

KILWINS 2012 Spring Regional Meetings

May 1 – May 10, 2012



Spring 2012

Welcome



Welcome & Introductions

Agenda

Jeff Hall



Agenda Topics:

- Opening Remarks
- Brand Planning Calendar 2012
- New Product Assortments & Promotions
- Premium Ingredient Strategy & Pricing
- New Packaging Update
- My Kilwins Club
- Brand Style Guide Update
- Brand Planning Calendar 2013
- Exceptional Customer Experience Stories
- Sales Achievement Recognition
- Lunch



- Opening Remarks Steve Hooley
 - Statistics / Competition
 - Franchise Development Update
 - Kilwins Brand
 - Progressive Changes
 - New Item Introduction
 - Brand Planning

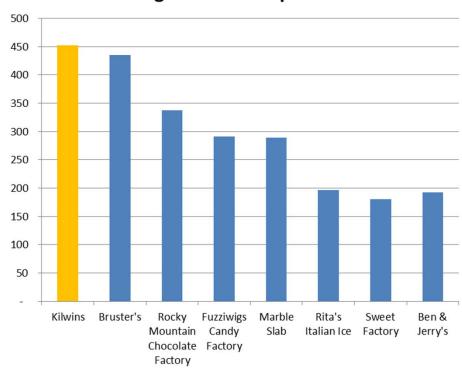


Competitive Sales Data

Average Store Sales

600,000 500,000 400,000 300,000 200,000 100,000 Kilwins Bruster's Rocky Fuzziwigs Marble Rita's Sweet Ben & Mountain Candy Slab Italian Ice Factory Jerry's Chocolate Factory Factory

Average Sales Per Square Foot

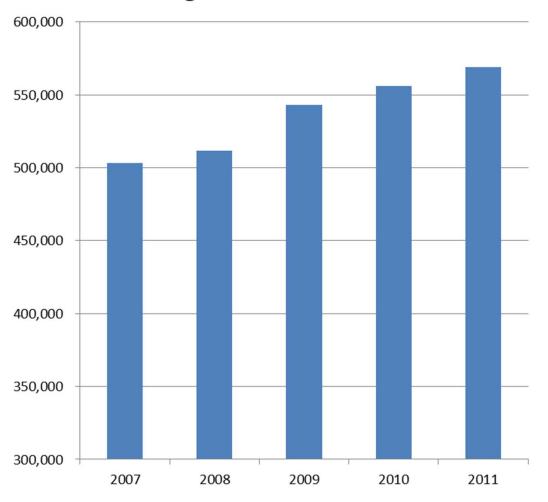


- Kilwins' system performance exceeds competitors both in terms of total average sales and average sales generated per store square foot.
- Kilwins' performance also exceeds each of these competitors when comparing sales generated versus average store investments required.
- Independent external data is from the 2010 Frandata Bank Credit Report



Kilwins Sales Trends

Average Kilwins Store Sales



- Kilwins average sales (for stores open > 1 full year) have increased from \$503k in 2007 to \$568k in 2011, a 13% total increase.
- Same store sales for 2012 are increasing more dramatically. Through the end of March, same store sales have increased 11.81%.



Franchise Development

Babylon, NY: John Murray (Opened April 14th)

Grand Rapids, MI: Julie and Tim Calderone (May 11th)

Portsmouth, NH: Janette Desmond (Aug 2012)

Beavercreek, OH: Delmar Mahlerwein &

Terry Hoggat (Aug 2012)

