STUDYLOGIC
Think Research... Think Logic!
EYE-ON COMPETITIVE RETAIL

*"To steal ideas from one person, would be plagiarism...
but to steal ideas from many is called research"*
Oscar Wilde

2010 WORLD COFFEE CONFERENCE

Prepared for:
Samuel Nahmias

STUDYLOGIC
Think Research... Think Logic!

EYE-ON COMPETITIVE RETAIL

Who we are:

STUDYLOGIC is a leading global market research and business intelligence firm. We offers clients a business edge through a comprehensive understanding of industry trends and competitive category market share. With a strong emphasis on promotional ROI (return-on-investment), SL arms clients with the knowledge needed in determining investment success.

Founded in 1990, **SL** has grown to become a reliable market research partner among Fortune 1000 companies. With over 40 years of combined market intelligence experience, the professionals at **S**L work closely with clients on meeting their expectations and exceeding all challenges. This is the logic behind our company.

Think Research... Think Logic!

SL currently operates 5 national and international offices with plans to establish 4 additional offices within the next 24 months. We are headquartered out of Los Angeles, California and have recently developed our Cedarhurst, New York office. With over 30 professionals on staff and expansion imminent, **S**L is uniquely prepared to assist you in the success of your enterprise.

Cedarhurst, NY

STUDYLOGIC
Think Research... Think Logic!

EYE-ON COMPETITIVE RETAIL

Methodology:

The EYE-ON COMPETITIVE RETAIL study consists of roughly 1 Million weekly panel members. Active panel members are defined as those U.S. adults, age 18 and older, which have consumed 1+ unit(s) of a food or beverage category within a 7 day period.

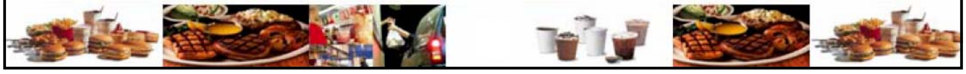
While the study measures all U.S. food and beverage consumption occurring out-of-home, it is primarily designed to track unit consumption at the local market retail vendor level. The study also measures demographics, lifestyle characteristics along with brand and product preferences for food and beverage categories.

The study consists of a two-tiered recruitment process. The first step is an online interview conducted by **STUDY**LOGIC to determine whether the respondent is age 18 and older and consumes 1+ unit(s) within a 7 day period. If they qualify and are willing to participate in the panel, a short online survey interview is given to gather some basic demographics and characteristics. A small incentive is guaranteed upon completion of the online survey. A PIN number and URL are then provided for them to fill out an online decision tree-based diary survey covering food and beverage consumption by location. A small sample of non-active Internet users are given a slightly more extensive questionnaire to help us estimate U.S. Population statistics.

The study is updated monthly and released every three months or quarterly; 25% new respondents are added to the panel base and the oldest 25% interviews are eliminated. This procedure ensures that the panel is regularly refreshed and reflects the ever-changing universe.

A new questionnaire is fielded at the beginning of each month and harvested about 10 days after the end of the month (giving recruits from the last week of the month two weeks to go online to take the questionnaire). Quarterly data releases are scheduled around the 14th day of a new quarter.

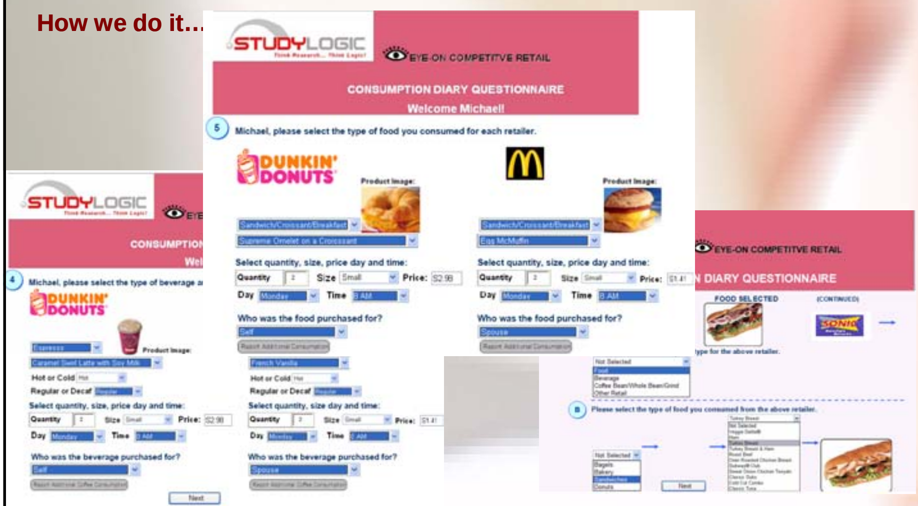
The first questionnaire was conducted in the Spring of 2000 with recruitment and collection done by The Research Tank and sponsorship by the investment banking community. **STUDY**LOGIC has conducted monthly questionnaires and data releases ever since. Our Q4-2009 questionnaire/data release will mark our 34th straight quarter of operations. Extensive testing and review has been done to maintain the panel recruitment methodology and insure data consistency during the transition.



