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NEW BOOK ON POST-HARVEST PROCESSING

The Federal University of Lavras (UFLA), one of the leading agricultural schools in Brazil, has published the book "Pós-colheita do café" (Post-harvesting of Coffee). Edited by UFLA's Prof. Flávio Borém, the book covers post-harvesting related physiological, physical, chemical and biochemical phenomena, processing, storage, quality control and certification. Pinhalense's technical director, Adelcio Piagentini, and one of the company's consultants, Prof. Jaime de Toledo Piza e Almeida Neto, contributed the main chapter on coffee processing.

Source: Coffeebreak



NO FROSTS EXPECTED THIS WINTER

Experts at a private Brazilian meteorological company claim that the chances of frosts this autumn and winter are very small. Although weather simulations for nine months predict a strong cold front in early June, it should not move beyond south Paraná and reach coffee growing areas. The highest risk month was May when low temperatures reached corn fields in the state of Paraná but stopped short of coffee plantations.

Source: Cafépoint

MAPA STUDIES WAYS TO LOWER PRICES OF FERTILIZERS

The Brazilian Ministry of Agriculture, Livestock and Food Supply (MAPA) is analyzing a set of actions to avoid further increases and perhaps even lower current prices of fertilizers. The measures under evaluation range from the removal of taxes and duties (some fertilizer components are imported), low interest credit lines, organization of farmers to buy large volumes together, and incentives to increase the competition in the sector by opening new plants, specially near harbors.

Source: Valor Econômico

FUNCAFÉ WILL RELEASE US\$ 1.35 BILLION IN 2008

The Ministry of Agriculture and the National Monetary Council agreed to release R\$ 2.20 billion of Funcafé money to finance cultivation, harvesting, storage and coffee purchases. The largest chunk of money (R\$ 898 million) will go for coffee stocks, followed by R\$ 496 million for harvesting. The text of the ministerial resolution allows funds to be shifted among the credit lines above.

Source: Agência Brasil

SUGAR CANE ENCROACHES UPON PRIME COFFEE LAND IN MINAS

Sugar cane is taking land away from coffee in Minas Gerais' Três Pontas which has for many years been the single largest coffee producing municipality in Brazil. Recent estimates indicate that up to 3,000 hectares have already been converted to sugar-cane to produce ethanol. The scenario is not different in neighboring São Sebastião do Paraíso, the seat of the second largest coffee growers cooperative in the country, where flat coffee areas are also being lost to ethanol production.

Source: Diário do Comércio e Indústria (SP)

PRICE OF LAND GOES UP

The price of Brazilian farm land had a record increase of 16% last March and April pushed by grain prices. For the first time since 2007 the average price of land in the grain growing southern states surpassed that in southeast states whose farming is more diversified (sugar cane, orange, coffee, cattle, grains, etc).

Source: Folha de São Paulo

ROBUSTA PRODUCTION TO EXPAND IN MINAS GERAIS AND SÃO PAULO

A Brazilian exporter of green coffee is already growing the seedlings to plant up to a 1,000 hectares (3.5 million coffee trees) of irrigated robusta in the Pirapora area, in the center of the largest Arabica producing state of Minas Gerais. Although CONAB crop estimates do acknowledge Conilon production in Minas, the figures are still marginal. The state of São Paulo is currently carrying out studies that will lead to a plan to grow Robusta in former Arabica areas as well as in other regions with adequate climate.

Sources: Valor Econômico and Câmara Setorial do Café (SP)

QUALITY OF CONILON MUST BE IMPROVED

The Vitória Coffee Trade Association (Centro do Comércio de Café de Vitória - CCCV) is leading an effort to improve the quality of Conilon coffee produced in the state of Espírito Santo, the country's largest producer of this type of coffee. Though the state Conilon growers have mastered production techniques and achieve high yields, work is still required to improve drying practices: temperatures must be lowered and the drying time made longer in order to preserve bean quality. As the state's Conilon production expands beyond domestic demand, growers must be prepared to meet the quality requirements of foreign markets.

Source: A Gazeta (Espírito Santo)

SUSTAINABLE BRAZILIAN COFFEE IS WORLD'S THIRD BEST

The Rainforest Alliance - organized coffee quality competition held during SCAA's conference in Minneapolis selected Fazenda Daterra's coffee as the third best sustainable coffee in the world, after coffees from Panamá and Honduras. The 90 entries from 11 countries were evaluated by 18 specialty coffee cuppers. Daterra's coffee had been selected Brazil's best sustainable coffee by Rainforest Alliance earlier.

