

# SMART ♥ BALANCE, INC.

Stephen Hughes  
Chairman & Chief Executive Officer

March 2010

# Forward-Looking Statements

*This presentation may contain forward-looking statements within the meaning of the safe harbor provisions of the Securities Litigation Reform Act of 1995. Terms such as “expect,” “believe,” “continue,” “going forward,” and “grow,” as well as similar comments, are forward-looking in nature. Actual results may differ from these forward-looking statements and the company can give no assurances that such expectations can be attained.*

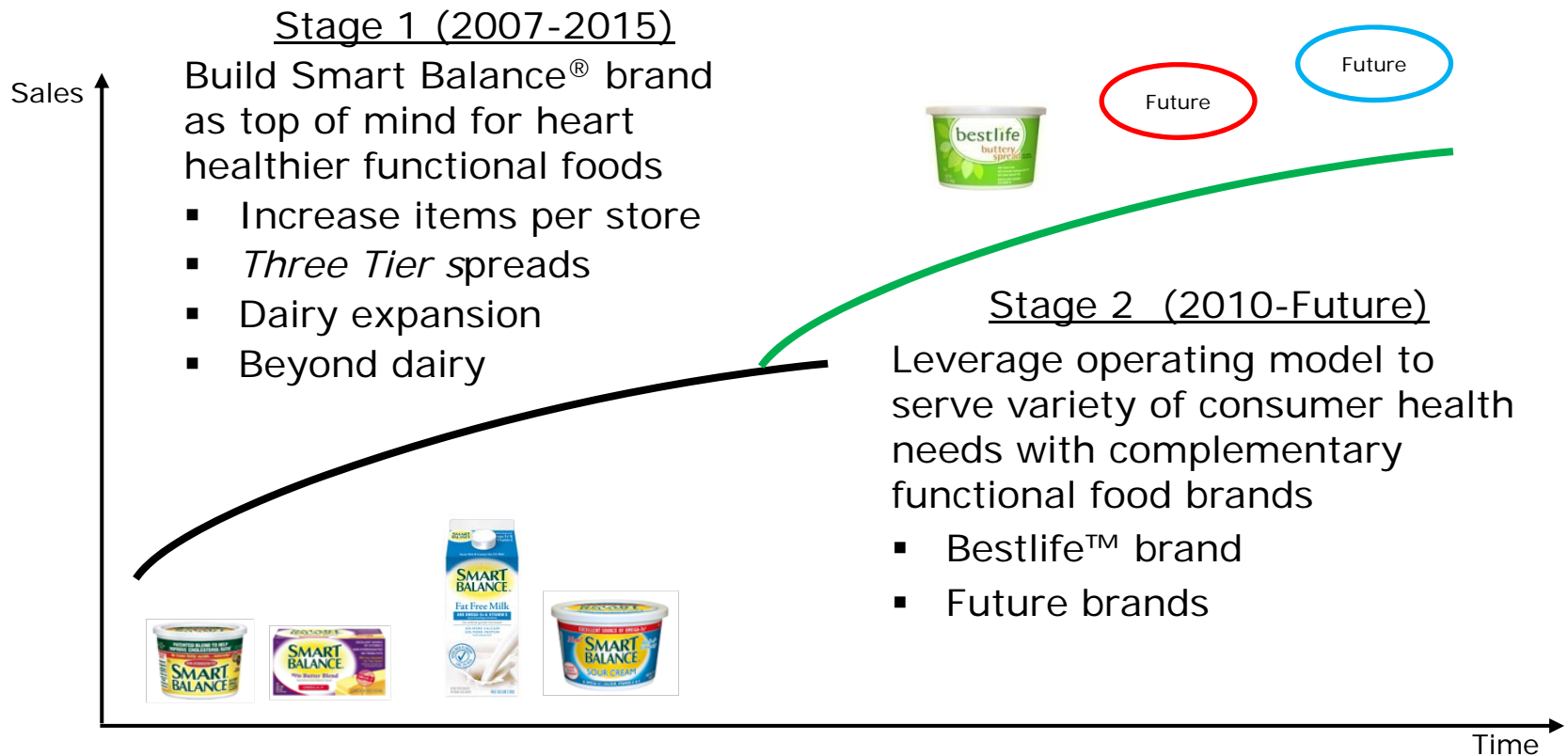
*Factors that could cause actual results to differ materially from the Company’s expectation include: general business and economic conditions, competitive factors, raw materials purchasing, and fluctuations in demand. Please refer to the Company’s Securities and Exchange Commission filings for further information.*

# Progress in Developing Innovation Platform

- Assembled experienced and deep management team
- Built infrastructure for growth in multiple categories
- Developed functional foods innovation pipeline
- Strengthened unique, cash-generating virtual model
- Established retail relationships and expanded distribution
- Drove core share growth and increased brand awareness
- Simplified capital structure and refinanced debt
- Launched strategic initiative in dairy aisle

