

Recipe for Success

A FLEISCHER'S BAGELS PUBLICATION

SUMMER 2010

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FLEISCHER'S DELIVERS ON UNITED WAY CORPORATE CAMPAIGN

Our 2010 United Way Corporate Campaign was a huge success! Driven by the generosity of our dedicated staff, this year's effort raised nearly \$13,000 (including our corporate match). For that, we say thank you to everyone that participated!

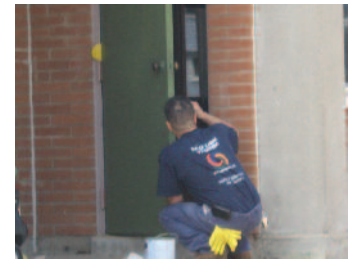
"Fleischer's Bagels set a great example of what it means to Live United. The commitment and leadership within the company were key factors in the success of their campaign. This was demonstrated by management and the generosity of the employees along with their enthusiasm to participate on the Day of Caring," stated Carol Pettis, United Way of Wayne County Regional Director.

This year, Fleischer's reached 128% of our financial goal and overall participation was up 4% from last year.

Carol also added, "Support from Fleischer's will go a long way in addressing our community's most pressing issues while helping hundreds of individuals and families in need throughout Wayne County."

UNITED WAY'S "DAY OF CARING"

The United Way celebrates the power of volunteerism with its annual Day of Caring, Wayne County's single



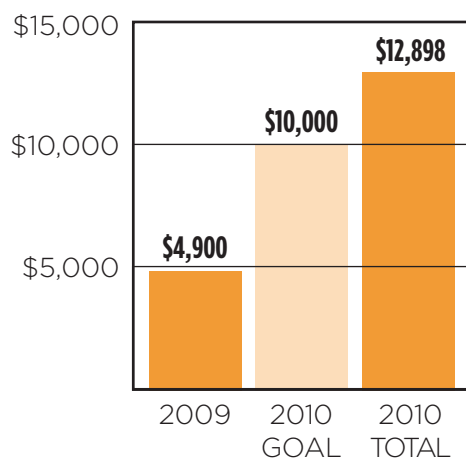
Orlando Rivera painting at St. Anne's Family Center

largest volunteer effort. This year Fleischer's donated significant financial and volunteer resources with approximately 20 employees registered to volunteer on May 19th. Two groups of employees were divided between the Sodus Nutrition site at the United Methodist Church and the St. Anne's Family Center in Palmyra.

At the United Methodist Church, Lucy Wilcox and Brian Smock served lunch and hung up shelves in the pantry. The group at St. Anne's completed a variety of odd jobs including window washing, painting, gardening and sorting Box Top coupons.

Fleischer's was also recognized at the Day of Caring's opening pep rally for providing bagels for breakfast, as well as our increased participation.

TOTAL CONTRIBUTION



FLEISCHER'S BAGELS, INC.



FLEISCHER'S BAGELS, INC.

r.a.c.e. to success

CORE VALUES

RELEVANCY

the need to continually reassess and redefine our value proposition.

ACCOUNTABILITY

embracing the notion that we are responsible on multiple levels to a variety of internal and external stakeholders.

CONTINUOUS IMPROVEMENT

the application of lean manufacturing principles throughout all facets of the organization fueled by an ongoing investment in employee training, development and growth.

ENGAGEMENT

an organizational commitment to maintaining open, respectful and mutually beneficial lines of communication with our customers, business partners, local communities and fellow employees.

A MESSAGE FROM ROB

“WHAT’S THE WORST THAT CAN HAPPEN?”

Over the past few weeks I’ve enjoyed reading transcripts from various college graduation speeches around the country. As I approach my 20th college reunion, I’ve been reflecting on key benchmarks in my life and what ultimately lead me to successful outcomes. One simple thing clearly stands out: the importance of continually setting personal and professional goals.

For me it started my freshman year of college, when a physician looked me square in the eye and told me lose to weight and begin exercising...or else. Fifty plus pounds and three marathons later, I was lucky enough to dodge the “or else” part. Although I’ve given a few pounds back over the years, it’s unlikely I would be writing this column today were it not for the confidence I developed back then from setting a lofty goal and working my butt off (literally) to achieve it.

