



Think Consumer: Green Living Quarterly Update On The Green Living Sector

Reason for Report:
Industry Update

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THINK SUMMARY:

Though outperforming over the past 2.5 years, our ThinkGreenLiving Index has underperformed the major indices during the first half of this year. We believe that this is due to green companies often being seen today as luxury or higher end, and such stocks have suffered in this weak consumer environment. We also believe, however, that the longer-term consumer trends are still shifting toward healthier lifestyles and that, down the road, this may be seen as a very good time to buy many of the stocks in our Green Living universe.

KEY POINTS:

ThinkGreenLiving Index

Our GreenLiving Index is comprised of the top 50 stocks in our universe, based on market cap, with the universe defined as any company that benefits from consumers wanting to live healthier and have more sustainable lifestyles; namely in the categories of Natural Products, Nutraceuticals, Active Lifestyle, Diet and Weight Loss, and Real Food Restaurants. We weight the index by market cap with a 5% cap and rebalance it every six months.

Some Interesting Anecdotes From The Quarter

Target and Barney's share eco-apparel line:

Target introduced a line of eco-friendly clothing by designer Rogan Gregory, made from certified organic cotton and other natural fibers. The line was first introduced in select Barney's stores in early May, as a way to promote the Target line. We believe this move was symbolic of the transition of "green" products from the "hippie" world, to the high-end luxury world, and now back to the realm of the average consumer, as the demand for green products continues to grow.

Pizza Hut rolls out all natural pizza:

In May, Pizza Hut introduced "The Natural", a pizza made with multigrain crust, organic tomatoes, and all natural cheese. The pizza sells for \$11, about \$1 more than the traditional alternative. Though currently being sold in Denver, Dallas, and Seattle, the Natural is expected to be rolled out around the country in 2009. We take this as a sign that demand for organic and natural products has reached all parts of the country at many different economic levels.

Eco-friendly paint may be mandatory in some geographies:

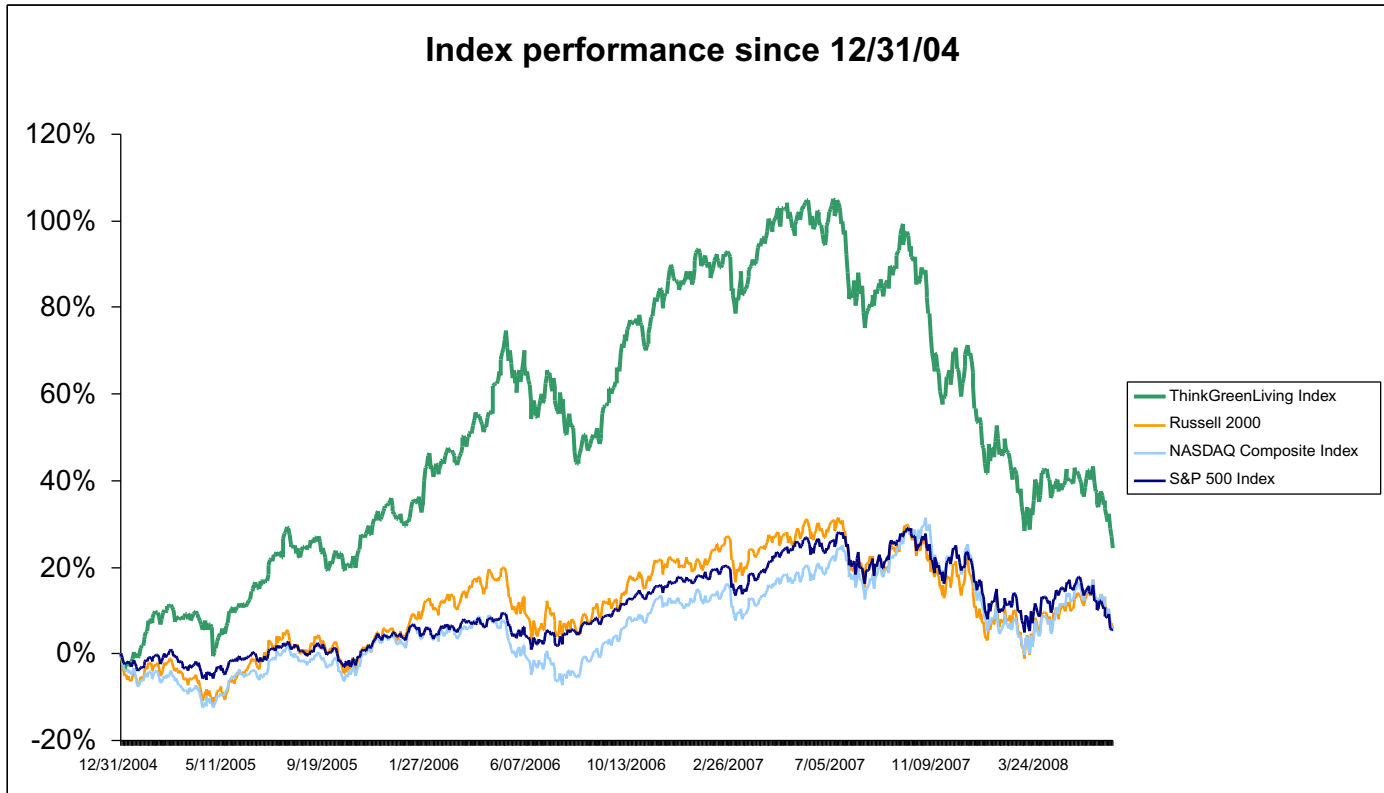
Many consumers are wary of the fumes coming off of a fresh paint job, and pregnant women have long been advised to steer clear of them. Volatile organic compounds (VOCs) that are emitted from paint have been blamed for environmental as well as health problems. With the surge of zero-VOC paints from private companies Yolo Colorhouse and Mythic, as well as a recent low-VOC introduction from mainstay Benjamin Moore, consumers seem to be recognizing this need. New regulations may also help instigate this change. For example, beginning this month, house paints in Southern California must have a VOC content of 50g/L or less, versus the 250g/L federal regulation. We take these moves as a sign that consumers are becoming increasingly concerned about the quality of their environments, both inside and outside the home.



