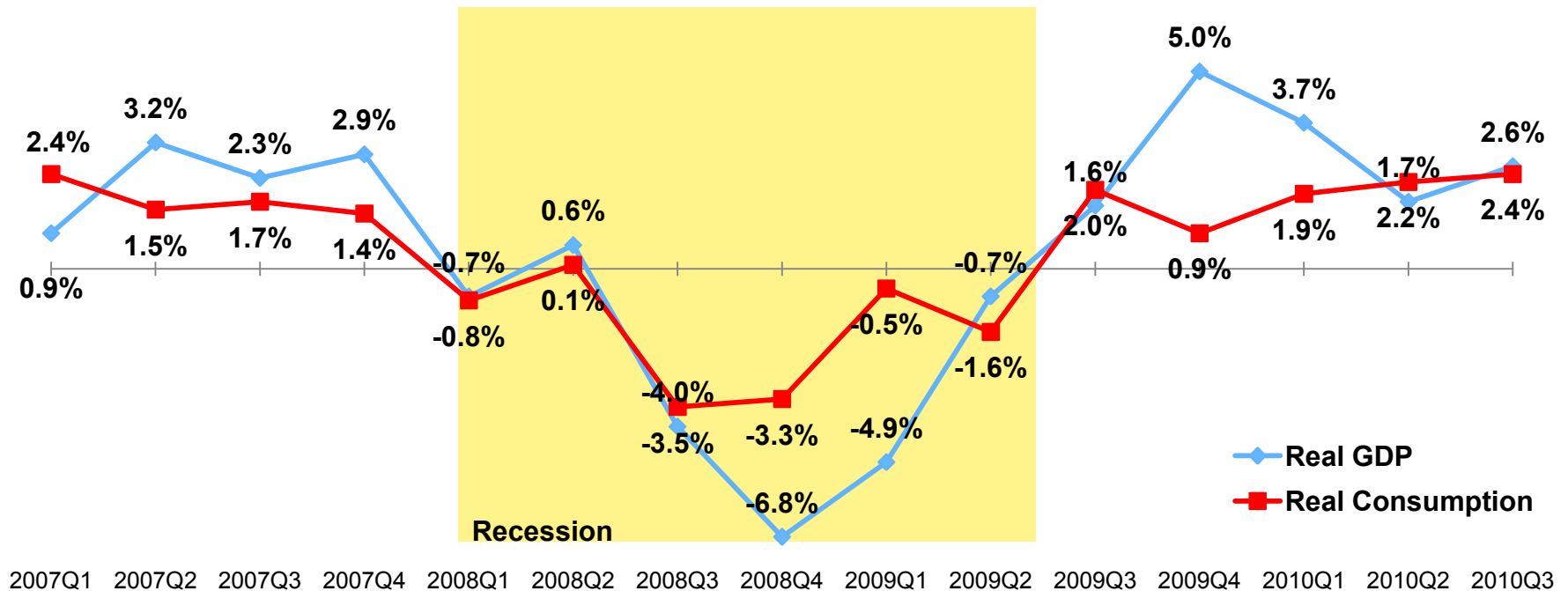


Following the Most Severe Recession of the Postwar Period, the US Has Been Experiencing a Moderate Recovery Since Q3, 2009

- Several leading indicators point to a continuation of the recovery including improving consumer confidence and a rise in building permits

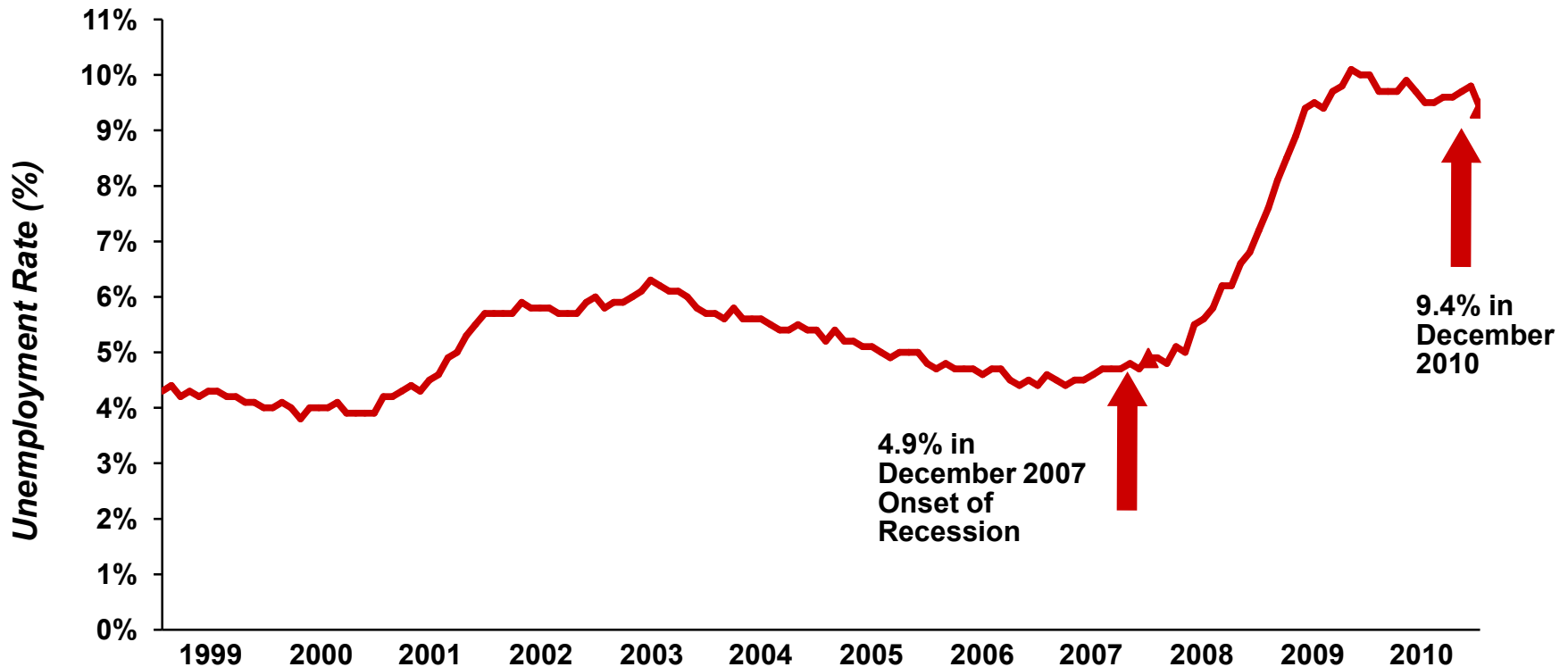
*US Quarterly Annualized Real GDP and Consumption Change
Q1 2007 to Q3 2010*



