

Bulletin

U.S. Data

Advance December 2007 Retail Sales • Released January 15, 2008

SHOPPERS SCRIMPED LIKE SCROOGE AS THEY SEARCHED FOR SAVINGS

December's modest retail sales growth of 3.2% underlines the challenge of a slowing economy as retailers enter 2008. Consumer confidence rose 0.8 points for the first time since it started to tumble from 111.9 in July. Resting at 88.6, it remains lackluster as consumers postpone purchases amidst an uncertain economic outlook.

The housing sector continued to be the Achilles heel of retail as precarious property prices hit home among Building Material and Garden Equipment Stores whose sales fell 4.1%. Furniture and Home Furnishings Stores also dropped -0.6%.

Department store performance sank once again as sales tumbled -3.3%. Both Sears and Kohl's reported negative same store figures and Macy's offered a meager 1.2% comparable growth. As shoppers shunned full-price products in favor of off-price offerings, discounters and warehouse clubs outperformed expectations.

A series of early morning bargains underlined Wal-Mart's increased price cuts as the monolith managed to bolster same-store sales 4.3% in December. Costco emerged with the bulk of revenue growth as comparable sales climbed 11.0%. Consumers

traded down during the holidays and helped these price-competitive merchants boost General Merchandise Stores growth to 2.1% despite depressed department store numbers.

Electronics and Appliance Stores felt the impact of falling consumer electronics prices with holiday sales only 2.0% above last December. Struggling to evolve amidst the ever-shifting electronics landscape, Circuit City plans to open 20 new "The City" stores as it focuses on this smaller format, which offers shoppers an edited product assortment.

Clothing and Accessories stores stumbled as sales dropped -0.3%. Abercrombie & Fitch was one of the most notable underperformers as their figures lagged 13.0% behind 2006. In an attempt to revive such sales, Abercrombie & Fitch recently announced a future foray in the lingerie category.

Despite their waning appetite for apparel, consumers hungered for the season's gastronomic staples as Grocery Stores saw a 5.6% bump in sales. According to comScore, online sales also outpaced last year with a 19% jump in November and December. This contributed to Non-store Retailers' 11.7% growth.

Finally, as gift cards continued to gain momentum this holiday season, spending will likely sprawl into January 2008. Be sure to review February's bulletin for further insight into the season's sluggish sales.

