

Inside this Issue

Welcome to the fourth quarter 2009 issue of our Refrigerated and Frozen Foods DealReader newsletter.

With this issue, we plan to offer thoughts on creating value in branded food, provide statistics regarding trends and developments in the global consumer sector and provide an update on Lincoln International's

Food and Consumer Group activities in 2009.

Key topics covered in this issue include:

- Spotlight Interview: Angelo Fraggos, Former President and CEO, Ecce Panis, Inc. (pages 1-2)
- Q4 Key Statistics (page 3-5)

- Recent Consumer Team Activity: David Houser was invited to be the Keynote Speaker at the *Prepared Foods' New Products Conference* (page 6)

We hope you find this issue interesting, and we welcome your comments and suggestions.

Spotlight Interview: Angelo Fraggos, Former President and CEO, Ecce Panis, Inc.

Angelo Fraggos was President and Chief Executive Officer of Ecce Panis, Inc. ("Ecce Panis") from 2003 to 2009. Ecce Panis, which was sold to Campbell Soup Company (NYSE: CPB) in May



2009, is a leading provider of premium, branded artisan breads sold primarily through the in-store bakeries of leading retailers and grocery chains across the country. Mr. Fraggos previously served as Vice President of Sales & Marketing in the U.S. and General Manager of Canada for New World Pasta (formerly Hershey Pasta). Mr. Fraggos spent 14 years in marketing with Nestlé, including the last 6 years as Vice President of Marketing and Technical Services, and over 34 years with food companies Snyder's of Hanover as General Manager and Gardetto's Bakery as Vice President of Sales and Marketing. While CEO at Ecce Panis, Mr. Fraggos also served as CEO and board member at Discovery Foods during the period beginning with its turnaround and ending with that company's successful sale in early 2007. He has a BA degree in business administration from Millikin University in Decatur, IL and an MBA from Dominican University in River Forest, IL.

Q. Ecce Panis exhibited significant growth under your leadership – achieving 20% compound annual growth. Describe the primary drivers of this growth, both industry-related and company-specific.

A. In recent years, the in-store bakery ("ISB") has become a growing area of the store as retailers use the ISB to define their vision and strategy while upgrading the shopping experience. The ISB and the artisan bread category benefited from the evolving "better-for-you" and "fresh and all-natural" consumer trends. Furthermore, "par-baked" (80-90% baked) items, such as Ecce Panis' artisan bread, are attractive to retailers as they: 1) reduce in-store labor since they only need to bake for 10-12 minutes; 2) result in the freshest product possible at store shelves; 3) reduce inventory shrink and; 4) enhance the consumer eating experience.

Ecce Panis is the leader in the artisan bread category and is ideally positioned with the most premium (highest average retail price) product line in the market place. This is a result of the company's commitment to the consumer, by providing premier, handcrafted and all-natural products. The company also has a highly-efficient manufacturing process. I feel that because we were consumer-driven, we were best capable of capitalizing on the growth opportunities.

"Ecce Panis' focus was creating a consumer-driven company that marketed the premier branded-only artisan bread through quality and value"



Q. Describe how Ecce Panis' products are differentiated in the artisan bread category, and discuss how this has helped the company sustain high margins over the years.

A. The major artisan bread companies are very formidable in every regard. Therefore, our focus was creating a consumer-driven company that marketed the premier, branded-only artisan bread based on quality and value.

We accomplished this through an ongoing focus and commitment to: i) syndicated qualitative and quantitative consumer research (know the competition and consumer); and ii) commitment to quality and continuous improvement of the brand's value.

Considering that Ecce Panis was one of the national pioneers in branded-only artisan bread, we recognized that strong and differentiated positioning was imperative. Our repositioning of gourmet "Hand-Crafted, Stone-Baked, All Natural Artisan Bread" created our national and highly successful brand platform.

Our loyal and growing consumer base provided the top line growth necessary to support the creation of an efficient operation. We continually improved yields and created cost savings that improved the bottom line and allowed us to reinvest.

(Continued on page 2)

Q. In addition to your experience as the President and CEO of Ecce Panis, you had a significant amount of branded food experience working for companies such as Nestle and Snyder's of Hanover. How does a branded company successfully compete against private label in today's market?

