



KFC Goes Canola

The History of KFC

1940

Birthdate of the Original Recipe.

1952

The Colonel begins actively franchising his chicken business by traveling from town to town and cooking batches of chicken for restaurant owners and employees.

1964

Kentucky Fried Chicken has more than 600 franchised outlets in the United States, Canada and the first overseas outlet, in England.

Sanders sells his interest in the U.S. company for \$2 million to a group of investors headed by John Y. Brown Jr., future governor of Kentucky. The Colonel remains a public spokesman for the company.

1971

More than 3,500 franchised and company-owned restaurants are in worldwide operation when Heublein Inc. acquires KFC Corporation.

1976

An independent survey ranks the Colonel as the world's second most recognizable celebrity.

2006

More than a billion of the Colonel's "finger lickin' good" chicken dinners are served annually in more than 80 countries and territories around the world.

Yum! Brands International

Yum! Brands, Inc., based in Louisville, Ky., is the world's largest restaurant company in terms of system restaurants with over 34,000 restaurants in over 100 countries.

<u>Atlantic</u>	<u>Quebec</u>	<u>Ontario</u>	<u>West</u>
76	96	314	238
Total Stores in Canada:			724

The Trans Fat Debate

- KFC had been cooking with vegetable shortening for 52 years in Canada
- Recognize that we needed to reduce trans fats in our menu offerings
- Goal was to be trans fat free in 6 months

Our challenge:

- Need to protect the signature flavour of our Original Recipe Chicken!!!

High Stability Canola Oil Research Highlights



Scientific Protocol:

- Conducted by University of Lethbridge, Food Science
- 9 Competitive oils
- Restaurant style - Rotational frying format
- Multiple Foods: Fries, Chicken, Fish
- 8 hours frying / day

Expected Outcome:

- Analytical-based evaluation of fry life, oil value, nutrition, sensory preferences

High Stability Canola Oil Fry Life Results



High Stability Canola oil > 50% GREATER FRY LIFE over:

- Low Lin Canola Oil
- Low Lin Soybean Oil
- Partially Hydrogenated Soybean Liquid Fry Shtng (94 IV)
- Palm Olein
- RBD Soybean Salad Oil
- RBD Canola Salad Oil

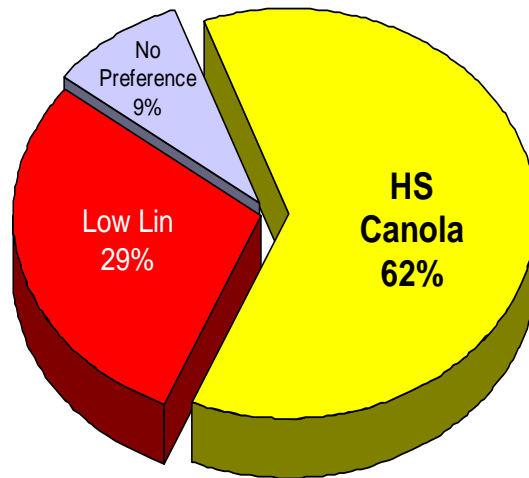
Similar fry life between High Stability Canola Oil and Mid Oleic Sunflower Oil, and Partially Hydrogenated Canola Oil

Based on Scientific measurement of Total Polar Material Formation discard point (TPM >24%), see appendix graphs

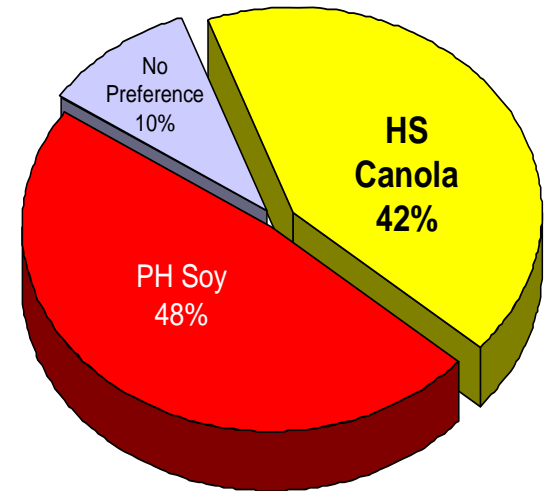
HS Canola Oil vs. Low Lin Soy & PH Soy Oil

Adults (Men & Women)

Oil Preference – Low Lin Vs. HS Canola (N = 178)



Oil Preference – PH Soy Vs. HS Canola (N = 167)

