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Microwaveable "Steamable" Potato Review



*Total U.S.: Latest 52 Weeks
Ending 6/28/2008*



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Microwaveable "Steamable" Potato Review

Data Overview

- ◆ **The Perishables Group partners with The Nielsen Company to provide unparalleled access to data**
- ◆ **Data represents retail census U.S. sales data for total U.S. grocery store chains with more than \$2 million sales per store annually**
- ◆ **Data represents approximately 62.3% ACV and 13,000 stores nationwide**
- ◆ **Not included in data set: Wal-Mart, club stores, small independent chains, and alternative format retailers such as Whole Foods and Trader Joe's**
- ◆ **PG receives data by week, by store, by item**
 - ◆ *Week starts on Sunday and ends on Saturday*
- ◆ **Data is for all products sold in produce, both fixed weight (UPC) and random-weight (PLU and system 2)**
 - ◆ *Data does not include potato items sold in other departments (meat, deli, etc...) nor does it include any center store potato items*



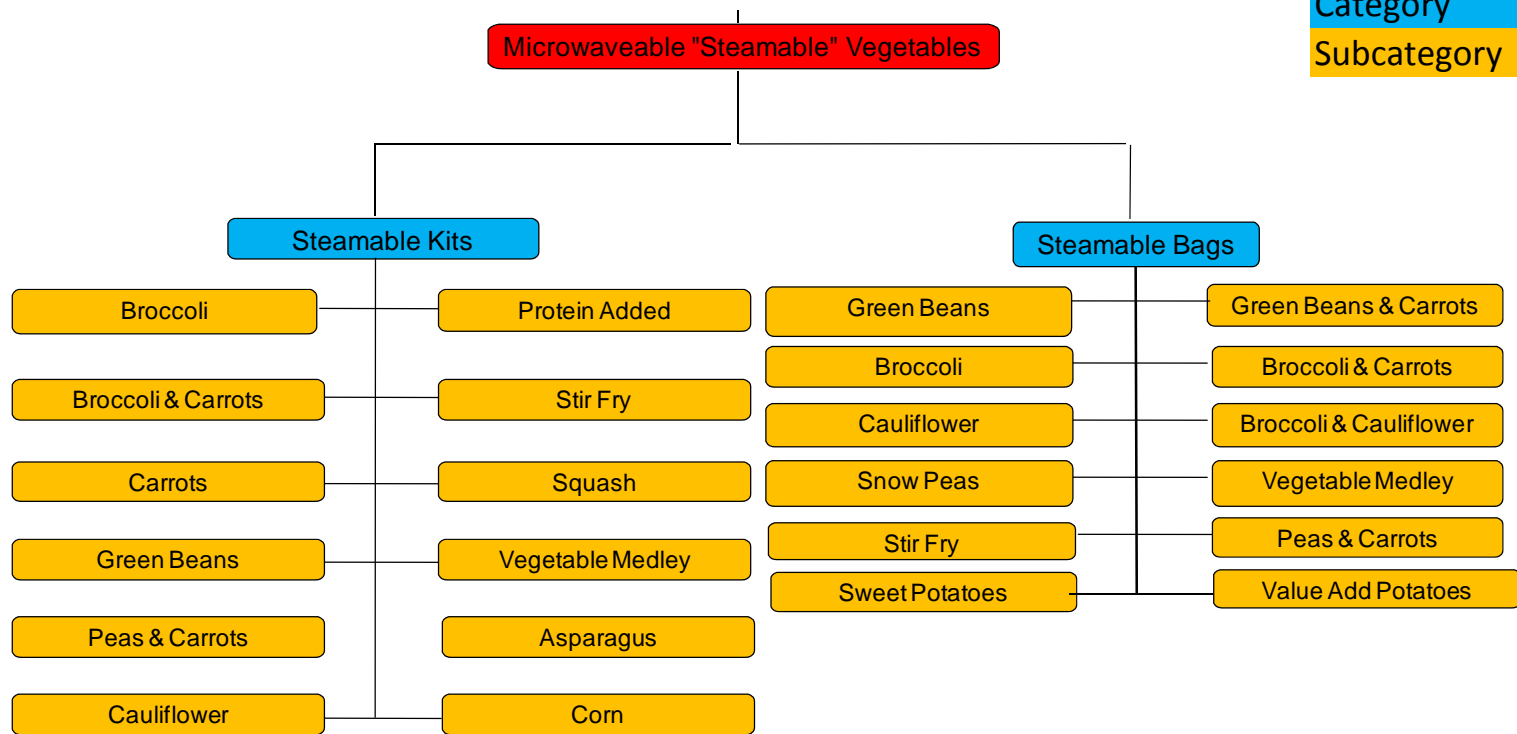
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Microwaveable "Steamable" Potato Review

