

# Bread & Bakery Products

Coverage Report

“Market Intelligence for Industry Players”

Q4 2010



**Capstone Partners**  
Investment Banking Advisors

# Bread & Bakery Products

## Coverage Report



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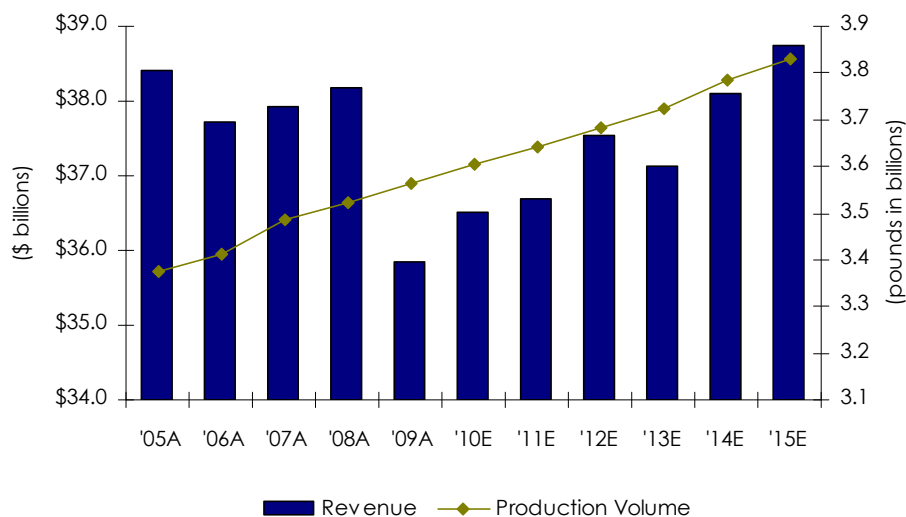
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### Market Overview

The bread and bakery products industry is comprised of companies engaged in the production and marketing of fresh and frozen breads and other bakery products such as bagels, rolls, buns, cookies, doughnuts, pies, flatbreads, pastries and cakes. Industry participants, which include both retail and commercial bakeries, acquire raw materials such as flour and starch and then process them into consumer food products. The products are then sold to supermarkets, convenience stores, foodservice providers and other retailers. Many bakeries also sell their products directly to the public.

Because the bread and bakery industry is characterized by staple products such as bread and cake, industry revenue volatility is minimal. According to *IBISWorld*, total industry revenue fell by an average of 1% annually from 2005 to 2010 and is estimated to total \$36.5 billion in 2010, an increase of 1.8% over the previous year. Despite growth challenges the industry has faced over the past decade (a result of trends such as the nationwide transition to low-carbohydrate diets), the industry is projected to grow 1.2% annually to reach \$38.7 billion by 2015, driven by niche growth opportunities such as the demand for whole-grain, organic and nutrient-enriched bread products.

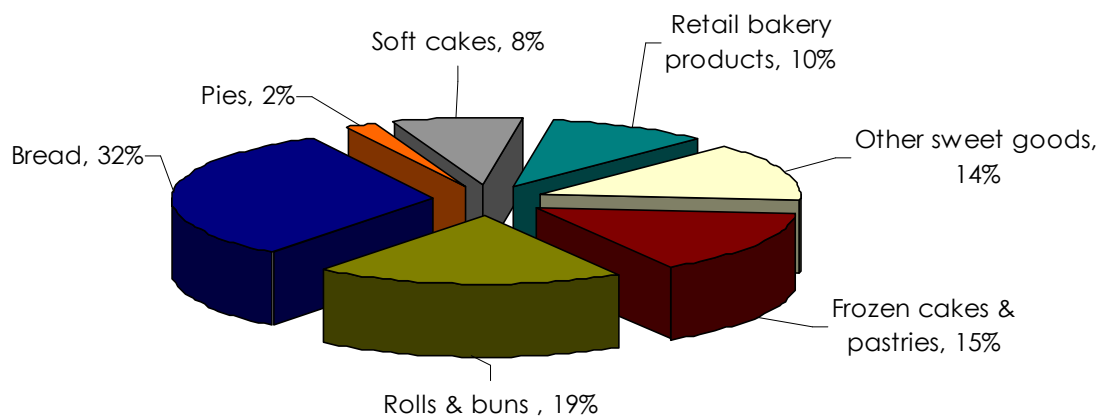
**Bread & Bakery Industry Revenue (2005-2015)**



Source: IBISWorld

### Product Segmentation

The bread & bakery industry is comprised of seven primary segments. Bread, as a staple product, constitutes the largest amount of revenue (32%), followed by rolls & buns (19%), frozen cakes (15%), other sweet goods (14%), retail products (10%), soft cakes (8%) and pies (2%).

