



Doritos

THE MARKET

The flavored macro-snack category in the United States is a \$10.9 billion business. Within this universe, the world of salty snacks represents \$7.8 billion in sales. The flavored tortilla chip category accounts for approximately 10.2 percent of that consumption, roughly \$793 million in retail sales in 2006 (source: Information Resources Inc. GDMx).

The DORITOS® brand provides a snacking alternative to the potato chip and unflavored tortilla chip categories, which sister Frito-Lay products LAY'S® and TOSTITOS® brands dominate. Today DORITOS brand remains the only national player in the flavored tortilla chip category. As the market share leader, as DORITOS goes, so goes the category.

ACHIEVEMENTS

DORITOS is the second-largest brand in the Frito-Lay portfolio — second only to its sister product LAY'S potato chips. In 2006, DORITOS maintained its position as the third-largest food brand in America. Frito-Lay's constant innovation, unique advertising and positioning, and world-class sales and distribution system have enabled the DORITOS brand to grow steadily since its 1964 introduction. The DORITOS flagship flavor, Nacho Cheese, is the No. 1-selling item within Frito-Lay year after year.

Frito-Lay introduced flavored tortilla chips to Americans with its DORITOS brand. DORITOS continually adapts to stay true to its young, ever-changing consumer target and continually offers bold new flavors that give consumers an intense taste experience. In America, DORITOS brand is a household name. Within the last year alone, almost half of all households ate DORITOS chips.



HISTORY

In the early 1960s, Frito-Lay was already manufacturing the LAY'S, RUFFLES®, and FRITOS® brands, but the company sought to expand its product offerings. That opportunity presented itself when Alex Foods introduced DORITOS tortilla chips on the West Coast in 1964. Frito-Lay purchased the fledgling brand, and by 1966 had

the original Toasted Corn flavor on store shelves from coast to coast. In those early days, DORITOS tortilla chips were positioned as a “unique Latin snack,” a heritage reflected in the origin of the name, *dorados*, the Spanish word for little bits of gold.

The DORITOS brand continued to evolve with the introduction of Taco flavor in 1969. This ongoing emphasis on product refinement and innovation led to the launch of the Nacho Cheese flavor in 1972. After a relatively slow start, sales of the flavor skyrocketed with the support of a full-scale marketing campaign. Though the flavor has been tweaked and improved many times over the years, it continues to be the top seller in the DORITOS flavor lineup.

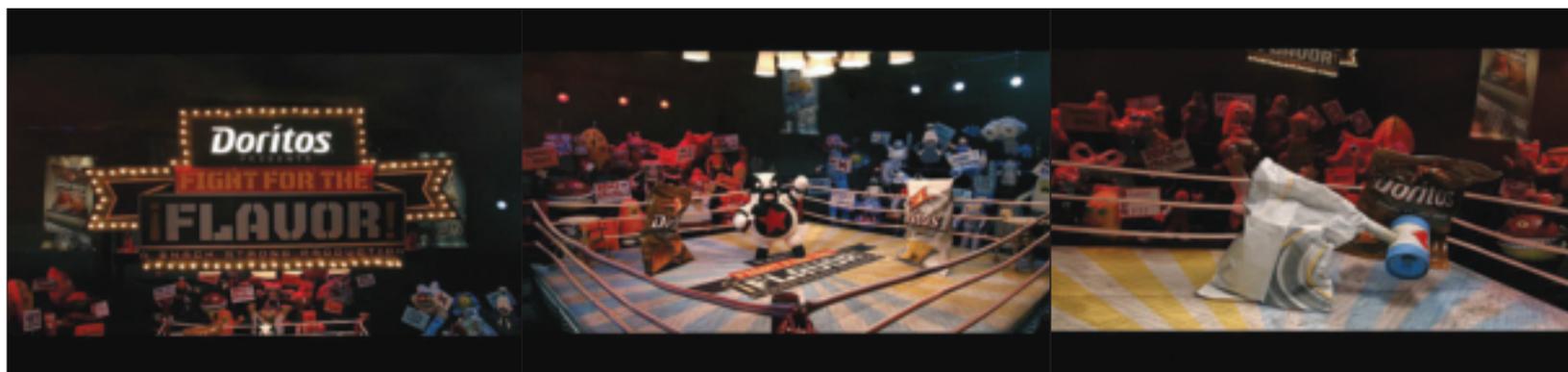
In the decades since, many other new flavors have been developed. One of the most popular, Cool Ranch®, made its debut in 1986. Subsequent flavors have come and gone: Guacamole, Black Pepper Jack, Jumpin' Jack Flash, Pizza Cravers, Smokey Red BBQ, and Baja Picante are now part of DORITOS lore.

With fourteen flavors currently in production and many others in development, Frito-Lay continues its commitment to product innovation and cutting-edge marketing in order to strengthen the DORITOS brand for years to come.

THE PRODUCT

DORITOS chips are made from yellow corn and are renowned for their iconic triangular shape, satisfying crunch, and bold flavors. The product is held to strict quality standards, including the size and thickness of the chip, the roundness of the corners, and the pattern of air bubble “blisters” and “toast points” on the chip.

