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Whole Foods Market, Inc. — 2009

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WFMI

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On August 27, 2009, two more labor unions joined thousands of voices already calling for a boycott of Whole Foods stores nationwide. Why? In retaliation for CEO John Mackey voicing strong opposition to President Obama's health care policy in an article in the *Wall Street Journal.* Whole Foods' customer base is very liberal and is attracted to the company's liberal actions as much as to their high-quality food. For example, Whole Foods employees are paid well above market averages, enjoy free gym memberships, same-sex partner benefits, and a strict nondiscrimination policy. However, Mackey is a self-proclaimed libertarian who strongly advocates a small role for government programs. Mackey is firmly anti-union, although his corporation is unionized. This public drama is hurting Whole Foods' image and business.

Whole Foods Market is the world's leading natural and organic foods supermarket. As of September 2008, Whole Foods had 264 stores in the United States, 6 in Canada, and 5 in the United Kingdom. Few companies attract the kind of following Whole Foods and its CEO/founder have both among customers and the national media. Type *Whole Foods* on Google and you would get over 3 million hits. Type *John Mackey* and you would get some 100,000+. Their corporate Web site averages more than 50,000 visitors a day.

The Whole Foods impressive new headquarters building is located above its 80,000-square-foot flagship store in Austin, Texas. Through a long series of acquisitions, CEO John Mackey has created a niche retailer that enjoys lofty profits in a very price-competitive industry that is typically characterized by low profit margins. With projected 2009 sales of more than $8 billion, and a goal of $12 billion by 2010, Whole Foods currently has 50,000 plus team members (employees) working.

For the first six months of their fiscal year 2009, Whole Foods sales were $4.3 billion. If second half of the year sales are consistent with its year to date results, total sales should be just under $8.0 billion. This would be identical to 2008 sales. Mackey was quoted as saying, "despite flat sales year over year, we exhibited strong expense control leading to a 10% increase in income." While first-half 2009 sales were flat and income up slightly, comparable store sales decreased 4.4% versus an 8.2% increase in the prior year.

Despite stricter federal requirements, Whole Foods Market remained committed to organic certification. In November of 2008, the USDA's National Organic Program declared there could no longer be "group" certified stores and that each store had to be certified individually. This was a change from a sampling model that had been used previously. Joe Dickson, quality standards coordinator for Whole Foods, remarked, "While some certified retailers may have just a few departments certified, and focus on shrink-wrapped organic produce, we've opted to go all out, in our stores, every department that handles organic food is certified—produce, meat, bulk, cheese, even stores with organic salad bars are certified."

At the end of the second quarter 2009, the company had 280 stores totaling 10.3 million square feet. Only seven new stores were opened in the first half of the year, three of which were relocations. Over the years, Whole Foods business model has been centered on rapid expansion driving revenue growth. In their effort to contain costs rather than raise prices, this rapid expansion plan has been cut in half, maybe more. As of the summer of 2009, the company only had plans to open a total of 60 stores in the next four and a half years. Furthermore, they had intentions of only entering eight new markets with these 60 new stores.

It may be hard to justify the building of even bigger stores (the average size for their newer stores is 56,000 square feet) given that traffic is down and their customers are buying less each trip. Some of their newer stores were also built in lower income areas, bringing them into direct competition with more established and lower cost competitors.

As the recession drags on and unemployment continues to grow, many economists fear an even deeper retrenchment shopping pattern for the consumer. All of this increases the company's struggle to maintain their higher margins and pricey image.

While the company continues to earn accolades (they were only 1 of 3 companies to receive the 2009 Socially Responsible Retailer Award for the Whole Planet Foundation), their future outlook remains murky. If yearly earnings continue to fall in 2009, it would be the third year in a row for lower net income. Like many other businesses, analysts' sentiments are mixed. One says that Whole Foods Market stringent cost controls and reduced capital expenditures will serve them well; another believes that shoppers will likely continue to scale back their trips to Whole Foods because of its "high-end" reputation.

