



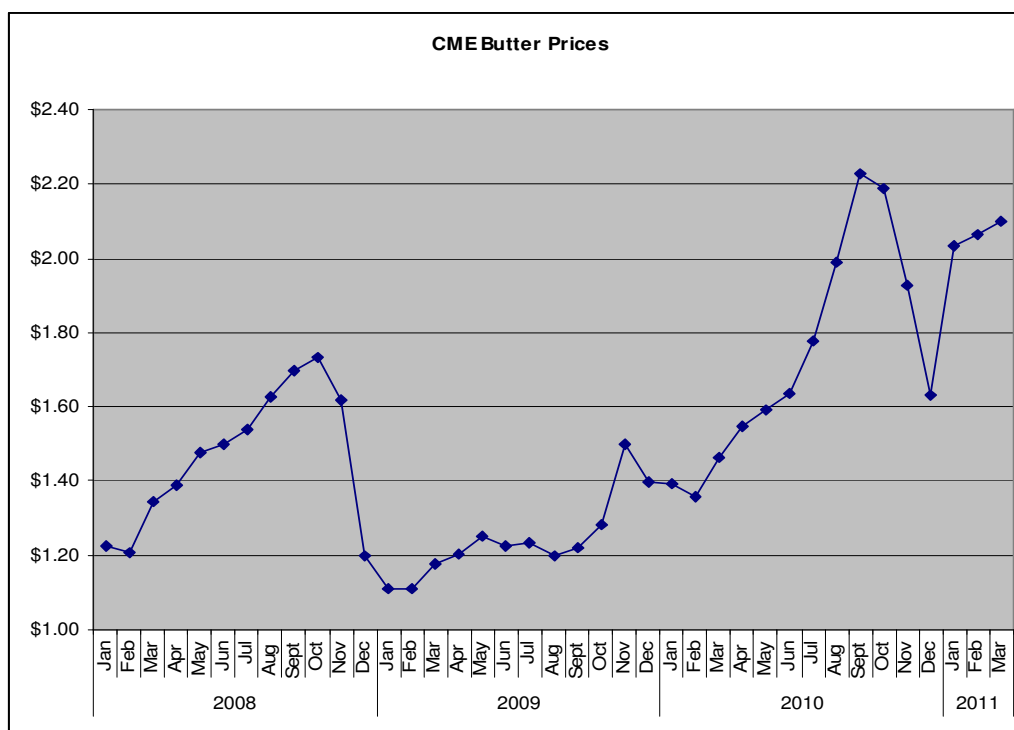
Wednesday, March 9, 2011

Dear Fox Valley Farms Customer:

We are passing along the following market information from our dairy mix suppliers. 2011 continues to look to be a very unstable year in the dairy commodity markets. Many seasonal shops are now beginning to open their doors for spring. We urge everyone to review their food costs not only on the ice cream products, but on all food menu items. We recommend increasing menu pricing approximately 1 cent per ounce on finished ice cream and soft serve desserts. This should more than cover the instability in dairy pricing for the season. For example, if your small cone is a weighted 5 ounce serving, consider raising your menu board price at least 5 cents to cover the escalating dairy costs. We are also recommending reviewing serving sizes by weighing portions for consistency and accuracy. Historically, we have found shops that increase pricing due to instability in the markets have successful and profitable years. Those that absorb market increases struggle to cover their overhead costs and suffer losses. As always, please give us a call if you would like to discuss the markets or for menu pricing advice. Thanks, and have a great season!

The following is an excerpt from a recent dairy newsletter - *"Dairy has become an integral part of the diet in large emerging markets like China, India and Southeast Asia as their purchasing power has advanced to the point that they are able to pay more for products they now desire. There are 43 million babies born every year in China and India, and more than ever those infants will start drinking milk-based formula early on," says Tom Suber, executive director of USDEC. "Fast-food chains are expanding dramatically in developing markets, bringing pizza, cheeseburgers and other western foods to millions each day."*

Dairy commodity prices have taken off this year and, at least for the first half of 2011, don't show any signs of slowing down. Dairy prices do not solely depend on domestic supply and demand anymore. Dairy is now global and because



demand and prices for cheese, butterfat, and nonfat dry milk has increased worldwide, businesses are now exporting these products for higher prices than they can get domestically – causing prices here to escalate. It's a sure bet that mix prices will be higher this season. Food inflation has set in – it's time to look at your menu prices. Please remember that a one dollar increase in your price per gallon equals a .7 cent increase per weighted



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ounce of the mix portion of your finished item. If you'd like help with your menu prices, please give us a call; we would be happy to answer your questions.
