

**MONTHLY REPORT
FOR
JUNE 2010**

PREPARED FOR CRANBERRY MARKETING COMMITTEE

PREPARED BY SOHN'S MARKET MAKERS

1. GENERAL MARKET SITUATION

- Korea's import prices grew at the steepest rate in 15 months in May due to higher oil costs, the central bank said in June, indicating a possible build-up in inflation. In local currency terms, import prices rose 11.3% in May from a year earlier, accelerating from a 5.1% on-year expansion in April, according to the Bank of Korea. May's reading marked the sharpest growth since an 18% gain in February 2009. Month-on-month, import prices grew by 2.7% in May, picking up from a 1.2% rise in April, the BOK said. Raw material costs climbed 26.2% in May from the previous year, up from a 24.7% on-year gain in April. The cost of Dubai crude, Korea's benchmark, gained 32% last month, compared with the previous year. Korea, the world's fifth-largest crude buyer, relies entirely on imports for its oil needs.

Export prices in terms of the Korean won inched up 0.4% on-year in May, a turnaround from a 6.7% fall the previous month. The robust import price data came days after the central bank's increased rhetoric toward rising inflation last week lifted expectations among investors for an interest rate rise during the next three months. Bringing attention to the building inflationary pressure in Asia's fourth-largest economy, Korea's Finance Minister made a rare comment on the growing need for the government to guard against rising consumer prices. The government has until now insisted that recovery in the domestic economy was still fragile and needed further help from low interest rates, with inflation remaining low. Annual consumer inflation, at 2.7% in May, remained below the middle of the central bank's 2-4 percent target but Bank of Korea Governor Kim Choong-soo said on Thursday that inflation would gradually build in coming months. Leading high import price growth in May were fuel minerals, which rose 26.7% from a year earlier, and other mineral materials, which jumped 40.1%, Bank of Korea data showed.

- Korea recorded its largest monthly trade surplus this year in May. The Korea Customs Service on Tuesday said that the nation posted a trade surplus of US\$4.1 billion last month, the fourth consecutive month in the black. The surplus came on the back of strong exports which stood at \$39.1 billion, up 40.5% year-on-year. Outbound shipments of semiconductors posted a record high of nearly \$4.5 billion, while exports of ships maintained their upward trend after suffering two straight months of declines in February and March. Demand for Korean products from China, Southeast Asia, the U.S. and the European Union all increased, showing that the impact of Europe's debt crisis on the domestic economy is limited. Imports rose by more than 49% to almost \$35 billion amid increased purchases of raw materials, consumer goods and capital goods. Imports from China increased by the largest margin, with those from the EU and the U.S. seeing a jump as well.
- Samsung Tesco Co. is considering acquiring E-Land Group's supermarket chain, a move that could elevate the retailer to No. 1 supermarket operator in the country. According to industry sources, Samsung Tesco, a joint venture between Samsung C&T Corp. and Tesco PLC of Britain, has held talks with E-Land's Kim's Club Mart supermarket chain. Samsung Tesco said it is about to start a due diligence review of the supermarket chain. Samsung Tesco now runs 182 Homeplus Express supermarkets in the country, while E-Land operates 57 Kim's Club Marts. If Samsung Tesco succeeds in acquiring Kim's Club Mart, its total could rise to 239, making it the biggest supermarket operator in the country for number of stores. Lotte Super Co., which has 216 stores, is currently the market leader by annual sales, and GS Retail Co. is the runner-up with 164 stores. Homeplus Express and Kim's Club Mart recorded 500 billion won (\$401 million) and 245 billion won in sales last year, respectively, for a combined total of 745 billion won, which would still leave a merged company a distant third in the supermarket sector in terms of sales. Samsung Tesco already forged a deal with E-Land in 2008, when it acquired the Homever chain of discount stores from E-Land. The joint venture has recently suffered difficulties opening new supermarkets due to opposition from existing mom and pop stores located near prospective locations for new stores. According to

the company, it had to postpone or cancel the opening of 40 branches due to conflicts with existing neighborhood establishments. Samsung Tesco said, however, the planned acquisition of Kim's Club Mart is not related to the difficulties opening new stores. E-Land said it is considering selling the supermarket chain as it plans to focus on its midrange department store operations, after agreeing recently to buy DongA Department Store in Daegu. It also operates Kim's Club discount stores and several fashion outlets in the country.