History

Two years after opening his SaferWay store in 1978, John Mackey merged with Clarksville Natural Grocery in Austin, Texas. This resulted in the opening of the original Whole Foods Market in 1980. In 1984, Whole Foods expanded out of Austin into Houston, Dallas, New Orleans, and one store in California. This expansion was accomplished in significant part through acquisitions of other natural food chains throughout its three-decade history.

In 2004, Whole Foods entered the United Kingdom by acquiring an existing chain of seven natural food stores. In 2007, they opened an 80,000-square-foot, three-level store in West London. Initially the firm planned for up to 40 more stores in that country. During 2007 and 2008, the firm opened five more stores but later closed one of them. Fiscal year 2008 sales in the United Kingdom accounted for approximately 3 percent of total sales. The company's goal is to approach break even in fiscal year 2011 for the UK market.

In early 2007, Whole Foods announced its proposal for acquiring Wild Oats Market, Inc., for approximately $565 million and assumption of almost $106 million debt. This represented Whole Foods' biggest acquisition to date. Wild Oats Market was their largest, closest competitor with a little over a billion a year in sales, slightly over 100 stores, and 8,500-plus employees.

Whole Foods Market is one of only 13 companies to be included in *Fortune* magazine's annual list of the "100 Best Companies to Work For" every year since the list's inception in 1996. In 2009, it was rated at number 16 out of 100. John Mackey has a long list of awards, ranging from making the top-30 corporate leaders named by *Barron's* to being named the 2003 Overall National Ernst & Young Entrepreneur of the Year. Whole Foods' employee-friendly touches include capping executives' pay at 19 times the average workers' annual wages, up from 14 times a few years earlier.

The company is heavily involved in environmental issues and community involvement. They donate at least 5 percent of their net profits yearly to charitable causes. Whole Foods made the U.S. Environmental Protection Agency's list of the "Top 25 Green Power Partners" with such efforts as eliminating plastic, working to ensure the humane treatment of animals, protection of the fishing industry, and offsetting its energy costs through wind power credits.

Mission, Culture, and Strategy

Whole Foods Market's mission is "to promote the vitality and well-being of all individuals by supplying the highest quality, most wholesome foods available." Their aspiration is to become an international brand synonymous with not just natural and organic goods, but also to be the best food retailer in every community in which they locate. Perishable product sales accounted for approximately 67 percent of their total retail sales in fiscal year 2008. Prepared meals (which allow for rich premium prices) represent almost 20 percent of total sales.

Whole Foods is more than a "fancy grocery store." With its culture and cult following, one might more aptly describe it as a lifestyle store. Some customers say they are making a statement by shopping there. Their motto "Whole Foods, Whole People, Whole Planet" emphasizes the company's vision as more than just a food retailer. In the Harris Interactive/The *Wall Street Journal* ranking of the world's best and worst corporate reputations, Whole Foods Recently placed 12th overall and received the best score of any company for social responsibility. The firm was recently rated as the number-one "green brand" with Generation Y.

Customers come from a 20-mile radius to shop at Whole Foods as compared to just 2 miles for the typical supermarket shopper. Yet only 25 percent of Whole Foods shoppers provide 75 percent of total sales. Whole Foods caters to local tastes by giving their managers discretion to stock 10 percent of each store with whatever might sell best in that area. Managers are allowed to set prices on locally competitive products.

"We're selling the highest quality foods in the world," says John Mackey. He goes on to reject any comparison with Wal-Mart: "It's like comparing a Hyundai to a Lexus: their focus is on getting the cheapest stuff in; we're focused on getting the best stuff."

Whole Foods has several competitive advantages due to their differentiation strategies. Generally speaking, their associates are much more knowledgeable and willing to help than in the average grocery store. Another competitive edge lies in the depth and breath of their item selection. Fifty different brands of olive oil is but one example. Such excess, combined with, in some cases, obscenely high prices, might be a turnoff for some customers.

