

Bagelfuls FILLED BAGEL

2009 National Foodservice Launch

May 4th, 2009





Executive Summary

Bagel-fuls is truly a unique product offering which provides tremendous value to both operators and consumers alike

- Bagel-fuls is an exciting new product that will capitalize on Kraft and *Philadelphia's* strong, trusted heritage for making exceptional products that Canadian consumers love
- Manufactured with convenience and portability in mind
- Kraft Bagel-fuls provides nutritional benefits consistent with consumer focus on health and wellness
- Bagel-fuls give consumers not only an appealing and delicious breakfast offering for the morning, but also as a snack in the afternoon
- Product reduces in-store operational hurdles by minimizing preparation and clean-up



Product Overview





Kraft re-invents the breakfast category with the launch of one-of-a-kind Kraft Bagel-fuls



- Kraft revolutionizes the breakfast category with a new level of taste and convenience with the launch of Bagel-fuls
 - ❑ First “all-in-one” bagel filled with cool and creamy *Philadelphia* Cream Cheese
 - ❑ Gives consumers the fresh-baked taste of a bagel and cream cheese even on hectic mornings
 - ❑ Easy preparation and convenient form means consumers can enjoy a warm breakfast in under 15 seconds – with no plates, no mess and no effort!

- Two popular varieties:
 - ❑ Original – plain bagel, plain cream cheese
 - ❑ Cinnamon – cinnamon bagel, cinnamon cream cheese

- No other product exists like Bagel-fuls in the freezer, refrigerator or bakery sections
 - ❑ Patented baking and processing technology means no other products can provide the unique benefits of Kraft Bagel-fuls





Kraft Bagel-fuls transforms bagels and cream cheese with a convenient, portable and delicious product

Benefits:

- **Reduce costs** associated with bagel and cream cheese with a product that requires no additional preparation or waste (i.e. knives, plates, etc)
- **Increase sales** opportunities by growing impulse purchases
- **Attract new customers** with products that carry the familiar *Philadelphia* brand
- **Retain existing customers** by expanding breakfast offerings and synergizing the coffee / beverage program
- **Simplified execution:**
 - ❑ **Less waste than traditional bakery case items** – Bagel-fuls have a refrigerated 14 day shelf life that allows for less closely monitored inventory
 - ❑ **Unique ready-to-eat format** – Bagel-fuls facilitate ease of preparation and simplifies operations by eliminating the need for preparation and cleanup





Bagel-fuls are on trend for operators and consumers

Features:

- The first 'all-in-one' bagel filled with a center of cool and creamy *Philadelphia* cream cheese
- Bagel-fuls are a popular breakfast choice in a portable and hand-held format
- Bagel-fuls fit easily in existing bakery cases, refrigerators, open-air coolers and/or freezers
- Convenient case format allows for greater product rotation and product freshness
- Strong consumer value and perception that is ideal for leveraging in a combo or promotion



Product Line-Up

Bagel-fuls has 2 delicious varieties to choose from:

- ❑ **Original** – A soft plain bagel stuffed with the original rich and creamy flavour of *Philadelphia* cream cheese
- ❑ **Cinnamon** – A flavorful, cinnamon spice filled bagel stuffed with the rich and creamy taste of *Philadelphia* cinnamon cream cheese



Cinnamon infused dough

CINNAMON

ORIGINAL





Formatted with convenience and portability in mind

- At 3.5oz (99g), Kraft Bagel-fuls is the ideal size - appealing from both a hunger and value perspective
- Convenient 15-count case format ensures proper product rotation and product freshness, while minimizing valuable refrigerator/freezer space
- Each Bagel-fuls is individually wrapped with all mandatory labeling, including UPC, nutritionals and heating instructions
- Branded paper sleeves are also included in every case to facilitate heating preparation, while providing the consumers a fresh-baked taste experience
 - ❑ Detailed heating instructions will be highlighted on the back of the sleeve



Branded Sleeves packed in cases

	Kraft Code	Net Weight	Case Count	Ounces Per Unit
Original – plain bagel, plain cream cheese	02982	3.28 lbs	15 units per case	3.5 oz.
Cinnamon – cinnamon bagel, cinnamon cream cheese	02981	3.28lbs	15 units per case	3.5 oz.





