Exhibit 35 to Plaintiff's Memorandum of Points and Authorities in Support of Its Motion for Temporary Restraining Order and Preliminary Injunction (PX00677)
Part 2 of 3

[PORTIONS REDACTED]

Real Estate Strategy– 2007 and Beyond

Three-pronged Strategy for Board Consideration:

1. Focus on high density MSAs:
   - That MapInfo ranked as high priority for Wild Oats using new forecasting model
   - Where high purchases of natural and organic foods per Spins/IRI data
   - Where existing Oats stores are performing well

2. Focus on Whole Foods' high demand natural and organic markets where:
   - Whole Foods has older, smaller boxes (older than 1998 and smaller than 30,000 ft.)
   - High demand for natural, organic and gourmet using Spins/IRI data
   - High potential demand per MapInfo forecasting model

3. Continue to look for relocations for existing smaller/older stores and opportunistic new locations

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MapInfo Top 45 Market Prioritization

	MSA Name	No. Wild Oats Target Sites	No. of Existing Whole Foods	No. of Existing Supermarkets
1	[redacted]	25	8	142
2	[redacted]	21	12	302
3	[redacted]	21	21	456
4	[redacted]	20	16	360
5	[redacted]	17	16	163
6	[redacted]	15	2	163
7	[redacted]	15	7	234
8	[redacted]	12	2	87
9	[redacted]	12	4	127
10	[redacted]	11	5	267
11	[redacted]	11	4	260
12	[redacted]	11	6	73
13	[redacted]	10	2	193

Redacted

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MapInfo Top 45 Market Prioritization

	MSA Name	No. Wild Oats Target Sites	No. of Existing Whole Foods	No. of Existing Supermarkets
14	[redacted]	9	3	147
15	[redacted]	9	3	91
16	[redacted]	9	2	154
17	[redacted]	9	2	70
18	[redacted]	8	8	348
19	[redacted]	8	5	92
20	[redacted]	8	4	187
21	[redacted]	7	3	173
22	[redacted]	6	1	109
23	[redacted]	6	0	65
24	[redacted]	6	2	113
25	[redacted]	5	0	49
26	[redacted]	5	1	5
27	[redacted]	5	1	120
28	[redacted]	4	0	19
29	[redacted]	4	3	129

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MapInfo Top 45 Market Prioritization

	MSA Name	No. of Wild Oats Target Sites	No. of Existing Whole Foods	No. of Existing Supermarkets
30	[redacted]	4	0	44
31	[redacted]	4	0	22
32	[redacted]	4	3	70
33	[redacted]	4	2	103
34	[redacted]	3	0	45
35	[redacted]	3	1	82
36	[redacted]	3	4	157
37	[redacted]	3	1	127
38	[redacted]	3	0	38
39	[redacted]	3	1	52
40	[redacted]	3	3	121
41	[redacted]	3	1	157
42	[redacted]	3	4	157
43	[redacted]	3	0	40
44	[redacted]	3	1	47
45	[redacted]	3	0	30

Redacted

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2007 and 2008 Market Priorities

[redacted] prioritized [redacted] markets using demographic data obtained during customer intercepts performed to build forecasting tool.

[redacted]

- From that list, Wild Oats selected markets as listed below as priorities for 2006, 2007 and 2008, considering:
  - [redacted] market prioritization
  - Adjacencies with existing stores/synergies with marketing and distribution
  - [redacted]
  - Supplemental Spins/IRI data regarding overall organic and natural food purchases in the MSA
  - [redacted]

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2007 and 2008 Market Priorities

MapInfo Markets	Number Addt'l Potential Stores Per MapInfo **	MapInfo MSA Ranking (1)	Spins Ranking (2)
[redacted]	21	2	16
	17	5	2
	15	6	6
	15	7	15
	19	12, 19	1
	9	17	
	8	28, 31	9
	20	23	
	3	34	10
	3	39	9
	14	29, 33, 40, 41	12, 23
TOTAL	**144 Potential Stores ****		

** Potential Stores Calculated Based On Demand In Market, Existing Retail Centers And Existing Wild Oats And Whole Foods Stores.