What might be considered both a plus and a minus is the fact that the store shuns most major brands in favor of specialty ones. Because their niche is so narrow, and there are so few of their stores in each area, they can skim the market. This is a major factor contributing to their higher profits.

Whole Foods is also somewhat different from competitors in the area of prepared foods. There's a wealth of selection for lunch, dinner, and dessert. You can eat in or take out. About 28 percent of shoppers do not know what they are having just two hours before the meal, according to the Food Marketing Institute, so preparing a meal is a great opportunity for grocers. Although premade food carries a higher price tag than buying ingredients for meals, it is still less expensive than dining out, and has become more popular as high-end consumers look for ways to curb spending in a weak U.S. economy.

The company relies primarily on word-of-mouth advertising. They only spend about 0.5 percent of their total sales on advertising and marketing, much less than the industry. They also contribute at least 5 percent of after-tax profits to not-for-profit organizations. Ninety-two percent of their 53,000-plus employees are full-time team members. Those who work 30 or more hours per week and have worked a minimum of 800 service hours qualify as full time. Whole Foods Market provides healthcare insurance at no cost to its approximately 47,000 full-time members.

Wild Oats Markets, Inc.

Whole Foods has a long history of acquisitions. Approximately a third of its existing square footage was derived from acquisitions. The Wild Oats acquisition represented the company's largest, both by square footage and dollars ($565 million). Wild Oats Markets, Inc. was started in Boulder, Colorado in 1987. By 2006, it had grown into the nation's second largest natural and organic foods supermarket chain, with more than 110 stores in 24 states and British Columbia, and annual sales of more than $1 billion.

One of the arguments for the merger-acquisition was so Whole Foods could compete against much larger rivals like Kroger, Safeway, and Wal-Mart, all of which are starting to offer organic and natural products. It further gained Whole Foods entry into 15 new markets and 5 new states. As with most mergers, the company anticipated significant synergies; however, some industry experts remain skeptical. One grocery consultant commented, "They get some additional store locations at probably a reasonable price versus building them, but I'm not convinced that this is a marriage made in heaven." Their postacquisition plans included selling some 35 non–Wild Oats stores (Henry's & Sun Harvest), closing 10 to 30 Wild Oats stores, relocating 7, and remodeling/enlarging many more.

The Federal Trade Commission initially raised antitrust concerns over the acquisition as early as May-June 2007. They contended that the two chains would compete directly against one another in 21 geographic areas and that this combination would limit competition, and therefore increase prices in the marketplace for natural and organic foods. Whole Foods countered that it already faced plenty of competition from Kroger, Safeway, and other big supermarket chains as well as local producers selling directly to customers in that segment.

In August 2007, a U.S. District Court ruled that the two companies could proceed after finding that the "marginal" customers (those more likely to seek out better prices), rather than core customers (those more loyal), could easily find the products in other stores. The judge based his decision in part on the fact that about 60 percent of natural and organic foods are sold by conventional grocery stores. The FTC still was not convinced, and the U.S. Court of Appeals in mid-2008, by a 2–1 vote, sent the case back to the lower court to consider the evidence more fully, suggesting that the judge there had rushed the decision. Following the ruling, one antitrust lawyer commented, "What are you going to do—the eggs have already been scrambled." Another critic of the FTC's action commented, "We've got bigger problems than organic grocery monopolies." While all this was being sorted out, Whole Foods was proceeding with their plans for the Wild Oats acquisition.

In early March 2009, a final settlement was announced. Whole Foods agreed to divest itself of 31 Wild Oats stores in 12 states, including 19 that had already been closed, and 1 Whole Foods store. They also agreed to relinquish the rights to the Wild Oats brand, which could be sold to a potential competitor. In exchange, the FTC agreed to drop its legal bid to undo the merger. Neither side could claim a victory. In that Whole Foods paid roughly $565 million for 110 stores under the Wild Oats name, and suffered another $19 million in settlement issues, one analyst likened it to an exercise in killing the competition rather than gaining a major brand.

