



THE MARKET

Canada's snack food industry is booming. According to A. C. Nielsen, the snack food category — comprising potato chips, corn chips, tortilla chips, pretzels, and nuts and seeds — has surpassed more than \$1 billion in sales and counting. Potato chips account for 50 percent of the savory snack world, representing more than \$500 million in sales annually. As Canada's number one potato chip brand, Lay's® plays an integral role in category growth and performance by driving consumers to the snack food aisle.



In 1961, Lay's® potato chips arrived in Canada.

Lay's® Canadian business grew slowly at first, but in 1992, its merger with Hostess created a Canadian snack food icon. Ironically, at the time, Hostess® potato chips were actually a more popular brand.

The pivotal moment in the history of Lay's® was in 1996. At this time, The Hostess Frito-Lay Company decided to re-launch the Lay's® brand as its flagship potato chip.

In 1997, within eight weeks of the re-launch of Lay's® brand by The

Hostess Frito-Lay Company, Lay's® replaced Hostess® as the number one potato chip in Canada, and the rest is history!

Today, Lay's® are still Canadians' favourite potato chip brand.

ACHIEVEMENTS

The brand's focus on product quality and innovation has generated positive attention from consumers, industry and retail customers alike. Celebrating the brand's flavour innovation, the Lay's® Sea Salt & Pepper flavour was chosen by consumers for the 2005 Best New Product Awards. Appealing to regional and emerging consumer taste preferences, Lay's® continues to develop exciting flavours like Lay's® Roast Chicken, Lay's® Fries & Gravy, Lay's® Old Fashioned BBQ, Lay's® Wasabi and Lay's® Spicy Curry.

favourite potato chip brand is a story of entrepreneurial growth and constant innovation.

In 1932, Herman W. Lay started a small business in Nashville, Tennessee, distributing potato chips made by a company in Atlanta, Georgia. Six years later he bought the Atlanta potato chip maker to launch H. W. Lay & Company.

By 1942, H. W. Lay & Company was producing potato chips on a continuous potato chip machine, which enabled a huge surge in sales. Two years later, the company changed its product name to Lay's® Potato Chips and became one of the first snack food companies to advertise on television. It also became

known as a leader in innovation when it opened a research lab to develop new products.

HISTORY

Lay's® has a rich history as one of the first brands of Frito Lay Canada. The evolution of the brand from its humble beginnings in Nashville, Tennessee to its present day success as Canada's



THE PRODUCT

Lay's® is Canada's favourite potato chip brand and is proud to be made in Canada with four plant locations — Lévis, QC; Taber, AB; Cambridge, ON and Kentville, NS. Two of Lay's® plants recently reached an impressive milestone, each celebrating more than 50 years of service making Lay's® potato chips.

Lay's® top quality is known for being consistently fresh-tasting, crispy and irresistible. Each bag of Lay's® potato chips is made with specially selected potatoes and to the highest quality standards. Lay's® potato chips are made with 100 percent pure sunflower oil and are low in saturated fat and contain zero trans fat.

Available in many delicious flavours, sizes and formats to meet the wide range of consumer snacking needs, Lay's® potato chips offer one-of-a-kind, irresistible great taste.

The brand continues to build on its ongoing commitment to quality products with consumers. Lay's® brand freshness assurance program was launched in 1998 by printing two dates on every bag: "Made Week Of" and "Fresh Until."

Flavour innovation was a focus in 2000 and 2001 when the Lay's® Cheddar and Lay's® Hot BBQ were launched.

The Lay's® Tastes of Canada™ program kicked off in 2003. New flavours were introduced twice a year, each representing a different Canadian region

and its unique flavour profile. Tastes of Canada™ flavours include Lay's® Quebec City Four Cheese, Lay's® Wild Stampede BBQ, Lay's® P.E.I. Loaded Baked Potato, Lay's® Toronto College Street Pizza and Lay's® Cape Breton Sea Salt & Pepper. Canadians voted and today Lay's® Sea Salt & Pepper is a permanent Lay's® flavour.

In January 2004, the brand's innovation continued with the launch of Lay's® STAX™ — a great-tasting, stacked chip for on-the-go snacking.