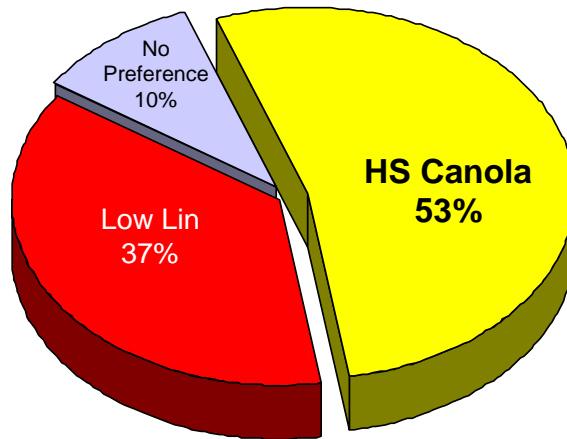


- Among adults, French fries fried in the HS Canola Oil is significantly preferred to the French fries fried in Low Linolenic Soybean Oil (62% vs. 29%)
- HS Canola Oil is rated at statistical parity to Partially Hydrogenated Soybean Oil (42% vs. 48%)

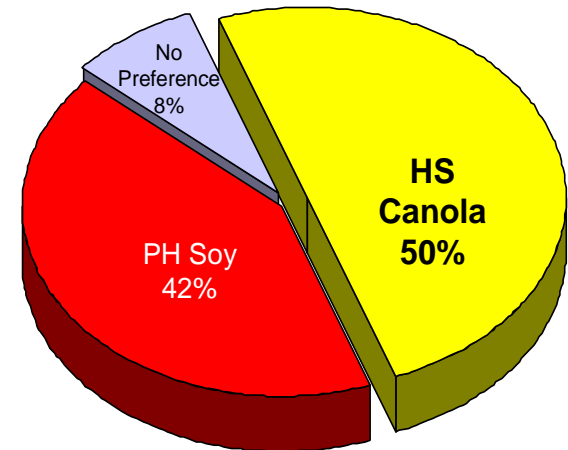
HS Canola Oil vs. Low Lin Soy & PH Soy Oil

Teenagers (Male & Female)

