

Bulletin

US Data

Advance February 2002 Retail Sales • Released March 13, 2002

TRACKING UP

Two months into 2002 and things are looking and feeling rosier. An unseasonably warm winter cutting across most of the country helped get consumers out of the house shedding a few extra dollars. Total sales increased 2.9% in February compared to last February. The drug store category continued to outperform other retailers pushing the Health and Personal Care Stores ahead 8.3% for the month. A very strong housing market helped the Furniture, Home Furnishings, Electronics, and Appliance Stores to grow by 7.3%. Leisure retailers in the Sporting Goods, Hobby, Book, and Music Stores category, spurred by Olympic fever, captured 7.2% more in terms of retail sales compared to last February and are up 10.7% for the year.

General Merchandise Stores including Department Stores tracked upwards in February gaining 7.2%. However, Clothing and Accessories Stores continued to take a beating as consumers decided to spend their money at other places. In terms of money spent on apparel and accessory items, while the category is not experiencing rapid growth, consumers appear to favor

department stores over specialty clothing stores.

KMART'S FALL

Kmart's fall from the second largest discount retailer in the U.S. did not rattle consumers. With the imminent break up of the 2,114 stores as the company tries to reposition itself, retailers should be scrambling to capture a portion of Kmart's \$37 billion in sales. First appearances show that specialty retailers did not benefit in February from low inventories at Kmart stores and most sales lost at Kmart went to the other large discount stores such as Wal-Mart, Target, Ames, and Kohl's.

2002 OUTLOOK

All indicators are pointing to a stronger recovery in 2002. There are fewer reported layoffs, interest rates remain relatively low, the housing market continues to grow, and there is a slow but steady return in consumer confidence. Added to the mix is the warm weather this spring, which always makes people feel better about spending. Overall, J.C. Williams Group expects a growing but cautious Spring and Summer in 2002.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN

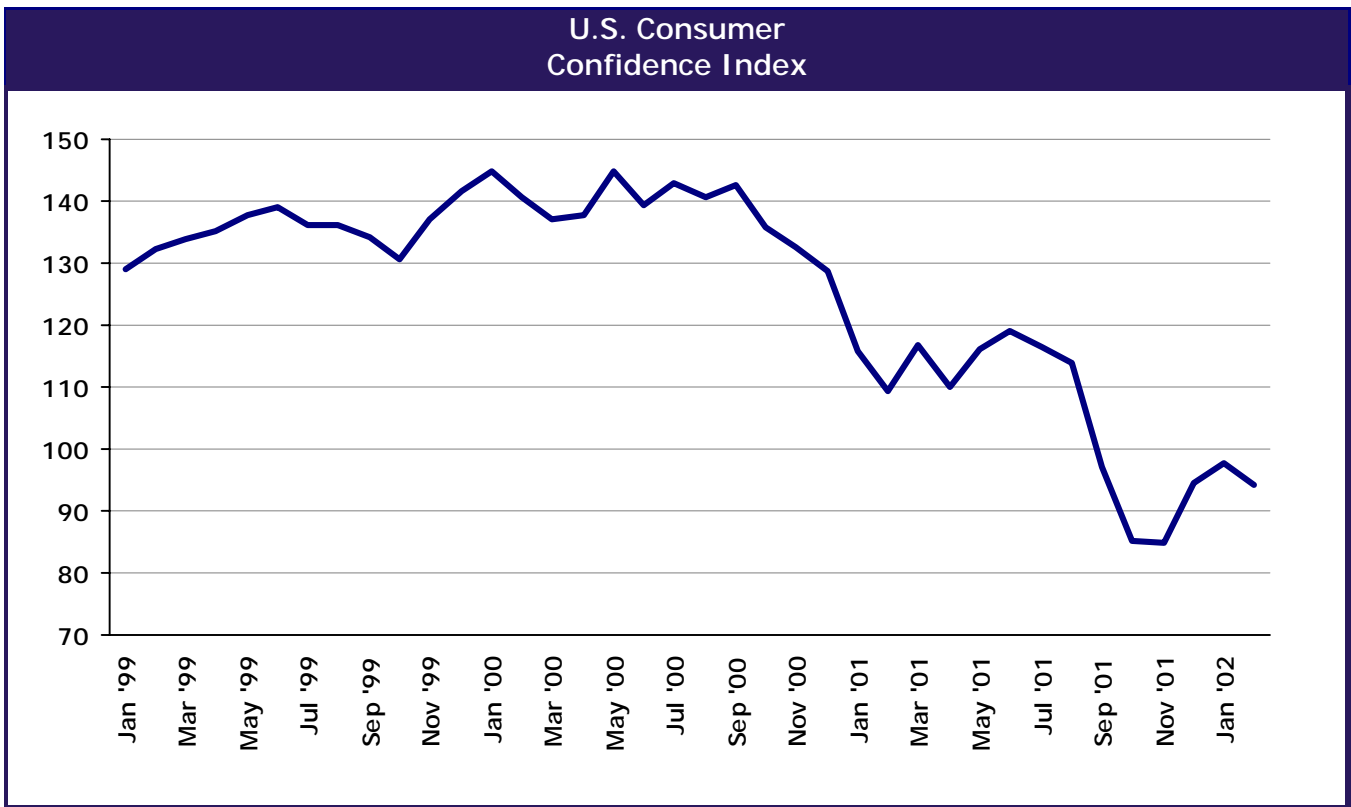
April 12, 2002

Please note:

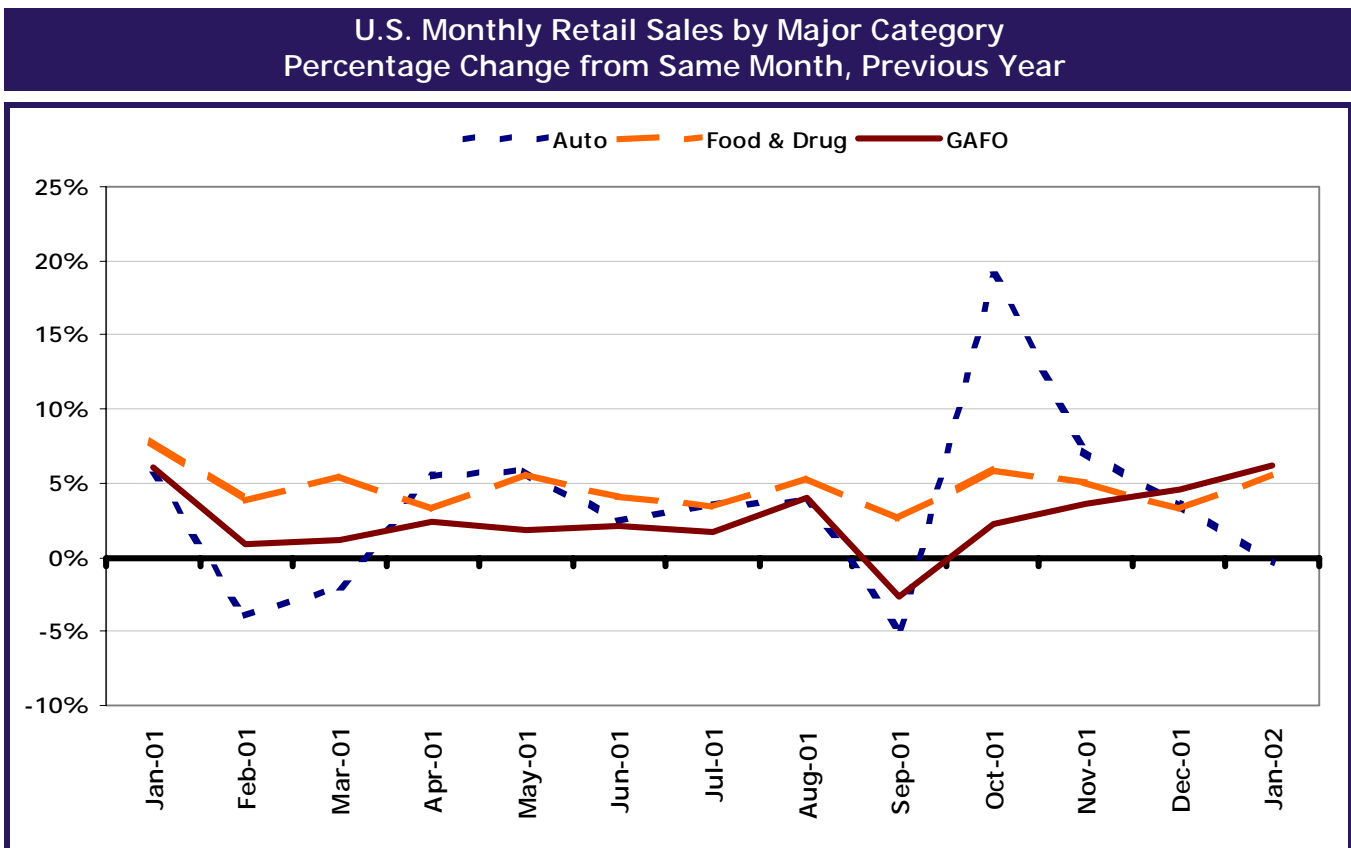
The J.C. Williams Group National Retail Bulletin compares the latest monthly release of "raw" (i.e., unadjusted for seasonality, holiday, and trading day) retail sales figures to those in the *same calendar month of the previous year*. The U.S. Census Bureau also reports seasonally adjusted sales that are compared to the *previous month within the current calendar year* to measure change in Gross Domestic Product (GDP). Although other sources use seasonally adjusted figures, J.C. Williams Group believes that using raw figures and making comparisons to the previous year's performance more accurately reflects the seasonality of the retail industry, and therefore, are more useful in analysis. Definitions can be found on the U.S. Census Web site: www.census.gov.

