

# The Indicator

## QUARTERLY FORECAST REPORT

April, May, June 2012



**entegra**  
PROCUREMENT SERVICES®

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# Executive Summary

## Inflation

- March 2012 was the first month since October 2010 that the U.S. has experienced a PPI Food Index below a 5% year-over-year increase.
- Entegra's Supply Management Team expects internal inflation to be as high as 4% in FY13.

## Beef

- Strong consumer demand, tight cattle supplies and weak packer margins are supporting high beef prices.
- U.S. imports from Australia, Brazil and Mexico are expected to strengthen as the year progresses and their herds and production improve.
- Entegra's ground beef prices are to remain firm with no signs of a significant decline for the rest of the year.

## Beverages

- Brazil's large estimates for coffee beans pushed prices to 18 month lows in April 2012.
- Entegra's coffee prices for all products, including specialty coffees and on-demand coffees, are expected to continue declining through the end of 2012.
- Entegra's Gregory Packaging juice pricing is expected to remain firm at least through the remainder of the second quarter of 2012.

## Dairy

- U.S. milk production is up 8% from a year earlier supported by more cows and improved cow production.
- Entegra's regional milk contracts are experiencing a reduction in milk prices driven by the national milk prices.

## Grains/Ingredients

- Global wheat supplies continue to grow pushing prices down.
- Corn feed use continues to decline as a result of the cheaper wheat alternative.
- In April 2012, entegra's General Mills dry mix prices were 8% higher than a year earlier.

## Oil

- Soybean prices are elevated, driven by supply concerns as adverse weather threatens production in South America and Europe.
- Canada's canola production is expected to reach historical highs in the 2011/12 (August 1 to July 31) season.
- Entegra's Producer's Mill rice prices were nearly 15% higher in April 2012 compared to the same period last year. Prices are expected to remain firm through the remainder of 2012.

## Pork

- Growing supplies and declining demand is driving pork prices downward.
- U.S. exports to China slowed down in Q1 2012 falling 35% in February compared to the previous month.
- Entegra's Farmland prices are expected to fall 6% in May 2012.

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.

## Poultry

- The industry has been controlling production to maintain pressure on chicken breast price.
- U.S. turkey meat production is expected to grow 2% in 2012.
- Although relatively flat to December 2011's prices, entegra's Koch Foods chicken wings prices were 10% higher in April 2012 compared to same period in the prior year.

## Produce

- Tomato prices reached historic lows in April 2012 driven by a market oversupply.
- Potato prices are expected to remain firm for the remainder of 2012.
- Entegra is experiencing increased cost savings driven by FreshPoint contracting more stable prices along with national logistic rates for many of entegra's top product SKUs.

## Seafood

- Current shrimp supplies are insufficient to meet demand hampered by natural disasters and epidemics.
- Entegra's tuna prices are expected to remain firm for the remainder of the year.

## Metals

- April 2012 aluminum prices are 19% lower compared to the same period last year but have increased nearly 7% since the beginning of 2012.
- Despite rising demand, stainless steel prices are expected to hold steady due to ample supplies on the market.
- Entegra Packaging Dynamics aluminum foil prices in April 2012 were flat compared to the same period in the previous year.

## Linen

- The 2012 global cotton consumption is expected to decline 6% compared to the previous season, for the second consecutive year.
- The 2012 cotton trade has increased 14% from the previous season mainly driven by higher Chinese imports.

## Paper & Plastics

- Entegra's Solo Cup Company and Pactiv prices are trending higher than the same time last year.
- Entegra's SCA prices are expected to decline through the third quarter of 2012.

## Labor

- The unemployment rate remains unchanged at 8.2%.

# Inflation Report



## The Indicator Forecast Report

April, May, June 2012

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For questions, comments and more information regarding The Indicator Forecast Report, please contact Tracey Ranallo, Vice President, Marketing and Program Activation at [tracey.ranallo@entegraPS.com](mailto:tracey.ranallo@entegraPS.com). Trademarks used in this publication are the property of the respective trademark holders.

Market Price Trends	Apr-2012 vs. Apr-2011	Apr-2012 vs. Oct-2011	Apr-2012 vs. Mar-2012
General Inflation	(-) 12 months	(-) 6 months	Last Month
PPI – Food	↑	↑	↑
CPI – Food	↑	↑	↑

*The trend information reflects the market; It does not reflect entegra Price Trends.*

The Consumer Price Index (CPI), a retail-based price index for all food, was 3.4% over the same period last year for March 2012. This is also lower compared to 4.7% in the fourth quarter of 2011. As expected, U.S. consumers are seeing some relief in food inflation driven by lower dairy and beverage prices.

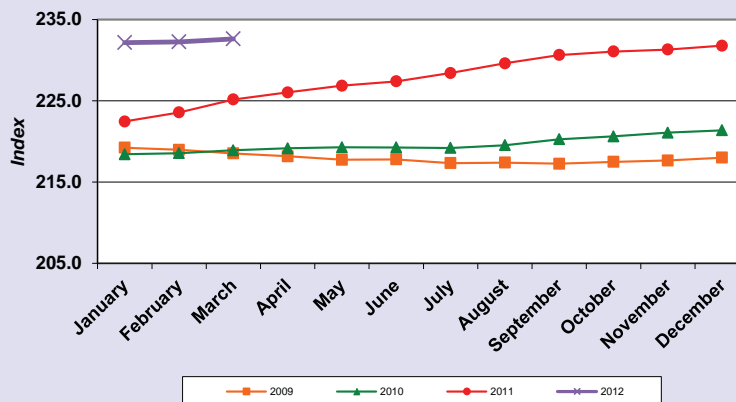
As of March 2012, the Producers Price Index (PPI) for manufactured foods, a cost based index, has fallen significantly since the fourth quarter of 2011 to 4.2% lower than last year. This index weights all food categories equally and attempts to measure price inputs for the food manufactured in the U.S.

Over the past year and a half, consumer prices have soared, driven by higher feed prices, escalating fuel prices and greater demand from world consumers. March 2012 was the first time since October 2010 the U.S. has experienced the PPI Food Index below a 5% year-over-year increase. One of the biggest differences between this latest period of inflation and previous periods is that deflation is not expected in the near future. Commodity inventories are at historic low levels and manufacturers are tightly controlling production. Most importantly, a large portion of U.S. commodities are still being exported to meet the world's demand needs.

In the most recent FY13 inflation forecast, the Supply Management Team expects internal inflation to be as high as 4%. Protein markets will continue to drive inflation as lower production levels will limit supply. A significant inflation risk is the price of poultry. Depending on how tight the poultry manufacturers control production, significant year-over-year price increases could be experienced in FY13.

*Sources: Bloomberg, U.S. Department of Agriculture, Bureau of Labor Statistics*

**CPI - Food**





# Beef Report

Strong consumer demand, tight cattle supplies and weak packer margins are supporting high beef prices. The U.S. Department of Agriculture's (USDA) economic research service reported that March 2012 beef prices were significantly higher than 2010. The report notes that choice-grade boneless sirloin was up 16% from two years ago while choice-grade ground beef was 11% higher than a year earlier and 35% higher than 2010. Beef prices continue to rise on the trading markets even before the typically high demand summer grilling season.

