Consumer Trends Investment Thesis Summary

APTACAPITAL

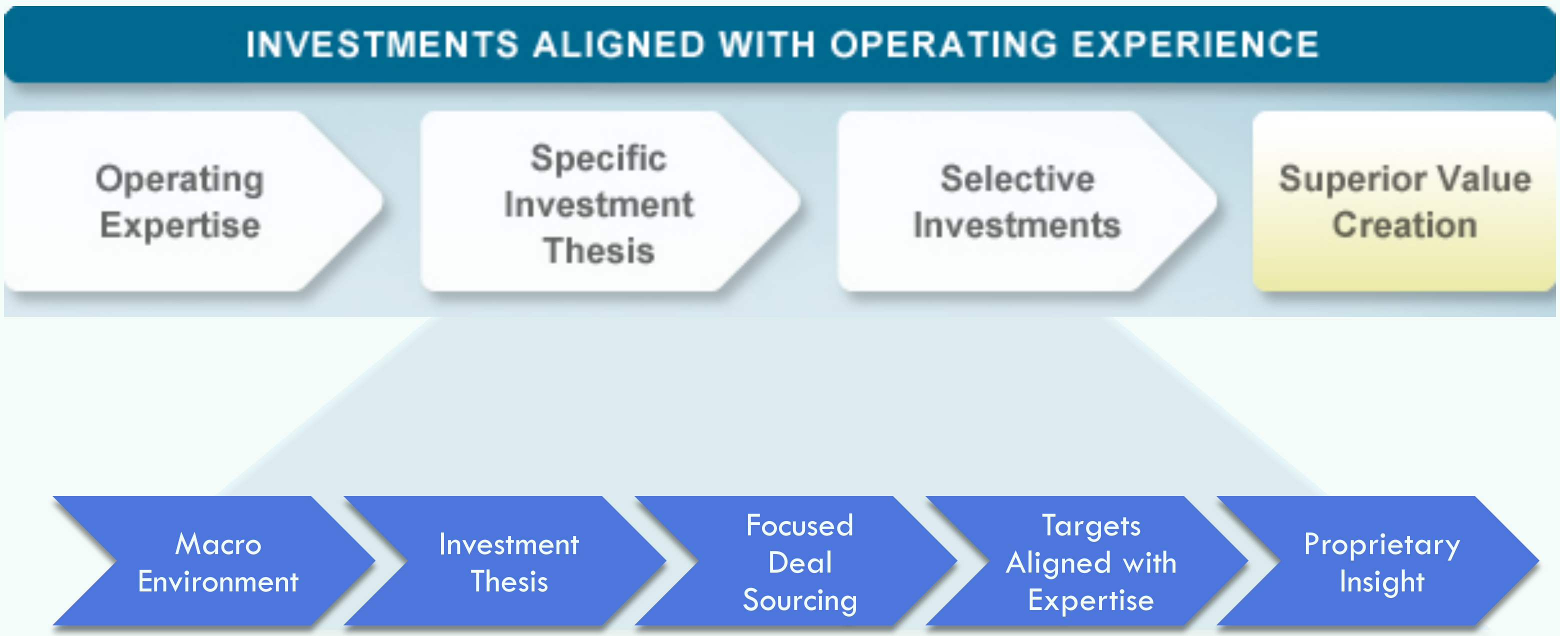
Apta Capital Overview

<u>Flexible Capital Partner</u>

•Family office capital
•Short or long term hold
•Flexible structures

<u>Value-Added Investor</u>

•Experienced PE investors
•Deep operating expertise
•Focused investment strategy



Consumer Products Team

John Appel	• Built and ran consumer group at Emigrant Capital • Saratoga Partners, Dillon Read, and Merrill Lynch
Doug Rauch	• Former President of Trader Joe's • Erewhon Natural Foods
Andy Russell	• Former CEO AGA Marketing • PepsiCo, Procter & Gamble
Val Stalowir	• Former Emigrant Capital Executive Partner • Tomra Systems, Coca-Cola, Quaker

Apta Capital Executive Partner Program
Generates a Constantly Growing Base of Executive Talent

Global Mega Trends

Area of Focus

Health & Well-being	Consumers want to feel and look good while seeking balance, enjoyment and control. Applies to personal and environment.
Reward & Indulgence	Consumers seek simple indulgences from products & services that provide unique sensory experiences.