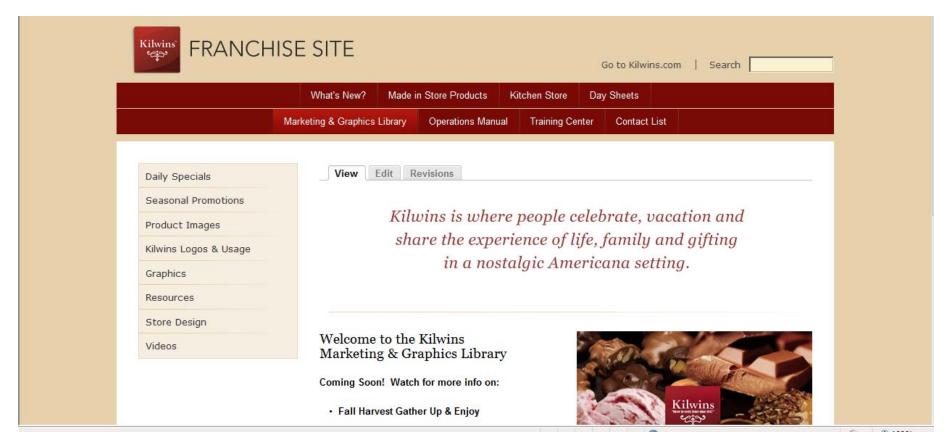
Madison, WI: Nick Pastermack & Curtis Diller (July 2012)

Hyde Park, IL: Jackie Jackson and Kenneth Faulkner (Q4)

Lake Worth Beach, FL: Raffy Ibrahim & Maria Matias (Q4)



Marketing and Graphics Library





Gettysburg

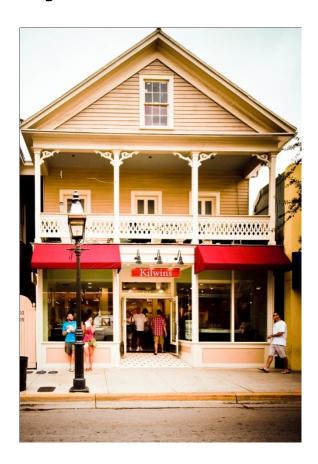




Before After



Key West, Florida





Graphics and Display



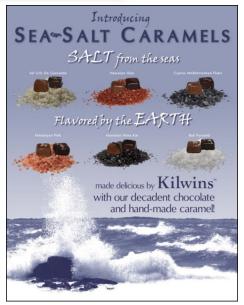








Promotional Collateral, Packaging, New Items

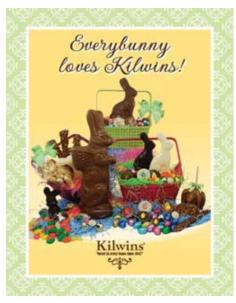














New Item Introductions

Sea-Salt Caramels

- Dark Sea-Salt Caramels: 11,472 Units
- Milk Sea-Salt Caramels: 12,264 Units
- Sea-Salt Caramels Asst: 12,840 Units

-36,576 Units!



"Sweet in every Sense since 1947"



New Item Introductions

LE Salted Caramel Ice Cream

January: 24 Tubs

February: 309 Tubs

• March: 581 Tubs

• April: <u>817 Tubs</u>

1731 Tubs



Already 11th Most Popular Flavor!



New Item Introductions

- Kilwins Salt Water Taffy Chews
- Truffle Refresh
- LE Ice Cream Flavors
- Fall Apple Promotion
- Nutcracker Christmas
- Proprietary Cone Mix
- Proprietary Cream Powder



Kilwins Brand Planning

Brand Planning Calendar



Providing Innovation and Promotion of the Brand and Our System



Kilwins Brand Planning















"Sweet in every Sense since 1947"



- Brand Planning Calendar
 - Packaging Update
 - My Kilwins Club

Jeff Hall Ron Brunette





Promotions and Product Assortments

"Sweet in every Sense since 1947"



Build Awareness To Brand

Grow Store Sales and Profitability

 Connect & Build Relationships With Customers

Build a Cadence For Seasonal Promotions



Calendar Activation Model

- Seasons
- Holidays
- Events
 - New Product Introduction
 - Re-Invigoration of Lines



