

Bulletin

U.S. Data

Advance June 2006 Retail Sales • Released July 14, 2006

RETAILERS SURFING WAVE OF SUMMER SALES

Strong retail sales signal consumers' resilience amidst concerns over a slowing economy. While June's 6.2% growth in Total Retail Sales lagged behind the year-to-date average (7.6%), performance remained robust across most categories. Consumer confidence continued to climb reaching 105.7.

Gasoline Stations pumped up their sales thanks to rising oil prices and enjoyed 21.1% growth. Despite spending more on gas, consumers continued to fuel increased sales in Health and Personal Care (8.6%) as well as Foodservices and Drinking Places (8.8%).

Although falling behind their year-to-date growth of 14.1%, Building Material and Garden Equipment stores saw a meaningful sales increase of 8.6%. Housing starts remain strong and the balmy summer weather will likely motivate more property owners to invest in home improvements.

Sunny summer skies also helped grow Sporting Goods, Hobby, Book, and Music spending by an impressive 11.3%, three percent ahead of the year to date figure (8.3%).

General Merchandise sales were weighed down by Department Stores who experienced a 2.7% decline. Federated Department Stores Inc.'s closure of several locations has played a central role in scaling back sales in this category. Many consumers remain devastated by the recently announced closure of Boston's Filene's Department

Store and find their only consolation in the fact that Filene's Basement will remain open.

SUNNY SKIES IN THE FORECAST

As housing starts and home improvements continue to build momentum, consumers are taking advantage of low interest rates. The result is a consistent increase in both spending and confidence.

In spite of recent stumbles, the stock market remains at a historically high level and is joined by remarkably low unemployment.

Summer breezes have swept the nation and given a breath of life to the season's wearable fashions. Consumers continue to revel in bright colors and vibrant patterns as warmer days lie ahead.

A CHANCE OF SHOWERS STILL REMAINS

As exploding oil prices reach new heights, the threat of shrinking disposable incomes has many concerned

that retail sales may soon run out of gas. With the economy running on full horsepower, the Federal Reserve may raise interest rates in order to curb inflation. Lastly, an economic slow down may best be credited to consumers having reached their maximum debt levels.

LONG TERM FORECAST

Retailers can look forward to a bright future but should hardly expect a picnic in the park. The truly successful will be those who understand their customers, use all the tools at their disposal, and invest in continuing innovation. In a category whose decline has become proverbial, JCPenney managed to generate 4.3% comparable store growth in June and have increased their online revenue by 27%. Their exceptional results illustrate that leading retailers can find a silver lining in even the darkest clouds.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:

