

Exhibit 64 to Plaintiff's  
Memorandum of Points and Authorities  
in Support of Its Motion for Temporary  
Restraining Order and Preliminary Injunction  
(PX00016)

[PORTIONS REDACTED]

# 1st Quarter 2005 Board Report Rocky Mountain Region

I. **Financial Performance for Quarter**

A. **Summary Variance from Prior Year**

	<u>Current Yr</u>	<u>Prior Year</u>	<u>Variance</u>
Sales	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]
Comp Store Sales Increase	[REDACTED] %	[REDACTED] %	[REDACTED] bp
Identical Store Sales Increase	[REDACTED] %	[REDACTED] %	[REDACTED] bp
Gross Profit	[REDACTED]		
Gross Profit %			
Direct Store Expenses			
Direct Store Expenses %			
Store Contribution			
Store Contribution %			
Pre-opening Costs			
Pre-opening Costs %			
G & A Expenses			
G & A Expenses %			
Income Before Taxes			
Income Before Taxes %			
EVA			
EVA %			
Average Weighted Capital			

B. **Discussion of Variances**

**Sales:**

QTD sales are up [REDACTED] over last year and comp store sales are currently [REDACTED]. Total sales were a record [REDACTED] for the quarter. Strong performance of new and existing stores continues to drive our sales. The following star performers that contributed to the sales increase are [REDACTED]

[REDACTED]

Redacted

We continue to have two stores in the top ten in weekly sales volume in the Company. [REDACTED] all set period sales records in the quarter.

Our weak sales performer compared to prior year is [REDACTED]. Their sales comp for the quarter was [REDACTED]. [REDACTED] is being impacted by the [REDACTED] that opened on [REDACTED] from our location. In addition, the [REDACTED] store closed half of the store off starting [REDACTED] to start [REDACTED]. This [REDACTED]. The remodel will allow us to be better able to compete with [REDACTED]. The temporary sales drop from the [REDACTED] is running approximately [REDACTED].

Our aggressive pricing strategy for competitive situations ended in this quarter. We had a [REDACTED] in place for the two new stores of Pikes Peak and Fort Collins to claim market share from our competitors. We believe our strategy worked. Pikes Peak averaged [REDACTED] in weekly sales while Fort Collins averaged \$ [REDACTED] for the entire quarter. By the end of the quarter though, Pikes Peak and Fort Collins v [REDACTED].

We have an aggressive competitive pricing strategy in place at [REDACTED] to go up against [REDACTED]. We also have a similar strategy in place for all of the [REDACTED] in [REDACTED] to compete against [REDACTED]. This affects mainly supplements and body care.

All teams had positive total sales increases over [REDACTED] which was at [REDACTED]. Six teams had sales increase over [REDACTED]. The perishables led the way with [REDACTED] increasing at [REDACTED]. Specialty did great as well increasing [REDACTED].

**Gross Profit:**

Overall gross margin improved [REDACTED] for the quarter compared to last year. The renewed focus of the Regional Leadership Group, the Purchasing Coordinator Group, Accounting, CIX, IT, and Store Leadership to better forecast the impact of any margin related decision is paying off. We saw substantial improved performance in the 1st quarter.

The RM Region had an aggressive holiday promotional plan to drive sales that was very successful. While we gave up gross margin for a short period of time to get those sales we kept those sales when we adjusted back to our normal pricing strategies. This helped generate more margin dollars by the end of the quarter.

**Redacted**

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All teams for the Region had substantial increases in gross margin performance this quarter. [REDACTED] lead the way with gross margins improving by [REDACTED] followed by [REDACTED]

We saw [REDACTED] improve this quarter on margin performance. Those improving over prior year are [REDACTED]

We saw [REDACTED] decrease in margin performance this quarter. [REDACTED] which is a direct result of the lower pricing strategy to compete with [REDACTED]

Store occupancy [REDACTED]

**Direct Store Expenses:**

[REDACTED]

**Store Contribution:**

Overall income from [REDACTED]

The two new stores in Colorado [REDACTED]

The Rocky Mountain [REDACTED]

Redacted

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[Redacted]

**G&A Expenses:**

The Rocky Mountain Region split off from the Southwest Region at the beginning of this quarter.

[Redacted]

By having dedicated regional personnel in the stores enables both regions to better manage their stores.

[Redacted]

[Redacted]

**II. Holes in the Boat**

[Redacted]

**Metcalf:**

[Redacted]

**Redacted**

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III. CIP / WIP

	Original Budget	Line Item Budget	Updated Estimate	Estimated Difference
Cherry Hills Village (Denver) Opening September 2005				
Belmar (Lakewood, Co) Opening November 2005				
Cerrillos Remodel-Santa Fe Completion February 2005				

**Cherry Hills Village:**

[REDACTED] This will be the first store we have in Colorado which will be designed and permitted to sell beer and wine. [REDACTED]

**Cerrillos Remodel-Phase 2**

The second phase began on January 3<sup>rd</sup>, 2005. This phase will renovate [REDACTED] bringing the store up to the latest venues in these areas. This will enable us to better differentiate ourselves from Trader Joes and give us the momentum to draw more customers back to Whole Foods Market.

IV. Competition Update

[REDACTED] opened a location across the street from the [REDACTED] and less than a mile from Cerrillos our location [REDACTED]. We saw a significant negative sales impact of [REDACTED] a week from the [REDACTED]. Sales comps are currently negatively impacted [REDACTED] % for the total store.

[REDACTED] in Colorado and New Mexico continue to have minimal impact on our stores at the current time. In [REDACTED] opened what they coin [REDACTED] on [REDACTED]. It is a 35,000 to 40,000 square feet store three miles from [REDACTED]. We have put in place a competitive pricing strategy to beat [REDACTED] to the punch. The initial sales impact was [REDACTED]. We incrementally gained most of that back over the last few quarters. [REDACTED] is now trying desperate measures such as buy one get one free promotions and 20 % to 50% off with very limited success.

Redacted

[REDACTED] is opened a location in [REDACTED] on [REDACTED] approximately [REDACTED] [REDACTED] ore. We feel we have recovered from that store opening. The [REDACTED] store is still operating in a desperation mode heavily discounting product to try and drive sales. Our own momentum is taking over and their impact to our sales is dwindling.

[REDACTED] is said to be coming to [REDACTED] locating [REDACTED] from our [REDACTED]. The talk is they will begin construction in [REDACTED] and be open by [REDACTED]. We are working to confirm this and will beat them to the punch by remodeling some areas of the [REDACTED] store. We are in the planning stages at this point.

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