Exhibit 19 to Plaintiff's
Memorandum of Points and Authorities
in Support of Its Motion for Temporary
Restraining Order and Preliminary
Injunction
(PX01332)
Part 8 of 12

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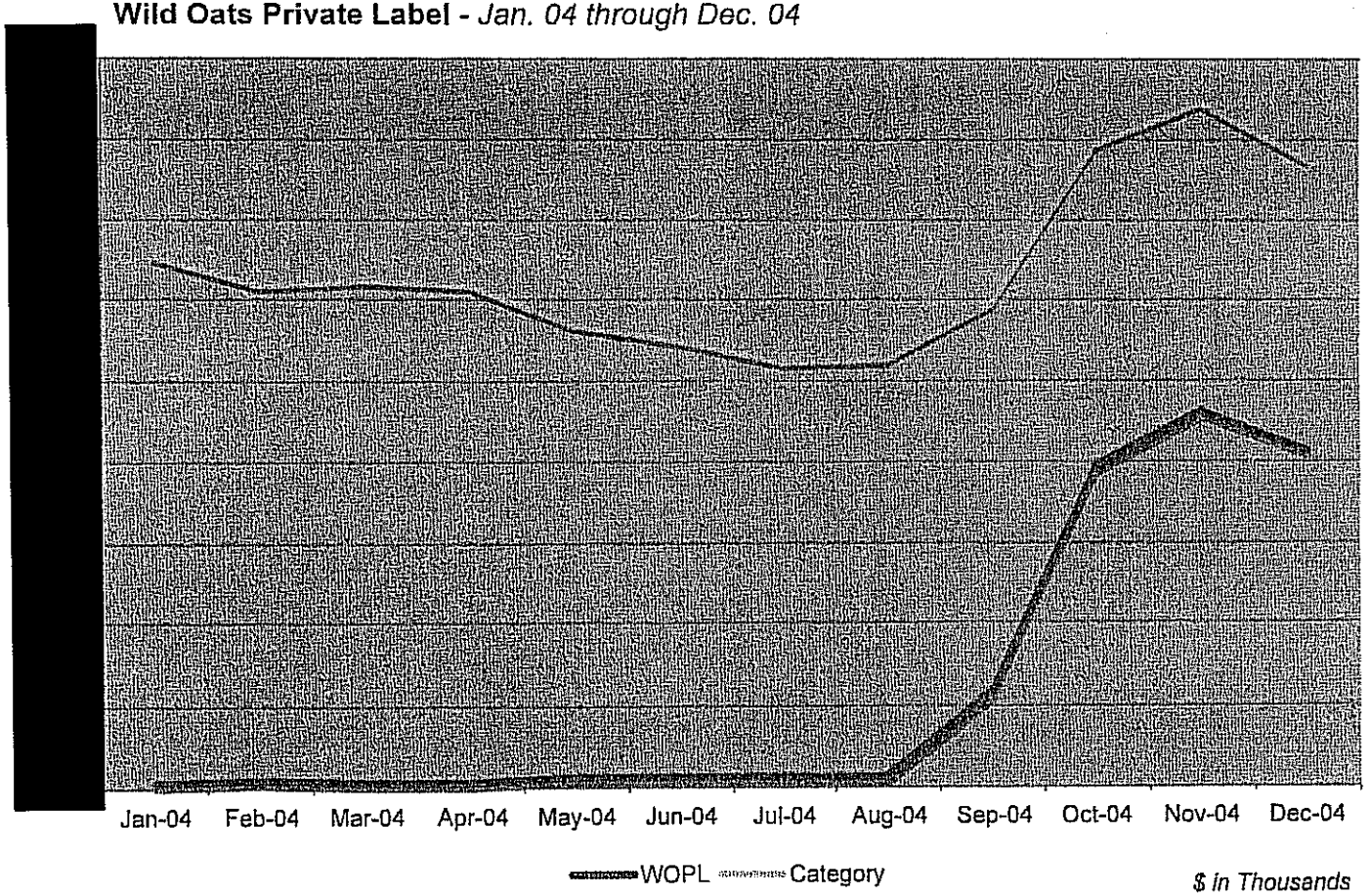
# Brand Growth Grows the Category