Bagel-fuls offers above average value

- From a competitive perspective, Bagel-fuls are a convenient on-the-go breakfast / snack offering that delivers both above average value for the customer and strong margins for the operator
- Bagel-fuls have a suggested retail selling price of \$1.49/unit
- Maintain existing customers and attract new customers by offering a high-value combo
- Generate incremental sales with impulse purchases at the coffee station or bakery case

	Per Unit	Per Case
List Price	\$0.85	\$12.75
Distributor Margin – Frozen (Assumption @ 20%)	\$0.17	\$2.55
Landed Cost to Operator	\$1.02	\$15.30
Suggested Retail Selling Price	\$1.49	\$22.50
Profit Margin	\$0.47	\$7.05
Retail Selling Price Margin	46%	

Margin will change according to respective distributor agreements





Kraft Bagel-fuls provide solid nutritional benefits consistent with consumer focus on health and wellness

- Kraft Bagel-fuls are a good source of 5 essential vitamins & minerals as well as having 9g of protein per 99g bar
- 91% of consumers who read the nutritional information said that it made them “Much more/Somewhat more Likely to Buy” Bagel-fuls¹
- Kraft Bagel-fuls nutritional profile is a strong differentiator from other options available in the away-from-home breakfast / snack offering

	Bagel-fuls	Plain Bagel with Regular Cream Cheese	Breakfast Sand. (Sausage, Egg & Cheese)	Breakfast Sand. (Bacon, Egg & Cheese)	Blueberry Muffin
Serving Size	99g	~155g	155g	120g	~120g
Calories Per Serving	260-270	~400	+440g	+310g	+290g
Fat Per Serving	6-7g	~15.5	+26g	+14g	~11g



¹ BASES II (February 2008)



Nutritional Information

BAGEL-FULS - ORIGINAL

Nutrition Facts		
Per 1 filled bagel (99g)		
Amount		% Daily Value
Calories	260	
Fat	7 g	11 %
Saturated	4.5 g	25 %
+ Trans	0.4 g	
Cholesterol	20 mg	7 %
Sodium	290mg	12 %
Carbohydrate	42 g	14 %
Fibre	3 g	12 %
Sugar	6 g	
Protein	9 g	

Vitamin A	6 %	Vitamin C	0 %
Calcium	2 %	Iron	20 %
Thiamin	35 %	Riboflavin	20 %
Niacin	20 %	Folate	45 %

BAGEL-FULS - CINNAMON

Nutrition Facts		
Per 1 filled bagel (99g)		
Amount		% Daily Value
Calories	270	
Fat	6 g	9 %
Saturated	3.0 g	16 %
+ Trans	0.2 g	
Cholesterol	15 mg	5 %
Sodium	260mg	11 %
Carbohydrate	48 g	16 %
Fibre	2 g	8 %
Sugar	11 g	
Protein	9 g	

Vitamin A	4 %	Vitamin C	0 %
Calcium	2 %	Iron	15 %
Thiamin	35 %	Riboflavin	20 %
Niacin	20 %	Folate	45 %



Market Trends





Consumers agree that breakfast is important, but rarely have the time to make it from scratch

- There is a return to the belief that breakfast is the most important meal of the day¹
- Consumers also reported that products offered in a convenient, portable format outweigh nutrition at this eating occasion¹
- The number of skipped breakfast meals is declining (-22%), suggesting that consumers have turned to more convenient options which allow consumers to eat quick and easy breakfasts¹
 - ❑ Skipped breakfasts are at an all time low at 36.2 skips/year (vs. 44 skips/year in 2003)¹
- There is a return to hot breakfasts and a need for quick and convenient meal solutions
 - ❑ Hot breakfast items account for 51% of meals (including Hot Cereals, Pancakes, Waffles, Bacon, Toast, Bagels)¹



