

Bulletin

U.S. Data

Advance July 2006 Retail Sales • Released August 11, 2006

RETAIL GROWTH STAYS COOL AMIDST JULY'S RECORD HEAT

Despite stalled Motor Vehicle sales, consumers drove July retail figures up 3.9%. This drop from the 7.5% growth seen in the first half of 2006 has retailers wondering whether spending is slowing as it prepares to turn on a downward curve. Consumer confidence geared up from 105.4 to 106.5 but some speculate that rising unemployment, upcoming elections, and recent terror plots could exhaust Americans' desire to spend.

Rising oil prices continued to fuel strong growth among Gasoline Stations as July saw an 18.7% increase in sales. Results for the first half of 2006 also show strong growth amongst Fuel Dealers (7.8%). Motor Vehicle and Part Dealers saw their results brake to a halt in July as they fell 9.5% from 2005.

General Merchandise Stores grew 4.3% in July with revised sales figures showing a 6.2% increase in the first half of the year. Conventional and National Department Stores declined -3.0% in the first six months of the 2006, thus leaving Warehouse Clubs and Superstores to bolster the category's performance with their impressive 11.8% growth. Rising oil prices and interest rates are likely underpinning the success of these retailers as more consumers trade down in an effort to optimize their reduced purchasing power.

Furniture, Home Furnishings, Electronics, and Appliances proved stable as July sales rose a noteworthy 8.3%. Revised figures for the first half of the year point to Home Furnishing

Stores (13.3%) and Radio, TV, and Other Electronics Stores (10.0%) as strong growth drivers in this category. Hit by deflation and increasingly aggressive online competition, Computer and Software Stores, who fell -3.5%, will likely seek to leverage Back-to-School volume in order to reboot their performance.

With children preparing to return to writing and arithmetic, Back to School sales will hopefully add a smile to the face of many retailers. As several Sunbelt state students prepare to return to class in August, they helped boost Clothing and Apparel by 6.4% in July. The category's performance in the first half of 2006 proved robust with 6.2% growth despite a -0.3% drop in Men's Clothing Stores.

Slower housing starts and July's record breaking heat wave cooled Building Materials and Garden Equipment Stores' impressive growth. Despite July's gains of 10.8% falling 2.7 percentage points behind the year-to-date figure, retailers have little to sweat about as this category continues to outperform virtually all others. Electronic Shopping and Mail-

Order Houses are some of the few retailers whose growth in the first six months of the year (14.6%) outperformed that of Building Material and Supplies Stores (14.2%).

World Cup fever heated up sales at Beer, Wine, and Liquor Stores and scored an 11.8% jump in sales during the first half of 2006. Sporting Goods, Hobby, Book, and Music Stores also saw an increase of 7.7% despite Book Stores lagging behind with 0.8% growth. Many retailers hope that Back-to-School sales and late summer trips to the cottage will help this lackluster category turn a new page.

As retailers reflect on the 7.5% growth that shone during the first six months of 2006, many wonder whether the summer's sunny sales will fade into cooler results this fall. Back-to-School sales will offer an important report card as those retailers who study their customers' needs and test innovative ways of meeting them will surely emerge at the top of the class.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:
September 14, 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