Since then my responsibilities have grown to include running several businesses, managing people, becoming a husband and father and serving the community. Although I’ve experienced many failures along the way, goal setting has kept me focused on achieving the desired outcomes both personally and professionally. I encourage you to do the same as the satisfaction far exceeds the effort.

Twenty or so years ago my mother offered the following advice. “If you want something, just ask. What’s the worst thing that can happen?” I guess people can always say no, but in my experience they rarely do if you’re genuine in your request. And of course, a little bit of luck along the way always helps. You can’t create luck, but hard work and perseverance will help put you in a position to be lucky should the opportunity present itself.

Continually setting stretch goals, working hard and never being afraid to ask for help - sometimes the simplest advice you receive is the best. Because we all wear many hats in life, encouraging those around us to make similar commitments is part of our collective responsibility as parents, community members and business leaders. It’s been transformational for me, and watching the Fleischer’s organization embrace these same principles has been equally as gratifying.

Sincerely,

Robert J. Drago

President

rdrago@fleischersbagels.com



ABOUT THE UNITED WAY OF WAYNE COUNTY

United Way of Wayne County is a volunteer driven organization that makes Wayne County, New York a better place to live and work. Each fall and spring, the United Way of Wayne County organizes a campaign to raise funds to support 24 different programs. All organizations funded by United Way are locally run and help the residents of Wayne County enhance their overall quality of life.



Lucy Wilcox, Brian Smock and Kim Kulp at United Way's Day of Caring Pep Rally

NEW TO OUR HEALTH & WELLNESS PRODUCT LINE



100 CALORIE MINIS

Fleischer's is pleased to announce the launch of our new 100 calorie mini bagels in two delicious varieties:

- 1.75 oz Plain
- 1.75 oz 10 Grain

Health and wellness options are driving category growth, and Fleischer's is dedicated to providing our partners with innovative new solutions more in sync with today's healthy lifestyles.

Fleischer's 100 calorie minis are offered in our innovative new "penny pack" packaging. To maximize freshness, each 17.5 oz bag features two individually wrapped 5-packs of great tasting bagels. Compared to our competitor's randomly packed minis, our "penny packs" are designed to optimize retail shelf space while offering maximum visibility to the consumer.

Branded and private label options are available. To obtain additional information or samples, please contact a member of our sales team or submit an online request at fleischersbagels.com.

Robert Pim, Vice President of Sales & Marketing
716.634.1034/rpim@fleischersbagels.com

Mike Rosensteel, National Sales Manager
936.321.3083/mrosensteel@fleischersbagels.com



Fleischer's Bagels, Inc. is pleased to announce its recertification as a **SQF2000 Level 3 facility**. For the second year in a row, the company received an "Excellent" rating (the highest facility rating possible).

"Many companies have yet to achieve SQF certification at any level," notes company president Robert Drago, "so we are extremely pleased that our team has achieved the highest rating possible two years running."

As part of Fleischer's continued commitment to quality and food safety, a cross functional team is developing a new "Quality Cell" initiative that will drive even more aggressive quality and sanitation processes throughout the bakery. To help facilitate this, and further enhance product recall capabilities, Fleischer's will be implementing a variety of wireless data collection technologies throughout its facility in late 2010.

PLANNING FOR 2011

Written by Bob Pim, VP of Sales & Marketing

As we begin to develop our sales and marketing plans for 2011, Fleischer's goal is to become our customer's sole bagel solution provider or single solution.

A single solution program features an all private brand product assortment in the retail dairy or frozen section of the store. One of our long time customers has already made the switch to carrying only their brand of bagels and their business is up double digits over the prior year.

