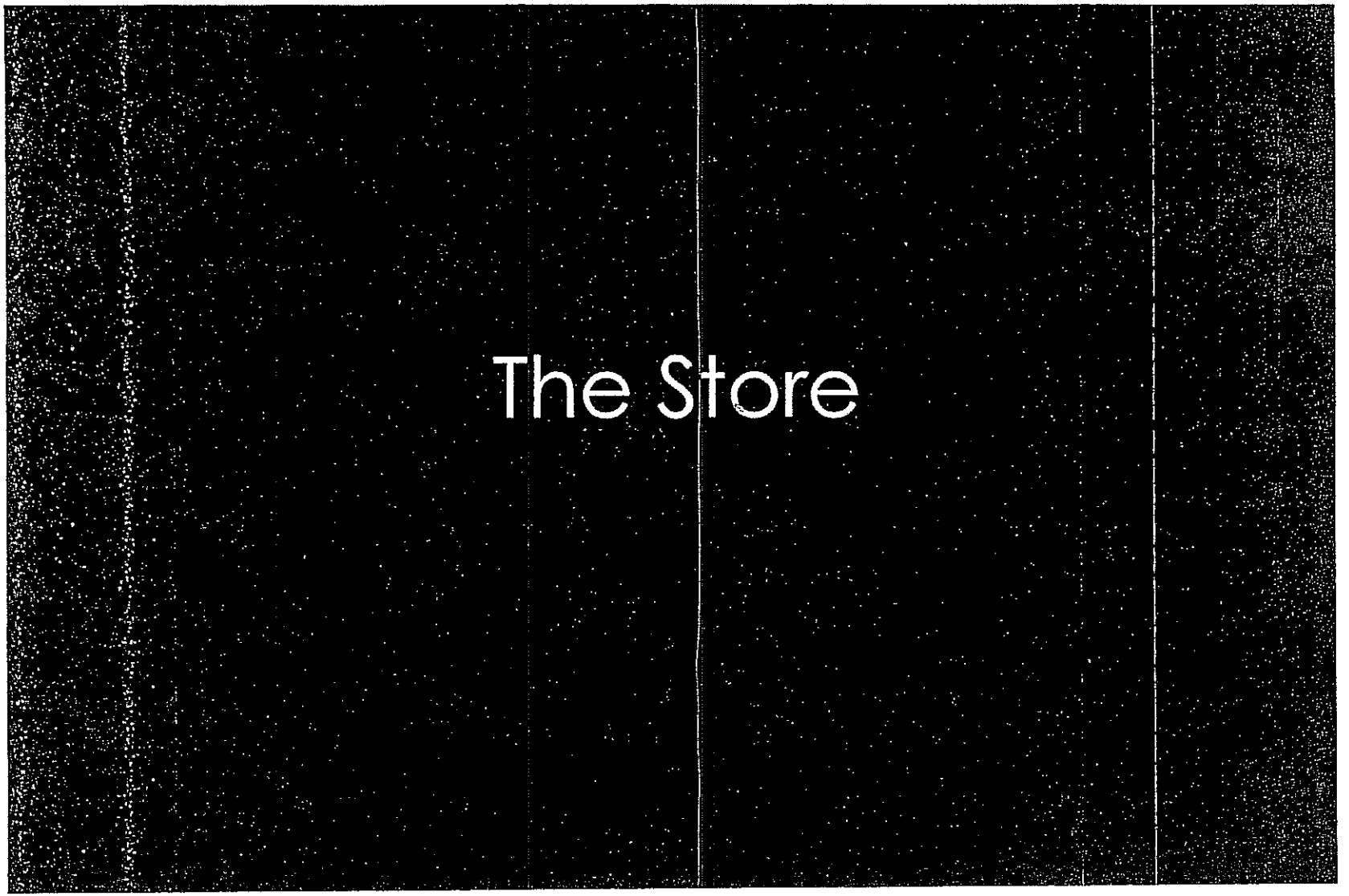
Exhibit 35 to Plaintiff's Memorandum of Points and Authorities in Support of Its Motion for Temporary Restraining Order and Preliminary Injunction (PX00677)
Part 1 of 3

[PORTIONS REDACTED]

