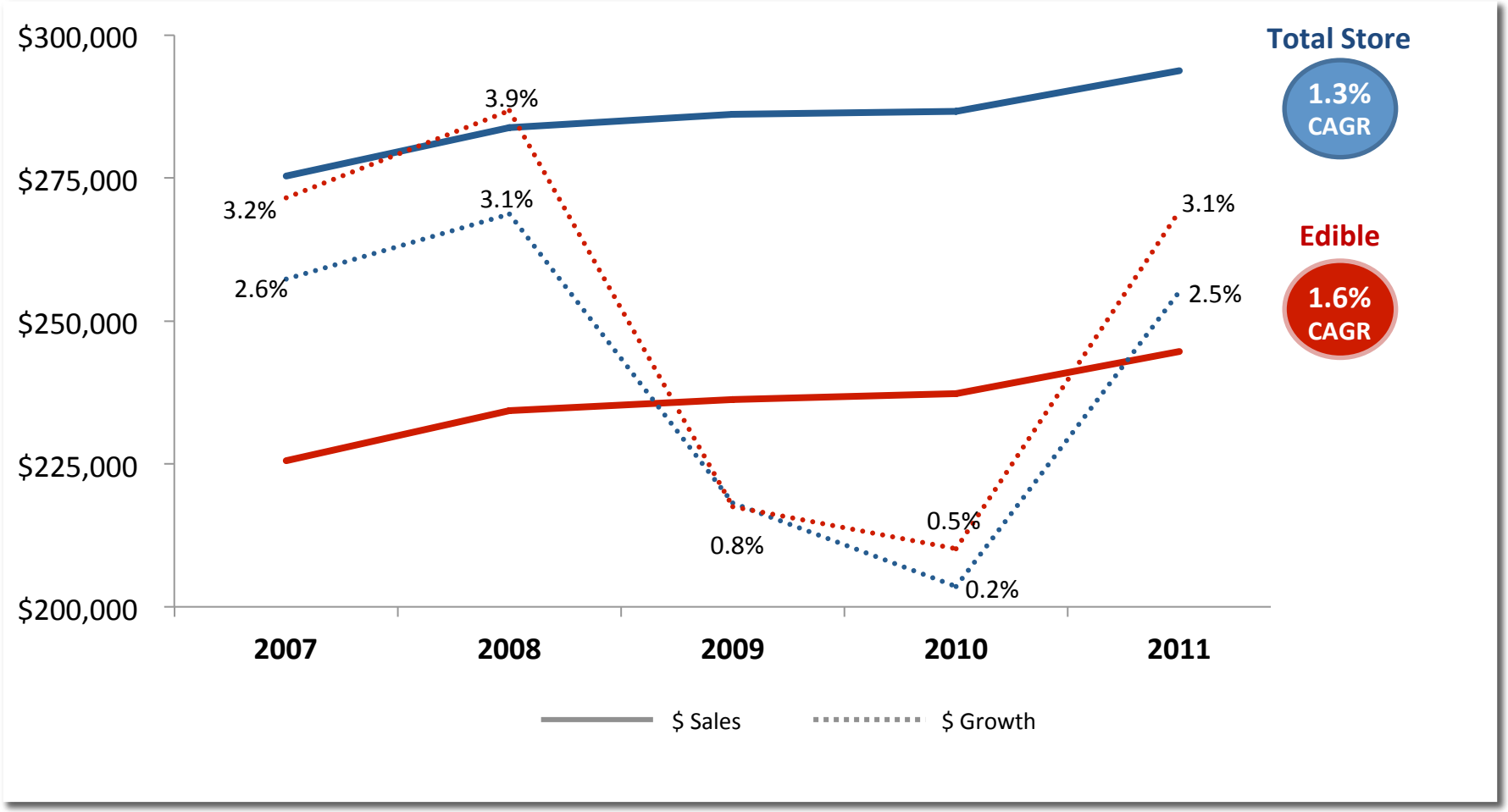
Today's Agenda

Business Skills 101

- State of the Industry
- Evolution of Buyer/Seller Relationship
- Joint Business Planning
- Connecting with Consumers
- Enhancing the Shopping Experience
- How to Engage

The grocery business is a challenging environment.