2012–2013 Brand Planning Calendar				
Seasons 2012	Occasion/Event	Theme	Product	MIS Product
Spring	Valentine's Day	Heart Box and Wrapped Assortments	Case Chocolates	Various
	Easter	"Everybunny Loves Kilwins"	Bunnies	Various
	Mother's Day	"Wrapped and Ready"	10oz Truffle Assortment	Strawberries
Summer	Americana/Summer Fun	"Sweet & Salty Summer"	Sea-Salt Caramels, Salted Caramel Ice Cream	Sea-Salt Caramel Fudge, Sea-Salt Caramel Apples
	Father's Day	"Perfect for Father's Day"	Brittles, Corns & Taffy	Various Brittles & Cor
Fall	Fall/Harvest/Halloween Thanksgiving	"The Perfect Apple" Promotion featuring 6 apples	Apples	Apples, Corns, Brittle
Winter	Holiday 2012	"A Nutcracker Christmas"	Chocolate Nutcrackers, Nutcracker Ice Cream	Nutcracker Sweets Nutcracker Fudge
Events 2012				
Spring	Limited Edition Ice Cream	Salted Caramel Ice Cream	Salted Caramel Ice Cream	N/A
Summer	Limited Edition Ice Cream	All-American Two-Berry Pie	Vanilla ice cream w/strawberry and blueberry verigate and pie	N/A
	Salt Water Taffy Re-Launch	Introducing Kilwins Salt Water Taffy	Salt Water Taffy	N/A
	Sea-Salt Caramel Fudge, Sea- Salt Caramel Apples	Tied to a "Salty Summer"	Sea-Salt Milk and Dark Tuttles	Sea-Salt Caramel Fudge, Sea-Salt Caramel Apples
Fall	Limited Edition Ice Cream	"The Perfect Apple"	"The Perfect Apple" Pie Ice Cream, Pumpkin Ice Cream	Caramel Apples Pumpkin Ice Cream Sundae
	Truffle Line Re-Invigoration	Kilwins Truffle Re-Invigoration	New Look and New Flavors	
			White-on-white & bottle packagi	ng
Winter	Salt Water Taffy re-Launch #2	All aspects of expanded program	14 flavors Salt Water taffy	N/A
	Savory Truffle Line	Kilwins Savory Truffles	Kilwins Savory Truffles	N/A
	Limited Edition Ice Cream	"A Nutcracker Christmas"	Nutoracker Ice Cream, Peppermint Ice Cream	N/A

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Kilwins Kilwins Original Salt Water Taffy Chews

Coming May 21st!



"Sweet in every Sense since 1947"



Kilwins Original Salt-Water Taffy Chews

The program will consist of three different scheduled launches. They include:

May 2012

- Replacement of Sweets with Kilwins exclusive product
- The addition of custom labels to front and back of current bags
- The availability of two custom collections: "Classic" and "Sea-Shore"
- The availability of POP at no additional cost with minimum purchase

November 2012

All of the above, and additionally:

- Custom Kilwins logo'd taffy wrap
- The availability of pre-packs of the two collections singly and in duo-packs
- Smaller single-flavor pre-packs
- Counter and rack cards with flavor information
- Additional POP at no additional cost with minimum purchase

Spring 2013

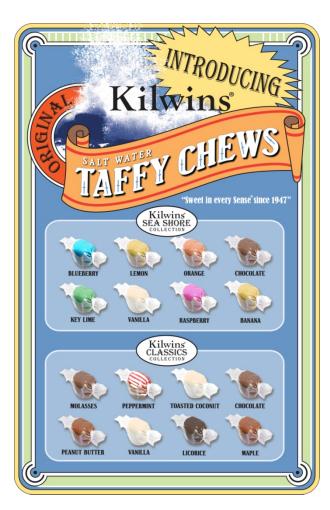
All of the above, and additionally:

- A choice of two fixtures for "scoop and sell" in single flavors and collections in-store
- A big launch of the category with collateral in store windows, from the ceiling and on the fixture



May 2012

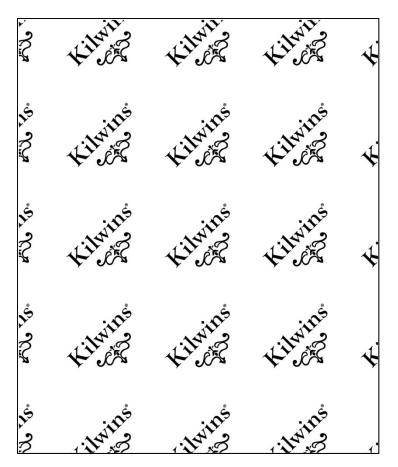




Custom labels

11 x 17 counter card







Custom taffy wrapper

"Sweet in every Sense since 1947"