**Products Segmentation (2010)**

Source: IBISWorld

**Bread & rolls** – The bread and rolls sector accounts for over half of total revenue. The sector includes all types of fresh and packaged bread such as French baguettes, sliced bread, croissants, pitas and bagels. As a staple product for all consumers, the bread and rolls segment is by far the most stable segment in the industry. However, the sector has experienced fluctuations in growth over the past five years, largely due to volatile commodity prices, changing dietary patterns and new product introductions that serve as potential substitutes. According to *Datamonitor*, the bread and rolls sector is expected to grow 1.1% annually through 2013 as the vast majority of Americans still purchase one form or another of bread products for everyday consumption.

**Frozen baked desserts** – Frozen baked desserts account for approximately 15% of industry revenue. This segment includes a wide variety of frozen baked goods and desserts such as cakes, pies, pastries, tarts and doughnuts. Demand is largely due to the convenience of transport and shelf-life of frozen products. The frozen baked desserts sector is characterized by high-margin products with embellishments such as toppings, fillings, fruit and meat that command premium prices.

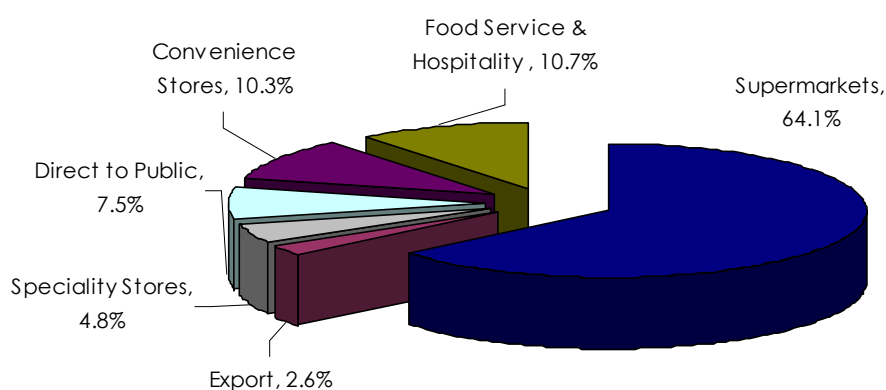
**Freshly baked desserts** – Freshly baked desserts comprise nearly one quarter of industry sales, consisting of products such as soft cakes, pastries, sweets and pies. Revenue in this segment has declined considerably over recent years due to lower disposable incomes, tightened consumer budgets and an increase in the number of health conscious consumers. Accordingly, this sector is fairly cyclical in the U.S., with regards to both seasonality and conditions with the overall economy. There is generally a spike in U.S. sales during the winter holiday season and a decline in demand in the spring and summer as Americans typically eat lighter during the warmer months of the year.



## Market Segmentation

Over the past two decades, smaller regionally-based bakeries have gradually been replaced by generalist grocers and retailers as purchasing outlets for baked goods. Supermarkets represent the largest distribution channel for bread and bakery products, accounting for 64.1% of industry revenue, followed by food-service & hospitality markets (10.7%), convenience stores (10.3%), direct sales to the public (7.5%), specialty stores such as specialty bakeries and coffee shops (4.8%) and exports (2.6%).

**Major Markets Segmentation (2010)**



Source: IBISWorld

## Industry Trends

The global bread and bakery products industry has experienced moderate growth in recent years despite challenges stemming from the economic recession, shifts in consumer diets and increased health awareness. Most notably, new dietary trends have largely contributed to changes in demand while volatile commodity prices have complicated the production process. Other trends include industry consolidation, competition from private label brands, increased global indulgence and the wave of in-store bakeries.

**Health & Dietary Trends** – Because of the high rate of obesity and an aging population in the U.S., consumers demand healthier options, even for traditionally indulgent items such as baked goods. The low/no carbohydrate diet trend originated with the Atkins diet in the late 1990s and continued throughout the 2000s. As the popularity of the Atkins diet dwindled due to sustainability issues, consumers moved from singular-focused low-carbohydrate diets to healthier overall eating habits. The effect of this trend within the bread and bakery production industry is twofold: 1) demand for standard bread products decreases as consumers lower their carbohydrate intake; and 2) the demand for organic, healthy and whole-wheat bread increases as consumers seek substitutes for carbohydrate-rich breads. Whole-wheat and organic breads, perceived as healthier and more natural (and hence, “better”) alternatives than their white bread counterparts, have experienced significant growth in recent years. According to the Organic Trade Association, U.S. sales of organic food products grew 18.4% annually from \$1 billion in 1990 to reach \$24.8 billion in 2009. Despite the growing demand for healthy food options, consumers still have a sweet tooth, and thus demand for desserts remains strong. Still, according to Mintel's 2007 *Cakes and Pies Report*, approximately 63% of people who eat cakes and/or pies would like to see healthier versions of those same baked goods on the market. Specifically, consumers are most interested in baked goods with low sugar, whole grain and zero grams trans fat per serving.