However, Unemployment Rates Remain High

- The share of long-term unemployed (unemployed more than 6 months) within the total is at 44%, which is at a historically high level

US National Unemployment Rate 1999-2010YTD



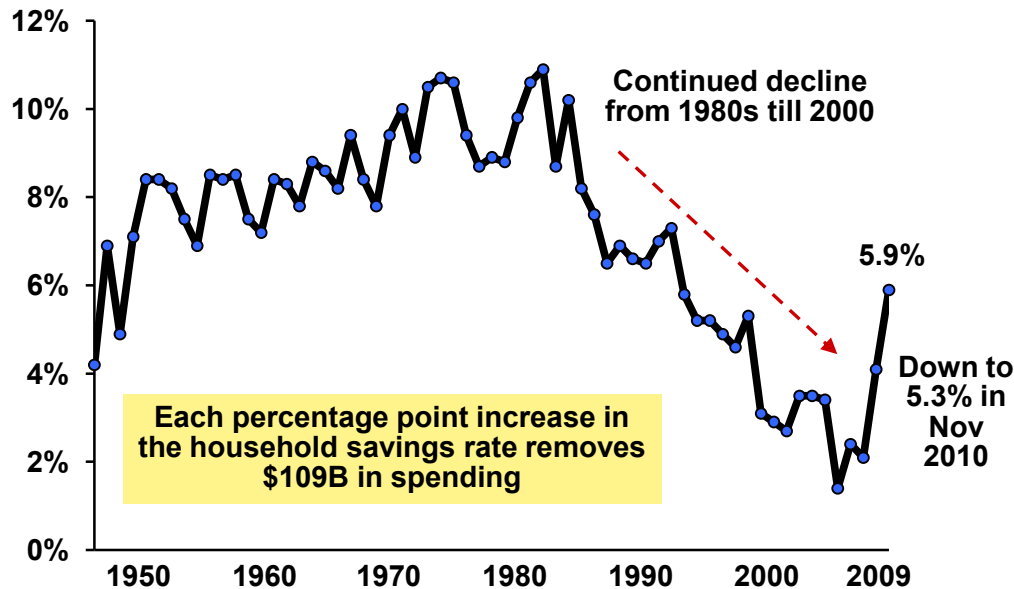
Note: Long-term unemployed (6.4M people) is the percentage of people jobless for 27 weeks or more; Figure as of December 2010
Source: Bureau of Labor Statistics; News Articles

Households Repairing Balance Sheets and Falling Consumer Credit Have Decreased Spending Power and Dampened Consumption Spending

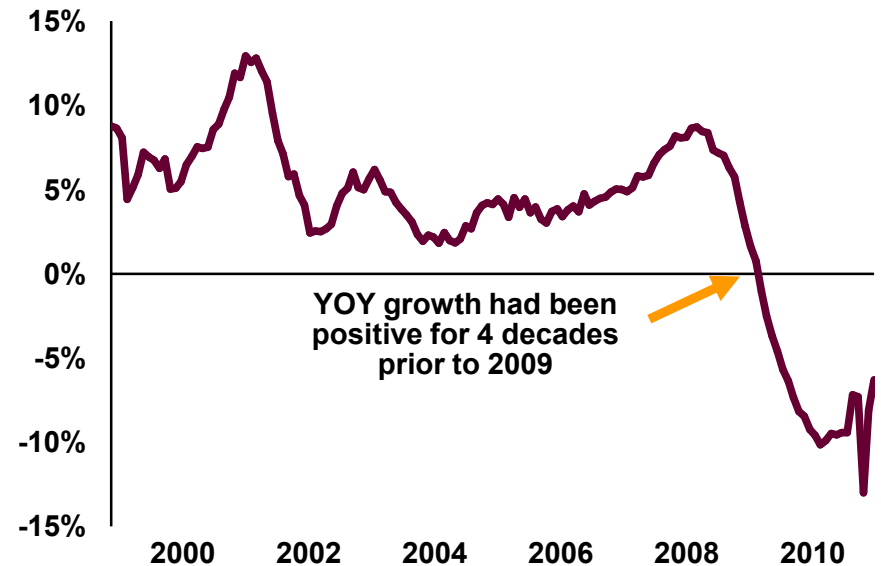
Macroeconomic Context

- Household consumption is 71% of GDP; while an increase in saving is desirable in the long run, its rise adversely impacts GDP growth in the near term
- The subprime crisis and UDAP/Consumer Credit Card Bill of Rights Is keeping down revolving credit leading and reducing spending power

U.S. Personal Savings Rate 1947-2009*



US Revolving Consumer Credit YOY Chg % 1999-2010YTD



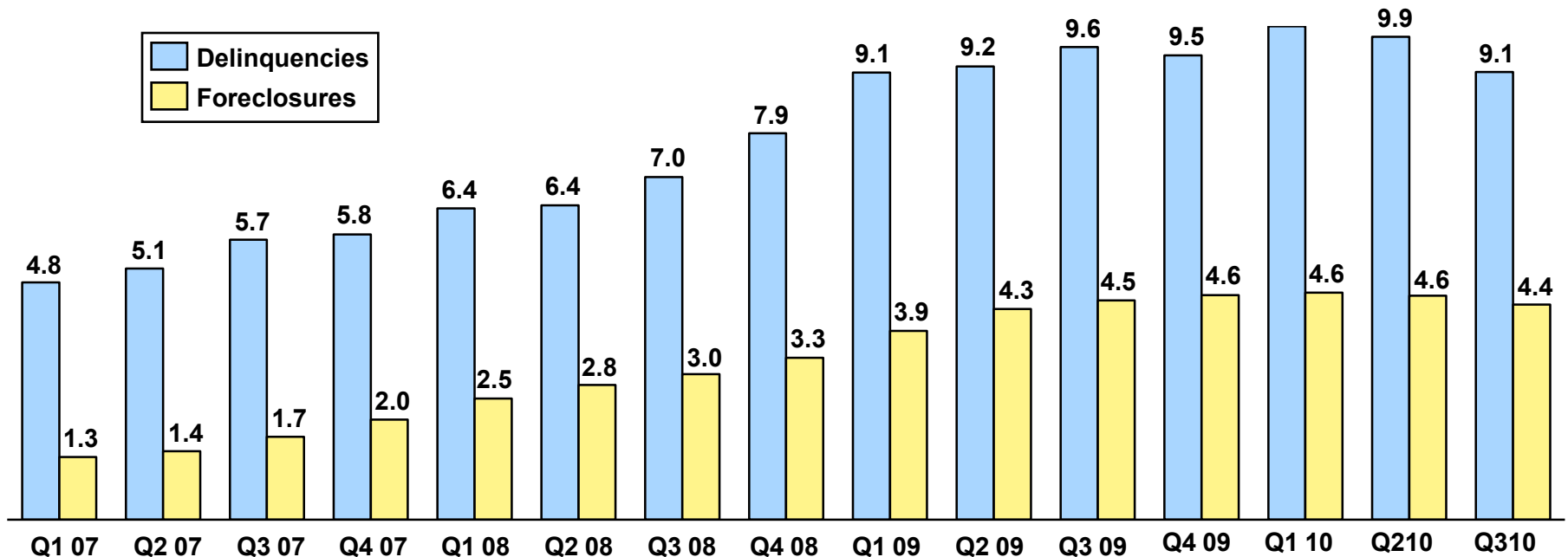
Note*: Personal saving as a percentage of disposable personal income
 Source: Bureau of Economic Analysis; The Economist, October 3rd, 2009; US Federal Reserve