A single source solution offers four advantages, including:

- Higher overall category margins
- Less duplication in support of retail SKU rationalization initiatives
- Our innovative new products that will drive overall category growth
- Merchandising plans by department using the latest retail scan and market trend data

Fleischer's is the ideal single source solution provider because of our commitment to three critical elements:

1. **Focus on Food Safety** - Our facility in Macedon, NY is SQF2000 Level 3 Certified and has an AIB Superior Rating.
2. **New Product Development** - Bringing new innovations to the category that are not being delivered by the national brands. Over the last year we have launched the following categories of products:
 - Affordable Indulgences:
 - Chocolate Cherry
 - Lemon Poppyseed
 - French Toast
 - Health and Wellness Offerings:
 - 100 Calorie – Plain and 10 grain

- Bagels rich in Omega 3s
- NutriFusion – delivers Vitamin A & D

Fleischer's new product development process relies heavily on collaborations with customers, brokers and suppliers. This past February, we conducted our first innovation session with one of our broker partners. This was so successful that we're already planning additional sessions in conjunction with our wholly-owned subsidiary, Tom Cat Bakery. Innovation is an ongoing process and we will continue to bring our customers new category growth solutions.

3. Data Driven Category Management -

Fleischer's is committed to providing customers with accurate market trend data to drive product selection and promotional decisions. By working with our broker partners, we present category information to our customers that are both relevant and will help grow their business. Fleischer's ensures that the correct amount of valuable shelf space is devoted to bagels and it is in the right place to drive sales.

By combining these three elements we can be our customer's single solution for bagels. In initial meetings with new customers, we have received a positive response to this idea and currently have active projects with new and long time customers.

On behalf of the sales and marketing department, I want to thank our entire team for a great first half of the year. Despite the challenging economic environment, I believe Fleischer's is well positioned to finish out a successful 2010 and with solid future growth opportunities. By combining high quality products, food safety, product innovation and decision support tools, our goal is to become a trusted long-term business partner to all our customers.

THINGS
WE
SHOULD
DOUGH

We want to know what you think will make Fleischer's a better place to work.

Please drop your ideas into the Suggestion Box in the employee break room.

SALT REDUCTION

Written by Eric Kestenblatt, Senior Director of R&D

The FDA is being called on to set national standards for salt added to processed foods in an effort to reduce Americans' consumption of sodium. Salt has been associated with increased risk for hypertension, heart disease, and stroke. Dietary guidelines suggest that adults limit their daily salt intake to 2,300 milligrams (about 1 teaspoon). Salt is essential for the body in small amounts and helps maintain the correct balance of fluids within your body. It also assists in transmitting nerve impulses and influences the contraction and relaxation of muscles.

Salt, which is 39.35% sodium, is an important ingredient in nearly every baked product, including our bagels. A typical 3 oz bagel contains between 400 to 450 milligrams of sodium. Salt influences gluten development, controls fermentation, and impacts the flavor. Without salt, the dough will over mix and tend to rise faster than the gluten can expand. Finished product will be flat, low in volume, and pale in color.

As we continue to develop our health and wellness products, reducing or replacing salt is an initiative we are investigating. Our process was built for a formulation with a particular salt level. Therefore, we must use a salt level or salt replacer that will work in our process, but won't negatively impact the flavor.

Since this challenge is quite similar for many bakers, ingredient suppliers are now offering several alternatives to salt. Fleischer's Bagels is planning on testing many of these alternatives. Current studies of reduced sodium breads have shown that the consumer will not tolerate a change in taste, color or texture. These products, when test marketed, resulted in lost sales.

Fleischer's is committed to working with our customers and suppliers to identify great tasting, reduced sodium bagel options. Although this is a complex issue, we were successful in achieving this goal with our new 100 calorie mini bagels and remain confident that similar success will be achieved on sodium reduction.

CONGRATULATIONS TO MIKE O'HORA!

20 YEARS OF DEDICATED SERVICE

Mike started working for the company while attending Brighton High School. Back then, Fleischer's was a small retail operation known as New York City Bagel Company. In the summer of 1990, Mike got a call from his old friend, Eric Kestenblatt, who asked if he was interested in working the newly created night shift at Fleischer's Bagels. At that time, Mike was in college and the job offer fit well into his schedule. He started out as the packing supervisor and then

quickly became shift manager...and the rest is history. Congratulations and thank you for all your hard work!



CHECK OUT
OUR REDESIGNED
WEBSITE FOR
NEWS UPDATES
AND NEW
PRODUCT INFO.

FLEISCHERSBAGELS.COM



To manufacture premium quality bakery products in a manner that promotes the well-being of our customers and employees while enhancing the sustainability of the communities we serve.

Special Ceremony Honors Kestenblatt Family Milestones

On Wednesday June 2nd, Fleischer's Bagels celebrated two milestones, the retirement of Richie Kestenblatt and Eric Kestenblatt's 25 years of service.