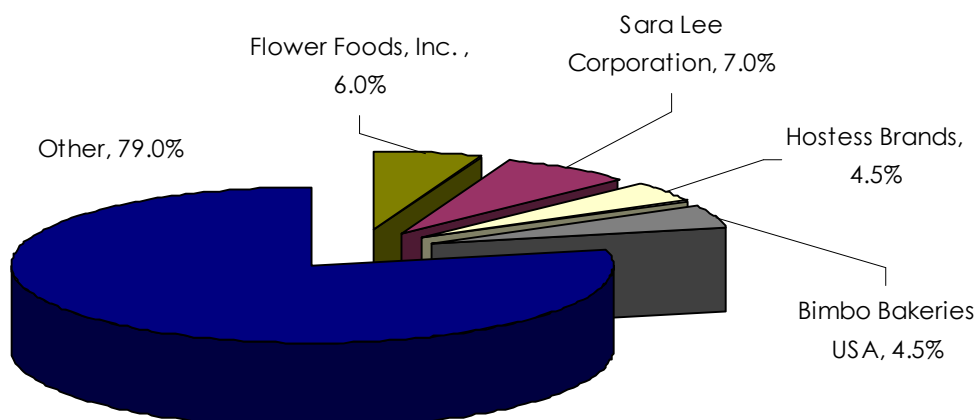
**Commodity Prices** – Between 2005 and 2008 the prices of flour and wheat in the U.S. increased at average annual rates of 22% and 29%, respectively, including a 35% spike in the price of flour in 2008. Such rapid changes in commodity pricing presented every industry participant with significant profit margin pressure. Many manufacturers shifted to grain-based bread production and emphasized the nutrition and dietary fiber benefits to address consumer health patterns. As a result, the grain farming industry experienced a 70% annual increase in revenue over the past few years.

**Private Label Competition** – Private label foods have increased in importance in the U.S. during the economic downturn as consumers look to cut spending on eating out, trade down from more expensive branded foods, and as manufacturers of private label products have improved quality and choice. Over the past five years, annual private label sales have increased by 34% to reach \$55.5 billion in supermarkets. According to the Information Resources, Inc., bread is one of the largest categories in private label, with sales of \$1.8 billion in 2009, up 3.8% from the previous year. The popularity of private label brands will continue to grow as a result of their strong value proposition and a continuation of frugal shopping patterns.

### Competitive Landscape

The U.S. bread and bakery industry is highly competitive due to the abundance of small- to medium-size producers that service a fragmented and diverse marketplace. The biggest threat facing potential new entrants is the well entrenched position of the industry's major players. These companies enjoy high brand and customer loyalty and have considerable resources to invest in advertising and promotions to protect and grow their market share. Moreover, the major players enjoy favorable contracts with key suppliers such as grocery stores and supermarkets that may be difficult for new entrants to secure. In the latter half of the decade however, the industry has experienced increased consolidated via M&A activity, exemplified by Flower Foods' 2008 acquisition of Florida-based ButterKrust Bakery which included Sunbeam, Country Hearth and Rich Harvest brands. The top four players account for approximately 21% of the industry, with Sara Lee Corporation as the largest player (7%), followed by Flower Foods, Inc. (6%), Hostess Brands (4.5%) and Bimbo Bakeries USA (4.5%).

**Major Industry Players (2010)**

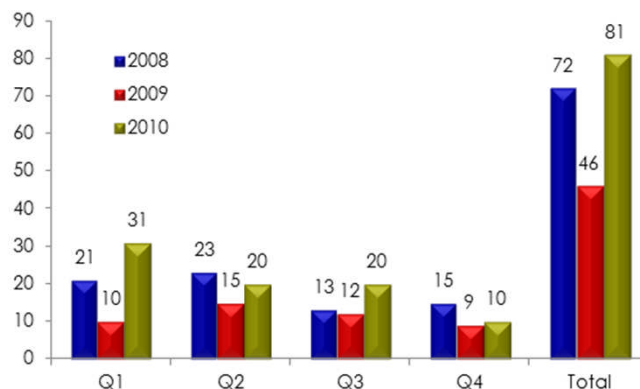


Source: IBISWorld

### M&A Activity

M&A activity in the bread and bakery products market has been consistently strong throughout 2008 and 2009 with an estimated 118 deals reported for the two years. There was a slight dip in activity in 2009 as companies were more focused on organic growth versus growing via acquisitions during the recessionary economic period. There is currently an elevated interest from both buyers and sellers in the industry, and M&A activity has picked up in 2010 with 81 announced transactions for the year. As the bread and bakery industry becomes more competitive, major players are seeking to capture market share via acquisitions.

