



95% OF AMERICANS LIKE CEREAL. 57% LIKE SEX. WE'VE GOT CEREAL.

**Breakthrough Foodservice Concept For Cereal Out-of-Home
Prepares for National Rollout**

Boulder, Colo., April 29, 2004 – For years, the major players in the cereal industry looked for ways to make eating cereal away from home more convenient and appealing. Boulder-based Cereality™ Cereal Bar & Café has found the answer to that challenge and is about to roll out their ingenious idea via company-owned stores and a franchise system.

Cereality is a breakthrough, patent-pending concept in the foodservice arena. The “Seinfeld-esque” kitchen setting features homey kitchen cabinets stocked with familiar cereals. From morning to night, Cereality exclusively focuses on the custom-blending and serving of both familiar and proprietary cold and hot cereals, as well as a variety of original recipe cereal-based snack foods (i.e., bars, mixes, smoothies).

A prototype Cereality unit has been open for the last eight months at Arizona State University in Tempe, to test the concept in a real-life setting.

“The loyal and enthusiastic response to Cereality from the students, faculty and staff at ASU only serves to reinforce how sure we are about our concept,” said David Roth, Cereality co-founder and CEO. “We’ve ‘cracked the code’ – we’ve created a standardized, branded restaurant format for eating cereal away from home all day long. We’re also tapping into the customization/personalization trend and we have built-in equity by using branded ingredients in our proprietary recipes.”

Cereality works like this:

- 33 choices of cereal (best-loved brand names from Quaker, General Mills, Kellogg’s and Post) and 34 choices of toppings, 3 types of milk, plus an assortment of specialty milks (including soy)
- Order two full cups of whatever cereals you want, a topping and milk in a leak-proof container —a full meal for under \$4; full boxes of customized combos are also available

Customers can also take the serving suggestions of the pajama-clad “Cereologists™” behind the counter. “Devil Made Me Do It™” for example is a popular mix of Cocoa Puffs® and Lucky Charms® with chocolate milk flavor crystals, topped with malt balls.

As an alternative to a bowl of cold cereal, customers can choose from a variety of made-to-order hot cereals (“Banana Brown Betty™” – Quaker® Oatmeal prepared with banana syrup and molasses sugar, topped with streusel and bananas) or wholesome, freshly-baked cereal bars, sweet and savory snack mixes, smoothies made with a hint of cereal and hot and cold beverages.

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“We also have ‘Invent-a-Blend™,’ developed in partnership with Quaker®, which allows the customers to opt for a variety of basic grains, or select from three Quaker® hot cereals,” said Roth. “The touch-screen technology will remember you and what you like and be ready with your order on your next visit.”

“We’ve been very pleased to have Cereality here in the ASU Memorial Union this year,” said Sally Ramage, Associate Vice President for Student Affairs and Director, Student Development and Memorial Union at Arizona State University.

“Their menu, hours of operation and packaging accommodates the hectic schedules and non-traditional meal times of students, faculty and staff. The friendly staff and variety of offerings has been noticed and appreciated by the ASU community,” Ramage said. “People are instantly intrigued by this one-of-kind idea when they walk by Cereality. We are delighted to be able to showcase this innovative and creative concept in the Union.”

Non-Traditional Locations Planned for Rollout

The Cereality prototype is the first of many “non-traditional” locations that Cereality has targeted in its 2004 national rollout. “We think colleges and universities are great but we’re also looking at airports and other transportation hubs, arenas, health care facilities and offices,” said Roth. “Cereal consumption is based on habit – 95 percent of Americans eat cereal...so we want to be where people live their lives and can just include a Cereality stop as part of their routine.”

“Honing in on these non-traditional locations is a great strategy for a concept like Cereality,” said Lane Cardwell, restaurant industry adviser. “In an airport, for example, people are really looking for healthier and easy-to-carry food choices that can be served up quickly.”

And Cereality does not intend to be a one-off flash in the pan – it’s serious business. Cereality’s board of directors includes a founder of Pier 1 Imports and the former executive director of the United States Olympic Committee. Quaker Foods, a division of PepsiCo, is one of Cereality’s strategic partners. Cereality chose Quaker® because of the brand’s reputation among consumers for quality and as a “healthy” brand.

“We’re excited about the results we’ve seen in our ASU prototype over these last eight months and we’ve learned a lot ” said Roth. “We’ve learned that our business can be strong throughout the day, thanks to the specialty items on the menu like our smoothies and bars, but also because we know that people can see a Cereality bowl as a whole meal – which can be healthful or a little indulgent.”

For more information about Cereality, go to www.cereality.com

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