The Organic Food Industry

The global market for organic food and beverages was worth $22.75 billion in 2007, after more than doubling in five years, according to market research firm Euromonitor International. The United States accounted for about 45 percent of that total. Typical growth rates of 20 to 30 percent for organic food sales in the United States eased in the second half of 2008 as middle- and upper-income families felt the effects of layoffs and declining portfolios. Although it may be safe to assume that organic food is past the stage of being a fad and there is a hard core of customers, the future for this industry is cloudy at best.

It is still debatable exactly what organic food is or how to define it. The issue of whether it is healthier or more "green" is still open to question by some. There is, however, according to some estimates, a core group of organic consumers that consists of approximately 15 percent of the overall American population. This core is willing to spend the price premium that organic foods carry (which typically ranges from 20 to 200 percent over regular foods).

One health and wellness marketing research group postulates that the past years' double-digit growth of organic foods has started to level off. Supervalu (the number four or five grocer) closed down their five-store Sunflower market, which focused on organic items in 2008, after opening it in 2006, because it failed to meet the company's expectations.

In contrast, since food companies have been increasing prices to offset the rising commodity prices and currency-related effects, the pricing gap between regular food products and organic products has narrowed. This narrowing of prices could make organic products more appealing to a greater number of customers.

Industry Trends

Grocery stores are ranked among the largest industries in the United States. Cashiers, stock, and order fillers make up 50 percent of all grocery store workers. At one time the retail grocery store sector of retail was, in relative terms, a higher paid industry; however, over the past 25 years the grocery industry has become one of low wages and part-time employees.

At retail, the industry makes less than a penny of profit on every dollar spent. Safeway and Kroger have spent millions, if not billions, sprucing up their stores in an effort to confront Wal-Mart.

Recent trends in the industry of grocery stores consist of expanding their offerings, trying to draw in customers with Web sites, recipes, loyalty cards, cooking classes, ready-to-eat meals, sit-down spaces to eat, salad bars, and coffee (Starbucks in some cases) areas. Higher gas prices, mortgage failures, job losses, stock market fears, and food inflation have taken their toll. Many grocery shoppers have begun looking for bargains. In this recent downturn, even the affluent are showing signs of pulling back. A 2008 survey found that many adults are preparing more meals at home (43 percent), using more coupons (40 percent), or going out of their way to look for lower-cost items (37 percent) as a result of higher food costs.

The Food Marketing Institute found that in 2008 some 64 percent of shoppers said they often or always buy a store brand rather than a national one. That was up from 59 percent the prior year. These cost-conscious shoppers are turning away from premium priced goods produced by name-brand labels such as General Mills and Kraft to individual store brands. Kroger has led the movement by capitalizing on their Private Label brand, which is the most extensive line in the industry. Their brand is expected to generate over a billion dollars in 2008 sales and represented some 27 percent of their total sales.

Competitors

With over 100,000 grocery stores in the United States, the landscape is filled with a vast variety. Stores range from the mom-and-pop operations to the super-huge (a Woodman's in Wisconsin with over 240,000 square feet, and a Wegman's 130,000-square-footer in Virginia with projected sales of over $125 million, which will make it America's highest volume grocery store).

Currently, Trader Joe's may represent the supermarket closest in appeal to Whole Foods. In 2008, they had 300 stores in 25 states and were growing. Their stores are concentrated in California and along the mid-to-upper East Coast, with some single stores spread throughout the United States. Trader Joe's products are usually priced lower in comparison to Whole Foods. Sunflower Farmers Market represents the discounter of organic and natural foods. In 2008, they had some 14 to 15 stores concentrated in the southwestern United States.

Wegman's is a growing force to be dealt with in the industry with their European open-air market concept. With $4.8 billion in 2008 sales, they placed 30th on the list of top-25 supermarkets based on sales. They have 70+ stores with most in New York and the rest in neighboring states. Many consider them to be the best of breed in the industry. They are consistently rated in the very top tier of *Fortune*'s annual list of the 100 best companies to work for.