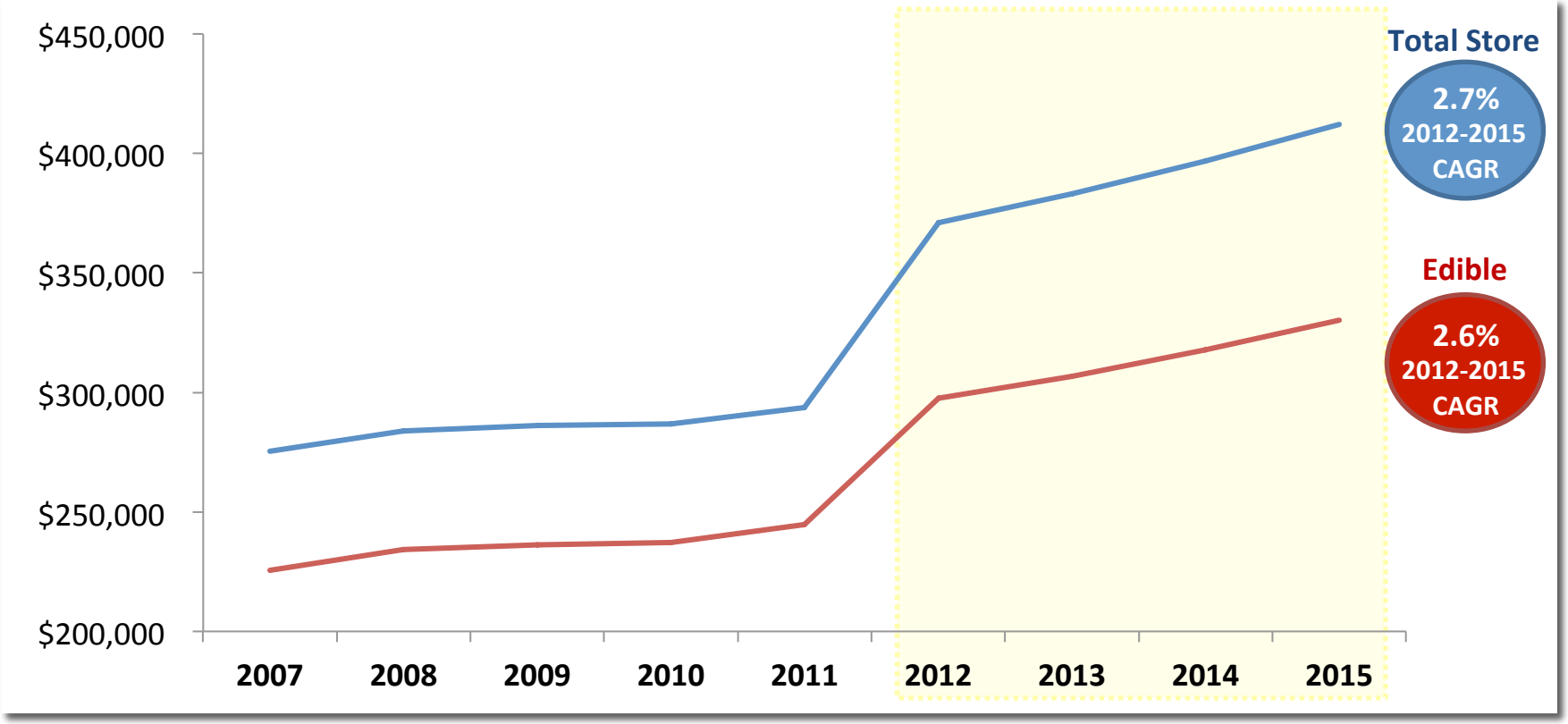
Total Store & Edible Grocery



Source: Symphony IRI Liquid Data, 2007-2011, Grocery, Ending 12/25/2011

The good new is, the forecast looks brighter.