Hierarchy

Super category
Category
Subcategory



- ◆ **Steamable Bags - Convenience vegetable products packaged specifically for quick microwave steaming**
 - ◆ **Note: Value add potato subcategory includes single wrap microwaveable russets as well as prepared/refrigerated potatoes and steamer bag potatoes**
- ◆ **Steamable Kits – Convenience vegetable products packaged specifically for quick microwave steaming which also include extra value-added sauces, seasonings, and dips in package**

Source: FreshFacts® Powered by the Nielsen Company: Latest 52 Weeks Ending 6/28/2008





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Microwaveable "Steamable" Potato Review

Executive Summary

- ◆ While overall produce dollar trends demonstrated slight growth over year ago, steamable vegetables were on a sharp rise earning over \$200 MM in latest 52 weeks ending 6/28/2008
 - ◆ *The steamable vegetable segment grew 7.8% in dollar sales vs. year ago (YAGO)*
 - Total produce dollars up 3.2%
 - Total vegetables dollars up 0.9%
- ◆ The most recognizable and familiar of these steamable varieties (green beans, vegetable medley, and broccoli) continued to spur overall steamable growth
- ◆ Value-add steamable potatoes emerged as the fourth major player in the steamable vegetable super-category despite limited promotional efforts
- ◆ While the majority of these steamable potato sales were attributed to single-wrap microwaveable russet varieties, new multi-potato steamer bag varieties recorded impressive sales numbers given limited levels of distribution in latest 52 weeks
 - ◆ *One bagged steamable potato product earned \$400,504 with less than 5% total U.S. ACV selling in its first 52 weeks of data ending 6/28/2008*

Source: FreshFacts® Powered by the Nielsen Company: Latest 52 Weeks Ending 6/28/2008





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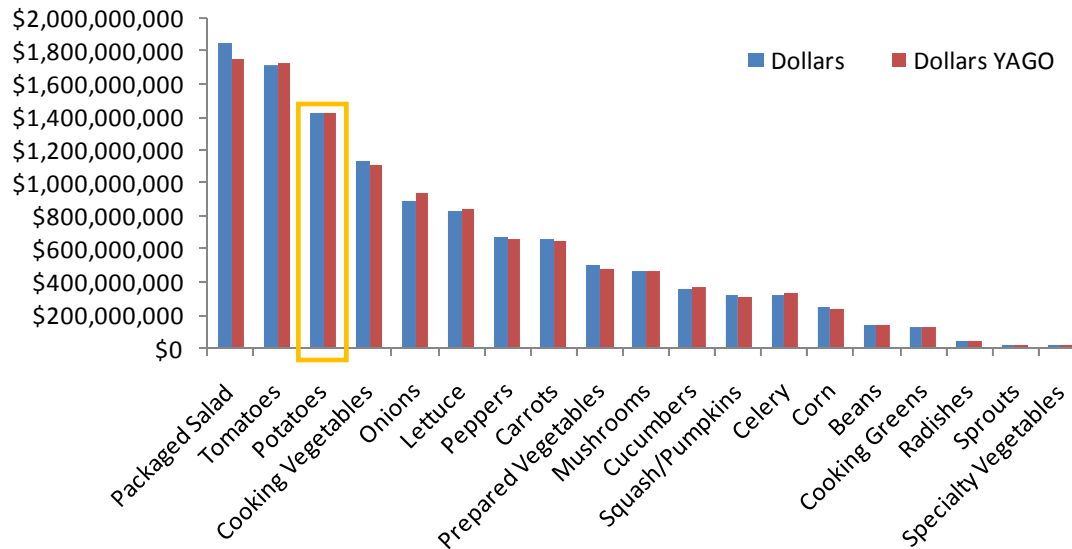
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Microwaveable "Steamable" Potato Review

State of Potato Category

- ◆ The potato category remained the third highest dollar earning vegetable category in the produce department over the past 52 weeks
 - ◆ Dollar sales are up 0.1% vs. YAGO

Total Vegetable Performance by Category vs. YAGO



Category	Dollars	Dollars % Change vs YAGO	Average Retail	Average Retail % Change vs YAGO
Packaged Salad	\$1,839,750,699	5.4%	\$2.61	2.7%
Tomatoes	\$1,716,509,839	-0.3%	\$2.54	4.0%
Potatoes	\$1,425,086,673	0.1%	\$0.61	1.5%
Cooking Vegetables	\$1,130,973,488	1.8%	\$1.53	4.5%
Onions	\$889,216,662	-5.3%	\$0.95	-4.8%
Lettuce	\$825,599,767	-2.2%	\$1.65	2.0%
Peppers	\$680,213,202	2.9%	\$2.04	
Carrots	\$667,429,076	2.1%	\$1.71	1.4%
Prepared Vegetables	\$511,146,933	6.2%	\$2.74	0.7%
Mushrooms	\$466,415,126	0.5%	\$2.32	1.5%
Cucumbers	\$366,966,150	-0.9%	\$0.89	2.1%
Squash/Pumpkins	\$321,074,460	1.3%	\$1.28	2.7%
Celery	\$319,284,387	-6.8%	\$1.64	-4.3%
Corn	\$251,536,591	3.4%	\$0.46	3.7%
Beans	\$139,307,138	-3.0%	\$1.64	3.8%
Cooking Greens	\$136,242,312	7.3%	\$1.56	4.8%
Radishes	\$47,137,785	1.2%	\$0.94	6.2%
Sprouts	\$23,600,998	3.8%	\$1.45	3.1%
Specialty Vegetables	\$21,672,343	6.8%	\$1.21	10.4%