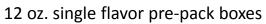


32 oz. custom collections boxes in pre-pack singles or duos











"Sweet in every Sense since 1947"







Rack cards with flavor information

"Sweet in every Sense since 1947"

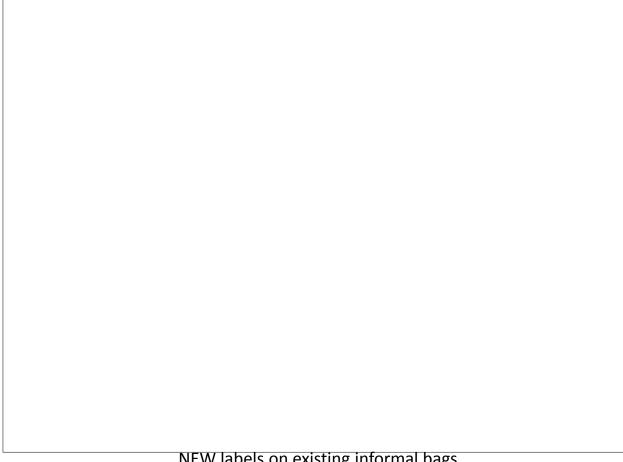


Spring 2013 Kilwins TAFFY CHEWS NEW "scoop and sell" fixtures

"Sweet in every Sense since 1947"



Spring 2013



NEW labels on existing informal bags for "scoop and sell"



LE Ice Creams: Salted Caramel

- The first LE Ice Cream for 2012 was the Salted Caramel Ice Cream, which was a big success
- It will be extended in June, and likely become a permanent in September
- When it is extended, stores will automatically receive black & white menu inserts



LE Salted Caramel Ice Cream



22 x 28 poster



28 x 22 poster



"Sweet in every Sense since 1947"



LE Ice Cream Flavors: All-American Two-Berry Pie

- The second LE Ice Cream for 2012 will be the All-American Two-Berry Pie Ice Cream
- The collateral will be received at no additional cost with a minimum order
- The kit consists of the same elements as the Salted Caramel kit, and the two kits work separately or together
- The LE Ice Cream will be introduced on 5/25, pre-Memorial Day



LE All-American
Two-Berry Pie Ice Cream



22 x 28 poster



28 x 22 poster



all-American Two-Berry Pie

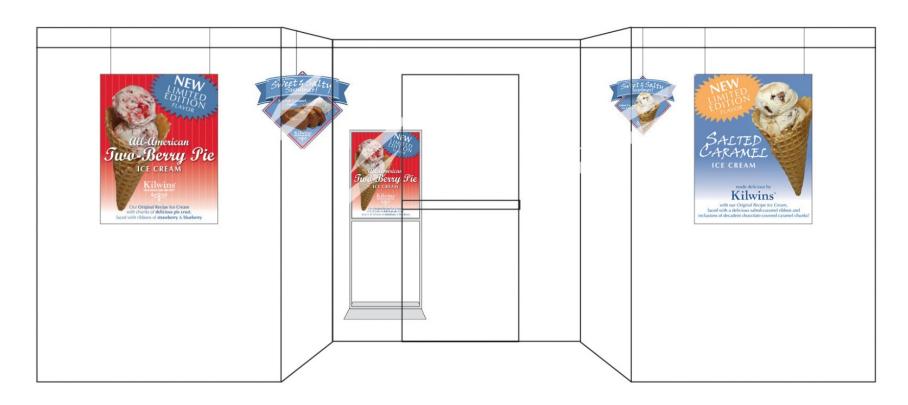
All-American Two-Berry Pie

Menu inserts

"Sweet in every Sense since 1947"