Residential Mortgage Delinquencies and Foreclosures Continue to Be High

Macroeconomic Context

- High unemployment and the weak economic recovery continue to defer the recovery of the prime mortgage market

US Mortgage Delinquency and Foreclosure Rate Q1'07-Q3'10

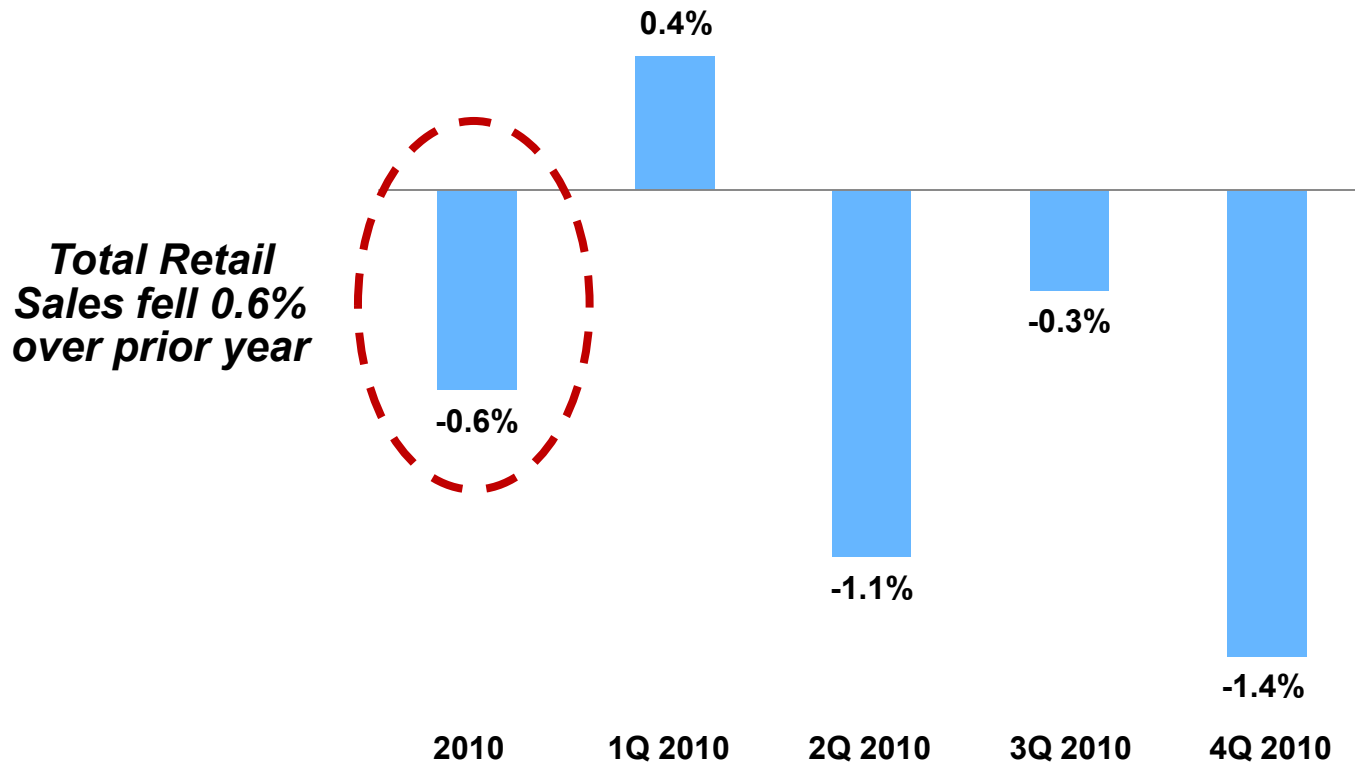


Note: Data is for 1-4 unit residential mortgages; delinquency rates includes loans at least one payment past due, but not loans in foreclosure
Source: Mortgage Bankers Association; news articles