Smaller herds, decreasing production and increasing fuel and feed costs and now the concerns over lean, finely textured beef (LFTB) have pushed some cattle producers out of business. LFTB contributed 3 to 6% of the market's total lean beef supply. The USDA reported that beef production declined during March 2012 compared to March of 2011. Supporting that decline was the reduced number of cattle slaughtered which was down 7% over the same period. Prices for the ground beef 90's trim (the replacement for LFTB) have risen significantly since the LFTB concerns surfaced. As U.S. producers move away from LFTB production the already limited lean beef supply is further pegged backwards thus increasing upward pressure on pricing.

## Market Price Trends

Beef Commodity Markets	Apr-2012 vs. Apr-2011	Apr-2012 vs. Oct-2011	Apr-2012 vs. Mar-2012	Market Prices Are Trending		
	(-) 12 months	(-) 6 months	Last Month	Jul 2012 (+) 3 months	Oct 2012 (+) 6 months	Jan 2013 (+) 9 months
Ground Beef (90/50 combined)	➡	⬆	⬇	⬆	⬇	⬆
Roast Beef (168)	⬆	⬆	⬆	⬆	⬆	⬆
Composite Beef Cutout	⬆	⬆	⬆	⬆	⬆	⬆

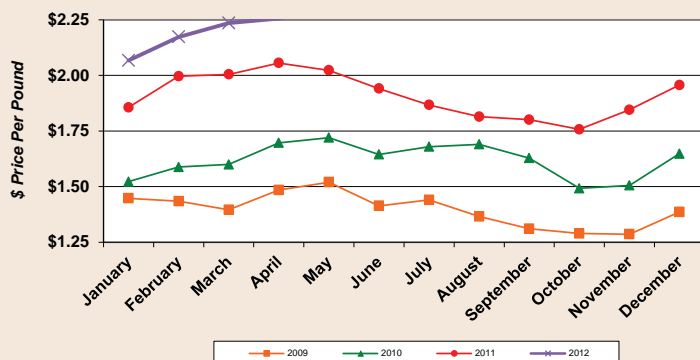
*The trend information reflects the market; It does not reflect entegra Price Trends.*

As domestic production decreases, U.S. exports are also expected to decline while imports will increase. The USDA projects a 19% rise in the U.S. imports for 2012 compared to last year. Exports from Australia, Brazil and Mexico are expected to strengthen as the year progresses and herds and production improve. Prices for 90's trim ground beef in the first quarter of 2012 have averaged 9.6% higher than last year's historical high prices. **In April 2012, entegra's Cargill ground beef prices averaged 10.9% higher than the same period last year. The 2012 ground beef prices are expected to remain firm with no signs of a significant decline for the rest of the year.**

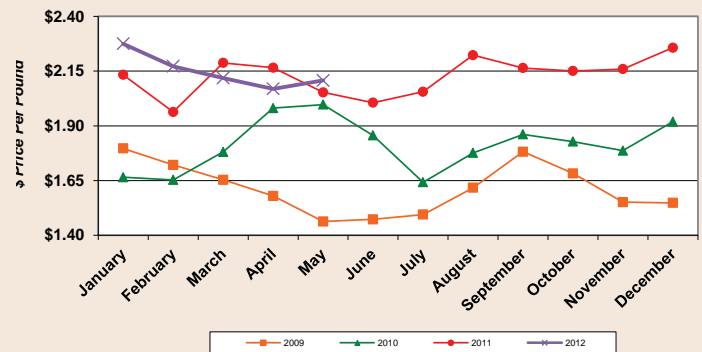
*Sources: Cargill, Drovers Cattle Network, Bloomberg*



USDA Beef Trimmings, National, FOB Plant, Fresh 90%



USDA 168 1 Round, Top Inside Round Select



# Beverage Report

## Market Price Trends

Beverage	Market Prices Are Trending					
	Apr-2012 vs. Apr-2011	Apr-2012 vs. Oct-2011	Apr-2012 vs. Mar-2012	Jul 2012	Oct 2012	Jan 2013
Commodity Markets	(-) 12 months	(-) 6 months	Last Month	(+) 3 months	(+) 6 months	(+) 9 months
Coffee	↓	↓	↓	→	→	→
Frozen Orange Juice	↓	→	↓	↓	↓	↓

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In April 2012, coffee prices dropped to an 18 month low. The declines were driven by Brazil's large crop estimates for the 2012/13 season, a strengthening U.S. dollar against the Brazilian currency, and an overall market oversupply. A Bloomberg report projects coffee prices to decline nearly 42% from a year earlier to trade around \$1.80 per pound until the end of 2012. Even though there are reduced estimates for Columbia's Arabica based on weather, coffee prices have remained lower compared to last year. On the contrary, Rabobank International (a full-range financial services provider) raised price forecasts for Robusta coffee traded in London for the rest of 2012 supported by declining European stockpiles and steady demand. (Robusta is a variety of coffee which has its origins in central and western sub-Saharan Africa.) Rabobank reported that warehouse inventories have been on a steady decline since July 2011 and were 3.6% lower in April 2012 compared to the prior two week levels. **Following the downward trend of the coffee commodity market, entegra's coffee**

**prices decreased nearly 5% for all products in the second quarter of 2012. Entegra's coffee prices for all products, including specialty coffees and on-demand coffees, are expected to continue declining through the end of 2012. As of May 2012, entegra's contract price for liquid coffee has declined significantly through Nestle, Douwe Egbert and Kraft driven by recent price negotiations.**

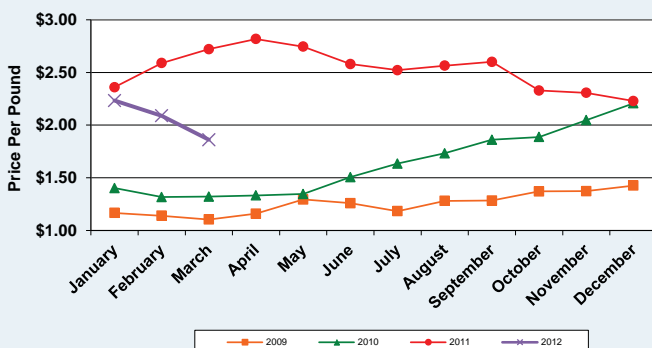
Orange juice prices have been on a steady decline since the January 2012 highs. The highs were a response to fears that a fungicide in Brazilian orange juice could halt imports. Orange juice sank to the lowest price in more than 18 months in mid-April 2012 driven by the improved Florida crop, sluggish orange juice demand and increased supply from Brazil. The U.S. Department of Agriculture (USDA) expects Florida's orange production to grow 5% above last year's levels despite the summer drought and January's freezing temperatures. With the improved orange production, the

Florida frozen concentrated orange juice (FCOJ) yield is forecast to increase 3% above last year's 1.59 gallons per box.