### Bread & Bakery Transactions by Quarter



Source: Capital IQ, Capstone Research

- Based on announced date and includes M&A transactions in North America and Europe
- YTD = year-to-date through 12/31/2010

### Notable Transactions (by announced date)

Transactions in the space have been focused on increasing production efficiency, penetrating new geographic markets, increasing brand recognition, acquiring innovative product lines and achieving economies of scale.

**Grupo Bimbo acquires Sara Lee's North American Fresh Bakery Business (November 2010)** – Grupo Bimbo acquired Sara Lee's Fresh Bakery business for \$959 million. As a part of the transaction, Sara Lee will retain the right to sell Sara Lee branded frozen desserts and protein products. Grupo Bimbo will have the rights to the Sara Lee brand in the fresh baked goods category globally, with the exception of Western Europe, Australia and New Zealand. In addition to the national fresh bakery brand Sara Lee, the acquisition provides Grupo Bimbo with a collection of leading regional bakery brands, such as Grandma Sycamore's, Heiner's and Rainbo. The sale also includes 41 plants in the U.S. and approximately 4,800 bakery routes, as well as a small piece of foodservice bakery business, which is in the North American Foodservice business.

**Ralcorp Holdings, Inc. (NYSE:RAH) acquires Sepp's Gourmet Foods Ltd. (June 2010)** – Sepp's Gourmet Foods manufactures private label frozen waffles, pancakes, french toast sticks, french toast, microwavable grilled cheese sandwiches, fruit filled pancakes and flour tortillas and has annual net sales of approximately \$29.3 million. Sepp's will become a key part of Ralcorp's frozen bakery business and will enhance Ralcorp's frozen bakery product offerings. Ralcorp produces Post branded cereals, a variety of value brand and store brand foods sold under the individual labels of various grocery, mass merchandise and drugstore retailers, and frozen bakery products sold to in-store bakeries, restaurants and other foodservice customers.

**ConAgra Foods, Inc. (NYSE:CAG) acquires American Pie, LLC (June 2010)** – American Pie manufactures frozen fruit pies, thaw-and-serve pies, fruit cobblers and pie crusts under the licensed Marie Callender's and Claim Jumper trade names, as well as frozen dinners, pot pies and appetizers under the Claim Jumper trade name. The company's Marie Callender's business has achieved increased sales by 42% over the past five years. The acquisition of American Pie will give ConAgra the opportunity to expand its presence in the largest category within frozen retail desserts: frozen pies.

**Aryzta AG (ISE:YZA) acquires Fresh Start Bakeries, Inc. and Great Kitchens (June 2010)** – Aryzta, a Switzerland-based producer and distributor of bakery products, acquires Fresh Start Bakeries from FSB Global Holdings for \$900 million and Great Kitchens for \$180 million. Fresh Start Bakeries is a manufacturer of bakery and food products, and Great Kitchens is a manufacturer of frozen pizzas and appetizers. The acquisitions will expand Aryzta's geographical footprint into the North America region as well as enable ARYZTA to strengthen its business and gain greater access to a broader customer base within the expanding Quick Service Restaurant (QSR) and retail segments.

**Ralcorp Holdings, Inc. acquires North American Baking Ltd. and J.T. Bakeries, Inc. (May 2010)** – North American Baking Ltd., formerly known as PL Foods Ltd., is a leading manufacturer of premium private label specialty crackers in North America with annual net sales of approximately \$56.7 million. J.T. Bakeries Inc. is a leading manufacturer of high quality private label and co-branded gourmet crackers in North America with annual net sales of approximately \$38.5 million. These acquisitions are part of Ralcorp's growth strategy to expand the company's premium and gourmet cracker offerings.

**Sterling Foods, LLC acquires Caravan Trading Company (March 2010)** – Caravan is a family-owned and operated wholesale bakery that produces baked goods for the wholesale, military, food service and retail industries. The company had also expanded its production capacity to capture a bigger slice of the low-calorie baked-goods market. The acquisition expands Sterling Food's product offering of specialty bakery products.

**CSM Bakery Supplies North America acquires Best Brands Corporation (February 2010)** – Best Brands is one of the largest bakery manufacturers in the U.S. market and offers premium baked goods such as laminated dough, cakes, muffins, fillings and mixes as well as frozen products sold to in-store bakeries. The acquisition of Best Brands brings product depth to CSM Bakery.

