

Program & Commodity Pricing Updates

Effective May 1, 2015

Confidential Information

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 +1.4%**
- Schreiber Foods, Inc. (processed cheese) **Category Increase +3%**

Our pricing for Schreiber follows the block market. Cheese markets are unsettled. Across the country, production is strong trying to meet current demand, and inventories are building. Cheese is a hot commodity right now, which wasn't expected with the low export volume and a premium price to the world market.

- Michael Foods (Egg White) **Category Increase +7%**

Egg processors have been working more hours than ever trying to keep up with egg white demand as fast food restaurants race to add low cholesterol egg sandwiches to their breakfast offerings. Liquid egg whites now cost more than the whole eggs or yolk. While these markets have increased dramatically in the past 18 months, we have held off any increases during this time. In May, we will take an average 7% increase on our formulary egg white pricing (4%-10% depending on the product sku).

Beef

Cargill

- Ground Beef **Category No Change**

Harvesters have reduced hours due to recent cutout values going down. Retail demand usually increases into the summer months. This seasonality coupled with the shortened slaughter schedule, will result in a likely tightening of supply and could drive up ground beef pricing in the coming months.

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

We expect to see end cuts (both chuck and round) to remain firm going forward. Animal harvest will remain light thru the end of the year. Prices are expected to remain fairly steady to slightly lower into the late spring/early Summer.

Rich SeaPak/Casa Di Bertacchi

- Meatball Products **Category Increase +7.5%**

Due to our contract agreements, price increases for beef ingredients were deferred until this month. This increase reflects a reevaluation of pricing to market conditions. The price of beef, the main ingredient for this product, has increased up to 18% since the same time last year.

Pork

Fair Oaks Farms

- Cooked Sausage Patty (Sysco's Minn, E.Wisc, Baraboo, & Iowa only) **Category Decrease -3.6%**

Farmland Foods

- Raw & Cooked Bacon **Category Decrease -4%**
- Breakfast Sausage & Whole Hog Sausage **Category Slight Decrease**
- Ham & Deli Meats **Category Slight Decrease**
- Fabricated Pork (i.e. Chops & Tenderloins) **Category No Change**
- Hot Dogs, Sausage, & Pizza Toppings **Category No Change**

Commodity Driven Contracts Continued...

- Fresh Pork (Ribs)

Category Increase +6%

Ribs are the one pork cut that has not dropped significantly over the past year as other pork products have. Along with steady, higher pricing and the demand expected in the coming summer BBQ season, prices are increasing.

Poultry

Koch Foods

- | | |
|--|------------------|
| ▪ Bone in Breaded | No Change |
| ▪ Bone in Raw | No Change |
| ▪ Breaded Boneless Breast | No Change |
| ▪ Breaded Nuggets and Patties | No Change |
| ▪ Raw Boneless (Tropicana Special Pricing) | No Change |
| ▪ Pulled, Diced and Cooked Strips | No Change |
| ▪ Breaded Strips | No Change |
| ▪ Cooked Unbreaded Breasts and Patties | No Change |
| ▪ Wings | No Change |
| ▪ CVP | No Change |

Oils

Ventura Foods

- | | |
|-------------------|------------------------|
| ▪ Bulk Margarine | Slight Decrease |
| ▪ Oil, Shortening | Slight Decrease |

Our pricing on bulk oil has remained stable. We were able to buy ‘futures’ of bulk oil at its lowest rate, which was historically low, and will allow us to mitigate the commodity market fluctuations.

Darling International

- Kitchen Grease Pick Up Service **No Charge**

The Jacobson Index average for the last 30 days did not meet the threshold to trigger the monthly fee. This means that Darling and Darling Sub-Contractors will pick up waste oil at locations during this month at NO CHARGE.

To enroll in the Source1-Entegra Program with Darling International please contact your Source1 account support team at:

ClientServices@Source1Purchasing.com