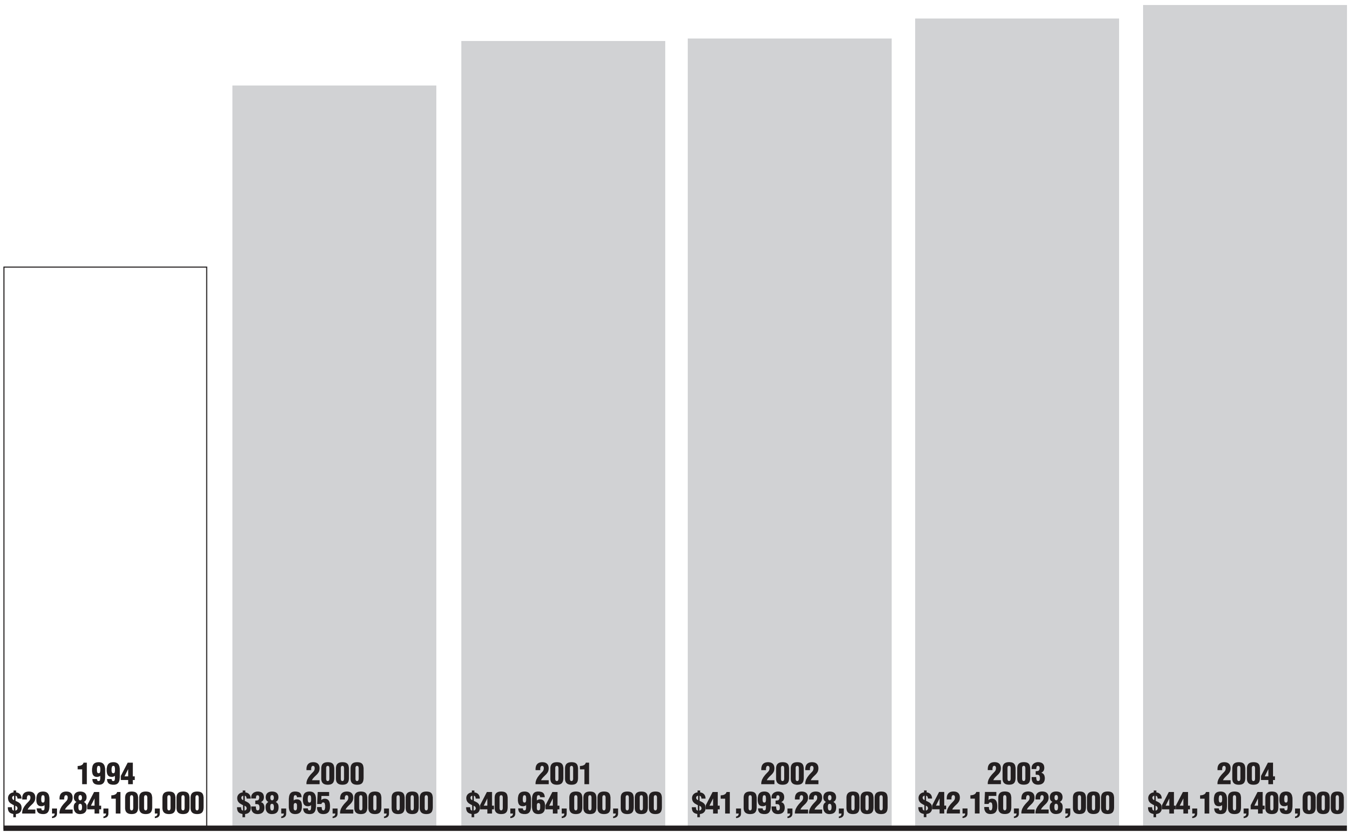
2004 TOTAL VENDED DOLLAR VOLUME



2004 VENDED PRODUCT VOLUME

Retail sales through venders

PRODUCT	PERCENT SHARE 2004	DOLLAR VOLUME 2004
Hot Drinks	9.5%	$4,213,809,000
Cold Drinks (Cup)	3.4%	$1,509,000,000
Packaged Cold Beverages [1]	50.7%	$22,391,000,000
Snacks, Confections, Pastry [2]	20.4%	$9,003,000,000
Bulk Vending	0.9%	$411,275,000
Milk	1.4%	$619,000,000
Ice Cream	2.0%	$896,000,000
Vended Food [3]	7.1%	$3,118,325,000
Cigarettes & Cigars	2.5%	$1,087,000,000
All Other	2.1%	$942,000,000
Total	**100.0%**	**$44,190,409,000**

