



Manufacturers of Fine Food Products

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Dear Valued Customer,

In recent months, while pricing across the food industry has continued to rise, Ken's Foods has worked diligently to keep costs in line. Despite these efforts, we are faced with significant cost headwinds across many aspects of our business. Most significantly, the increases are related to logistics, packaging, labor, and ingredient costs.

As a result of these significant cost challenges, we are increasing our list prices on our branded products effective for **orders placed January 15, 2019.**

Logistics

Higher costs and tight availability of freight is an industrywide challenge and driving up the cost of our delivered finished goods. We have made considerable efforts to work with many of you on efficient ordering patterns to prevent further increases down the road.

Ingredients

While the CBOT price of soybean oil remains a few cents lower than six months ago, the cost of refining and delivering is well above historical averages. This is resulting in a steady to higher delivered price of soybean oil. Many of our other core and **ancillary** ingredients are up in price as a result of higher inbound freight and higher labor costs experienced by our vendors.

Packaging and Labor

Even with ongoing efforts to create efficiencies in our supply chain, we are faced with rising packaging and labor costs. The packaging increases are driven by both plastics and corrugate, and our labor costs are bolstered by a tight labor market and rising healthcare costs.

During this period Ken's Foods will only accept orders that do not exceed historical purchase patterns.

Please contact your Ken's sales representative with questions.

Thank You