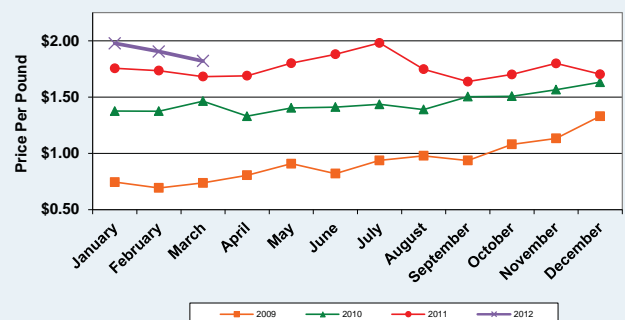
The freeze experienced in mid-April damaged grape crops in Michigan and New York (the country's third and second largest grape producers respectively). According to a Bloomberg report, Michigan and New York produced about two-thirds of the U.S. fruit used to make non-alcoholic grape juice last year. Crops in Washington (the nation's top grape producer) were not damaged. The full impact of the damage due to the freeze on supply and prices is yet to be determined. **Although entegra's Gregory Packaging juice prices have been sliding downward since January 2012, April 2012 prices still averaged 10% higher than a year ago led by apple juice prices averaging 15% higher. Pricing is expected to remain firm at least through the remainder of the second quarter of 2012.**

*Sources: Juice Market, USDA, Bloomberg, Kraft Foods, Royal Cup Coffee Perspective, NY Board of Trade, Bloomberg, Business Week*

Coffee "C" Price, New York Board of Trade



NBOT - Frozen Concentrated Orange Juice (FCOJ)



# Dairy Report

Milk production in the 23 major states in February 2012 totaled 15.2 billion pounds, up 8.3% from February 2011 driven primarily by an increase in the cow herd and production per cow. The mild winter boosted per cow milk production easing pressure on prices. The USDA lowered price forecasts -- Class I Milk prices for May 2012 are forecast to be \$17.85 dropping \$2.95, a 14% decline from January 2012 prices. The May 2012 pricing is \$3.90 lower than May 2011 prices, nearly a 20% price reduction. Milk prices should trend lower into 2012 while steadying later in the year. **Entegra's regional milk contracts are experiencing the reduction in milk prices being driven by the national milk prices.**

Sufficient stocks of dairy products coupled with higher production and lower U.S. exports, have caused cheese and butter prices to decline. As of April 2012, cheese and butter prices were 7.1% and 26.8% lower than the same period last year. Cheese and butter prices are expected to rise slightly throughout 2012. **AMPI butter prices for April 2012 were 23% below last year levels. Entegra's DCI and**

Market Price Trends				Market Prices Are Trending		
Dairy Commodity Markets	Apr-2012 vs. Apr-2011	Apr-2012 vs. Oct-2011	Apr-2012 vs. Mar-2012	Jul 2012	Oct 2012	Jan 2013
	(-) 12 months	(-) 6 months	Last Month	(+) 3 months	(+) 6 months	(+) 9 months
Butter 93 Score	↓	↓	↓	↑	↑	↑
Class 1 Milk	↓	↓	↓	→	↑	→
Cheese 40lb Blocks	↓	↓	↓	→	↑	→

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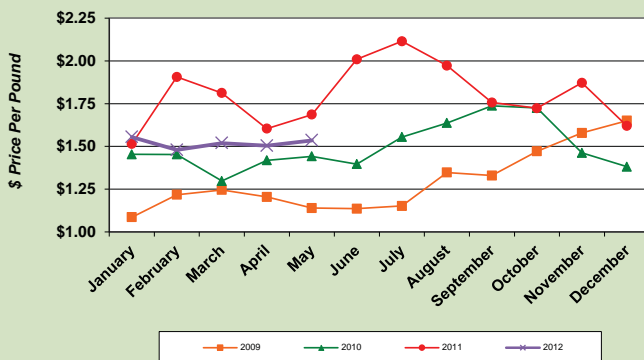
## Schreiber April 2012 cheese prices were both averaging 19% below last year levels.

The USDA expects the 2012 table egg production to be slightly higher than last year driven by an increase in the number of hens and an additional leap year day. Egg production for the first three quarters of 2012 is expected to trend higher than last year over the same period. The USDA reports that wholesale prices for one dozen large eggs were 2.8% higher in the first-quarter of 2012 compared to the first-quarter of 2011 averaging \$1.09. Egg prices were boosted by Easter in early April with the price averaging \$1.30 per dozen just before the holiday. Prices are expected to

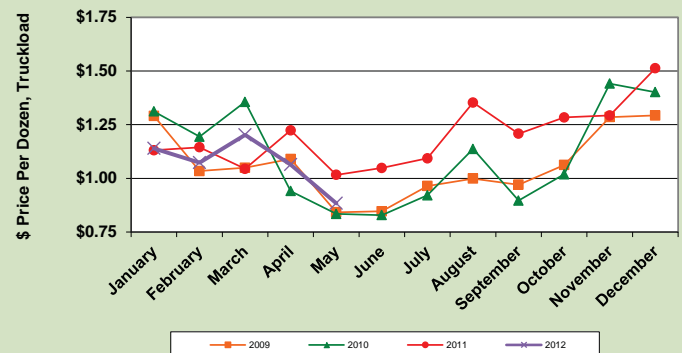
follow seasonal trends and decline during the second quarter. The 2012 egg exports are forecast to decline driven by a significant reduction in the exports to Korea. U.S. shipments to Korea were down 92% during February 2012 compared to the same month last year driven by falling exports of eggs products. The declines in egg product shipments to Korea more than offset larger exports to the U.S. top four markets: Canada, Japan, Hong Kong and Mexico. **Entegra's Michaels Foods egg prices have been declining since the third quarter 2011 and April 2012 prices were 3.3% lower than the same month in the prior year.**

*Sources: Saputo Dairy Market Review, Penn State Dairy Outlook Report, [www.future.aae.wisc.edu/dairy](http://www.future.aae.wisc.edu/dairy), USDA*

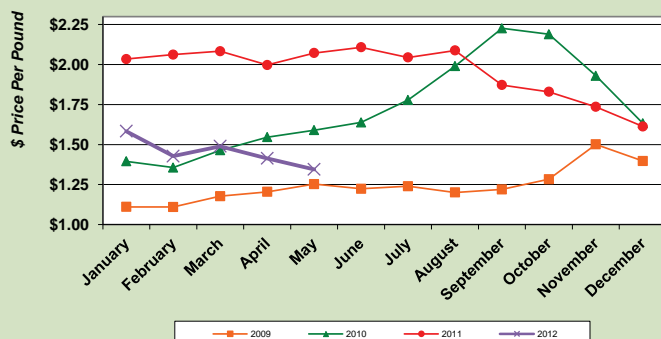
Chicago Mercantile Exchange, Cheese 40 Lb Blocks



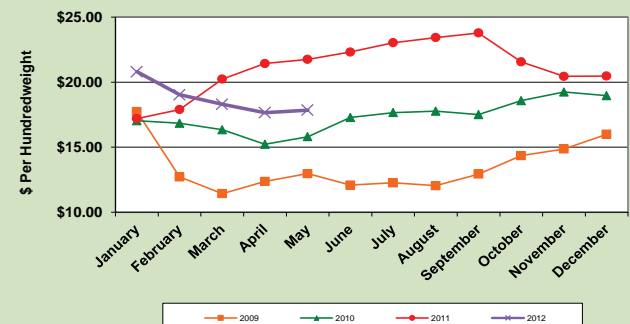
UB Shell Eggs, White Large, Midwest



Chicago Mercantile Exchange, Butter 93 Score (AA)