Eric started with the company in 1984 when Fleischer's Bagels was New York City Bagel, a retail bagel shop in Brighton, NY. He started out operating the slicer, cutting dough to put into the divider and served customers at the front counter. Over time, he learned the ins and outs of the business and when the bakery became Fleischer's Bagels, Eric supervised the second shift. Managing the later shift worked well for Eric, as it allowed him to take business classes at Monroe Community College during the day. In 1990, a third shift was added and Eric was promoted to Plant Manager, a responsibility that included managing the day shift. For almost 20 years, Eric led Fleischer's daily operations and transformed the business into a full-scale commercial bakery. This past January, he was promoted to Senior Director of Planning &

Development and is now responsible for driving Fleischer's lean manufacturing, new product development and management training initiatives. We thank him for his hard work and service over the past 25 years!

After 14 years of service as Manager of Scheduling and Purchasing, Richie Kestenblatt retired earlier this year. Well over a decade ago, his son Eric recommended he join the Fleischer's team, enhancing the strong family-base our company was built on. Over the years, Richie helped grow Fleischer's into the company it is today. We wish him joy, health and happiness in his well earned retirement.



Eric, his wife Heidi and their four children



Richie holding up his retirement gift

Meet Joe Mistretta, Controller

Joe Mistretta has been a part of the Fleischer's family since June of 2009. Joe arrived at Fleischer's by virtue of his friendship and previous working relationship with our CFO, Keith Bleier. Keith and Joe met while working at Montana Mills, a local bread bakery that flourished in Rochester until 2004. After Montana Mills, Joe and Keith split up for a short time, but re-joined at First Flight, an aviation company in Elmira, NY. For about two years, Joe commuted weekly between Rochester and Elmira. When Keith told Joe about the position at Fleischer's, it was a welcome change that enabled him to spend more time with his family.

While working at Montana Mills, Joe also met

someone else, his wife, Heather. Married for five years now (they celebrated their anniversary on May 21st), the couple welcomed their first son, Joey, this past September. Joe and Heather also have a daughter, Hayley, who is 13-years-old and is a 7th grader at West Irondequoit Junior High.

A Rochester native, Joe grew up in the city and went to Bishop Kearny High School. After graduation, Joe attended SUNY Brockport and majored in accounting. Joe always knew he wanted to be an accountant because of the challenge associated with reconciling accounts, re-searching discrepancies and maintaining clean, accurate account balances right down to the penny. He also enjoys working in a manufacturing environment because it offers exposure to a

EMPLOYEE APPRECIATION DINNER PICTURE PAGE

GLENDOVEERS RESTAURANT, APRIL 30, 2010



Keith Bleier & his wife
Christine Bleier



Khammai Phommarath &
Manivanh Rasphong from
shift C



Mitch Ball, his wife Kimberly Ball,
Le Van Nguyen and Cam Ly



Rob Drago & Casey Behrendt



Rob Drago & Dave Bennett



Dwight Kreuter & Karidee Perry



Eric Kestenblatt picking the
next winner



variety of operational disciplines. It's more rewarding to see (and eat) the end results versus simply preparing financial statements and taxes.

Outside of work, Joe spends most of his time with his family. He has a twin brother and an older sister who still live in Rochester. His twin brother followed in their father's footsteps and be-

came a contractor. However, Joe did not inherit any of his family's carpentry genes. In fact, he is the comic relief of the family because of his lack of skill. To this day, his father and brother do not let him near any power tools.

His family owns a cabin and property in the southern tier of the state, near Swain Ski Resort. His father built the cabin in 1979 and spending time there has become a family tradition. Joe loves to hunt, fish and hike, and he actually took his daughter Hayley hunting for the first time this fall. He can't wait for Joey to be old enough to start, as he wants to carry on the family tradition and create lifelong memories with his kids.

HAPPY BIRTHDAY TO YOU!