A. I believe that brands and private label can coexist effectively. When a category grows, it gains more space and focus. My experience is that more space leads to greater consumer trial and higher consumer penetration.

To effectively compete, a brand must be a leader in the category through market knowledge, consumer insights, creativity and innovation. The brand drives more buyers to the category through creative consumer investments and marketing programs while building brand loyalty and generating repeat purchases. All of these strategies, if successful, make it difficult for private label to compete.

Q. In your opinion, how does a middle market food company successfully build and maintain a premium brand given the more limited marketing spend dollars available to it?

A. Middle market food companies, as mentioned, must generate bottom line profitability to allow for reinvestment back into the company. Therefore, the highest priorities should be to drive overhead costs down, purchase effectively, improve plant efficiencies and establish a cost effective go-to-market strategy. All marketing investments should be strategic, create shareholder value and have a reasonable return on investment ("ROI") in both the short- and long-term.

In regard to consumer investments, I find that "guerilla" marketing tactics are the most cost effective brand building investments. Middle market companies are not efficient in national marketing efforts since brands are at various stages of

development, and therefore require different tactics to build trial and repeat users. The "guerilla"

approach should be granular at a customer level (possibly store level) and by market. Integrating both consumer and trade programs and tactics will optimize ROI as well.

Q. In 2007 and 2008, many food companies dealt with rising commodity costs by raising prices. How do you think the recent stabilization in commodity costs will impact food manufacturers?

A. In some cases, companies took price increases to offset costs dollar-for-dollar while other companies increased prices at only minimal levels. In either case, more dollars are available with higher prices and stabilized commodity costs, and companies should view it as an opportunity to reinvest in the short-term, such as investing in brand building programs that add sustainable brand equity. All the while a company should monitor commodities and be ready to adjust investments quarter-to-quarter.

Q. Ecce Panis was recently sold to Campbell Soup / Pepperidge Farm. What factors, both company and market related, do you think helped drive the sale?

"To effectively compete, a brand must be a leader in the category through market knowledge, consumer insights, creativity and innovation."

A. Ecce Panis was uniquely positioned for Pepperidge Farm, because it is a leader in the ISB, an area in which Pepperidge did not participate. Secondly, the artisan category was consistently the number one growing segment within the ISB. Despite

its premium positioning, artisan bread grew over the past five years, even through tough economic times, unlike many other

premium categories.

Campbell/Pepperidge Farm recognized that Ecce Panis' premium brand was a growth leader that was taking share and had the ability to extend into the deli section (thaw and sell), as well as the frozen breads and dipping oils product categories while sustaining long-term, dynamic growth.

Q. What did you learn from going through the sale process?

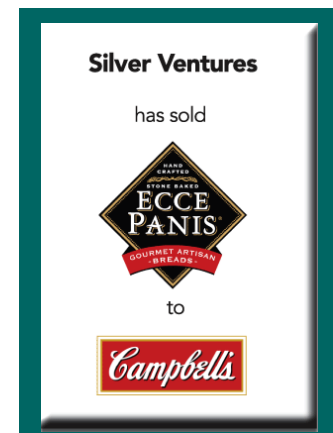
A. The sale process was exciting and demanding from an organizational standpoint. After both the Ecce Panis and Discovery Foods transactions, I understand that incremental value comes in many forms beyond top and bottom lines, including vision, potential, structure, organization and the ability to seamlessly transition post-transaction. Lincoln was an invaluable resource for us throughout the Ecce Panis process. The right selling partners are important to maximize value. They must fit your business as well as your personality to ensure that you have a cohesive selling team that can bring you successfully to the finish line.

About Ecce Panis

Founded in 1988 as a small Manhattan bakery, Ecce Panis manufactures premium par-baked artisan breads that are sold primarily through the in-store bakeries of leading retailers and grocery chains across the country. Utilizing a unique "Hand Crafted" and "Stone Baked" process, Ecce Panis delivers a superior and premium product line. The par-baked breads and rolls are shipped to customers frozen where the baking process is finished within their in-store bakeries. For more information on the company, visit Ecce Panis' website at www.eccepanis.com.