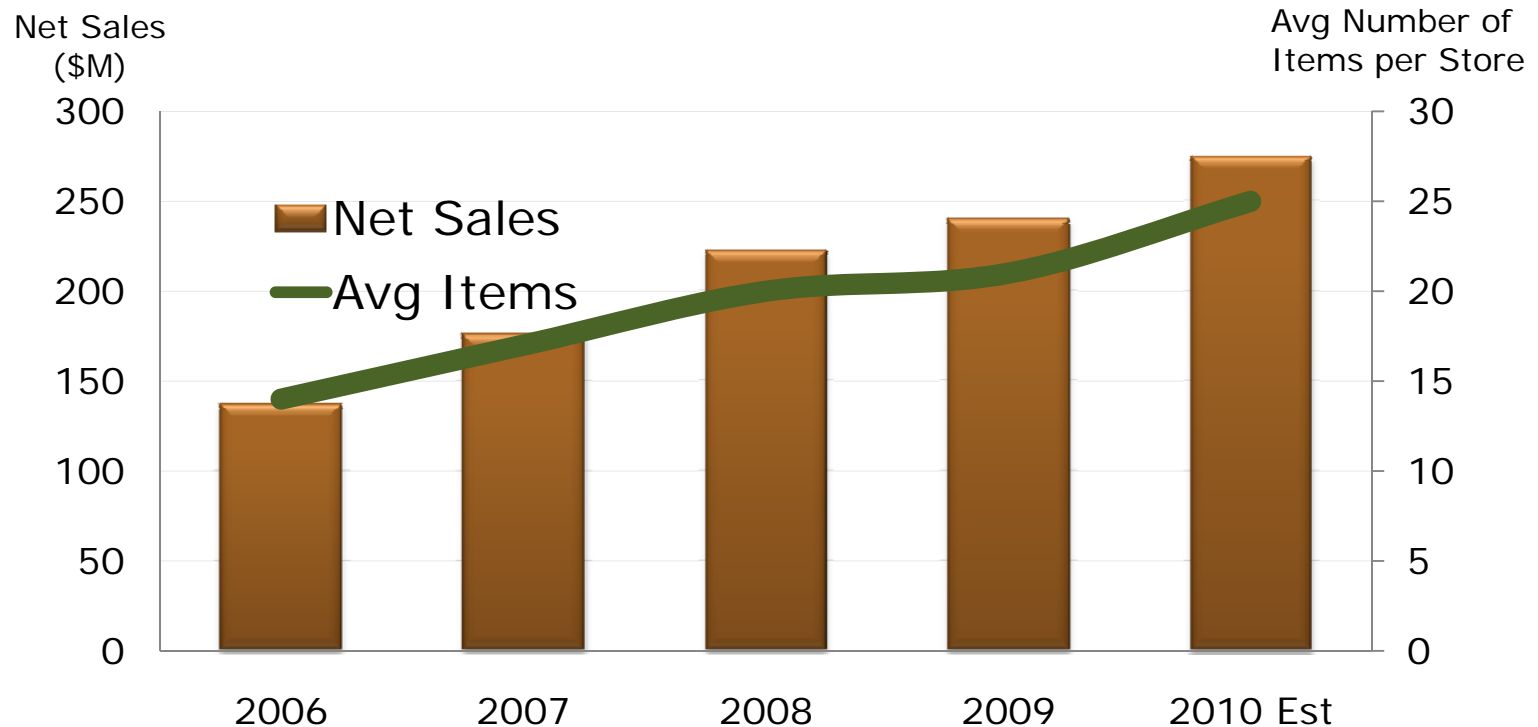
# Smart Balance Vision for Future Growth

*To become a recognized leader in healthier and great-tasting food and beverages for a wide variety of consumer needs*



# Increasing Items Per Store

Building a larger footprint in number of items and categories is essential to meeting longer-range goals



Source: IRI, Company filings & estimates

# Developing Smart Balance® Shoppers

Average Smart Balance® shopping basket more than double the average shopping basket

All-family coupons

Weekly supermarket circulars

**Big Savings. Bigger Taste. Guaranteed!**

**TRY Smart Balance® Now with a Money Back Guarantee! Plus SAVE up to \$5.00**

We are so sure you'll love the taste and health benefits of our Smart Balance® products, we are offering a Money Back Guarantee! Try Smart Balance® today and start on your path to healthier living, with award-winning taste!

For more details, go to [SmartBalance.com](http://SmartBalance.com).

**Great taste & good health... together at last!™**

**Save \$1.00/2** On any TWO SMART BALANCE® Butter spreads

**Save \$1.00** On any ONE SMART BALANCE® PB&J Butter

**Save \$1.00** On any ONE SMART BALANCE® Cooking Oil

**Save \$1.00/2** On any TWO SMART BALANCE® Popcorn

**Save \$1.00** On any ONE SMART BALANCE® 50/50 Butter Blend

**SMART BALANCE Orange Plus Almondina 16 oz 2/\$4** save big with your VIC card

**SMART BALANCE Oil Blend 48 oz \$3.99** save big with your VIC card

**SMART BALANCE Omega Plus Spread 15 oz \$2.79** save big with your VIC card

**SMART BALANCE Light Almondina with Flax Oil 15 oz and Buttery Burst Spray 8 oz \$2.79** save big with your VIC card

**SMART BALANCE POPCORN All Varieties 9-12 oz \$2.79** items range at half price with your VIC card

**SMART BALANCE 6-4% Lightly Salted Almondina 15 oz and Light Almondina 15 oz \$2.79** save big with your VIC card

**SMART BALANCE 6-7% Soft Salted Almondina 15 oz and 6-4% Almondina with Flax Oil \$2.79** save big with your VIC card

Source: Catalina Marketing Transactional Database 3/19/2007 to 6/17/2007




# Three Tier Buttery Spreads Portfolio

Smart Balance will offer healthier products to consumers in all segments of the spreads category