**RELEASE DATE OF THE NEXT
NATIONAL RETAIL BULLETIN:**
February 13, 2008

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

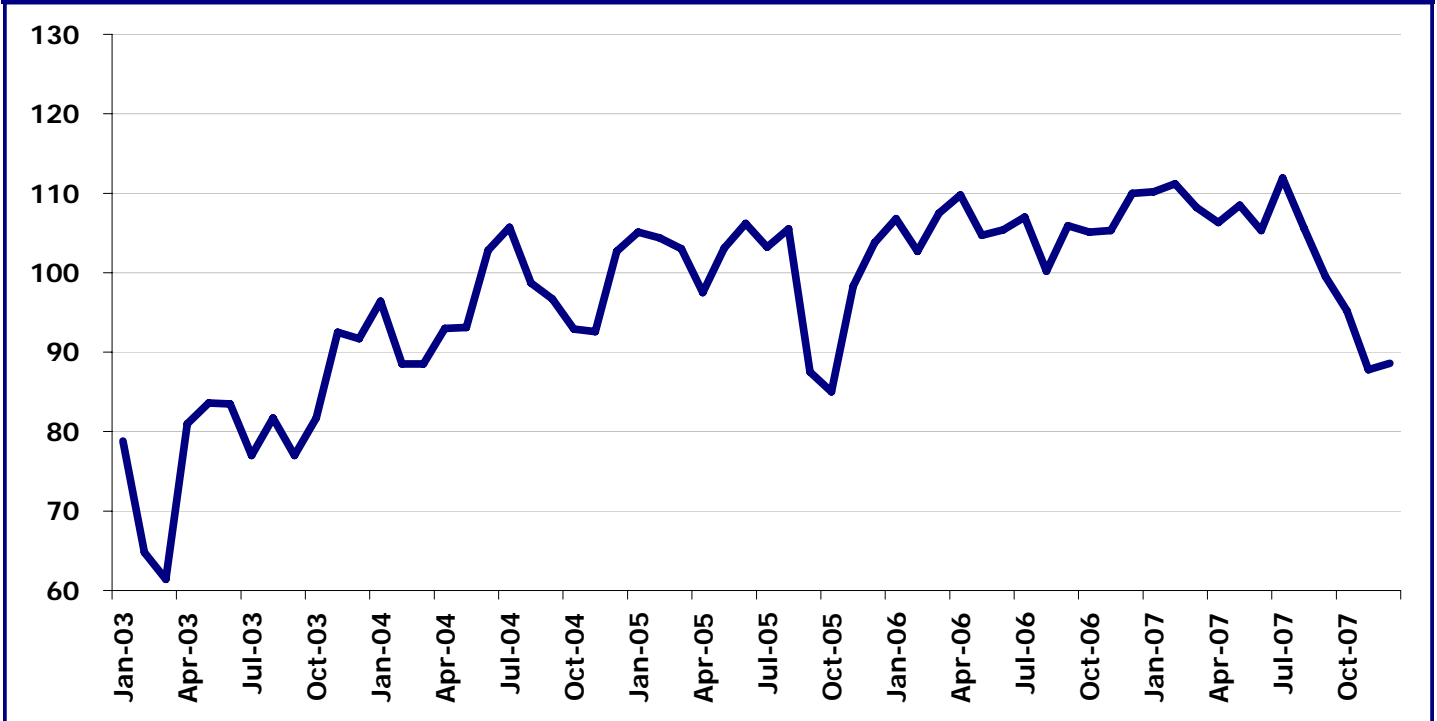
Sales for the Month of December	2007	2006	2007/2006
All Stores	435,874	422,341	3.2%
Motor Vehicle and Parts Dealers	71,393	71,505	-0.2%
Gasoline Stations	36,674	31,048	18.1%
Food and Beverage Stores	53,926	51,270	5.2%
Grocery Stores	46,507	44,057	5.6%
Health and Personal Care Stores	22,148	21,356	3.7%
Building Material and Garden Equipment Stores	24,461	25,517	-4.1%
General Merchandise Stores	71,369	69,899	2.1%
Department Stores (excluding leased departments)	29,573	30,568	-3.3%
Clothing and Accessories Stores	31,568	31,655	-0.3%
Furniture, Home Furnishings, Electronics and Appliance Stores	27,734	27,503	0.8%
Furniture and Home Furnishing Stores	11,920	11,996	-0.6%
Electronics and Appliance Stores	15,814	15,507	2.0%
Sporting Goods, Hobby, Book and Music Stores	12,705	12,600	0.8%
Miscellaneous Store Retailers	12,752	12,572	1.4%
Nonstore Retailers	32,716	29,293	11.7%
Food Services and Drinking Places	38,428	38,123	0.8%

Year to Date Sales Ending December	2007	2006	2007/2006
All Stores	4,511,870	4,330,457	4.2%
Motor Vehicle and Parts Dealers	924,623	901,112	2.6%
Gasoline Stations	428,729	404,485	6.0%
Food and Beverage Stores	572,474	541,688	5.7%
Grocery Stores	509,581	482,805	5.5%
Health and Personal Care Stores	236,848	224,169	5.7%
Building Material and Garden Equipment Stores	353,791	358,569	-1.3%
General Merchandise Stores	576,793	552,191	4.5%
Department Stores (excluding leased departments)	209,181	212,181	-1.4%
Clothing and Accessories Stores	224,953	214,732	4.8%
Furniture, Home Furnishings, Electronics and Appliance Stores	235,852	230,168	2.5%
Furniture and Home Furnishing Stores	123,287	121,190	1.7%
Electronics and Appliance Stores	112,565	108,978	3.3%
Sporting Goods, Hobby, Book and Music Stores	89,734	87,200	2.9%
Miscellaneous Store Retailers	123,450	119,493	3.3%
Nonstore Retailers	296,166	270,498	9.5%
Food Services and Drinking Places	448,457	426,152	5.2%