Metallized packaging, introduced in early 2000 to keep the chips tasting fresh longer, also





contributes to the quality of the product. This packaging was further enhanced in 2006 with a complete redesign. The new look features a cleaner, more modern layout with intense colors and a progressive font. The new “sound chip” logo gives the DORITOS brand a strong icon, its shape not only representative of the chips themselves but the crunching sound made when they’re eaten.

DORITOS chips are currently available in several flavors nationwide: Nacho Cheese, Cool Ranch, Spicy Nacho, Blazin’ Buffalo & Ranch™, Fiery Habanero™, and Smokin’ Cheddar BBQ. Regionally, the variety-seeking consumer can also find Toasted Corn, Salsa Verde, and Taco flavors. DORITOS chips are packed in various sizes, from the one-ounce kids lunch bag to the super-size 25-ounce bag to convenient 100-calorie packs.

RECENT DEVELOPMENTS

Many of the current flavors available have been recent additions to the lineup. In 2005, spicy food lovers rejoiced with the introduction of Fiery Habanero, a flaming-hot flavor featuring one of the world’s spiciest peppers. Blazin’ Buffalo & Ranch was added in 2006, with full-bodied ranch flavor highlighted by a spicy essence and tangy undertones. The year also saw the addition of two limited-edition flavors: Spicy Sweet Chili (a combination of smoky heat

and subtle sweetness) and Jalapeño Cheddar (a zesty blend of jalapeno spice and sharp cheddar).

DORITOS brand’s latest innovation DORITOS COLLISIONS™ launches in the fall of 2007. DORITOS COLLISIONS have two separate, bold-flavored chips in one bag and allow consumers to control their ultimate flavor combination with Zesty Taco & Chipotle Ranch flavored chips or Hot Wings & Blue Cheese flavored chips. The year 2007 also saw the limited-edition release of an experimental test flavor mysteriously known as only “X-13D.”

PROMOTION

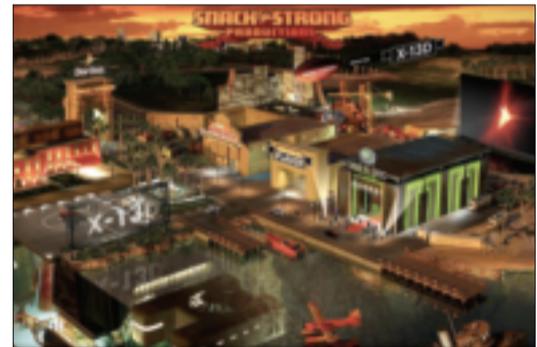
Since the first campaign, “the new beat in things to eat,” brand-building advertising has been a core element of Frito-Lay’s strategy for the DORITOS brand. Several campaigns over the years have featured recognizable faces, beginning with Avery Schreiber in the early 1970s claiming that “one good crunch deserves another.” Advertising focus shifted to a younger audience with the campaign starring Jay Leno in 1986. In 1993, Chevy Chase rescued a DORITOS bag from the path of a steamroller, and former Miss USA Ali Landry wowed Super Bowl audiences with her acrobatics in 1998.

More recently, the DORITOS brand has empowered the consumer through its promotions. Instead of running an agency-produced spot during Super Bowl XLI, DORITOS

invited consumers to “Crash the Super Bowl.” More than 1,000 consumer-created commercials were submitted during the course of the promotion. The winning commercial, “Live the Flavor,” cost only \$12 to produce, and was consistently rated as a viewer favorite in post-Super Bowl advertising polls (No. 4 in the post-Super Bowl *USA Today* poll and No. 1 in the post-Super Bowl Youtube.com poll).

Also in 2007, DORITOS asked consumers to “Fight for the Flavor,” allowing them to decide which new flavor, Wild White Nacho™ or Smokin’ Cheddar BBQ, would become a permanent addition to the flavor lineup. The follow-up promotion, “The X-13D Flavor Experiment,” challenged consumers to “get it, taste it and name it.” The X-13D “mystery flavor” invited them to participate in the product development by telling the DORITOS brand what it should be called.

These hands-on promotions and the significant in-store presence that accompanies them gives DORITOS chips a unique opportunity to connect on an individual level with consumers and create loyalty by giving consumers a voice in the brand’s identity. SnackStrongProduction.com furthers this connection by providing original snack-friendly entertainment online — effectively taking snacking to a higher level.



BRAND VALUES

DORITOS consumers lead an active, adventurous, multisensory lifestyle, and DORITOS brand engages them on this level. The rally cry of “Snack Strong™” reminds these passionate consumers that only DORITOS chips can fulfill their urge for a snack with a loud crunch, iconic shape, and intense flavor.

THINGS YOU DIDN'T KNOW ABOUT DORITOS CHIPS

- Fifteen million pounds of cheese and more than 1 billion pounds of corn are used to produce a year’s worth of DORITOS chips.
- DORITOS brand uses real cheese, mostly from Minnesota and Wisconsin. Cheddar, Romano, and Parmesan are the cheeses in DORITOS tortilla chips.
- Twenty-two U.S. plants located throughout the country make all the DORITOS chips.
- Three ears of corn go into every bag of DORITOS chips.
- All the cheese and dairy products used to make DORITOS in the United States come from the equivalent of 10,000 cows.