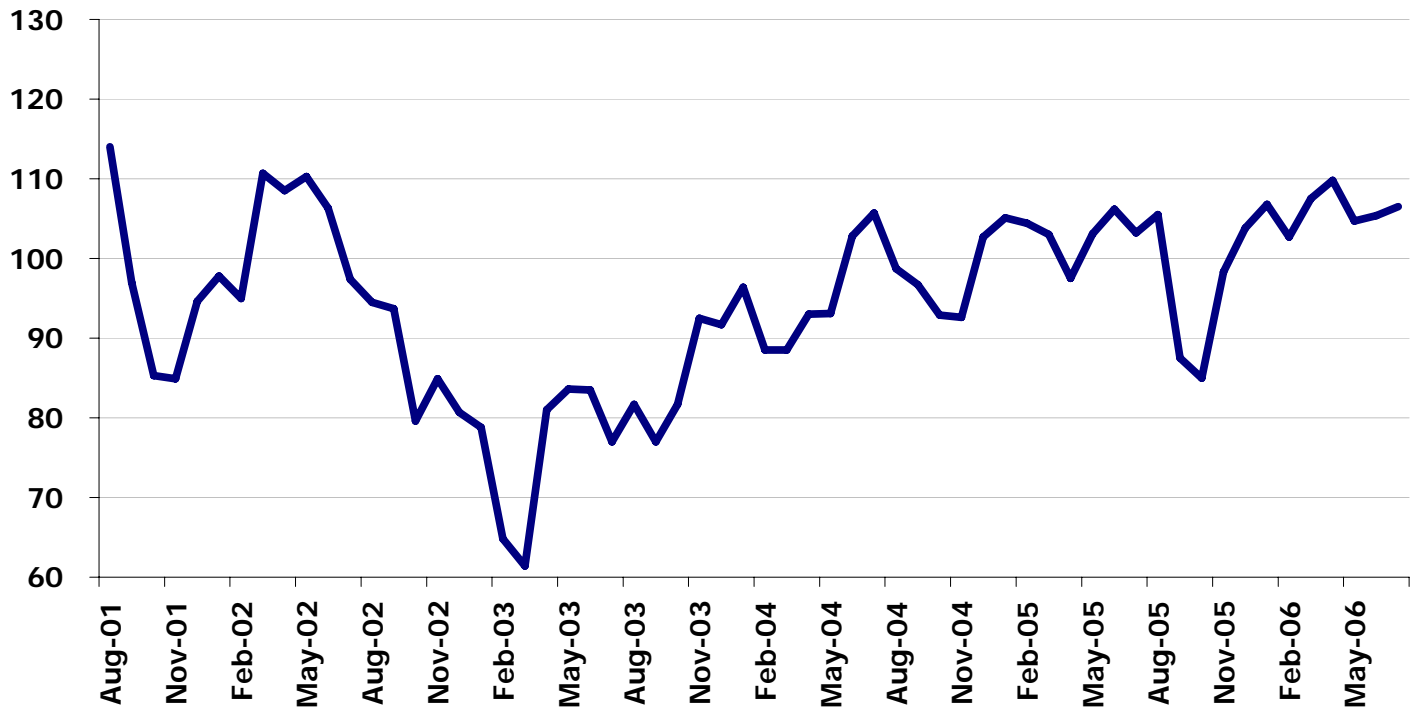
| Sales for the Month of July | 2006 | 2005 | 2006/2005 |
|--|----------------|----------------|--------------|
| All Stores | 368,405 | 354,414 | 3.9% |
| Motor Vehicle and Parts Dealers | 79,904 | 88,314 | -9.5% |
| Gasoline Stations | 41,399 | 34,884 | 18.7% |
| Food and Beverage Stores | 46,330 | 44,635 | 3.8% |
| Grocery Stores | 41,088 | 39,847 | 3.1% |
| Health and Personal Care Stores | 18,266 | 16,852 | 8.4% |
| Building Material and Garden Equipment Stores | 30,811 | 27,808 | 10.8% |
| General Merchandise Stores | 43,918 | 42,106 | 4.3% |
| Department Stores (excluding leased departments) | 16,013 | 16,286 | -1.7% |
| Clothing and Accessories Stores | 16,243 | 15,271 | 6.4% |
| Furniture, Home Furnishings, Electronics and Appliance Stores | 18,312 | 16,913 | 8.3% |
| Furniture and Home Furnishing Stores | 9,930 | 9,125 | 8.8% |
| Electronics and Appliance Stores | 8,382 | 7,788 | 7.6% |
| Sporting Goods, Hobby, Book and Music Stores | 6,552 | 6,266 | 4.6% |
| Miscellaneous Store Retailers | 9,378 | 8,910 | 5.3% |
| Nonstore Retailers | 20,170 | 17,503 | 15.2% |
| Food Services and Drinking Places | 37,122 | 34,952 | 6.2% |