There is a lengthy list of other firms both large and small that aggressively compete for the consumer's food dollar. Some examples would include the Fresh Market chain of 86 stores in 17 states, and the Central Markets of 7 or 8 stores in Texas. Then there are the individual stores like Stu Leonard's two New England stores, which have been called the "Disneyland of dairy stores," and Jungle Jim's 6 acres of food in Fairfield, Ohio, which attracts over 50,000 people a week with food from more than 70 countries.

In addition to the more unique grocery companies, there are the more traditional. Companies like Wal-Mart (the number-one seller of groceries—over $100 billion in 2008), Kroger (over $76 billion in 2,500 stores), Safeway (over $44 billion in 1,750 stores), Albertson's, and Winn-Dixie all compete for some of the same dollars that Whole Foods seeks. In early 2009, Wal-Mart announced plans to completely overhaul its oldest and biggest store brand. Their Great Value store brand is not only the biggest brand Wal-Mart carries, it is the biggest store grocery brand in the entire country.

Whole Foods, in late summer of 2008, began emphasizing value, offering greater discounts, and lower-priced goods in an attempt to recast at least somewhat their premium price image due to the economic downturn.

Kroger is the number-one pure grocer in sales and has, with some degree of success, taken on Wal-Mart the discounter and Whole Foods the natural/organic retailer. Kroger is still in the experimental stages of expanding its Marketplace store concept, where it sells not only groceries, but also furniture, appliances, and home furnishings, with some locations featuring some of its own Fred Meyer's jewelry stores, Starbucks, and even pizzerias.

The Future

"In all my profound wisdom, I decreed a maximum of 100 stores, and thought that would saturate the United States," recalls John Mackey of the time when his company went public in 1992. Although the company has a store in 40 different states, almost 50 percent of Whole Foods Market stores are in just 6 states. Currently, CEO Mackey is thinking in the neighborhood of 500 stores for the future.

Although Whole Foods Market's past success can hardly be contested, its future is somewhat cloudy. One of Mackey's immediate goals is to convince more of his customers to do all their shopping at his chain, rather than cherry-picking the items they can't find at the big-name chains. Companies like Wal-Mart, Safeway, and Kroger are all increasing their offerings of organic goods. Many smaller competitors, like Trader Joe's, offer a similar product mix on the cheap (e.g., its "Two-Buck Chuck" wines).

Digesting the Wild Oats Market has taken its toll on the company, both legally and financially. Entering fiscal year 2008 Whole Foods had $736 million in long-term debt and over $14 million in legal fees alone. Combined with a third-quarter 2008 slowdown in store growth, revenue growth, and profit growth, this has Mackey and his investors nervous. In a late 2008 earnings conference call, Mackey said of the Wild Oats purchase, "If I could get my money back, I'd take it back." At that time only 55 of the 109 Wild Oats stores that Whole foods originally purchased remained open.

All of these negative happenings have put a damper on Whole Foods Market stock. In late 2006, one financial analyst rated its stock as a buy stating, "History shows little to no relationship between the company's sales and data for economic growth, employment, or even consumer spending." However, after peaking at almost $80 in January 2006, its stock has continued a downward slide from then. In the spring of 2009, it fluctuated between lows of around $9 and highs around $19.

In January 2009, Mackey was quoted as saying, "We have to manage the business differently; economic growth used to be the tailwind that the company built into its business plan. The new era requires a different mindset—we have to be more frugal, to think about every expense, every capital investment—because we won't be bailed out by growth." During the fiscal years of 2008 and 2009, Whole Foods implemented several strategies to deal with the tough economic times. These included the following:

- cutting in half the planned new store openings (30 to 15)
- cutting discretionary spending by 50 percent
- suspending its cash dividend
- increasing the range of lower-priced items
- strengthening its value image
- launched its Whole Trade product line