The Combination of Factors Have Led to Weak Retail Sales Growth in 2010 vs. 2009

Macroeconomic Context

**2010 Quarterly Retail Sales vs. YAGO
(FDM Including Wal-Mart)**

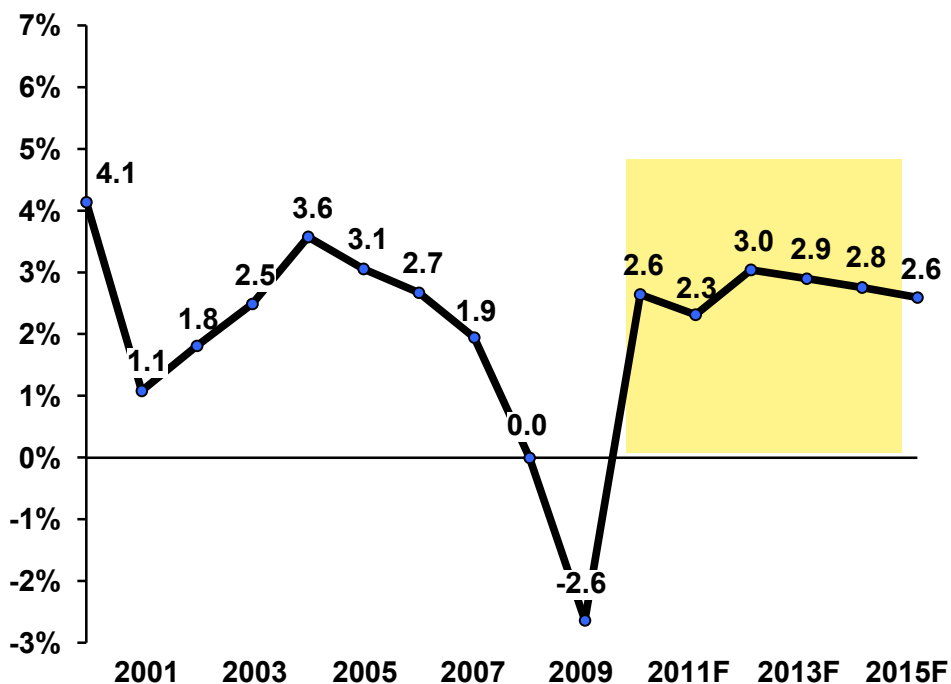


US GDP Is Forecasted to Expand at a Weak-to-Moderate Pace over 2011-2015 and Consequently, Unemployment Will Decrease Only Gradually

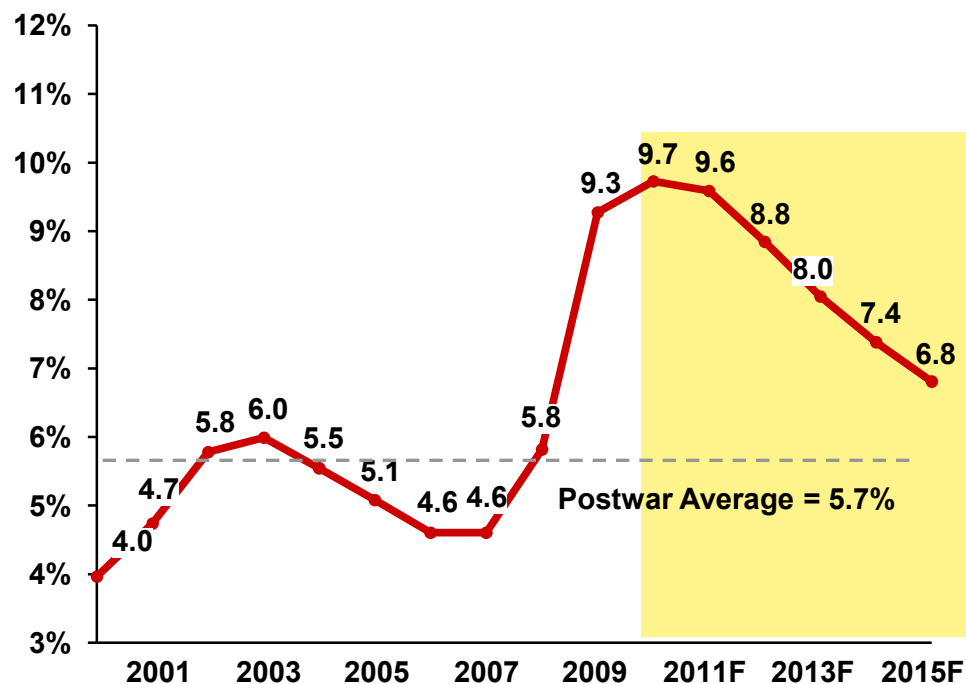
Macroeconomic Context

- An empirical relationship known as “Okun’s Law” indicates that every 1 percentage point of annual real GDP growth over 2.5% pa reduces unemployment by 0.5 percentage points
- The projected rate of GDP growth will bring unemployment to its postwar average only after 2015