Source: FreshFacts® Powered by the Nielsen Company Latest 52 Weeks Ending 6/28/2008





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Convenience is the #1 food trend*

◆ Today's time-starved consumer is looking for fresh, ready-to-eat meals

- ◆ **Purchase of convenience foods has increased 50%****
 - Prepared meals brought home increased more than 70% over the last 20 years***

Time spent preparing dinner down from 49 to 31 minutes***

- Ready Pac and Fresh Express salad kits have gained popularity with consumers on-the-go****

◆ The American household is shrinking creating a demand for smaller and individual portion sizes

- Some 65% of Americans live in one or two person households*****



Value-add produce provides the opportunity to connect with the consumer looking for quick fresh meal solutions

Source: * - NPD **ACNielsen Homescane; *** IDDBA What's In Store; ****- Grocery Headquarters; *****FMI



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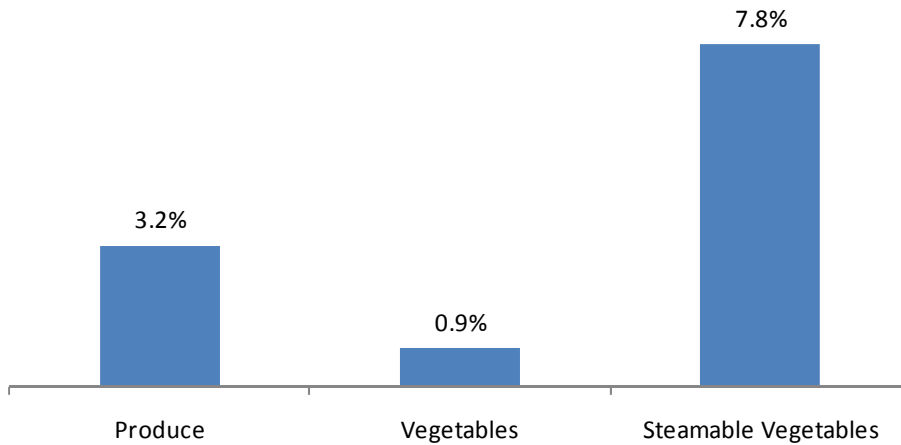
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Microwaveable "Steamable" Potato Review

Steamable Vegetable Performance

- ◆ Steamable vegetables earned over \$200 MM in 52 weeks
- ◆ The steamable vegetable segment grew 7.8% in dollar sales vs. YAGO
 - ◆ This growth outpaces department growth by 4.6 percentage points
 - ◆ This growth outpaces total vegetable growth by 6.9 percentage points

Steamable Vegetable vs. Total Vegetable vs. Department



Product	Dollars	Dollars YAGO	Dollars % Change vs YAGO
Produce	\$25,157,423,098	\$24,376,012,220	3.2%
Vegetables	\$11,779,163,627	\$11,678,242,756	0.9%
Steamable Vegetables	\$204,475,023	\$189,724,723	7.8%

■ Dollars % Change vs YAGO

Source: FreshFacts® Powered by the Nielsen Company Latest 52 Weeks Ending 6/28/2008





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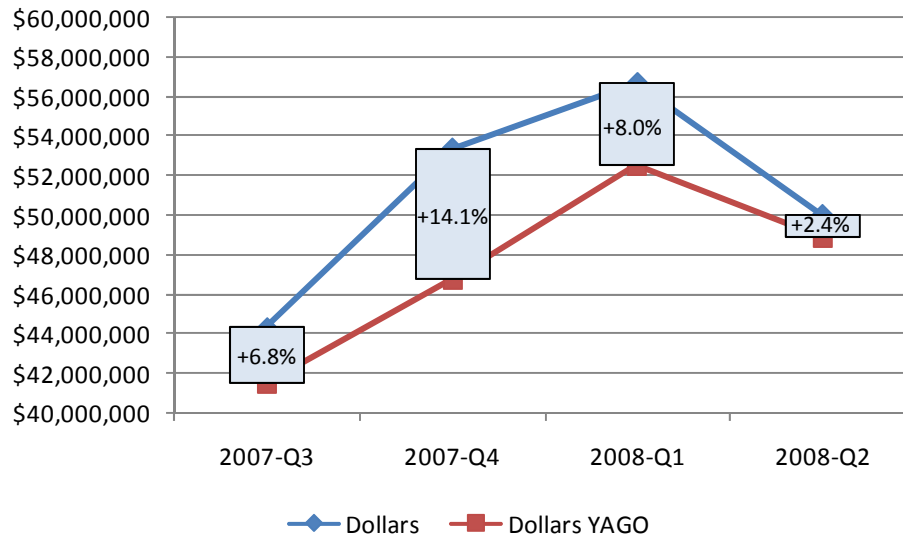
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Microwaveable "Steamable" Potato Review