Prototype Refinement: Suggested SmartDesign Changes



OAT-105609
CONFIDENTIAL

PX00677-001

Prototype Refinement: Suggested SmartDesign Changes

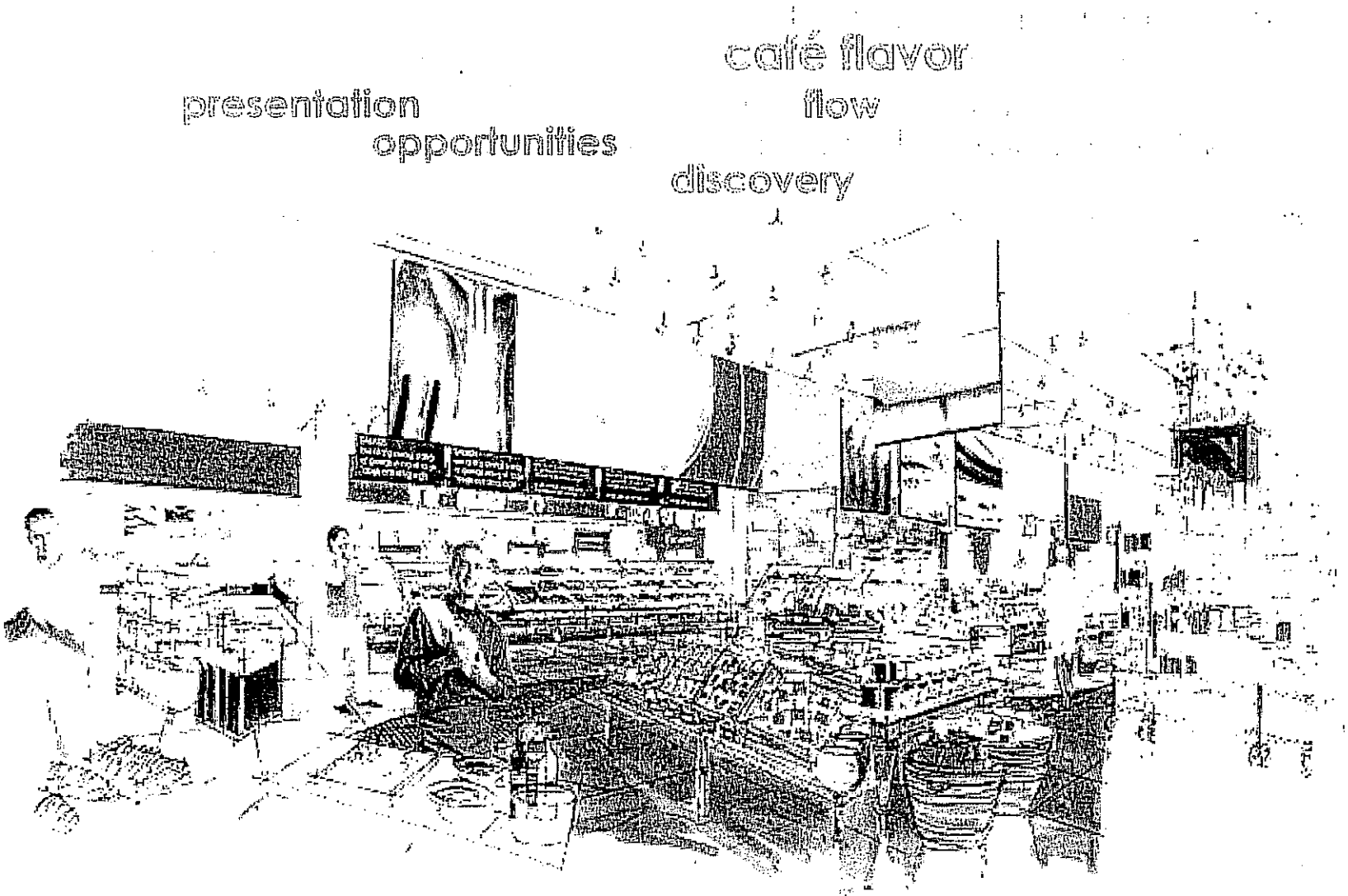
open door feeling

life, character and energy

OAT- 105610
CONFIDENTIAL

PX00677-002

Prototype Refinement: Suggested SmartDesign Changes



OAT- 105611
CONFIDENTIAL

PX00677-003

Prototype Refinement: Suggested SmartDesign Changes

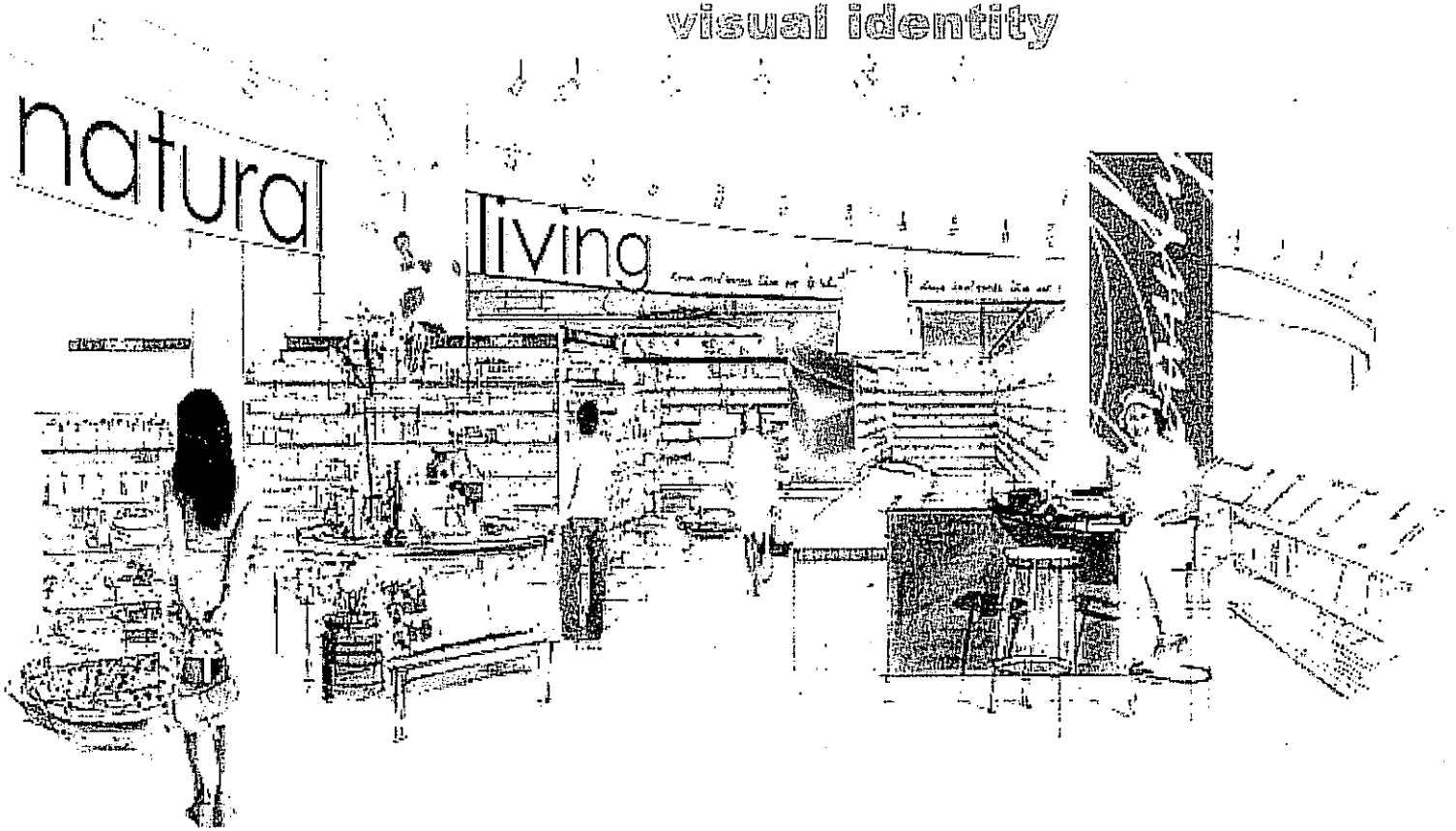
OAT- 105612
CONFIDENTIAL

PX00677-004

Prototype Refinement: Suggested SmartDesign Changes

store-within-a-store

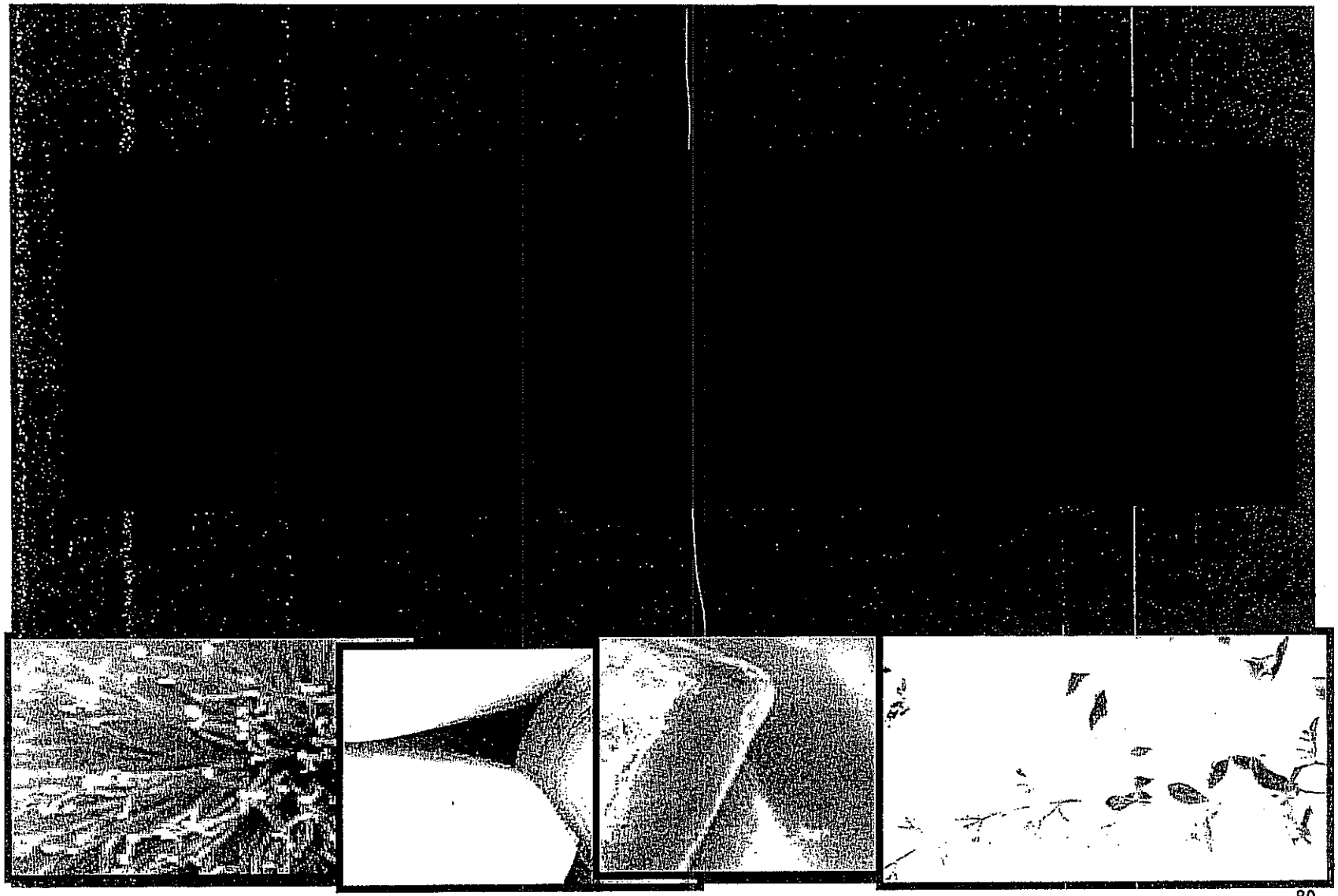
visual identity



OAT- 105613
CONFIDENTIAL

PX00677-005

Prototype Refinement: Suggested SmartDesign Changes