Source: Cafépoint

BRAZILIAN COFFEE ESTATE RECEIVES SCAA SUSTAINABILITY AWARD

The Specialty Coffee Association of America (SCAA) announced the international recipients of its annual Sustainability Award. This award honors individuals, businesses and organizations in the specialty coffee industry that have created innovative projects to expand and promote sustainability. This year's winners represent organizations from Brazil, Honduras, the Netherlands and Nicaragua. Brazil's Fazenda Ambiental Fortaleza (FAF) is a socially responsible, sustainable, organic farm whose management and operational personnel have a say in farm operations and long-term planning, which supports good governance, development and poverty reduction.

Source: Comunicaffé International

FAIR TRADE MINAS COFFEE TO TAP FOREIGN MARKETS

The Minas Gerais chapter of the Brazilian Agency for the Promotion of Small Business (Sebrae - MG) is assisting with the development of 12 fair trade producer groups in Sul de Minas and Matas de Minas, the southwest and southeast growing regions of the state. Sebrae - MG activities include capacity building, missions to foreign markets and hosting of foreign buyers. Sebrae - MG expects to sign a cooperation agreement with Transfair - USA in June and to hold the first Brazilian Fair Trade Coffee Competition in Belo Horizonte, Minas Gerais, in September.

Source: Cafés do Brasil Network at Peabirus

100 YEARS OF JAPANESE IMMIGRATION COMMEMORATED AT 4TH SPECIAL EDITION OF BEST BRAZILIAN COFFEES

The winning coffees of the 2007 country-wide quality competition, auctioned last November at the ENCAFÉ roasters convention and acquired by the local industry, have now been made into the Fourth Special Edition of the Best Brazilian Coffees. This numbered edition, due to reach supermarkets this month, was released at a breakfast event held in Brasília and attended by the highest authorities in the Republic, coffee and retail sector leaders, and the press. The 100th anniversary of Japanese immigration into Brazil was also commemorated at the event because the first immigrants arrived in 1908 to work on coffee plantations. The first coffee exports to Japan, that same year, were the first step to make the country the 4th largest importer of Brazilian coffee today.

Source: Cafépoint



NATIONAL COFFEE DAY

Brazilian Coffee Day was commemorated throughout the country on May 24, with emphasis on sustainability issues. Coffee roasters and other players in the coffee business promoted and sponsored different types of activities as part of the public relation effort spear-headed by the Brazilian Coffee Roasters' Association (ABIC) to help promote domestic coffee consumption in Brazil.

Source: Cafés do Brasil Network at Peabirus

PARANÁ STATE LABELING LAW HELD CONSTITUTIONAL

The Brazilian Supreme Court ruled that a Paraná state law requiring that the coffee species (Arabica and Robusta) in a blend be informed on the package of all coffee sold in the state is constitutional. This puts an end to a long controversy that involved several coffee associations in the country and involved arguments about consumers' rights and free trade practices.

Source: Revista Consultor Jurídico

MATCHING PRODUCTION TO CONSUMPTION TRENDS: THE GROWTH OF ROBUSTAS

Robustas will soon account for 40% of the world's coffee production. Not only Robustas cost less to produce but high prices and growers' profits reflect a strong demand that is likely to persist in the near future.

The usual explanations for the rise in the demand for Robustas ignore consumer behavior and concentrate on the supply side. One explanation is pressure from an ever more concentrated retail sector whose growing negotiating power forces roasters to reduce their prices and, consequently, to increase the percentage of Robustas in their blends. Another explanation is that roasters are simply increasing the content of robustas in their blends in order to maximize profits irrespectively of any specific pressure from buyers. The third explanation lies in processing – steaming and wet milling (washing) – that allows the expansion of Robusta use in blends without greatly affecting cup features.

There are however other strong reasons, beyond the production and supply chain, that indicate that the demand for Robustas will remain strong for years to come. Consumption trends point to a scenario of continual changes in the mix of coffee products demanded by consumers which in turn points to a higher relative usage of Robusta than before.

The consumption of soluble coffee, whose basic component is Robusta, is growing in most markets as a result of practicality, lower cost per cup, and the availability of more sophisticated agglomerate and freeze dried products. The shift from tea to coffee in emerging markets is led by easy-to-prepare soluble coffee. "3 in 1", a mixture of soluble coffee, non-dairy cream and sugar, very popular in Far East markets, is gaining space in other markets too. Robusta coffee dominates soluble blends, even those of freeze dried products that may require some Arabica.