[1] Includes nonperishable cold beverages (soft drinks, juice, water, tea, energy, isotonic, etc.) in cans and bottles.
[2] Includes shelf-stable packaged single-serve snack and candy items, both “wide” and “narrow,” and pastry sold through nonrefrigerated venders.
[3] Includes refrigerated, frozen, can/bowl pack and other shelf-stable main meal items.

VENDED PACKAGED COLD DRINKS

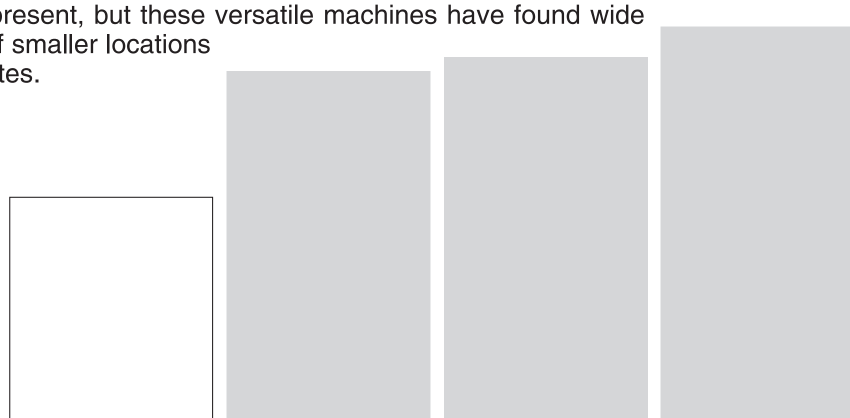
This year's cold beverage figures again combine results from closed-front and glassfront can and bottle machines branded for soft drinks, waters and juices, as well as nonbranded cold drink venders. Prior to 2004, we had dealt separately with can and bottle machines, and had treated dedicated juice venders as another discrete category. These distinctions, reasonable enough in the last century, had become increasingly untenable as the cold drink category grew more and more complex, and equipment became more versatile.

Packaged cold beverages overtook cigarettes as vending's predominant revenue source about a quarter of a century ago, and no other category seems likely to challenge that any time soon. In 2004, vended cold drink dollar volume increased 7.3%, and the number of machines in the field also increased. While the business is "mature" in terms of market penetration, it continues to find novel products that encourage consumers to trade up, replacing a less expensive choice with a pricier one that the patron perceives as enhancing wellbeing or status. Countering the New Age offerings were enhanced versions of best-selling soft drinks, and the big brands still have large, loyal followings.

In 2004, closed-front convertible machines remained the dominant type, representing about half of all packaged cold-drink venders. However, the torrent of new package sizes and formats has accelerated operator acquisition of glass-front venders. These can offer much greater variety, and also display the eye-catching labels and novel package shapes of many of the new offerings to best advantage; at the same time, the limited capacity of each selection requires more frequent service. Thus, glassfront machines are concentrated in higher-volume locations.

Responding to the growth in demand for equipment able to accommodate perishable beverages, especially milk in modern plastic packaging, manufacturers have added health timer capability to glassfront machines, either optionally or as a standard feature. This makes it possible to include milk in the cold-drink mix, although true shelf-stable dairy beverages in bottles have been slow to emerge, and transportation remains a challenge in serving locations not equipped with other machines whose products require temperature control on the road.