Steamable Vegetable Performance

- ◆ Quarter over quarter, steamable vegetables demonstrated consistent growth over YAGO
 - ◆ *Steamable vegetable sales outpaced previous year sales by as much as 14.1% in Q4 2007*

steamable Vegetable Performance by Quarter



Period	Dollars	Dollars YAGO	Dollars % Change vs. YAGO
2007-Q3	\$44,312,479	\$41,503,624	6.8%
2007-Q4	\$53,401,628	\$46,807,978	14.1%
2008-Q1	\$56,716,220	\$52,517,791	8.0%
2008-Q2	\$50,044,696	\$48,895,330	2.4%

Source: FreshFacts® Powered by the Nielsen Company Latest 52 Weeks Ending 6/28/2008





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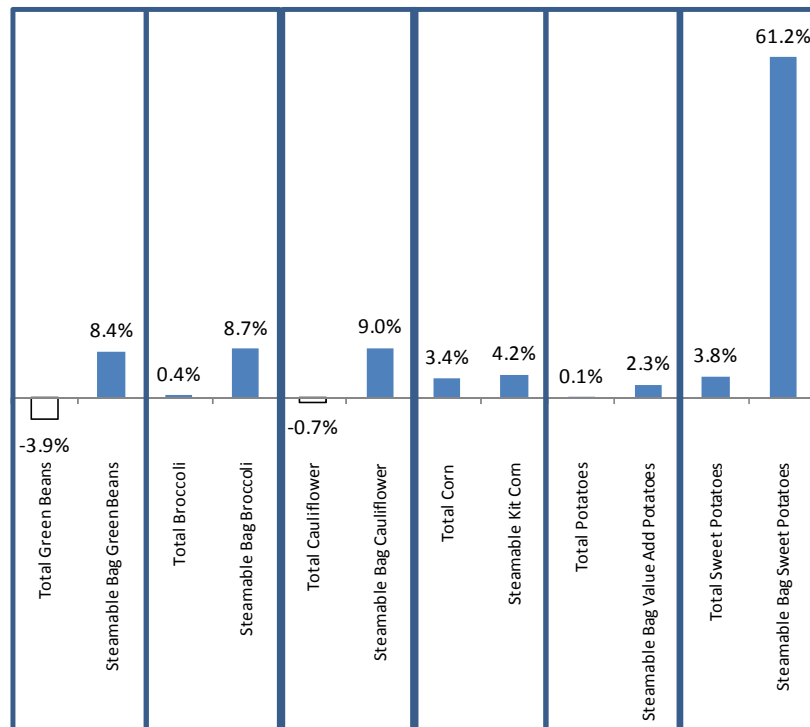
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Steamable Vegetable vs. Total Vegetable Trends

- ◆ Within each key category, the steamable segment dollar growth outpaced total category dollar growth vs. YAGO
 - ◆ Steamable potatoes outpaced total potatoes by 2.2 percentage points
 - ◆ Steamable sweet potatoes outpaced total sweet potatoes by 57.4 percentage points
- ◆ Steamable value-add potatoes earned over \$22 MM dollars during latest 52 weeks ending 6.28.2008

Steamable Vegetable vs. Total Vegetable by Category: Dollar % Change vs. YAGO



Product	Dollars	Dollars % Change vs YAGO	Average Retail	Average Retail % Change vs YAGO
Total Green Beans	\$113,384,399	-3.9%	\$1.80	4.3%
Steamable Bag Green Beans	\$52,615,518	8.4%	\$3.05	2.1%
Total Broccoli	\$322,707,454	0.4%	\$1.64	5.5%
Steamable Bag Broccoli	\$30,539,227	8.7%	\$2.49	1.2%
Total Cauliflower	\$126,631,089	-0.7%	\$1.97	2.6%
Steamable Bag Cauliflower	\$5,439,785	9.0%	\$2.25	0.8%
Total Corn	\$251,536,591	3.4%	\$0.46	3.7%
Steamable Kit Corn	\$33,452	4.2%	\$2.72	8.7%
Total Potatoes	\$1,425,086,673	0.1%	\$0.61	1.5%
Steamable Bag Value Add Potatoes	\$22,592,165	2.3%	\$1.01	0.6%
Total Sweet Potatoes	\$190,437,742	3.8%	\$0.94	7.5%
Steamable Bag Sweet Potatoes	\$735,273	61.2%	\$2.82	7.3%