Total Store & Edible Grocery

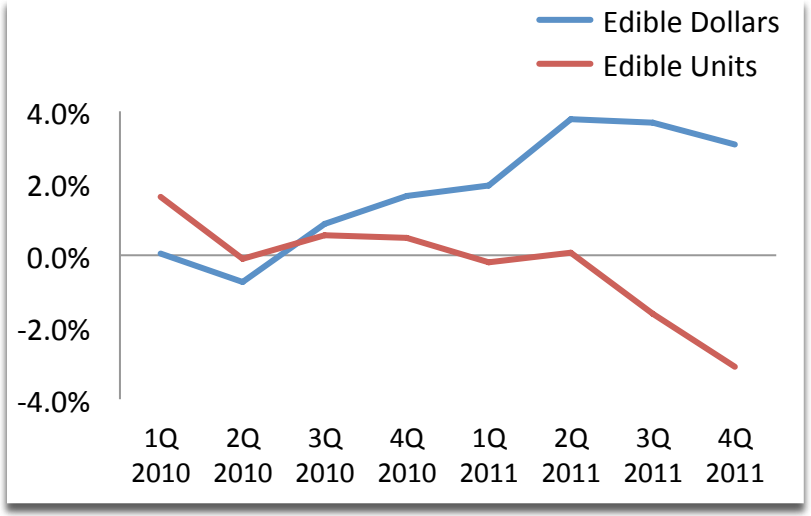


- **Americans buy 74% of their food purchases in grocery**
- **Americans make 138 million trips to grocery/week (61 trips/household/year)**

Sources: Symphony IRI Liquid Data, 2007-2011 Grocery, Ending 12/25/2011, Kantar Retail Projections 2012e – 2015e

Real growth is not going to be easy.

Inflation Impact



- **Growth is coming from increased commodity costs**
- **Units (Volume) declining in many categories**

Fierce Competition

- **Wal-Mart Comps growing again**
- **Target P-Fresh expansion**
- **Dollar General heading West**

Source: Symphony IRI Liquid Data, 2007-2011 Edible Grocery ending 12/25/2011

These 20 categories represent 41% of Total Store Sales.

Top 20 Grocery Categories

Category	% Growth 1 yr	% Growth 5 yr
TOTAL STORE	2.5%	6.7%
CARBONATED BEVERAGES	0.6%	-0.2%
MILK	6.5%	-5.4%
FRESH BREAD & ROLLS	1.3%	8.9%
BEER	0.7%	11.1%
SALTY SNACKS	2.4%	20.2%
NATURAL CHEESE	7.0%	17.1%
WINE	5.4%	21.3%
FZ DINNERS/ENTREES	-0.4%	-4.5%
COLD CEREAL	-0.3%	-1.0%
CIGARETTES	-6.3%	-9.3%
YOGURT	8.1%	29.5%
ICE CREAM/SHERBET	4.4%	-0.6%
RFG JUICES/DRINKS	2.3%	1.7%
BOTTLED WATER	2.5%	-7.3%
COFFEE	18.0%	32.6%
CRACKERS	4.2%	11.8%
SOUP	-0.2%	-2.3%
COOKIES	2.4%	4.7%
LUNCHEON MEATS	3.5%	7.3%
BOTTLED JUICES - SS	-1.6%	-4.4%

Source: Symphony IRI Liquid Data, US Total Food, ending 12/25/2011

These 20 vendors represent 40% of Total Store Sales.

Top 20 Vendors

Category	% Growth 1 yr	% Growth 5 yr
TOTAL STORE	2.5%	6.7%
KRAFT FOODS	1.9%	-2.9%
PEPSICO	-1.0%	-2.5%
NESTLE S.A.	0.2%	0.0%
PROCTER & GAMBLE	-0.2%	-2.7%
GENERAL MILLS	-1.2%	3.9%
COCA COLA	2.2%	0.2%
UNILEVER	2.9%	0.4%
KELLOGG	4.2%	3.0%
CONAGRA FOODS	-0.5%	1.5%
CAMPBELL SOUP	-2.2%	-5.4%
ANHEUSER-BUSCH	-2.0%	7.4%
DR PEPPER/SNAPPLE GROUP	-0.1%	6.5%
SARA LEE CORP	-1.3%	3.8%
J M SMUCKER	11.7%	17.5%
GRUPO BIMBO	0.6%	7.5%
DEAN FOODS	3.8%	-2.2%
MARS	0.9%	6.5%
ALTRIA GROUP	-7.6%	-11.6%
SABMILLER	-1.5%	5.3%
KIMBERLY CLARK CORP	-1.7%	-10.6%

Source: Symphony IRI Liquid Data, US Total Food, ending 12/25/2011

Historical Buyer-Seller Relationships

Buyer	Seller

A Brave New World

Merchandising & Marketing

- Procurement
- Merchandising
- Marketing
- Loyalty
- RD?