STUDYLOGIC
Think Research... Think Logic!

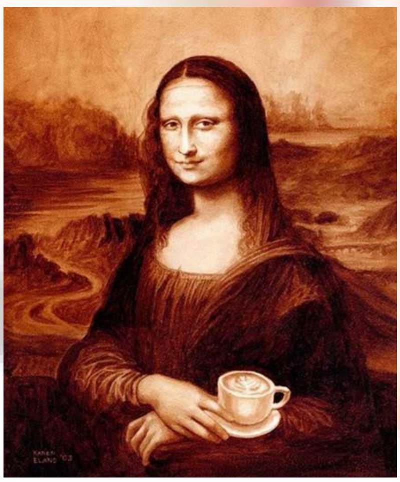
EYE-ON COMPETITIVE RETAIL

How we do it…



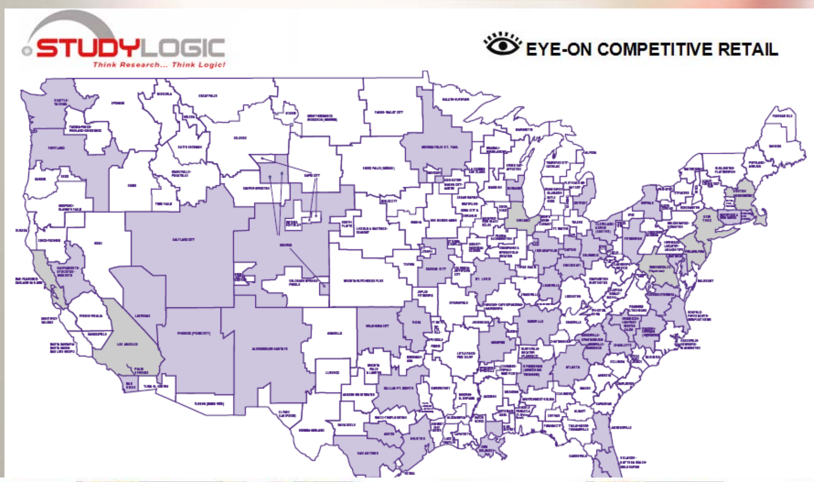
EYE-ON COMPETITIVE RETAIL

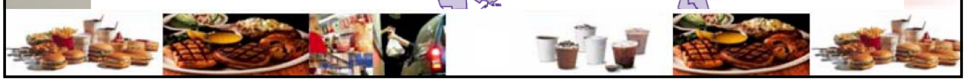
We track absolutely <u>ALL</u>
Coffee and Beverage consumption



EYE-ON COMPETITIVE RETAIL

Data <u>IS</u> available for all U.S. DMA's





STUDYLOGIC
Think Research... Think Logic!

EYE-ON COMPETITIVE RETAIL

With over 100+ clients, our relationships continue to grow globally:

- Largest HQSR (Hamburger Quick Service Restaurant) Globally
- Largest Soft Drink Bottler/Maker
- Top 10 Coffee Chains Globally
- Top 2 Sandwich Chains Globally
- Leading Family Style Restaurant Chains
- Leading Casual Dining Chains
- Top Ice-Cream Chains in the U.S.
- Top Smoothie Chains Globally
- Leading Frozen Yogurt Chains
- Top 5 Breakfast Chains Globally
- Top C-Stores (Convenience Stores) in the U.S.
- Largest Hotel Chains Globally
- Top Advertising Agencies Globally

STUDYLOGIC
Think Research... Think Logic!

EYE-ON COMPETITIVE RETAIL

Upcoming Slides:

Sales and Trends:
- 2002, 2007, 2008 and 2009 Coffee Servings Volume Trends
- 2002, 2007, 2008 and 2009 Coffee Dollar Sales Volume Trends

Coffee sales and servings category Growth by the following segments:
- Hot Brewed
- Iced-Brewed
- Hot Espresso
- Iced Espresso
- Blended

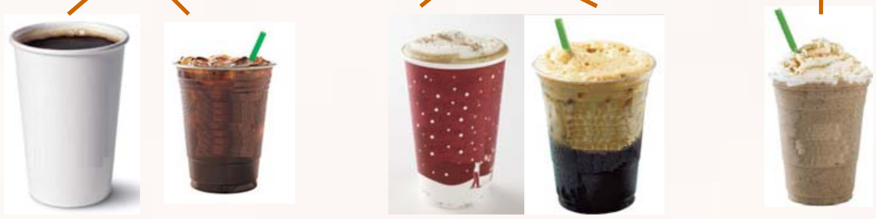
Category Share and Brand Market Share:
- Coffee segment share out of Total Beverage
- Leading Brands and Market Share by Coffee Segment

STUDYLOGIC Think Research... Think Logic!

