

Dear fellow **stockholders**

Now is the time to look back at fiscal 2009, another year of significant progress. We delivered strong results, led by our North American business segments, and were especially pleased with the impressive cash generated from operations. We're increasingly confident about our prospects to grow profitably and deliver value to shareholders.

With a relentless focus on consumers, customers and operations, we strengthened Sara Lee and further positioned the company for success.

In this report, you will see examples of innovations that are helping us gain market share, build brand loyalty and significantly expand our business with leading retail and foodservice customers.

From an operational perspective, I'm pleased that we have driven greater efficiencies through strengthening our supply chain, managing our procurement activities and implementing centralized information technology.

Now is also the time to look forward. I'd like to share with you the seven key strategies that are guiding our company and shaping our success.



Focus resources on core categories and geographies We continue to manage all of our resources with one goal in mind – to deliver the greatest returns for shareholders. We have strategic plans for each of our businesses. In some segments, like North American Fresh Bakery, our focus is primarily on strengthening margins. In others where we already have attractive margins, like International Beverage, our focus is on driving profitable sales growth. By clearly defining our opportunities and aligning our resources appropriately, we can consistently deliver improved results.

Expand in high-growth, developing markets Emerging markets offer compelling long-term prospects for growth. To leverage this opportunity, we are selectively investing in geographies, brands and categories that support our strategic priorities. We made strategic investments during the past year in our International Beverage business. In Brazil, we acquired *Café Moka* to further build our position in that market. In Russia, we are investing behind a line of premium, freeze-dried instant coffee and have seen our market share increase.

Exit non-core businesses Sometimes the best way to improve performance is to bring greater focus and simplicity to the business by pruning our portfolio. In our North American Foodservice segment, we

exited two businesses during the year: Sauces and Dressings and Direct Store Delivery Coffee. These dispositions allowed us to spend more time and capital on our stronger, more strategic businesses. In North American Retail, we exited our kosher meats business which no longer fit our strategy.

Reduce costs, improve efficiency, simplify Project Accelerate is an aggressive cost reduction and productivity program that takes efficiencies to the next level. After establishing a solid foundation of capabilities over the past few years, we now have the standardized processes and integrated IT infrastructure to further reduce our costs while increasing productivity. We expect Project Accelerate to be a significant source of cost savings and process improvement in the next several years. We also remain fully committed to our sustainability efforts as we know doing good, is good business.

Create a high-performance culture We are focused on building a high-performance culture at Sara Lee. We recruit talented people and instill a common mission, vision and set of values across the organization. While creating the right culture takes time, we already are seeing evidence that a stronger, performance-based culture is translating into greater strategic alignment and improved top- and bottom-line results.

Use mergers and acquisitions as a tool We view M&A as a strategic tool to grow shareholder value. This year, we announced that we are exploring strategic options for our International Household and Body Care segment. While this is an attractive, high-margin business, we made the decision to evaluate our options in response to overtures made by outside parties. I can assure you that any action we take will be with our stockholders' best interests in mind.

Relentlessly improve North America I am very pleased by the outstanding performance we delivered in fiscal 2009 across our three North American segments. However, we believe the opportunity exists to drive additional margin improvement in these businesses.

I would like to acknowledge the hard work and dedication of our 41,000 employees worldwide and our board of directors, and thank our stockholders for their continued commitment and support.

We hope you agree that now is the right time for Sara Lee.

Brenda C. Barnes
Chairman and Chief Executive Officer
September 1, 2009