Storefront Presentation featuring LE Ice Creams

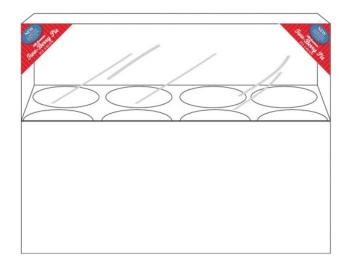


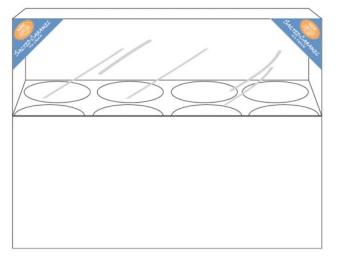


Dipping Cases featuring LE Ice Creams











LE Ice Creams: 2012 Calendar

- Q#1: Salted Caramel
- Q#2: All-American Two-Berry Pie
- Q#3: The Perfect Apple Pie
 Pumpkin
- Q#4: Nutcracker Sweets
 Peppermint



Father's Day 2012









Pop-off case tag

Customizable 11 x 17 counter cards

June 17th is Father's Day

Case-line strips

"Sweet in every Sense since 1947"



Sweet & Salty Summer

The promotion will run from 6/1 through 9/3, and will include:

- 2011 Sea-Salt Caramels
- LE Salted Caramel Ice Cream
- NEW Sea-Salt Pecan Tuttles (in a new blue filagree'd box)
- NEW MIS The Perfect Sea-Salt Apple
- NEW MIS Sea-Salt Chocolate Fudge



Sweet & Salty Summer

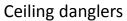














"Sweet in every Sense since 1947"



Sweet & Salty Summer

Salted Caramel

Sea-Salt Caramels

Sea-Salt Pecan Tuttles

Sea-Salt Caramel

Sea-Salt Caramel

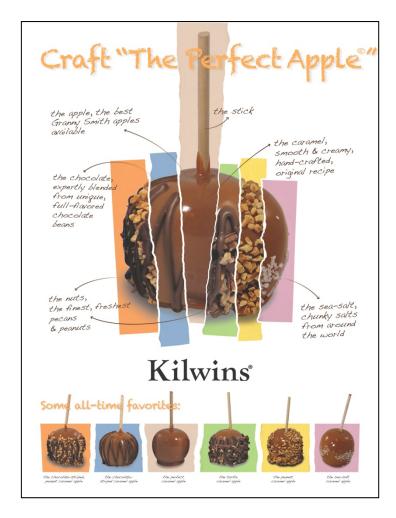
Sweet & Salty

Pop-off case tag

Menu Inserts



The Perfect Apple Fall 2012



"Sweet in every Sense since 1947"



Truffles Refresh

- The existing truffles line is undergoing a refresh with new and refined flavors, a new look, and new naming conventions
- The refresh will be launched 9/3
- Case-lines will reflect the change with focused case-line POP
- New packaging (embossed, white on white) will be used to brand the new line
- Product will have a flavor menu for customer reference
- A corresponding 2-piece box is being developed for wine bottles
- Stores will sell through existing truffles inventory with the goal of being completely converted by 11/1 or earlier



Truffles refresh





A Nutcracker Christmas Holiday 2012

We are buying the following gift items, for re-sale:

- Gift boxes of six 5" nutcracker ornaments can be sold as a 6-pack or separately
- A corresponding chocolate 3-pack of chocolate "ornaments", to be sold with a "bonus" ornament decorating the pack
- Gift boxes of single 10" nutcrackers, or nutcracker "duos" of chocolate and real nutcrackers
- 60", 48" and 24" classic nutcrackers will also be available for decoration and re-sale
- A molded 36" chocolate nutcracker will also be available

And also featuring:

- Our signature Nutcracker Sweets
- NEW MIS Nutcracker Sweets Fudge
- NEW LE Nutcracker Sweets Ice Cream
- Nutcracker-themed POP kit
- Tchaikovsky Nutcracker Sweet music
- Red holiday labels
- Classic black & white gift wrap with red ribbon



A Nutcracker Christmas – re-sale



5" nutcrackers (set of 6)



10" nutcrackers (set of 3)