Source: FreshFacts® Powered by the Nielsen Company Latest 52 Weeks Ending 6/28/2008





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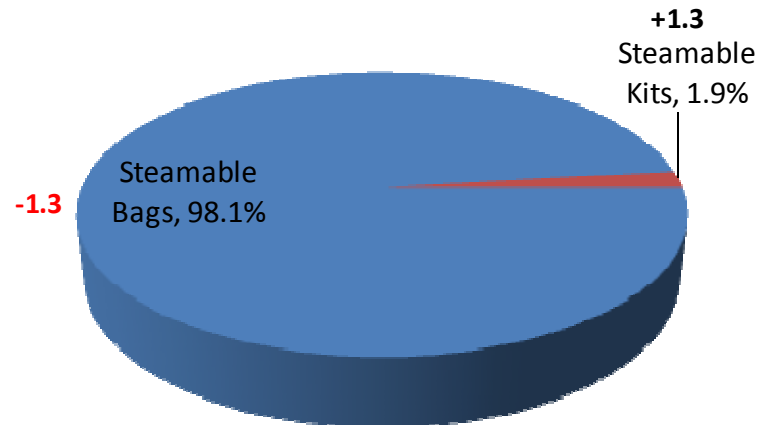
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Steamable Vegetable Performance by Category

- ◆ ***Steamable bags comprised the vast majority of category dollars, 98.1%**
 - ◆ *This is a decrease of 1.3 percentage points vs. YAGO*
- ◆ ***Steamable kits, though still small, grew 1.3 percentage points in terms of category dollar share vs. YAGO**

Steamable Bags vs. Steamable Kits: Category Dollar Share



*See hierarchy on page 3 for explanation of difference between steamable bags and steamable kits

Source: FreshFacts® Powered by the Nielsen Company Latest 52 Weeks Ending 6/28/2008



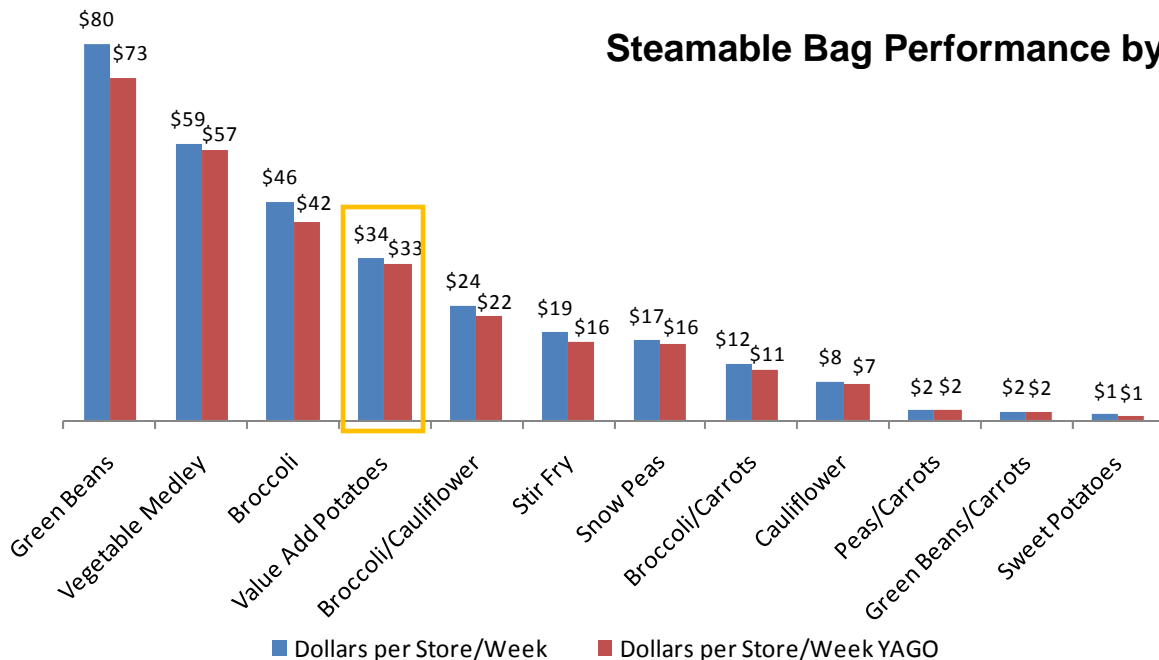
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Microwaveable "Steamable" Potato Review

