Organic and Non GMO Market Growth 2015

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INDUSTRY-LEADING Standards

WHOLE FOODS MARKET

We are the first national grocery chain to set a deadline for GMO transparency for food products by 2018.

We will work in collaboration with our suppliers on sourcing non-GMO ingredients and verifying non-GMO claims.

GMO crops on the market

- 94% of soybeans
- 93% of corn
- 96% of cotton
- Alfalfa, sugar beets, canola, papaya, zucchini, yellow squash

The prevalence of GMOs in the US paired with the absence of mandatory labeling makes it very difficult for grocery stores to source non-GMO choices and for consumers to choose non-GMO products.

Yet we know that many our customers are passionately seeking non-GMO verified products.

While the US and Canada still have no labeling laws, more than 60 countries do.

WHOLE FOODS MARKET

- Our policy covers all food products we sell.

- This includes plant based processed foods, as well as animal-derived ingredients and prepared foods. The policy includes GMO transparency for animal feed.

- For example, we currently sell several varieties of eggs from hens fed Non GMO Verified feed and they are doing quite well, and have not affected Organic egg sales.

- At this time, WFM recognizes independent, third party non-GMO verification to include USDA Organic Certification and the Non GMO Project.

Our GMO labeling policy is an example of WFM’s commitment to transparency and a way to create a deeper conversation about where food comes from and how it is produced, and is consistent with our sustainable seafood standards, our livestock animal welfare requirements, and much more across the company.

Transparency is Trending

Consumers are demanding more information about a product’s ingredient list, provenance, manufacturing process, shipping, storage and safety testing.

Accentuate what’s NOT in a product as much as what is. The market for ‘free-from’ goods is growing rapidly.

Prove your commitment to product safety by enforcing and publicizing strict internal standards.

Source: Mintel Global New Products Database

Denise Morrison, CEO, Campbell's:

"We are contending with what I've previously characterized as seismic social shifts that are redefining the fundamental framework in our relationships with customers and with consumers,"

"And along with this, as all of you know, has come a mounting distrust of so-called big food, the large food companies and legacy brands on which millions of consumers have relied on for so long,"

The shifting preferences include increased interest in fresh foods, a renewed focus on health and wellness, and mounting demands for transparency.

GMO Transparency is Trending

- Consumer awareness for the term Genetically Modified Organisms increased 12 points to 54% from 2012-2013
- Greatest awareness growth among Millenials
- Usage of Non GMO food labels up 16 points across general populace, led by Gen X and Millenials at over 60%.

Source: NMI (Natural Marketing Institute) 2014

GMO Concerns Trending

- Over 40% of consumers are avoiding or reducing GMOs in their diet, led by Millenials and Parents of children under 8

- Over 60% of respondents in China and Russia and over 49% in Germany and Brazil are concerned about GMOs.

Sources: The Hartman Group 2014 and NMI 2014

Food launches with Organic and GMO-free claims increased

- Organic claims were more prevalent on new product in 2011 and 2012, but in 2013 GMO-Free claims made up a larger percentage of all food launches.
- GMO free claims jumped from 19% to 45% from 2012 to 2013
- Organic claims jumped from 24% to 39% in the same time frame
- 34% of snack launches and 10% of dairy launches in 2011-14 had a GMO free claim

  - Source: Mintel Global New Products Database

Growth in GMO-free Product Launches in US and EU 2012-2013

- Up 145% to 1,350 in the US
  - 315% growth since 2008
- Up 29% to 3960 in the EU
  - 460% growth since 2008

