



An executive overview of the Kellogg webcast, Innovation 2010: Building Your Center Store Business.

**INTRODUCTION:**

2010 continues the Kellogg winning streak of new product innovations designed to boost the performance of your all-important center store sales. By incorporating the latest, most popular ingredients and flavors together with profit-building promotions, Kellogg is helping you speak directly to your customers' tastes, lifestyles and health goals. With the help of your Kellogg account executive, you now have the opportunity to gain even greater momentum in traditional categories like Morning Foods, Snack Foods and Frozen Foods.

**MORNING FOODS:**

*Special K Low-Fat Granola*

Low in fat and offering 5g of fiber, 7g of protein and only 190 calories, Special K Low-Fat Granola is the hottest addition to one of the industry's most successful morning food brands. Targeted at a broad audience, including those interested in weight management, this lighter textured granola option is an important addition to the menu for customers who have embraced the popular Special K Challenge.

*Pop-Tarts Wild Grape 8 ct.*

With the growing popularity of grape flavor SKUs, up 11.6 percent versus a year ago, Pop-Tarts Wild Grape is poised for significant sales. Wild Grape offers consumers a twist with a sweet-and-sour burst of wild grape flavor and a visual appeal to younger consumers.

**SNACK FOODS:**

*Wheatables Nut Crisps*

The cracker category is large and growing, with the "better for you" cracker subcategory growing at an even faster pace. That fact bodes well for new Wheatables Nut Crisps, particularly when you consider that 73 percent of consumers snack on nuts and that nut sales are growing 7.5 percent.

*Cheez-It Brand*

The growing popularity of snack foods as a quick stand-in for a meal or to stave off "energy crashes" has helped fuel the already strong popularity of the Kellogg Cheez-It brand. Cheez-It has experienced 13 straight years of growth and innovation for the franchise and 2010 is no exception.

*Cheez-It Four Cheese* takes advantage of research that shows 42 percent of consumers favor cheese flavor combinations. With a unique blend of popular Italian cheese flavors including mozzarella, romano, parmesan and asiago, Cheez-It Four Cheese scored 154 versus the category norm of 117.



*Cheez-It Duoz Smoked Cheddar/Monterey Jack* follows a phenomenal first year for the Duoz product line, making it among Kellogg's most successful cracker launches. Replacing Duoz Queso with the new Smoked Cheddar will help keep the brand fresh and relevant while also increasing reach by almost 5 percent.

*Cheez-It Toy Story* will take advantage of households with kids who are driving Cheez-It growth. This was reflected in the success of *Scrabble Jr.*, which launched in 2009 and is the #1 cracker category launch in velocity. "Toy Story" is still a popular license 15 years after the release of the first film, with 96% awareness among kids and half of them considering it a favorite. "Toy Story 3" releases in June 2010. Be prepared.

#### ***Special K Fruit Crisps***

Weight management remains as relevant as ever to consumers. With consecutive years of growth, Special K is the #1 weight management bar in the aisle. New Special K Fruit Crisps brings a new texture and form to these consumers who are continually searching for variety to help break up the monotony of dieting.

#### ***FiberPlus Chocolatey Peanut Butter***

With four in 10 adults reporting "strong efforts" to consume adequate fiber, taste remains the #1 purchase decision for wholesome snacks. FiberPlus Chocolatey Peanut Butter combines popular flavors with the antioxidants of zinc and vitamin E consumers are shopping for.

#### ***Fudge Shoppe Cheesecake Middles***

Of cookie consumers eating more cookies, a significant number want greater indulgence. This is reflected in indulgent cookie segments like fudge/chocolate-covered cookies outperforming the category. With Keebler Fudge Shoppe outperforming both the category and the segment, new Cheesecake Middles will build on this momentum.

#### ***Right Bites Fudge-Dipped Pretzels***

Pretzels are popular with consumers who want healthier snacking options that are not empty calories, which is one reason sales of pretzels are up 7.7 percent. Another significant trend is the 100-calorie segment, where indulgent SKUs are outperforming the category, all of which makes it the right time for Right Bites Fudge-Dipped Pretzels.

#### ***Clever Kids***

Fruit-flavored pieces are driving category growth. And while kids remained enthusiastic consumers, mothers were becoming less so. To re-engage moms, Kellogg is introducing Clever Kids in two varieties: Number Bites and Letter Bites to feed kids' love of learning and moms' willingness to purchase.



### *Kellogg's Pieces Innovation*

Two other trends are helping ignite sales in the fruit-flavored snack section. Kellogg taps into both with the introduction of Kellogg Fruity Snacks Value Pack featuring 12 instead of 10 pouches per carton and the release of Fruity Snacks featuring the wildly popular "Phineas and Ferb" characters from the Disney Channel.

### **FROZEN FOODS:**

#### *Morningstar Farms Grillers ¼-Pound Burger*

Larger patties are currently driving more than 60 percent of veggie business in the food service channel. Grillers ¼-Pound Burger, 77 percent larger than the Grillers Original, take advantage of trends by giving customers a bigger burger experience.

#### *Morningstar Farms Hot & Spicy Sausage Patties*

As consumers reduce meat consumption, they're looking for great-tasting alternatives. Hot and spicy is the third-leading sausage "flavor." With 75 percent less fat than traditional sausage, just 80 calories and a good source of protein, Morningstar Farms Hot & Spicy Sausage Patties let customers lose the meat, not the flavor.

#### *Morningstar Farms Grillers Turk'y Burger*

With a strong track record of success with Asian Veggie Patty, Tomato Basil Burger and Grillers Prime, Morningstar is expecting strong results from the latest innovative flavor—Grillers California Turk'y. With white and dark meat flavorings combined with cilantro, bits of creamy avocado and diced tomatoes, Morningstar Farms' first mix of meat-style and veggie-style burgers is expected to show strong results.

#### *Morningstar Farms Entrées*

- Lasagna With Sausage-Style Crumbles
- Sweet & Sour Chik'n

The entrée category has been a strong performer in recent years as consumers turn to them as convenient alternatives to other lunch meals eaten outside the home. They are also proving to be a viable entry point into the meatless category for consumers who want to reduce meat consumption. Morningstar Farms has responded with two new entrée choices filled with hearty vegetables, creamy cheeses and savory sauces.

### **SUMMARY:**

This is just a taste of the innovative products Kellogg is bringing to stores in 2010 and further proof of Kellogg's commitment to making 2010 another banner year. Working with your Kellogg account executive, you can be sure you're taking full advantage of every opportunity to boost sales and increase profits.