**Shashi Foods, Inc. acquires MJ's Fine Foods, Inc. (January 2010)** – MJ's Fine Foods is a North American manufacturer of flatbreads under the trade names Margaret's Artisan Flatbreads and Santa Fe Flatbread. Shashi Foods engages in the grinding and blending of spices, herbs, seasoning blends and specialty flours. The company also offers rice and beans, oils, pickle pastes and chutneys and fruit powders. The acquisition will allow MJ's Fine Foods to introduce their customers to other quality products manufactured by Shashi Foods.

**David's Cookies, Inc. acquires Yorktown Bakery LLC (December 2009)** – Yorktown Bakery manufactures bakery products such as thaw-and-serve cinnamon rolls and Danish dessert. The purchase adds rolls and Danish desserts to David's line of gourmet desserts, which includes cookies, brownies, muffin batter, cookie dough, cheesecakes and tarts. The acquisition was also part of David's Cookies growth strategy to expand geographically via acquisitions.

**Campbell Soup Co. (NYSE:CPB) acquires Ecce Panis, Inc. (April 2009)** – Ecce Panis offers handcrafted, stone-baked artisan breads that are sold primarily through in-store bakeries of leading retailers and grocery chains across the U.S. The par-baked frozen breads and rolls are shipped to customers, where the baking process is finished within their in-store bakeries. The acquisition was part of Campbell's strategy to drive growth in core categories via acquisitions. Campbell believes artisan bread represents one of the fastest growing segments of the bakery category. Ecce Panis became part of Campbell's Pepperidge Farm bakery operations.

## Selected Bread &amp; Bakery M&amp;A Transactions

Date	Target	Acquiror	Target Business Description	Enterprise Value (mm)	EV / LTM		
					Revenue	EBITDA	
11/23/10	Bakery S.p.A.	CA Agro-Alimentare spa	Produces frozen par-baked breads and focaccias in Italy. It offers doraturas, pronto fronos, and proto bars.	--	--	--	
11/11/10	Boston Coffee Cake	Bake'n Joy Foods, Inc.	Premium coffee cake brand; Boston Coffee Cake is moving all of its manufacturing operations to the Bake'n Joy headquarters.	--	--	--	
11/9/10	Sara Lee, North American Fresh Bakery Business	Bimbo Bakeries USA, Inc.	Markets bakery products to retail stores through a direct-store-delivery system.	\$959.0	0.5x	8.9x	
11/1/10	ACE Bakery Limited	Weston Foods (Canada) Inc.	Engages in baking and selling handmade rustic bread and bakery products.	\$108.5	--	--	
6/25/10	Sepp's Gourmet Foods Ltd.	ARYZTA AG (ISE:YZA)	Manufactures frozen foods for retail, wholesale, institutional, and food service customers in Canada, the United States, Mexico and Asia.	--	--	--	
6/14/10	American Pie, LLC	ConAgra Foods, Inc. (NYSE:CAG)	Offers a range of frozen fruit pies, thaw and serve pies, cobblers and pie shells.	\$130.0	--	--	
6/7/10	Fresh Start Bakeries, Inc.	ARYZTA AG (ISE:YZA)	Engages in the manufacture and supply of bakery and food products to the food industry.	\$900.0	--	--	
5/31/10	North American Baking Ltd.	Ralcorp Holdings Inc. (NYSE:RAH)	Manufactures and markets crackers and biscuit products. The company is based in Georgetown, Canada.	--	--	--	
5/31/10	J. T. Bakeries Inc.	Ralcorp Holdings Inc. (NYSE:RAH)	Produces and sells gourmet baked goods in North America. It offers a range of private label and co-branded gourmet baked crackers.	--	--	--	
3/31/10	Caravan Trading Company	Sterling Foods, LLC	Produces bakery products for wholesale, food service, and retail trades.	--	--	--	
2/12/10	Pattco Inc.	Glencoe Capital, LLC; North Castle Partners, LLC	Engages in the production of breads. It also sells its products online. The company was founded in 1991 and is based in Saline, Michigan.	--	--	--	
2/4/10	Best Brands Corporation	CSM Bakery Supplies North America	Manufactures goods and services for the baking industry in the United States.	\$510.0	0.9x	8.5x	
1/14/10	MJ's Fine Foods Inc.	Shashi Foods Inc.	Manufactures and markets flatbreads.	--	--	--	
9/8/09	Stella D'oro Holdings, LLC	Lance, Inc. (nasdaqGS:LNCE)	Manufactures cookies, breakfast treats, breadsticks, as well as seasonal selections and other specialty baked goods.	\$23.9	--	--	
4/8/09	Organic Chef, USA	Fresh Harvest Products, Inc. (OTCBB:FRHV)	Produces and sells natural and organic food products.	--	--	--	
4/2/09	Ecce Panis, Inc.	Campbell Soup Co. (NYSE:CPB)	Offers various types of gourmet, specialty, and rolls and flat artisan breads.	\$66.0	--	--	
3/9/09	General Mills Bakeries & Foodservice Ltd., Frozen Dough Business	Pennant Foods, Inc.	Comprises of the frozen bread dough business.	\$55.8	--	--	
12/30/08	Sterling Foods, LLC	Austin Ventures; TGF Management Corp.	Engages in the development, production, and supply of specialty bakery products.	--	--	--	
12/19/08	Corona-Lotus, Inc.	Lotus Bakeries NV (ENXTBR:LOTB)	Produces bakery products.	--	--	--	
12/18/08	Tom Cat Bakery, Inc.	Merit Capital Partners; Ancor Capital Partners	Provides breads and sweet goods to restaurants, hotels, gourmet, and sandwich shops.	--	--	--	
12/10/08	Weston Foods, Inc.	Grupo Bimbo SA de CV (BMV:BIMBO A)	Produces and distributes fresh, frozen, and specialty bakery products in North America.	\$2,500.0	1.1x	9.8x	
12/4/08	Dover Industries Ltd.	Parrish & Heimbecker, Limited	Supplies flour, mixes, bases, and custom blends for bakery, biscuit, and foodservice industries.	\$124.4	0.5x	9.3x	
6/26/08	Southern Bakeries, Inc.	Flowers Foods, Inc. (NYSE:FLO)	Manufactures and distributes baked bread.	\$90.0	1.3x	--	
6/23/08	Holsum Bakery, Inc.	Flowers Foods, Inc. (NYSE:FLO)	Manufactures and supplies bread, buns, and rolls in the Southwest. The company was founded in 1881 in Phoenix, Arizona.	\$135.0	0.9x	--	
6/16/08	Gold Standard Baking, Inc.	Arbor Private Investment Company	Produces and supplies baked goods. Its customers include food service, restaurants and hotels, grocery chains, and convenience stores.	--	--	--	
1/15/08	Wolfeman's, Inc.	Harry & David Holdings, Inc.	Engages in baking specialty foods, including muffins, pastries, scones, tea breads, and crumpets, as well as toppings, desserts, tea, and coffee.	\$22.2	0.8x	--	
					<b>Mean</b>	<b>0.9x</b>	<b>9.1x</b>
					<b>Median</b>	<b>0.9x</b>	<b>9.1x</b>
					<b>Harmonic Mean</b>	<b>0.8x</b>	<b>9.1x</b>

