

Bulletin

U.S. Data

Advance January 2007 Retail Sales • Released February 14, 2007

JANUARY OUTPACES EXPECTATIONS AS RETAIL SALES REMAIN SOLID

Amidst overarching pessimism surrounding the economy, total retail sales rose 4.3% in January as shoppers continued to spend. Despite economists painting a bleak picture, consumer confidence rose to 110.3, a level unseen since May 2002.

Soft housing prices are likely to blame for modest 1.7% growth among Furniture and Home Furnishing Stores. They also hurt Building Material and Garden Equipment Stores whose sales dropped -0.4% over last year. This latter group holds the added challenge of facing off against robust growth that saw the category's sales jump 8.9% in 2006.

In an unusual twist, the typically underperforming Department Stores category rose 1.9% in January. This is in stark contrast to the -0.8% that characterized 2006. Even as Federated battles significant resistance to its rebranding of regional banners as Macy's stores, their same store sales managed to jump 8.6%. Upmarket department stores also proved a driving force behind this category's growth as same store sales at Nordstrom and Saks rose 11.1% and 11.4%, respectively.

6.9% growth amongst General Merchandise Stores in January outpaces the 5.3% increase enjoyed in 2006. Target continues to flex its strength as its 5.1% same store growth beat Wal-Mart's figure by 2.9 percentage points.

Many wait with bated breath as this area of the retail industry hinges on the verge of significant change. Sears' plans for Kmart remain uncertain while Wal-Mart's overarching strategy continues to evolve following significant changes in leadership this past month.

Another retailing heavyweight made the headlines as Tesco formally announced its strategy to enter the American marketplace. Originally expected to take the form of a traditional convenience store, the proposed 10,000 square foot Fresh and Easy Neighborhood Market format will edge closer towards a supermarket. Stores will begin opening in Phoenix, Las Vegas, Los Angeles, and San Diego by the end of the year. As Grocery Stores enjoyed impressive 7.1% growth in January, Tesco will clearly be working relentlessly to tap into this expanding market.

Other areas enjoying strong growth include Non-store retailers whose sales

rose 10.7% in January. The only other category that experienced double digit growth is Health and Personal Care Stores. Rising 10.4%, three percentage points above their growth in 2006, these stores saw consumers seek refuge from a looming economic downturn in small personal luxuries such as cosmetics. The recent trend for these stores to expand into broader general merchandise offerings also underlies their noteworthy growth.

With uncertainty shrouding the economic outlook for 2007, January retail sales paint a relatively positive picture for the months ahead. As the breadth and complexity of changes taking place in the retail industry continues to expand, it's clear that this month's results are but a glimpse of what lies ahead.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:

March 13, 2007

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 Website: www.census.gov.

Retail Sales by Store Category

Sales for the Month of January	2007	2006	2007/2006
All Stores	336,121	322,222	4.3%
Motor Vehicle and Parts Dealers	67,410	66,215	1.8%
Gasoline Stations	30,958	31,385	-1.4%
Food and Beverage Stores	45,477	42,323	7.5%
Grocery Stores	40,854	38,153	7.1%
Health and Personal Care Stores	19,727	17,871	10.4%
Building Material and Garden Equipment Stores	24,288	24,381	-0.4%
General Merchandise Stores	41,192	38,541	6.9%
Department Stores (excluding leased departments)	14,267	14,006	1.9%
Clothing and Accessories Stores	13,746	12,970	6.0%
Furniture, Home Furnishings, Electronics and Appliance Stores	17,910	17,329	3.4%
Furniture and Home Furnishing Stores	9,079	8,929	1.7%
Electronics and Appliance Stores	8,831	8,400	5.1%
Sporting Goods, Hobby, Book and Music Stores	6,755	6,888	-1.9%
Miscellaneous Store Retailers	9,222	9,001	2.5%
Nonstore Retailers	25,132	22,699	10.7%
Food Services and Drinking Places	34,304	32,619	5.2%

Year to Date Sales Ending January	2007	2006	2007/2006
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Source: US Census Bureau. All Values are expressed in millions of US dollars and are not seasonally adjusted

