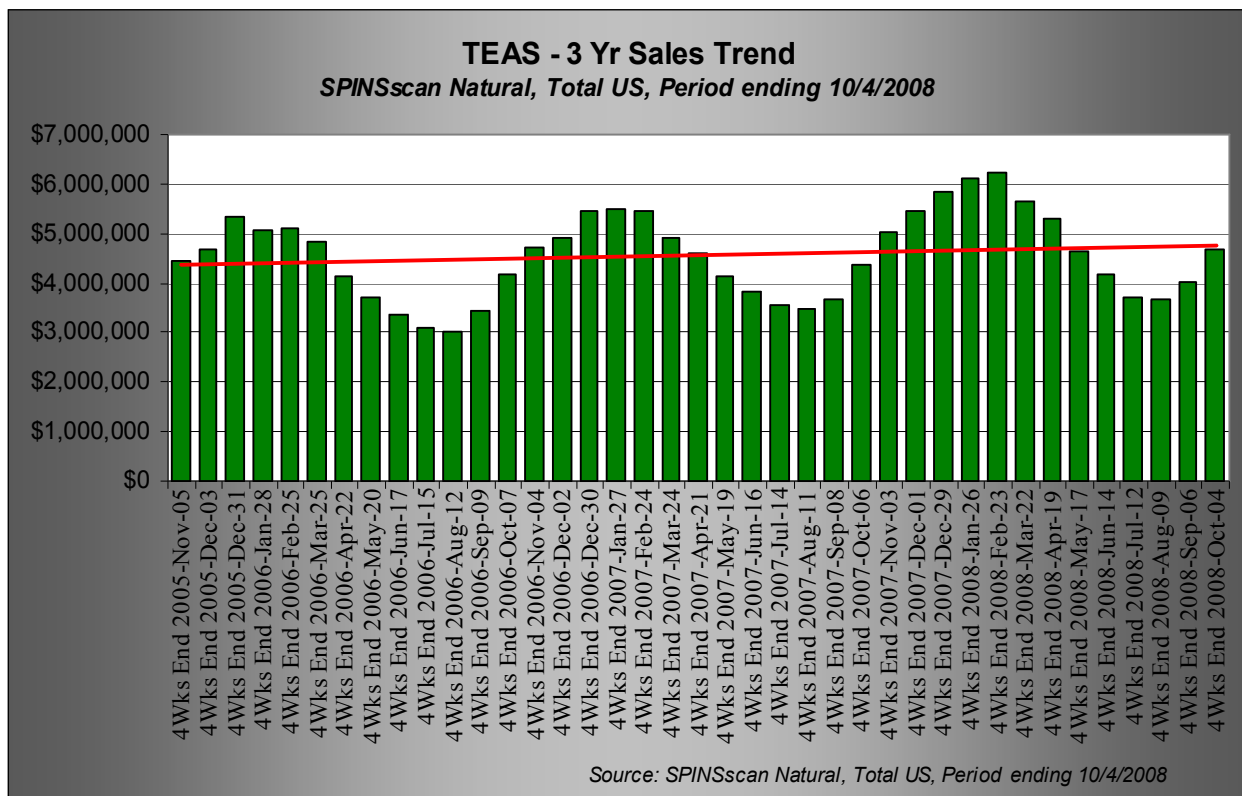


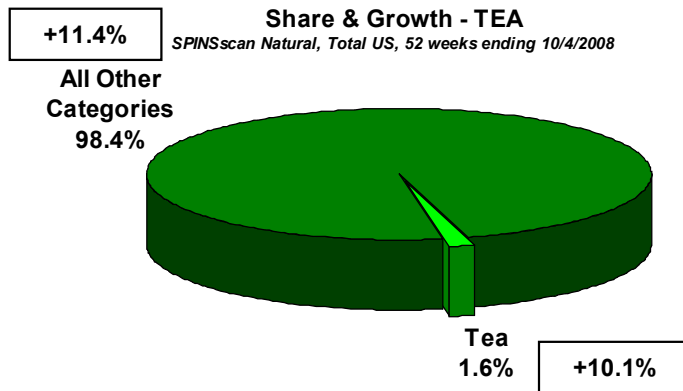


## Teas

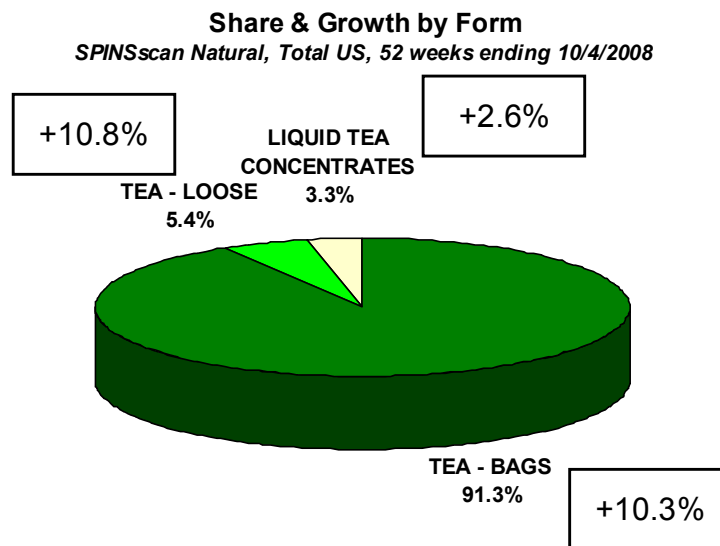
With tea being linked to weight loss, cancer prevention, cholesterol reduction, lower blood pressure, as well as a plethora of other health benefits it is no surprise that tea is a staple within natural food stores. Beyond the health benefits, tea has been described as a good tasting and relaxing beverage that does not appear to have any negative health effects. With the cold and flu season just around the corner I can think of little more that could be more soothing than a cup of hot tea that may actually prevent you from getting sick in the first place, or at the very least warm you up on a cool night.