US Real GDP 2000-2015F
% Annual Change – Actual and Forecasted



US Unemployment Rate 2000-2015F – Actual and Forecasted



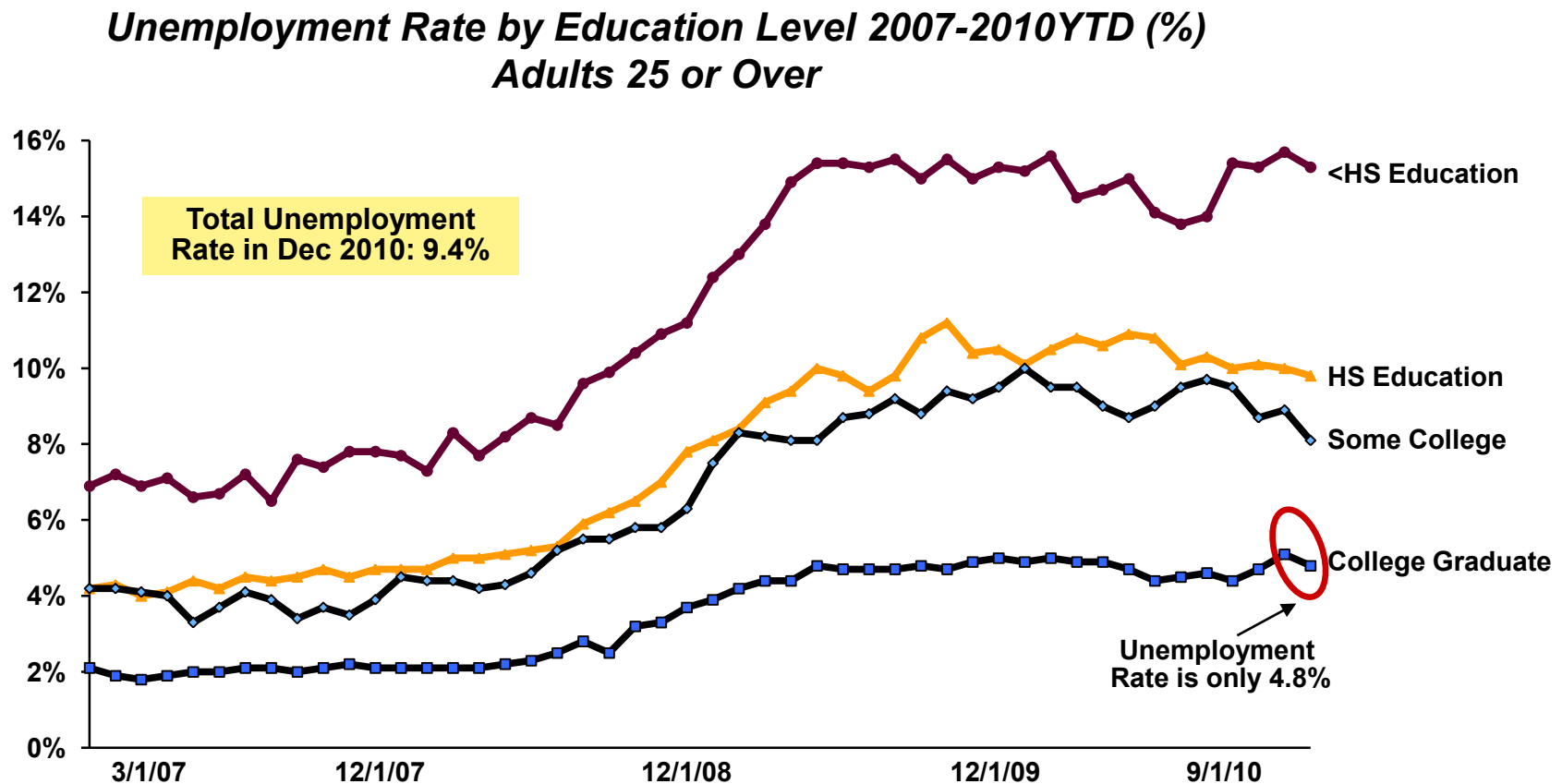
Forecast Period

Source: IMF, October 2010

There Is a Bifurcation In Unemployment Rates between Highly Educated and Less Educated Households

Demand Bifurcation

- The extension of the Bush-era tax cuts and the revival of the stock market will further strengthen the economic position at higher socio-economic tiers

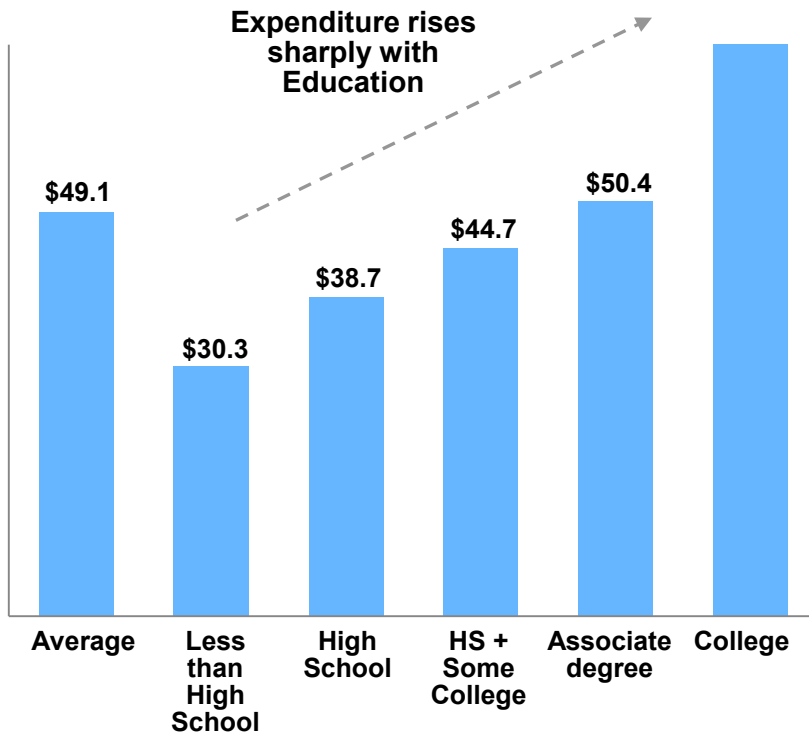


Source: Bureau of Labor Statistics

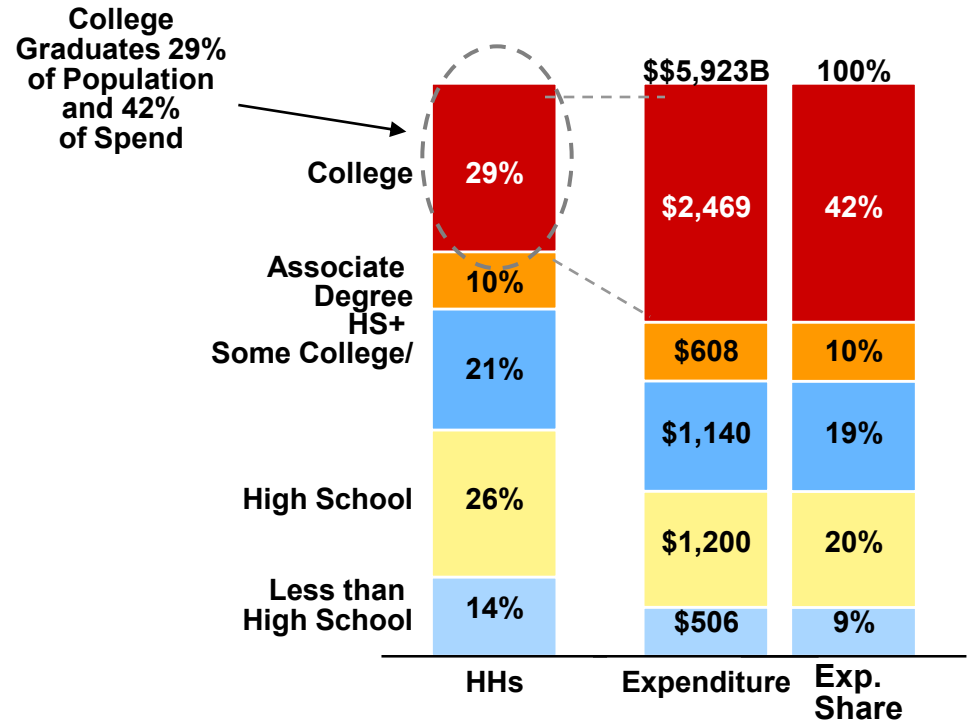
More Educated Households Spend More on Average and Also as a Share of Total Household Expenditure

- Additionally, college graduate households have 25.1% of post-tax income left after meeting household expenditures, while those with less than a high school education have only 8.1% of post-tax income remaining after meeting household expenses

Avg. Annual HH Expenditure by Education Level, 2009 (\$'000)