Screening Criteria

Convenience & Stress Relief	Consumers seek product and service solutions to assist their time compressed living.
Simplicity & safety	Consumers seek simplicity, safety and trust in an uncertain world.
Connectivity	Consumers seek connection, interaction and belonging in communities of like-minded people.
Individualism	Consumers seek self-expression, freedom and wisdom; break convention and create new rules.

Health & Well Being

Health & Well-being

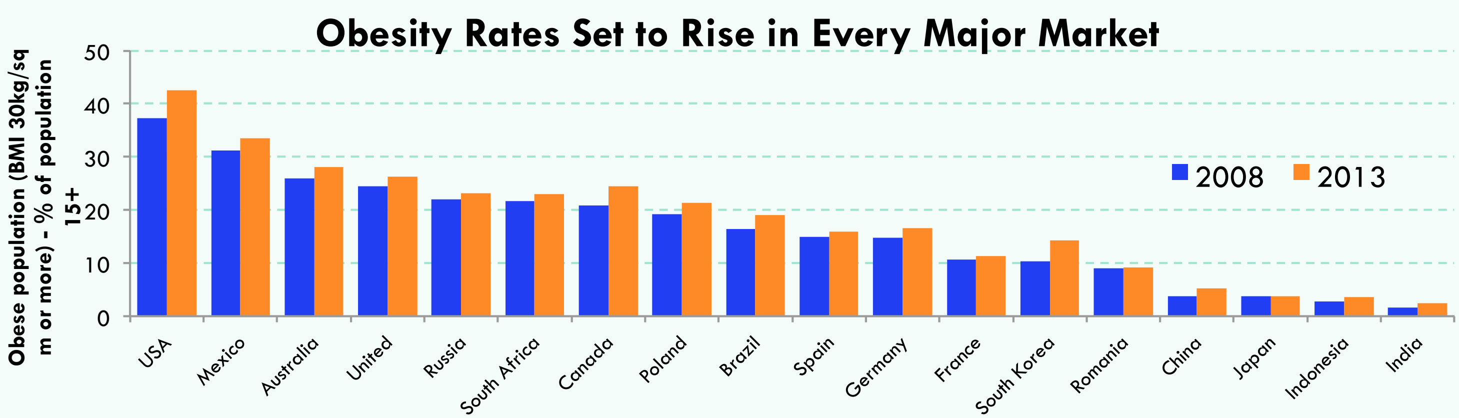
- Consumers want to feel and look good while seeking balance, enjoyment and control. Applies to personal and environment.

Consumer Needs

- "Better for you" products that have no "undesirable" ingredients or are "safe"
  - Organic, Natural, Fresh, Locally Grown/Sourced, Allergy Free, Lactose Free, Peanut Free, Vegetarian, Low Sugar, Low Calorie, Low Carbs, Gluten Free
- Wellness "Functionality" products with a condition specific benefit
  - Energy boosting, High Protein, High Fiber, High Antioxidants, Weight loss/appetite suppression, Alertness , Immunity
  - Relaxation and de-stressing products and services
- Products designed to improve the health or lifestyle of the aging population
  - Sexual performance, Youthful Appearance, Cholesterol, Heart Function, Energy and Strength, Blood Pressure, Joint Pain, Digestive Health, Sleep, Brain Function , Reduced Memory Loss, Vision, Bone Loss, Smaller serving sizes
- Improving the Environment/Planet
  - Reduced/recycled packaging, repurposing of products – glass, plastic, metal containers, sustainable products with lower carbon footprint, biodegradable products
  - Reduced guilt/stress from contributing to waste/pollution

Obesity, diabetes and heart disease are at epidemic levels. Consumers need solutions to improve health and prevent disease.

- Nearly two thirds of the US population is overweight, with 38% obese in 2008
- The rate of new cases of type 2 diabetes has nearly doubled in the US in the last decade
- According to US government, a 25-year-old male who gets less than 30 minutes of daily exercise should eat 2 cups of fruit and 3 cups of vegetables per day. Only 27% of adults are achieving this
- The CDC reports that US pop'n consumes more than twice the recommended amount of salt, increasing risk for high blood pressure, heart disease and strokes. Key contributors are packaged, processed and restaurant foods.