| Advance Sales for the Month of February | 2002 | 2001 | % Change |
|--|----------------|----------------|---------------|
| All Stores | 263,404 | 255,884 | 2.9% |
| Motor Vehicle and Parts Dealers | 67,805 | 65,688 | 3.2% |
| Gasoline Stations | 15,614 | 17,971 | -13.1% |
| Food and Beverage Stores | 36,760 | 35,911 | 2.4% |
| Grocery Stores | 33,387 | 32,679 | 2.2% |
| Health and Personal Care Stores | 14,311 | 13,212 | 8.3% |
| Building Material and Garden Equipment Stores | 20,157 | 19,411 | 3.8% |
| General Merchandise Stores | 29,937 | 27,929 | 7.2% |
| Department Stores (excluding leased departments) | 16,599 | 15,749 | 5.4% |
| Clothing and Accessories Stores | 11,757 | 11,625 | 1.1% |
| Furniture, Home Furnishings, Electronics and Appliance Stores | 14,279 | 13,308 | 7.3% |
| Furniture and Home Furnishing Stores | 7,249 | 6,836 | 6.0% |
| Electronics and Appliance Stores | 7,030 | 6,472 | 8.6% |
| Sporting Goods, Hobby, Book and Music Stores | 6,073 | 5,666 | 7.2% |
| Miscellaneous Store Retailers | 8,836 | 8,493 | 4.0% |
| Nonstore Retailers | 12,291 | 12,654 | -2.9% |
| Food Services and Drinking Places | 25,584 | 24,016 | 6.5% |
| Year-to-Date Sales Ending February | 2002 | 2001 | % Change |
| All Stores | 529,327 | 513,818 | 3.0% |
| Motor Vehicle and Parts Dealers | 133,358 | 128,835 | 3.5% |
| Gasoline Stations | 32,032 | 37,036 | -13.5% |
| Food and Beverage Stores | 76,060 | 73,626 | 3.3% |
| Grocery Stores | 69,364 | 67,163 | 3.3% |
| Health and Personal Care Stores | 29,281 | 26,877 | 8.9% |
| Building Material and Garden Equipment Stores | 40,960 | 39,055 | 4.9% |
| General Merchandise Stores | 59,088 | 55,165 | 7.1% |
| Department Stores (excluding leased departments) | 32,672 | 30,920 | 5.7% |
| Clothing and Accessories Stores | 22,258 | 21,826 | 2.0% |
| Furniture, Home Furnishings, Electronics and Appliance Stores | 28,898 | 27,313 | 5.8% |
| Furniture and Home Furnishing Stores | 14,476 | 13,915 | 4.0% |
| Electronics and Appliance Stores | 14,422 | 13,398 | 7.6% |
| Sporting Goods, Hobby, Book and Music Stores | 13,113 | 11,844 | 10.7% |
| Miscellaneous Store Retailers | 17,442 | 16,682 | 4.6% |
| Nonstore Retailers | 25,922 | 27,346 | -5.2% |
| Food Services and Drinking Places | 50,915 | 48,210 | 5.6% |

Source: US Census Bureau. All values are expressed in millions of US dollars and are not seasonally adjusted.



Source: U.S. Conference Board



Source: U.S. Census Bureau