



Ottenberg's Bakery Fermenting Ideas

Summer 2012



Four times a year, Ottenberg's Bakery publishes *Fermenting Ideas*. Our objective is to deliver an in-depth look at a single issue confronting the food service industry. There are no easy answers. Facts help each of us craft individualized solutions.

Consumers decide each day on where they will eat their next meal. Long-term success in our industry requires responding to important food trends. Ottenberg's Bakery has products designed to help. We encourage you to contact us and learn more about Ottenberg's Bakery and our products.



A Word from Ray Ottenberg

This edition of *Fermenting Ideas* focuses on healthy eating. I cannot think of a bigger or more important food related subject for our country and our industry. Healthy eating is a big public issue, but as someone said, "you ain't seen nothing yet." An aging population, the obesity epidemic, genetically modified organisms, general food safety concerns, new labeling/consumer information rules, advances in nutrition research, school lunch regulations, and health care costs are just some of the drivers that will keep healthy eating on the front page of newspapers and the minds of consumers.

What responses to "healthy eating" are fads that will soon fade away? Which ones will influence what and where consumers choose to eat for years to come? Anyone claiming to know the answer is bolder than we are. *Fermenting Ideas* seeks to provide you with factual information needed to make good decisions for your business.

We hope to learn from you too. Your thinking on this edition's subject, or any food issue, is important to us. Let us know your thoughts. The best solutions come from collaborative efforts.

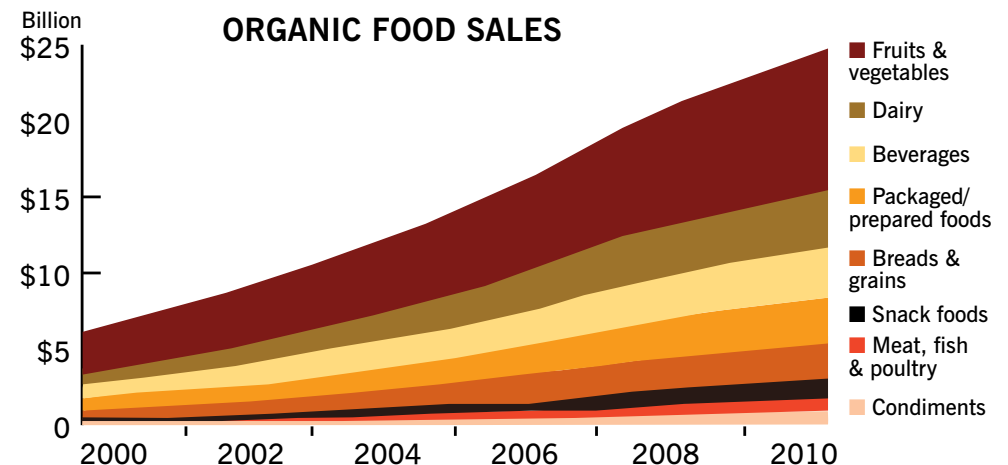
Organic

The National Organic Program (NOP) was introduced by USDA in 2002. Foods that comply with the regulations may display the USDA Organic Seal.



The early years of the program experienced meteoric growth in retail sales. There was pent up demand from consumers that were already interested

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Source: Nutrition Business Journal

Note: 2009 & 2010 based on estimates

Gluten Free

Gluten is a protein found in certain grains. Wheat has high levels of gluten. Rye, barley and triticale have lower concentrations. Other grains typically contain no gluten.

Celiac disease is an inherited trait that makes sufferers very intolerant to even extremely low levels of gluten. While there are widely varying estimates, it is generally believed that about 1% of the US population suffers from celiac disease.

“Gluten free” means different things to different people. For persons with celiac disease, a gluten free diet must be free of even microscopic amounts of gluten. For this reason, production of bakery products for celiac patients must be done in a facility that eliminates even the potential for contamination that can occur from wheat flour dust particles in the air. Identical issues confront a restaurateur seeking to offer a meal that is really safe for a celiac disease patient. For someone choosing a “gluten free” diet as a lifestyle decision, the standard of purity may be far lower.



But a special purpose facility is not the biggest challenge for a baker seeking to produce gluten free bread products. The big technical problem for bakers is that gluten is crucial to making traditional breads and rolls. When wheat flour is mixed with water, you get a pliable, elastic mass that can expand and then be baked into a loaf of bread. Gluten has the unique and crucial property of becoming elastic when mixed with water.

When you mix wheat flour with water, you get dough. When you mix oat flour with water, you get porridge. It is only a little simplistic to say that gluten makes the difference.

Gluten free “bread” is produced based on an entirely different technology than traditional breads. While Gluten free breads are continually

improving in taste and texture, they are not yet comparable in quality to traditional bread offerings.

Current gluten free technology can produce cookies, cakes, brownies and other sweet goods that are much closer in taste and texture to products using traditional methods. Gluten is less critical to the product and flavor comes from ingredients instead of fermentation.

Whole Grain Kid's Meals

Whole grain is becoming a central issue in regulations to make school lunch meals more nutritious. Rules that will be implemented in the 2012 - 2013 school year are going to make whole grains a very visible indicator of healthy eating – for kids and their parents.

The definition of what constitutes an appropriate restaurant meal for a child is changing. For a long time, it has been any offering as long as a toy was included.

That definition is showing signs of going out of date. If the focus moves to more healthy kids meals, school lunch models for healthy eating will likely be the gold standard. That will make whole grains a menu attention grabber.