**Wild Oats Private Label** - *Jan. 04 through Dec. 04*




Redacted



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# Customer-focused Product Standards

- Highest standards in the N&O industry focused on providing
  - Better for me products (focused on health and wellness)
  - Better quality
  - Better taste
  - Better variety
  - Local products
  - Better service



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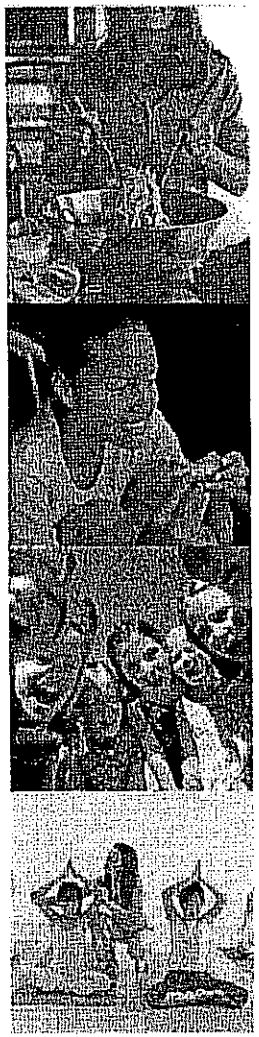

# New Store Performance



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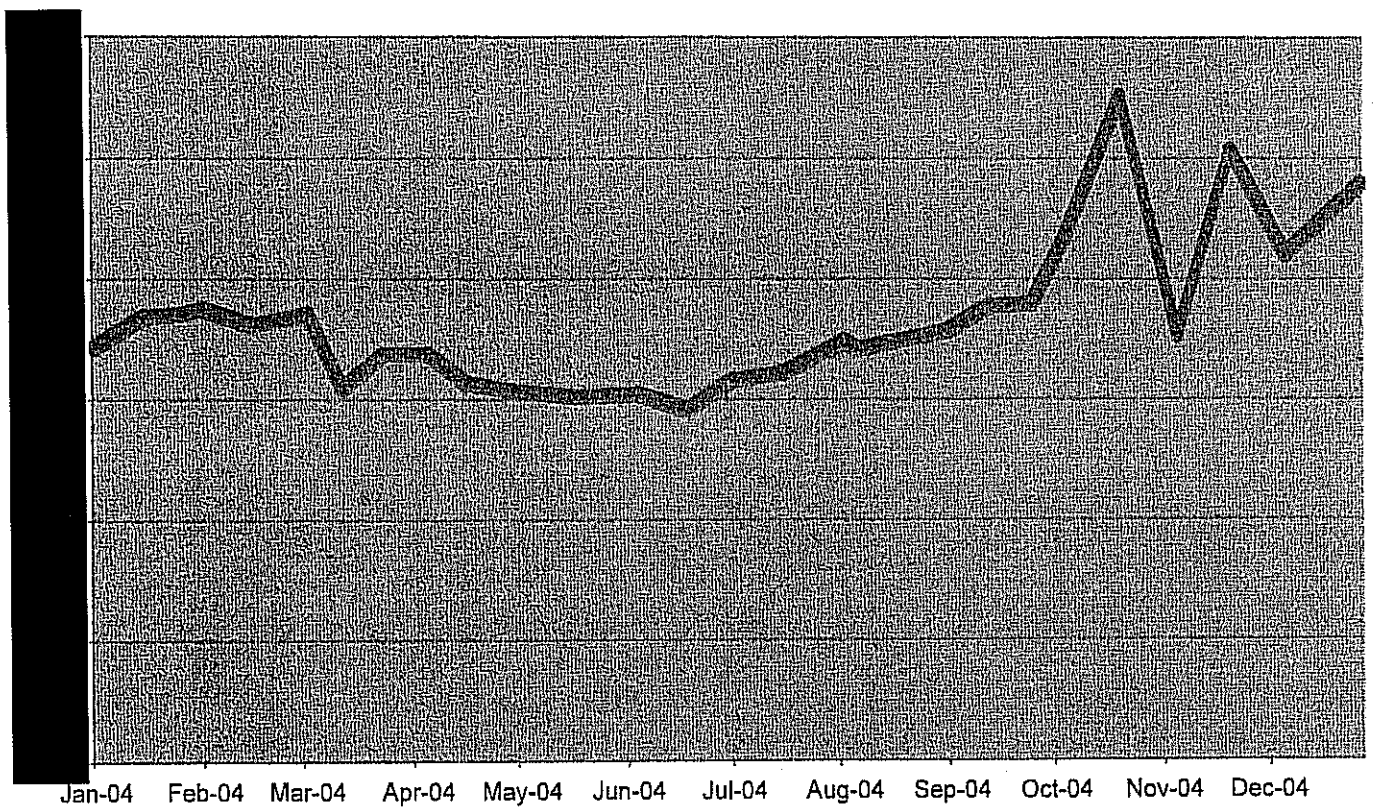
# Investments in Stores Facing Competition