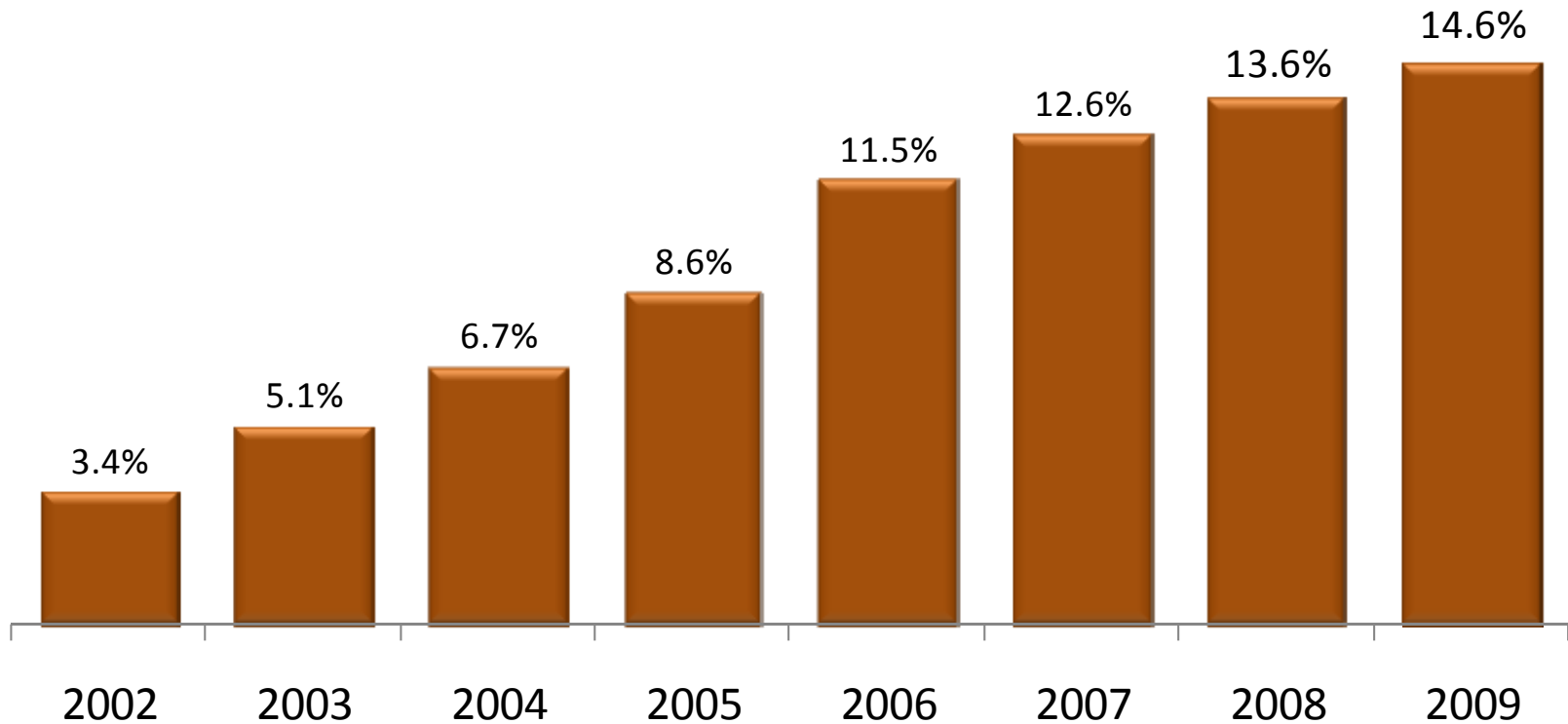
# Three Tier Spreads Target Different Consumers

			
Positioning	Heart health, all natural ingredients	Heart health	Good health, weight management
Consumer target	Consumer seeking heart health and/or natural ingredients	Consumer seeking heart health	Consumer seeking value and overall healthy products
Demographics	Younger skew Higher income	Older skew Higher income	Family Value Moderate income
Pricing	Super Premium	Premium	Value
Oil content	79%	64%	48%



# Market Share Continues to Grow

## Smart Balance Family of Spreads 52 Week Dollar Market Share



Source: IRI U.S. Food, data through 12.27.09

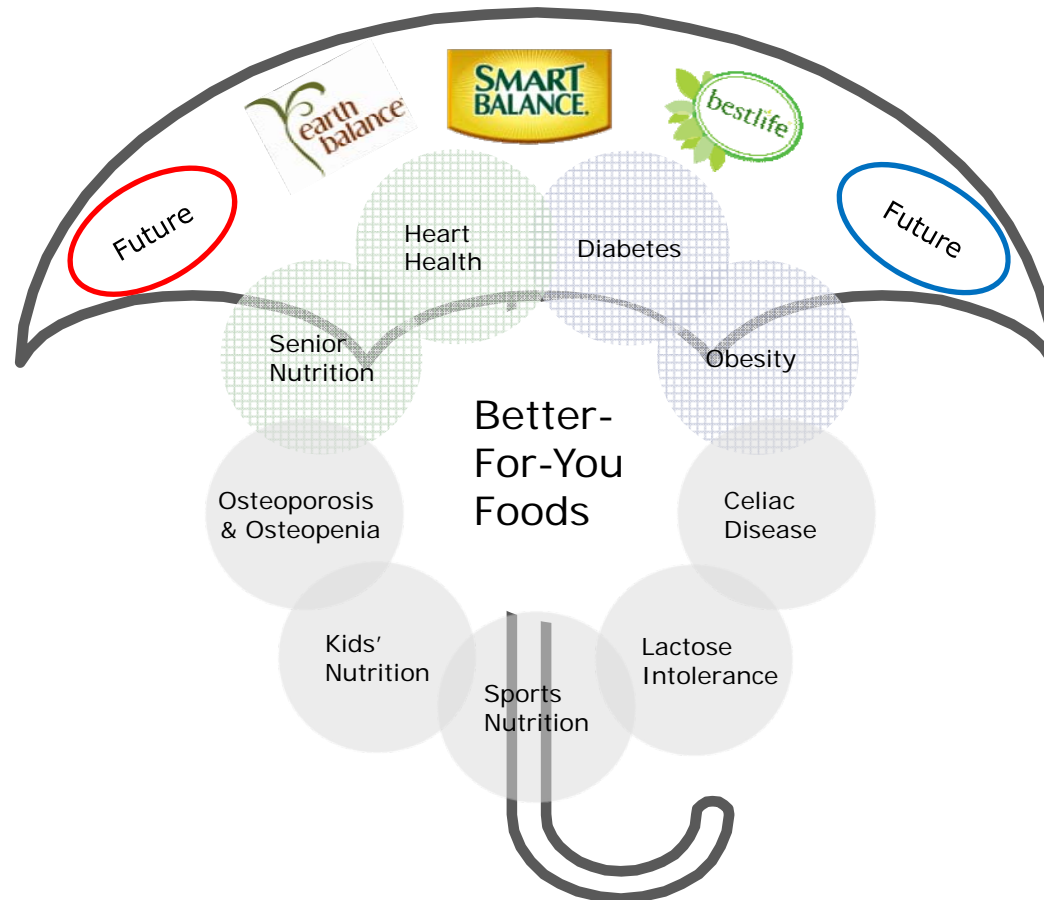
# Dairy Initiative – Driven by Milk, Sour Cream