Sources: NMI 2014

Estimated Industry Volume 2014

- 22,000+ products
- 1500+ companies
- $8.5 billion sales

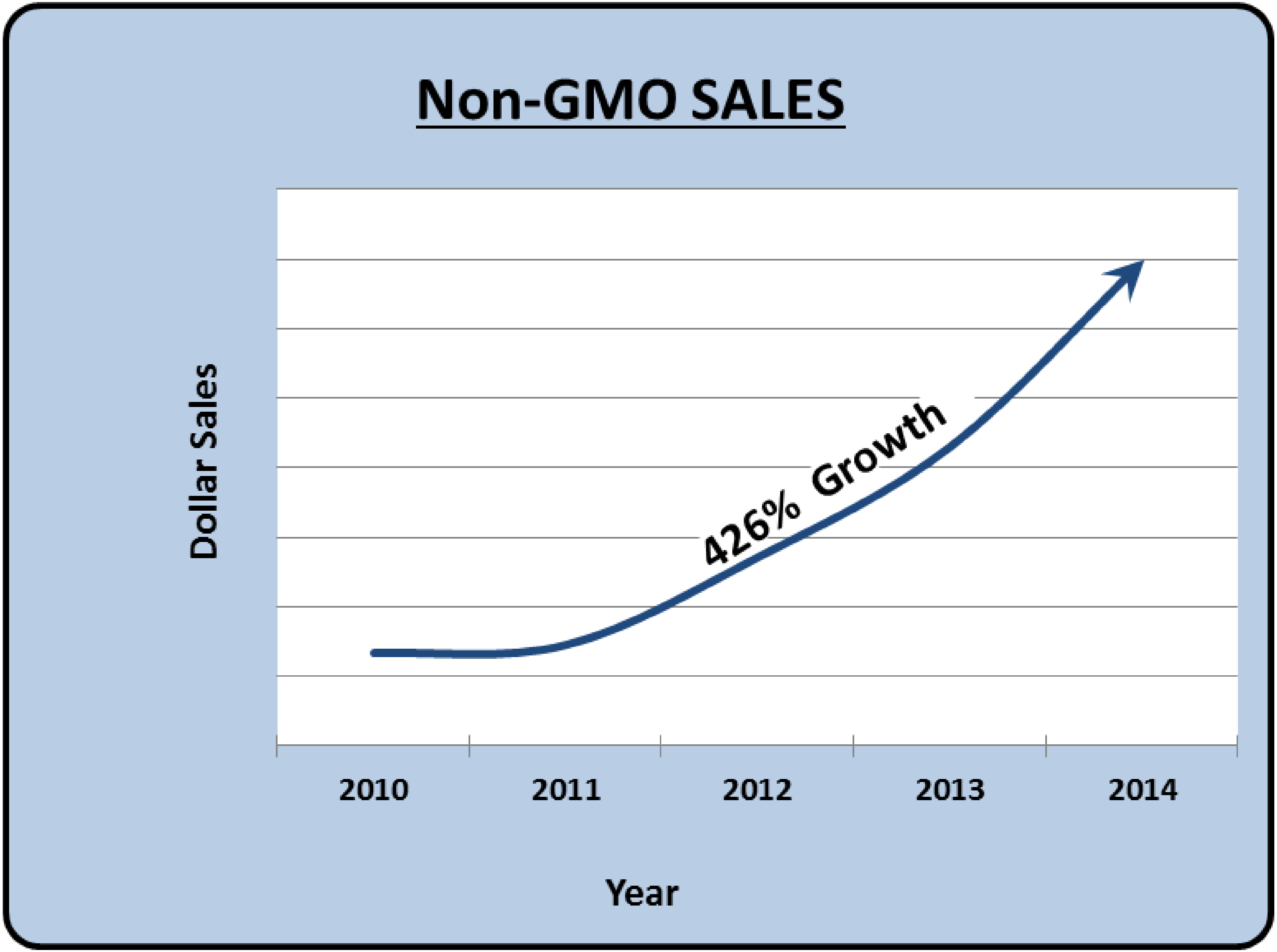
- **Requires ongoing testing** of all at-risk ingredients—any ingredient being grown commercially in GMO form must be tested prior to use in a verified product.

- **Uses an Action Threshold of 0.9%.** This is in alignment with laws in the European Union (where any product containing more than 0.9% GMO must be labeled). Absence of all GMOs is the target for all Non-GMO Project Standard compliant products. Continuous improvement practices toward achieving this goal must be part of the Participant's quality management systems.

- After the test, **requires rigorous traceability and segregation** practices to be followed in order to ensure ingredient integrity through to the finished product.

