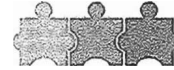


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1 October 2008

Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601
ATTENTION: Susan Philp, Director of Adjudication
EMAIL:



DIBBS ABBOTT STILLMAN | LAWYERS

Our Ref: DCS:WPV:2824209

Dear Ms Philp

Zarraffa's Franchising Pty Ltd - Lodgement of Form G Notification under section 93 of the Trade Practices Act 1974

We refer to our previous telephone conversation between yourself and William Vallati of our office on 30 September 2008.

In relation to the proposed conduct as notified by Zarraffa's Franchising Pty Ltd ("Zarraffa's") in the Form G Notification dated 22 September 2008, we have been instructed to make the following statement with respect to the public benefit and detriment issues of the proposed conduct:

1. Zarraffa's submits that the notified proposed conduct would:
 - (a) be of benefit to consumers in offering rewards to customers;
 - (b) occasion no public detriment; and
 - (c) have no anti competitive effect.
2. Zarraffa's submits that the allocation of Z\$ in respect to purchases of eligible products made by members of the program, as a means of rewarding its customers, will benefit the public by increasing competition in the market for coffee shop related loyalty programs.
3. Zarraffa's believes that the Z Card loyalty program will enable Zarraffa's and Zarraffa's Coffee Shops to compete more effectively with its competitors who operate similar loyalty programs available to customers who consume coffee and other associated products.

Should you wish to discuss any further issues relating to the Form G Notification, please contact William Vallati on (07) 3100 5064.

Yours faithfully
DIBBS ABBOTT STILLMAN

Derek Sutherland
Partner

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