The company faces multiple strategic issues in its efforts to continue its growth and success. For one, its distribution effectiveness isn't nearly the equivalent of its national competitors. A second issue would be how they maintain its differentiation competitive advantage. This is always a problem for a niche or focused player. Their differentiation advantage has narrowed due to the competition's encroachment on that niche. A third issue would be these questions: How does the economy's downturn affect even those "core" customers who have been willing to pay a premium for natural and organic? Will Whole Foods overexpand and go the Starbucks/Gap route? Just how big is the market for Whole Foods? How many more stores are viable in the United States? Additionally, will the Wild Oats acquisition pay off in the long run or has the company ended up with egg on its face as well as a huge debt? And last, but not least, who might succeed John Mackey in the event of his leaving, dying, or being relieved by the board? Whole Foods Market clearly needs a clear strategic plan going forward.

HIBIT 1 Whole Foods Market, Inc., Summary Financial Information

	(in thousands)		
	2008	2007	2006
nsolidated Statements of Operations Data			
es	$ 7,953,912	$ 6,591,773	$ 5,607,376
st of goods sold and occupancy costs	5,247,207	4,295,170	3,547,734
Gross profit	2,706,705	2,296,642	1,959,642
ect store expenses	2,107,940	1,711,229	1,421,968
neral and administrative expenses	270,428	217,743	181,244
-opening expenses	55,554	59,319	32,058
ocation, store closure and lease termination costs	36,545	10,861	5,363
Operating income	236,238	297,451	319,009
erest expense	(36,416)	(4,208)	(32)
estment and other income	6,697	11,324	20,736
ome before income taxes	206,519	304,567	339,713
vision for income taxes	91,995	121,827	135,885
income	$ 114,524	$ 182,740	$ 203,828
ic earnings per share	$ 0.82	$ 1.30	$ 1.46
ighted average shares outstanding	140,011	141,836	145,082
uted earnings per share	$ 0.82	$ 1.29	$ 1.41
ighted average shares outstanding, diluted basis	140,011	141,836	145,082
idends declared per share	$ 0.60	$ 0.87	$ 2.45
nsolidated Balance Sheets Data			
working capital	$ (43,571)	$ (104,364)	$ 114,211
al assets	3,380,736	3,213,128	2,042,996
g-term debt (including current maturities)	929,170	760,868	8,655
reholders' equity	1,506,024	1,458,804	1,404,143
erating Data			
mber of stores at end of fiscal year	275	276	186
erage store size (gross square footage)	36,000	34,000	34,000

rce: WFMI, *Annual Report* (2008).

HIBIT 2 Whole Foods Market, Inc., Consolidated Balance Sheets

	(in thousands)	
ssets	2008	2007
urrent assets:		
Cash and cash equivalents	$ 30,534	$ —
Restricted cash	617	2,310
Accounts receivable	115,424	105,209
Proceeds receivable for divestiture	—	165,054
Merchandise inventories	327,452	288,112
Prepaid expenses and other current assets	68,150	40,402
Deferred income taxes	80,429	66,899
Total current assets	622,606	667,986

continued

EXHIBIT 2 Whole Foods Market, Inc., Consolidated Balance Sheets—continued

Assets	(in thousands) 2008	2007
Property and equipment, net of accumulated depreciation and amortization	1,900,117	1,666,559
Goodwill	659,559	668,850
Intangible assets, net of accumulated depreciation	78,499	97,683
Deferred income taxes	109,002	104,877
Other assets	10,953	7,173
Total assets	**$ 3,380,736**	**$ 3,213,128**

