



TO: BEMA Member

Looking for industry statistics?

BEMA is launching the BEMA Index,
a statistical program to give you the information you need

Do you need to know the dollar sales of bakery equipment for a given year? Would it be useful to learn how many mixers have been sold throughout the industry?

Thanks to a **new statistical program called the BEMA Index**, the answers to these and other key questions will soon become readily available to you.

How will the program help you? As a participant, you will receive timely and accurate data that is *not currently available* for the baking industry. This will include:

- Total market data to assess your company's position within the baking industry or market.
- Unit and dollar net bookings for a particular market category.
- Trend data to assess the overall industry or market health.

Having access to this information will help you make better business decisions – and operate more profitably.

What is the BEMA Index? This statistical program is aimed at understanding the size of the North American baking equipment market. It focuses on two areas:

1. BEMA-NET, a broader measurement, which looks at Net Bookings for all bakery equipment.
2. BEMA-CAT, which measures unit and dollar bookings for five equipment CATEGORIES.

For now, we will focus on equipment. That is because BEMA's equipment manufacturing companies make up a large percentage of the total North American baking industry equipment bookings. The board and staff are open to including other areas in the future.

What will the program offer? Both the BEMA-NET and BEMA-CAT:

- Will provide data regarding the size and health of the bakery equipment market.
- Will give data reported for North America and export markets.

In addition, the BEMA-CAT will look at unit and dollar net bookings for several key categories or segments in the baking industry, including Bulk Silos/Storage, Mixers, Proofers, Ovens and Packaging.

Why do we need a statistical program? The lack of information regarding the size and health of the machinery market serving the baking industry poses problems every time you try to analyze the business. Up to now, you would have to go to great expense to contract studies with market research firms. Or you'd have to make estimates based on limited internal information. In both cases, your results might contain a significant anecdotal component, which can lead to erroneous conclusions.

When it comes to the success of your business, you can't afford to make decisions based on inaccurate information about the health and size of the marketplace.

What about the privacy of the data? Data privacy is essential! We have solved the privacy issue by engaging Veris Consulting **to accumulate and report the data**. For over 20 years, Veris has been conducting similar programs for other non-for-profit associations **without a single disclosure issue**. In addition, only the companies that provide data will have access to the results.

What's the next step? We plan to kick off the program in October of 2006 and will collect 2006 data by quarter.

I am asking you – and every other equipment manufacturer member – to participate. Please use the form provided to sign up today.

Thank you for your continuing support of BEMA and the baking equipment industry.

Sincerely,

Kerwin Brown
President and CEO

P.S. For answers to any questions you may have about the new statistical program, please see the “Frequently Asked Questions” sheet provided.



FREQUENTLY ASK QUESTIONS

What is the program?

This statistical program is aimed at understanding the size of the North American bakery equipment market. It focuses on two areas:

- BEMA-NET measures net bookings for all bakery equipment
- BEMA-CAT measures units and dollar net bookings for (5) equipment CATegories

Because BEMA's equipment manufacturing member companies make up a large percentage of the total North American bakery equipment bookings, we will focus on the equipment machinery market for now. The board and staff are open to other areas in the future.

Can you tell me more about these two areas of measurements?

BEMA-NET – This stands for BEMA Net Bookings measurement. This is a broader statistic which looks at the entire bakery equipment machinery bookings. Participating BEMA companies will report the net dollar bookings through North American manufacturing facilities during the quarter, including offshore production, private label or otherwise.

These bookings are confirmed with binding confirmation agreement issued directly to the participating BEMA company – excluding such agreements accepted in foreign countries by related or unrelated non-BEMA reporting companies (less cancellations that have previously been reported).

The data will be divided into:

- North America (United States, Canada, Mexico, and Puerto Rico)
- Exports (all others)

BEMA-CAT – This stands for BEMA CATegory measurements. Companies that sell consistently in any of the five CATegories will report unit and dollar net bookings (per category) through the North American manufacturing facilities during the quarter, including offshore production, private label or otherwise.

These bookings are confirmed with binding confirmation agreement issued directly to the participating BEMA company – excluding such agreements accepted in foreign countries by related or unrelated non-BEMA reporting companies (less cancellations that have previously been reported).

The data will be divided into:

- North America (United States, Canada, Mexico, and Puerto Rico)
- Exports (all others)

How do I know if my equipment fits into a category?

Here are the category definitions to use:

Bulk Silos For purposes of this report, Bulk Silos pertains to bulk storage silos (tanks) located either inside a plant or outside a plant for storage of ingredients sold into the grain-based foods market. These silos must be loaded from either a railcar or a truck.