- Exceptional benefits and great taste:
  - Enhanced Milks: Varieties that include an excellent source of DHA/EPA Omega-3s, Antioxidant Vitamin E and even plant sterols
  - Sour Creams: An excellent source of Vitamins A, D & E and DHA/EPA Omega-3s as well as a good source of calcium
- Expanding across U.S. in 2010
  - Milks introduced in Florida (2008), Northeast (2009)
  - Sour Creams launched August, 2009 – year-end ACV over 50%



# Leverage Operating Model for Future Growth

Create umbrella brands to support healthy living and to serve the health needs of target populations with great tasting food solutions



# Bestlife™ Brand Strategy

Smart Balance has an exclusive global license to use the Bestlife™ brand in virtually every food & beverage category

## CONCEPT

- Create portfolio of Bestlife™ food and beverage products, with lifestyle positioning beyond heart healthy

## LAUNCH

- Introduce Bestlife™ Buttery Spreads and Spray to play in untapped \$.6 billion value segment

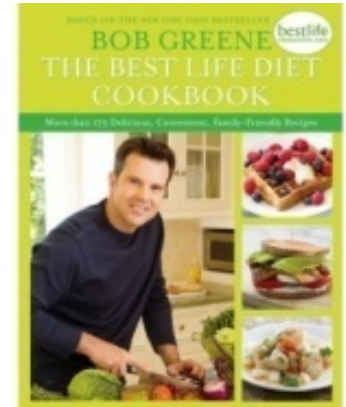
## EXPANSION

- Enter additional food and beverage categories, mostly sublicensed, based on fit with Bob Greene nutrition plan and consumer needs

# Bestlife™ Brand and Bob Greene

Bob Greene is Oprah's personal trainer and nutrition and fitness expert

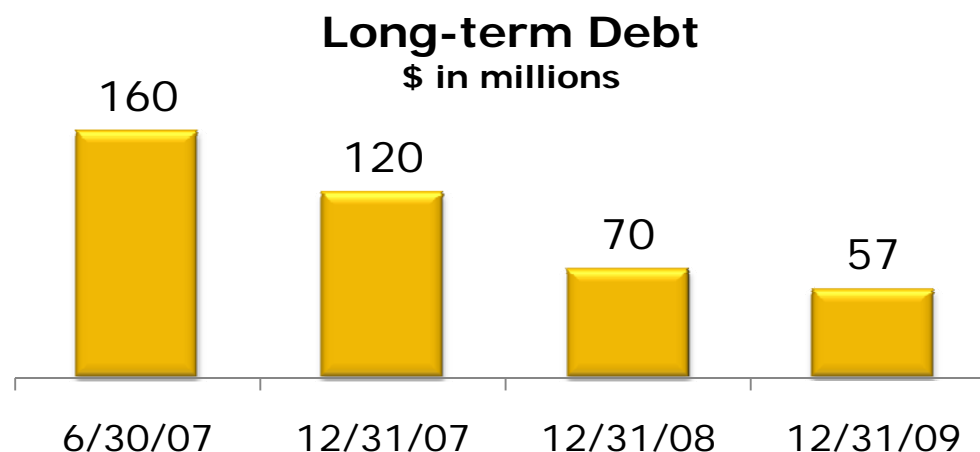
- Author of books on diet, fitness, and nutrition
  - over 10 million copies sold
- Created the Best Life healthy lifestyle program
  - includes eliminating trans fats and reducing saturated fats from dairy
- Best Life seal of approval on 22 brands in 22 categories - \$3.5 billion in retail sales<sup>1</sup>



1. Source: IRI

# Refinancing Creates Strategic Flexibility

- Significantly greater acquisition limits
- Ability to buy back shares
  - Two-year \$25 million program authorized
- Greater benefit from equity issuance
- Higher capital expenditure limits
- Lower financial covenant thresholds



# Plans for 2010

Objective: Increase average items per store to 25

- *Three Tier Spreads Strategy*
  - Introduce Smart Balance® spreads with calcium and vitamin D and update graphics
  - Launch Bestlife™ brand spreads
  - Expand distribution of Earth Balance® and Smart Balance® HeartRight™ brands
- Dairy Expansion
  - Expand enhanced milk distribution nationally
  - Complete distribution of sour cream
  - Test market single serve milk
- Product Development
  - Test olive oils in upstate New York
  - Develop next wave of products for 2011