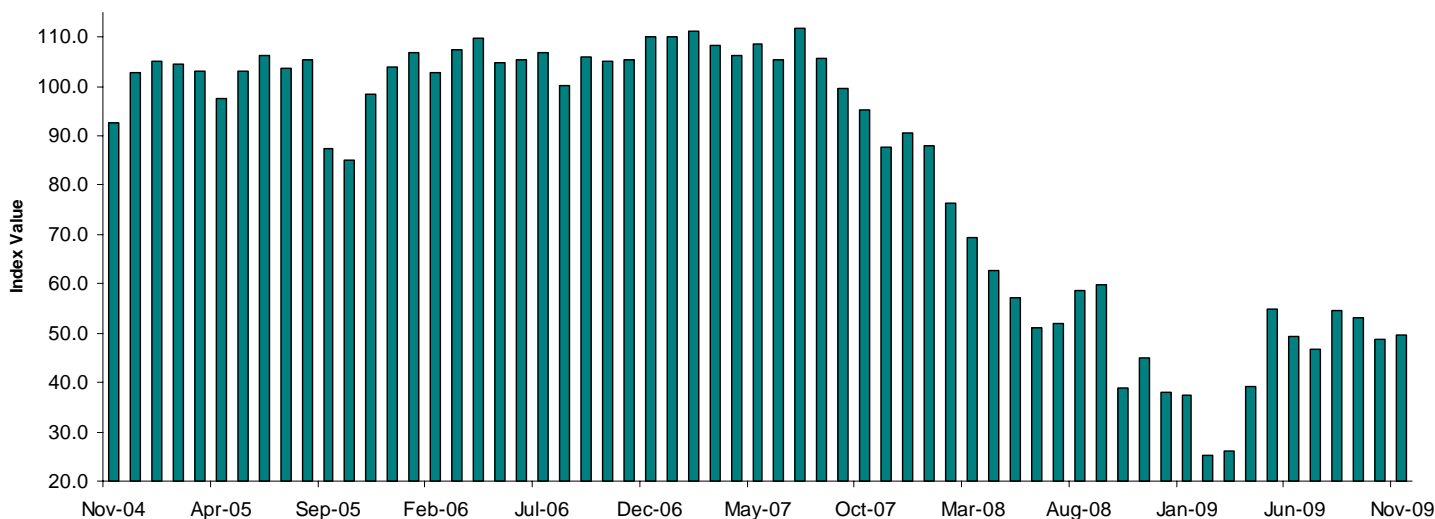
About Campbell Soup Co.

Campbell Soup Company is a global manufacturer and marketer of high-quality foods and simple meals, including soup, baked snacks, and healthy beverages. Founded in 1869, the company has a portfolio of market-leading brands, including "Campbell's," "Pepperidge Farm," "Armott's," and "V8." For more information on the company, visit Campbell's website at www.campbellsoup.com.

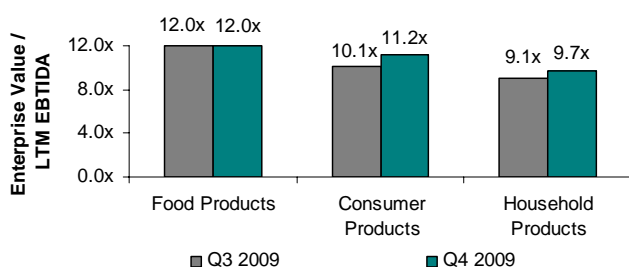


Q4 Key Statistics — Consumer Products

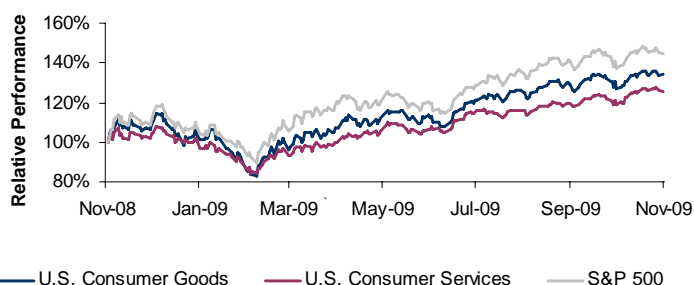
United States Consumer Confidence Levels¹



Valuations of Consumer Product Companies²



Consumer Industry Stock Performance³



1. Source: The Conference Board

2. Source: Capital IQ, Public information

3. U.S. Consumer Services Index comprised of the Dow Jones U.S. Consumer Services Index and U.S. Consumer Goods Index comprised of the Dow Jones U.S. Consumer Goods Index. Note: Indices are stock price weighted.