Redacted

OAT- 105614
CONFIDENTIAL

PX00677-006

Prototype Refinement: Suggested SmartDesign Changes

The Graphics

OAT- 105615
CONFIDENTIAL

PX00677-007

Prototype Refinement: Suggested SmartDesign Changes

OAT- 105616
CONFIDENTIAL

PX00677-008

Prototype Refinement: Suggested SmartDesign Changes

Combined, these elements work together to reinforce the Capers' brand

CAPERS

COMMUNITY MARKET®

OAT- 105617
CONFIDENTIAL

PX00677-009

Prototype Refinement: Suggested SmartDesign Changes

Creating a customer experience
unique to
Wild Oats Markets
requires the same approach

OAT-105618
CONFIDENTIAL

PX00677-010

Wild Oats High Demand Model

- For high demand markets (i.e., [redacted] relocation)
- Lower total FFE costs per foot even with larger/more complex food service component - $[redacted]/ft. drops to $[redacted]/ft. because of greater aisle space, and lower per sq. ft. construction costs – drop of [redacted]% for each [redacted] sq. ft. added to the box size
- EXAMPLE
  - [redacted] currently running $[redacted]+/wk sales out of [redacted] sq.ft. retail space, or $[redacted]/ft.
  - In [redacted] sq. ft. box, should do $[redacted]/sq.ft. minimum - $[redacted]/wk sales
  - Cost to Construct
    - $[redacted]/ft. for FFE = $[redacted]M
    - $[redacted]/ft. for construction (FL construction costs higher than country average) minus $[redacted]/ft. LL contrib. = $[redacted]M

