

Program Updates: Effective January 1, 2014

Food and Related Supplies Pricing Changes

Aladdin Temp Rite - Category Increase +2 to +3%

This pricing adjustment is due to increases in production costs and raw materials including ABS plastic, the type of plastic used for these products. Stainless Steel costs have declined making the overall increase minimal.

Boghosian Raisin Packing Company (Raisins) Category Decrease -3 to -6%

After several years of short crops, the industry is projecting an average size crop. Pricing has been reduced in the anticipation of this larger raisin crop.

Diamond Crystal (Gelatin) Category Increase +4.5%

Diamond Crystal Brands national price increase is 6% across the board for Gelatin due to increased ingredient costs; however we have negotiated a lower increase.

Hormel Health Labs, Inc. (Foodservice/Purees) Category Increase for Foodservice +3.5%/wePurees +3.3%

Drivers for this increase include key market indices: corn starch (used to thicken products) increased 5.5%; non-fat dry milk increased 23%; milk protein isolate (used in most of these products) increased 11%. In addition, the pricing adjustment is influenced by an increase in packaging. We worked with Hormel to keep the pricing adjustment below 4%.

Industrial Protection Products – (slip resistant footwear) – Category Decrease -10%

We have worked closely with this Preferred partner to negotiate a pricing decrease for Program Participants.

Nestle Vitality (price reduction of 3.8% for frozen liquid coffee) Category Decrease -3.8%

The decrease on Nestle liquid coffee is based on the decline in the commodity coffee market.

Rich's Pizza (Crust/Flatbread) Category Decrease -4%

This annual adjustment brings pricing in alignment with key market indices.

White Wave - International Delight (Half and Half PC only) Decrease of \$1.00 Per Case

This per case decrease only applies to one item – the half and half PC. We were able to gain additional value with White Wave on this decrease through their strategic sourcing process.

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 our negotiated pricing, and the monthly pricing reflected does not portray the full year benefit. However, we do want to keep you informed so you

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.

Ground Beef is up 2.5%

The beef market is still experiencing the effects of the two years of drought and major cow herd rebuilding. Although conditions are good for rebuilding to occur in 2014, inventories will remain tight throughout the year. Much will also depend on a volatile export market and the strength of the US Dollar.

Allied Specialty – Philly Steak Category Decrease -2.5%

Pricing is down 2.5% due to a reformulation of the product marinade which will reduce sodium in addition to cost savings.

Cheese Updates

- **Schreiber Foods, Inc.** (Processed Cheese) **Category Decrease -0.86%**
- **Great Lakes** (Natural Cheese) **Category Increase +1.4%**

Darling International (Kitchen Grease Pick Up Service)

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.

Fair Oaks Farms Breakfast Sausage Category Decrease -5.3%

For GFS and Sysco's Minn, E.Wisc, Baraboo, & Iowa only.

- Raw & Cooked Bacon – **Category Decrease -2.1%**
- Breakfast Sausage & Whole Hog Sausage - **Category Decrease -4.1%**
- Ham & Deli Meats - **Category Decrease -1.0%**
- Fabricated Pork (i.e. Chops & Tenderloins) - **Category Decrease -1.7%**
- Hot Dogs, Sausage, & Pizza Toppings - **Category Decrease -3.8%**
- Fresh Pork(Ribs) - **Category Decrease -3.1%**

Pork supplies in general are unexpectedly up due primarily to increased carcass weights. Seasonal drop in demand coupled with unexpected ample supply has pricing down for this month. Bacon's wild ride of popularity is finally leveling off, meaning demand is more in line with supplies. Continued speculation persists around reduction in supply as the PED virus is becoming more

prevalent, however the real impact from the PED virus will occur in spring when the lost head count would have matured, gone to slaughter, and entered into freezer stocks and supply. [Read more about the PED Virus.](#)

- Deli & Raw Roasts – **Category Decrease -2.5 – 3.2%**
- All other Turkey **Categories Decrease -1-2%**

In general Turkey Market demand and supplies are down which would normally lead to higher pricing. The Turkey pricing program which based on the pricing of feed is currently benefiting from a plentiful corn crop year, and much lower corn pricing.

- Bone in Breaded: **No Change**
- Bone in Raw: **No Change**
- Breaded Boneless Breast: **Category Decrease -1.6%**
- Breaded Nuggets and Patties: **No Change**
- Raw Boneless: **Category Decrease -2.7%**
- Pulled, Diced and Cooked Strips: **Category Decrease -0.5%**
- Breaded Strips: **Category Decrease -4%**
- Cooked Unbreaded Breasts and Patties **Category Decrease -1.3%**
- Wings: **Category Decrease -3.5%**
- CVP: **Category Decrease -4.6%**

Kraft (Cream Cheese) **Category Decrease -0.89%**

Sabert (Caterware - trays, platter, bowls, utensils) **Category Pricing Changes Vary Depending on Item**

There are pricing changes on certain items with a maximum increase of 8%. In addition, many items are decreasing in price with the overall contract pricing reductions averaging of -14%. The variations are a result of adjustments that bring particular items in line with key market indices. The three highest volume items are:

Item	Item Description	Re sin	Material Group	% change
UBK36TS Y	36CT BLACK IJM TONG SYSCO	PS	Utensils	-20%
9912	BLACK 12IN. FLAT PLATTER	PE T	Platters-TF: B/L	+4%
92160ASY	50CT 160OZ BLACK PET BOWL	PE	Bowls Cater-Rnd: B/	

	50	SYSCO	T	L	-1%
Ventura Foods (Bulk Margarine) Category Decrease -1.7%					
Ventura Foods (Oil, Shortening) Category Decrease -1%					