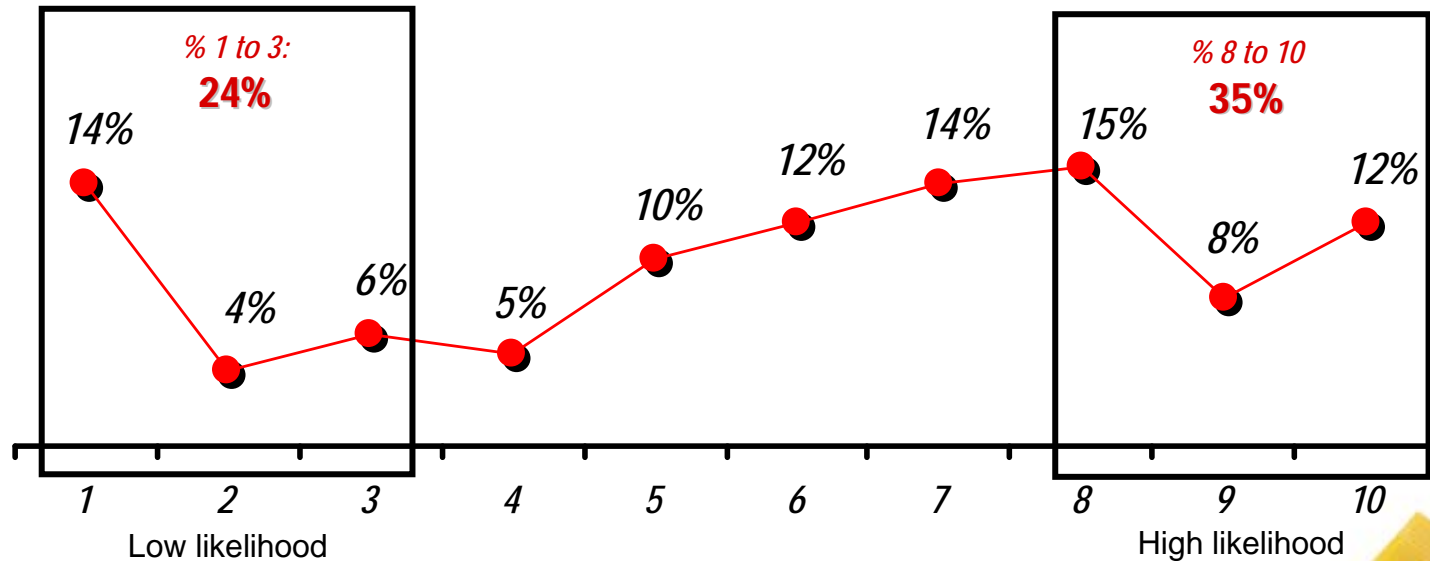
¹ NPD, National Eating Trends, 2007



Kraft Bagel-fuls bring innovation and generates incremental sales to the breakfast day-apart

- Bagel-fuls will fuel additional growth in hand-held breakfast / snack with its highly unique offering
- Over one-third of consumers (35%) expressed strong interest in being able to purchase Kraft Bagel-Fuls away-from-home¹