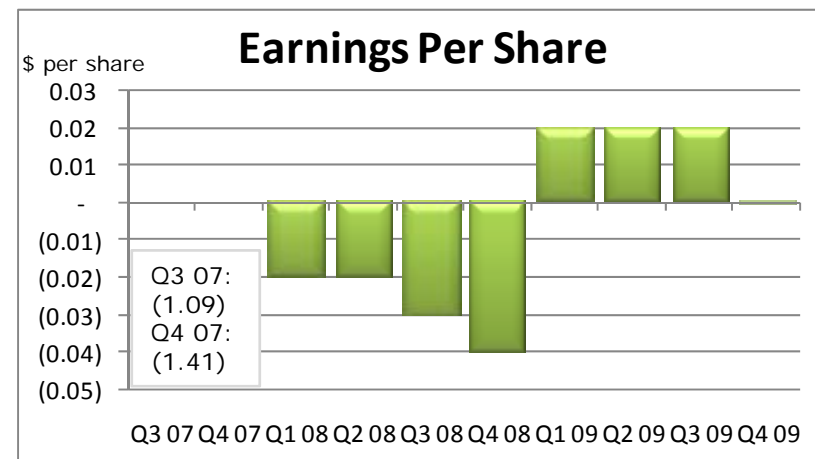
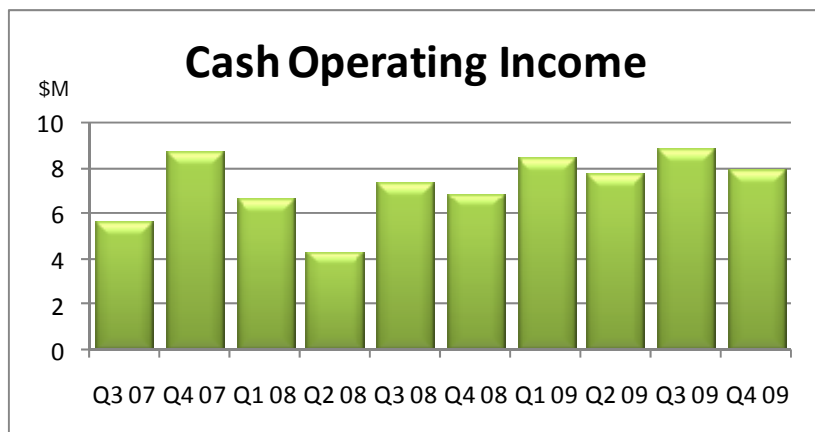
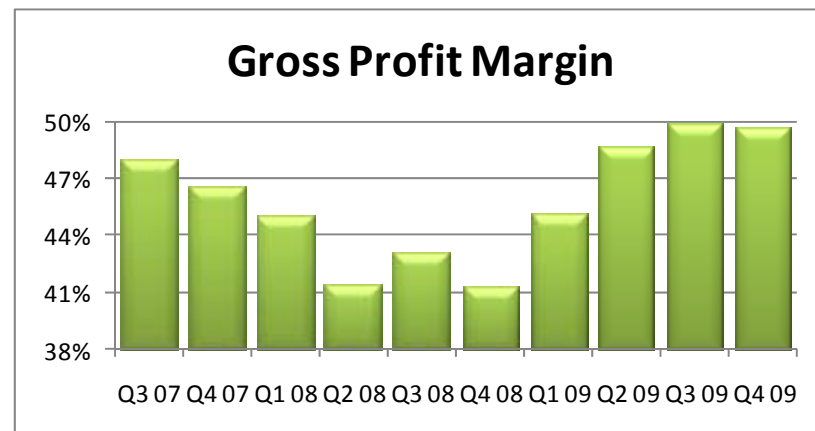
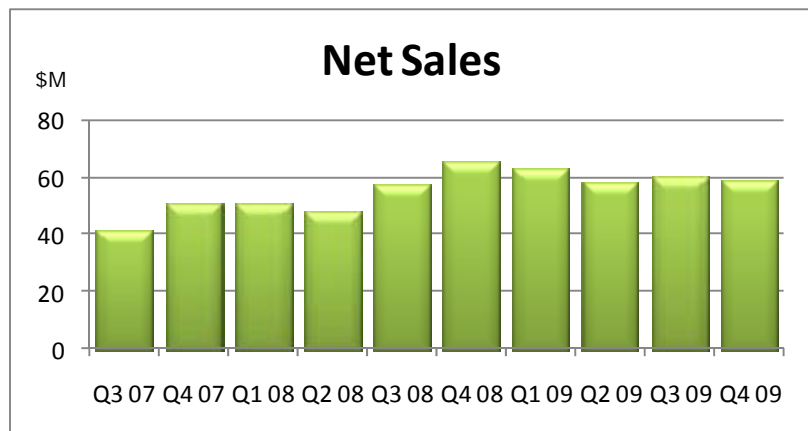
# Additional Material

# Background

- Brand established 1995
- Became public via acquisition in May 2007
- Supply chain outsourced – no plants or warehouses
- Patented process for core category of spreads