Steamable Bag Performance by Subcategory

- ◆ Over the past 52 weeks, green beans were the top performing steamable bag variety, earning \$80 per store/week on average
 - ◆ Dollars per store/week up 9.7% vs. YAGO
- ◆ Potatoes were the fourth highest performing subcategory, earning \$34 per store/week on average
 - ◆ Dollars per store/week up 3.6% vs. YAGO



Steamable Bag Performance by Subcategory

Category	Sub-Category	Dollars per Store/Week	Dollars per Store/Week % Change vs YAGO	% ACV Selling	% ACV Selling Change vs YAGO
Steamable Bags	Green Beans	\$80	9.7%	80.2%	1.8%
	Vegetable Medley	\$59	2.6%	93.6%	0.2%
	Broccoli	\$46	10.1%	92.5%	0.7%
	Value Add Potatoes	\$34	3.6%	67.5%	-0.8%
	Broccoli/Cauliflower	\$24	9.3%	77.0%	1.4%
	Stir Fry	\$19	14.3%	65.0%	-2.0%
	Snow Peas	\$17	4.4%	71.0%	3.2%
	Broccoli/Carrots	\$12	12.6%	61.2%	0.5%
	Cauliflower	\$8	10.4%	35.2%	-2.0%
	Peas/Carrots	\$2	-3.7%	13.3%	-1.9%
	Green Beans/Carrots	\$2	2.5%	13.0%	1.8%
	Sweet Potatoes	\$1	63.2%	9.2%	3.9%
	Steamable Bags	TOTAL	\$304	7.7%	98.6%

Source: FreshFacts® Powered by the Nielsen Company Latest 52 Weeks Ending 6/28/2008





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Microwaveable "Steamable" Potato Review

Steamable Bag Performance by Subcategory (Cont.)

- ◆ Earning 19.3% of steamable bag dollars, vegetable medley products recorded the most SKUs in the steamable bag category, 140 over the past 52 weeks
- ◆ With 70 SKUs, steamable potatoes had the second highest number of steamable products in the steamable bag category

Steamable Bag Vegetable Product Count by Subcategory

Category	Subcategory	Number of SKU's	Share of Category Dollars
Steamable Bags	Vegetable Medley	140	19.3%
	Value Add Potatoes	70	11.3%
	Green Beans	69	26.2%
	Broccoli	47	15.2%
	Snow Peas	38	5.6%
	Stir Fry	33	6.2%
	Broccoli/Cauliflower	31	8.0%
	Cauliflower	27	2.7%
	Broccoli/Carrots	25	3.9%
	Sweet Potatoes	10	0.4%
	Peas/Carrots	8	0.6%
	Green Beans/Carrots	5	0.6%
Steamable Bags	Total	503	100.0%

Source: FreshFacts® Powered by the Nielsen Company Latest 52 Weeks Ending 6/28/2008





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Microwaveable "Steamable" Potato Review

Steamable Bag Promotional Performance by Subcategory

- ◆ Steamable bag products attributed 19.5% of total volume sales to promotional sales
- ◆ Value add potatoes sell only 5.6% of volume on promotion

Steamable Bag Vegetable Promotional Performance by Subcategory

Sub-Category	Volume % on Promotion	Volume % on Promotion Change vs YAGO	Promotional Average Retail	Promotional Average Retail % Change vs YAGO	Non-Promo Average Retail	Non-Promo Average Retail % Change vs YAGO	% Discount on Promotion	Share of Category Dollars	Share of Category Dollars Change vs YAGO
Cauliflower	29.7%	1.2%	\$1.87	3.6%	\$2.41	0.4%	-22.5%	2.7%	0.1%
Broccoli/Carrots	29.4%	2.4%	\$1.83	1.2%	\$2.39	2.1%	-23.4%	3.9%	0.2%
Stir Fry	29.2%	0.7%	\$1.80	-5.8%	\$2.63	2.3%	-31.8%	6.2%	0.4%
Sweet Potatoes	28.1%	-4.8%	\$2.43	11.7%	\$2.97	4.3%	-18.0%	0.4%	0.1%
Broccoli/Cauliflower	25.6%	1.1%	\$1.93	0.4%	\$2.59	2.5%	-25.4%	8.0%	0.1%
Vegetable Medley	24.6%	2.3%	\$2.25	-3.9%	\$3.06	1.6%	-26.6%	19.3%	-0.9%
Broccoli	24.3%	0.6%	\$1.94	0.1%	\$2.66	1.7%	-27.1%	15.2%	0.3%
Green Beans	23.6%	-1.7%	\$2.76	7.4%	\$3.14	0.4%	-12.2%	26.2%	0.5%
Green Beans/Carrots	23.5%	-0.9%	\$2.76	0.6%	\$3.21	4.7%	-14.1%	0.6%	0.0%
Peas/Carrots	14.2%	-3.5%	\$2.96	5.4%	\$3.27	1.0%	-9.5%	0.6%	-0.1%
Snow Peas	9.7%	-2.1%	\$2.62	-1.5%	\$3.12	1.1%	-15.9%	5.6%	-0.2%
Value Add Potatoes	5.6%	-1.2%	\$1.17	5.6%	\$1.00	0.4%	17.5%	11.3%	-0.4%
TOTAL	19.5%	0.1%	\$2.14	1.6%	\$2.31	1.5%	-7.6%	100.0%	0.0%