August 11, 2006

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

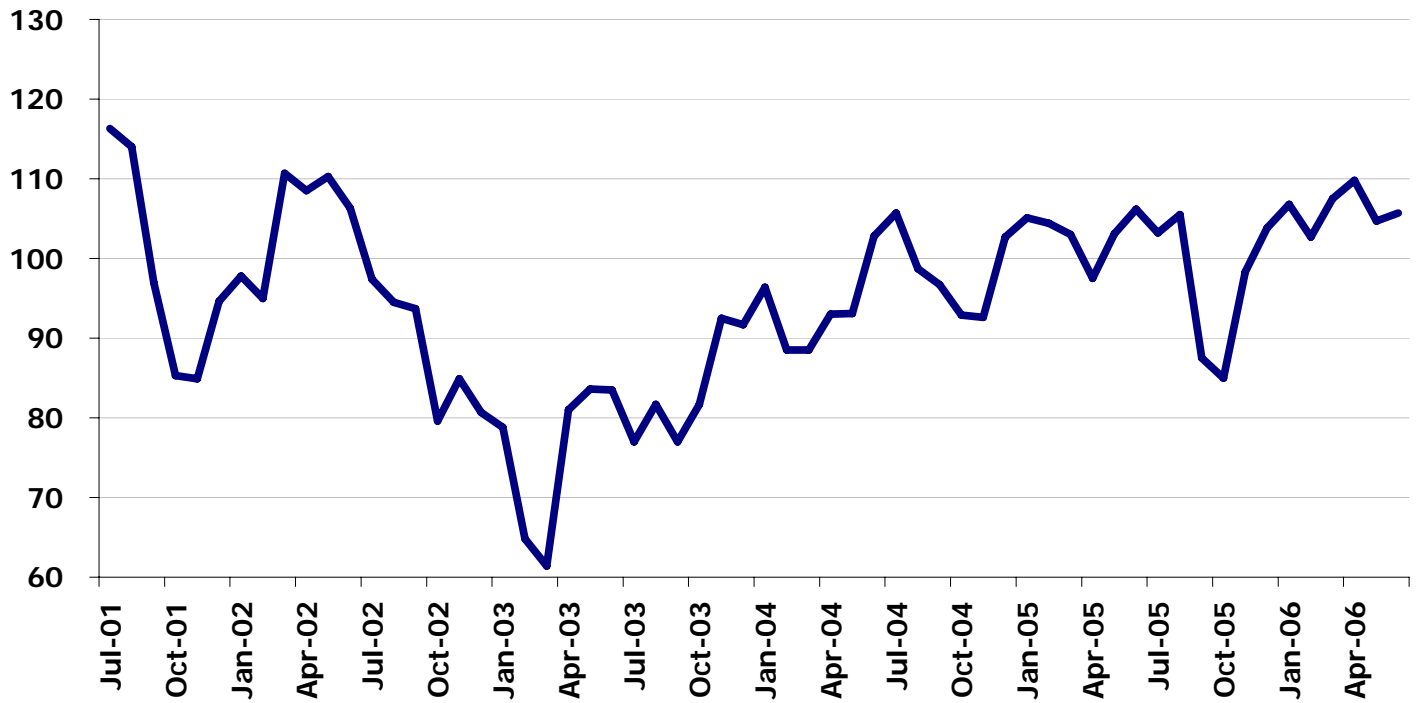
Sales for the Month of June	2006	2005	2006/2005
All Stores	375,406	353,605	6.2%
Motor Vehicle and Parts Dealers	83,326	86,159	-3.3%
Gasoline Stations	39,664	32,752	21.1%
Food and Beverage Stores	45,639	43,309	5.4%
Grocery Stores	40,544	38,724	4.7%
Health and Personal Care Stores	18,489	17,020	8.6%
Building Material and Garden Equipment Stores	34,047	31,404	8.4%
General Merchandise Stores	44,691	42,701	4.7%
Department Stores (excluding leased departments)	16,645	17,108	-2.7%
Clothing and Accessories Stores	16,538	15,621	5.9%
Furniture, Home Furnishings, Electronics and Appliance Stores	18,204	16,933	7.5%
Furniture and Home Furnishing Stores	10,079	9,127	10.4%
Electronics and Appliance Stores	8,125	7,806	4.1%
Sporting Goods, Hobby, Book and Music Stores	6,848	6,152	11.3%
Miscellaneous Store Retailers	10,165	9,315	9.1%
Nonstore Retailers	21,274	18,664	14.0%
Food Services and Drinking Places	36,521	33,575	8.8%

Year to Date Sales Ending June	2006	2005	2006/2005
All Stores	2,120,222	1,969,887	7.6%
Motor Vehicle and Parts Dealers	460,993	454,280	1.5%
Gasoline Stations	210,840	177,137	19.0%
Food and Beverage Stores	263,186	251,196	4.8%
Grocery Stores	235,003	226,089	3.9%
Health and Personal Care Stores	109,552	102,279	7.1%
Building Material and Garden Equipment Stores	182,619	160,120	14.1%
General Merchandise Stores	255,277	240,321	6.2%
Department Stores (excluding leased departments)	95,618	96,283	-0.7%
Clothing and Accessories Stores	94,623	89,141	6.1%
Furniture, Home Furnishings, Electronics and Appliance Stores	104,761	96,838	8.2%
Furniture and Home Furnishing Stores	56,526	51,470	9.8%
Electronics and Appliance Stores	48,235	45,368	6.3%
Sporting Goods, Hobby, Book and Music Stores	38,989	35,998	8.3%
Miscellaneous Store Retailers	57,503	52,641	9.2%
Nonstore Retailers	132,445	116,940	13.3%
Food Services and Drinking Places	209,434	192,996	8.5%