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

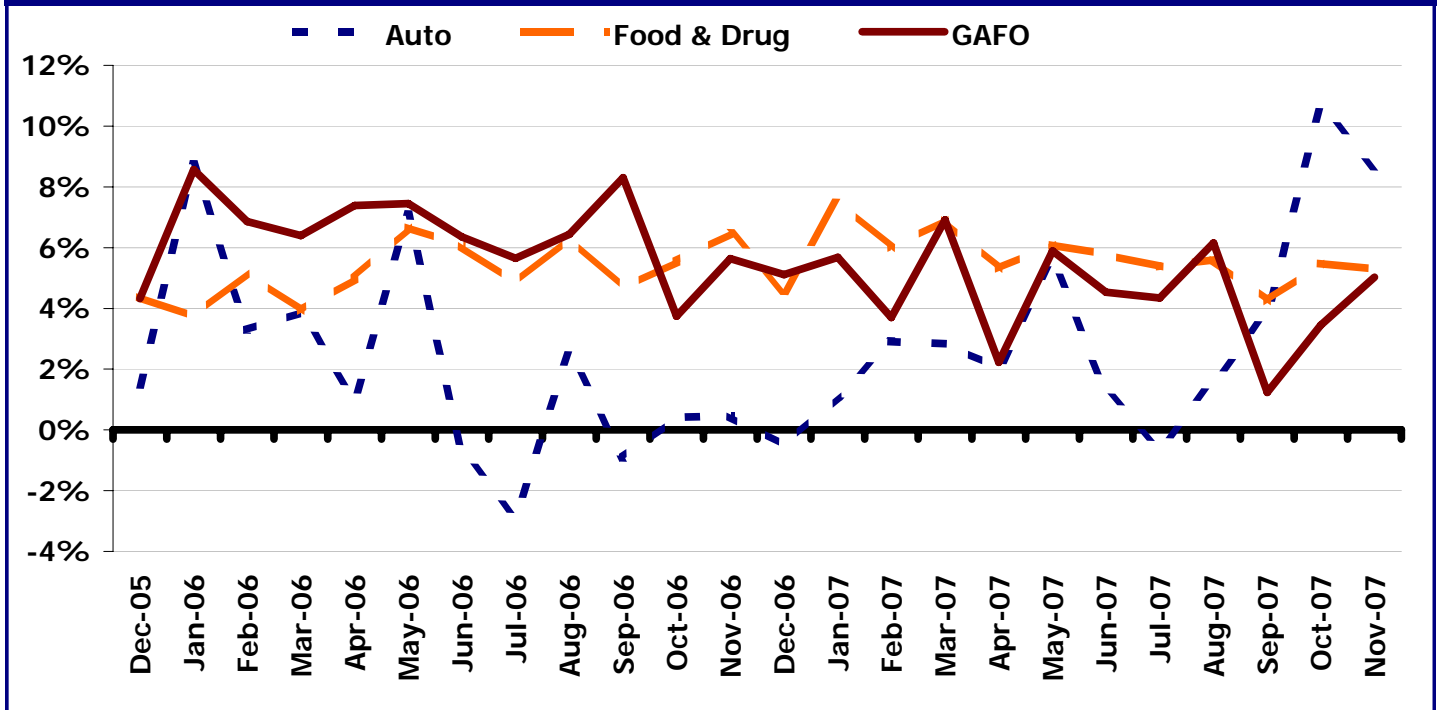
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U.S. Consumer Confidence Index



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