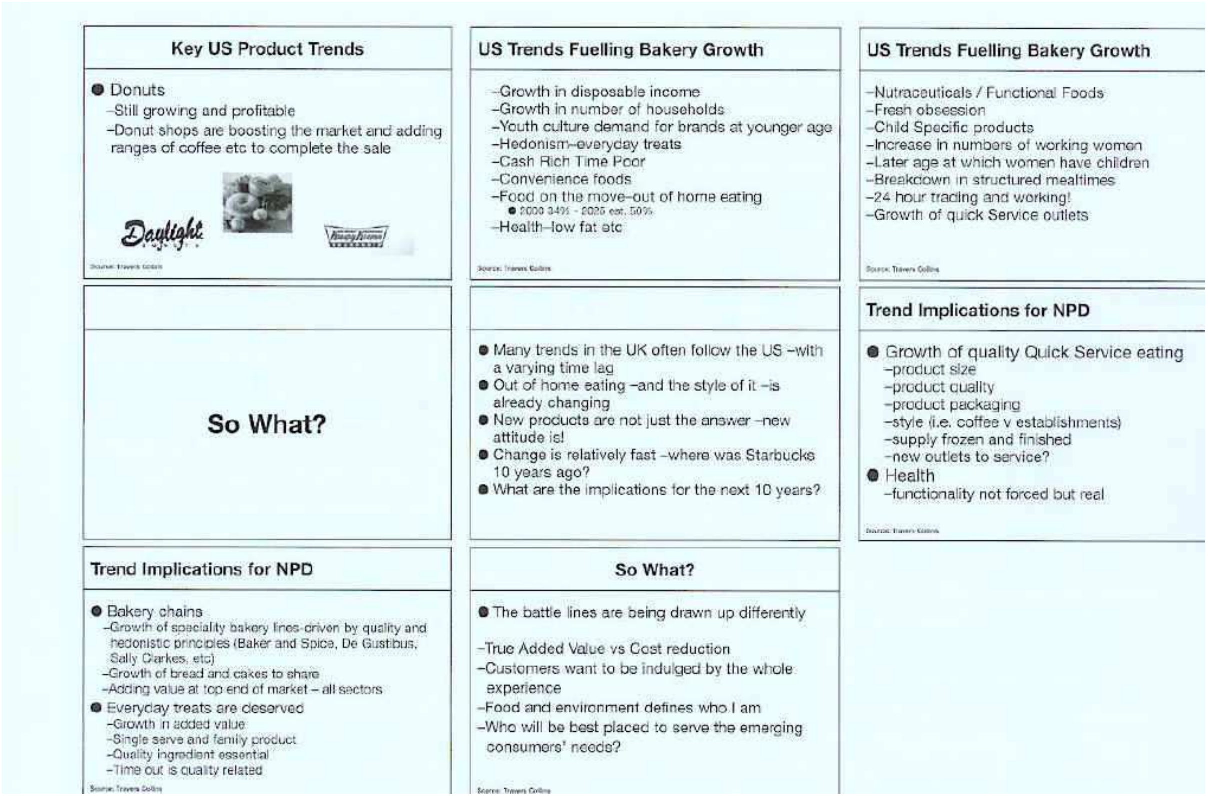

Question: Tony Barcroft, Newcastle How will the new retail concepts from the USA vary in the UK?

Answer - 1 think the concepts are excellent, the key difference in the UK will really come down to property and real estate. 1 know Krispy Kreme will probably have a challenge because their whole concept is about fresh, its about theatre, the size of the fryer there is probably bigger than most bakeries have in the UK in one store, which will present a challenge, but obviously that concept needs a certain footprint, size of footprint. Now if you wanted to open 20 units in London for example 1 think you'd be really challenged to make a business model work in that environment and 1 think probabl *.Y* the same goes for a lot of these in terms of, you know, they will need to rethink how that works in the business economics and the whole equation in the UK. The concept is a strong one and the product is very good, no question about that but it may just need rethinking and in rethinking you've just got to be careful you don't lose the essence of what made you successful in the first place. We can cite Dunkin Doughnuts and what happened here in the UK. There was nothing wrong with the original concept but once you start adding big logistical problems to it or big distances you start losing the hot fresh kind of theatre and feel of the product then you've really got a million miles away from where you were when you started. So I think the challenge will be to rethink some of those concepts into a format that will work in the UK.

Ouestion: Albert Wood

Have you done any work on lowfat doughnuts?

Answer - I can say we haven't as yet. 1 think the whole area of health is an interesting one and I recommend this as good reading to anybody, its Campden Chorleywood paper 162, 'Consumer Awareness Attitude towards Functional Foods'. I think doughnuts are of those which have really seen resurgence because it's comfort eating, especially in the US. It's like women and chocolate, when you're depressed you eat chocolate, well doughnuts is a little like that as well. I don't know if people want doughnuts to be healthy, that would be my question. They don't want... you want a low fat doughnut. Maybe, I don't know. I want to be indulged, I want a quality product. I don't want something that's dripping in fat and squashed in bottom of a bag. I want a product, I'm eating it as a treat, eating it as indulgence, if you in America you might eat two instead of four, something like Its very much consumer research and asking people what they The barriers to functional food in the UK, one is price and the other big one is the trustworthiness of claims because 1 think we are dealing with a much more educated public and a more skeptical public perhaps than we have elsewhere in the world. I think it's an interesting challenge and certainly with the ageing population it will present some challenges for our NPD.

Question: What opportunities in bakery are in neutraceuticalfoods?

Answer - 1 think it's something that should be explored. Again bakery is not really seen as a pharmaceutical type product and people would much rather eat healthy than take pills so 1 think its trying to create that balance of whether you can use bakery products to enrich them or as carriers for other things. That would certainly be the challenge and again that's some interesting marketing if you can bring brands in or cross brand products would be a good opportunity.

Question: Any experience with Internet auctions?

Answer - From a Dawn Foods point of view I think globally we've taken part in about three or four and none of them have been very pleasant experiences, for other suppliers have been involved. I would encourage us to think through what the long term implications are because in its rawest form its about lowest cost and lowest cost has to come from somewhere, which I think was the danger, it will always lead to a cheapening or cost reduction exercise with the product. Once you've done that it is very difficult to turn the clock back and say I wish we'd never done that, or I wish we'd dug our heels in, or I wish we'd walked away and I suppose there is always the big fear that somebody else is going to do it and do it cheaper than you, that's always going to be the case.

I think another point is that in many buying environments you've got people who move on in their careers very quickly so somebody can look a hero in their own lifetime but somebody's left to mop up the pieces three or four years later. Its just really one to watch and be aware of more than anything else.