Class I Milk Price, by Federal Milk Order Marketing Area Central



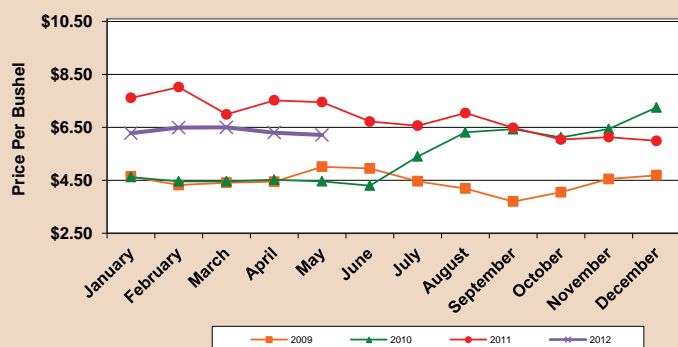
# Grains & Ingredients Report

## Wheat

Domestic demand for wheat is growing as reflected by the recent 35 million bushel increase in the U.S. Department of Agriculture (USDA) demand estimates for 2012. Supplies are forecast to decrease nearly 10% as increases in Soft-Red Winter (SRW) wheat are offset by decreases in the Hard-Red Winter (HRW) wheat and Hard-Red Spring (HRS) wheat. The decrease in HRW and HRS production was driven by a smaller planted acreage and the severe drought over the central and Southern plains. The drought also pushed down the yield as only 56% of the HRW wheat in the central and southern plains is rated good to excellent. Driven by reduced domestic supplies, the 2012 U.S. wheat imports are projected to increase by 23 million bushels compared to the prior year.

Global wheat prices have been declining as world supply continues to grow. Global wheat inventories will gain 7.1% in the 2011/12 season over the prior season as forecasted by the London-based International Grains Council. Foreign feed use is expected to grow 20% in the 2011/12 season compared to the previous season. The USDA report attributes the increase in foreign feed use to rising meat consumption in a number of countries as incomes grow. Despite a higher feed and residual consumption, Rabobank International asserts that the wheat market is fundamentally oversupplied. Rabobank forecasts wheat prices to be the lowest in the fourth quarter of 2012. **Entegra's General Mills all-purpose flour prices were trending 2% lower in April 2012 compared to the same period in the prior year. Although relatively flat to December 2011, in April 2012, entegra's General Mills dry mix prices were 8% higher than a year earlier.**

Chicago Soft Red Winter Wheat



## Corn

The USDA projects the 2011/12 feed grain supplies to decline 5.8% from last year. The USDA reports that corn stocks were 8% lower in March 2012 compared to a year earlier. Corn feed and residual use is forecast to decline in 2012 pushed down by the cheaper wheat feed substitute. The 2012 planting acreage is forecast to increase by 3.9 million acres. The USDA reported acreage increases in most corn-producing states and Texas is experiencing an acreage shift as farmers reduce cotton fields.

Corn prices rose in April 2012 driven by increased U.S. exports to China. The USDA reported that U.S. exporters sold two million tons of new-crop U.S. corn in the last week of April 2012. The surge in demand pushed prices for the July delivery to \$6.05 a bushel on the Chicago Board of Trade (CBOT).

## Cocoa

Cocoa supplies have been threatened by both disease and adverse weather. In early April 2012, farmers in Cameroon (Africa's fourth largest cocoa producer) were scrambling for pesticides as a caterpillar outbreak threatened cocoa plantations. A dry spell lasting from November 2011 through to March 2012 caused a drop in delivery volumes and the quality of the delivered crop in the Ivory Coast, (the world's largest cocoa producer). Cocoa prices for the second quarter of 2012 are trending higher than future prices for the third and fourth quarter of 2012. This is attributed to the current limited supplies and relatively poor cocoa beans; however, with the new marketing season approaching (August 1 to July 31) both supply and quality is expected to improve leading to the lower prices. Buyers are cutting back and not stockpiling in anticipation of the lower prices. **Entegra's Nestle cocoa prices were firm, rising 6% in April 2012 compared to the same period in the prior year and are expected to remain firm.**

*Continued on next page >*





# Grains & Ingredients Report

Market Price Trends

Ingredient Commodity Markets	Market Prices Are Trending					
	Apr-2012 vs. Apr-2011 (-) 12 months	Apr-2012 vs. Oct-2011 (-) 6 months	Apr-2012 vs. Mar-2012 Last Month	Jul 2012 (+) 3 months	Oct 2012 (+) 6 months	Jan 2013 (+) 9 months
St. Louis Soft Red Winter Wheat	↑	↑	↑	↓	↓	↑
Omaha Corn, U.S. 2 Yellow	↓	↑	↑	↓	↓	↓
Rice	↓	↓	↓	↑	↑	↑
NYBOT Sugar 11	↓	↓	↑	→	→	↓
Cocoa (NYMEX)	↑	↑	↑	↓	↓	↓

*The trend information reflects the market; It does not reflect entegra Price Trends.*

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## Rice

The 2011/12 rice crop is projected to decline 24% below the previous season record. The decrease in production is due to a decline in the rice acreage as farmers shift to more lucrative crops, particularly soybeans and corn as reported by the U.S. Department of Agriculture (USDA). The 2011/12 U.S. rice imports are estimated to be 12% above the previous year. This is the first reported increase in rice imports since the 2008/09 period. U.S. rice production is expected to continue declining as the USDA projects a further 5% decline in the 2012/13 planted acreage in both California and the South. Almost all of the U.S. long-grain rice is produced in the South. Rice acreage is expected to decline 37% in Texas due in large part to the Lower Colorado River Authority restricting water to rice farmers downstream because of the state's longstanding drought.

The 2011/12 global rice production is expected to be the highest on record at 463.7 million tons, 3% above the prior year. The increase in global rice production is attributed to the expanded area. The global harvested area is expected to increase 2% from a year earlier with the largest expansion in Asia. U.S. Rice prices have been firm rising steadily since December 2011. **Entegra's Producer's Mill rice prices were nearly 15% higher in April 2012 compared to the same period in the prior year. Prices are expected to remain firm through the remainder of 2012.**

## Sugar

Despite a bumper Florida sugar crop, the U.S. 2012 domestic sugar supply remains tight. In efforts to ease the pressure and balance the industry needs and grower prices, the U.S. Department of Agriculture (USDA) increased the fiscal year 2012 raw sugar tariff-rate quota by 420,000 tons for mid-April 2012.

The International Sugar Organization forecasts record demand for sugar in 2012 as the International Monetary Fund (IMF) projects a 3.3% global economic expansion. Unlike demand, sugar production is forecast to decline due to decreases in Brazil and India. Mumbai's Centre for Monitoring Indian Economy (CMIE) projects a 9.8% decrease in India's 2012 output compared to the prior year. The reduction is attributed to lower availability of sugarcane as acreage decreases.