○ = promo prices can be higher than non-promo prices at the subcategory level when promotions are rare or infrequent. If one or two of the more expensive items in the subcategory are the only items that ever go on promotion, then the average promoted price will appear higher than the average non-promoted price at the aggregated subcategory level

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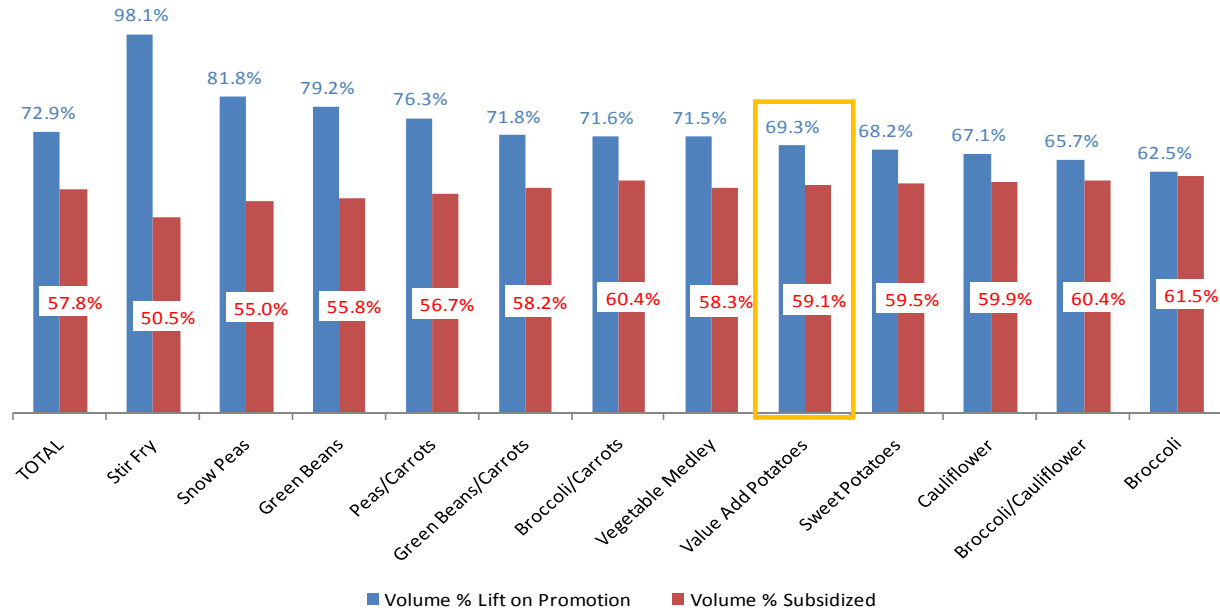
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Steamable Bag Promotional Performance by Subcategory (Cont.)

- ◆ On average the steamable bag category generated 72.9% volume lift on promotions
- ◆ Stir Fry products reported the highest percent volume lift in the category, 98.1 percent
- ◆ Although they only sell 5.6% of volume on promotion value add potatoes generate 69.3% lift on promotion

Volume % Lift on Promotion vs. Volume % Subsidized: Steamable Bag by Subcategory



Volume % Lift on Promotion - measures how effective promotions are or how much a category/brand/item sells above what is expected

Volume % Subsidized - measures % of sales sold during promo weeks that would have sold regardless of any event/promotion

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Microwaveable "Steamable" Potato Review

Steamable Vegetable Performance by Brand

- ◆ All top three steamable vegetable brands play in more traditional steamable subcategories (green beans, vegetable medley, broccoli)
 - ◆ Brand A earned 26.2% of total steamable super-category dollars
 - ◆ Brand B = 16.8%
 - ◆ Brand C = 16.4%
- ◆ Key convenience potato brands also fell into the top twenty five
 - ◆ Brand F = 4.1%
 - ◆ Brand O = 0.7%
 - ◆ Brand R = 0.4%
 - ◆ Brand X = 0.3%