RECENT DEVELOPMENTS

In 2005, Lay's® potato chips made the transition to 100 percent pure sunflower oil, reducing the saturated fat content by 60 percent while keeping the same great taste of Lay's® potato chips. As a result, all of Lay's® flavours are trans fat free and celebrate that Lay's® is made with three simple ingredients: specially selected potatoes, 100 percent pure sunflower oil and just the right amount of seasoning.

In 2006, Lay's® potato chips introduced Lay's® Lightly Salted. The new chips offer the irresistible taste of Lay's® Classic with 50 percent less sodium. Lay's® Lightly Salted joins Baked! Lay's®, and Lay's® Natural — all sensible choices for consumers looking for snacks that are lower in sodium and/or calories. Most importantly, these snacks do not compromise on taste.



Embracing Canada's multicultural diversity through product innovation, Lay's® brand launched its new Asian-Inspired Flavours, Lay's® Wasabi and Lay's® Spicy Curry, in Toronto and Vancouver in 2006. Designed to offer authentic flavours with strong crossover appeal, Lay's® Asian-Inspired flavours received positive reviews from Canadian consumers and media alike.

In 2006, the Lay's® brand adopted the tagline, "Get Your Smile On!™" to communicate the brand essence and reinforce the brand's light, crispy and irresistibly fresh taste.

PROMOTION

Lay's® advertising and promotional activity has evolved in recent years:

Hockey superstar Mark Messier was introduced as the celebrity spokesperson for Lay's® when the "BETCHA Can't Eat Just ONE®" campaign launched in 1996.

Two years later, that irresistible message evolved to include the new freshness claim. Freshness dating creates a competitive point of difference, which is reinforced through the "Viktor" and "Rookie" Canadian TV campaign and out-of-home activity.

Building on consumer excitement for the popular Star Wars franchise, in 1999, a cross-promotion, "Can You Resist?" features Lay's® potato chips.

During the 2001 Super Bowl, Lay's® unveiled the "Battle of the Sexes" and "Hockey Dads" TV spots with Mark Messier appearances. Building on this success, the 2002 Super Bowl was used to launch further Messier ads, "Hot Shot" and "How About" featuring the Lay's® Classic flavour.

Continuing the brand's link to Canada's favourite sport, in 2004 the "Be There to Cheer" World Cup of Hockey promotion featured Lay's® potato chips. Also on-air were the final three Messier TV spots highlighting the Lay's® Ketchup, Lay's® Dill Pickle and Lay's® Quebec City Four Cheese flavours.

To raise consumer awareness of the brand's switch to sunflower oil in 2004, Lay's® reached out to Canadians through radio and newspaper advertisements. This was extended to TV in 2005 with the "Jenny" Super Bowl spot, reinforcing the message that Lay's® are Canada's best tasting potato chips and they are made with 100 percent sunflower oil and contain zero trans fat.

"Get Your Smile On!™" TV and radio spots launched in early 2006 reinforced the idea that Lay's®, made with sunflower oil, are the best potato chips in Canada. This campaign extended into flavour messaging through the Super Bowl ads supporting the Lay's® Ketchup and Lay's® Dill, as well as Lay's® Wasabi and Lay's® Spicy Curry.

Lay's® is also proud to celebrate the relationships it has with promotional partners such as the Canadian Football League (CFL), the Toronto Maple Leafs, the Montreal Canadiens, Hockey Canada and the Hockey Hall of Fame — exciting partnerships that allow one-of-a-kind consumer promotions to come to life.

BRAND VALUES

To potato chip lovers, Lay's® is the brand of potato chips that lets you experience simple joy because of its light, crispy and irresistibly fresh taste. The essence of the brand can be captured in one statement, "Lay's® makes everyday moments a little more joyful." The Lay's® moment is a real moment, whether it's spending downtime with family,



watching the big game on TV or attending a sporting event with your kids.

The brand identity is characterized as "light-hearted, dependable and uncomplicated." These unique values represent the core elements of the Lay's® brand. A high quality product with fresh taste you can count on, Lay's® appeals to consumers of all ages and demographics.

THINGS YOU DIDN'T KNOW ABOUT LAYS®

- It takes about one kilogram of specially selected potatoes to make a bag of Lay's®.
- Lay's® classic potato chips are made from three simple ingredients: specially selected potatoes, sunflower oil and salt.
- Over 3,000 pounds of Lay's® potato chips can be made in one hour.