



BEAUTY IS IN THE EYE OF THE RETAILER.

Bernstein-Rein has worked with some of the most coveted brands in the industry. We own one of the largest Blockbuster franchises, and we've even propelled a once-small regional retailer, Wal-Mart, to the #1 spot in the nation. Retail has become a part of our DNA. As a result, we think differently. We look at the world differently – not only as advertisers and marketers, but also as retailers ourselves – this is the essence of *InsideOut Retailing*™

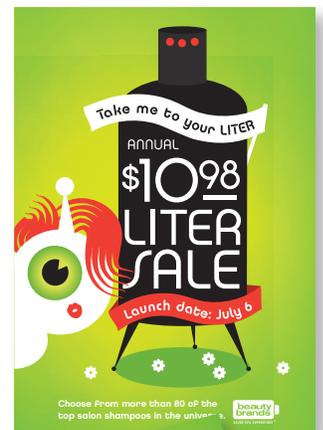
In the early '90s, we uncovered a most invaluable insight. One that led to the conceptualization, development and success of a one-of-a-kind, 52-store chain in 15 markets across the U.S., Beauty Brands. The insight: Women wanted better access to salon products and services. Period. And Beauty Brands delivered. Better hours. Better services. Better product selection. We even added better prices. It was all a girl could ask for!

Since its inception in 1995, we have worked hard to make Beauty Brands every woman's beauty BFF. We've given her salon-exclusive brands, quality services and a fun place to shop – a beauty candy store where she can discover and explore. We're successful because we know our customers – literally – each and every one. We know they don't always have time for themselves because they're taking care of their households. But when they can break away, they want to go where they're sure to find everything they need at the best value – without someone trying to transform this superwoman into a supermodel. Our customers simply want to be the best they can be.

Strip Beauty Brands down to its bare essentials and you'll find it's a transaction-based business. As such, we've designed three signature annual retail events to make our cash registers ring. We go beyond the simple promotion and offer our best products at refuses-to-be-ignored prices. Our customers come in for the deal, but then play in-store with the latest in loveliness – often not leaving without something new.

In an industry where product and stylist loyalty are as fleeting as the latest trend, we've ensured our best customer segment receives the highest priority of marketing activity. This has resulted in a 97.3% retention of our very best customer segment and 90% retention of our next-tier customer. And despite last year's weakening retail economy and category trends for key product segments being down as much as 3% versus 2007, we were up 8% overall and 4% in comp stores. What's more? Finally, in 2008, we grew new customers by 30%, resulting in increased traffic and sales. As we head into '09, we think we're sitting pretty.

In-Store Signage



PUT *InsideOut Retailing* TO WORK FOR YOU

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