- According to media report, US President Barack Obama will try to revive stalled free-trade talks with South Korea, with the goal of finishing a deal before his November visit to Seoul and submitting a reworked pact to Congress in the following months, quoting a U.S. administration official. Obama's initiative will start in a one-on-one meeting with South Korean President Lee Myung Bak today in Toronto, where both leaders are attending the G-20 summit, said the official, who spoke on the condition of anonymity. U.S. Trade Representative Ron Kirk will take the lead in retooling the pact with his counterparts in South Korea, America's seventh-largest trading partner this year. Kirk will also be in charge of negotiations with Congress, where lawmakers are demanding wider access for Chrysler Group LLC, Ford Motor Co. and General Motors Co. U.S. automotive-industry and unions have lobbied for better access to Korean markets. Completing a free-trade agreement with South Korea by November, when the G-20 is next scheduled to meet in Seoul, is central to the U.S. president's goal of doubling exports over the next five years to help American manufacturing and agriculture, the official said. The effort would follow a call for more bilateral trade agreements from the leaders of the G-8 nations who met earlier today in Huntsville, Ontario. While the U.S. has negotiated agreements with South Korea, Colombia and Panama, Obama has not sent the accords to Congress for approval. Setting a deadline for the South Korea pact, and announcing his intention to send it to lawmakers, distinguishes it from the other two pending trade deals. Obama's push for an accord by November won't amount to a reopening of the original deal, signed in 2007, the official said. Rather, the U.S. will try to bridge gaps on a few issues, including disputes on autos and beef, that have led several lawmakers, including House Ways and Means Chairman Sander, a Michigan Democrat, to signal their opposition. The administration is concerned that U.S. manufacturers and farmers are missing opportunities in South Korea, the world's 14th-largest economy. Since 1990, South Korean imports of American goods have declined to 9% from 23%, the official said. In 2008, America's total exports of goods and services were close to \$50 billion. The U.S. Chamber of Commerce estimates that failure to enact the accord means the loss of \$35 billion in exports and 345,000 jobs. South Korea signed a rival agreement with the European Union last year that calls for 99% of commerce to be duty-free within five years. The Obama administration has working with lawmakers to determine what changes on beef and automobile trade the U.S. will demand from South Korea before submitting the free-trade agreement to Congress for a vote. Obama's deadline would have a refashioned deal going to lawmakers after the November congressional elections. The agreement seeks to eliminate South Korea's 7% tariff on industrial goods and services, said the official, who noted that their average tariff rate on agricultural products is almost 9 times that of the average U.S. tariff on agricultural products.

2. INDUSTRY INFORMATION

- Pascucci, a popular local coffee shop brand, with 200 stores nationwide, launched Cranberry Club Sandwich. It has dried cranberries in the sandwich and the consumer price is W3,500.
- Smoothie King, a worldwide beverage chain with 100 stores in Korea, introduced a new dried fruit package series including dried cranberry. 40g of dried cranberry is in a pack and its retail cost is W2,500. Also, Smoothie King launched a high protein nutrition bar with dried cranberries. It contains 170 kcal per piece and is recommended as a breakfast substitute. It costs W2,400.
- Baskin Robbins 31, a famous ice cream chain with 900 stores nationwide, launched a new fruit flavor ice cream menu called Super Fruits with cranberry syrup. Their website mentions that Super Fruit contains fresh fruits that are good for anti-aging.
- E-Mart, one of the biggest hypermarket companies with 120 stores nationwide, launched a new private brand product, Nut Energy. It is a nutrition bar that contains dried cranberry and various nuts. Three bars are sealed in a package and its retail cost is W1,980.
- Lotte Confectionery, one of the biggest confectionery manufacturing companies which received the samples from 1st shipment, launched a new product using dried cranberries. The product is Oh!Bar, a crispy cereal bar, and it is selling at retail in June. Twelve sealed bars in a box and its retail cost is W9,000.
- Pulmoowon is the biggest food manufacturer companies who received the samples from 1st shipment, launched a new product, Snow & Berry taking aim at summer. It is shaved ice in a cup with berry mixture including cranberry concentrate. The consumer price is W2,300.

3. MEDIA COVERAGE

This month, we monitored 15 media coverage, 5 articles in daily newspaper, 9 articles in internet news sites and 1 article in consumer lifestyle magazine.