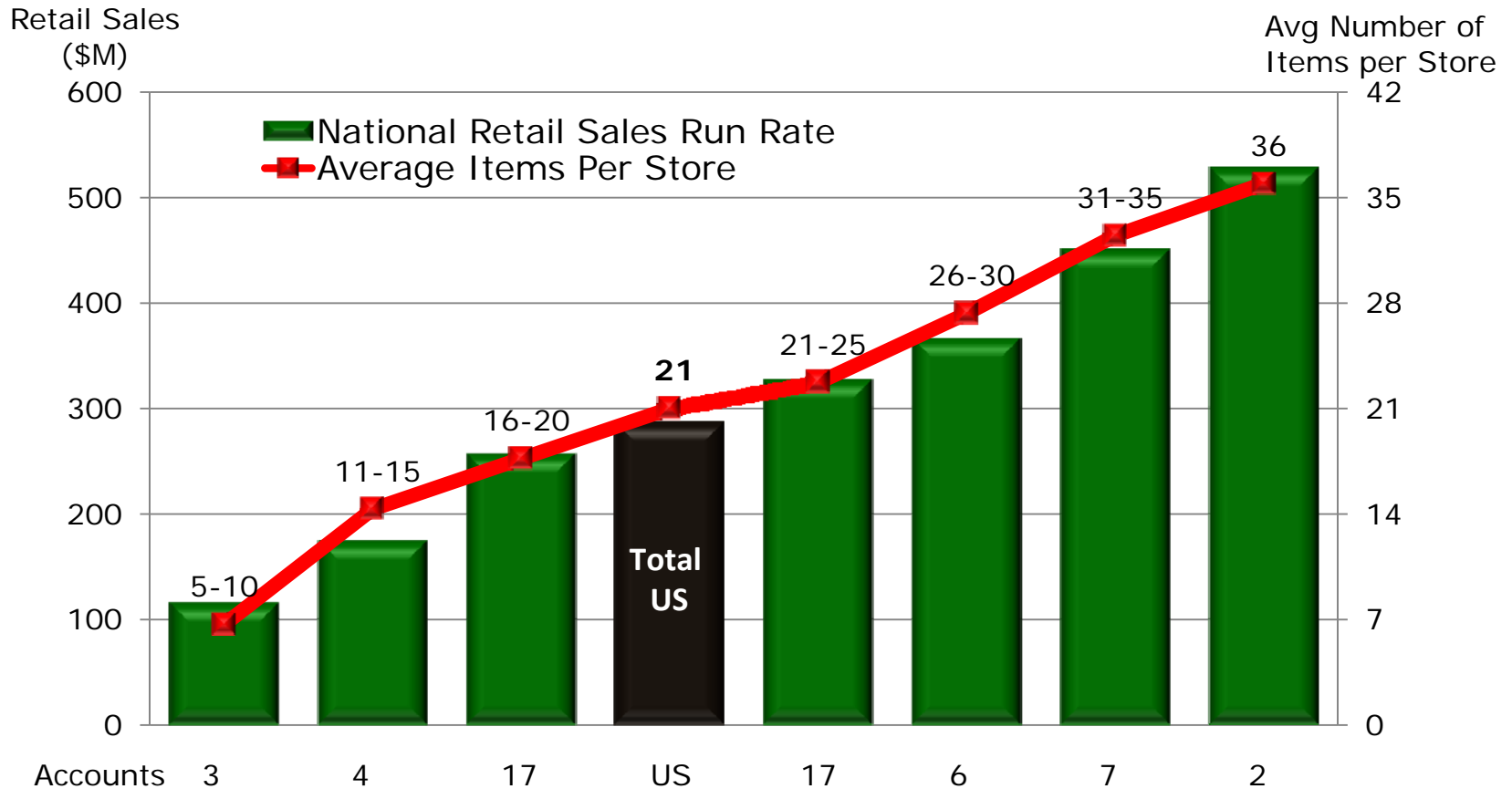
# Ten Quarters of Financial Performance



Note: Cash Operating Income = Operating Income less Depreciation, Amortization of Intangibles and Stock Option Expense

# Retail Sales Correlates to Items Per Store

Accounts with higher items per store translates to higher retail sales projected on a national level



Source: IRI, Company filings & estimates

# Smart Balance® Spreads Are Driving Healthy Premium Segment Expansion

- Smart Balance® spreads are 87% of Healthy Premium segment retail sales
- Total spreads category is showing space contraction
- Value and Regular Premium segments showing persistent declines in items per store

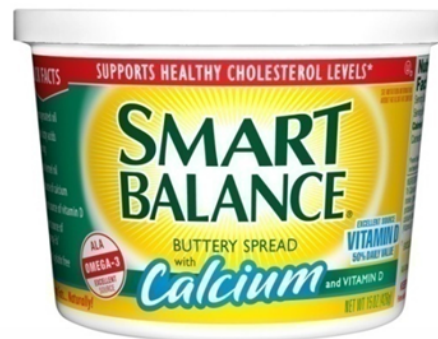
## Spreads Category – Average Items Per Store

	2008 Avg Items/Store	% Change '08 vs '04	% Change '09 YTD vs PY
Spreads Category	59.6	-14%	-2%
Super Premium	3.0	-4%	22%
Premium	34.5	1%	-1%
<b>Healthy Premium</b>	<b>11.4</b>	<b>110%</b>	<b>1%</b>
Regular Premium	23.5	-20%	-3%
Value	25.6	-23%	-6%

Source: IRI U.S. Food, data through 12.27.09

# Q1 Innovation in Smart Balance® Spreads

- Added Vitamin D
  - 12 Smart Balance® Spreads items will be fortified with 50% RDI Vitamin D
- Graphics Refresh
  - Organizing variety by color, simplifying and stating benefits in a simpler way confirm the brand's position as the healthier choice. More contemporary styling.
- New Smart Balance® Buttery Spread with Calcium
  - Added Calcium and Vitamin D – essential for bone health and important components of a healthy diet.



# Super Premium Segment Overview

- \$34 million annual retail sales in 2009
- For consumers seeking ultra heart-healthy products
- Top premium prices in the category
- Earth Balance® spreads and Smart Balance® HeartRight™ spreads are the top two emerging spreads brands

Spreads Super Premium Segment by Brand  
Dec 27, 2009 YTD

	Retail Sales \$ in millions	\$ Change vs YAG	\$ Change FY '08 vs '05	Avg # Items	Change vs YAG
Super Premium	34	2%	-18%	4	1
Benecol®	9	-12%	-23%	1	0
Promise Activ®	5	-37%	-42%	1	0
Earth Balance®	7	17%	113%	1	0
Smart Balance® HeartRight™	3	New	New	1	1

Note: Benecol is a registered trademark of Raisio Benecol. Promise Activ is a registered trademarks of Unilever Supply Chain, Inc.

Source: IRI, U.S. Food



# Earth Balance® Natural Buttery Spreads

- Natural ingredient profile
- Certified non-GMO ingredients
- Expeller-pressed natural oil blend
- Gluten free, lactose free, vegan
- No partially hydrogenated oils
- No artificially modified oils
- Largest distribution in health channel



# Smart Balance<sup>®</sup> HeartRight<sup>™</sup> Spreads

The first spread to incorporate heart-healthy long-chain Omega-3 fatty acids with cholesterol reducing phytosterols



- Patented blend that supports healthy cholesterol levels
- DHA/EPA & ALA Omega 3: Helps promote heart health
- Vitamin E: Potent antioxidant
- Phytosterols: Helps reduce cholesterol

# Value Segment Overview

- \$641 million annual retail sales in 2009 (U.S. Food)
- Ingredients include partially hydrogenated oil and palm kernel oil
  - no PHO-free spreads are available today
  - value shopper cares about health too
  - value tubs typically have lower oil content
- Low segment interaction with Smart Balance® brand

## Spreads Value Segment by Brand

Dec 27, 2009 YTD

	Retail Sales \$ in millions	\$ Change vs YAG	\$ Change FY '08 vs '05	Avg # Items	Change vs YAG
Value	641	1%	3%	23	-2
Shedd's Country Crock®	291	1%	13%	9	-1
Private Label	103	6%	1%	5	0
Blue Bonnet®	98	-1%	22%	3	0
Parkay®	58	6%	-27%	3	-1
Imperial®	52	0%	-10%	1	0

Source: IRI, U.S. Food

Note: Shedd's Country Crock and Imperial are registered trademarks of Unilever Supply Chain, Inc. Blue Bonnet and Parkay are registered trademarks of Conagra Foods RDM, Inc.