EYE-ON COMPETITIVE RETAIL

Coffee Definitions:

BREWED ESPRESSO BLENDED



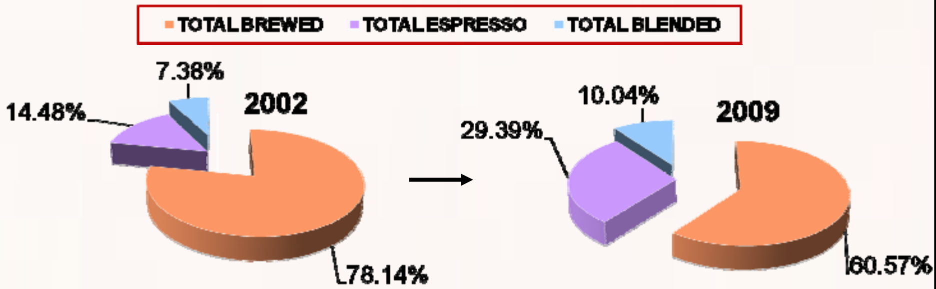
Hot Brewed Coffee | Iced Brewed Coffee | Hot Espresso (cappuccino's, | Iced Espresso Latte's etc.) | Frozen Coffee (Frapps, Coolatta's etc.)

STUDYLOGIC Think Research... Think Logic!

EYE-ON COMPETITIVE RETAIL

2009 Total U.S. Coffee Outlook

Q. Where are we today?



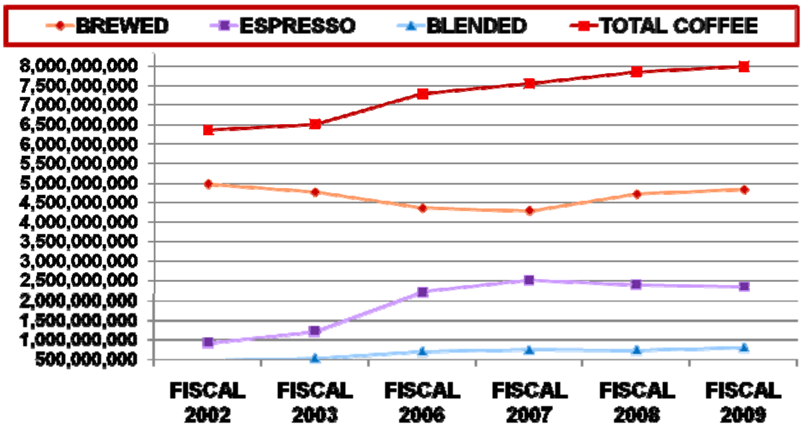
ADJUSTED SINGLE CUP/SERVING VOLUME	FISCAL 2002	FISCAL 2003	FISCAL 2006	FISCAL 2007	FISCAL 2008	FISCAL 2009	02 vs. '09	08 vs. '09
TOTAL BREWED	4,972,130,631	4,773,854,276	4,361,150,613	4,292,202,140	4,720,202,660	4,839,750,734	-2.66%	2.53%
TOTAL ESPRESSO	921,339,390	1,215,542,976	2,221,707,077	2,514,780,976	2,394,140,721	2,348,709,330	154.92%	-1.90%
BLENDED	469,887,156	521,623,549	707,811,729	746,851,013	741,693,395	802,011,021	70.68%	8.13%
TOTAL COFFEE	6,363,357,177	6,511,020,801	7,290,669,419	7,553,834,130	7,856,036,776	7,990,471,085	25.57%	1.71%

STUDYLOGIC
Think Research... Think Logic!

EYE-ON COMPETITIVE RETAIL

Total U.S. Coffee Trend and Growth Volume

Q. What has evolved?

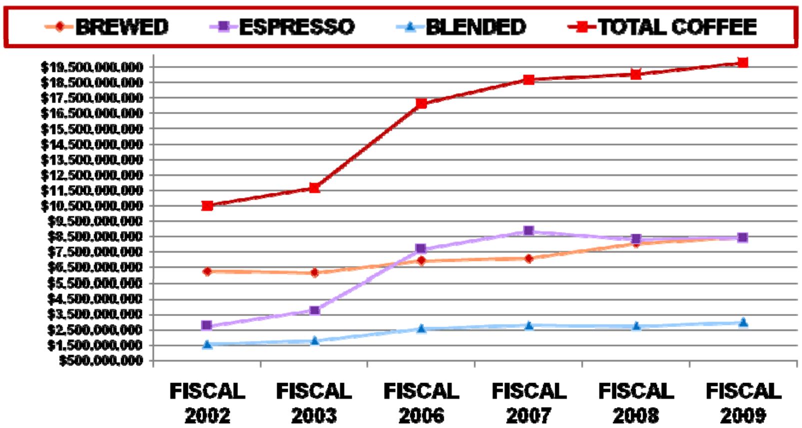


STUDYLOGIC
Think Research... Think Logic!