Likelihood of Purchasing a Kraft Bagel-Ful Away-from-Home





***Philadelphia* brand endorsement provides trust and re-assurance of high product quality**

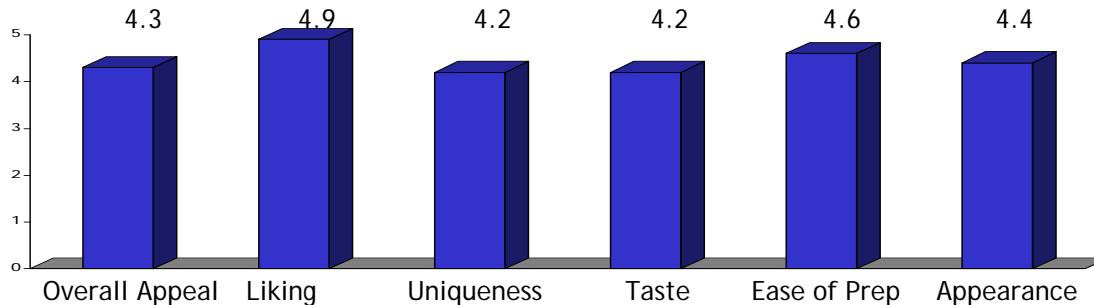
- **High Quality:** 95% of consumers rate *Philadelphia* as a High Quality Brand¹
- **Great Taste:** 92% of consumer rate *Philadelphia* as the Best Tasting Brand of cream cheese¹
- **Awareness:** Philadelphia has an unaided awareness of 79%²
- 87% of cream cheese consumers maintain *Philadelphia* as their favorite cream cheese brand²
- 89% of consumer believe that Bagel-fuls is a good fit with the *Philadelphia* and Kraft brands¹





Bagel-fuls give consumers everything they are looking for in the morning and during snacking day-parts

- Kraft Bagel-fuls have received exceptional consumer product test result scores
 - ❑ 53% of consumers who tried the product said they “definitely would buy” again; 79% said they “definitely or probably would buy” again¹
 - ❑ 74% of consumers rated this product as being “extremely/ very new and different” from other products currently available¹
 - ❑ Although primary usage occasion is breakfast, over half of consumers agree Bagel-fuls would make a good snack¹



* Numbers = Agreement on a 5-point scale ¹

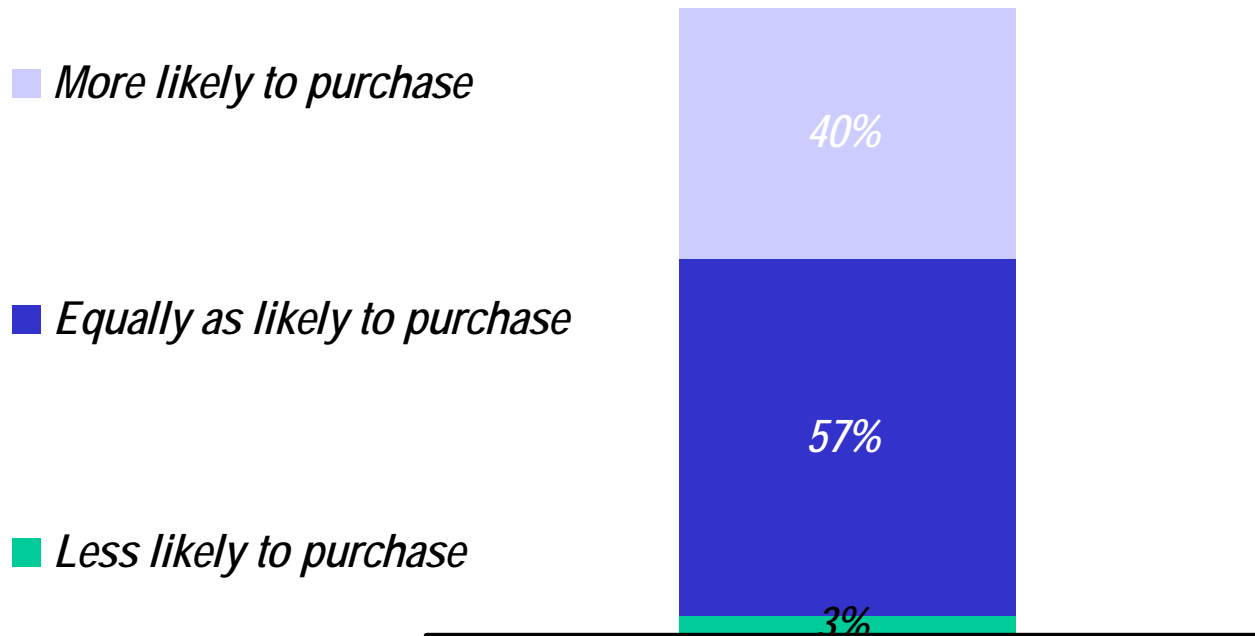
Great taste,
easy
preparation &
uniqueness all
in one!