Liabilities and Shareholders' Equity	2008	2007
Current liabilities:		
Current installments of long-term debt and capital lease obligations	$ 308	$ 24,781
Accounts payable	181,134	225,728
Accrued payroll, bonus and other benefits due team members	196,233	181,290
Dividends payable	–25,060	
Other current liabilities	286,430	315,491
Total current liabilities	666,177	772,350
Long-term debt and capital lease obligations, less current installments	928,790	736,087
Deferred lease liabilities	199,635	152,552
Other long-term liabilities	80,110	93,335
Total liabilities	1,874,712	1,754,324
Shareholders' equity:		
Common stock, no par value, 300,000 shares authorized; 140,286 and 143,787 shares issued, 140,286 and 139,240 shares outstanding in 2008 and 2007, respectively	1,066,180	1,232,845
Common stock in treasury, at cost		(199,961)
Accumulated other comprehensive income	422	15,722
Retained earnings	439,422	410,198
Total shareholders' equity	1,506,024	1,458,804
Commitments and contingencies		
Total liabilities and shareholders' equity	**$ 3,380,736**	**$ 3,213,128**

Source: WFMI, *Annual Report* (2008).

EXHIBIT 3 Whole Foods Market, Inc., Percentage Revenues by Product Category

	2008	2007	2006
Grocery	33.2%	32.9%	31.5%
Prepared foods	19.3%	19.8%	19.6%
Other perishables	47.5%	48.3%	48.8%
Total sales	**100.0%**	**100.0%**	**100.0%**

Source: WFMI, *Annual Report* (2008).

EXHIBIT 4 Whole Foods Properties (as of September 28, 2008)

Location	#Stores	Location	#Stores	Location	#Stores
Alabama	1	Louisiana	3	Oregon	6
Arkansas	1	Maine	2	Pennsylvania	7
Arizona	7	Maryland	7	Rhode Island	3
California	51	Massachusetts	19	South Carolina	2
Colorado	18	Michigan	5	Tennessee	3
Canada	6	Minnesota	2	Texas	14
Connecticut	5	Missouri	3	United Kingdom	5
District of Columbia	3	Nebraska	1	Utah	4
Florida	14	Nevada	4	Virginia	9
Georgia	7	New Jersey	9	Washington	5
Hawaii	1	New Mexico	5	Wisconsin	2
Illinois	16	New York	8		
Indiana	2	North Carolina	5		
Kansas	2	Ohio	6		
Kentucky	2	Oklahoma	1		

Source: WFMI, *Annual Report* (2007): 21.

EXHIBIT 5 Whole Foods Management (as of November 20, 2007)

Regional Presidents			
Name	**Age**	**Tenure**	**Position**
Scott Allshouse	45	7	South Region
Michael Besancon	61	13	Southern Pacific Region
Patrick Bradley	47	21	Midwest Region
Mark Dixon	45	24	Southwest Region
David Lannon	41	14	Northern California Region
Ron Megahan	37	18	Pacific Northwest Region
Kenneth Meyer	39	12	Mid-Atlantic Region
Christina Minardi	41	12	Northeast Region
Juan Nunez	49	25	Florida Region
William Paradise	47	17	Rocky Mountain Region
Jeff Turnas	35	12	North Atlantic Region
Executive Officers of the Registrant			
John P. Mackey	54	29	Chairman of the Board & CEO
Albert Gallo	54	14	Co-President & COO
Walter Robb	54	16	Co-President & COO
Glenda Chamberlain	54	19	Exec. VP & CFO
James Sud	55	10	Exec. VP of Growth & Bus. Dev.
Lee Valkenaar	51	20	Exec. VP of Global Support

Source: WFMI, *Annual Report* (2007): 16.

EXHIBIT 6 Drop In Average Consumer Spending per Visit (January 2008—October 2008)

Whole Foods	19%
SuperValue	16%
Trader Joe	12%
Food Lion	12%
Publix	8%
Albertson's	6%
Safeway	5%
Stop & Shop	1%
Average Spent per Visit at Popular Supermarket Chains (October 2008)	
Safeway	$45
Publix	42
Stop & Shop	42
SuperValue	38
Trader Joe	38
Food Lion	32
Albertson's	30
Whole Foods	28

Source: Geezeo, "Whole Foods in a Whole Lot of Trouble," http://www.seekingalpha.com/article/105807-whole-fodds-in-a-lot-of-trouble?source=yah.