July:

Jerry Pietrzyk 7/2
Scott Trujillo 7/4
Khiet Tran 7/8
Ryan O'Donnell 7/20
Harold Porey 7/20
Bill Mayes 7/22
Paul Simzer 7/28
Cam Ly 7/29
Van Gorton 7/29
Jeff Casella 7/30

August:

Manivanh Rasphong 8/3
Jeffrey Torella 8/4
Tammy Norman 8/4
Son-n Ho 8/8
Andy Fassl 8/13
Thomas Maier Jr. 8/17
Ngoc Tran 8/20
Chris Buda 8/21
Tammy Jo Anna Day 8/23
Jesus Vega 8/25
William Maslyn 8/27
Orlando Rivera 8/27
James Lutz 8/29
Kenny Haas 8/31
Michael Durfee 8/31
Eric Kestenblatt 8/31

September:

Jason Snyder 9/3
Brian Galbraith 9/3
Hector Figueroa 9/6
Christopher Earlandt 9/7
Karidee Perry 9/7
Michael Sutter 9/14
Lucy Wilcox 9/15
Kathy Cole 9/17
Wayne "Buc" Rogers 9/17
Phetsamay Phanthavongsa
9/18
Chad Illingsworth 9/29

CHANGE...

Written by Dwight Kreuter, HR Manager

The American Heritage Dictionary describes “change” as:

- a. To cause to be different...
- b. To give a completely different form or appearance to; transform...

Why is “change” important? Why should we all support efforts to “change”?

Change is what we do to support our efforts to be competitive in business. Without change and innovation, we as a company could become stagnant and out of touch with what our customers need. Change means looking for new ideas that benefit our business, our customers and all of our employees. This allows us to be relevant in what we have chosen to do.

Part of change can be having a “continuous improvement process” or CIP to drive the efforts that make change. Examples of CIP include: employee training, development and growth.

While many people may be resistant to change, there are advantages in understanding that change can help us. Ultimately, the goal of change is to improve the organization by altering how work is done. If we learn how to do our jobs better, then the quality of our products improves and we continue to grow our business. When you introduce a change, you are ultimately impacting one or more of the following parts of how the organization operates:

1. Processes
2. Systems
3. Organizational structure
4. Job roles

While there are numerous approaches and tools that can be used to improve the organization, all of them require adjustments to one or more of the four parts of the organization listed above. Change typically occurs as a reaction to specific problems or opportunities the organization is facing based on various internal or external factors. While the desire to become more competitive, closer to the customer or more efficient can be powerful motivations to change, at some point these goals must be transformed into the specific impacts on processes, systems, organizational structures or job roles.

For positive growth to occur each of us plays a role in accepting and embracing new ideas, which starts with the attitude... **Yes, we can!**

NEW HIRES

| | |
|------------------|----------------------|
| Thomas Maier Jr. | Ben Donaldson |
| Scott Sullivan | Mark Smith |
| Arthur Greening | Christopher Earlandt |
| Brian Salisbury | Ian Wolter |
| Donna Berg | Michael Sutter |

PROMOTIONS

- **George Harrison** was promoted to AEM (Automated Equipment Mechanic). He previously worked as a line operator.
- **Kevin McLaughlin** has transferred from our North Carolina facility and now holds the position of D Shift Manager.
- **Mitch Ball** has resumed his role as Warehouse Manager after managing our D Shift for two years.

COMPANY ANNIVERSARIES

20 Years:

Mike O’Hora 7/15

10 Years:

Harold Porey 8/2

Manivanh Rasphong 7/23

Nine Years:

Danielle Meiers 7/26

Ana Diaz 7/26

Six Years:

Allen Trullo 7/19

Four Years:

Kim Kulp 8/15

Brian Smock 8/16

Three Years:

Mai Phuong Thi

Nguyen 7/2

Mitch Ball 7/16

Le Van Nguyen 7/16

Two Years:

Karidee Perry 7/14

Michael Piskowski 8/27

Eddy James 9/8

Virgil Salajanu 9/22

One Year:

Jesus Vega 7/6

Bob Pim 7/13

James Mooney 7/20

Kent Hardy, Jr. 7/20

Rufus Tuck 7/20

Ryan O’Donnell 8/27

Sarah Taylor 8/27

Demetrius Moore 9/15

Amanda Moore 9/15

CERTIFICATION

Tom Lennon, Quality Assurance Supervisor, recently attained advanced certifications in Safe Quality Foods (SQF) and HACCP.