1. Based On 140 Total Markets Ranked 2. Based On 52 Total Markets Ranked.

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Targeting Whole Foods Stores

We propose to target markets [redacted] Whole Foods sites [redacted] in the previously identified priority markets and in other high-demand markets.

Potential identified targets:

The north [redacted] region – 11 sites
[redacted] – 8 sites
The south – [redacted] – 4 sites
[redacted] – 3 sites
[redacted] – 4 sites

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WFMI Data by Store Age/Size

Store Age	Average Size	Average Comps	No. Of Comp. Stores
Over 8 Years Old	28,000	9.7%	69
Between 5 And 8 Years Old	32,000	8.1%	30
Between 2 And 5 Years Old	32,000	12.8%	42
Stores Less Than 2 Years Old	40,000	24.8%	15

•Data Acquired From Whole Foods Markets, Inc, Q2 Form 8-K, May 4, 2005

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Targeting Whole Foods Stores

Process For Selecting Targets:

- Project total demand in market based on forecasting tool/ estimated number of new stores for total market per [redacted]
- Confirm through Spins/IRI data for demand for natural and organic purchases
- [redacted]

Redacted

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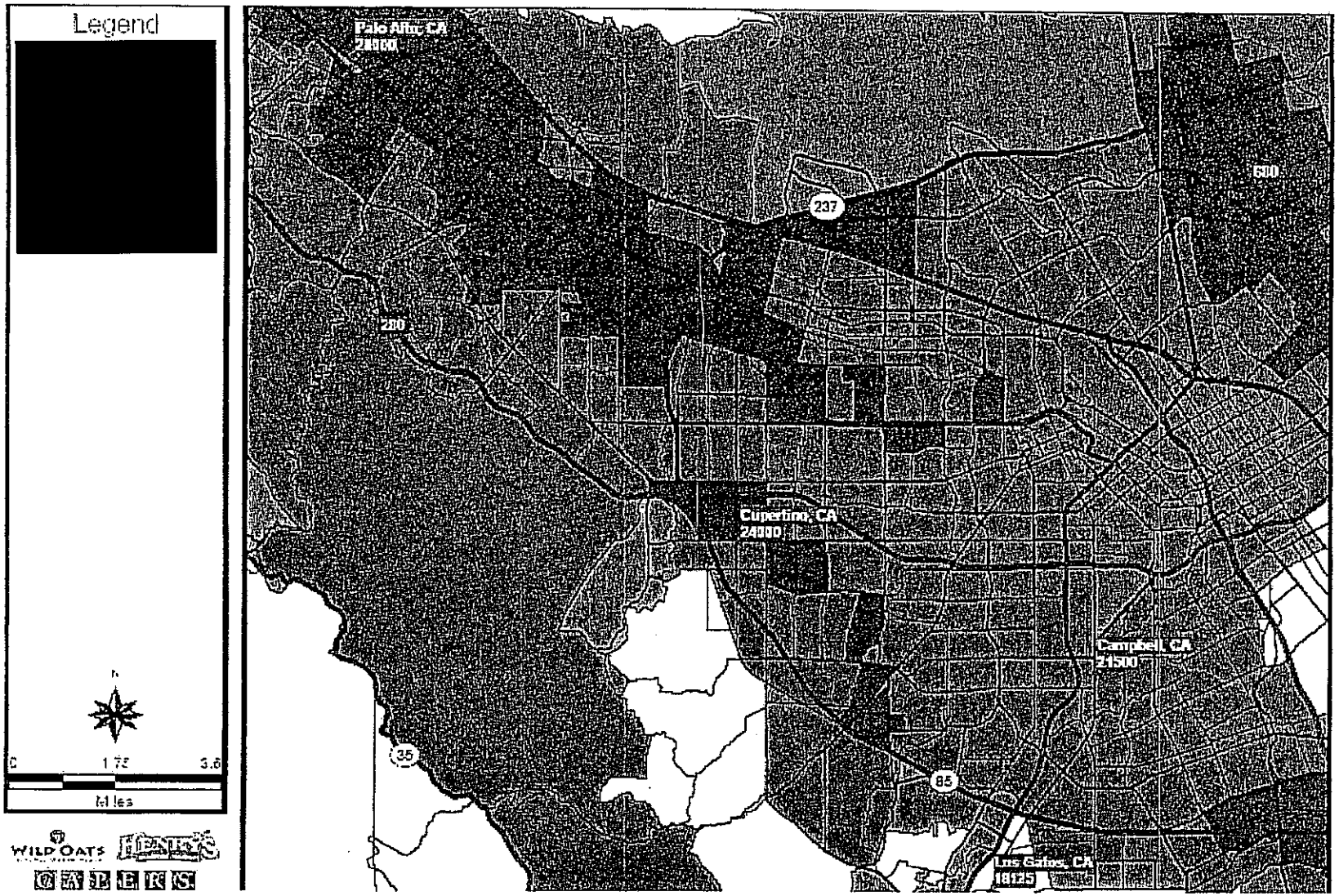
Example Demand Surface Map – Existing WFMI Stores in No. California