**Sales trends for Wild Oats stores facing competition** - *Jan. 04 through Jan. 05*




*$ in Millions*

Redacted



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# Natural & Organic Category Growth



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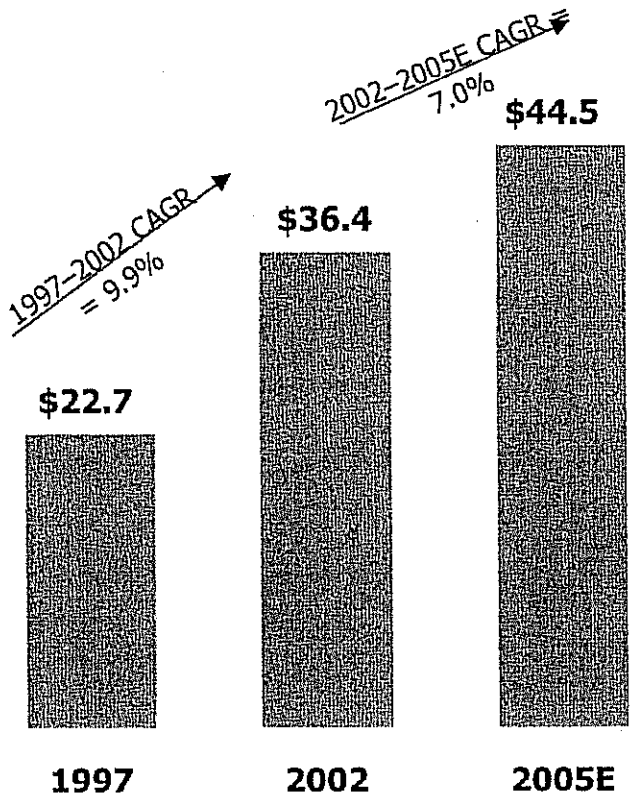
# Attractive N&O Category Dynamics




- 27% of Americans eating more organic than 1 year ago with 54% having tried organic foods and 10% using regularly
- CAGR from 2006 to 2009 estimated to be >12% driven by:
  - Consumer trend towards health and wellness
  - Accelerating trial and awareness
  - Concern over food safety
  - Better educated consumer base
  - Improving supply chain

[1] Includes all natural foods and supplements
Source: *Natural Foods Merchandiser*, supermarket business industry consultants and equity research