Category	# of Articles		Weighted Media Value	
	June 10	Jan ~ June 10	June 10	Jan ~ June 10
Category 1	0	10	\$0	\$68,000
Category 2	0	0	\$0	\$0
Category 3	0	0	\$0	\$0
Category 4	0	0	\$0	\$0
Category 5	15	61	\$88,000	\$333,750
Total	15	71	\$88,000	\$401,750



No	Publication -- Subject of Article	Media Type	Issue / Date	Circulation / Monthly Hits	Clipping Category	Weighted Value (USD)
1	Daily Joongang http://article.joins.com/article/article.asp?Total_ID=4243489 -Introducing New Cranberry Product : Snow & Berry	Daily News	June 15 th 2010	2,000,000	5	6,000






2	Daily Hankook http://news.hankooki.com/lpage/economy/201006/h2010061511365921580.htm -Introducing New Ice Cream Menu with Cranberry : Super Fruits	Daily News	June 15 th 2010	2,000,000	5	6,000
3	Daily Hankook http://news.hankooki.com/lpage/economy/201006/h2010061016355521540.htm -Introducing New Snack with Dried Cranberry : Oh!Bar	Daily News	June 10 th 2010	2,000,000	5	6,000
4	Daily Hankook http://news.hankooki.com/lpage/health/201006/h2010062421152384520.htm - Recipe Recommendation : Vodca with Cranberry Juice	Daily News	June 24 th 2010	2,000,000	5	6,000
5	Daily Kookmin http://news.kukinews.com/article/view.asp?page=1&gCode=kmi&arcid=1276076037&cp=nv - Introducing New Snack with Dried Cranberry : Oh!Bar	Daily News	June 9 th 2010	2,000,000	5	6,000
6	Data News http://www.datanews.co.kr/site/datanews/DTWork.asp?itemIDT=1002910&aID=20100604171354903 -Food for Menopausal Women	Internet News	June 4 th 2010	2,000,000	5	6,000
7	KG Good News http://www.kggoodnews.co.kr/sub_read.html?uid=81223&section=section6 -Food for Menopausal Women	Internet News	June 4 th 2010	2,000,000	5	6,000
8	Herald Economy http://biz.heraldm.com/common/Detail.jsp?newsMLId=20100618000719 - Introducing New Snack with Dried Cranberry : Oh!Bar	Internet News	June 21 st 2010	2,000,000	5	6,000
9	Herald Economy http://biz.heraldm.com/common/Detail.jsp?newsMLId=20100618000871 - Introducing New Ice Cream Menu with Cranberry : Super Fruits	Internet News	June 19 th 2010	2,000,000	5	6,000
10	Medical Today http://www.mdtoday.co.kr/mdtoday/index.html?no=131682 - Introducing New Ice Cream Menu with Cranberry : Super Fruits	Internet News	June 15 th 2010	2,000,000	5	6,000
11	Korean Economy http://www.hankyung.com/news/app/newsview.php?aid=2010061536571 - Introducing New Snack with	Internet News	June 15 th 2010	2,000,000	5	6,000

	Dried Cranberry : Oh!Bar					
12	Financial News http://www.fnnews.com/view?ra=Sent1001m_View&corp=fnnews&arcid=0922025615&cDateYear=2010&cDateMonth=06&cDateDay=28 - Introducing New Cranberry Product : Snow & Berry	Internet News	June 28 th 2010	2,000,000	5	6,000
13	Focus News http://www.fnn.co.kr/content.asp?ad=64468646e8e8466dbe61f3b404c4388e - Introducing New Ice Cream Menu with Cranberry : Super Fruits	Internet News	June 1 st 2010	2,000,000	5	6,000
14	Asia Today http://www.asiatoday.co.kr/news/view.asp?seq=366186 - Introducing New Cranberry Product : Snow & Berry	Internet News	June 8 th 2010	2,000,000	5	6,000
15	Monthly Essen - Recipe Recommendation : Cranberry & Rye Bread	Consumer Lifestyle Magazine	2010 June	80,000	5	4,000

4. NEW CRANBERRY PRODUCTS IN THE MARKET

Bakery/Ice Cream/HRI

Brand	Product/Menu Name	Description	Price	Photo
Pascucci	Cranberry Club Sandwich	Turkey sandwich with dried cranberries	₩3,500	
Smoothie King	Dried Fruits – Cranberry	A package of dried cranberries	₩2,500	