Ready-to-drink (RTD) coffee beverages, that have been popular in Japan for a long time, are progressively entering other markets. The most common technologies to produce RTD coffee beverages use as a raw material liquid coffee extract which is soluble coffee before it is spray or freeze dried. There is no special requirement to use Arabicas in these coffee extracts that are often made with 100% Robustas. RTD coffee has a special penchant to attract young consumers who are known to prefer sweet and cold beverages.

Espresso is today the fastest growing system to brew roasted coffee. A high quality espresso blend may have some Robusta coffee, which would definitely not be found in a high quality blend for filter or percolator. Robusta content may be even higher in espresso-based beverages like cappuccinos, shakes and granitas, all of which have a great appeal to new and young consumers entering the market.

There are other consumption trends that favor Arabicas – specialty coffees and upscale coffee shops, for example – but they are not strong enough to counter the move in the direction of Robustas, specially at a time when the world crisis and escalating food prices are forcing consumers to seek lower priced coffee products.



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Brazilian prices

May 29, 2008

Main Producing Regions / Farm Gate

Arabica Naturals (R\$/ 60 kg bag)	
Cerrado-MG fair average quality T.6	252,00
Mogiana-SP fair average quality T.6	252,00
South Minas fair average quality T.6	252,00
Arabica Pulped Naturals (R\$/ 60 kg bag)	
Cerrado-MG	265,00
South Minas	275,00

Conilon/ Robusta (R\$/ 60 kg bag)	
Vitória-ES fair average quality	212,00

BM&F (US\$/ 60 kg)	
Jul 2008	163,75
Sep 2008	162,60
Dec 2008	168,70

Dolar US\$/ Real R\$	
May 29	1,63

THE ROBUSTA BONANZA WILL NOT LAST FOREVER: IMPROVE QUALITY NOW

The excellent prices and good profits enjoyed by Robusta growers and millers create a unique opportunity to consider investments in coffee processing in order to improve quality and to differentiate products in preparation for less favorable times that will certainly come as new production is induced by a sellers' market. Arabica growers and millers are investing all the time to improve their quality, to protect their market and to increase their margins. The Robusta sector should do the same.

Investments at farm level may address the separation of cherries at different stages of maturation and wet milling. Pinhalense's **ecoflex** line of LSC mechanical siphons, DC and ECO pulpers, and DMP mucilage removers is about to be completed by the new single structure compact **ecoflex** small coffee mills powered by a single electric motor or stationary engine and designed for small growers and small central mills. This new family of **ecoflex** compact mills is specially suited for small growers and groups of micro growers that account for most Robusta production.



Small and large central millers, mid-size to large growers, and processors alike may consider investments in Robusta drying capacity, with emphasis on Pinhalense's indirect-fire, heat-exchanger-equipped SRE rotary driers. These driers are well known for retaining coffee quality and avoiding the development of foul smelling, pale, bleached and black beans. Fast drying of Robusta coffee in inadequate machines is today responsible for a host of defects that range from off-color to metallic tasting and smoke smelling beans.

Hulling of dry Robusta coffee may be carried out by Pinhalense compact cold hulling sets CON for cherries or DEPOS hullers-polishers for parchment. Both types of machines are market leaders in their categories.

Robusta coffee processors – cooperatives, traders and exporters – can also invest in cleaning, size separation and sorting-equipment in order to bring to market Robusta coffee that meets the specifications of clients around the world. Green Robusta coffee usually arrives at the mill with more impurities than Arabica. Its size grading requires a careful balance between capacity and accuracy. Sorting of defects poses specific challenges that are not the same in all origins. Pinhalense recommends its CPFBNR destoners with optional dust suction hoods, the state-of-the-art Porto and PFA size graders that have specific models for different grading systems, and the best-selling MVF gravity separators with optional dust suction hoods.

Last but not least, good logistics is critical to maximize profits in the Robusta business. Pinhalense offers high capacity blending units, automatic weighing stations for regular and big bags, and the fastest bulk container loader in the market.

All machines recommended above may be used for Arabicas in the same or modified versions.

THERE IS ALWAYS A BONANZA FOR WELL-PROCESSED ARABICAS... AND ROBUSTAS.

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