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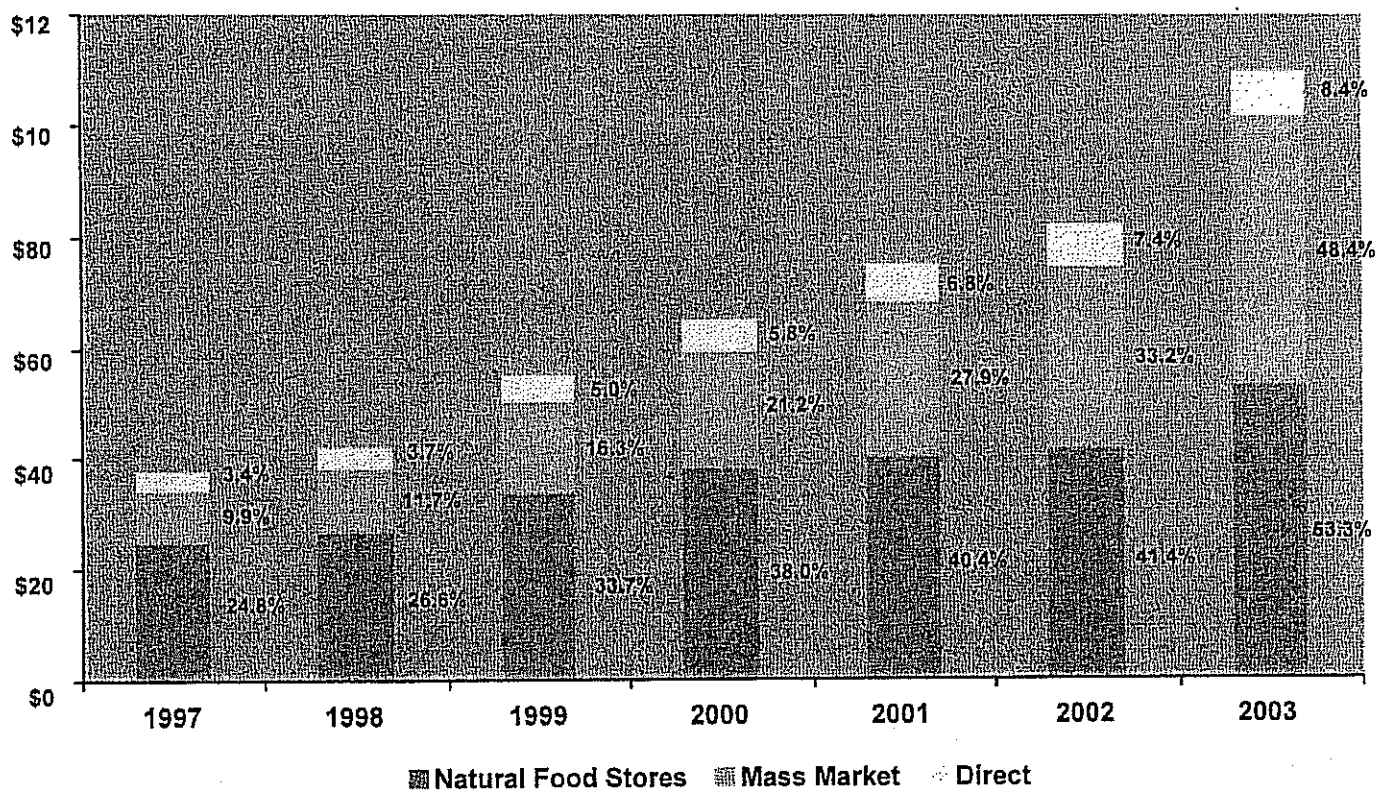
# U.S. Organic Food Sales by Channel