Annual HH \$ Spend by Education Level 2009, \$B



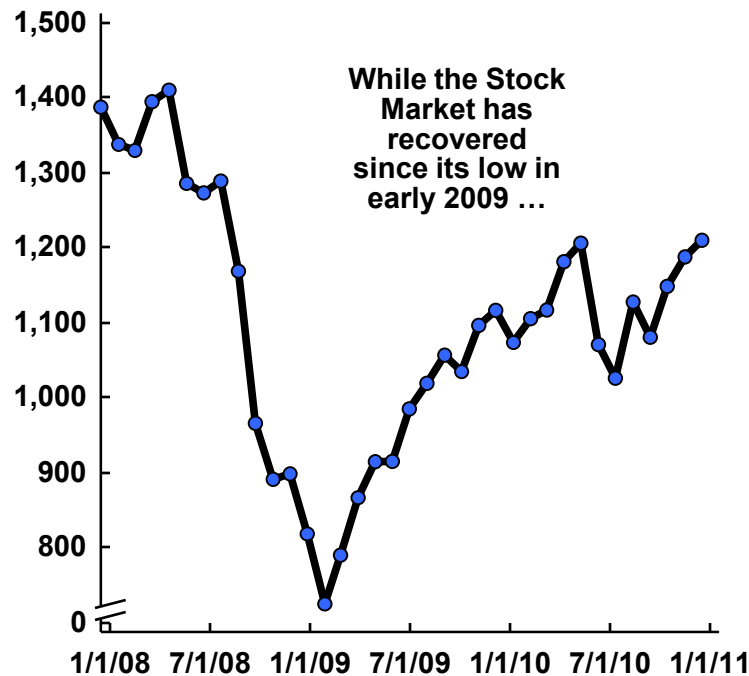
Source: Consumer Expenditure Survey, 2009

Household Wealth Is Also Trending in a Manner Which Accentuates the Bifurcation

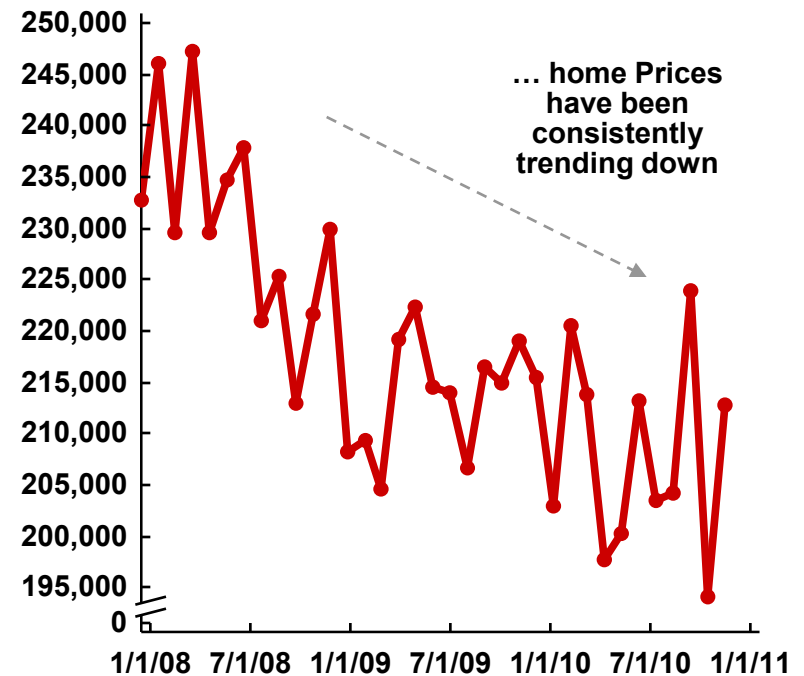
Demand Bifurcation

- More affluent households have a larger percentage of wealth in the stock market, while wealth among lower income households is concentrated in the value of their homes

*Stock Market Performance, S&P Close
2008-2011YTD*



Median Home Prices, 2008-2010



Source: Economagic.com; Yahoo!Finance

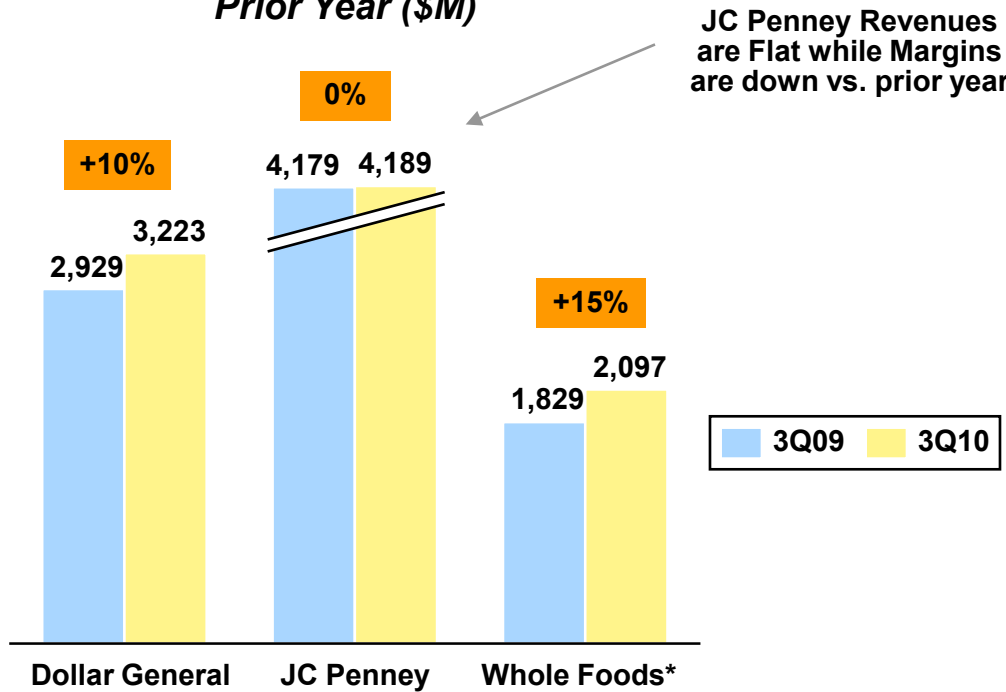
The Economic Bifurcation Is Seen among Retailers with Strength at the High and Low Ends and Weakness in the Middle

