

Program & Commodity Pricing Updates
Effective May 1, 2016
Confidential Information

AAF International

- Air Filters: **Increase +3%**

Costs for raw materials, labor and manufacturing have increased over the past four years and are now reflected in the current pricing. The last price increase for this contract was in 2012.

General Mills

- Nature Valley Brand Bars: **Increase +7%**

General Mills reformulated Nature Valley products to remove artificial colors, flavors and sweeteners of all energy and granola bars and to create a softer texture to crunchy granola bars. Investment in the reformulation as well as the change in ingredients led to a range of 4% to 8.5% increase in prices, resulting in an average of 7% higher costs on the category.

Heritage Bag

- Can Liners: **Decrease -3.75%**

Can liners are made with polyethylene resin and other resins. The price structure of this contract has been renegotiated to formula-based pricing method, which will increase or decrease based on cost input of these resins. This will enable us to keep pricing competitive in both inflationary and deflationary conditions.

Pillsbury

- Frozen Biscuit Products: **Increase +3.9%**

To comply with FDA guidance requirements, these products have been reformulated for the removal of Partially Hydrogenated Oils (PHOs). Costs of alternative ingredients resulted in a price increase.

RC Fine Foods

- Bases (Beef, Ham, Chicken, Turkey, Vegetable, Seafood): **Increase +3%**

This price change is due to rising costs for ingredients, labor 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.

Cheese & Dairy

Schreiber Foods, Inc.

- Processed Cheese: **Decrease -1%**

Great Lakes

- Processed Cheese: **Decrease -2%**

Michael Foods, Inc. (Papetti's)

- Egg Products: **Decrease -2%**

The egg program is almost in full recovery from the effects of last year's Avian Flu epidemic. Through thorough bio-security and nurturing of new flocks, recovery of poultry farms has been successful. No new cases of Avian Flu have been found for the past four months. Prices have returned to normal levels.

All purchase limits and allowable volume restrictions for Michael's Foods Extended Shelf Life (ESL), Hard Cooked, Frozen and Precooked Egg Products have been removed. Most suspended items on the egg program will be fully reinstated and available for purchase by May 9, 2016.

Beef

Cargill

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

Commodity Driven Contracts Continued...
Pork
Farmland Foods

▪ Raw & Cooked Bacon:	No Change
▪ Pure Pork Breakfast Sausage:	Increase +4.78%
▪ Whole Hog Breakfast Sausage:	Decrease -3.66%
▪ Ham:	Decrease -2.85%
▪ Deli Meats:	Slight Increase
▪ Fabricated Pork (i.e. Chops & Tenderloins):	Slight Increase
▪ Hot Dogs, Sausage, & Pizza Toppings:	Increase +4%
▪ Fresh Pork (Ribs):	Increase +3.39%

The overall Pork pricing is relatively steady. Trim markets have started moving upward as we move into grilling season and directly impacts breakfast sausage, dinner sausage, deli, hot dogs and pizza toppings. Availability of raw materials for ham is excellent as Easter holiday ham bookings have wrapped up.

Poultry
Jennie-O Foods, Inc.

▪ Turkey Products	No Change
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Koch Foods

▪ Bone in Breaded:	Slight Increase
▪ Breaded Boneless Breast:	Increase +4.5%
▪ Breaded Nuggets and Patties:	Increase +2.5%
▪ Raw Boneless:	Increase +6%
▪ Pulled, Diced and Cooked Strips:	No Change
▪ Breaded Strips:	Increase +2%
▪ Cooked Unbreaded Breasts and Patties:	Increase +2%
▪ Wings:	Slight Increase
▪ CVP (General):	Increase +4%

Chicken pricing follows a seasonal cycle. As we move into the grilling season, demand is up while supply is tightening. Mother's day demand for breast meat and tenders is driving those markets now. Memorial day, Father's day, July 4th, all are retail holidays that are beginning to drive the demand for other products. Wings will start to decline as we move out of the football and college basketball seasons. In addition, supply is lower than usual due to an air-sac viral infection (similar to the common cold in humans) which is affecting some flocks.

Seafood - Slade Gorton

▪ Imported Catfish:	Increase +4.5%
▪ Whole Cooked Crawfish:	Increase +22%

As a result of new USDA regulations on Catfish, the market has become unstable resulting in higher prices.

Seasonal demand as well as a spike in interest of this seafood trend is resulting in higher costs. The market is expected to continue rising into the warmer months.

Oils- Ventura Foods

▪ Bulk Margarine	Slight Increase
▪ Oil, Shortening	Slight Increase

Darling International

▪ Kitchen Grease Pick Up Service	No Charge
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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