OAT- 105619
CONFIDENTIAL

PX00677-011

[redacted] 44,000 Sq.Ft. Model

[redacted] Relo Model		
Square Feet:	[redacted]	
Buildout Expense	**Total**	**Per SQ**
Equipment	[redacted]	
Tenant Improvements		
LL Contribution		
Pre-Opening Expense*		
Soft Costs and Other		
Total Cash Outlay		
	Year 1	**Year 5**
Comp	N/A	[redacted]
Weekly Sales	[redacted]	
Sales Mix		
Bakery		
Dairy		
Deli		
Cheese		
Floral		
Grocery		
Bulk Grocery		
Frozen		
Meat		
Seafood		
Natural Living		
Mercantile		
Produce		
Sushi		
Wine/Beer		
TOTAL ANNUAL SALES	[redacted]	

MARGIN	Year 1	Year 5
Bakery	[redacted]	
Diary		
Deli		
Cheese		
Floral		
Grocery		
Bulk Grocery		
Frozen		
Meat		
Seafood		
Natural Living		
Mercantile		
Produce		
Sushi		
Wine/Beer		
Merchandise Margin		
Gross Margin		
Gross margin %		
Payroll %		
Payroll Taxes & Benefits %		
Direct Store Expense %		
Store Cash Flow		
Incremental Cash Flow Analysis (Versus Existing SBE)		
10-Year Investment Metrics *	MIRR:	[redacted]
	IRR:	
	NPV:	
Non-Incremental - 10-Year Investment Metrics**		
	MIRR:	[redacted]
	IRR:	
	NPV:	

* Cash Only ** 17% Discount & Reinvestment Rate

Redacted

OAT- 105620
CONFIDENTIAL

PX00677-012

Henry's vs. Oats Recap of Key Data

OAT- 105621
CONFIDENTIAL

PX00677-013

Henry's vs. Oats Recap

Customer Profile

Henry's Customer Profile

- Mean Annual Income $[redacted]
- Weekly Food Budget $[redacted]
- College Grad Plus [redacted]
- Managers or Professional
- Mean Age
- Customer values health, wellness and value

Wild Oats Customer Profile

- Mean Annual Income $[redacted]
- Weekly Food Budget $[redacted]
- College Grad Plus [redacted]
- Managers or Professional
- Mean Age
- Customer values quality, sustainability, community & culture, mind, body & spirit; social consciousness, and optimism, enjoy foreign and exotic food, cultures and experiences

