

Program & Commodity Pricing Updates
Effective March 1, 2017
Confidential Information

Cardinal

- Glassware: **Increase +3.25%**

Raw material costs and labor costs have increased over the past months, causing manufacturing costs to rise for glassware.

Frito-Lay

- Chips and Snacks (small single serve SVL bags): **Increase +3%**

Due to general inflation and the rising costs of packaging and labor, single serve snacks are costlier to produce than larger sizes or bulk, causing a bump in pricing.

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
Kraft Foods

- Cream Cheese: **Increase +2%**

Butter has continued to increase through the month of January, driving increases for cream cheese pricing as well.

Schreiber Cheeses:

- Processed Cheeses: **Slight Decrease**

Great Lakes

- Natural Cheese: **Slight Decrease**

Beef
Cargill

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

Pork
Farmland Foods

- Raw Bacon: **Increase +23%**
- Cooked Bacon: **Increase +17%**

Retail demand for the bacon category is at an all-time high, while the supply has not risen to meet demand and resulted in low freezer inventory. This pricing will likely slow demand and begin to relieve pressure in the coming months.

- Pure Pork Breakfast Sausage: **Increase +2%**
- Whole Hog Breakfast Sausage: **Increase +4%**
- Hot Dogs & Pizza Toppings: **Increase +4.5%**

All products utilizing "trim" are still seeing increased pricing. Trim is related to lower hog slaughter rates, which leaves less trim available.

- Ham: **Decrease -3.25%**

The demands of holiday production wrapped up and supply is more readily available in the coming two months. Expect higher pricing in late spring as the seasonal demand bounces back up for Easter.

- Deli Meats: **No Change**
- Fabricated Pork (i.e. Chops & Tenderloins): **No Change**
- Fresh Pork (Ribs): **No Change**

Fair Oaks Farms

- Breakfast Sausage **Increase +4.5%**

All products utilizing "trim" are still seeing increased pricing. Trim is related to lower hog slaughter rates, which leaves less trim available.

Commodity Driven Contracts Continued...
Poultry
Jennie-O Foods, Inc.

- Turkey Products:

No Change
Koch Foods

- Chicken Products:
- CVP and Fresh Chicken Tenders:

No Change
Increase +18%

Fresh tenders are becoming a hot commodity, with a large increase in demand. This percentage increase translates to approximately \$0.29 per pound. Pricing is expected to continue to rise over the next few months as supply struggles to balance demand.

Seafood
Slade Gorton

- Domestic Breaded Catfish:

Increase +4.5%

Shortages of domestic raw material from the last six months are now being passed through the supply chain to processed products. The shortages were due to two consecutive very hot and dry seasons resulting in a lower harvest.

- Breaded Clam Strips:

Increase +5%

There is a higher demand than normal for winter and supply is not available for the unexpected demand.

- Farmed Salmon:

Increase +3.5%

Current supply is not meeting global demand, largely due to increased demand in China. There is a ten-year high in the Chilean export value markets for wholesale prices.

- Squid (Calamari):

Increase +3.5%

El Nino weather conditions in producing regions, especially Argentina, have caused low supply. Pricing surged 107% this year due to low catches. In addition, high calamari demand in the U.S. has added upward pressure to prices.

- Tilapia (shallow skinned IQF and IVP):

Decrease -4%

Lower U.S. demand has led to an increase in Chinese raw material, which has driven prices lower. Imports were down 10% since last year.

Oils
Ventura Foods

- Bulk Margarine
- Oil, shortening

Slight Decrease
Slight Decrease
Dar Pro

- 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