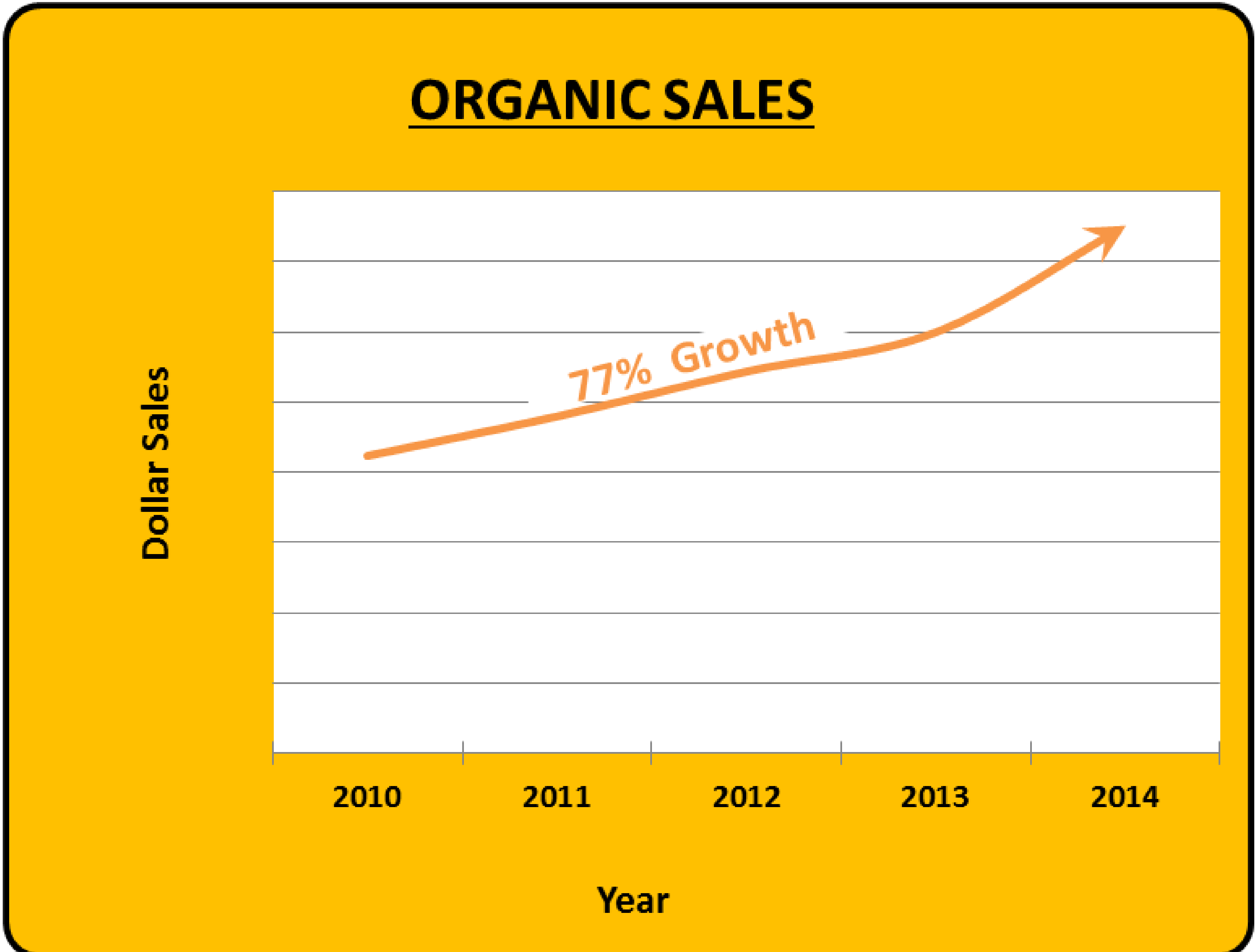
WFM Grocery Non GMO Verified Sales Trends:

- ***Up 16% this year, fastest dollar growth trend***
- Nearly 10,000 Grocery items, more than doubled since March 2013 GMO transparency announcement
- ***Hundreds of leading brands:*** 365 (WFM Exclusive Brands), Pacific Foods, Hain Celestial, Lundberg, Mamma Chia, Nutiva, Spectrum, So Delicious, Brown Cow and Bob's Red Mill


Non-GMO SALES
Dollar Sales
426% Growth
2010
2011
2012
2013
2014
Year

WFM Grocery Organic Trends

- Our largest product segment, up 10% YOY
- Organic sales have doubled in five years
- At least 15,000 Grocery items from 1800 brands
- ***Sales growth constrained by supply, particularly in grains and dairy products***


ORGANIC SALES
77% Growth
Dollar Sales
2010
2011
2012
2013
2014
Year

GMOs are prohibited as excluded methods: 7 CFR § 205.105

Allowed and prohibited substances, methods, and ingredients in organic production and handling.

- ***GMOs are not allowed in Organic food production***

- Organic is Non GMO plus many other desirable attributes

- ***Organic is the Gold Standard of Food Production***

Non GMO sourcing is a way to not just protect the heritage and diversity of crops, but also create a bridge to more Organic production as WFM and the natural/specialty trade continues to grow in size.

Non GMO and Organic are complimentary and mutually beneficial.

