

Program & Commodity Price Updates

Effective July 1, 2015

Confidential Information

SCA

- Recycled content napkins, towel and tissue: **Category Decrease -2%**

Prices are directly impacted by raw material prices for bleached and unbleached recovered fiber paper. Freight, energy and processing costs, which have all gone down in the past few months have also impacted recycled napkins, towels, and tissue.

Solo/Sweetheart Cup

- Dart Container (Foam Drink Cups): **Category Decrease -3.5%**

A reduction in polystyrene prices over the last nine months has resulted in a product decrease after a period of stable prices for 18 months.

Ventura

- Dressings that include egg ingredients (Hidden Valley, Maries, Classic, and Newman's Own): **Increase +2.61%**
- Mayonnaise (all brands): **Increase +3%**

Our agreements with Ventura permit formulaic changes in price (both up and down) due to the cost fluctuations of commodity ingredients. Due to the Avian Influenza outbreak, the cost of eggs has unexpectedly risen and directly impacts mayonnaise which contains eggs as a major ingredient.

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.

Cheese & Dairy

- Great Lakes: **Category Increase +2%**
- Schreiber Foods, Inc. (processed cheese): **No Change**

Eggs

- Michael's Foods: **Category Increase +15%**
- National Pasteurized Eggs: **Category Increase +33%**

Due the Avian Influenza outbreak, many contracted egg farms have been lost and the remaining open farms are taking extra precautions to stop the spread of the disease. Suppliers are within their contracted rights to claimed 'force majeure,' - a contract provision that allows a vendor to suspend, change or terminate agreements when circumstances beyond their control arise, making performance inadvisable, commercially impracticable, illegal, or impossible.

The effects of the current Avian Influenza outbreak are constantly changing. Costs are not only increasing because of the basic lack of egg supply. Other contributing factors include:

- Increased transportation to move egg supply to plants as needed
- Large quarantine areas that prevent normal trucking routes to be used
- Increased cost of raw supply
- Bio-security and added costs related to production

- Eggs America (Cage-Free): **Change Effective June 1. Category Increase +47%**

Cage-Free unpasteurized shell eggs from Eggs America have not been impacted by the Avian Influenza; however, as the demand for this product has unpredictably spiked due to the industry-wide disease, supply available to fulfil the gap is limited. Eggs America has made an urgent price. Price changes will be determined on a month-to-month basis moving forward. This increase affects all of our contracted cage-free unpasteurized shell cage-free eggs with Eggs America in all of our contracted distribution houses.

Commodity Driven Contracts Continued...

Beef

Cargill

- Ground Beef: **No Change**
- Whole Muscle Cuts (Pot Roasts, Beef Strips, Roast Beef and Stew Meat): **No Change**

Casa di Bertacchi

- Meatballs: **Category Increase +9%**

Pricing for this item is based on a commodity formula, which allows for prices changes based on the costs of raw materials.

Pork

Fair Oaks Farms

- Cooked Sausage Patty(Sysco's Minn, E.Wisc, Baraboo, & Iowa only): **Category Increase 7%**

Farmland Foods

- Raw Bacon: **Category Increase +15%**
- Cooked Bacon: **Category Increase +12%**
- Breakfast Sausage & Whole Hog Sausage: **Category Increase +4% to 8%**
- Ham & Deli Meats: **Category Decrease -1.5%**
- Fabricated Pork(i.e. Chops & Tenderloins): **Category Increase +4.5%**
- Hot Dogs, Sausage, & Pizza Toppings: **Category Increase +3% to 7%**
- Fresh Pork (Ribs): **Category Increase +10%**

Although retail is heavily featuring pork this summer season, there are no major factors or individual cuts moving more than expected. Hog slaughter volume is trending downward as is the norm for the summer months, affecting supply across all Pork categories. Prices are increasing but are still following expected trends.

Poultry

Koch Foods:

- Bone in Breaded: **Category No Change**
- Bone in Raw: **Category No Change**
- Breaded Boneless Breast: **Category Increase +5%**
- Breaded Nuggets and Patties: **Category No Change**
- Raw Boneless (Tropicana Special Pricing): **Category No Change**
- Pulled, Diced and Cooked Strips: **Category Increase +1.4%**
- Breaded Strips: **Category Increase +3.5%**
- Cooked Unbreaded Breasts and Patties: **Category Decrease -3.6%**
- Wings: **No Change**
- CVP: **Category Decrease -6%**

Oils: Ventura Foods

- Bulk Margarine: **Category Increase 1.3%**
- Oil and Shortening: **Category Increase 1.2%**

As entegra is able to buy 'futures' of bulk oil at its lowest rate, our pricing on bulk oil has remained stable. Prices at the time of purchase were historically low. This fact will allow us to reduce the impact of commodity market fluctuations until the end of 2015.