OAT- 105622
CONFIDENTIAL

PX00677-014

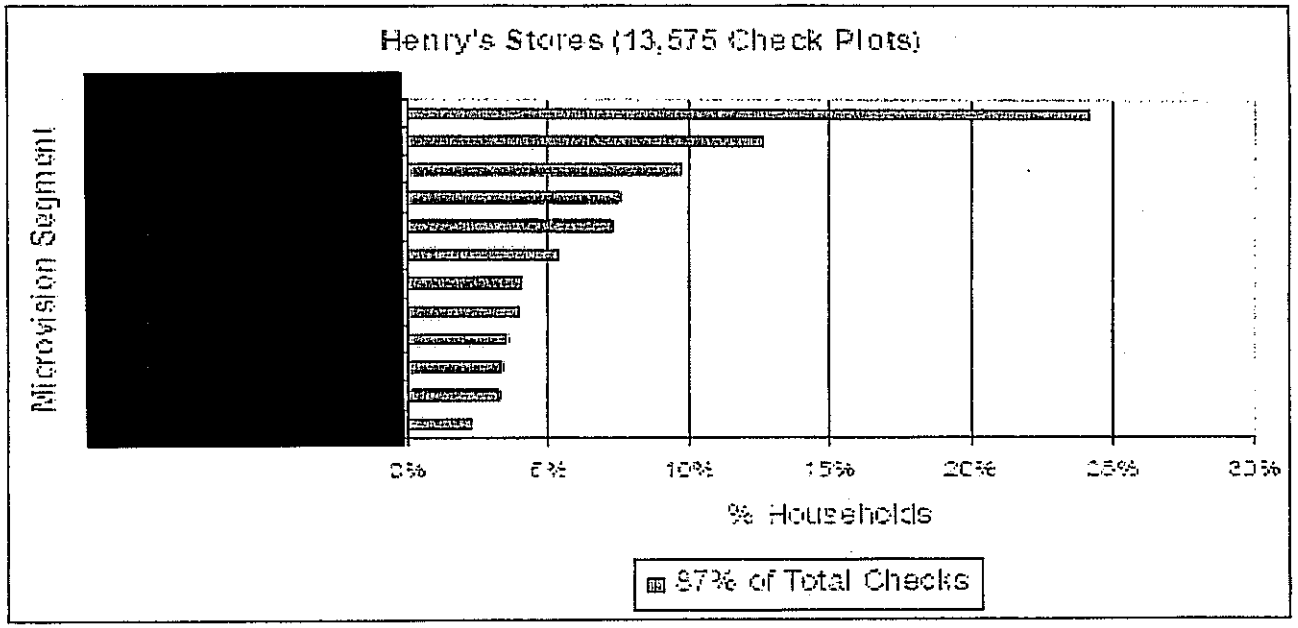
Henry's Customer Profile

- **Heavy shopper:**
  - Concerned about health.
  - Moms concerned about providing healthy food for their families.
  - HH Income: $[redacted]
  - Shops Henry's for freshness, healthfulness and value.
  - Uses conventional stores to fill in on non-perishable staples.
- **Light shopper:**
  - Tends to be transitioning to healthy lifestyle.
  - Shops Henry's for produce and hard to find products.
  - Includes moms who use conventional stores for kid products and staples, as well as customers moving through life stages that trigger behavior change: having children, aging, illness.

OAT-105623
CONFIDENTIAL

PX00677-015

Henry's Customer Profile



Mid-Life Success: [redacted]

Home Sweet Home: [redacted]

Source: SiteUSA, Claritas, Inc., 2003

Redacted

OAT-105624
CONFIDENTIAL

PX0677-016

Wild Oats Customer Profile

Young Digerati

% Households
% of Sales
Final WO Index

Young Digerati are the nation's tech-savvy singles and couples living in fashionable neighborhoods on the urban fringe. Affluent, highly educated and ethnically mixed, Young Digerati communities are typically filled with trendy apartments and condos, fitness clubs and clothing boutiques, casual restaurants and all types of cafe—from juice to coffee to microbrew.

Country Squires

% Households
% of Sales
Final WO Index

The wealthiest residents in exurban America live in Country Squires, an address for affluent Baby Boomers who've fled the city for the charms of small-town living. In these rural communities noted for their recently built homes on sprawling properties, the families of executives live in six-figure comfort. Country Squires enjoy country club sports like golf, tennis and swimming as well as skiing, boating and biking.

Money and Brains

% Households
% of Sales
Final WO Index

The residents of Money & Brains seem to have it all: high incomes, advanced degrees and sophisticated tastes to match their credentials. Many of these citydwellers—predominantly white with a high concentration of Asian Americans—are married couples with few children who live in fashionable homes on small, manicured lots.

[redacted]

Based on Buying Power and Frequency

God's Country

% Households
% of Sales
Final WO Index

When city dwellers and suburbanites began moving to the country in the 1970s, God's Country emerged as the most affluent of the nation's exurban lifestyles. Today, wealthier communities exist in the hinterlands, but God's Country remains a haven for upper-income couples in spacious homes. Typically college-educated Baby Boomers, these Americans try to maintain a balanced lifestyle between high-power jobs and laid-back leisure.

Upper Crust

% Households
% of Sales
Final WO Index

The nation's most exclusive address, Upper Crust is the wealthiest lifestyle in America—a haven for empty-nesting couples over 55 years old. No segment has a higher concentration of residents earning over $200,000 a year or possessing a postgraduate degree. And none has a more opulent standard of living.

