shelf/freezer space (measured by a 714 point increase in Total Distribution Points) along with an average price increase (+\$0.30 per unit) that drove the increase in sales for the #2 SPINS category (ranked on dollar sales). For Beans, Grains, & Rice it was the significant growth of Packaged Grains (up +45.3% and adding \$859K) that pushed the percentage growth upward.