DO NOT include intermediate surge bins, dust collectors, installation, tubing, bends, couplers, flex hose or any other component not considered part of the basic bulk storage silo.

Mixers This category looks at the total unit bookings of continuous, horizontal and spiral mixers sold into the grain-based foods market. As defined, the mixer begins at the ingredient-inlet and ends at the discharge of the mixing process. Mixer controls should be accounted for in the net pricing as well as any handling equipment in the case of spiral systems.

DO NOT include installation, mezzanines, catwalks, post-processing handling or forming equipment.

Proofer This category covers the total unit bookings of automatic conveyor, rack, tray and spiral proofers sold into the grain-based foods market. As defined, the proofer starts with the pan or product loading to the proofer and ends with the pans or products discharged from the proofer. The pricing of the controls and the air conditioning system *should* be included.

DO NOT include installation or conveyors feeding to the proofer or conveyors taking product away from the proofer.

Ovens This category looks at the total unit bookings of tunnel, tray, conveyor, rack and deck ovens sold into the grain-based foods market. As defined, the oven starts with the pans or product loading to the oven and ends with the pans or products discharging from the oven. The pricing of controls and the loading and unloading mechanisms and oven firing system(s) *should* be included.

DO NOT include installation cost or conveyors feeding to the oven or conveyors taking product away from the oven.

Packaging For purposes of this report, packaging refers to the equipment from the exit of the cooling conveyor to the tray-loading equipment. The scope of the units sold to this category is the bread and bun market within grain-based foods. It includes slicers, baggers, wrappers, bulk-packers and packaging conveyors.

DO NOT include tray loading or post-packaging equipment, ink-jet printers, or labeling equipment, installation, catwalks or mezzanines.

When does the program start?

The plan is to get companies' commitment to program in the third quarter of 2006. Then the first request for information will go out in early October. For the first report we will be collecting all of 2006 data, going back to first quarter 2006.

How does the program work?

Steps in the process include:

- At the beginning of each quarter, Veris will e-mail the contact person at each participating company a blank Excel-based reporting form.
- The company enters its data only in the areas chosen for participation and sends the data back to Veris.
- Data will be due back to Veris on the 10th business day following the end of the quarter (e.g., third quarter 2006 data is due Oct. 16). Prior to the due date, Veris will send multiple reminder e-mails to missing companies. BEMA staff will follow up with companies that have not sent in their data after the due date.
- The data are then compiled and analyzed for disclosure issues. BEMA disclosure rules state that at least three companies must participate in each report category and that no company can have over 70% market share. All reports show only aggregate industry data that meet the disclosure guidelines. This report will also indicate which member companies participated in the data.
- BEMA will distribute the final report to member companies but will never see an individual company's raw data.

What are the rules?

- All companies will receive the same reporting form.
- All participants are expected to submit data on a regular basis so that data integrity can be maintained. Only those companies submitting data are entitled to receive the quarterly reports.
- If a company does not submit data for a two-quarter period of time (consecutively or non-consecutively) during a calendar year, the company will be contacted by BEMA staff and/or members of the market research committee. If data is not then received, the company will be removed from the program by written notice. If a company is removed from the program, all data and estimates to date for that company shall be removed from all reports within the next reporting quarter. Previously published reports will not be changed.

How much time will it take to complete the forms and provide information?

The system is designed to be relatively labor-free. We believe that it will take about 15 minutes at the most per quarter to report your data. Go to www.bema.org and click on the BEMA Index icon to see samples of the data entry form.

Will non-reporting companies have access to the data?

No, only BEMA members in good standing and who report data will receive data in return.

Will BEMA staff or employees have access to the data?

They will not have access to any of the details. BEMA will receive compiled data only with no company-specific information. This will be supplied to BEMA for record-retention purposes only.

Where can I find more detailed information?

Contact Kerwin Brown at the BEMA office by calling (913) 338-1300 or e-mail kbrown@bema.org.



BEMA Index Commitment Form

Company Name _____

Contact person completing the form _____ email _____

Please read the three areas below and indicate by placing a ✓ (check mark) in the box which applies to your company and fax this form back to BEMA at 913-338-1327 by August 31st 2006.

①

My company plans to contribute information in the following areas. We have read the definitions and agree that we meet all the criteria in the specific category(ies).

Yes

- BEMA-NET 
- BEMA-CAT – (Check all applicable CATegories) 
- Bulk Silos
 - Mixers
 - Ovens
 - Proofers
 - Packaging

②

My company does not plan to contribute information to either the BEMA-NET or BEMA-CAT statistical programs.

No

- My company will not be contributing information.

③

The BEMA-NET and the BEMA-CAT do not apply to my company.

Doesn't
Apply

- Does not apply to my company.