Retail Sales Performance (LTM)⁴

	Year-Over-Year Same Store Sales Growth												
	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09
Club Stores	4.6%	(0.5%)	(1.2%)	(0.2%)	(1.2%)	(2.6%)	(6.5%)	(6.9%)	(6.8%)	(8.1%)	(4.0%)	0.3%	2.0%
Department Stores	(19.6%)	(11.0%)	(19.3%)	(19.8%)	(20.8%)	(22.3%)	(21.8%)	(21.0%)	(11.7%)	(18.3%)	(15.7%)	(10.3%)	(7.0%)
Drug Stores	2.5%	(0.7%)	2.4%	0.7%	(1.4%)	0.4%	3.8%	0.4%	(0.8%)	(1.0%)	(1.6%)	2.5%	2.1%
Mass Merchants	(4.8%)	(10.4%)	(4.1%)	(3.3%)	(4.1%)	(2.3%)	4.5%	(2.3%)	(2.6%)	(3.2%)	0.1%	(1.7%)	(0.1%)
Specialty Apparel	(15.0%)	(16.7%)	(16.0%)	(17.3%)	(16.3%)	(17.0%)	(10.7%)	(13.7%)	(18.0%)	(15.0%)	(12.0%)	(6.0%)	(5.0%)
Average	(6.5%)	(7.8%)	(7.7%)	(8.0%)	(8.8%)	(8.8%)	(6.1%)	(8.7%)	(8.0%)	(9.1%)	(6.6%)	(3.1%)	(1.6%)

4. Club Stores comprised of Costco and BJ's; Department Stores comprised of Sak's, Neiman Marcus and Nordstrom; Drug Stores comprised of non-pharmaceutical sales of Rite-Aid and Walgreen Co.; Mass Merchants comprised of Target; Specialty Apparel comprised of Abercrombie & Fitch, Gap and Limited Brands. Note: Growth rates consist of an average of aforementioned components.

Q4 Key Statistics — Publicly Traded Food Company Metrics

Large Capitalization Food Company Profitability Metrics¹

(\$ in billions, except for share data)

Selected Companies	Last Price	52 Week		Market Cap	P/E Multiples			Enterprise Value	EV/LTM		
		High	Low		LTM	2007	2008		Revenue	EBIT	EBITDA
Nestle SA	\$ 35.74	\$ 48.9	\$ 33.6	\$ 132.6	14.1x	22.7x	15.1x	\$ 156.7	1.7x	10.8x	9.1x
Pepsico, Inc.	52.42	79.8	50.7	81.4	14.9x	23.5x	15.4x	116.1	2.0x	10.8x	9.1x
Unilever NV	24.04	34.6	21.8	66.4	11.1x	20.8x	13.0x	93.1	1.4x	10.2x	8.8x
Kraft Foods Inc.	26.74	35.3	25.6	39.3	16.2x	18.0x	14.8x	59.2	1.4x	10.9x	9.2x
Groupe DANONE	57.70	86.1	51.9	27.3	20.6x	23.9x	16.2x	49.0	2.2x	15.2x	12.4x
General Mills Inc.	60.10	72.0	51.0	20.1	16.3x	18.6x	17.3x	30.2	1.9x	11.6x	9.7x
Kellogg Co.	42.15	58.5	45.3	16.1	14.3x	21.4x	15.4x	26.9	1.7x	10.5x	8.8x
HJ Heinz Co.	36.56	53.0	38.4	11.5	12.7x	19.4x	14.0x	20.7	1.6x	10.5x	8.8x
Campbell Soup Co.	28.37	40.9	30.2	10.2	16.1x	17.5x	13.8x	12.9	1.6x	10.2x	8.4x
Hershey Co.	35.38	44.9	32.3	8.0	28.6x	16.4x	17.1x	10.2	2.0x	13.4x	9.8x
Sara Lee Corp.	9.34	17.0	9.3	6.6	NM	28.6x	10.8x	8.6	0.6x	7.9x	5.3x
ConAgra Foods, Inc.	14.43	26.2	17.2	6.5	14.1x	18.7x	7.8x	9.5	0.8x	9.3x	7.2x
George Weston Limited	46.57	59.3	35.4	6.0	13.9x	NM	13.6x	12.8	0.5x	12.7x	8.1x
Grupo Bimbo SA de CV	4.53	5.6	4.2	5.3	18.1x	20.8x	17.2x	5.5	0.9x	11.0x	8.2x
Median					14.9x	20.8x	15.0x		1.6x	10.8x	8.8x
Mean					16.2x	20.8x	14.4x		1.4x	11.1x	8.8x