EYE-ON COMPETITIVE RETAIL

Total U.S. Coffee Trend and Growth Sales Dollars $$

***Figures are based on cost per single cup reported**



Total U.S. Coffee Trend and Growth

What does this all mean?

- **Total Brewed Coffee Volume Declined -2.66% since 2002**
- **Total Espresso Volume Grew 154% Since 2002**
- **Blended Coffee Volume Grew 70% since 2002**
- **Total Coffee Volume grew nearly 26% since 2002**

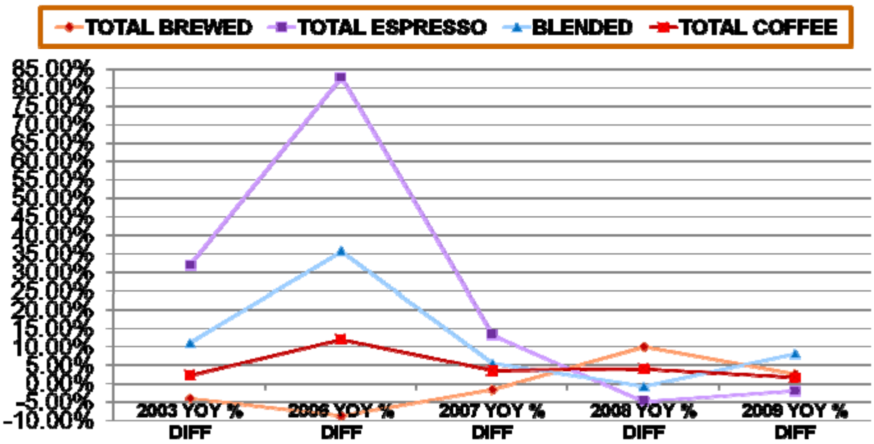
Take Away:

- **U.S. Consumers have switched from regular brewed to specialty beverages such as Espresso, Latte’s and Blended.**
- **It has taken nearly 9 years for Brewed volume to pick-up back to 2002 levels.**
- **Espresso has experience it’s first annual decline in 2009 due to poor economic conditions and Starbucks store closures.**

EYE-ON COMPETITIVE RETAIL

Total U.S. Coffee % Growth Trend Volume

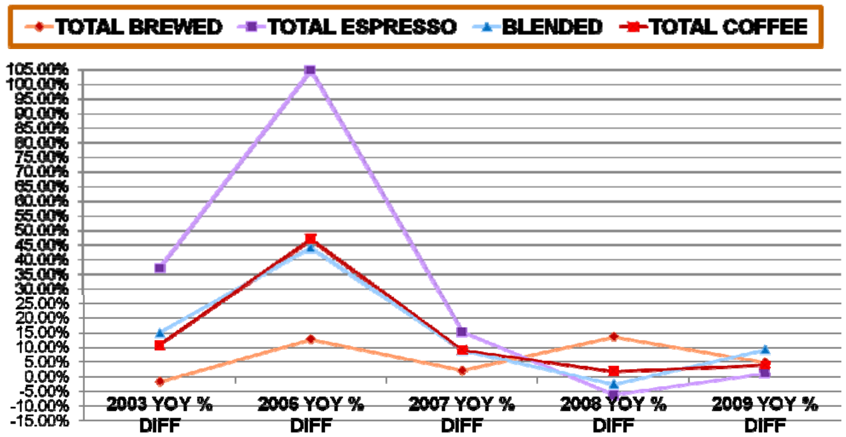
Q. What has evolved?



EYE-ON COMPETITIVE RETAIL

Total U.S. Coffee % Growth Trend Sales Dollars $$

Q. What has evolved?



EYE-ON COMPETITIVE RETAIL

Total U.S. Coffee % Growth Trend Volume

What does this all mean?

