


Executive Summary

The Indicator Forecast Report is a quarterly publication that takes a look at market trends and the “whys” behind market activity for the most recent quarter. The report provides an overall perspective of commodity markets.

Inflation

- The December 2011 Consumer Price Index (CPI) for all food was 4.7% higher than the same period last year.
- The Producer Price Index (PPI) was 8.1% higher than last year.
- Prices are expected to moderate compared to last year but no overall price deflation is expected.
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Beef

- Production rose 4% in January 2012 compared to last year.
- U.S. exports are expected to experience double digit percentage increases over last year.
-  ground and roast beef prices are expected to remain elevated in 2012.

Beverages

- Coffee prices are expected to drop through 2012 driven by a strong supply.
- Frozen orange juice concentrate (FCOJ) prices hit an all-time high of \$2.10 per pound in January 2012 as supply issues exist from Brazil.

Dairy

- February 2012 Class I milk prices are 8.4% lower than January's prices.
- Prices for cheese blocks are declining and expected to continue to fall through 2012.
- USDA's dairy herd is expected to decrease in 2012 compared to 2011 levels.


Grains/Ingredients

- Wheat prices remain firm pressured by the high corn prices.
- Rice production is expected to decline but prices should remain flat through the first quarter of 2012.
- International cocoa prices should remain firm driven by expectations of low production in the Ivory Coast and Ghana.

Oil

- Soy oil prices were 10% lower in January 2012 compared to last year driven by strong supply.
- Canola oil prices are inflated by lower supply from Canada; increased supplies are expected in 2012.

Pork

- U.S. pork production is expected to increase 2% through 2012.
- Pricing for pork products is expected to increase steadily through the third quarter of 2012.
-  Farmland Foods bacon prices rose 7% in January 2012 compared to the same period last year.

Poultry

- Declining chicken production is expected to put upward pressure on pricing through 2012.
- Lower feed prices will cause turkey prices to trend lower through the second quarter of 2012.

Produce

- Produce prices are generally lower than last year as last year's prices were impacted by the Florida freeze.
- Potato prices are expected to trend higher in 2012 driven by tight supplies.

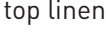
Seafood

- Seafood demand is expected to grow 0.8% each year through 2015.
- Shrimp supply is expected to grow slightly as production rises in Asia.
- Salmon prices will be firm while cod prices are trending lower than last year levels.

Metals

- Rising Chinese and India demand to put upward pressure on aluminum pricing.
- Aluminum production is declining as China's producers cut back due to rising costs.
- Nickel prices are rising through the first quarter of 2012.

Linen

- U.S. cotton demand is expected to decrease 8% in 2012.
-  top linen vendors reduced prices 8% - 10% over the last three months.

Paper & Plastics

- Paper markets dropped dramatically in December 2011; lower paper prices should be realized in the second half of 2012.
- Plastic markets are trending higher driven by tight supplies and higher crude oil prices.

Energy

- Political tension between the west and Iran is putting pressure on crude oil prices which are currently over \$100 per barrel.
- The Energy Information Administration projects the Northeast heating oil price to average \$3.71 this winter up 10% from last year.

Labor

- The U.S. unemployment rate declined to 8.5% in December 2011.
- The service sector growth was driven by the holiday season's package delivery services and retail sector.