Despite the projected production decrease, sugar prices are falling as India has increased its exports. India's supply exceeds its domestic demand. (India is the world's second largest sugar producer.) The Indian exports eased pressure on the markets as sugar fell 2.8% in April 2012, on the New York Stock Exchange (NYSE). **Entegra's Domino Foods prices declined 4% in April 2012 compared to the prior month.**

*Sources: USDA, Bloomberg, Business Week, www.sugarinds.com, Reuters, Wall Street Journal*





# Pork Report

## Market Price Trends

Pork Commodity Markets	Apr-2012 vs. Apr-2011	Apr-2012 vs. Oct-2011	Apr-2012 vs. Mar-2012	Market Prices Are Trending		
	(-) 12 months	(-) 6 months	Last Month	Jul 2012 (+) 3 months	Oct 2012 (+) 6 months	Jan 2013 (+) 9 months
Bacon	↓	↓	↓	↑	↑	↑
Ham	↓	↓	↓	↑	↑	↑
General Pork	↓	↓	↓	↑	↑	↑

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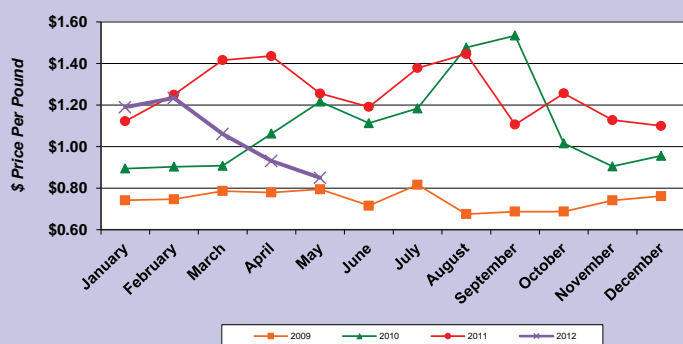
Pork prices have been on a gradual decline since mid-February 2012 as supply rises and consumer demand slows. The U.S. Department of Agriculture (USDA) reported that U.S. commercial pork output was up 2.4% in the first quarter of 2012 compared to the same period last year. The increase was driven by a higher number of hogs coming to market and heavier carcass weights compared to last year. Increased production and sluggish demand has left the U.S. pork stockpiles at the end of March 2012 6.7% higher than the same period prior year.

Pork Bellies (used to make bacon) prices declined 35% in April 2012 compared to last year although last year's prices were particularly high, inflated by strong demand from South Korea. Exports are slowing down

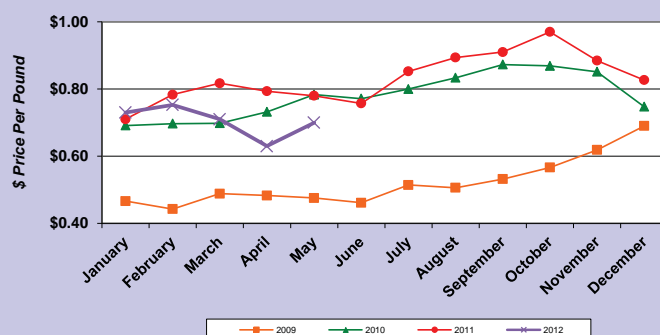
this year as the USDA reported that shipments to China dropped 35% in February 2012 compared to the previous month's shipments. However, the USDA remains optimistic about the U.S. exports, it is expected that the lower prices will boost sales. The effect of the upcoming grilling season is yet to be felt as the current trends are not typical for this time of the year. **Entegra's Farmland pork prices averaged 12% lower in April 2012 compared to a year earlier. However, the prices for ribs have been firm averaging 15% higher in April compared to last year's pricing. Overall Farmland prices are expected to fall an additional 6% in May 2012.**

Sources: USDA, Bloomberg, Farmland Foods, CME Group, Cattle Network

USDA Bellies, Skin-On, Trimmed 14-16#, Total on FOB Basis



USDA Hams, Bone-In 20-23# Trim Spec 1, FOB Basis



# Poultry Report

Sustained production cuts have continued to support the white meat market. At current commodity input levels, the broiler industry is operating near to slightly above break-even. Commodity input levels remain at historically high levels due to high export demand and tight global supplies. As a result producers are continuing to control production thus maintaining pressure on prices. The 2012 broiler meat production is forecast to decline nearly 2% from 2011 production levels. In line with declining production, U.S. broiler stock levels have dropped 17% in the first quarter of 2012 compared to last year. The first quarter of 2012 cold storage holdings were lower for all of the broiler categories (except thigh meat) at 17% from the previous year. The largest declines were in stocks of legs and wings at 45% and 52% respectively. According to the U.S. Department of Agriculture (USDA), whole broiler prices averaged \$.872 per pound during the first quarter of 2012, up 12% from the previous year driven by a renewed interest in dark meat by U.S. consumers. Although higher than the previous year, prices for whole birds have declined seasonally early in the second quarter of 2012. Prices for leg quarters were 26% higher averaging \$.053 per pound in the first quarter of 2012. The

Market Price Trends				Market Prices Are Trending		
Poultry Commodity Market	Apr-2012 vs. Apr-2011 (-) 12 months	Apr-2012 vs. Oct-2011 (-) 6 months	Apr-2012 vs. Mar-2012 Last Month	Jul 2012 (+) 3 months	Oct 2012 (+) 6 months	Jan 2013 (+) 9 months
Midwest Breasts, 1.25 lb	↑	↑	↑	↑	↓	↓
Wings	↑	↑	↑	↓	↓	↓

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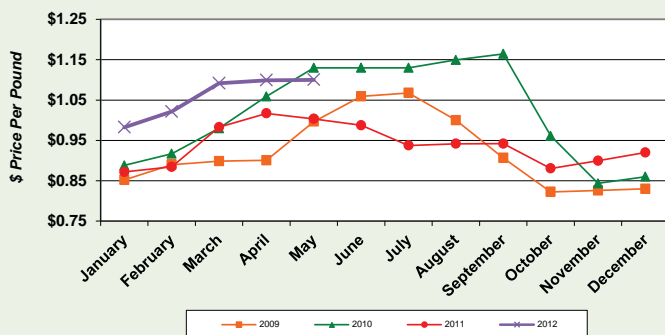
prices for boneless/skinless breasts are flat while boneless/skinless thigh prices are trending 15% higher than the prior year. Wing prices have remained high defying the seasonal trends averaging \$1.80 per pound. **Although relatively flat to December 2011's prices, entegra's Koch Foods chicken wings prices were 10% higher in April 2012 compared to same period in the prior year. Prices for chicken tenders and breaded chicken boneless breasts are flat compared to last year. Chicken breast prices are expected to remain firm as the industry continues to control production due to high input costs.**

After years of limited supplies due to high feed costs the USDA is forecasting a 3.2% growth in turkey meat production