Exhibit 1: ThinkGreenLiving Index performance

	ThinkGreenLiving Index	Russell 2000	NASDAQ Composite Index	S&P 500 Index
Performance since 12/31/04	24%	6%	5%	6%
Q2 2008 Performance	-9%	0%	1%	-3%
YTD 2008	-26%	-10%	-14%	-13%

Source: ThinkPanmure, LLC and Factset



Source: ThinkPanmure, LLC and Factset

Exhibit 2: ThinkGreenLiving Index components as of June 30th, 2008



<u>ThinkGreenLiving Index</u>	<u>Ticker</u>	<u>Weight</u>
1 Panera Bread Co.	PNRA	5.6%
2 Martek Biosciences Corp.	MATK	5.5%
3 NBTY Inc.	NTY	5.4%
4 Lululemon Athletica Inc.	LULU	4.9%
5 Vail Resorts Inc.	MTN	4.7%
6 Life Time Fitness Inc.	LTM	4.6%
7 Herbalife Ltd.	HLF	4.4%
8 Bare Escentuals Inc.	BARE	4.3%
9 Nu Skin Enterprises Inc.	NUS	4.3%
10 Weight Watchers International Inc.	WTW	4.3%
11 Hain Celestial Group Inc.	HAIN	4.2%
12 United Natural Foods Inc.	UNFI	4.2%
13 Hansen Natural Corp.	HANS	4.0%
14 Whole Foods Market Inc.	WFMI	4.0%
15 Chipotle Mexican Grill Inc.	CMG	4.0%
16 American Oriental Bioengineering Inc.	AOB	3.9%
17 NutriSystem Inc.	NTRI	2.4%
18 Steiner Leisure Ltd.	STNR	2.3%
19 Smart Balance Inc.	SMBL	2.3%
20 USANA Health Sciences Inc.	USNA	2.2%
21 Gaia Inc.	GAIA	1.7%
22 SunOpta Inc.	STKL	1.7%
23 California Pizza Kitchen Inc.	CPKI	1.4%
24 Omega Protein Corp.	OME	1.3%
25 Town Sports International Holdings Inc.	CLUB	1.2%
26 Lifeway Foods Inc.	LWAY	1.0%
27 Nautilus Inc.	NLS	0.8%
28 Schiff Nutrition International Inc.	WNI	0.7%
29 Mannatech Inc.	MTEX	0.7%
30 McCormick & Schmick's Seafood Restaurants Inc.	MSSR	0.7%
31 Great Wolf Resorts Inc.	WOLF	0.7%
32 Nutraceutical International Corp.	NUTR	0.7%
33 Physicians Formula Holdings Inc.	FACE	0.7%
34 NutraCea	NTRZ	0.5%
35 eDiets.com Inc.	DIET	0.5%
36 Jamba Inc.	JMBA	0.5%
37 Reliv International Inc.	RELV	0.4%
38 Jones Soda Co.	JSDA	0.4%
39 Medifast Inc.	MED	0.4%
40 A.D.A.M. Inc.	ADAM	0.4%
41 Quigley Corp.	QGLY	0.3%
42 Organic To Go Food Corp.	OTGO	0.3%
43 Cybex International Inc.	CYBI	0.3%
44 Natural Alternatives International Inc.	NAII	0.3%
45 Health Fitness Corp.	HFIT	0.2%
46 Monterey Gourmet Foods Inc.	PSTA	0.2%
47 Tongjitang Chinese Medicines Co. (ADS)	TCM	0.1%
48 AeroGrow International Inc.	AERO	0.1%
49 Sports Club Co.	SCYL	0.1%
50 Reeds Inc.	REED	0.1%