(\$ in billions, except for share data)

Selected Companies	LTM				EBITDA/Rev		EBIT/Rev		NI/Rev	
	Revenue	EBIT	EBITDA	NI	LTM	Avg	LTM	Avg	LTM	Avg
Nestle SA	\$ 107.2	\$ 15.1	\$ 18.3	\$ 10.7	17.0%	16.6%	14.1%	13.6%	10.0%	9.4%
Pepsico, Inc.	42.9	7.6	9.1	5.7	21.2%	22.4%	17.6%	18.6%	13.3%	14.3%
Unilever NV	56.7	7.8	9.1	6.5	16.0%	16.4%	13.7%	14.0%	11.5%	10.5%
Kraft Foods Inc.	42.7	5.4	6.4	3.3	15.0%	17.0%	12.7%	14.5%	7.8%	7.8%
Groupe DANONE	22.0	3.1	3.8	6.9	17.3%	16.9%	14.0%	13.4%	31.5%	19.2%
General Mills Inc.	14.1	2.2	2.7	1.3	19.0%	20.2%	15.7%	16.8%	9.1%	9.3%
Kellogg Co.	12.7	2.0	2.4	1.1	18.7%	20.6%	15.8%	17.2%	9.0%	9.4%
HJ Heinz Co.	10.5	1.6	1.9	0.9	17.7%	18.7%	14.9%	15.8%	8.7%	8.2%
Campbell Soup Co.	8.1	1.3	1.5	1.2	19.0%	19.7%	15.7%	16.1%	14.3%	12.5%
Hershey Co.	5.1	0.8	1.0	0.3	20.3%	24.3%	14.9%	19.4%	5.6%	8.6%
Sara Lee Corp.	13.5	1.1	1.6	(0.0)	11.9%	11.8%	8.1%	7.4%	(0.4%)	2.7%
ConAgra Foods, Inc.	12.1	1.0	1.3	1.2	10.7%	12.0%	8.2%	9.1%	9.9%	6.9%
George Weston Limited	31.0	1.1	1.8	0.5	5.8%	6.8%	3.7%	4.6%	1.7%	1.5%
Grupo Bimbo SA de CV	7.1	0.6	0.8	0.4	11.5%	11.8%	8.5%	8.7%	5.0%	5.3%
Median					17.2%	17.0%	14.1%	14.3%	9.1%	9.0%
Mean					15.8%	16.8%	12.7%	13.5%	9.8%	9.0%

Mid Capitalization Food Company Profitability Metrics¹

(\$ in billions, except for share data)

Selected Companies	Last Price	52 Week		Market Cap	P/E Multiples			Enterprise Value	EV/LTM		
		High	Low		LTM	2007	2008		Revenue	EBIT	EBITDA
The J. M. Smucker Company	\$ 40.63	\$ 56.7	\$ 40.1	\$ 4.8	13.0x	18.2x	11.8x	\$ 5.8	1.3x	9.8x	7.7x
Hormel Foods Corp.	29.96	42.8	29.6	4.0	14.4x	18.3x	13.3x	4.2	0.6x	8.2x	6.6x
McCormick & Co. Inc.	29.12	42.1	31.8	3.8	14.7x	24.7x	13.9x	5.1	1.6x	12.1x	10.0x
Saputo, Inc.	17.77	27.9	18.0	3.6	14.7x	25.4x	14.1x	4.0	0.9x	10.3x	8.7x
Ralcorp Holdings Inc.	55.40	74.1	48.1	3.1	10.3x	49.0x	14.5x	4.7	1.3x	9.9x	8.1x
Tyson Foods Inc.	6.91	19.5	9.7	2.6	28.6x	19.1x	13.6x	5.3	0.2x	13.5x	6.0x
Dean Foods Co.	14.84	29.2	17.5	2.3	14.7x	13.1x	12.4x	6.9	0.5x	11.8x	8.4x
Flowers Foods, Inc.	22.65	32.7	20.1	2.1	19.3x	29.7x	18.6x	2.4	1.1x	14.7x	10.2x
Fresh Del Monte Produce Inc.	21.93	39.8	12.9	1.4	8.2x	NM	8.2x	1.8	0.5x	10.2x	6.9x
Smithfield Foods Inc.	9.40	32.2	5.4	1.3	NM	17.5x	NM	4.8	0.4x	23.8x	10.2x
Median					14.7x	19.1x	13.6x		0.8x	11.0x	8.2x
Mean					15.3x	23.9x	13.4x		0.8x	12.4x	8.3x