Last year, the percentage of glassfront machines in the packaged cold drink vender mix increased from 7% to 13%. Also making good progress was the new generation of multiformat closed-front equipment, designed to permit easy adjustment for packages of different capacities and shapes without labor-intensive internal reconfiguration or the use of shims. Operator record-keeping systems make the precise determination of combination venders' role in cold drink (and snack) sales problematic at present, but these versatile machines have found wide favor as elegant answers to the needs of smaller locations as well as smaller workgroups in large sites.



	1994*	2002*	2003	2004
TOTAL DOLLAR VOLUME	**$13,643,125,000**	**$20,108,000,000**	**$20,877,000,000**	**$22,391,000,000**
TOTAL UNIT VOLUME	21,417,500,000	29,196,700,000	29,202,560,000	29,855,000,000
AVERAGE WEEKLY UNIT VOLUME	147	174	174	173
MACHINES ON LOCATION	2,513,000	3,227,000	3,229,000	3,256,000

**Annual dollar and unit totals and averages restated to include cans, bottles and juice sold through dedicated vending machines*

VENDED PACKAGED COLD DRINKS

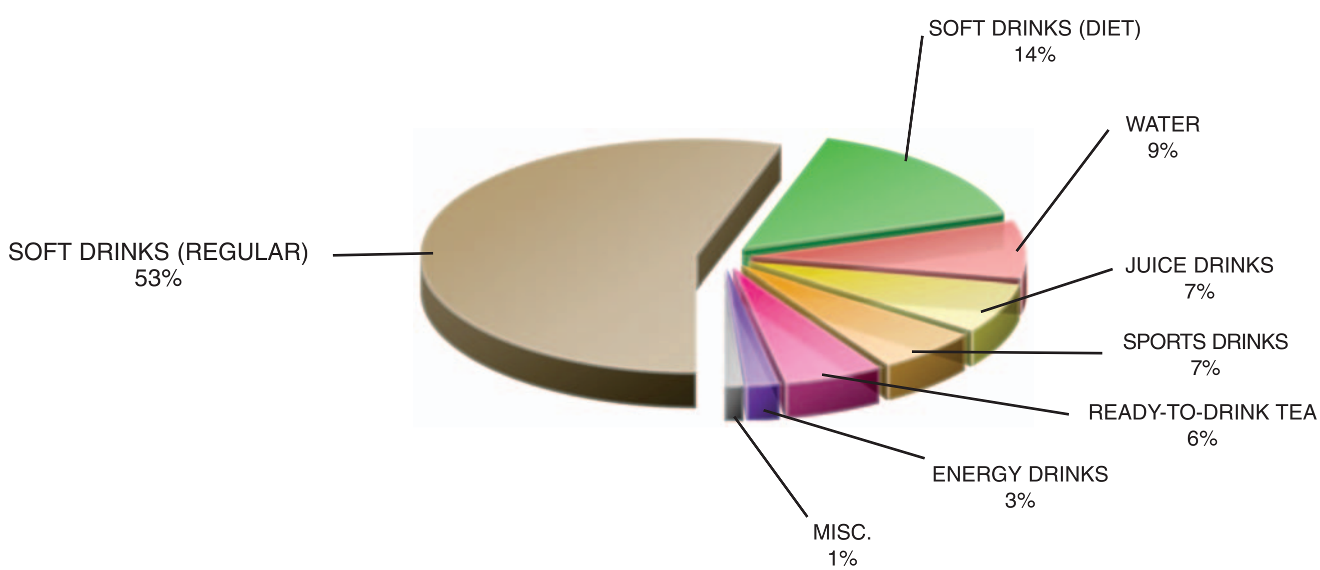
Soft drinks remained the largest vended cold-drink category last year; 53% of dollar sales were regular, and another 14% diet, soft drinks. Water strengthened its hold on second place with 9% of packaged cold-drink sales. Juices and juice drinks were responsible for 7% of cold beverage vending sales dollars, and sports drinks moved into a third-place tie, ticking up to 7%. Ready-to-drink teas held steady at 6%, and the relatively new energy drink category continued to grow, moving up from 2% to 3% of sales. The remaining 1% was made up of specialty items such as chilled coffee-based beverages and local favorites that often defy categorization. Branded programs remained very strong last year as cold-drink producers continued to refine their already formidable marketing efforts.