A Nutcracker Christmas - decor



24" nutcrackers



48" nutcracker



60" nutcracker

"Sweet in every Sense since 1947"



Savory Truffles

- The new line will feature new packaging and flavor menu inserts for customer reference
- The collection will be sold in pre-packed 8 oz. boxes
- A corresponding 2-piece box is being developed for wine bottles



New Cone Mix

Introducing Kilwins New Proprietary Cone Mix

- Better Tasting
- Less Expensive
- 0 Trans Fats
- Custom Branded Bakers







New Cream Powder

Introducing Kilwins New Proprietary Cream Powder

- Ultra-Fine Sweet Cream Powder
- Dissolves More Rapidly
- No Clumping
- Formulated For Our Recipes





Premium Ingredients– Joe Audia



Kitchen Update

Premium Ingredient Items

- Provide value based pricing
- Delivered on schedule in our environmentally controlled trailers, and brought into your store
- Over time, as we grow, our intention will be to build purchasing leverage with economies of scale



Kitchen Update Premium Ingredient Item Pricing

Item Number	Description	Price	Freight	Total Delivered Cost
1998	CONE MIX KILWINS BG50#	\$37.50	\$21.50	\$59.00
2009	SUNDAE SPOON BEIGE CS1000	\$22.03	\$4.26	\$26.29
9027	GRANULATED SUGAR 50#	\$0.66	\$0.00	\$0.66
9028	CREAM POWDER 50# CASE	\$4.94	\$0.43	\$5.37
9029	FRODEX CORN SUGAR 42DE 50#BAG	\$0.56	\$0.43	\$0.99
9105	RAW MED PECAN PCS CS30#	\$7.13	\$0.62	\$7.75
9112	CREMA MILK CHOC 10#BAR/50#CS	\$2.52	\$0.62	\$3.14
9114	BURGUNDY DK CHOC 10#BAR/50#CS	\$2.57	\$0.62	\$3.19
9118	REAL WHITE CHOC 10#BAR/50#CS	\$2.69	\$0.62	\$3.31
9124	ORINOCO 25# CS	\$3.28	\$0.62	\$3.90
9014	EVAP MILK #10 CAN (97oz) CS6	\$8.02	\$3.11	\$11.14



Kitchen Update

Premium Ingredient Items

- 1) Pricing effective May 11, 2012
- Kilwin's Quality Confections will not be continuing the distribution fee discount program from 2011.
- 3) Kilwin's Quality Confections will be combining the four discounted freight items (sugar, butter, evaporated milk, and raw medium pecan pieces) into the new competitive pricing structure.
- 4) Pricing on commodity items will fluctuate with the market.



Menu Inserts & Branded Elements

- Ice cream menu and case-line tags
- Chocolate case branding element
- Fudge tags

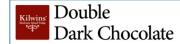


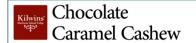
BUTTON LOGO

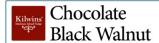


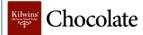


SMALL FUDGE TAGS



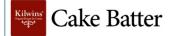




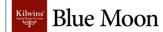


SMALL ICE CREAM TAGS









SMALL MUD TAGS











LARGE ICE CREAM TAGS

Chocolate Chip

Cappuccino Chocolate Chip

Chocolate

Cake Batter

LARGE
No Sugar Added
ICE CREAM TAGS

Chocolate Ripple

Apple Pie

Caramel Ripple

LARGE CHOCOLATE CAFE' TAGS

Coffee

Drinking Chocolate

Flavored Hot Chocolate

Hot Chocolate



LARGE SHAKES, FLOATS, SODA TAGS

Root Beer Float

Chocolate Milkshake

Sunrise Kooler

Chocolate Malt

LARGE SUNDAE TAGS

Our Signature Turtle Sundae

Rocky Road Sundae

Tin Roof Sundae

Dusty Miller Sundae

LARGE MUD TAGS

Charlevoix Mud

Cary Mud

Charleston Mud

Celebration Mud



FRANCHISE MAP





Packaging Program

We are on track with all of the re-design being completed by June 2012 and most of the packaging being in production or in store by September 2012. New items, currently flowing to stores include:

- Ice Cream Tubs
- Hard Chocolate Boxes (5)
- Gift Bags (3)
- Informal Bags (3)
 (These were changed to allow for logo visibility)
- Clear Cello Boxes (2)
- Clear Cello Bags (Various)
- Sea Foam Bags (Dark and Milk)
- Sea-Salt Pecan Tuttle Box
 (These will be in-store for the "Sweet & Salty Summer" promotion)
- Strawberry/MIS Boxes (2 sizes)
 (These will be in-store for the Summer season)
- Apple Boxes (2 sizes)
 (These will be in-store for "The Perfect Apple" Fall promotion)



Ice Cream Tub



"Sweet in every Sense since 1947"



Hard Chocolate Boxes



"Sweet in every Sense since 1947"



Gift Bags





Informal Bags





Clear Cello Boxes





Clear Cello Bags





Sea Foam Bags





Sea-Salt Pecan Tuttle Box





Strawberry/MIS Boxes





Apple Boxes





My Kilwins Club

- Brand Experience
- Promote "My Kilwins"
- Build the Customer Base
- Sign-up and Club Activation
 Currently @ 4,100 Members



- Store Reverse Royalty Program
 - Q1 Checks Mailed

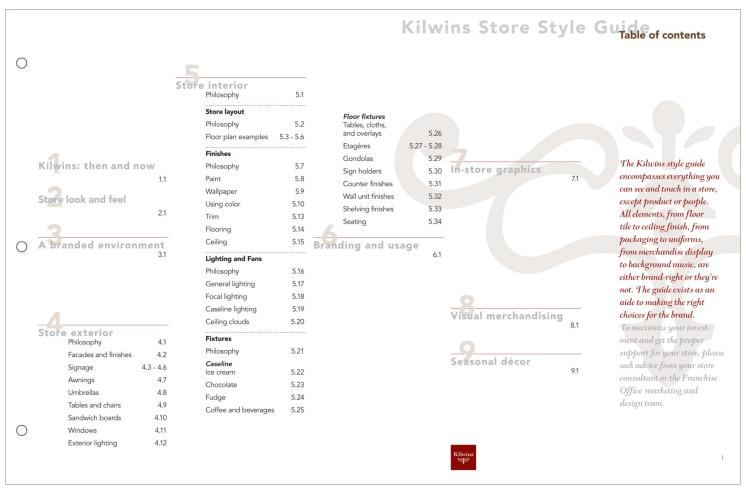


Style Guide Update

Ron Brunette



Style Guide





Style Guide





Style Guide





Brand Planning Calendar 2013

Ron Brunette



Brand Planning Calendar

	2012-2013 Brand Planning Calendar					
Seasons & Events 2013	Occasion/Event	Theme	Product	MIS		
Spring	Valentine's Day	Custom Heart Boxes, Chocolate Boxes	LE Truffles	Strawberries		
	Easter		Custom Chicks			
	LE Greek Frozen Yogurt					
	Mother's Day		LE Truffles			
	Major Launch Salt Water Taffy Bulk Fill in-store, etc.		Individual flavor boxes, bulk fill	N/A		
	St. Patrick's Day?					
Summer	Summer Fun					
	LE Summer Ice Cream	TBD				
	Father's Day	Tin of nuts?				
Fall	Fall/Harvest	Drinking Chocolate Line	Take-it-home & in-store DC			
	LE Fall Ice Creams	TBD				
	Halloween					
	Thanksgiving					
	Savory Truffle Promotion					
Winter	Holiday 2013	"Another Nutcracker Christmas"				
	LE Holiday Ice Creams	Grandfather Nutcracker				
		LE Ice Cream TBD				



Exceptional Customer Experience Quarterly Winners

- Brenda Lubkiewicz Huntersville, NC
- Jeffrey Summers Petoskey, MI.
- Trent Chavis Charleston, SC.
- Shannon Duckworth Holland, MI.



Sales Achievement Recognition

Franchise Renewals



Lunch / Conclusion