



Fairn & Swanson, Inc.

Vol. 10-205
February 2010

News Flash

2009 Business Recap by Achim Fritzen

A year ago, in the face of a worsening worldwide recession, I spoke of the opportunities presented by the economic turmoil. While this might have sounded like unwarranted bravado, Fairn & Swanson achieved its 5th consecutive year of earnings growth in 2009, both in total revenues and in comp sales.

Despite a weak retail environment, especially in the first half of the year, our Baja Duty Free retail division generated positive sales growth in 2009. In February, we opened our newest retail store in El Paso, TX. It was particularly gratifying to see the large turn-out of our vendors, politicians from El Paso and Ciudad Juarez, as well as local business leaders at our Grand Opening ceremony. Also in 2009, we moved our Gateway store in San Ysidro to its new free-standing location. The new location allowed us not only to benefit from the very favorable real-estate conditions in 2009, but also to improve the visibility of and customer experience at the Gateway store.

For 2010, we will continue to provide our customers an unmatched shopping experience through the most complete assortment of products, with the highest in-stock levels, and the freshest code dates. Coupled with great customer service, friendly shopping environments and competitive prices, Baja Duty Free has managed to set itself apart from other retailers on the US-Mexico border. To maintain that position, we will update some of our older stores in 2010, as well as continue to search for new opportunities.



El Paso Store
Grand Opening

Gateway Store
North Entrance



News Flash

2009 Business Recap continued



Port of Miami

The wholesale side of Fairn & Swanson also faced a difficult environment in 2009. The economy as well as swine flu concerns have had a noticeable impact on our cruise line and hospitality sales. However, the same attributes that distinguish us in our retail business, also allowed us to compete successfully for customers in the wholesale business. Thanks to our large product portfolio and successful inventory management (both for in-stock and freshness) were we able to build up our East Coast operations in a very short period of time. In a large market that is being serviced by many wholesalers we will continue to concentrate on those customers that value the level of service we provide.

Our focus for 2010 will remain on managing our new operations on the East Coast. Ensuring that we continue to provide the level of service that our customers expect from us, is our first priority. With the growth of our East Coast operations, we will also review our options to manage our own Foreign Trade Zone space on the East coast, similar to our Seattle and Oakland operations.

Equally important as focusing on our core attributes with our customers, 2009 proved an opportunity to partner with our vendors and suppliers. Even more so than in the past, 2009 showed the benefits of open and direct communication between us and our vendors. Whether the discussions focused on missed sales targets, or to celebrate sales successes, they always led to an increased understanding of the market, the threats and the opportunities. Ultimately, only through open dialogue can we explore common strategies for growth and success. I hope and trust that these talks will continue in 2010.

Achim Fritzen
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Fairn & Swanson, Inc



Port Everglades
Cruise Ship Terminal