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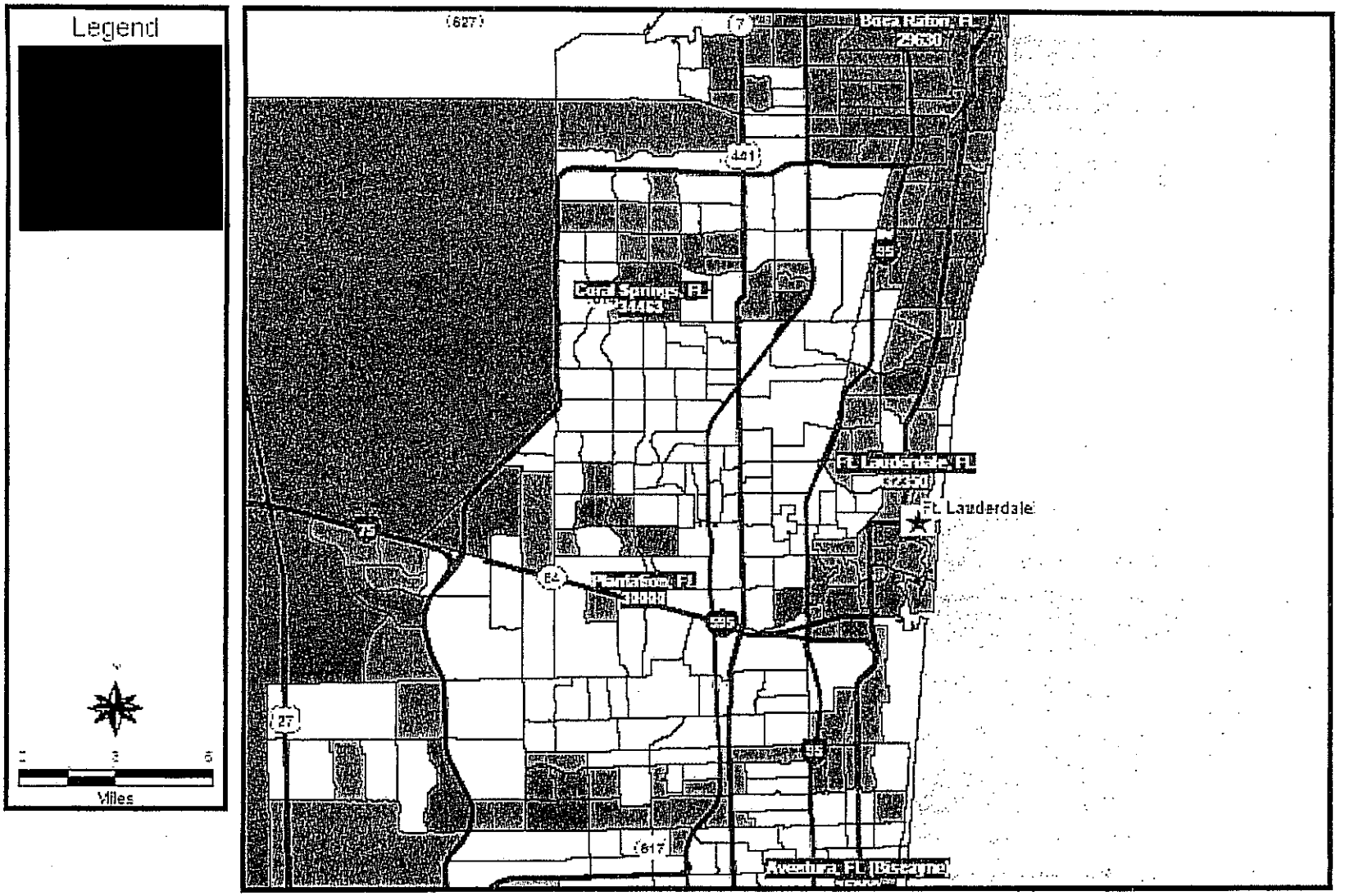
Redacted