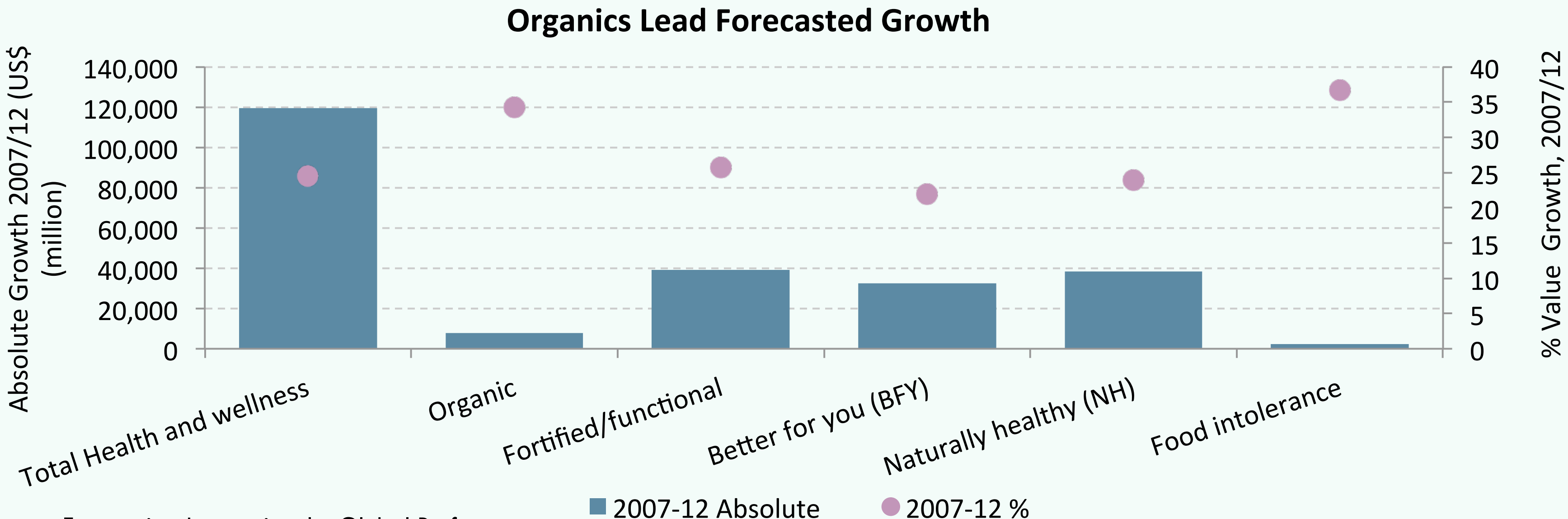


To win in the future, products will need to provide tangible "benefits" rather than just "nutritional angles".

- Example: NY Times article regarding Coke's request of Honest Tea to remove the product claims regarding "no high fructose corn syrup" and replace with "none of the bad stuff" was rejected by founder since it was not transparent

Health & Wellness will manifest itself in 5 major food & beverage categories varying in size and growth rates.

- Unique brands will need to go beyond marketing "puffery" and provide tangible value



Source: Euromonitor International – Global Performance

Food Shopping Trends[1,2]

73% - Those who purchase some organic products
76% - Those that would choose not to compromise quality of food purchased, regardless of current food prices
65% - Those that would look to find ways to buy organic/healthy foods within their budget

[1] 2009 Survey by Harris Interactive   [2] 2009 Survey by RMI Research & Consulting

Reward & Indulgence

Reward & Indulgence

- Consumers seek simple indulgences from products & services that provide unique sensory experiences

Consumer Needs

- Trading up to Affordable Indulgences/Luxuries
  - Consumers are saving where they can and then rewarding themselves to higher quality indulgences that provide emotional + functional benefits
  - Trading quantity for perceived quality and distinction
  - "Portion control" & smaller sizes allowing consumers enjoy economically
- "Quality" indulgences made with fresh ingredients
  - There is substantial overlap in consumers' minds between items which are fresher, less processed and better-quality and those which are better for you.
- Increasing Globalization and Ethnicity is inspiring Food & Beverage alternatives
  - Italian, Mexican/Hispanic, Asian, Mediterranean, Indian, Brazilian, African
  - Mediterranean diet is widely considered to be healthy ie) olive oil as main fat source

Consumers will pay for products that provide a unique 'experience'.

