

## Program & Commodity Price Updates

Effective April 1, 2014

*Confidential Information*

### Chicopee

- Wipers

**Category Decrease -6%**

Entegra successfully negotiated a new contract with Chicopee has yielded reduced pricing on the majority of items. The most purchased two items account for two thirds of the category spend and have an average reduction of 6%.

### Dannon

- Yogurt

**Category Increase +5%**

Over the past few years, rising milk prices have put significant pressure on pricing. Non Fat Dry Milk is the leading indicator of Worldwide Dairy Pricing and it has experienced consistent growth since 2010, hitting double digits since August 2013. This pricing increase is across the industry.

### J&J Snack Products

- Italian Ices
- Pretzels

**Category Increase +3%**

**Category Increase +5%**

The price adjustment for inflation is based on the PPI (Producers Price Index) and is being implemented to account for the rises in Healthcare, distribution and storage and capital expenditures. Entegra has held pricing with J&J for more than two years. They are raising prices only on their pretzels and Italian Ices:

### Nestle Professional

- This pricing increase only affects five Chef-Mate products

**Category Increase +3% - +5%**

The affected products all contain beef as an ingredient. Beef prices have been increasing steadily as a result of the 2012 droughts that are still impacting the industry. The USDA estimates total US cattle inventory is down 2% from Jan. 2012, the lowest since 1952. (See full beef market information below)

### Sun Rich

- Value Added Fresh Fruit

**Category Increase +3%**

This pricing adjustment is based on increases in raw ingredients, packaging, and freight.

### Commodity Driven Contracts

*The contracts below are formula-based, reflect the markets and change monthly or quarterly. We will not always provide an explanation for pricing changes, as the pricing of these programs continually ebbs and flows with the markets. A yearlong snapshot of pricing gives the most appropriate view of the benefits associated with entegra's negotiated pricing, and the monthly pricing reflected does not portray the full year benefit. However, we do want to keep you informed so you can make menu and pricing adjustments as appropriate for your facilities.*

### Beef

- Ground Beef
- Whole Muscle Cuts

**Category Increase +2%**

**Category Increase +2.5%**

Supplies of market-ready cattle remain VERY tight and supplies will continue to be tight through May. USDA's Cold Storage Reports indicate total beef supplies at 1.4% lower than one year ago and 2.3% lower than at the end of December. The reduction in boneless beef inventories as we approach spring weather is a collective effort to retain cows and grow the beef cow herd—not a good thing for boneless beef output and supply this year. Further, lower steer and heifer slaughter is keeping raw materials for ground beef supplies very tight. For April, expect similar increases in Ground Beef, and more significant increases for Whole Muscle cuts.

**Commodity Driven Contracts Continued....**

**Chicken**

▪ Bone In Breaded	<b>No change</b>
▪ Bone In Raw	<b>Category Increase less than 1%</b>
▪ Breaded Boneless Breast	<b>Category Increase +6.5%</b>
▪ Nuggets and Patties	<b>Category Increase less than 1%</b>
▪ Raw Boneless:	
○ Bulk random breasts and tenders	<b>Category Increase +10%</b>
○ Sized breasts	<b>Category Increase less than 1%</b>
▪ Pulled and Diced	<b>Category Increase less than 1%</b>
▪ Cooked breasts and breast strips	<b>Category Increase +5%</b>
▪ Breaded Tenders, Popcorn and Boneless Wings	<b>Category Increase +7%</b>
▪ Wings	<b>Category Increase less than 1%</b>

Prices are jumping in April due to a shortage in bird processing. Market prices for whole birds are up 10%, breast meat is up 15% and tenders up 12%. The industry took several severe weather hits this winter and lost millions of birds. Even with this volatile situation, entegra's pricing agreement protects this category from more severe peaks in pricing.

**Cheese Updates**

▪ Schreiber Foods, Inc. (Processed Cheese)	<b>Category Decrease -3.4%</b>
▪ Great Lakes (Natural Cheese)	<b>Category Increase +0.7%</b>

The pricing for Great Lakes Cheese uses factors based on the Chicago Mercantile Exchange (CME). Schreiber pricing follows the CME barrel market. Schreiber decreased this month because demand for barrels was light. At the same time there was high demand for blocks (exports).

**Farmland Foods**

▪ Raw & Cooked Bacon	<b>Category Increase +18.4%</b>
▪ Breakfast Sausage & Whole Hog Sausage	<b>Category Increase +15.4%</b>
▪ Ham & Deli Meats	<b>Category Increase +12.8%</b>
▪ Fabricated Pork (i.e. Chops & Tenderloins)	<b>Category Increase +13.7%</b>
▪ Hot Dogs, Sausage, & Pizza Toppings	<b>Category Increase +15.2%</b>
▪ Fresh Pork (Ribs)	<b>Category Increase +10.9%</b>

A new report by Rabobank, which lends money to the food, beverage and agricultural businesses, predicts the PED virus will reduce the number of hogs slaughtered in the United States by 7% this year or nearly 19 million animals. That drop would be the largest in 30 years, the report says.

The sharp run-up in pork and beef prices has caused the market to be unstable based on futures speculation, and end users looking to stock pile supplies ahead of increased pricing. There is ongoing uncertainty about pork supplies and until we get a better idea of what supplies will look like through the summer, it is best to be conservative and budget for record high prices May through July.

**Ventura Foods**

▪ Bulk Margarine	<b>Category Decrease -0.9%</b>
▪ Oil, Shortening	<b>Category Decrease -1.8%</b>