(\$ in billions, except for share data)

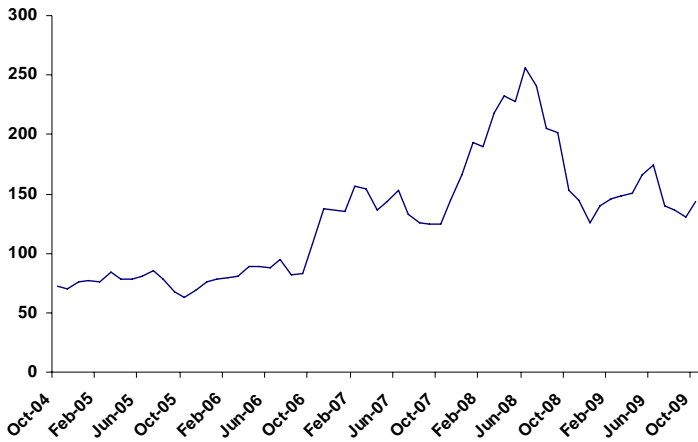
Selected Companies	LTM				EBITDA/Rev		EBIT/Rev		NI/Rev	
	Revenue	EBIT	EBITDA	NI	LTM	Avg	LTM	Avg	LTM	Avg
The J. M. Smucker Company	\$ 4.5	\$ 0.6	\$ 0.8	\$ 0.2	16.8%	14.7%	13.3%	12.0%	3.9%	6.9%
Hormel Foods Corp.	6.8	0.5	0.6	0.3	9.4%	9.8%	7.5%	7.7%	4.2%	4.7%
McCormick & Co. Inc.	3.1	0.4	0.5	0.3	15.6%	16.3%	12.8%	13.3%	8.3%	7.9%
Saputo, Inc.	5.1	0.4	0.5	0.3	10.4%	10.1%	8.8%	8.5%	5.8%	5.5%
Ralcorp Holdings Inc.	3.8	0.5	0.6	0.1	15.5%	13.0%	12.7%	9.8%	2.1%	4.0%
Tyson Foods Inc.	26.9	0.4	0.9	0.1	3.3%	3.3%	1.5%	1.3%	0.3%	0.2%
Dean Foods Co.	12.6	0.6	0.8	0.2	6.5%	7.9%	4.6%	5.8%	1.2%	2.1%
Flowers Foods, Inc.	2.3	0.2	0.2	0.1	10.3%	9.6%	7.2%	6.2%	4.8%	4.2%
Fresh Del Monte Produce Inc.	3.5	0.2	0.3	0.2	7.5%	5.9%	5.1%	3.3%	4.8%	1.5%
Smithfield Foods Inc.	12.3	0.2	0.5	0.0	3.8%	6.2%	1.6%	4.0%	0.4%	1.6%
Median					9.8%	9.7%	7.4%	7.0%	4.0%	4.1%
Mean					9.9%	9.7%	7.5%	7.2%	3.6%	3.9%