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

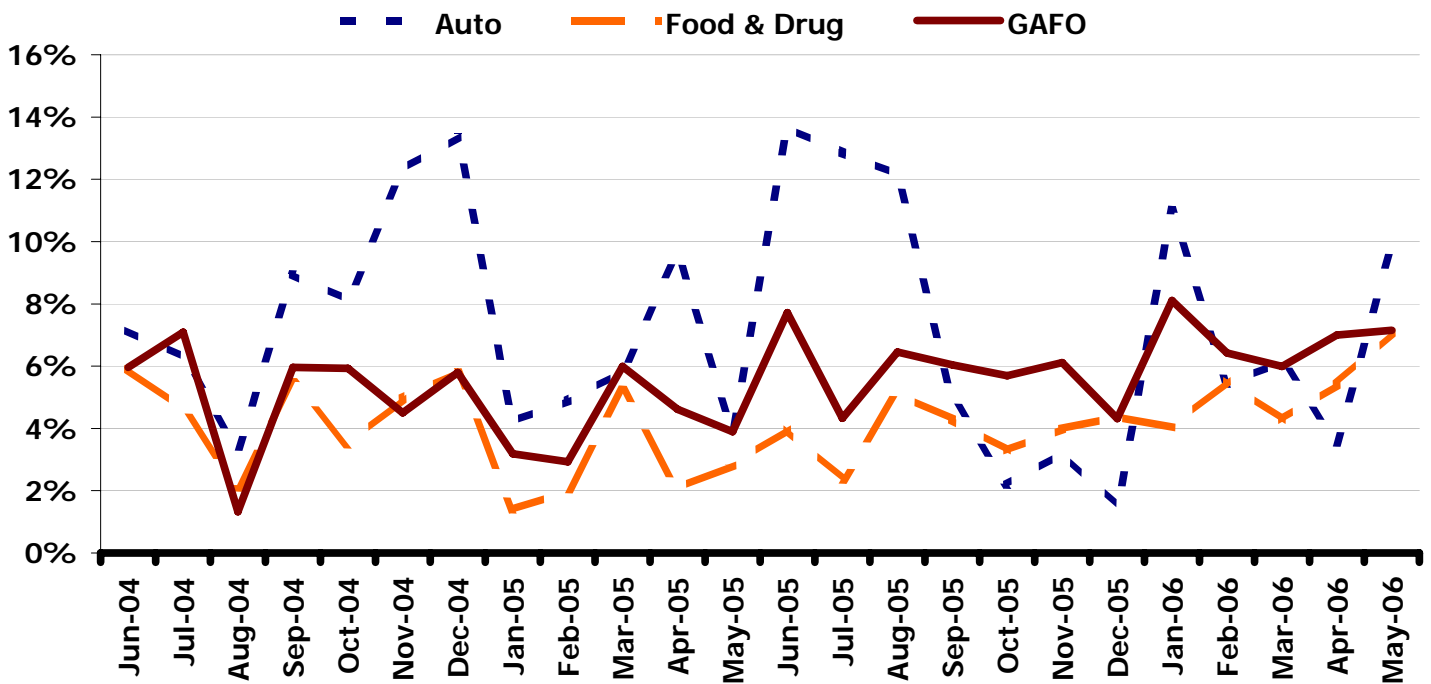
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U.S. Consumer Confidence Index



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