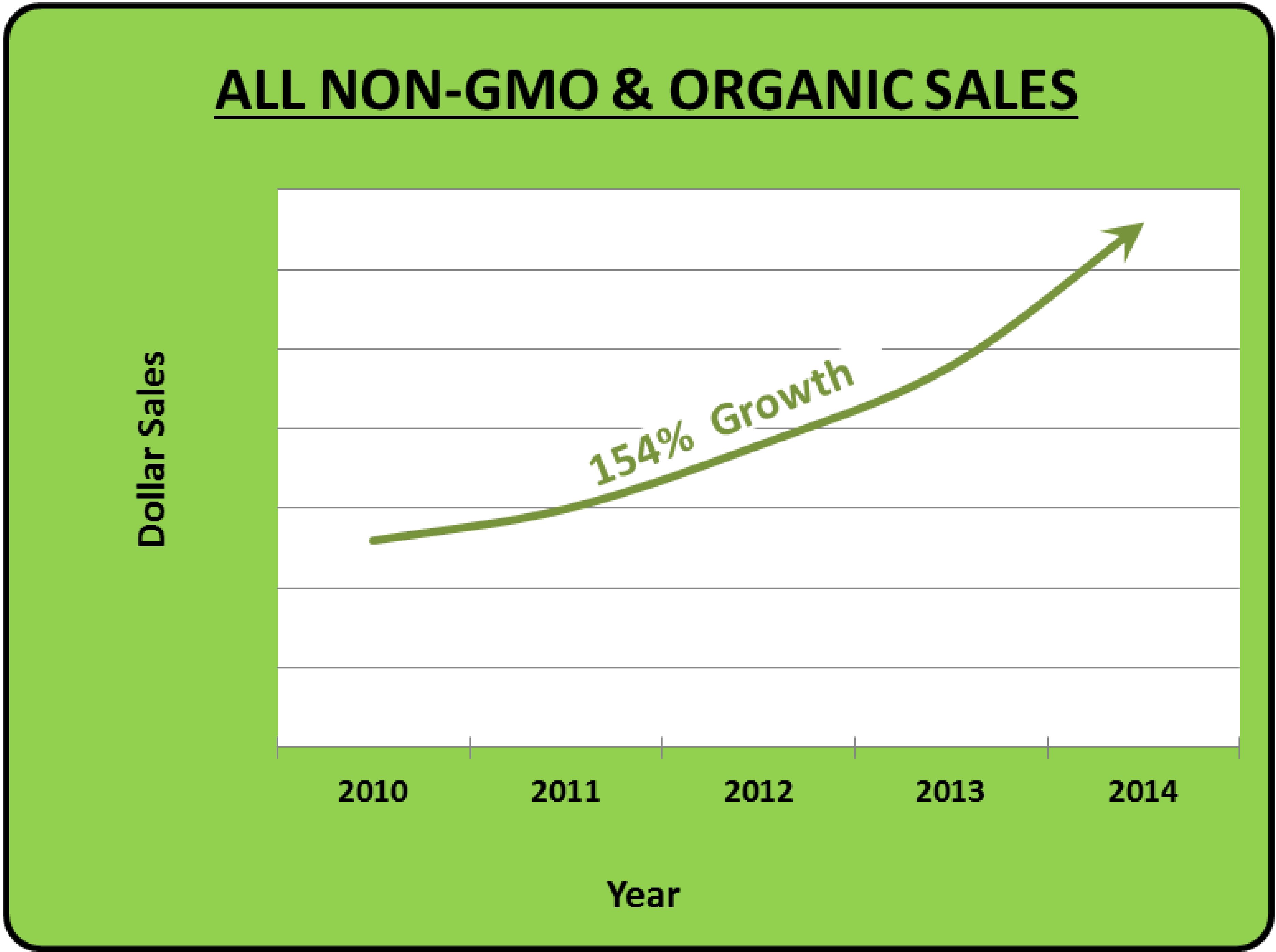
Non GMO has the potential to grow Organic supply by giving farmers a market premium while in transition.

We have many suppliers already attempting this.

USDA
ORGANIC

Transparency Is Our Growth Engine

- Non GMO and Organic sales growth has exceeded overall store growth by 54% from 2010-2014


ALL NON-GMO & ORGANIC SALES
Dollar Sales
154% Growth
2010
2011
2012
2013
2014
Year

Percent of WFM Grocery Department

- **60% of Grocery sales** are Organic and/or Non GMO
  - Up 10% in 18 months
- **Organic**, 45% of sales
  - Up 5% in 18 months
- **Non GMO**, 30% of sales

WFM GMO Transparency Rankings:

- Percent of category sales that are OG and/or Non GMO
- ***Top 5 categories, greater than 90%:***
  - Frozen Vegetables, Non Dairy Beverages, Kombucha and Shelf Stable Fruits
- ***Over 20 Categories with greater than 70% transparency***
  - Including Eggs, Cereals, Oils, Soup, Baby Food, Granola Bars and Kefir

- **Federal mandatory GMO Labeling needed for consistency**

- ***Customers are demanding and proving they want this information, inside and outside of Whole Foods Market stores.***

- ***They do not have this transparency and protection when they shop elsewhere, and we owe this to them.***

Thank You