1) Source: Capital IQ, Company filings

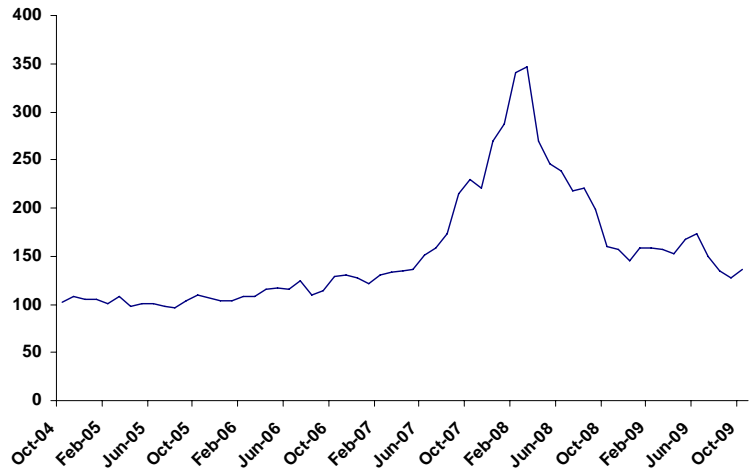
Note: All stock prices and LTM calculations are as of December 1, 2009; NM = Not Meaningful