# Bestlife™ Buttery Spreads

First value brand with no partially hydrogenated oils

- No palm kernel oil
- Excellent source of Vitamin D
- Tubs: 48% oil, spray: zero fat/calorie
- Start shipping Q1 2010



Buttery Spread  
15oz



Buttery Spread  
With Extra Virgin Olive Oil  
15oz



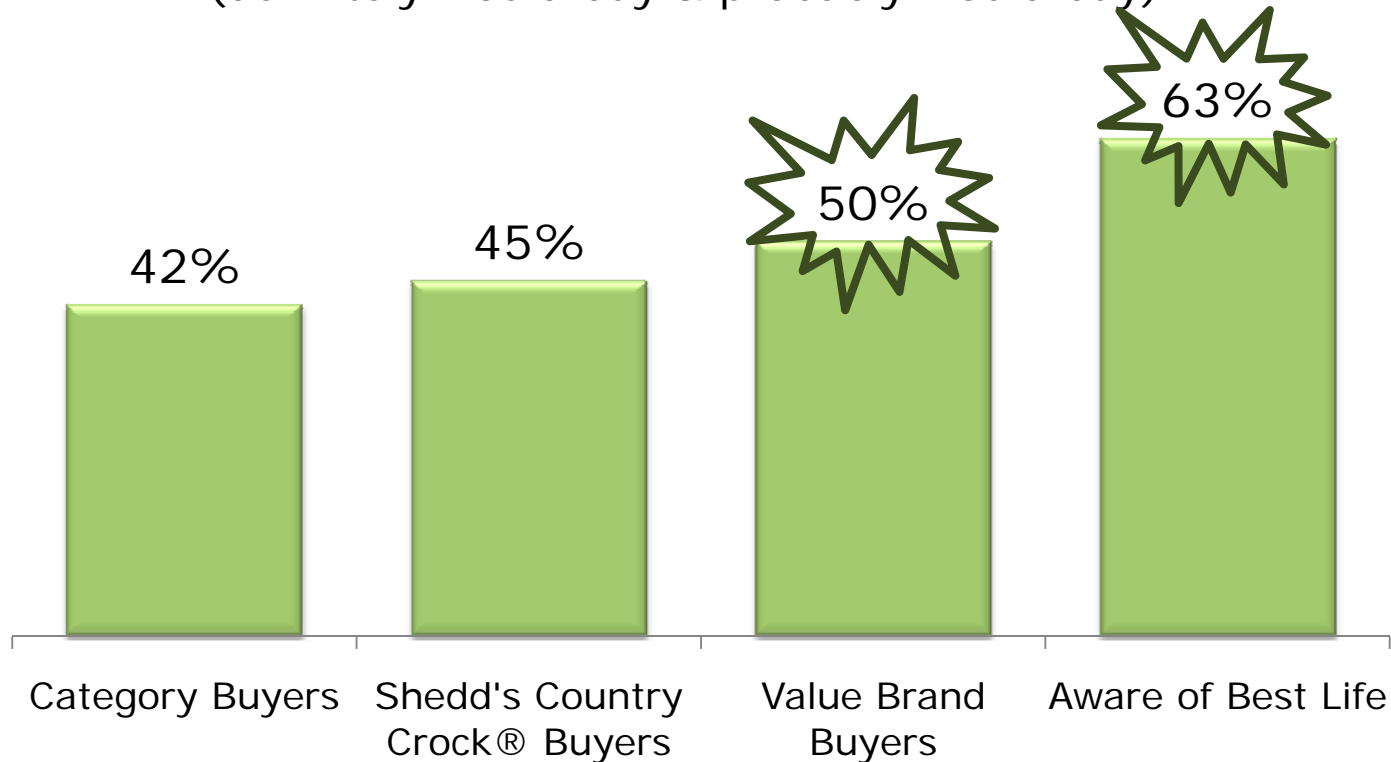
Buttery Spray  
8oz



Buttery Spread  
45oz

# Strong Purchase Interest

Bestlife™ Spreads Concept: Purchase Interest  
(definitely would buy & probably would buy)



Buyers aware of Best Life represent 17% of tub users

Note: Shedd's Country Crock is a registered trademark of Unilever Supply Chain, Inc.

Source: Forerunner Strategy Group, Omnibus Study, 9/09

# Healthy Premium Milks Outpacing Category

- Enhanced milk fastest growing segment in 2009 due to the introduction of Smart Balance™ milk

Milk Category	2009 Avg Items/Store	% Change '09 vs '04	% Change '09 YTD vs PY
Milk Category	110.9	9%	4%
Healthy Premium Segment	62.3	38%	7%
<b>Enhanced Milk</b>	<b>4.5</b>	<b>206%</b>	<b>61%</b>
Organic Milk	16.3	103%	(5%)
Soy Milk	23.4	29%	1%
Lactose-free Milk	12.2	8%	5%

Source: IRI, U.S. Food

# Milk Category Development Varies by Market

- Healthy premium milk most developed in Northeast and California markets (i.e., greater than average consumption)
- Enhanced milk most developed in Northeast and Florida

Milk - Product Development Indices

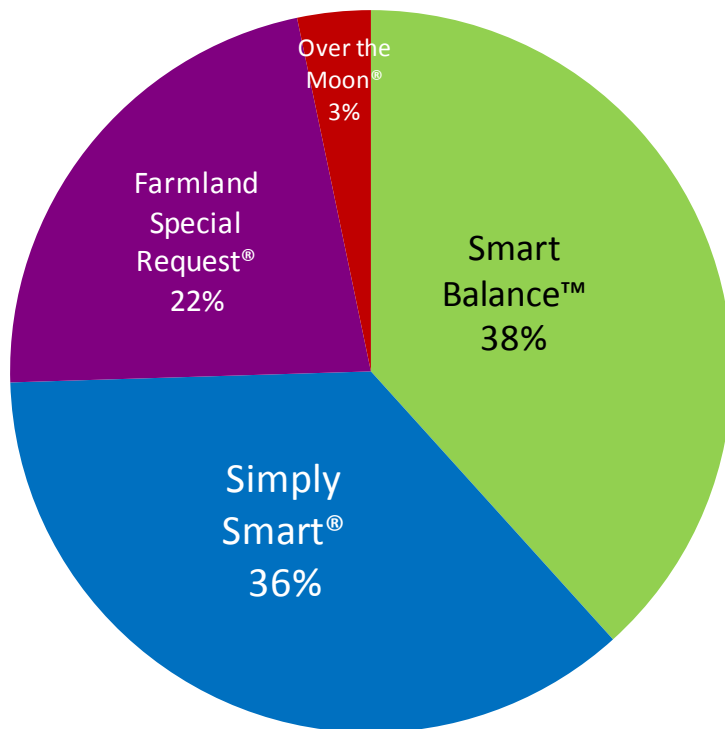
	Total	Regular	Healthy Premium	Enhanced
Total U.S. -Food	100	100	100	100
Northeast	90	84	141	361
Southeast	88	89	106	154
Mid-South	100	101	102	59
South Central	87	91	63	20
Great Lakes	110	112	61	12
Plains	111	117	48	11
California	106	99	132	9
West	118	122	111	8