- **Total Brewed has been declining up until 2007**
- **Espresso experienced its biggest growth of over 80% from 2003-2006**
- **Blended Coffee experienced its biggest growth of 35% from 2003-2006.**
- **Total Coffee growth has been steadily growing but reaching its potential**

Take Away:

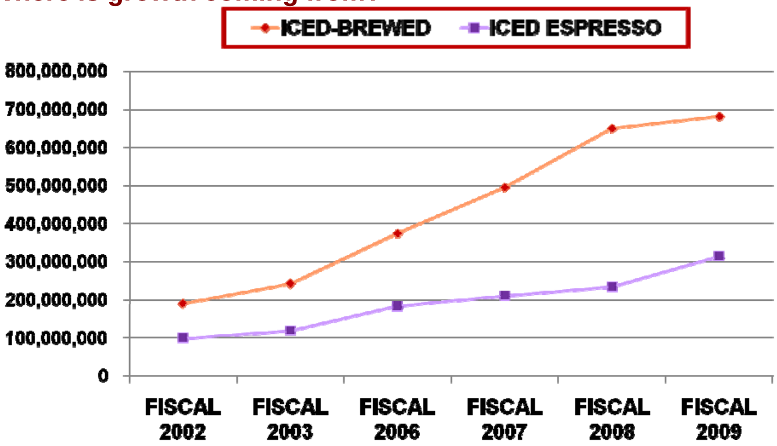
Overall, coffee growth will be driven by specialty sub-segments such as Iced and Frozen Beverages. In home consumption will continue to grow with the adaption of Keurig, Tassimo, VIA etc based coffee systems.

STUDYLOGIC
Think Research... Think Logic!

EYE-ON COMPETITIVE RETAIL

Total U.S. Coffee: Growth Drivers Volume

Q. Where is growth coming from?

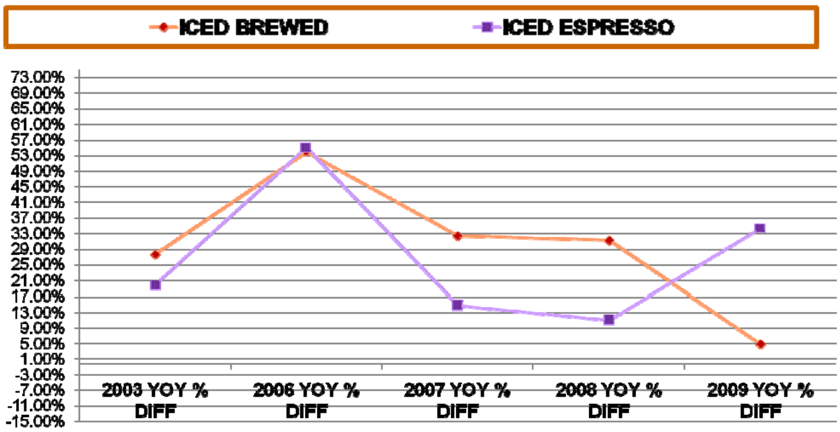


STUDYLOGIC
Think Research... Think Logic!

EYE-ON COMPETITIVE RETAIL

Total U.S. Coffee % Growth Drivers Volume

Q. Where is growth coming from?

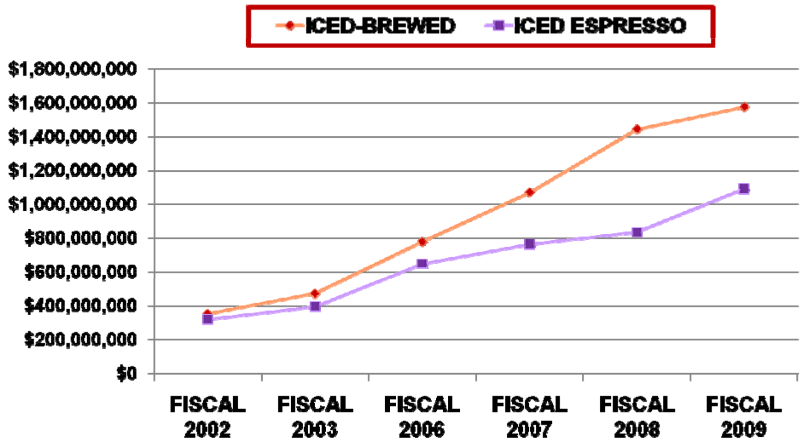


STUDYLOGIC
Think Research... Think Logic!

EYE-ON COMPETITIVE RETAIL

Total U.S. Coffee: Growth Drivers Sales Dollars $$

Q. Where is growth coming from?

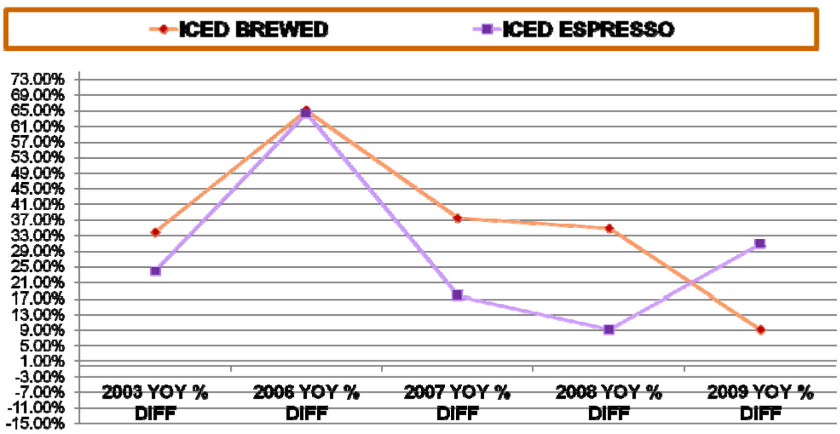


STUDYLOGIC
Think Research... Think Logic!