Package choices continue to widen, and today's equipment range includes models that can accommodate everything from 5.5-fl.oz. cans to 1-l. (and even 24-fl.oz) bottles. In 2004, 12-fl.oz. cans continued as the predominant package type offered by operators, although the advantages of the 20-fl.oz. PET bottle were more widely recognized. The less-populous workplaces that have retained their importance during the slow recovery lend themselves to small (even countertop) or combination machines, which generally require cans. Just about every kind of beverage is available in this package type, and the portion size is attractive to many indoor workers. Operators reported that 73% of their cold drink sales dollars were generated by 11.5- and 12-fl.oz. cans.

The great majority of closed-front packaged beverage machines carry major soft drink brand fronts (45%) or generic "cold drink" graphics (37%). Of those that do not, venders branded for water moved into a tie with those branded for juice, at 5% each. About 4% carried ready-to-drink tea brand markings and just under 3% bore branded sports drink signage.

Of course, alternative beverages continue to be sold through refrigerated food machines. For a long time, the fresh-food vender was the only kind of equipment equipped with a safety timer (health switch) that could display a perishable packaged beverage. It also had more pricing flexibility, as it was already selling sandwiches and entrees at prices over $1.00, and so is a logical choice for vending premium cold drinks, even nonperishable ones. The first premium imported small-package bottled waters to be vended in this country, and the first branded coffee-based chilled beverages, were offered through food venders, and such items continue to find a place as "fillers" in food machines.

Three years ago, attractive shelf-stable flavored milks entered the domestic vending arena in 11.2-fl.oz. "Prisma" drink boxes, and they were joined by a few nationally-branded dairy beverages in plastic bottles last year. Both formats can be transported aboard conventional vending route vehicles. They have not yet attracted a great deal of attention, but U.S. demand for ultrapasteurized flavored milk seems to be stronger than it was perceived to be at the start of the decade. Many premium beverages, from lemonade to soy and rice milks, have appeared in these adult drink boxes. The format seems well-suited to vending in upscale locations, but it is in its infancy as a vendible beverage type.



VENDED CONFECTIONS and SNACKS

Today's vending customer base, an increasingly diverse group of people away from home, demonstrates an appetite for convenience and variety in snacks that's sometimes tempered by dietetic concerns. "Grazing" increasingly supplements the three traditional meals a day, and in some cases has replaced one or two of them. Thus, today's ever more varied assortment of snacks includes a growing number of items that cannot be distinguished from "food." The popularity of "energy" and "breakfast" and "meal replacement" bars has strengthened the demand for vending in locations that scaled back their work-forces four years ago, and have deferred rehiring. Improved forecasting and route scheduling tools, made more powerful by increased confidence in automated data collection and retrieval, have aided operators in meeting that demand despite higher operating costs. Snack machines, predominantly glassfront, again increased in numbers last year, while average unit volume dipped, reflecting a more dispersed market. Today's vending patron is willing to pay a fair price for a desired premium product, but still appreciates a bargain; many vendors pride themselves on offering selections for every budget. The glassfront snack machine, available in all sizes, new or used, apparently has completed the extinction of the "legacy" first-in, first-out venders that proved such reliable performers over more than three decades, often as dedicated pastry machines.

	1994	2002	2003	2004
TOTAL DOLLAR VOLUME	**$5,380,500,000***	**$8,484,000,000***	**$8,695,000,000**	**$9,003,000,000**
TOTAL UNIT VOLUME	9,184,100,000*	11,230,000,000*	11,593,000,000	11,692,000,000
WEEKLY UNIT VOLUME *(plus pastry)*	140 *(172)*	125 *(183)*	179	178
MACHINES ON LOCATION	970,000	1,250,000	1,252,000	1,280,000