LTM = last twelve months; EV = enterprise value

Source: Capstone Research, Capital IQ, company public filings and press releases

## Public Company Trading &amp; Operating Data

Company	Price 12/30/10	% 52 Wk High	Market Cap	Enterprise Value	LTM			1-Yr Rev Growth	EV / LTM	
					Revenue	EBITDA	Margin		Revenue	EBITDA
Canada Bread Company Ltd.	\$46.75	81.4%	\$ 1,188.3	\$ 1,092.7	\$1,622.4	\$ 166.8	10.3%	(5.3)%	0.7x	6.6x
Flowers Foods, Inc.	\$27.01	97.9%	2,465.3	2,605.6	2,577.5	290.4	11.3%	(2.6)%	1.0x	9.0x
General Mills Inc.	\$35.50	91.1%	22,571.3	29,295.9	14,879.1	3,086.5	20.7%	1.2%	2.0x	9.5x
Grupo Bimbo, S.A.B. de C.V.	\$8.40	93.8%	9,874.5	12,180.4	9,099.8	1,279.8	14.1%	7.4%	1.3x	9.5x
Ralcorp Holdings Inc.	\$65.11	93.2%	3,576.4	6,109.3	4,048.5	669.2	16.5%	4.0%	1.5x	9.1x
Sara Lee Corp.	\$17.52	98.9%	11,199.9	13,118.9	10,780.0	1,351.0	12.5%	1.0%	1.2x	9.7x
Tasty Baking Co.	\$6.26	79.2%	53.7	168.2	170.9	9.0	5.2%	(5.3)%	1.0x	18.8x

<b>Mean</b>	<b>13.0%</b>	<b>0.1%</b>	<b>1.2x</b>	<b>10.3x</b>
<b>Median</b>	<b>12.5%</b>	<b>1.0%</b>	<b>1.2x</b>	<b>9.5x</b>
<b>Harmonic Mean</b>	<b>11.0%</b>	<b>NA</b>	<b>1.1x</b>	<b>9.5x</b>