Customer Teams

- Sales Lead
- Category Management
- Customer Finance
- Shopper Marketing

A Vendor Approach to Growth

Innovation

- **New Products are the lifeblood of our business**

Value

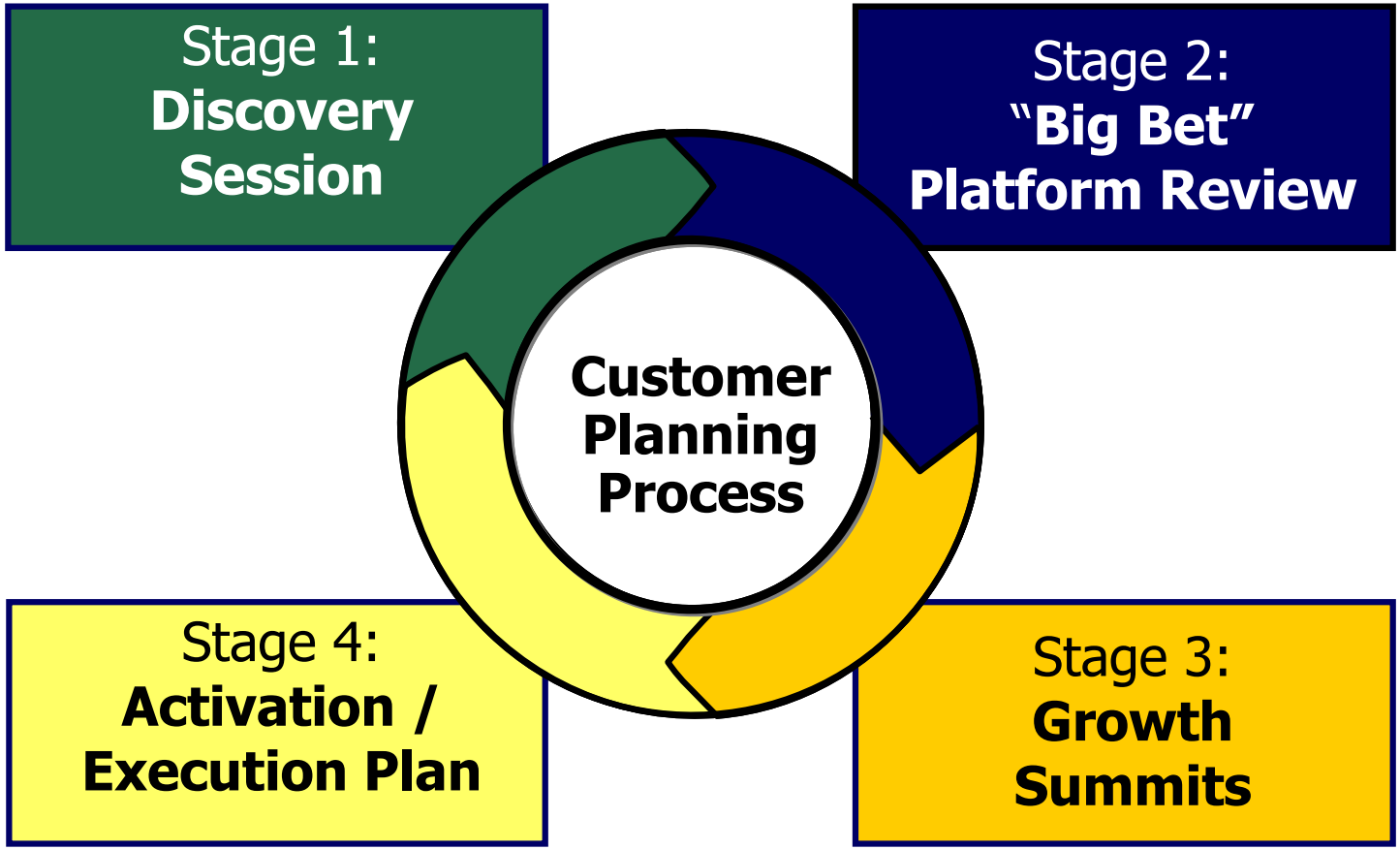
- **Pricing and Promoting to deliver Value to the Consumer**