Oil Preference – Low Lin Vs. HS Canola

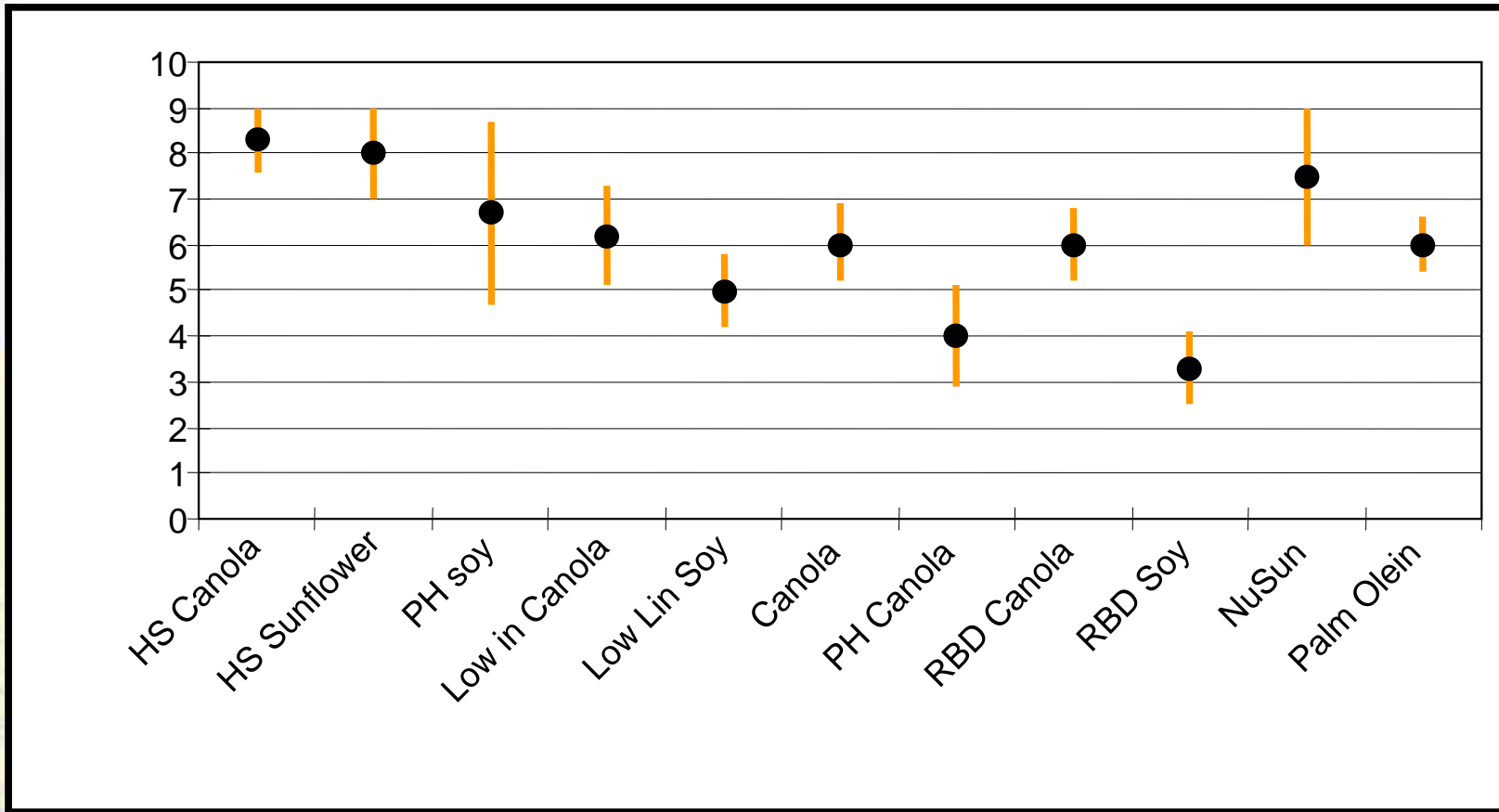


Oil Preference – PH Soy Vs. HS Canola



- Among teenagers, French fries fried in the HS Canola Oil is significantly preferred to the French fries fried in Low Linolenic Soybean Oil (53% vs. 37%)
- HS Canola Oil is rated at statistical parity to the French fries fried in Partially Hydrogenated Soybean Oil (50% vs. 42%)

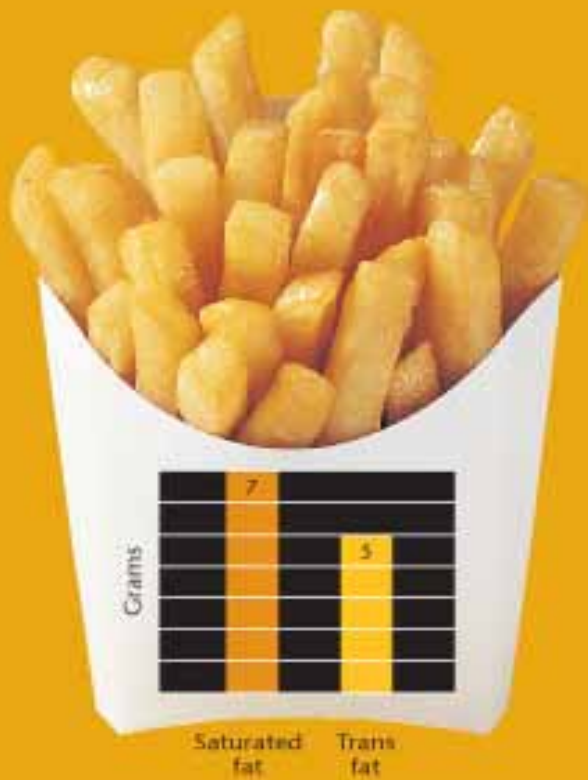
French Fry Sensory Scores



● Mean value and | standard deviation of taste panel scores over the experiment

Nutrition

Trans & Saturated Fat Content Reduced by >80%



PARTIALLY HYDROGENATED OIL



YUM! HIGH STABILITY CANOLA OIL



ZERO TRANS-FAT* SOLUTION

High Stability Canola Frying Oil

Characteristics:

- High Oleic (~72 %) Monounsaturated
- Low Linolenic (<3%)
- Zero grams of Trans Fat per serving *
- No Hydrogenation
- Non GMO seed source

Performance:

- Better Stability than General Domestic Vegetable Oils
- Similar Stability to Partially Hydrogenated Shortenings

Available today

- * All deodorized Vegetable oils contain trace quantities of trans

How did we get there?

- Extensive taste testing
 - Internal Sensory Experts validated every menu item
 - Extensive taste panels were conducted with our consumers
 - OR cooked in canola oil was preferred by our customers!! Comments were that the product tasted fresher and the texture was crisper

How did we get there?

- Extensive laboratory analysis
 - Nutritional analysis was done on every menu item
 - > 50% reduction in trans and saturated fats on all menu items
 - Products were reengineered to be trans fat free and revalidated with our consumers

How did we get there?

- Extensive Operations Test
 - We had to insure the new canola oil was robust enough to perform in our restaurant environment
 - We tested it in 50 stores for 3 months
 - Measured oil and product quality throughout the test
 - Revised our oil management program

How we did...

- Recognize that we needed to reduce trans fats in our menu offerings
- Goal was to be trans fat free in 6 months - we made it!

Our challenge:

- Need to protect the signature flavour of our Original Recipe Chicken!!!
- The results are, the Consumer said: **YES**

Cost of New Canola Oil is 40% higher than previous

- Oil requires a more expensive package than shortening
- Net weight is less, causing an increase in distribution costs
- The new package has a plastic bottle and resin has followed gas/oil up in price
- The new package has increased disposal costs as it has a greater volume than the cube
- The CBOT has spiked due to HUGE demand for biofuels, worldwide and food requirements
- Increased demand for export to developing nations (China & India)
- As supplies tighten and demand increases, prices will go up