According to SPINS, Teas sales represent approximately 1.6% of the total natural channel scan dollars with growth of 10.1% for the current 52 weeks vs. year ago. While tea growth is slightly below that of the total natural channel, tea sales have been steady and predictable over the past three years. Tea sales have consistently peaked in cold winter months and bottomed out in late summer.

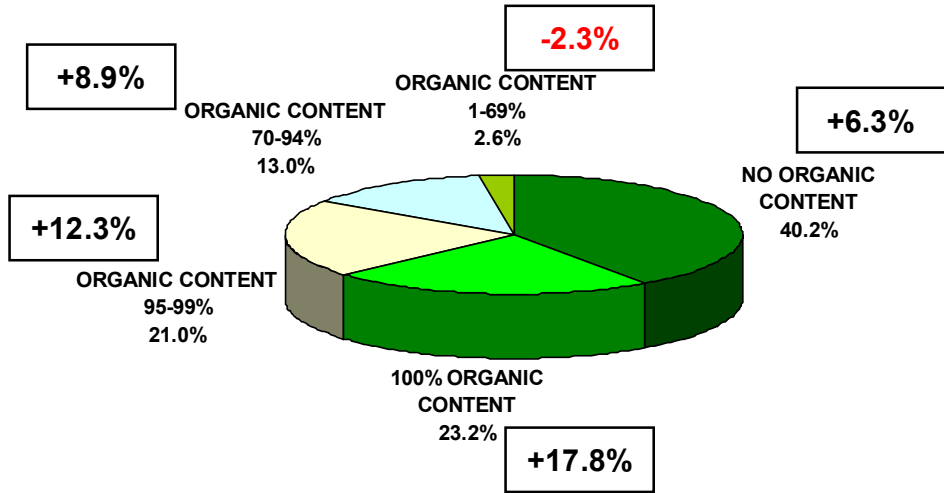




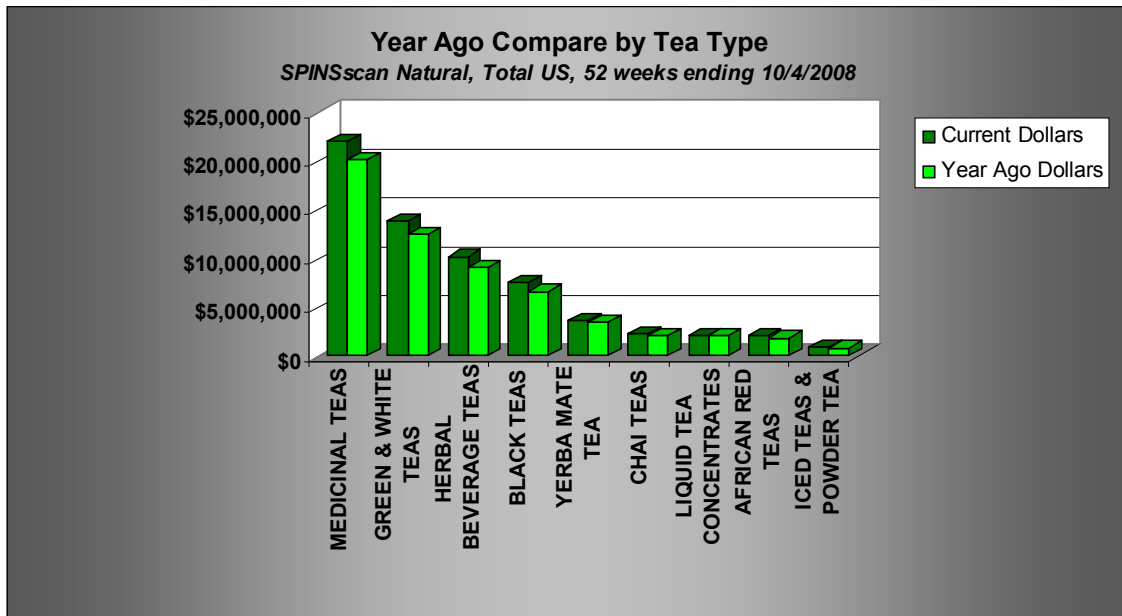
The tea category is comprised of three basic product forms, bagged, loose, and liquid concentrates. It is bagged form that represents the largest share (91.3%) with growth of +10.3% for current 52 weeks vs. year ago. Loose tea has seen some gains in popularity with dollar share now representing 5.4% and growth reaching +10.8% (the fastest growing form). Organic content is also playing a large role in the tea category. Today almost 60% of tea category dollars are being produced by items with some organic content and it is the items with greatest percent of organic content that are seeing the fastest dollar growth. Those items with 100% organic content represent 23.2% of the category dollars and have experienced dollar growth of +17.8% (a full 7.7 percentage points faster than the category).



**Share & Growth by NOP**  
 SPINScan Natural, Total Us, 52 weeks ending 10/4/2008



All of the SPINS defined tea types saw positive dollar growth with back tea being the fastest growing of the group. Black tea was up +13.0% for the current 52 weeks vs. year ago while medicinal teas were the strongest contributor to dollars change, adding \$1.9M in new dollar sales.



While product form and type has had some influence on the tea category it appears that organic content remains the primary catalyst for growth. The teas category's consistent and predictable performance, as well as its shift to organic content will ensure the importance of the category for some time to come.