Visibility

- **Pre-Shop**
- **Shop**
- **Post-Shop**

Joint Business Planning

Business Planning Cycle



Connecting with Consumers ... Together

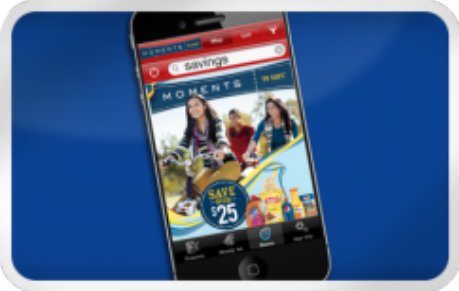
Circular

- **Primary tool used by retailers**
- **Still used by 50% of consumers**

Online

- **Retailers expanding functionality**
- **Communicating loyalty**

Digital



- **The new one-to-one "flyer"**
- **Customized value**

Joint Media

- **Unique way to build loyalty**
- **"Own" the message**

Enhancing the Shopping Experience

On the Perimeter

- **Quick trips fastest growing at 0.6% versus stock up at 0.2%**
- **Opportunity to build baskets**

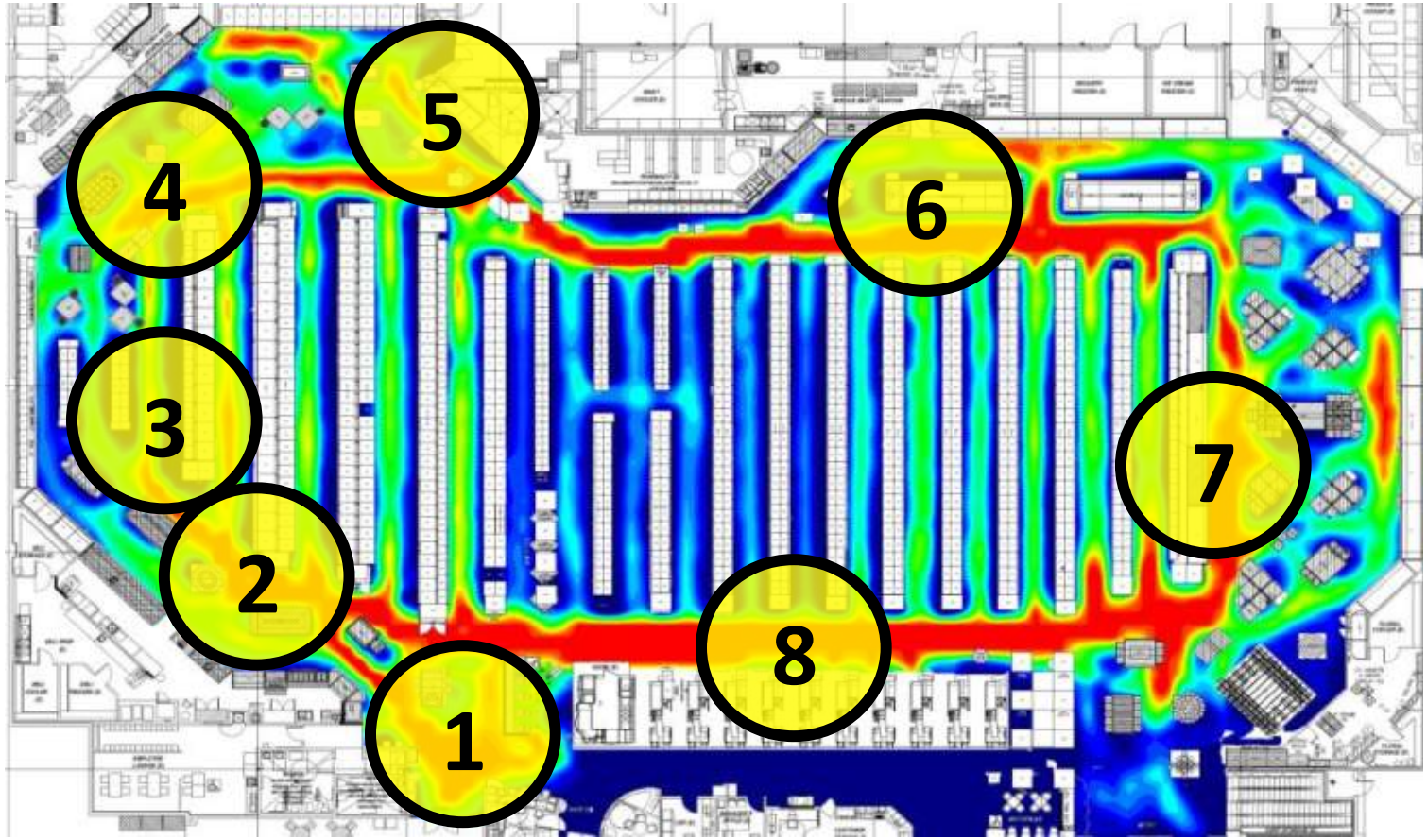
At the Shelf

- **Center store still represents 73% total store sales**
- **Maximizing turns**

Source: Symphony IRI Liquid Data, US Total Food , ending 12/25/2011