Source: Capital IQ as of December 30, 2010

## Public Company Profiles

**Canada Bread Company, Limited** (TSX:CBY) manufactures and distributes fresh bakery products, frozen par-baked products, and specialty fresh pasta and sauces in North America and the United Kingdom. The company's fresh bakery products include pantry breads, rolls, and artisan breads, as well as organics, prebiotics, and other premium nutrition products; and frozen bakery products include bagels, croissants, specialty breads, in-store bakery products and hand-held snacks. It offers its products under the brand names of Dempster's, Olafson's, McGavin's, POM, Bon Matin, Ben's, WholeGrains, Smart, Ancient Grains, NutriWise, Olivieri Foods and Wholesome Harvest. The company is based in Toronto, Canada.

**Flowers Foods, Inc.** (NYSE:FLO) operates in two segments: Direct-Store-Delivery (DSD) and Warehouse Delivery. The DSD segment produces fresh and frozen packaged bread, breakfast breads, whole grain bread, rolls, wheat buns, sandwich rounds, thin sliced bagels and tortillas. This segment markets its products under the brand names of Flowers, Nature's Own, Whitewheat, Cobblestone Mill, Blue Bird, ButterKrust, Mary Jane, Dandee, Evangeline Maid, Ideal, and Captain John Derst. The Warehouse Delivery segment produces snack cakes for sale to retail, vending, and co-pack customers, as well as frozen bread, rolls, and buns for sale to retail and foodservice customers. Flowers Foods, Inc. was founded in 1934 and is headquartered in Thomasville, Georgia.

**General Mills, Inc.** (NYSE:GIS) engages in the manufacture and marketing of branded consumer foods worldwide. The company also supplies branded and unbranded food products to the foodservice and commercial baking industries. Its product line comprises ready-to-eat cereals, refrigerated yogurt, ready-to-serve soup, dry dinners, shelf stable and frozen vegetables, refrigerated and frozen dough products, dessert and baking mixes, frozen pizza and pizza snacks, grains, fruit and savory snacks, and ice cream and frozen desserts, as well as various organic products, including soup, granola bars, and cereal. General Mills offers its products primarily through direct sales force. The company was founded in 1928 and is based in Minneapolis, Minnesota.

**Public Company Profiles (continued)**

**Grupo Bimbo, SA de CV** (BMV:BIMBO A), together with its subsidiaries, engages in the manufacture, distribution, and sale of bakery products and processed foods. Its product categories include breads, buns, cookies, cakes, pastries, snacks, sweet bread, muffins, candies, chocolates, bagels, packaged foods, tortillas, salted snacks, and confectionary goods. The company offers its products to retail, self service, wholesale, vending machine, institutional and school customers, as well as to convenience store channels. It operates in Mexico, the United States, central and south America, Europe, and China. The company was founded in 1945 and is based in Mexico City, Mexico.

**Ralcorp Holdings, Inc.** (NYSE:RAH) manufactures, distributes, and markets Post branded cereals and a range of store brand food products in the grocery, mass merchandise, drug and foodservice channels. Its Frozen Bakery Products segment produces frozen griddle products, such as pancakes, waffles and french toast, and frozen bread products, including breads, rolls and biscuits, as well as dessert products, such as frozen cookies, frozen cookie dough, muffins, Danishes and dry mixes for bakery foods. This segment also produces in-store bakery cookies under the Loffhouse and Parco brands and in-store bakery bread products under the Panne Provincio brand. Ralcorp Holdings serves retail chains, mass merchandisers, grocery wholesalers, warehouse club stores, drug stores, restaurant chains and foodservice distributors primarily in the United States. It sells its products through a broker network, internal sales staff, independent sales agency, a network of third party warehouses and independent truck lines. The company was founded in 1995 and is based in St. Louis, Missouri.

**Sara Lee Corporation** (NYSE:SLE) engages in the manufacture and marketing of a range of branded packaged meat products, fresh and frozen bakery products, roast and ground coffee, and tea products worldwide. Its packaged meat products include hot dogs and corn dogs, breakfast sausages and sandwiches, smoked and dinner sausages, premium deli and luncheon meats, bacon, and cooked ham. The company sells these products under Hillshire Farm, Ball Park, Jimmy Dean, Sara Lee, and State Fair brands. It offers fresh and frozen baked products, which comprise bread, buns, bagels, rolls, muffins, specialty bread, frozen pies, cakes, cheesecakes and other desserts under Sara Lee, Earth Grains and regional and local brand names. Sara Lee also provides roast, ground, and liquid coffee; cappuccinos; and lattes, as well as hot and iced teas under Douwe Egberts, Senseo, Maison du Cafe, Marcilla, Merrild and Pickwick brands. The company sells its products to mass retailers, supermarkets, mass merchandisers, distributors, restaurants, hospitals, warehouse clubs, national chains, and other institutions through direct sales force and outside brokers. Sara Lee Corporation was founded in 1939 and is based in Downers Grove, Illinois.