Source: IRI, U.S. Food

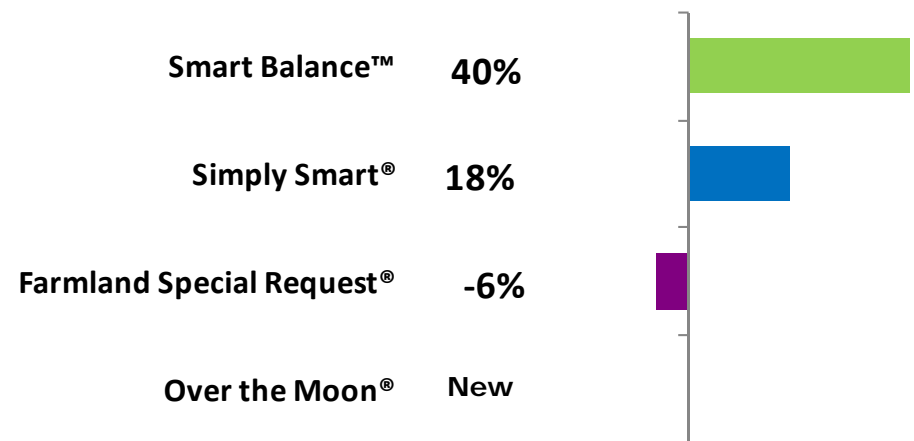


# Smart Balance™ Milks Lead Category in Florida

Enhanced Milk \$ Share  
2009



\$ Growth 2009

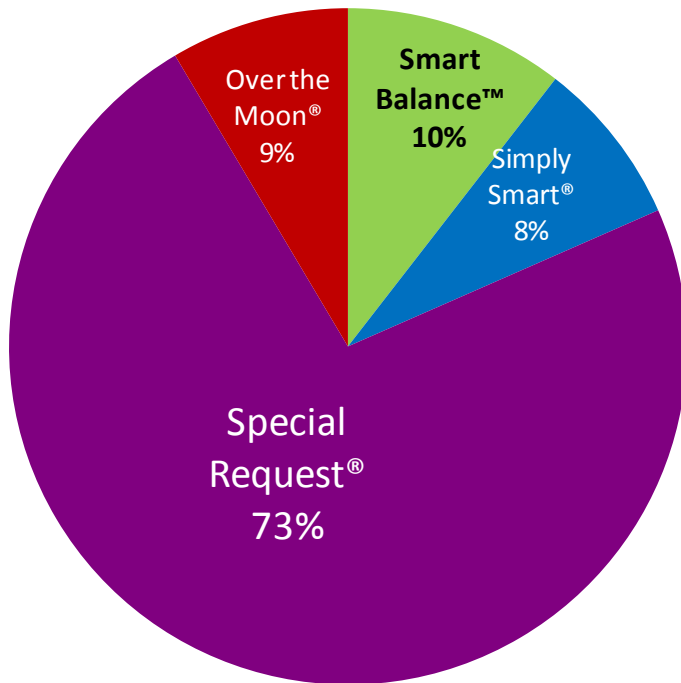


Note: Special Request is a registered trademark of Farmland Dairies, LLC. Over The Moon is a registered trademark of Dean Intellectual Property Source, Inc. Simply Smart is a registered trademark of H.P. Hood, LLC.

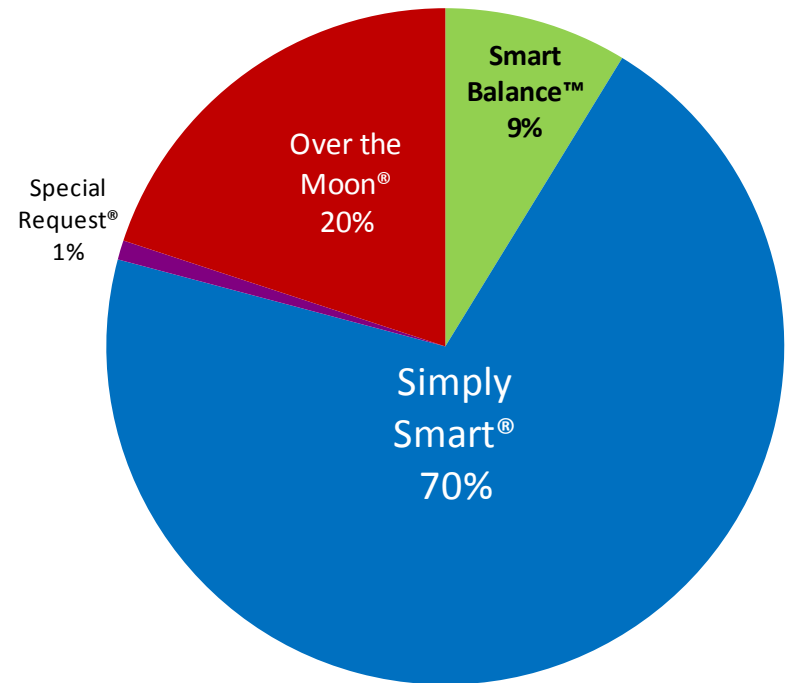
Source: IRI, Florida, FY 12.27.09

# And Captured up to a 10% Share in Northeast

New York  
Enhanced Milk \$ Share  
2009



New England  
Enhanced Milk \$ Share  
2009



Note: Special Request is a registered trademark of Farmland Dairies, LLC. Over The Moon is a registered trademark of Dean Intellectual Property Source, Inc. Simply Smart is a registered trademark of H.P. Hood, LLC.

Source: IRI, NY+ NE, FY12.27.09

# Smart Balance™ Milk – Single Serve Test

- Test opportunity in small format stores – February start
- Two varieties: non-fat and chocolate low-fat

