

Program & Commodity Pricing Updates

Effective July 1, 2016

Confidential Information

Anchor Packaging	
<ul style="list-style-type: none"> Film: Increase +2.63% <p>The primary raw material for film is polyvinyl chloride (PVC) resin, which has seen rising prices from last year's all-time lows. This increase is reflected in our formula-based pricing agreement with Anchor and will be in place for the coming months.</p>	
Dixie Foodservice	
<ul style="list-style-type: none"> Smartstock Cutlery: Decrease -2.7% <p>The contract for these products was renegotiated to deliver lower pricing.</p>	
Heritage	
<ul style="list-style-type: none"> Bag Can Liners: Increase +7.0% <p>Linear Low Density Polyethylene (LLDPE) and High Density Polyethylene (HDPE) resin, which are the primary raw materials for this product, have experienced extremely volatile cost fluctuations this year, resulting in an overall increase of raw materials for bag can liners. This increase is reflected in our formula-based pricing agreement with Heritage and will be in place for the coming months.</p>	
Minute Maid	
<ul style="list-style-type: none"> Orange Juice: Increase +3% <p>Orange crops from the spring had a lower yield than expected, driving up pricing for juice. While market prices will continue to rise, entegra's pricing will remain stable at current prices through the end of 2016 due to a six-month negotiated contract price freeze.</p>	
Monin, Inc.	
<ul style="list-style-type: none"> Flavored Syrups: Increase +4% <p>Monin has changed their ingredients to reflect a cleaner label. That change along with the higher cost of commodity raw materials, has resulted in this increase. Pricing will be held for three years.</p>	
Monsoon Kitchens	
<ul style="list-style-type: none"> Indian Foods: Increase +2.6% <p>This average price increase across 19 products is due to an increase in manufacturing costs.</p>	
Pactiv	
<ul style="list-style-type: none"> Film, Cutlery, Tableware and Aluminum: Decrease -6% <p>The contract for these products was renegotiated to deliver lower pricing.</p>	
PepsiCo	
<ul style="list-style-type: none"> Frito-Lay Single Serve Chip Bags: Increase +2.8% <p>Packaging and labor costs have risen in the past year, prompting the manufacturer to increase pricing of single serve packages of all chip varieties under the Frito-Lay brand.</p>	
SCA	
<ul style="list-style-type: none"> Tissue (towels, tissues and napkins): Decrease -2.1% <p>The cost of recovered fiber has decreased slightly. This lower cost of raw material as well as a minor decrease in processing cost has resulted in lower average pricing for tissue from SCA.</p>	
Commodity Driven Contracts <i>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.</i>	
Cheese & Dairy	
<ul style="list-style-type: none"> Schreiber Cheeses: Slight Decrease Great Lakes Cheeses: Increase +4.6% <p>Cheese inventories were high earlier in the year, so farmers reduced production due to short-term losses. As domestic demand has risen in the past few months, there is reduced inventory available, causing market prices to rise.</p>	
<ul style="list-style-type: none"> Michael Foods, Inc. (Papetti's) – Egg Products: Slight Decrease 	

Commodity Driven Contracts Continued...
Beef - Cargill

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

Pork
Fair Oaks Farms

- Breakfast Sausage (Minn, E.Wisc, Baraboo, & Iowa only): **Increase +1.9%**

Farmland Foods

- Raw & Cooked Bacon: **Slight Increase**
- Pure Pork Breakfast Sausage: **Decrease -3.48%**

Heavy supply in the domestic market has kept trim prices relatively low.

- Whole Hog Breakfast Sausage: **Increase +6.7%**

Hog production was down through early summer while demand has not abated. Prices should move lower in the coming months as fall production will increase supply.

- Ham & Deli Meats: **Slight Increase -11.1%**
- Fabricated Pork (i.e. Chops & Tenderloins): **Increase +6.5%**

Demand for fresh pork increases every summer for the grilling season.

- Hot Dogs, Sausage, & Pizza Toppings: **Decrease -3%**

Heavy supply in the domestic market has kept trim prices relatively low.

- Fresh Pork (Ribs): **Slight Increase**

Ribs are moving up through summer cyclical demand for the grilling and BBQ season. Independence Day bookings are wrapping up.

Poultry
Jennie-O Foods, Inc.

- Deli Turkey Products: **Increase +2.9%**
- Raw Roasting Turkeys: **Increase + 3.3%**
- Ground Turkey Products: **Increase +4.2%**
- Turkey Cooked and Value Added: **Increase +3.9%**

The Jennie-O turkey pricing movement is due to changes and upgrades to manufacturing overhead and infrastructure. This change in pricing is not expected to continue. Feed and inventory factors are favorable going forward and pricing is expected to be stable to flat for the remainder of the calendar year.

Koch Foods

- Bone in Breaded: **No Change**
- Breaded Boneless Breast: **Decrease -2%**
- Breaded Nuggets and Patties: **No Change**
- Raw Boneless: **No Change**
- Pulled, Diced and Cooked Strips: **Decrease -2.2%**
- Breaded Strips: **Decrease -2%**
- Cooked Unbreaded Breasts and Patties: **Increase +2%**
- Wings: **No Change**
- CVP: **No Change**

In June, we saw a price spike across chicken categories due to carryover from Mother's Day into Memorial Day. For July, demand and supply are balancing out. Breast and tenders will begin to climb again toward the end of the summer because heat slows bird weight gain and productivity. This will squeeze the supply side.

Oils -Ventura Foods

- Bulk Margarine **Slight Decrease**
- Oil, Shortening **Slight Decrease**

Dar Pro (formerly Darling International Kitchen Grease Pick Up Service)

- 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