| Year to Date Sales Ending July | 2006 | 2005 | 2006/2005 |
|--|------------------|------------------|--------------|
| All Stores | 2,486,606 | 2,324,301 | 7.0% |
| Motor Vehicle and Parts Dealers | 539,072 | 542,594 | -0.6% |
| Gasoline Stations | 251,972 | 212,021 | 18.8% |
| Food and Beverage Stores | 309,656 | 295,831 | 4.7% |
| Grocery Stores | 276,156 | 265,936 | 3.8% |
| Health and Personal Care Stores | 127,892 | 119,131 | 7.4% |
| Building Material and Garden Equipment Stores | 213,362 | 187,928 | 13.5% |
| General Merchandise Stores | 299,193 | 282,427 | 5.9% |
| Department Stores (excluding leased departments) | 111,652 | 112,569 | -0.8% |
| Clothing and Accessories Stores | 110,954 | 104,412 | 6.3% |
| Furniture, Home Furnishings, Electronics and Appliance Stores | 123,175 | 113,751 | 8.3% |
| Furniture and Home Furnishing Stores | 66,445 | 60,595 | 9.7% |
| Electronics and Appliance Stores | 56,730 | 53,156 | 6.7% |
| Sporting Goods, Hobby, Book and Music Stores | 45,329 | 42,264 | 7.3% |
| Miscellaneous Store Retailers | 66,839 | 61,551 | 8.6% |
| Nonstore Retailers | 152,646 | 134,443 | 13.5% |
| Food Services and Drinking Places | 246,516 | 227,948 | 8.1% |

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

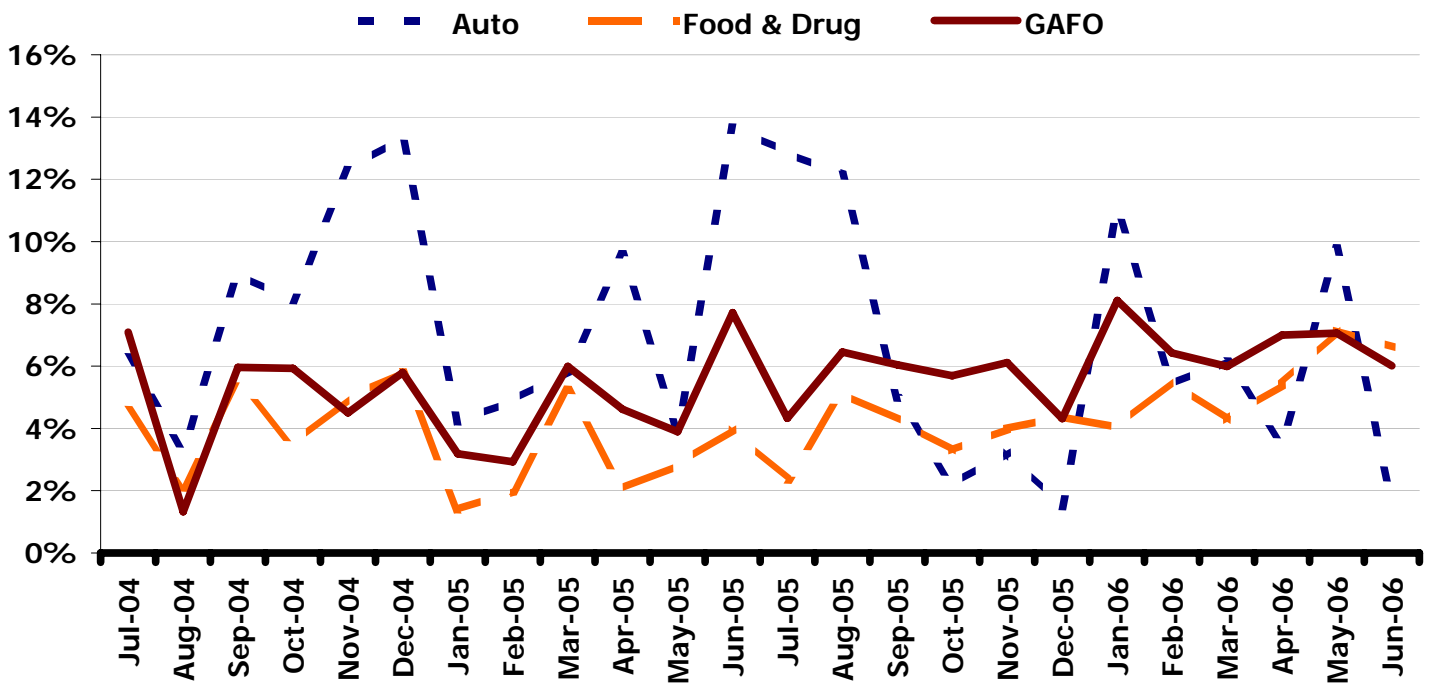
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U.S. Consumer Confidence Index