Redacted

OAT- 105625
CONFIDENTIAL

PX00677-017

Wild Oats Customer Profile

- **Heavy shopper:**
  - Interested in health and wellness
  - LOHAS (Lifestyles of Health and Sustainability) customer – integrates personal values in purchase decisions
  - College graduate
  - HH Income: $[redacted]
  - Shops Wild Oats for natural/organic, health and wellness products
  - Dedicated to health and wellness through food, especially products with nutritional benefits as well as supplements
  - Tends to use conventional stores to fill in on non-perishable staples

- **Light shopper:**
  - Transitioning to health and wellness lifestyle due to health or weight issues
  - College graduate/some college
  - HH Income: $[redacted]
  - Shops Wild Oats education, information and supplements; also, wide selection of natural/organic foods
  - Includes customers entering new life stages: aging, having children, illness

Redacted

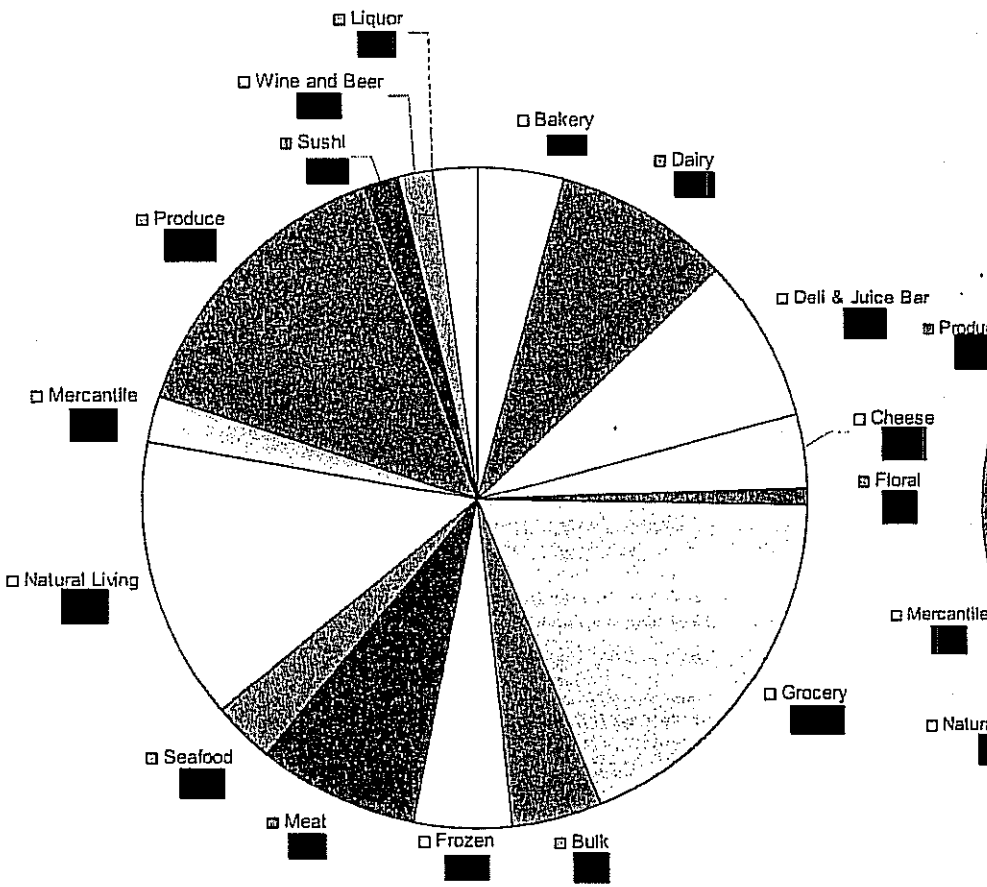
OAT- 105626
CONFIDENTIAL

PX00677-018

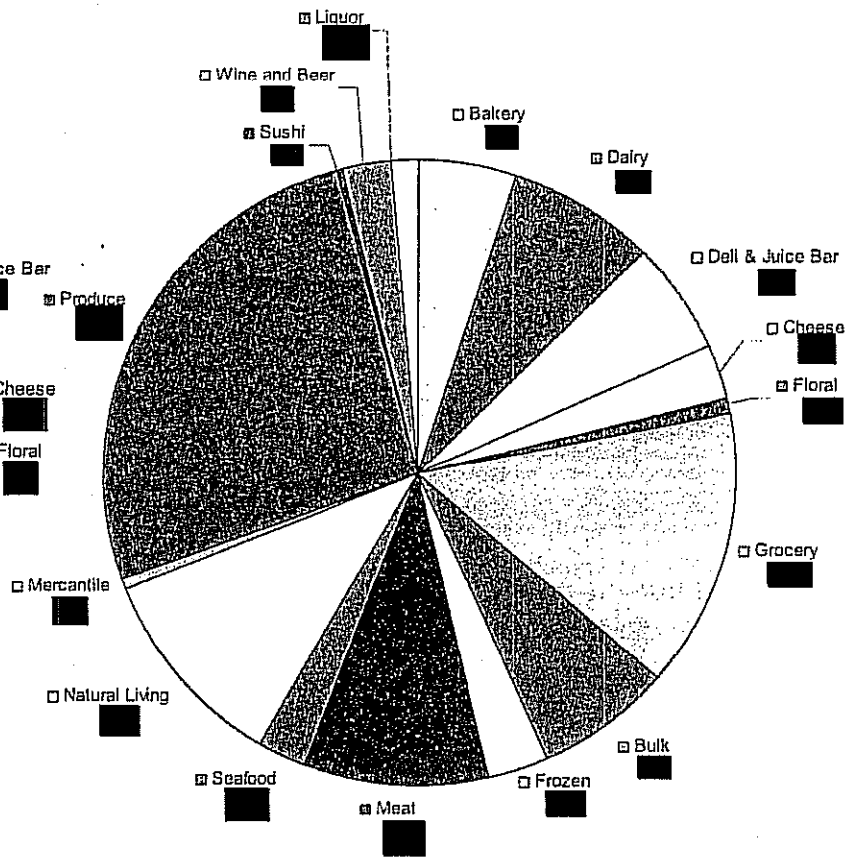
Henry's vs. Oats Recap

Sales By Department

New Wild Oats



New Henry's (So. Cal only)



Redacted

OAT- 105627
CONFIDENTIAL

PX00677-019

Traffic Comps

[redacted]

Redacted

OAT-105628
CONFIDENTIAL

PX00677-020

Average Weekly Traffic

[redacted]

Redacted

OAT- 105629
CONFIDENTIAL

PX00677-021

Henry's vs. Oats Recap

New Store Models

Henry's Current New Store Model
Square Feet: [redacted]

Buildout Expense

	Total	Per SF
Equipment	[redacted]	
Tenant Improvements		
Pre-Opening Expense*		
Soft Costs and Other		
Total Cash Outlay		

	Year 1	Year 5
Comp	N/A	[redacted]
Weekly Sales	[redacted]	
TOTAL ANNUAL SALES		
Merchandise Margin		
Gross Margin		
Gross Margin %		
PAYROLL %		
PAYROLL Taxes & Benes %		