Top 25 Brands in Steamable Vegetable Super-Category

Brand	Dollar Share of Super-Category	Dollars	Dollars % Change vs YAGO	Dollars per d Store/Week	Dollars per d Store/Week % Change vs YAGO	Average Retail	Average Retail % Change vs YAGO	% ACV Selling	% ACV Selling Change vs YAGO
A	26.2%	\$53,512,168	2.9%	\$138	5.9%	\$2.74	-0.4%	67.3%	-1.8%
B	16.8%	\$34,333,507	15.6%	\$212	10.3%	\$2.30	4.5%	25.3%	1.9%
C	16.4%	\$33,629,445	10.7%	\$120	1.6%	\$3.04	0.6%	49.1%	5.7%
D	14.9%	\$30,470,983	8.5%	\$101	11.8%	\$2.26	-7.1%	54.2%	-1.3%
E	4.3%	\$8,729,243	5.2%	\$56	-0.2%	\$3.47	4.0%	27.8%	1.9%
F	4.1%	\$8,472,023	3.2%	\$48	-0.7%	\$0.83	-1.9%	25.4%	0.6%
G	1.7%	\$3,386,963	13.0%	\$41	22.6%	\$1.68	2.1%	9.2%	-0.4%
H	1.5%	\$3,046,224	31.2%	\$44	20.6%	\$2.45	-1.3%	6.3%	0.5%
I	1.2%	\$2,416,900	-24.0%	\$29	-24.2%	\$1.05	10.0%	13.6%	0.2%
J	1.0%	\$2,091,013	5191.2%	\$58	30.6%	\$2.27	-9.1%	5.6%	5.5%
K	1.0%	\$2,084,118	-39.2%	\$29	-20.2%	\$2.54	7.4%	11.2%	-1.6%
L	1.0%	\$1,965,088	66.6%	\$118	50.5%	\$3.59	21.7%	2.9%	0.3%
M	0.9%	\$1,907,485	91.8%	\$35	20.9%	\$3.78	1.9%	11.1%	3.8%
N	0.8%	\$1,606,370	6.8%	\$46	-5.4%	\$2.57	0.9%	5.8%	0.6%
O	0.7%	\$1,390,262	10.7%	\$56	7.1%	\$0.94	3.1%	3.8%	0.3%
P	0.5%	\$1,105,928	-20.8%	\$15	-5.8%	\$2.44	-1.9%	11.7%	-1.7%
Q	0.4%	\$848,066	0.3%	\$197	-9.0%	\$6.91	7.7%	0.8%	0.1%
R	0.4%	\$841,385	-47.0%	\$11	-0.7%	\$2.29	9.0%	13.8%	-11.5%
S	0.4%	\$741,859	-44.3%	\$10	-2.6%	\$2.25	8.9%	13.9%	-10.2%
T	0.3%	\$695,708	20.3%	\$14	9.9%	\$3.11	2.2%	4.9%	0.6%
U	0.3%	\$687,040	-11.5%	\$31	-15.3%	\$4.28	9.9%	4.1%	1.0%
V	0.3%	\$655,983	16854.6%	\$47	87.4%	\$0.77	-74.3%	2.2%	2.2%
W	0.3%	\$589,199		\$36		\$2.92		3.0%	
X	0.3%	\$558,470	-61.9%	\$33	-31.0%	\$0.92	5.2%	2.1%	-1.9%
Y	0.3%	\$554,640	6.2%	\$39	-2.9%	\$4.25	-3.7%	2.4%	0.2%

Dollars per d-store/week is a velocity measure that calculates dollars earned only in those stores and weeks when/where the product had distribution. This measure is commonly used at brand or item level when examining total U.S. or market trends.

Source: FreshFacts® Powered by the Nielsen Company Latest 52 Weeks Ending 6/28/2008





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Microwaveable "Steamable" Potato Review

Steamable Potato Item Performance

- ◆ Value Add potatoes grew into a \$22 MM+ industry over past 52 weeks
- ◆ The size of this industry was attributed to success of the single-wrap microwaveable russets which captured the lion share of steamable potato dollars, 85.2%
- ◆ However, convenience trends indicate the same opportunity exists for smaller item groups looking forward

Value-Add Potato Subcategory by Item Group

Product	Share of Dollars	Share of Dollars Change vs. YAGO	Dollars	Dollars % Change vs. YAGO	Volume	Volume % Change vs. YAGO	Average Retail	Average Retail % Change vs. YAGO
Single Wrap Microwaveable Russet	85.2%	1.6%	\$19,254,319	4.5%	21,152,395	3.4%	\$0.91	1.1%
Prepared/Refrigerated Value-Add	10.1%	-4.9%	\$2,287,017	-31.0%	904,826	-39.8%	\$2.53	14.7%
Steamer Bag Value-Add	3.1%	3.1%	\$690,496	-	288,235	-	\$2.40	-
Other	1.6%	0.2%	\$360,332	20.4%	129,268	11.8%	\$2.79	7.7%
TOTAL	100.0%	0.0%	\$22,592,165	2.5%	22,474,723	1.8%	\$1.01	0.7%

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