An ongoing issue with kid's meals and whole grains is that young people typically do not like whole grain breads. If the school lunch is a hamburger on a whole wheat/whole grain bun, the buns end up in the trash. No amount of regulation seems able to change that reality.

Ottenberg's has developed a hamburger bun, hot dog roll and loaf bread using a different strain of wheat flour. 100% whole wheat products made from this flour have a light golden crumb color and mild bready taste. All the nutrition of whole wheat with a taste kids like.

Ottenberg's has developed a hamburger bun, hot dog roll and loaf bread using a different strain of wheat flour.

1 out of 133

The number of Americans (about 3 million people) who have Celiac Disease

Source: 2012 National Institutes of Health, Univ. of Chicago Celiac Disease Center





Genetically Modified Organisms

Genetically Modified Organisms (GMOs) are called many things. Depending on who you talk to, they are either a fabulous boon to mankind or a Frankenstein monster destined to destroy civilization. GMOs are organisms that have had their genetic code modified to create unique characteristics. GMO grains typically have characteristics that lower a farmer's costs and increase crop yields. The concern is that these organisms never before existed and may upset long standing environmental processes.

In Europe, products with GMOs in them must be labeled. Currently, there is no similar requirement in the US. California has a voter initiative on the November ballot that would require labeling of products containing GMOs. This is complicated by the fact that GMO grain in one field can migrate to another - carried by birds, wind, animals, etc. No one knows how food service will be affected. Stay tuned.

In the USA, GMO crops are in wide use. Virtually all soybeans grown in this country are GMOs. Research into impact they have on the environment continues.

There are voluntary inspection agencies with standards for "best practices." Anyone that complies with the rules, allows audits and pays a fee to the agency can put the logo of the agency on product packages. These logos are starting to show up on grocery shelves.



Organic

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in healthy eating alternatives. The demand in those early years was primarily channeled through specialty retailers and farmer's markets. In those early years of the NOP, demand was so strong that commodity short-

Organic is a powerful retail trend with a ten year track record.

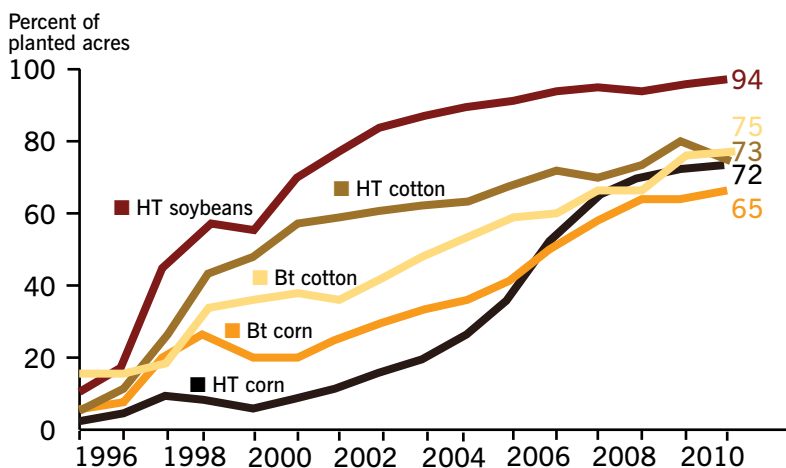
ages occurred and prices soared.

As the initial demand for certified organic products was sated, shortages eased

and costs moderated. The cost spread between conventional and organic ingredients narrowed. At the same time, more mainstream retailers were successfully introducing organic items to their consumers. Organic food sales in 2010 grew 8.2% and the early estimates for 2011 are around 9%.

Organic is a powerful retail trend with a ten year track record. So far, there has been very little adoption of organic products into food service offerings. Anecdotally, the most common objection is that the price is going to be too high to make economic sense.

GROWTH IN ADOPTION OF GENETICALLY ENGINEERED CROPS CONTINUES IN THE US



Data for each crop category include varieties with both HT and Bt (stacked) traits. Sources: 1996-1999 data are from Fernandez-Cornejo and McBride (2002). Data for 2011-11 are available in the ERS data product, Adoption of Genetically Engineered Crops in the U.S., tables 1-3.

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USEFUL INSIGHTS FOR FOOD SERVICE



Ottenberg's Bakers, Inc.
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Healthy Eating at Ottenberg's Bakery

ORGANIC Ottenberg's Bakery has a plant certified under the National Organic Program to produce a wide variety of breads and rolls. We produce daily for retail grocery chains and have the ability to develop custom products for food service operators.

WHOLE GRAINS/ALL NATURAL Ottenberg's Bakery has a broad line of products that deliver significant levels of whole grains with natural sweeteners and simple labels. One innovative product group consists of breads and rolls made from white wheat instead of the typical red wheat. White wheat is not a new development. It is a breed of wheat that has traditionally been used for dumplings instead of bread. When used to make bread, the result is a product with all the healthy attributes of other whole grains and a taste and texture kid's like.

GLUTEN FREE Ottenberg's markets a limited line of products made by a certified gluten free bakery. We are evaluating the long term strength of this class of products.



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Who is Ottenberg's Bakery?

We are a 140 year old bakery, still owned and run by the Ottenberg family. We have the scale of operations and operational controls necessary to meet the needs of the largest, most demanding customers. As a family business we act quickly and forcefully to meet customer needs. We serve the food service industry through fresh and frozen distributors in the Eastern US. For more information, please go to www.ottenbergs.com or call us at 800-334-7264.



Ottenberg's Bakery
was founded by
Isaac Ottenberg.