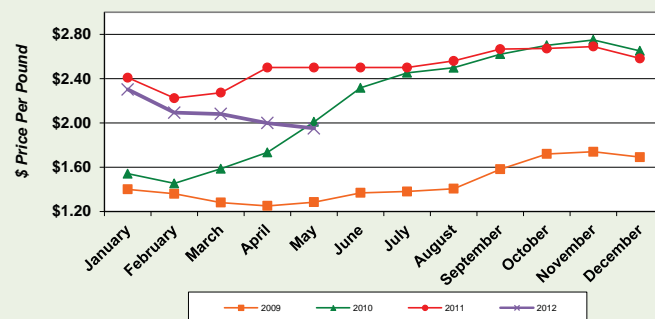
for 2012. Turkey meat production increased 5% over the first two months of 2012 from the same period in the prior year. The increase in production is mainly driven by the 4% increase in the number of birds slaughtered this year compared to last year. During first-quarter 2012, prices for whole hen turkeys were 12% higher than the first quarter 2011 at \$1.01 per pound. The USDA expects prices to decline as production increases throughout the year. **Entegra's Jennie-O turkey prices have held steady since December 2011 and are 2% higher in April 2012 compared to the same month last year.**

*Sources: USDA, Urner berry, National turkey Foundation, Agrimoney*

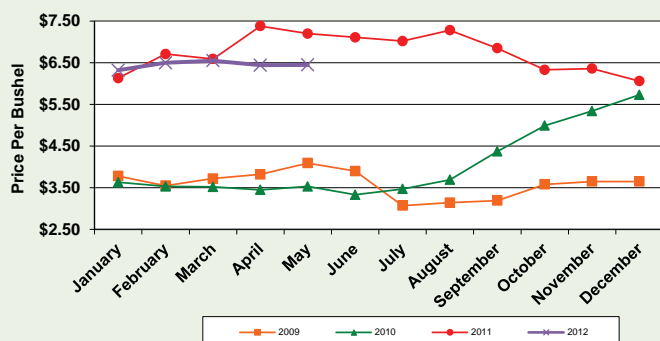
UB MW Breasts, 1.25 lbs & dn



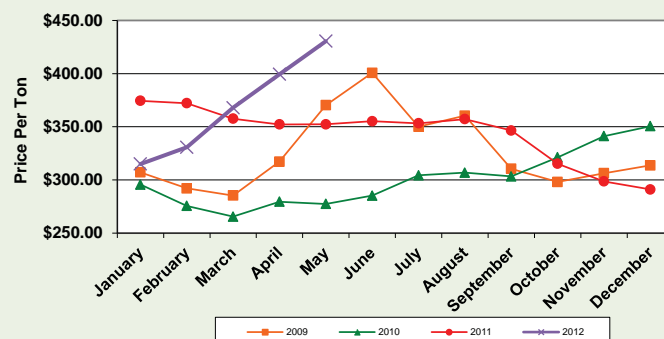
UB Turkey Meat - Breast, Tom, Fresh



Omaha Corn, U.S. 2 Yellow



CBOT Soy Meal Continuous Front-Month Futures



# Seafood Report



Market Price Trends

Seafood Commodity Markets	Apr-2012 vs. Apr-2011	Apr-2012 vs. Oct-2011	Apr-2012 vs. Mar-2012	Market Prices Are Trending		
	(-) 12 months	(-) 6 months	Last Month	Jul 2012 (+) 3 months	Oct 2012 (+) 6 months	Jan 2013 (+) 9 months
Black Tiger Shrimp	➡	⬇	➡	⬆	⬆	⬆
Pacific Cod	➡	➡	⬆	⬇	⬇	⬇
Atlantic Salmon 2/3 C Trim Chilean (Fresh)	⬇	⬇	⬇	⬇	➡	➡
Tilapia	⬇	⬇	⬇	➡	⬆	⬆

The trend information reflects the market; It does not reflect entegra Price Trends.

The Food and Agriculture Organization (FAO) expects total demand for seafood products to increase by 2% each year through 2015. However, current supplies are insufficient to meet demand hampered by either natural disasters afflicting Japan's fishers or epidemics decimating shrimp in Thailand and Vietnam. Farmers in Vietnam's Mekong Delta and Ca Mau Province are fighting heavy tiger and white-legged shrimp deaths. Black tiger supplies remain tight with soft seasonal demand until late May. Replacement costs are firm pushing most farmers to switch to Vannamei shrimp, further reducing Black Tiger supply. Rising labor costs and growing domestic demand has significantly cut back China's exports contributing to the increased upward pressure on black tiger shrimp prices. **Despite declining 9% since December 2011, entegra's cold water cooked shrimp prices through Slade Gorton were 11% higher in April 2012 compared to the same period in the prior year.**

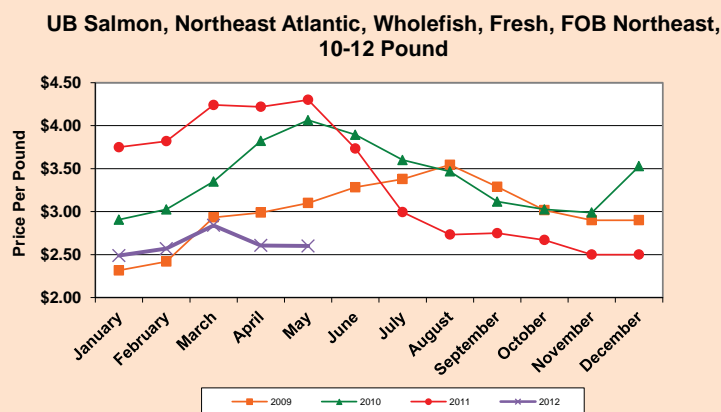
Tilapia prices have dropped driven by supply surplus and slightly declining demand; a mild winter in China left producers with surplus inventories, and importers in the United States are sitting on large inventories as well. At the same time, consumer demand for tilapia has slightly decreased. Chilean production is recovering slowly as husbandry techniques improve and farmers improve logistics from hatchery to production plant. There is ample Atlantic salmon supply to meet demand thus prices should hold steady at least

through the third quarter when global supplies are expected to increase thus push prices downward. **Although slightly lower than December 2011, entegra's Slade Gorton tilapia prices were 3% higher in April 2012 compared to April 2011. Salmon steak prices have declined 5% over the same period.**

On the global market, tuna exporters have experienced positive gains as the export value of tuna products rose 23% in first quarter of 2012 over the same period last year. However, rising raw material and fuel costs and the emergence of new importers on the U.S. tuna market is putting upward pressure on prices. U.S. imports declined nearly 3% in the first quarter of 2012 compared to the

prior year. The salmonella outbreak on the west coast will increase the FDA inspections further asserting the FDA as a factor in supply. **Entegra's April 2012 tuna prices through Slade Gorton averaged 30% higher than the same period last year and are expected to remain firm. Entegra's light skipjack chunk tuna through Mitsui Foods has doubled since December 2011. Overall, Mitsui Foods tuna prices in April 2012 were 11% higher than same period last year.**

Sources: Slade Gorton, Urner Barry, Intrafish, [www.seafood.com](http://www.seafood.com)





# Produce Report

2012 Tomato prices have plummeted to historic levels driven by a bumper crop. In Florida, warm temperatures and a dry growing season helped farmers produce record tomato volumes. Prices have been depressed as the market is oversupplied. Prices dropped to nearly \$4 per box in April from the \$15 to \$20 range in the months earlier. In addition to Florida's bumper crop, the tomato imports from Mexico have contributed to the downward pressure on prices. **While entegra's regional fresh produce contracts follow the market price trends, customers of FreshPoint have been experiencing increased cost savings opportunities. These savings are being driven by FreshPoint contracting more stable prices along with national logistic rates for many of entegra's top SKUs.**