**Restated to include pastry machine sales*

PRODUCT SALES SHARE	**2002**	**2003**	**2004**
Candy Bars, Boxes	25%	23%	23%
Cookies, Crackers	19%	20%	20%
Bagged Snacks, Pastries	37%	38%	38%
Gum	3%	2%	2%
Roll Candy	3%	3%	2%
Nuts and other	6%	7%	9%
Popcorn (microwaveable and bagged)	7%	7%	6%
Total	100%	100%	100%

2004 VENDED PRICES/SALES SHARE

	CANDY BARS, BOXES	COOKIES, CRACKERS	BAGGED SNACKS, PASTRIES	POPCORN	GUM	ROLL CANDY	NUTS & OTHER	ALL OTHER
45¢ or less	—	—	—	—	8%	16%	—	5%
50¢-60¢	15%	36%	24%	4%	70%	48%	18%	13%
65¢-75¢	75%	50%	47%	19%	22%	27%	27%	65%
80¢-95¢	9%	12%	15%	70%	—	9%	55%	14%
$1.00 or more	1%	2%	14%	7%	—	—	—	3%
Total	100%	100%	100%	100%	100%	100%	100%	100%

NOTE: Microwaveable bowl-packed entrees and soups, EZO cans, kits containing a can or pouch and crackers, and a variety of freeze-dried and other shelf-stable food items continue to expand the glass-front machine's role in addressing lower-volume clients' demand for food.

HOT BEVERAGE VENDING

In 2004, coffee continued to regain the favor of the American public, paced by the ongoing surge in gourmet coffeehouses and the resulting increase in consumer sophistication. Vendors thus encountered strong demand for modern equipment offering good coffee and a wide variety of coffee-based specialty beverages. This demand was exerted by locations that often had populations smaller than those to which old-line operators had been accustomed. On the plus side, patrons were willing to pay a fair price for a good cup of coffee, and price perceptions had been conditioned by purveyors of premium coffees. This led to wider deployment of small fresh-brew and branded soluble-coffee equipment. It is important to keep in mind that these trends are most visible at the margins, as new locations were added and adjustments were made in the existing ones that had experienced the greatest population shifts. Many accounts continued to receive good service with the same dependable equipment types that they had learned to rely on. Thus, the overall composition of sales did not change dramatically, although reassuring news about coffee and health seems to have cut into decaf sales.

	1994	2002	2003	2004
TOTAL DOLLAR VOLUME	**$2,288,800,000**	**$3,900,000,000**	**$4,070,000,000**	**$4,213,809,000**
TOTAL UNIT VOLUME	5,721,870,000	6,880,000,000	7,017,000,000	7,023,015,000
WEEKLY UNIT VOLUME	340	389	389	387
MACHINES ON LOCATION	295,000	340,000	347,000	348,500

PRODUCT SHARE OF UNIT SALES	**2002**	**2003**	**2004**
Coffee (including gourmet flavored mixes)	76%	76%	77%
Hot Chocolate	11%	11%	11%
Soup	0.5%	0.5%	0.5%
Tea	1%	1.5%	1.5%
Decaffeinated Coffee	11%	10.5%	9.5%
Novelty Flavored Hot Drinks (hot cider, etc.)	0.5%	0.5%	0.5%

VENDED PRICES/SALES SHARE			
30¢ and less	4%	2%	1%
35¢	48%	48%	47%
40¢ and over	48%	50%	52%

TYPE OF COFFEE *(% of total volume)*			
Fresh Brew	56%	53%	51%
Gourmet/specialty soluble coffee-based drinks*	10%	12%	14%
Freeze-Dried *(and spray-dried instant)*	11%	12%	13%
Decaffeinated Coffee	23%	23%	22%

OTHER *(% of operators using)*			
Hot Chocolate	95%	96%	96%
Soup	58%	57%	55%
Tea	63%	63%	64%
Decaffeinated Coffee	92%	93%	92%
Novelty Hot Beverages	8%	7%	7%

**Gourmet soluble coffee-based beverages continued to benefit from sustained consumer interest in specialty coffees and their sweet, milk-based derivatives, and their progress was aided by stronger branded presence in 2004.*