Source: ThinkPanmure, LLC and Factset



Exhibit 3: Performance of individual stocks within the ThinkGreenLiving Index

Q208 Performance	
NLS	54%
CLUB	46%
MED	24%
USNA	22%
AOB	22%
LWAY	11%
PNRA	10%
MATK	10%
OME	10%
ADAM	7%
NTY	7%
FACE	5%
UNFI	4%
LULU	2%
STKL	2%
QGLY	0%
LTM	-5%
SCYL	-6%
NTRI	-6%
WNI	-7%
NUTR	-8%
JSDA	-8%
SMBL	-9%
DIET	-9%
CYBI	-10%
NAII	-11%
MTN	-11%
OTGO	-13%
STNR	-14%
CPKI	-15%
NUS	-17%
MSSR	-17%
RELV	-18%
HANS	-18%
HLF	-18%
BARE	-20%
HAIN	-20%
GAIA	-22%
WTW	-23%
HFIT	-23%
MTEX	-24%
NTRZ	-25%
AERO	-27%
CMG	-27%
WFMI	-28%
JMBA	-30%
WOLF	-32%
REED	-34%
PSTA	-34%
TCM	-49%

Source: ThinkPanmure, LLC and Factset



COMPANIES MENTIONED IN THIS REPORT:

Company	Exchange	Symbol	Price	Rating	Price Target
AeroGrow International, Inc.	NASDAQ	AERO	\$1.82	Buy	\$3.00
Chipotle Mexican Grill, Inc.	NYSE	CMG	\$70.00	Buy	\$140.00
Jones Soda Co.	NASDAQ	JSDA	\$2.54	Sell	\$2.00
Life Time Fitness, Inc.	NYSE	LTM	\$29.99	Buy	\$40.00
lululemon athletica inc.	NASDAQ	LULU	\$23.75	Buy	\$45.00
Martek Biosciences Corporation	NASDAQ	MATK	\$35.66	Acc	\$40.00
Smart Balance Inc.	NASDAQ	SMBL	\$6.67	Buy	\$10.00
Target Corporation	NYSE	TGT	\$43.92	Buy	\$65.00
The Hain Celestial Group, Inc.	NASDAQ	HAIN	\$23.66	Buy	\$32.00
Whole Foods Market Inc.	NASDAQ	WFMI	\$20.96	Acc	\$38.00



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Buy: Appreciation potential of 20% or more over the next 12 months. Analyst has a high level of conviction that the company's business fundamentals are intact and that the company will meet or exceed earnings projections. Valuation is considered reasonable considering the company's potential.

Accumulate: Appreciation potential greater than 0% and less than 20% over the next 12 months. Typically good companies, with fundamentals and earnings visibility intact, but current valuation limits upside potential.

Source of Funds: Stock is expected to decline as much as 20% over the next 12 months, due to a single or combination of factors including excessive valuation, negative sector sentiment, and/ or reduced earnings expectations.

Sell: Stock expected to decline 20% or more over the next 12 months. Company fundamentals are deteriorating, leading to material downward revisions in earnings projections and valuation.

Distribution of Ratings, Firmwide				
ThinkPanmure, LLC				
Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [B]	143	64.71	29	20.28
HOLD [Acc]	54	24.43	4	7.41
SELL [S/SoF]	24	10.86	0	0.00

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