

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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KRAFT FOODS GLOBAL, INC.,	:	
Plaintiff,	:	
-against-	:	INDEX NO. 10 CIV 09085 (Seibel)
STARBUCKS CORPORATION,	:	
Defendant.	:	
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DECLARATION OF JOHN BRILL

I, John Brill, declare based on personal knowledge and under penalty of perjury that the following is true and correct:

1. I am currently the Sr. Product Supply manager for Kraft Foods Global, Inc. (“Kraft”) responsible for Kraft’s U.S. coffee business, a position I have held since 2000. In that capacity, I am responsible for managing the in-bound delivery of certain products that Kraft sells to its customers, which include grocery and supermarket chains, wholesalers, club stores, mass merchandisers, distributors, drug stores and other retail food outlets. I have been employed by Kraft since March 1985.

2. My job responsibilities include the management of product inventory levels in order to ensure that Kraft has sufficient inventory on hand to meet the demands of its customers.

3. Since 2004, I have been responsible for managing the in-bound delivery of Starbucks and Seattle’s Best Coffee Products (“Starbucks CPG Products”) to Kraft.

4. In managing the in-bound delivery of Starbucks CPG Products, I have become familiar with Starbucks manufacturing systems and constraints on its production capacity. On

certain occasions, Starbucks has been unable to deliver product when requested fill. Kraft works with Starbucks to ensure that Starbucks provides sufficient product to meet Kraft's customers' needs.

5. As part of its inventory management function, Kraft prepares confidential comprehensive forecasts that predict Kraft's customer demands for Starbucks CPG Products ("Requirements Plan").

6. Kraft updates the Requirements Plan on a rolling 52 week basis (*i.e.*, each version forecasts demand for the next 52 weeks) and provides it to Starbucks every week to ensure that Starbucks provides Kraft with the Starbucks CPG Products Kraft needs to maintain acceptable inventory levels.¹

7. In normal course of business, Starbucks delivers to Kraft a weekly production and supply plan containing a product delivery schedule for the following 13 weeks ("Recommended Arrivals Plan").

8. On Thursday December 9, 2010, Starbucks provided Kraft with a Recommended Arrivals Plan with a seven week delivery schedule (*i.e.*, through February 12, 2011) rather than the customary 13 week delivery schedule thereby indicating that it does not intend to continue delivering products to Kraft after February 12, 2011. Starbucks advised Kraft that its failure to schedule product deliveries for the period after February 12, 2011 was a result of unspecified "system issues."²

9. On Thursday, December 16, 2010, Starbucks provided Kraft with only a five week Recommended Arrivals Plan indicating that it does not intend to continue delivering

¹ See, for example, representative emails from Kraft to Starbucks attaching excerpts of redacted versions of Kraft's Requirements Plans, copies of which are attached hereto as Exhibit 1.

² See, email dated December 9, 2010 regarding production planning, attaching redacted excerpts of Recommended Arrivals file, a copy of which is attached hereto as Exhibit 2.

products to Kraft after January 29, 2011.³ To my knowledge, Starbucks provided an explanation of system issues for this shortened supply plan.

10. An interruption in Starbucks CPG Products supply will be very damaging to Kraft because with their efficient supply chain, Kraft does not maintain excess inventory of Starbucks CPG Products.

11. Kraft seeks to fill 98.5% of customer orders. Given the importance Kraft places on its relationships with its customers, Kraft's protocol is to notify customers if it anticipates its order fill rate service will fall below 95% for three weeks or longer. For example, in September of 2009, Starbucks failed to supply the Starbucks CPG Products Kraft needed to fulfill its customers' orders and Kraft notified its customers that Starbucks products would be in limited supply. I am informed that Kraft's customers complained about Kraft's failure to meet their needs when Starbucks failed to supply product. I am also informed that Kraft's customer dissatisfaction increased with this supply failure because customers had promotional plans in place with respect to the Starbucks CPG Products.

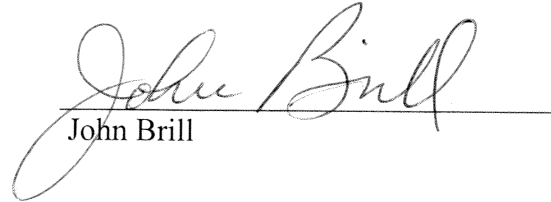
12. To address this supply failure, during October – December 2009 Kraft assumed production planning responsibilities from Starbucks so that Kraft would be better able to manage and control the supply of product to support our customers.

13. If Starbucks stops supplying products to Kraft as indicated by the December 16, 2010 Recommended Arrivals Plan, I anticipate that Kraft will be unable to fully meet its customers' orders by the end of the week of February 6, 2011.

³ See, email dated December 16, 2010 regarding production planning, attaching redacted excerpts of Recommended Arrivals file, a copy of which is attached hereto as Exhibit 3.

Pursuant to 28 U.S.C. § 1746(2), I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 20, 2010.


John Brill