1¢ - 2¢
COMMODITY

5¢ - 25¢
GOOD

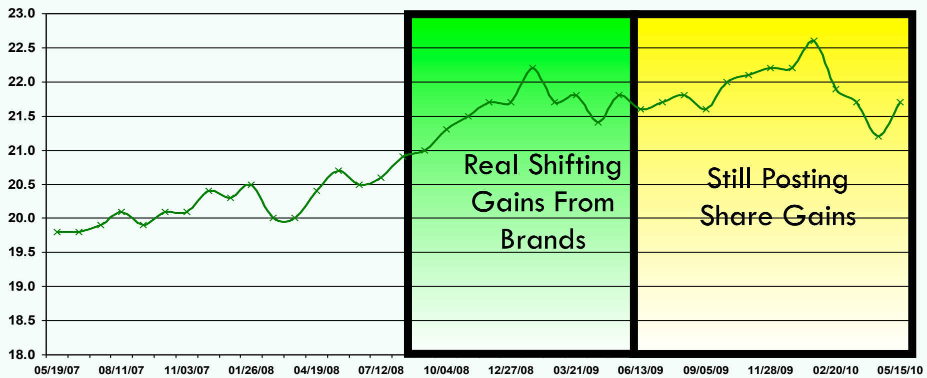
75¢ - $1.50
SERVICE

$2.00 - $5.00
EXPERIENCE

WHOLE FOODS MARKET

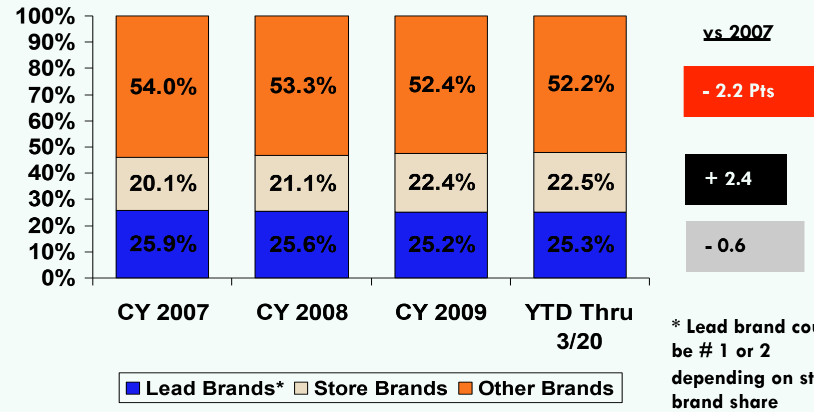
Brands that provide a unique experience will have a better chance of defending against the growth of Private Label.

Private Labels continue to increase share



Source: Scantrack®, (U.S. FDM w/ Wal-Mart) – 4-week increments

Only lead brands continue to hold share



* Lead brand could be # 1 or 2 depending on store brand share

Source: Scantrack, (U.S. FDM ex/ Wal-Mart) – based on 50,000 top-selling brands

Store Brand Unit Share Rankings

Targeted Segments are under-developed in Private Label

7th Tier: 13.0 – 8.9 share		8th Tier: 8.3 – 3.6 share		9th Tier: 2.9 – 0 share	
Family Planning	Tea	Housewares Appliances	Puddings/Desserts-Dairy	Baby Food	Beer
Battery/Flashlight/Charge	Oral Hygiene	Detergents	Insecticides Repellants	Hair Care	Computer/Electronic Prods
Personal Soap/Bath Needs	Skin Care Preparations	Prepared Foods-Frozen	Cosmetics	Fresheners/Deodorizers	Deodorant
Juices Drinks-Shelf Stbl	Snacks	Shaving Needs	Liquor	Wine	Ethnic HABA
Soup	Pizza/Snacks-Frozen	Baking Mixes	Men's Toiletries	Tobacco & Accessories	Magazines Selected Title
Breakfast Foods	Household Cleaners	Diet Aids	Seasonal Gen Merchandise	Gum	Coolers
Coffee		Candy		Canning/Freezing Supplies	

Source: Scantrack (U.S. FDM w/ Wal-Mart) 52 weeks ending 05/15/2010 – 117 major categories