Canada's April 2012 potato stocks fell 14.6% below last year's holdings. This is the lowest level since 2002. While Canada is likely to import new-crop chip potatoes as it usually does, remaining storage inventories will provide much of the needed supplies until Canada's harvest gets under way. Canada's April 2012 seed potato stocks were down 21.9% from last year. The North American Potato Market News expects Canadian growers to plant 9,600 more acres of potatoes in 2012 compared to 2011, a 2.7% increase. It would be the country's second consecutive acreage increase, following a string of seven declines. Lack of seed may limit an increase in processing potatoes. Dealers report that seed for processing potatoes is extremely tight. While chip potato seed

supplies have recently loosened, processing growers are still scrambling to find enough seed to cover contract obligations. **Although relatively flat to December 2011, entegra's April 2012 French Fry prices through McCain Foods were 4.9% above the same period last year.**

Source: Produce Plaza



# Edible Oil Report

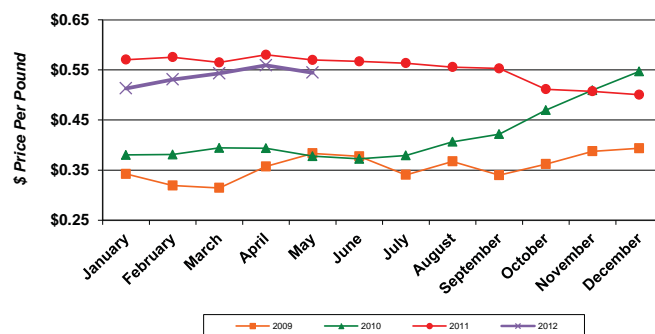
In April 2012, soybeans prices rose to a three-year high amid concerns of a freeze in South America, excessive rain in Europe and decreased acreage in the U.S. Despite being lower than last year, the 2011/12 demand for soybeans rose in the first quarter of 2012. As prices surged more beans were crushed, soybean meal prices rose to \$366 per short ton during the second quarter of 2012. The U.S. Department of Agriculture (USDA) expects prices to remain firm also supported by the high domestic soybean meal use. Soybean oil prices are also on an upward trend as demand for soybeans in biodiesel production nearly doubled from the fourth quarter of 2011 through the first quarter of 2012.

Soybean production in Europe is forecast to decline as much as 15% due to limited supplies. Freezing temperatures threatened Argentina's soybean crop. Canada continues to expand its oil processing capacity and anticipates record production for the 2011/12 (August 1st to July 31st) season. The division of Agriculture and Agri-Food Canada is forecasting a 7% rise in canola crush from last season's 6.3 million tons. As a direct result of tighter global supplies, exports to the U.S. are forecast to be nearly 42% of Canada's 3.1 million shipments followed by China at 25%. **In April 2012, entegra's Ventura margarine prices**

**were nearly 3% lower than a year earlier. However, oil prices were 3.5% higher over the same period. Prices are expected to remain firm for both categories. In April 2012, entegra's salad dressing prices through Ken's Foods were 6% above the same period last year.**

Sources: Ventura Foods, USDA, Statistics Canada Crop Production Report, Bloomberg

CBOT Soy Oil Continuous Front-Month Futures



# Plastics & Paper Report



## Market Price Trends

Resin and Paper Commodity Markets	Apr-2012 vs. Apr-2011	Apr-2012 vs. Oct-2011	Apr-2012 vs. Mar-2012	Market Prices Are Trending		
	(-) 12 months	(-) 6 months	Last Month	Jul 2012 (+) 3 months	Oct 2012 (+) 6 months	Jan 2013 (+) 9 months
Recovered Fiber Paper (Napkins, Paper Towels, etc.)	↓	↓	↑	↑	Unknown	Unknown
PET (cups)	↓	↓	↑	↓	↑	↑
Polypropylene (cups and containers)	↓	↑	→	↓	↓	↓
Polystyrene (plastic ware)	↑	↑	→	↓	↓	↓
PVC (film)	↑	↑	→	→	↓	↓

*The trend information reflects the market; It does not reflect entegra Price Trends.*

Recovered fiber prices dipped in March 2012 to levels witnessed at the beginning of 2012. Production for both bleached and unbleached fiber is steady but exports are slightly down. China has slowed their production as uncertainty mounts over the global economy, particularly in Europe. In 2011, China imported 27 million tons of recovered fiber of which the U.S. supplied close to 12 million tons. Cautious consumer spending in the first quarter resulted in reduced recovered fiber exports to Europe. Prices are expected to remain firm through the second quarter.

**Despite a 2% price decline since December 2011, entegra's Solo Cup Company prices for Trophy cups were 8.5% higher in April 2012 compared to the same period in the prior year. SCA, entegra's contractor for paper napkins could see a price decline in**

## July 2012 driven by the lower wood pulp prices.

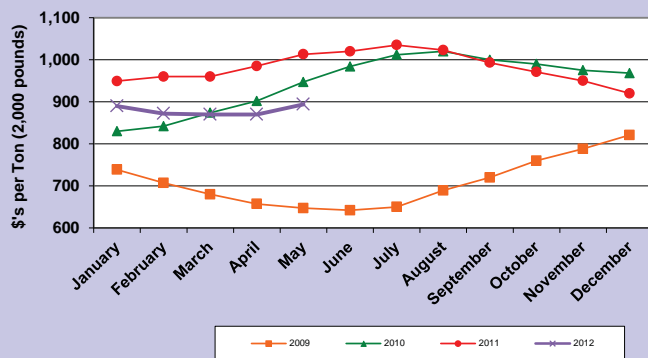
Global consumption of polyethylene terephthalate (PET) packaging is expected to grow at an annual average rate of 3-4% per year, spurred by increasing consumption from the Asian markets. Despite this positive outlook, current demand is weak in both Europe and the U.S. Manufacturers are holding high PET stocks throughout the European PET chain. Poor sales amid economic fears have also resulted in PET producers sitting on high stocks of resin, increasing downward pressure on European PET prices. U.S. domestic demand continues to be very weak driven by a weaker beverage market. Raw material costs are expected to further drop in the

second quarter but prices should firm up during the third quarter and into the fourth quarter.