DIRECT STORE EXPENSE %		
STORE CASH FLOW		
SGA Allocation		
Post-Tax Cash Flow		

10-Year Investment Metrics **

MIRR:	[redacted]
IRR:	
NPV:	

* Cash Only

** [redacted] Discount and Reinvestment Rate

Wild Oats Current New Store Model
Square Feet: [redacted]

Buildout Expense

	Total	Per SF
Equipment	[redacted]	
Tenant Improvements		
Pre-Opening Expense*		
Soft Costs and Other		
Total Cash Outlay		

	Year 1	Year 5
Comp	[redacted]	[redacted]
Weekly Sales		
TOTAL ANNUAL SALES		
Merchandise Margin		
Gross Margin		
Gross Margin %		
PAYROLL %		
PAYROLL Taxes & Benes %		
DIRECT STORE EXPENSE %		
STORE CASH FLOW		
SGA Allocation		
Post-Tax Cash Flow		

10-Year Investment Metrics **

MIRR:	[redacted]
IRR:	
NPV:	

* Cash Only

** [redacted] Discount and Reinvestment Rate

Redacted

OAT- 105630
CONFIDENTIAL

PX00677-022

Future Growth of Oats vs. Henrys

OAT- 105631
CONFIDENTIAL

PX00677-023

Recap of 2005 and 2006 - New Store Sites to Be Opened

Wild Oats Openings	Opening Date
Tampa, FL	March 2006
Naples, FL	March 2006
Boulder, CO	November 2006
Capers Openings	
Vancouver, BC (Cambie Street)	July 2006
Henry's Openings	
Glendale, AZ	August 2005
Chandler, AZ	October 2005
Rancho Cucamonga, CA	October 2005
Carlsbad, CA	February 2006
Surprise, AZ	February 2006
Rancho Temecula, CA	June 2006
Oceanside, CA	June 2006
Escondido Relocation, CA	Fall 2006
La Quinta, CA – Lease Terminated – possible resurrection on Wild Oats' terms	Fall 2006

OAT-105632
CONFIDENTIAL

PX00677-024

2006 and 2007 New Store Deals In Progress

Wild Oats Locations	Henry's Locations
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	
[redacted]	
[redacted]	
[redacted]	
[redacted]	
[redacted]	
[redacted]	
[redacted]	
[redacted]	

OAT- 105633
CONFIDENTIAL

PX00677-025