EYE-ON COMPETITIVE RETAIL

Total U.S. Coffee % Growth Drivers Sales Dollars $$

Q. Where is growth coming from?



EYE-ON COMPETITIVE RETAIL

Total U.S. Coffee: Growth Drivers

What does this all mean?

- Iced-Brewed has grown from 200 million units in 2002 to more than 800 million units in 2009.
- Iced Brewed sales expenditures have grown by more than 400% since 2002

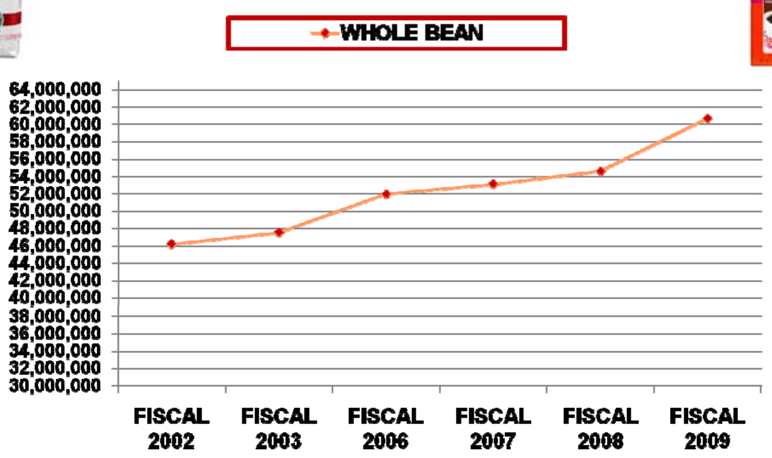
- Iced Espresso has grown from roughly 100 million units in 2002 to more than 300 million in 2009.
- Iced Espresso sales expenditures have grown by more than 300 since 2002

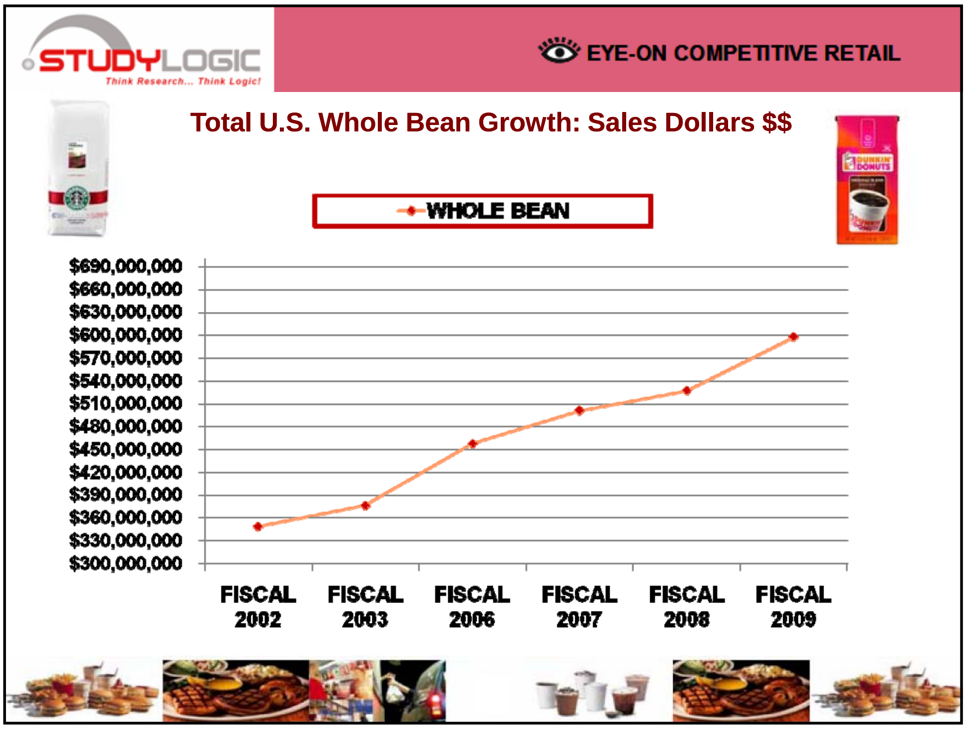
Take Away:

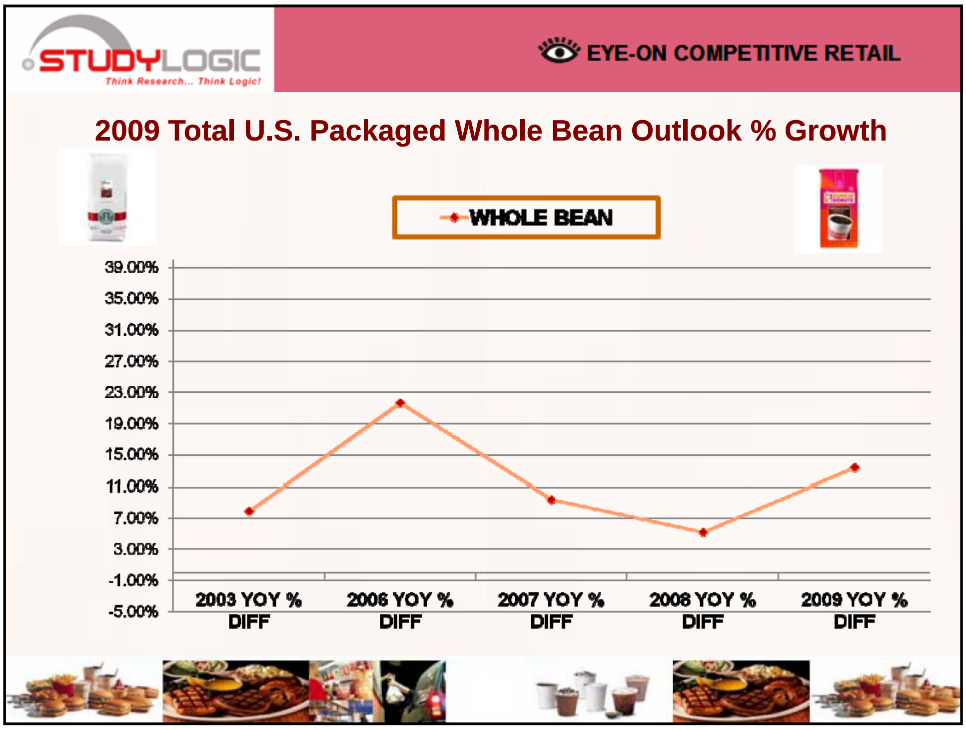
Future growth will generate from emerging categories such as Iced Brewed and Iced Espresso. Companies attributing to this growth are McDonalds McCafe, Starbucks and Dunkin' Donuts etc.

EYE-ON COMPETITIVE RETAIL

Total U.S. Whole Bean Growth: Volume




STUDYLOGIC
Think Research... Think Logic!
EYE-ON COMPETITIVE RETAIL
Total U.S. Whole Bean Growth: Sales Dollars $$
WHOLE BEAN
$690,000,000
$660,000,000
$630,000,000
$600,000,000
$570,000,000
$540,000,000
$510,000,000
$480,000,000
$450,000,000
$420,000,000
$390,000,000
$360,000,000
$330,000,000
$300,000,000
FISCAL 2002
FISCAL 2003
FISCAL 2006
FISCAL 2007
FISCAL 2008
FISCAL 2009


STUDYLOGIC
Think Research... Think Logic!
EYE-ON COMPETITIVE RETAIL
2009 Total U.S. Packaged Whole Bean Outlook % Growth
WHOLE BEAN
39.00%
35.00%
31.00%
27.00%
23.00%
19.00%
15.00%
11.00%
7.00%
3.00%
-1.00%
-5.00%
2003 YOY % DIFF
2006 YOY % DIFF
2007 YOY % DIFF
2008 YOY % DIFF
2009 YOY % DIFF

EYE-ON COMPETITIVE RETAIL

Total U.S. Coffee: Growth Drivers

What does this all mean?

- Whole Bean growth has been trending lower up until 2009.
- Whole Bean growth broke-out of its mold in 2009 with a whopping 13% growth.
- 2009 Whole bean growth was driven by more American consumers preparing their coffee in-home.

Take Away:

While the economy is down, this offers opportunity for consumers to make their own coffee in-home and in-office. Whole Bean trends are seen growing double digits in 2010.




