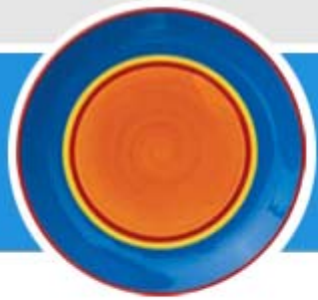




CMC PANEL DISCUSSION

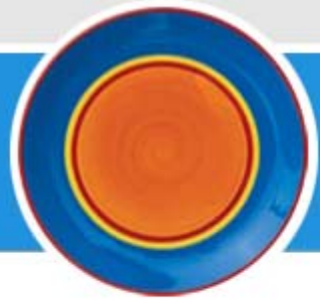
May 6th 2010



How have the new regulations changed our site?

- “Our Lives... Our Livelihoods”
- Our site slogan on food safety, this is the understanding that we all have friends and family that enjoy our products and that a critical failure in our systems can impact the well being of our team members.
- A measurable increase in employee engagement.
- 2007 66% response rate on our hourly employee survey, 2008 68% response, 2009 77% response rate, 2010 84% response rate, categories of greatest improvements were education, communication, pride and ownership in duties.
- Leading cause for a development of a culture focused on simplification and standardization.
- An effort in consolidating like products and pack types to specific lines, has reduced the amount of tooling and equipment in the RTE areas, interventions on the lines during production and allowed for improved process flows.
- A focus on collaboration and input from all functional areas on projects and daily operations.
- The understanding in our slogan has reduced the silo mentality within the groups and replacing the famous “that’s not my job” with “this is our responsibility”.
- A stronger working relationship with local CFIA.
- A concerted effort to work together and understand the impacts of the new policies for all of our roles has engaged our teams to work with our CFIA inspectors on educating our site not just monitoring it.
- An underlying fear to make the wrong decision.





Impact on operational costs

- Increased overheads – cost of lab supplies and additional staffing to execute and administrate monitoring programs.
- With a concerted effort on seeking out harborage points and eliminating the risks before they contaminate a food contact site. We have reduced the frequency of holds and reduced the impact on our service levels.
- Increased time for employee allowances. Joint Food Safety Council meetings, longer tailgates, increased education and training for all staff, increased break times for donning/doffing.
- Increased education and awareness has greatly increased the sense of ownership from employees and in turn increasing the site's productivity. Break rotation to combat additional donning/doffing times has increased the productivity on the lines by 9%.
- Increased costs on equipment design and maintenance of equipment.
- The increased preventative maintenance has reduced mechanical downtime on the lines from 6% - 2.4% for the site, also allowing identification and elimination of harborage sites not previously identified.

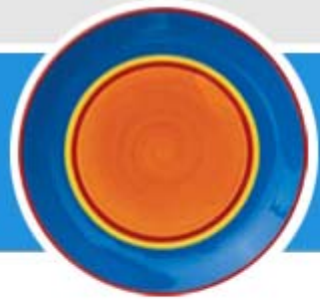




Impact on productivity and capacity

- Initially impacts were negative and frustrations were high
- A natural resistance to change at the floor level. A lack of understanding within the groups lead to frustration as results slipped.
- Through reduction of unnecessary process steps, consolidation of like processes, increased maintenance of equipment and engaging a variety of people in our operational challenges, productivity has increased significantly in the site.
- Break rotations, consolidation of formulas and pack types for longer production runs, increased site engagement has increased overall site efficiencies by 14% from 2009 performance, with no significant capital investment.
- With the increased productivity and streamlining of our processes the site capacity has increased by 12%.
- In 2009 the site average daily output was 100,630kgs of finished goods. In 2010 our daily average is 112,459 kg of finished product.





Scheduling

- 2008 Scheduling 13 lines, with regular sanitations on the line for allergens, 4 slicing lines 3 sausage lines 2 Cryovac lines lines 4 wiener lines. Average daily man power range for RTE per shift 42-60 people. Average production run before machine intervention 45 minutes – 4 hours. An average 14.25 hours per line of an available 16 utilized for production. Average daily WIP 35,000kgs
- 2010 Scheduling 13 lines, with allergen days per line, 1 dedicated shingle line, 1 bologna line, 1 stacked slice line. 2 Cryovac lines (1 sticks/wieners 1 chunk/coil), 1 1lb wiener line, 1 variety wiener line, 2 bulk packaging lines, 1 sausage ring line, 2 sausage lines. 1 number 2 line. Average production run before a machine intervention is 4 hours – 8 hours. An average of 15.5 hours of an available 16 is now utilized. Average daily man power range for RTE per shift 38-48 .Average daily WIP 15,000kgs.