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

Retail Sales by Store Category

| Revised Year to Date Sales Ending June | 2006 | 2005 | 2006/2005 |
|--|------------------|------------------|--------------|
| All Stores | 2,118,201 | 1,969,887 | 7.5% |
| Motor Vehicle and Parts Dealers | 459,168 | 454,280 | 1.1% |
| Gasoline Stations | 210,573 | 177,137 | 18.9% |
| Food and Beverage Stores | 263,326 | 251,196 | 4.8% |
| Grocery Stores | 235,068 | 226,089 | 4.0% |
| Beer, Wine and Liquor Stores | 17,572 | 15,717 | 11.8% |
| Health and Personal Care Stores | 109,626 | 102,279 | 7.2% |
| Pharmacies and Drug Stores | 91,568 | 85,802 | 6.7% |
| Building Material and Garden Equipment Stores | 182,551 | 160,120 | 14.0% |
| Building Material and Supplies Stores | 157,984 | 138,352 | 14.2% |
| Hardware Stores | 9,622 | 9,176 | 4.9% |
| GAFO (general merchandise, apparel, furniture, and other) | 513,154 | 480,751 | 6.7% |
| General Merchandise Stores | 255,275 | 240,321 | 6.2% |
| Department Stores (excluding leased departments) | 95,639 | 96,283 | -0.7% |
| <i>Discount Department Stores (excluding leased departments)</i> | 59,732 | 59,247 | 0.8% |
| <i>Conventional and National Dept. Stores (ex. Leased depts.)</i> | 35,907 | 37,036 | -3.0% |
| Warehouse Clubs and Superstores | 140,322 | 125,522 | 11.8% |
| All Other General Merchandise Stores | 19,314 | 18,516 | 4.3% |
| Clothing and Accessories Stores | 94,711 | 89,141 | 6.2% |
| Men's Clothing Stores | 4,229 | 4,241 | -0.3% |
| Women's Clothing Stores | 18,331 | 17,066 | 7.4% |
| Family Clothing Stores | 35,246 | 33,248 | 6.0% |
| Shoe Stores | 12,071 | 11,369 | 6.2% |
| Jewellery Stores | 12,734 | 11,774 | 8.2% |
| Furniture, Home Furnishings, Electronics and Appliance Stores | 104,863 | 96,838 | 8.3% |
| Furniture Stores | 29,892 | 27,964 | 6.9% |
| Home Furnishing Stores | 26,623 | 23,506 | 13.3% |
| Household Appliance Stores | 8,772 | 8,170 | 7.4% |
| Radio, TV and Other Electronics Stores | 28,963 | 26,338 | 10.0% |
| Computer and Software Stores | 8,932 | 9,254 | -3.5% |
| Sporting Goods, Hobby, Book and Music Stores | 38,777 | 35,998 | 7.7% |
| Sporting Goods Stores | 16,016 | 14,137 | 13.3% |
| Book Stores | 7,470 | 7,411 | 0.8% |
| Miscellaneous Store Retailers | 57,461 | 52,641 | 9.2% |
| Nonstore Retailers | 132,476 | 116,940 | 13.3% |
| Electronic Shopping and Mail-Order Houses | 85,271 | 74,414 | 14.6% |
| Fuel Dealers | 20,579 | 19,181 | 7.3% |
| Food Services and Drinking Places | 209,394 | 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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