EYE-ON COMPETITIVE RETAIL

Total U.S.: Total Coffee vs. Total Beverage

U.S. INDUSTRY SEGMENTS	TOTAL COFFEE INDUSTRY %	INDUSTRY COFFEE SALES SALES	TOTAL BEVERAGE INDUSTRY %	INDUSTRY BEVERAGE SALES
GAS STATIONS/C-STORES (7-ELEVEN ETC.)	11.91%	$2,357,835,426.42	34.44%	$50,247,420,613.77
FAST CASUAL (PANERA ETC)	3.29%	$651,324,815.53	2.02%	$2,947,148,363.53
BAGEL STORES (EINSTEIN BROS. ETC)	1.52%	$300,916,024.19	1.53%	$2,232,246,037.72
COFFEE HOUSE (STARBUCKS ETC)	41.94%	$8,302,906,614.94	8.44%	$12,313,827,815.92
FAST FOOD (MCDONALD'S ETC)	20.55%	$4,068,305,458.68	28.10%	$40,997,459,908.44
BAKERY VENDORS (TOTAL COFFEE ETC.)	2.10%	$415,739,243.95	3.23%	$4,712,519,412.96
FULL SERVE RESTUARANTS	8.99%	$1,779,759,906.26	10.45%	$15,246,386,336.06
ICE-CREAM VENDORS (BASKIN ROBBINS "FROZEN COFFEE" ETC.)	0.92%	$182,133,383.07	1.32%	$1,925,859,326.66
SMOOTHIE/FRUIT TYPE VENDORS (FROZEN COFFEE ETC.)	0.29%	$57,411,609.88	0.44%	$641,953,108.89
REMAINING RESTAURANTS/RETAILERS	8.49%	$1,680,774,371.98	10.03%	$14,633,612,913.94
TOTAL	**100.00%**	**$19,797,106,855**	100.00%	**$141,692,435,705**

U.S. INDUSTRY SEGMENTS	TOTAL COFFEE % OF TOTAL BEVERAGE SALES
GAS STATIONS/C-STORES (7-ELEVEN ETC.)	4.69%
FAST CASUAL (PANERA ETC)	22.10%
BAGEL STORES (EINSTEIN BROS. ETC)	13.48%
COFFEE HOUSE (STARBUCKS ETC)	67.43%
FAST FOOD (MCDONALD'S ETC)	9.92%
BAKERY VENDORS (TOTAL COFFEE ETC.)	8.82%
FULL SERVE RESTUARANTS	11.67%
ICE-CREAM VENDORS (BASKIN ROBBINS "FROZEN COFFEE" ETC.)	9.46%
SMOOTHIE/FRUIT TYPE VENDORS (FROZEN COFFEE ETC.)	8.94%
REMAINING RESTAURANTS/RETAILERS	11.49%
TOTAL	**13.97%**

STUDYLOGIC
Think Research... Think Logic!

EYE-ON COMPETITIVE RETAIL

Total U.S.: Total Coffee Vendor Market Share and Ranking

This data is available monthly and by coffee category (Hot Brewed, Iced Brewed, Hot Espresso, Iced Espresso and Blended). For information, contact STUDYLOGIC U.S. at 516-374-7883 extension 11

FOR MORE DETAILED INFORMATION SUCH AS VOLUMES, SALES ($$) DOLLARS AND LOCAL MARKET DATA, PLEASE CONTACT STUDYLOGIC AT 516-374-7883 EXT. 11

NOTE: SHARE IS CALCULATED USING TOTAL U.S. COFFEE SERVINGS VOLUME BY CHAIN. TOTAL COFFEE INCDLUDES: BREWED, ESPRESSO AND BLENDED SERVINGS ADJUSTED BY CUP SIZE.

VENDOR	% OF TOTAL U.S. TOTAL COFFEE SHARE	2009 TOTAL U.S. RANKING
STARBUCKS	28.73%	1
DUNKIN' DONUTS	16.67%	2
MCDONALD'S	13.80%	3
7-ELEVEN	5.68%	4
BURGER KING	3.79%	5
WAWA	2.21%	6
WENDY'S	1.83%	7
SPEEDWAY/SUPERAMERICA	1.62%	8
CARIBOU COFFEE	1.54%	9
SONIC	1.44%	10
COFFEE BEAN & TEA LEAF	1.10%	11
CIRCLE K	1.02%	12
TIM HORTONS	1.00%	13
PANERA BREAD	0.84%	14
HONEYDEW DONUTS	0.75%	15
JACK IN THE BOX	0.47%	16
PEET'S COFFEE & TEA	0.45%	17
QUICK CHEK	0.44%	18
EINSTEIN BROS	0.37%	19
CUMBERLAND FARMS	0.36%	20
CASEY'S GENERAL STORE	0.35%	21
RACETRAC	0.35%	22
SHEETZ	0.33%	23
TULLY'S	0.32%	24
BARNIES COFFEE & TEA	0.31%	25

STUDYLOGIC
Think Research... Think Logic!

EYE-ON COMPETITIVE RETAIL

Thank you for participating in our presentation

Samuel Nahmias
EVP & Chief Operating Officer

STUDYLOGIC
Think Research... Think Logic!

445 Central Avenue, Suite 349
Cedarhurst, NY 11516
Direct: 917-306-0885
Tel: 516-374-S-T-U-D-Y (7883)
snahmias@studylogic.net
www.StudyLogic.net