Enhancing the Shopping Experience ... Where they Shop

Perimeter



Enhancing the Shopping Experience … Affinity Merchandising

Perimeter

Enhancing the Shopping Experience ... At the Shelf

Planograms

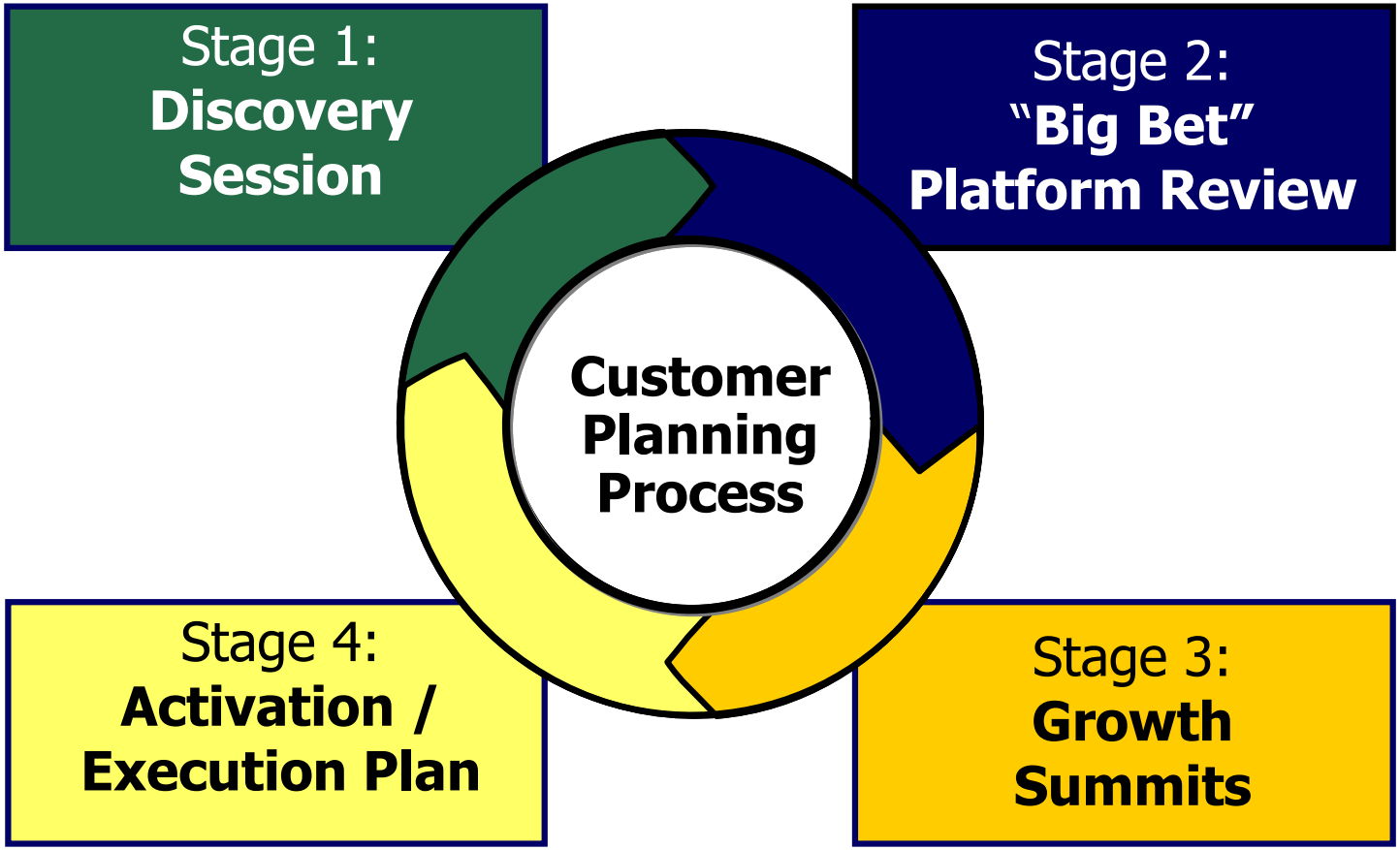
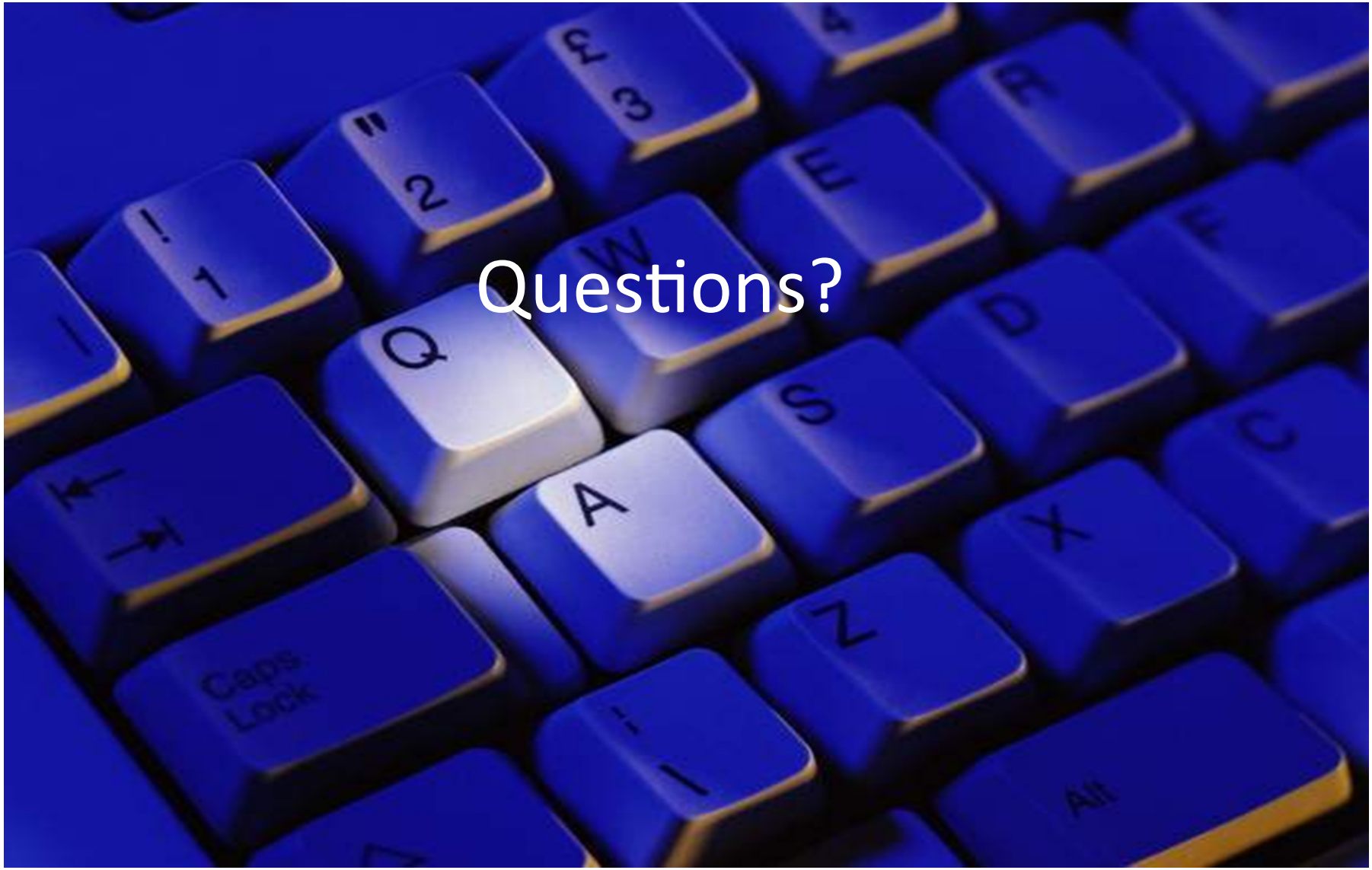
- Art → Science
- One size fits all → By store

Enhancing the Shopping Experience … At the Shelf

Center Store Innovation

How to Engage?

Joint Business Planning



Thank you!