**Tasty Baking Company** (NasdaqGM:TSTY), together with its subsidiaries, manufactures, co-packages and sells sweet baked goods. The company offers single portion cakes, pies, donuts, snack bars, pretzels, brownies, honey buns, mini donuts and donut holes under the trademark, TASTYKAKE. It also offers sponge cakes under the JUNIORS and KRIMPETS trademarks, as well as chocolate enrobed cakes under the trademark, KANDY KAKES. In addition, the company produces a line of sugar-free single portion cakes and snack bars under the name TASTYKAKE Sensables. Tasty Baking Company sells its products principally through independent sales distributors to approximately 16,000 retail outlets primarily in Delaware, Maryland, New Jersey, New York, Ohio, Pennsylvania and Virginia, as well as through distributorships and grocery chains. It also sells its products through the tastykake.com program. Tasty Baking Company was founded in 1914 and is headquartered in Philadelphia, Pennsylvania.

## The Consumer Products Team



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John Ferrara, the founder and principal shareholder of Capstone, serves as the firm's President and Managing Partner. Over his extensive career in investment banking, venture capital and management consulting, John has executed over 100 related engagements representing in excess of \$6 billion in value. John was formerly a Regional Managing Partner with Andersen Corporate Finance, where he founded the Boston office and held various national and global leadership positions. He started his career in Lehman's Brothers' M&A group in New York, London and Riyadh, later becoming a founding member of Rodman & Renshaw's M&A practice in New York. He earned an MBA in Entrepreneurial Studies from The Anderson School at UCLA and the London School of Economics, during which time he founded and operated a corporate finance advisory boutique, JG Atlas Advisors, and its related investment arm, Atlantis Capital Partners. He holds dual BA degrees from Wesleyan University and is qualified as a General Securities Principal.



**Kevin Jolley**, Managing Director  
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Kevin has over 18 years of investment banking, syndicated bank loan and corporate finance experience. He leads Capstone's Consumer & Industrial Products practice and is a member of the Board of Directors. His transaction experience includes managing complex engagements for clients in a variety of industries including consumer products, industrial products, medical devices, biotechnology, business services, software, and distribution. Prior to joining Capstone, Kevin served as a Vice President in the Investment Banking Group at Adams Harkness. Kevin also served as an Associate in the Debt Capital Markets Group of FleetBoston Robertson Stephens, Inc. Before Fleet, Kevin was at Textron Inc. where he worked in the Strategic Planning, Internal Audit and Mergers & Acquisitions departments. He also has four years of finance experience with Oracle Corporation. Kevin received his B.A. from Brown University and his M.B.A. from the University of Pennsylvania's Wharton School. He is registered with FINRA and is qualified as a General Securities Representative.



**Jacob Voorhees**, Director and Principal  
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Jacob is a founding member of Capstone Partners and focuses on asset positioning, strategy articulation, due diligence and negotiations coordination. Formerly, Jacob was with Andersen Corporate Finance LLC, where he focused his efforts on the software and direct marketing industries. He started his career in New York City with Rabobank International, a multi-national Dutch investment bank headquartered in Utrecht, the Netherlands. While at Rabobank International, Jacob worked in the mergers and acquisitions group focusing on cross-border transactions in the consumer products, food and beverage industries. Jacob holds dual BS degrees from Cornell University and is qualified as a General Securities Representative.



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Sophea works closely with senior team members while executing a variety of corporate finance transactions. Prior to joining Capstone, Sophea was an analyst at FTN Midwest Securities, a full-service investment banking firm based in Cleveland. While working in their New York office, she focused on M&A advisory for middle-market companies in a variety of industries, including healthcare, pharmaceutical services and marketing & advertising. Her responsibilities included providing financial and valuation analysis, performing due diligence, and drafting all marketing materials related to a wide range of M&A transactions. Sophea holds a Bachelor of Arts in Economics from Columbia University.

**Capstone Partners LLC** is a leading national investment banking advisory firm dedicated to serving the transaction needs of middle market companies. The firm provides corporate sale & divestiture, merger & acquisition, private placement and valuation advisory services. Capstone focuses on the outsourced services, technology solutions, and manufacturing & distribution industries and maintains sector teams in both education and healthcare. The firm also maintains an active merchant banking capability through Capstone Ventures to co-invest in support of its clients' transactions.



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