Commodity Report

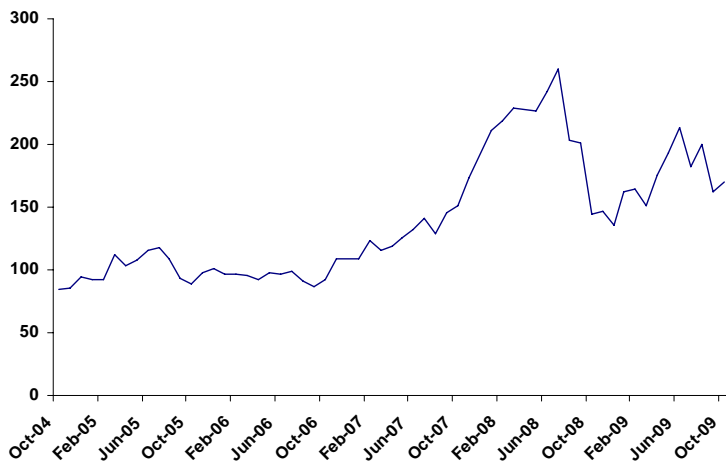
Corn



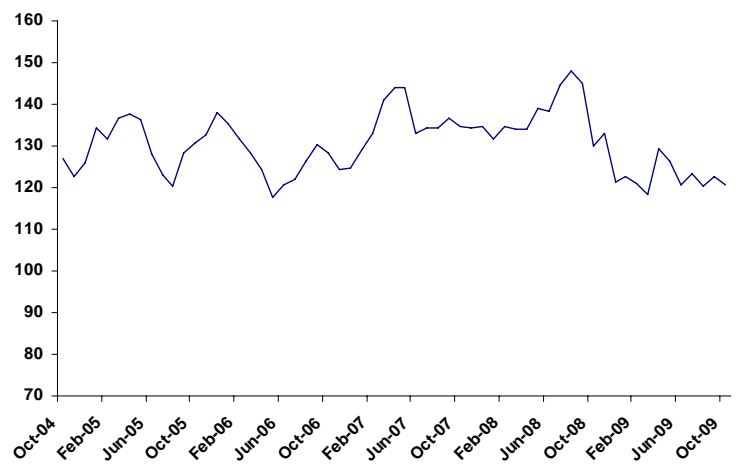
Wheat



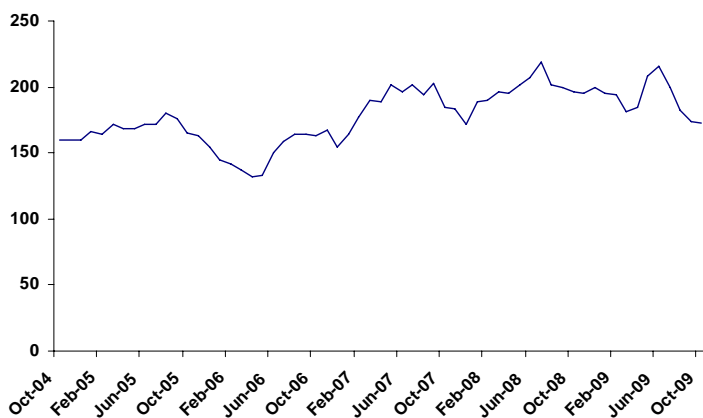
Soybeans



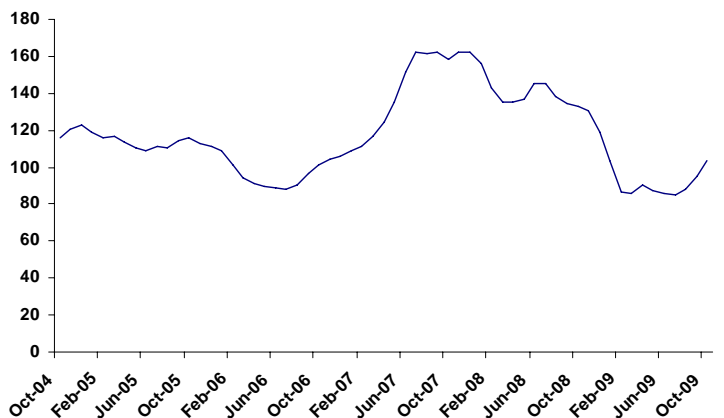
Cattle



Poultry



Fluid Milk



Source: Bureau of Labor Statistics, US Department of Labor
 Note: For all prices indices, average of 1990 - 1992 = 100. Charts are updated through October 31, 2009

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Recent Consumer Team Activity: David Houser Keynote Speaker at *Prepared Foods'* New Products Conference

David Houser, Managing Director at Lincoln International, was the Keynote Speaker at the *Prepared Foods'* New Products Conference at the Ritz-Carlton in Palm Beach, Florida in September. He provided insight into:

- Characteristics of products, product lines and companies that are particularly attractive to investors;
- Ways the economic downturn is impacting the deal-making activity in the consumer and food and beverage industries; and
- Industry deals from the past quarter.

David highlighted the main drivers behind high business valuations in the consumer and food sectors. Higher valuation multiples are driven by the **integration** of product development with other functional areas, including consistency with branding, price point and consumer demographic. Multiples are also driven by **competitive advantages**, either from product uniqueness or the support of other business attributes. David also noted that companies are able to make above average profits if their

competitive advantages are **sustainable** and not easily replicated.

David predicted food companies will return to investing in research and development in the next six to twelve months. "I am starting to see food companies get out of that 'let's hoard cash' mentality," he explained, just before the audience learned that total food and drink product launches for the first half of this year (7,176 in total) are down 42% from the 12,507 new items appearing on supermarket shelves in the first six months of 2008, per Mintel Global New Products Database.

David is seeing signs of improvement and foresees lending activity will increase as the credit market begins to thaw and investors become less risk-averse. He feels food companies will think similarly when it comes to development, introductions and innovation.

About David Houser

David is a Managing Director in the Chicago office of Lincoln International where he has guided the firm in its emergence as a leader in mid-market, food and consumer products investment banking.

David has advised recognizable corporations, private equity firms and private companies on transactions up to and greater than \$1 billion in value. At Lincoln International, David has advised leading investors in the sale of branded and private label food companies to acquirers such as Heinz, Campbell Soup, Ralcorp Holdings and TreeHouse Foods. Previously, David advised corporate clients including Federal Express, Amerada Hess and Pechiney.

David has led the emergence of Lincoln International as a leading food and consumer products investment bank. Since joining Lincoln International, he has worked on over 20 successful food and consumer assignments, including the sale of Appetizers, Inc., Frozen Specialties, Ann's House of Nuts, Ecce Panis, San Antonio Farms, Coffee Bean International, Buckeye Nutrition, Flexi-Mat, Celebrity, Zebco and Brunswick Bicycles. He has also completed successful transactions involving niche manufacturing, business service, and transportation, energy and packaging companies.

About Lincoln International

Lincoln International specializes in merger and acquisition advisory services, debt advisory services, UK pension advisory services and providing fairness opinions and valuations for leading organizations involved in mid-market transactions. With offices in Chicago, Frankfurt, London, Los Angeles, Madrid, New York, Paris, Tokyo and Vienna, and strategic partnerships with China Everbright in China and ICICI Securities, Inc. in India, Lincoln International has strong local knowledge and contacts in the key global economies. The organization provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at www.lincolninternational.com

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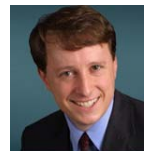


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