**Growth in natural products primarily in conventional grocery stores**




*$ in Millions*



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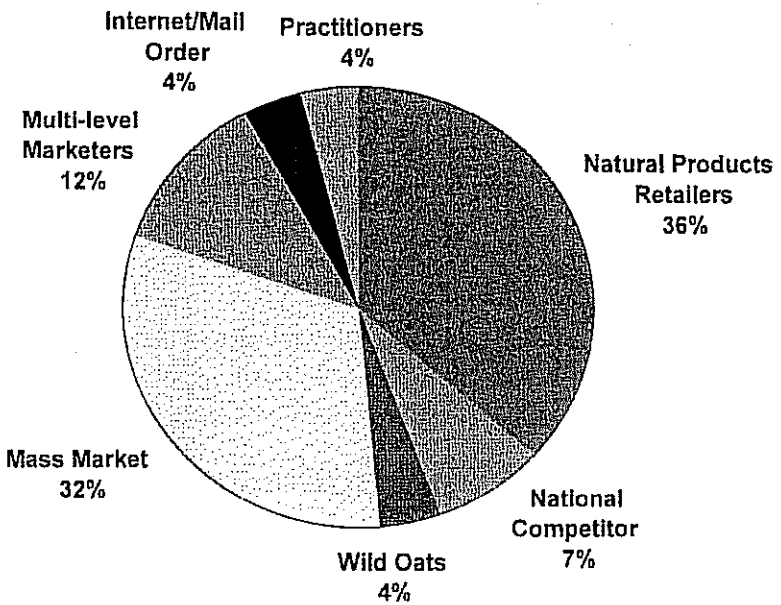
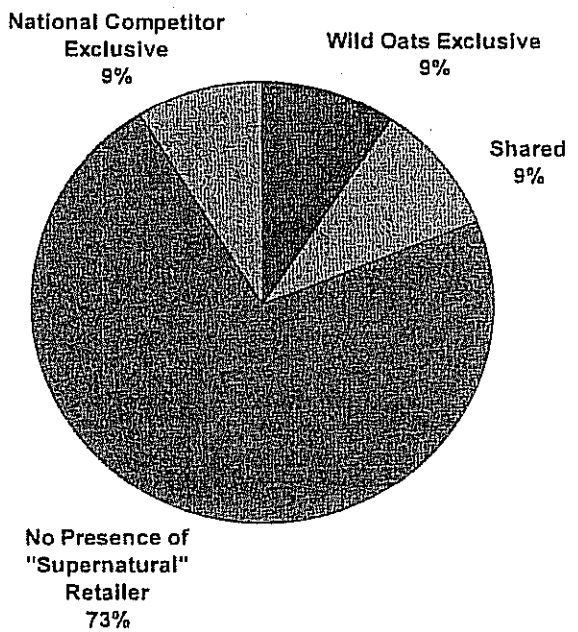
# N&O Retail Channel is Fragmented

## Total Natural Product Sales




Total = $42.8 billion

## Market Penetration




Total = 210 U.S. Designated Market Areas

**Source:** ***Natural Foods Merchandiser***



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# 2005 Key Objectives

- Meet all financial performance targets:
  - –Achieve sales growth of [redacted]
- Successfully open up to 12 new stores and complete 10 remodels
- Substantial margin improvement with the goal of [redacted]
- Meet and exceed store-level initiatives



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# Key 2005 Initiatives

- Merchandising
- Marketing
- Operations
- Business Development / New Ventures



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# Merchandising Changes

## Key factors Driving Change

- Conventional stores are gaining ground on epicurean and ethnic offerings and customers' tastes are becoming more worldly and refined
- Conventional stores carrying more natural and organic products
- Customers are shopping elsewhere for convenience items
- Customer research shows that Wild Oats stores do not have the breadth of offering to be the preferred specialty store for higher income consumers



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# Produce Merchandising

## *Produce*

- Produce selection will be expanded to appeal to more shoppers
- Increase conventionally grown items as a percentage of produce items
- More locally grown produce



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# Meat & Seafood Merchandising

## *Meat & Seafood*

- Lead meat offering will continue to represent all-natural standard – no antibiotics, growth hormones and
  100% vegetarian feed
  - –Add new items to broaden our appeal & lower prices
  - –The addition of [redacted]
  - –[redacted]
  - –More variety in price points
  - –Offer greater choice to encourage trial

Redacted



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