Impact of offering a bagel and cream cheese as part of a 'combo' increases purchase likelihood

- Four-in-ten away-from-home cream cheese purchasers say they would be more likely to purchase a bagel & cream cheese from establishments they frequent if those operators offered a bagel & cream cheese as part of a combo



Operations & Handling





Product meets operational hurdles

Shelf Life:

- Product will be delivered frozen
- When kept frozen, Bagel-fuls shelf life is 1 year
- Refrigerated shelf life is 14 days
- Recommended ambient shelf life up to 4 hours for optimal freshness
 - *(Product has been tested and is safe up to 18 hours)*

Handling Recommendations:

➤ **Receiving/Storing**

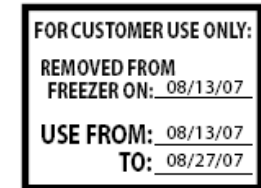
- Bagel-fuls should be received frozen, dated and stored frozen
- Store new cases behind existing one (First In, First Out)
- Frozen expiration date is stamped on box and Bagel-fuls wrapper**

➤ **Thawing**

- Thaw enough Bagel-fuls to meet next-day consumer demand in cooler or refrigerator overnight
- Date box with “*removed from freezer date*” and “*use from*” to “*use to*” dates (see example)
 - **NOTE: 14 day shelf life = 13 days code + 1 thaw day**
- Never thaw at room temperature

BAGEL-FULS SHELF LIFE

Frozen	1 Year
Refrigerated	14 Days
Ambient (Room Temperature)	Up To 18 Hours





Bagel-fuls are toasty on the outside, but cool and creamy on the inside

From Ambient or Refrigerated

➤ **Grab 'N Go:**

- ❑ Enjoy right from the refrigerator or from ambient state

➤ **Microwave:**

1. Remove Bagel-fuls from cellophane wrapper
2. Place Bagel-fuls on paper towel, napkin or paper sleeve (provided in shipper)
3. Heat on high for 15 seconds (*from frozen, microwave for 20 seconds*)
 - For 2 Bagel-fuls, heat for 20 seconds (*from frozen, microwave for 25 seconds*)
4. Cool slightly before eating

➤ **Conventional Oven:**

1. Remove Bagel-fuls from cellophane wrapper
2. Place Bagel-fuls on cookie sheet with parchment paper
3. Heat Bagel-fuls at 350F for 5 minutes (*regardless refrigerated or frozen*)
4. Cool slightly before eating

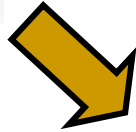




Bagel-fuls are easy to prepare



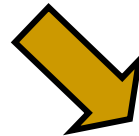
Remove Bagel-fuls from wrapper



+



Place Bagel-fuls on napkin or paper sleeve



Microwave for 15 seconds





Merchandising Bagel-fuls at the coffee station will generate greater impulse purchases

- Loyal coffee patrons are habitual and seldom look outside of the coffee station for a breakfast offering
 - ❑ If Bagel-fuls are placed at the coffee station there is a greater likelihood that patrons will purchase a Bagel-fuls with their coffee, generating incremental sales and retaining current coffee customers by expanding the breakfast offering



- Microwave is often located near or at the coffee station, Bagel-fuls proximity to the coffee station will facilitate ease of preparation for the consumer
- Bagel-fuls can be positioned in the bakery case, an ambient rack or cooling display merchandiser





Secondary placement for Bagel-fuls would be within a open cooler or refrigerator

- Greater storage capabilities and ability to maximize Bagel-fuls' shelf life
- Signage at the coffee station directing consumers to the cooler/refrigerator will ensure consumers recognize product is available and identify where to source within the establishment
- The cooler or refrigerator is a viable placement for the majority of the hours of operation, however it is recommended that several Bagel-fuls be taken from the cooler/refrigerator and merchandised at the coffee station for morning traffic



Promotional Material





Effective point-of-sale material will ensure awareness of Bagel-fuls with the establishment



Wobblers



Static Cling



UPC Scanner Card



Branded Sleeves
packed in cases