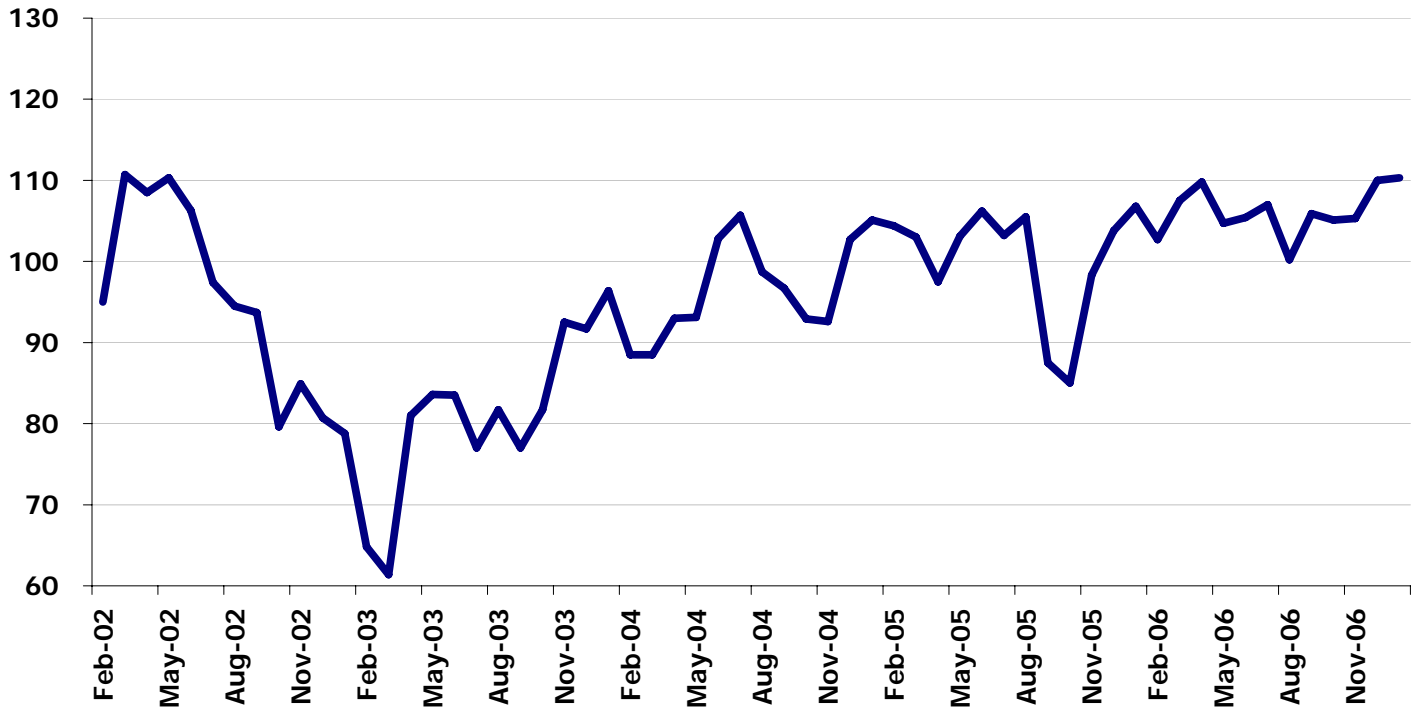
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Retail Sales by Store Category

Revised Year to Date Sales Ending December	2007	2006	2007/2006
All Stores	4,365,343	4,115,815	6.1%
Motor Vehicle and Parts Dealers	910,096	895,250	1.7%
Gasoline Stations	425,215	388,261	9.5%
Food and Beverage Stores	544,459	519,292	4.8%
Grocery Stores	482,719	463,905	4.1%
Beer, Wine and Liquor Stores	38,412	34,967	9.9%
Health and Personal Care Stores	223,775	208,376	7.4%
Pharmacies and Drug Stores	187,617	174,173	7.7%
Building Material and Garden Equipment Stores	356,059	326,993	8.9%
Building Material and Supplies Stores	313,112	288,746	8.4%
Hardware Stores	19,697	18,915	4.1%
GAFO (general merchandise, apparel, furniture, and other)	1,125,257	1,061,836	6.0%
General Merchandise Stores	553,402	525,726	5.3%
Department Stores (excluding leased departments)	212,895	214,658	-0.8%
<i>Discount Department Stores (excluding leased departments)</i>	<i>131,705</i>	<i>130,605</i>	<i>0.8%</i>
<i>Conventional and National Dept. Stores (ex. Leased depts.)</i>	<i>81,190</i>	<i>84,053</i>	<i>-3.4%</i>
Warehouse Clubs and Superstores	298,723	270,771	10.3%
All Other General Merchandise Stores	41,784	40,297	3.7%
Clothing and Accessories Stores	214,304	201,682	6.3%
Men's Clothing Stores	9,741	9,437	3.2%
Women's Clothing Stores	39,044	36,735	6.3%
Family Clothing Stores	82,369	77,268	6.6%
Shoe Stores	26,094	24,628	6.0%
Jewellery Stores	30,153	28,328	6.4%
Furniture, Home Furnishings, Electronics and Appliance Stores	226,877	211,733	7.2%
Furniture Stores	61,996	58,867	5.3%
Home Furnishing Stores	57,811	52,426	10.3%
Household Appliance Stores	18,632	17,392	7.1%
Radio, TV and Other Electronics Stores	65,289	59,839	9.1%
Computer and Software Stores	19,515	19,702	-0.9%
Sporting Goods, Hobby, Book and Music Stores	86,601	81,853	5.8%
Sporting Goods Stores	35,042	31,032	12.9%
Book Stores	16,117	16,596	-2.9%
Miscellaneous Store Retailers	119,533	111,001	7.7%
Nonstore Retailers	276,399	249,011	11.0%
Electronic Shopping and Mail-Order Houses	182,359	161,578	12.9%
Fuel Dealers	39,746	38,276	3.8%
Food Services and Drinking Places	428,623	396,637	8.1%