Demand Bifurcation

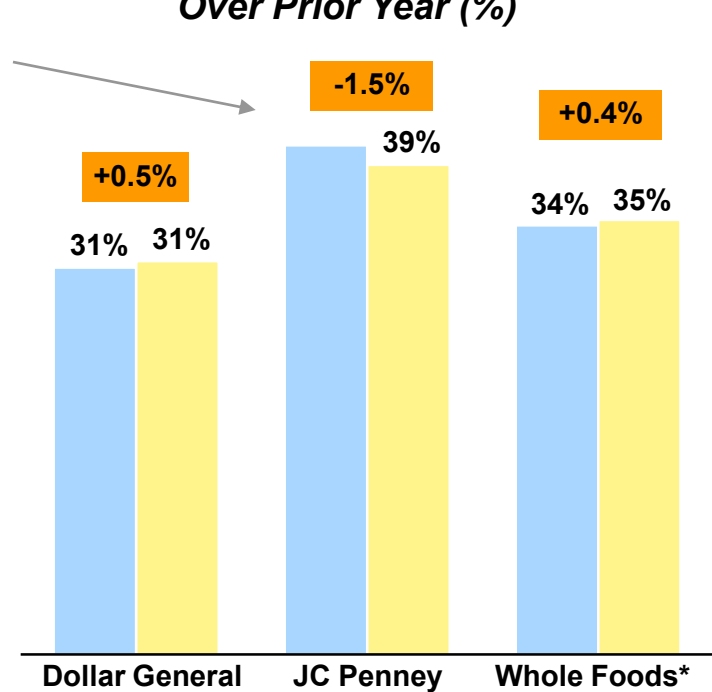
- Fiscal pressures on state and local governments may lead to employment cutbacks which put further pressure on the middle

Revenues and Gross Margins 3Q, 2010 vs. YAGO – Selected Retailers

Revenue in the Latest Quarter Over Prior Year (\$M)



Gross Margin in the Latest Quarter Over Prior Year (%)



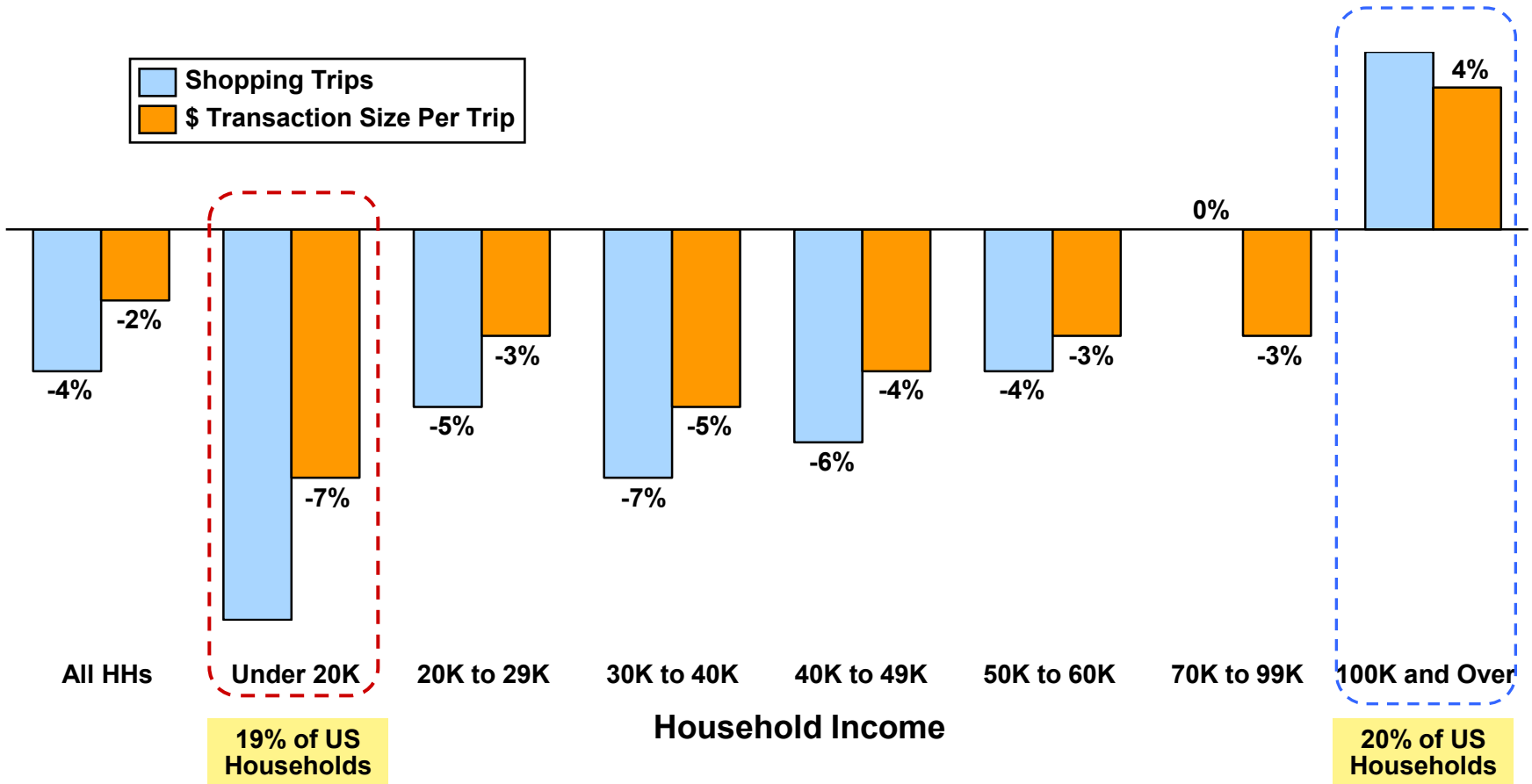
Year on Year Growth/Change in Margins

Note: Whole Foods Fiscal 4Q ended in September 2010, results of which are used to approximate for 3Q10 ending Oct 2010
 Source: Company Filings

Affluent Households Are the Only Group Driving Shopping Trips and \$ Spend per Trip

Demand Bifurcation

Shopping Trips and \$ Transaction Size 2010 % Change Vs. YAGO



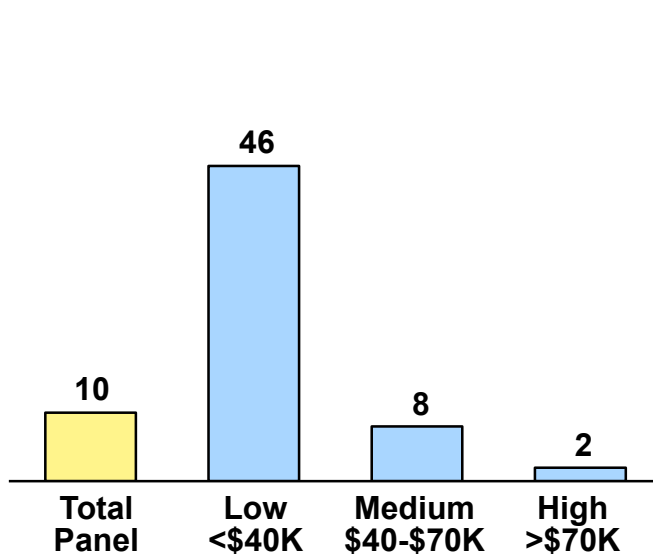
Source: Nielsen Scantrack

The Number of Retail Categories with Negative Spend Growth Has Risen across the Board in 2008-2010, But Is Highest at Low Income Tiers