Example Demand Surface Map – Existing WFMI Stores in Florida



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Relocations and Opportunities

Relocation Strategy

Relocation candidates depend on:

- Existing store performance (both gross sales, store contribution and store comps)
- Incremental cash flow analysis
- Potential competitive impact if relocation not done
- Remaining lease term

Examples:

- [redacted] - **working deal**
  - [redacted] ft relo'd to [redacted] ft - current store: $[redacted]/wk and [redacted]% comp
- [redacted] - **working deal**
  - [redacted] ft relo'd to [redacted] ft - current store: $[redacted]/wk and [redacted]% comp
  - Whole Foods negotiating for same site
- [redacted] – **working deal**
  - relo to higher density area (primary term expiring 2007) – current store: $[redacted]/wk and [redacted]% comp
- [redacted] – **working deal**
  - relo smaller old box hit by Whole Foods new site to west side of total market
  - existing lease expiring

Redacted

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Relocations and Opportunities

Opportunistic sites – outside of target priority markets

- High demand areas
- A+ locations

Examples:

- [redacted] – landlord refused to do Whole Foods [redacted],000 ft box – potential Wild Oats site in dense, high demand market
- [redacted] – landlord refused to do Whole Foods [redacted],000+ ft box – dense, high demand market
- [redacted] – potential Wild Oats site in dense, high demand market

Redacted

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New Markets vs. Infill Density

Infill only where:

- Existing store sales exceed **$[redacted]/wk** and positively comp'ing >[redacted]%
- Population in new store trade area at least [redacted]% of existing store trade area
- Proven natural/organic demand in new trade area through 3rd party data (Spins/IRI)
- Incremental sales of $[redacted]M or greater through [redacted] modeling
- Established population base - [redacted]
- Established incomes in excess of [redacted]

Redacted

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Henry's Growth Strategy

- [redacted]
- [redacted]
- [redacted]
- [redacted]

Redacted

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Henry's Growth Strategy

List of targeted communities for Henry's growth in CA:

[redacted] Trade Area

1. [redacted]
2.
3.
4.
5.
6.
7.
8.
9.
10.
11.
12.
13.
14.
15.
16.
17.
18.
19.
20.
21.
22.
23.
24.
25.
26.
27.

[redacted] Trade Areas

1. [redacted]
2.
3.
4.
5.
6.
7.
8.
9.
10.
11.
12.
13.
14.

[redacted]

1. [redacted]
2.
3.
4.
5.
6.
7.
8.
9.
10.
11.