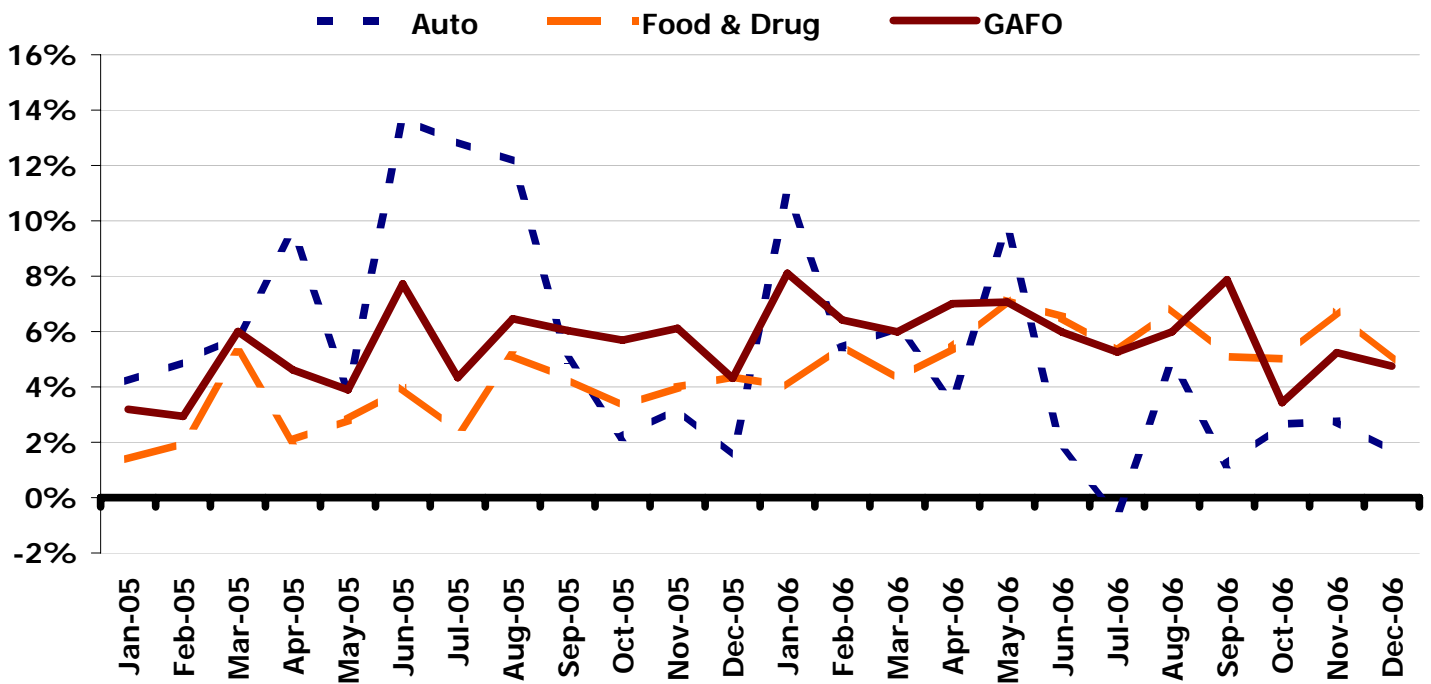
Source: US Census Bureau. All Values are expressed in millions of US dollars and are not seasonally adjusted

U.S. Consumer Confidence Index



Source: U.S. Conference Board

U.S. Monthly Retail Sales by Major Category Percentage Change from Same Month, Previous Year



Source: U.S. Census Bureau