	High Protein Nutrition Bar	Nutrition bar with dried cranberries	₩2,400	
Baskin Robbins 31	Super Fruits	Fruit flavor ice cream with cranberry concentrate syrup	₩6,300 per pint	
E-Mart	Nut Energy	Nutrition bar with dried cranberries	₩1,980 per 3-bar package	
Lotte	Oh!Bar	Crispy cereal bar with dried cranberries	₩9,000 per 12-bar box	
Pulmoowon	Snow & Berry	Shaved ice in a cup with cranberry concentrate syrup	₩2,300	

5. WEBSITE VISITORS

Number of Visitors to www.cranberries.co.kr for 2010

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Monthly Average
1,415	1,258	1,500	1,905	1,638	1,792							1,585

Consumer Media Relations (M10GXKS003)

TV Program Arrangement

CMC arranged a paid PR in Five Colors Five Flavors with MBC, the national TV network. The 1st episode featuring cranberries out of the originally planned 10 episodes was already shot and edited into final version, and was scheduled to air in June 10. However, after MBC had an in-house premier of this program, they really liked the content, and decided to launch it as a regular program rather than a 10-episode special. They decided to air the 1st episode (the cranberry story) during Chuseok (Korean Thanksgiving), one of the two biggest holidays in Korea, which will be the 3rd week of September. It is expected to attract a high viewership, considering the timing of airing. More updates will be reported later.

The following still shots are from already edited final version.





Possible Movie Theater Event

Other than the above TV program arrangement, CMC Korea is arranging a possible joint PR event with a theater chain, CGV. The TV program will feature short cranberry PR footage during the commercial time before the movie starts. In addition, cranberry hamper gifts will be presented in selected seats in selected movie slots. More updates will be reported later.

Baking Chain Cooperative Promotions (M10GXKS004)

Possible Cooperative Promotion with SPC

Meeting with Mr. Seung-Cheol (Daniel) Kim, Purchasing Team Leader, SPC

SPC is a giant bakery operator, running the nation's biggest bakery chain Paris Baguette with 2,100 stores nationwide, Paris Croissant, Paris Croissant Café/Kitchen, Dunkin Donuts, Baskin Robbins, Pascucci Coffee Shop, etc. as well as biggest wholesale bread manufacturers Shany Co. and Samlip Foods. SPC established in-house buying division, and started to source most of their nuts and dried fruit ingredients via direct import. They are also interested in launching various flavored nuts and dried fruit small packages, which are similar to what CMC Korea provided (20 grams of dried cranberries) during the Paris Baguette promotion last November, to be sold with coffee at their stores. CMC Korea discussed possible promotional opportunities with them, once they decide to launch US cranberries as the part of this new trial.

Possible Promotion with E Mart / Shinsegae Foods

Meeting with Mr. Jong-Yeol Lee, Global Sourcing Manager / Mr. Sun-Joon Kim, Buyer Suk-Ho Shin, Marketing Manager, Shisegae Foods

E Mart is the biggest hypermarket in Korea with 120 stores nationwide. CMC Korea had a meeting with them, discussing possible tie-in promotions featuring various forms of cranberry products including dried cranberries and cranberry juices, etc. Further follow-up meetings will be done and updates will be reported later.

6. PERFORMANCE MEASURES UPDATES

Performance Measure	2010 Goal	As of June 2010
Number of cranberry products at retail	120	140
Number of bakery outlets offering cranberry products	10	15 (Paris Baguette, Paris Croissant, Tous Les Jours, Crown Bakery, Dunkin Donuts, A Two Some Place, Starbucks, Donut Plant New York City, Bizeun, Bins Beans, Vezzly, Bread Talk, Holly's Coffee, Suji's & London Tea)
Average # of bakery products offered per store	4	3.5
% who have heard of cranberries	76%	N/A
% that have eaten/drank products containing cranberries	55%	N/A
% of consumers able to identify at least one health benefit of cranberries	8%	N/A
% who would be willing to purchase a product containing cranberry	63%	N/A

** For the consumer PMs, informal survey will be done with at least 100 consumers during the bakery/confectionery promotions or consumer cooking classes for 2010 marketing year.