Redacted

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New Market Selection Criteria

- Top 20 markets per [redacted] and [redacted] prioritization
- No [redacted] trade areas unless [redacted] of population base in strong performing stores in analogous areas

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Reliability of [redacted] Model

Methodology

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

Redacted

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Reliability of [redacted] Model

Wild Oats Brand Sales Forecasting Model
Installed In-House June 27, 2005

	Actual Sales 2004	Forecasted Sales 2004	Variance
[redacted]			
[redacted]	$418,000	$405,000	-$13,000
	$307,000	$286,000	-$21,000
	$377,000	$262,000	-$115,000
	$343,000	$282,000	-$61,000
	$295,000	$273,000	-$22,000
	$292,000	$261,000	-$31,000
	$262,000	$326,000	$64,000
	$298,000	$284,000	-$14,000
	$248,000	$216,000	-$32,000
	$262,000	$250,000	-$12,000
Average	**$310,200**	**$284,500**	**-$25,700**
[redacted]			
[redacted]	$118,000	$120,000	$2,000
	$105,000	$122,000	$17,000
	$114,000	$137,000	$23,000
	$112,000	$121,000	$9,000
	$104,000	$131,000	$27,000
	$111,000	$143,000	$32,000
	$90,000	$121,000	$31,000
	$117,000	$117,000	$0
	$92,000	$109,000	$17,000
	$85,000	$120,000	$35,000
Average	**$104,800**	**$124,100**	**$19,300**

* Still Not Mature (Open Less than 3 years)

Redacted

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Reliability of [redacted] Model

Results

- [redacted]
-
-

Wild Oats Brand - Real Estate Sales Forecasting Model
Actual versus Predicted Sales (For Existing Wild Oats Stores)

[redacted]

Actual Weekly Sales | RE Model Predicted Sales

Redacted

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Marketing - Grand Opening Strategies and Brand Awareness Building

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Grand Opening Strategies

Wild Oats

- Grand opening metrics targets
- Building awareness
- Driving traffic

Henry's

- Grand opening metrics targets
- Building awareness
- Driving traffic

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Pre-opening Advertising/Marketing Costs

Pre-opening expense since Long Beach and Costa Mesa openings

	WILD OATS		HENRY'S	
	Average	Current	Average	Current
Advertising and marketing	[redacted]		[redacted]	
Supplies				
Employee benefits & taxes				
Payroll, training & recruiting				
Cleaning and laundry service				
Travel, meals & entertainment				
Legal, license & pro fees				
Phone, WAN, trash, utilites, ins.				
Other				
Total pre-opening				

Redacted

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Grand Opening Metrics - Wild Oats

Achieve key metrics for grand openings

- Assumptions:
  - Average weekly sales will decrease by [redacted]% after [redacted] weeks in new store and [redacted]% in relocation store
- Achieve key targets:
  - Target average weekly sales of $[redacted]K in weeks [redacted]*
  - Minimum average weekly sales settle in at $[redacted]K

	Pro Forma Sales			Actual Sales		
	Pro Forma	GO Week @ 60-70%		GO Week	Current (week 25)	% of GO week sales
RNT	$ [redacted]	$ [redacted]		$ [redacted]	$ [redacted]	[redacted]%
SLU	$ [redacted]	$ [redacted]		$ [redacted]	$ [redacted]	[redacted]%
TUA	$ [redacted]	$ [redacted]		$ [redacted]	$ [redacted]	[redacted]%

[1] Pro forma based on real estate model
[2] SUP sales weeks [redacted] were $[redacted]K and $[redacted]K, respectively

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Grand Opening Analysis - Wild Oats

1. **New versus existing markets:**
   - What is level of brand awareness in market? Is Wild Oats known and understood in market?
   - Is this a new store in existing market with an old store? Does market have pre-existing perception of Wild Oats that needs to be augmented or refuted?
2. **Development index of natural/organic awareness and usage:**
   - Does market understand and value natural/organic foods and products?
   - How developed is organic/natural category in market, based on sales of leading product categories (e.g., organic milk) in grocery stores?
   - [redacted] (IRI/AC Nielsen)?
3. **Culinary sophistication:**
   - Is market generally recognized as foodie destination by media (e.g., [redacted] etc.)?
   - Is there a predominance of highly acclaimed restaurants, farmers markets, specialty food retailers, etc.?
4. **Existence of competition in the market:**
   - Are other high-end food retailers ([redacted]) present in the market?