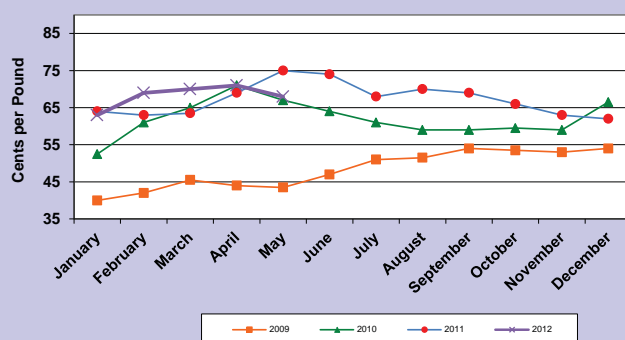
Domestic demand for polyethylene is weak as the market has sufficient supplies; however, domestic PVC prices have been on the rise since the beginning of the year and the trend is expected to continue through the second quarter. The upward trend in pricing is well supported by rising demand that is forecast to be at least 2% higher than 2011. **Entegra's Berry Plastics can liner prices averaged 3.8% higher in April 2012 compared to the prior year. Despite a 3% decline since December 2011, entegra's Pactiv prices were 5% higher in April 2012 compared to a year earlier.**

*Sources: Platts, www.plasticsnews.com*

## Wood Pulp



## High Density Polyethylene Injection Mold Price



# Metals Report

## Aluminum

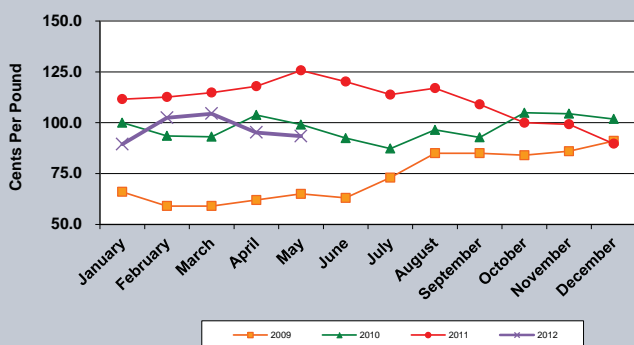
The world's second largest aluminum producer, Alcoa Inc. expects China's aluminum demand to grow by 11% in 2012. Alcoa also projects a global aluminum shortfall of at least 435,000 metric tons in 2012. This deficit will put upward pressure on aluminum pricing. Bloomberg reports that aluminum premiums rose as orders increased in April 2012. This signaled a tightening market supply despite the near record high inventories reported by the London Metal Exchange (LME). Approximately 33% of the LME aluminum stocks are yet to be delivered from the warehouses.

In addition to Alcoa, Novellis (the world's largest aluminum user) projects China's demand to continue growing for the next five years to meet the increasing demand for cars and cans. Novellis expects the demand for beverage cans to grow rapidly over the next several years. This will continue to put pressure on pricing as production slumps. Chinese aluminum smelters are on the higher end of the global cost curve thus factories remain closed and others continue to scale down production.

April 2012 aluminum prices are 19% lower compared to the same period last year but have increased nearly 7% since the beginning of 2012. Aluminum prices are expected to trend higher in 2012.

**Entegra Packaging Dynamics April 2012 aluminum foil prices were flat compared to the same period in the previous year. Pricing is expected to hold steady as most manufacturers have already taken price increases for 2012.**

Aluminum



## Stainless Steel

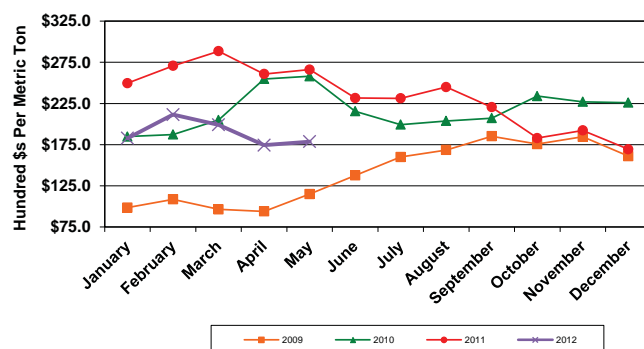
Despite rising demand, industry insiders expect stainless steel prices to hold steady as the market battles a supply overhang. While the prices hold steady, the PPI index for stainless steel manufacturers reflects increases in shipping and wage costs. The question remains: how long will the manufacturers continue to absorb the rising costs before passing them on to the consumer?

April 2012 stainless steel prices are 33% lower compared to the same period last year and 5% lower since the beginning of 2012. Stainless steel pricing looks to trend higher in 2012 reflecting higher logistic costs.

**IMCO which is Edward Don's import division has imported significant inventory of Windsor and Dominion flatware which is purchased heavily by entegra. This increased inventory should help keep entegra's IMCO prices steady through 2012.**

Sources: Bloomberg, Reuters, Propurchaser.com, IMCO, Foodservice Equipment Reports: SPECIAL REPORT: E&S Market Bounces Back In 2011

Primary Nickel

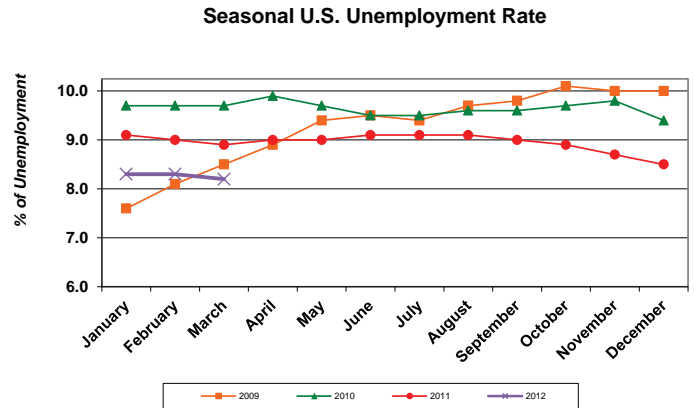




# Labor Report

Non-farm payroll employment increased by 120,000 workers in March 2012. The increase had very little effect on the unemployment rate which is at 8.2%, according to the U.S. Department of Labor's latest labor report. These employment gains were the fewest in five months as the previous three months had averaged 246,000 hires. The private sector grew by 121,000 with gains in manufacturing, food services, drinking venues and healthcare. Retail trade lost approximately 34,000 jobs driven by a 32,000 loss in general merchandising stores. The Kelly US Talent Monthly attributes the March slump to the unseasonably warm winter and high fuel prices. Despite the March 2012 slump, the U.S. labor market recorded its strongest first quarter results in six years.

Sources: U.S. Department of Labor; Kelly US Talent Monthly



# Linen Report

The U.S. Department of Agriculture (USDA) expects the 2011/12 global cotton consumption to decline 6% compared to the previous season. The USDA's Prospective Plantings report forecasts the 2012 U.S. domestic cotton acreage to decline 11% from the 2011's actual planted area. The reduced planting acreage is being driven by the increased ending stocks from the 2011 season as demand dropped last season.

Despite the 14% decrease in the U.S. cotton production, world cotton production for the 2011/12 season is expected to grow at least 6% in comparison to the previous season. China and India are expected to lead the way with anticipated

increases of 10% and 0.4% respectively. The 2011/12 cotton trade has increased 14% from the previous season mainly driven by higher Chinese imports. The Chinese government imposed restrictions to mills on their access to the domestic cotton supply triggering a rise in imports as the Chinese mills turned to the world market for supplies. The increase in Chinese imports more than offsets the decreases in other cotton trading countries.

Sources: USDA Cotton and Wool Outlook, Reuters



Market Price Trends				Market Prices Are Trending		
Linen	Apr-2012 vs. Apr-2011	Apr-2012 vs. Oct-2011	Apr-2012 vs. Mar-2012	Jul 2012	Oct 2012	Jan 2013
Commodity Market	(-) 12 months	(-) 6 months	Last Month	(+) 3 months	(+) 6 months	(+) 9 months
Cotton	↓	↓	→	→	↑	↑

The trend information reflects the market; It does not reflect entegra Price Trends.