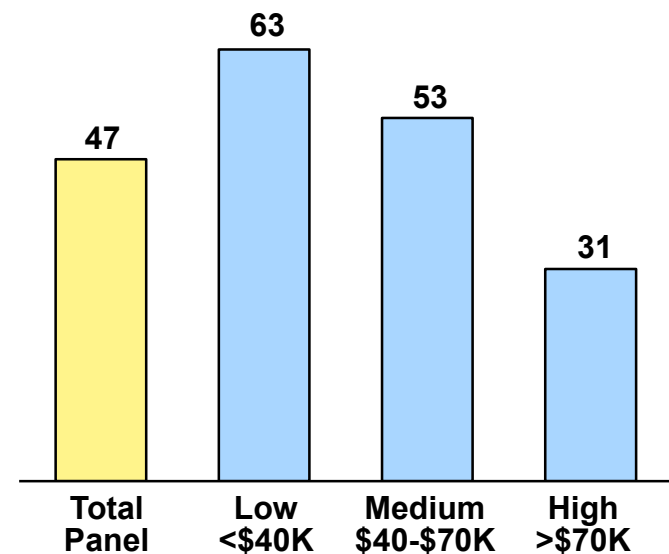
Demand Bifurcation

- Negative sales growth was recorded in 46 of 104 Homescan categories for <\$40K HHs even prior to the recession, rising to 63 in 2010 vs. 2008

*Number of Categories With Negative HH Spend Growth 2005-2007
(By HH Income – All Channels)*



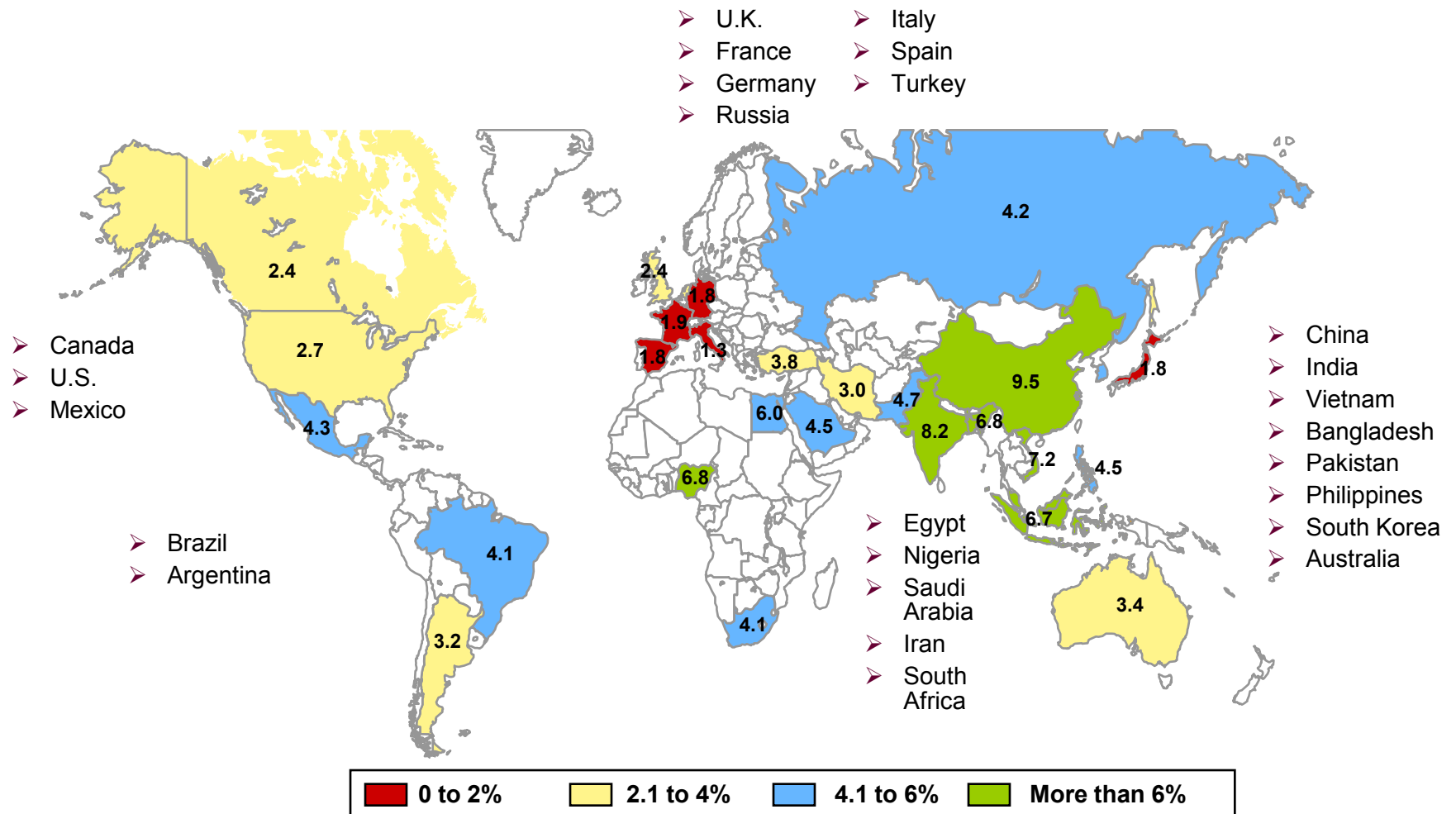
*Number of Categories With Negative HH Spend Growth 2008-2010
(By HH Income – All Channels)*



Source: Nielsen Homescan;

Globally, Demand Growth Is Also Migrating from Developed Countries to Emerging Markets

*Projected Real GDP Growth Rates Avg. 2011 to 2015
Major Developed/Emerging Markets*



Note: Country numbers denote real GDP growth forecast averaged over 2011-2015
Source: IMF, October 2010