Redacted

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Grand Opening Analysis – Wild Oats New vs. Existing Market

New market

- Depends on awareness and consumption of natural/organic foods. Although Wild Oats, the brand, may be new, the awareness of natural/organic may be high – and Wild Oats may be perceived to offer a valuable point of difference versus other food retailers in the market.
  - [redacted]
- **Tactics**
  - [redacted]

Redacted

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Grand Opening Analysis – Wild Oats New vs. Existing Market

Existing market

- Depending on size of market and extent of existing brand awareness, spending is focused on maximizing awareness of new store in the market
  - [redacted]
- **Tactics**
  - [redacted]
  - [redacted]

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Grand Opening Analysis – Wild Oats Natural/Organic Consumption

High index of natural/organic consumption

- Emphasize natural/organic offerings in marketing communications and that Wild Oats offers a huge selection of these products in a super-premium environment
- Build alliances with local organizations that appeal to Cultural Creatives
  - Arts, culinary, environmental, fitness, theatre
- **Tactics**
  - [redacted]
  - [redacted]
  - [redacted]

Redacted

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Grand Opening Analysis – Wild Oats Natural/Organic Consumption

Low index natural/organic consumption

- Customers are not familiar with features and benefits of natural/organic foods or why they should shop Wild Oats, so the emphasis is on the **quality of the food and the experience**, more than on natural/organic benefits
- Requires broad education of what Wild Oats offers
- **Tactics**
  - [redacted]
  - [redacted]
  - [redacted]

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Grand Opening Analysis – Wild Oats Culinary Consumption

"Foodie" market

- Large concentration of "foodies" in the market – people with an appreciation and love of food and cooking
- Emphasize culinary offerings in marketing communications. This may include unique ingredients, upscale products and interesting recipes. Quality is important – emphasize organic and natural offering. Also, Promote connection with local farmers and ingredients (freshest, closest to the source)

- **Tactics**
  - [redacted]
  - [redacted]
  - [redacted]
  - [redacted]
  - [redacted]

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Grand Opening Analysis – Wild Oats Culinary Consumption

Low culinary sophistication market

- Customers are not interested in cooking – see food as fuel – which requires broad education of what Wild Oats offers
- [redacted]
- Promote other aspects of food that are important to market (health, taste, quality convenience, etc.)

- **Tactics**
  - [redacted]
  - [redacted]
  - [redacted]

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Grand Opening Analysis – Wild Oats Competition

Uncompetitive market

- Low concentration of similar grocery offerings
- Need to quickly build brand awareness
- Promote the store as "the place to be" in the market (make it "cool" to be seen there) through the use of media, local celebrities and advertising
- Establish strong ties with local media and organizations

- **Tactics**
  - [redacted]
  - [redacted]
  - [redacted]
  - [redacted]

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Grand Opening Analysis – Wild Oats Competition

Competitive market

- Critical to communicate point of difference
- Critical to optimize the in-store experience – hire extra staff during busy hours, hold more demos, make sure the store is extremely clean, etc.
- Prices must be competitive
- [redacted]
- Community outreach is important – partner with schools, hospitals, local chefs, gluten-free groups, universities, environmental groups, etc.
- **Tactics**
  - [redacted]
  - [redacted]
  - [redacted]
  - [redacted]

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Marketing Tactics: [redacted]

[redacted]	[redacted]			
	New vs. Exiting Markets	Natural / Organic Dev't	Culinary Sophistication	Competition

Code: More shading indicates situation more difficult

[redacted]

- Communicate high end, high quality food and wine offering
- Emphasize benefits of natural/organic
- Hire a store chef for demos, recommendations, cooking classes, etc.
- Hold food and wine tastings at the store
- Advertise on local epicurean websites
- Build alliances with foodie organizations - chefs, cooking schools, high end restaurants, etc.

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