



Business Overview

Sunny Fresh Foods, Inc. (SFF), is a manufacturer of food products within the egg further processing industry. SFF produces value-added, egg based food products serving primarily the food service industry.

SFF is a wholly owned subsidiary of Cargill, Inc. In 1985, Cargill, a privately owned company, purchased the Wrightco Company, located in Monticello, MN, and changed its name to Sunny Fresh Foods. In 1988, a strategic decision was made to exit the egg production and egg breaking portions of the business. This enabled SFF to position itself within the industry as a specialist in the production of value-added egg based products. The acquisition of Sunnitime, Inc., located in Panora, Iowa, in 1989, brought new value-added products, customers, expanded production facilities, and experienced personnel to the business. In 1994, as business grew, and to support the future needs of key customers, SFF acquired an egg further processing plant in Lake Odessa, Michigan. The corporate headquarters for Sunny Fresh is Monticello.

Products and Services

Products include refrigerated and frozen liquid pasteurized eggs and scrambled egg mixes, zero cholesterol and fat-free egg products, pre-cooked frozen entrees, pre-cooked frozen scrambled and diced eggs, and peeled hard-cooked eggs.

Products are produced under the Sunny Fresh label as well as under private label for specific customers. Services include technical support, product development, and menu development. Sunny Fresh produces over 160 products and has a customer base of over 1200 throughout the United States.

Organizational Culture

Each functional area of SFF is represented by membership on the Management Team (MT). This team is responsible for all activities including, but not limited to: financial results, budgets and capital spending initiatives, employee relations, products and product mix, customers and customers' business knowledge, industry knowledge, knowledge of grain and egg markets and egg contracts, corporate citizenship, and process improvement. Using their knowledge and experience, the MT developed the SFF Mission Statement in 1992 to provide the organization with a clear vision for our business.

Sunny Fresh Foods

Mission Statement

"Sunny Fresh Foods will be the preferred supplier of quality, value-added egg based food products serving primarily the foodservice industry. We will be a best-cost producer and a leader in developing and implementing innovative products and processes to meet the needs of an evolving global market place."

Ethical conduct in business and professional interactions is stressed throughout Sunny Fresh Foods. Relationships with employees, customers, suppliers, the communities surrounding SFF's facilities and the business community follow the *Cargill Guiding Principles*.

Senior management takes an active role in the Quality Process at Sunny Fresh by serving as role models, participating in quality related activities, and through the focus and communication of our mission as well as core ideology. As Cargill implemented the Crosby philosophy in 1988, senior management and key supervisors attended the corporate training sessions. This group formed a formal quality improvement structure within SFF that included a *Quality Policy* and implementation of the Quality Process (Baldrige-based criteria) within Sunny Fresh.

SFF has used Baldrige-based assessments to improve our business practices and the overall health of our organization since 1993. Each of these assessments highlighted "things we do well" and identified opportunities for improvement that were incorporated into our strategic planning process.

Facilities, Equipment, and Technologies

SFF has approximately 380 employees with production facilities in Monticello, MN, Panora, IA, and Lake Odessa, MI. Principal types of equipment and technologies used are pasteurization, homogenization, extrusion cooking, cryogenic and mechanical freezing, steam and dry cooking. A variety of packaging formats and environments include modified atmosphere packaging (MAP).



Regulatory Environment

Production operates under continuous USDA (United States Department of Agriculture) inspection, FDA (Food and Drug Administration) guidelines, as well as OSHA (Occupational Safety and Health Administration) and EPA (Environmental Protection Agency) regulations, Kosher inspection guidelines, and applicable state and local statutes.

SFF's MT made a strategic decision in 1989 to lead the industry in quality and food safety. Specific programs including the Quality Process and the implementation of a HACCP system have enabled Sunny Fresh to exceed USDA and FDA requirements.

Customer and Market Requirements

Principle product users fall into several groups:

- Foodservice
 - Quick Service Restaurants (QSR)
 - Schools
 - Retail Delicatessens
 - Family Dining
 - Institutional Food Service
 - Health Care
- C-Stores (Convenience Stores)
- Food Processors

SFF sales representatives, brokers, broad-line distributors, and specialty distributors manage these groups.

Key product and service requirements of all SFF's customers include wholesome, food safe, refrigerated or frozen egg based products, acceptable shelf life, product availability, and access to Sunny Fresh Food's Technical Support and Customer Service.

Supplier/Partnering Relationships

SFF maintains unique relationships with its regional egg suppliers. Unpasteurized, liquid whole eggs, egg yolks, and egg whites are purchased and delivered via insulated tankers to both the Monticello and Lake Odessa plants. Graded shell eggs are purchased separately for the Panora plant.

In order to assure the supply of liquid eggs and shell eggs are adequate for production needs and future growth, SFF has formed partnering relationships with its key egg suppliers. These relationships include sharing of information regarding projected growth as well as egg quality specifications.

Sharing of best practices, such as HACCP programs to assure food safety and technical expertise such as laboratory set up and analysis, assists our supplier partners in their continuous improvement efforts, and enables them to continue to increase their technical capabilities to help keep SFF competitive in the marketplace.

Other types of purchases include food ingredients (such as meat, cheese, and bread), packaging materials (such as cartons, case boxes, and plastic bags), and processing and packaging equipment.

Competitive Situation

SFF's primary market is the United States. Beginning at number 14 in 1988, SFF currently ranks number two in share of market (SOM) in the U.S., of 35-40 similar businesses and has experienced positive trends in pounds sold for the past 10 years.

Strategic factors affecting the egg further processing industry and our business include:

- a decrease in per capita consumption of shell eggs
- an increase in the volume of further processed eggs
- an increase in shell egg production and egg breaking
- the agricultural market economy
- consumer health awareness
- issues related to food safety
- changing lifestyles
- expected changes in regulatory oversight such as USDA mandated HACCP programs
- the global market place as the egg industry continues to evolve

Principle factors that will determine future competitive success are relationship building with key customers and suppliers, innovation in products and processes to support the future needs of our current and future customers, continued improvements in production processes while maintaining quality and food safety, and maintaining a highly skilled workforce.



1 Leadership

Organizational Leadership

Sunny Fresh Foods (SFF) strives for excellence in all aspects of our operations. Senior managers have established values, set organizational direction and performance expectations, and continue to seek future opportunities for SFF.

The Leadership System demands, models, and assures continuous improvement in all business processes and promotes an environment for innovation in products and services through the use of the SFF Strategic Business Plan, annual Business Environment, annual Operating Plan, and weekly *Key Indicator Report*.

(1) Determine Requirements and Expectations of Key Stakeholders: Organizational values and direction are focused on the needs and expectations of our customers, stakeholders, suppliers, and the communities in which we have facilities. Although customers, suppliers, and communities are not a direct part of the Management Team, the needs and expectations from these key stakeholders are input into the Leadership System through the following means:

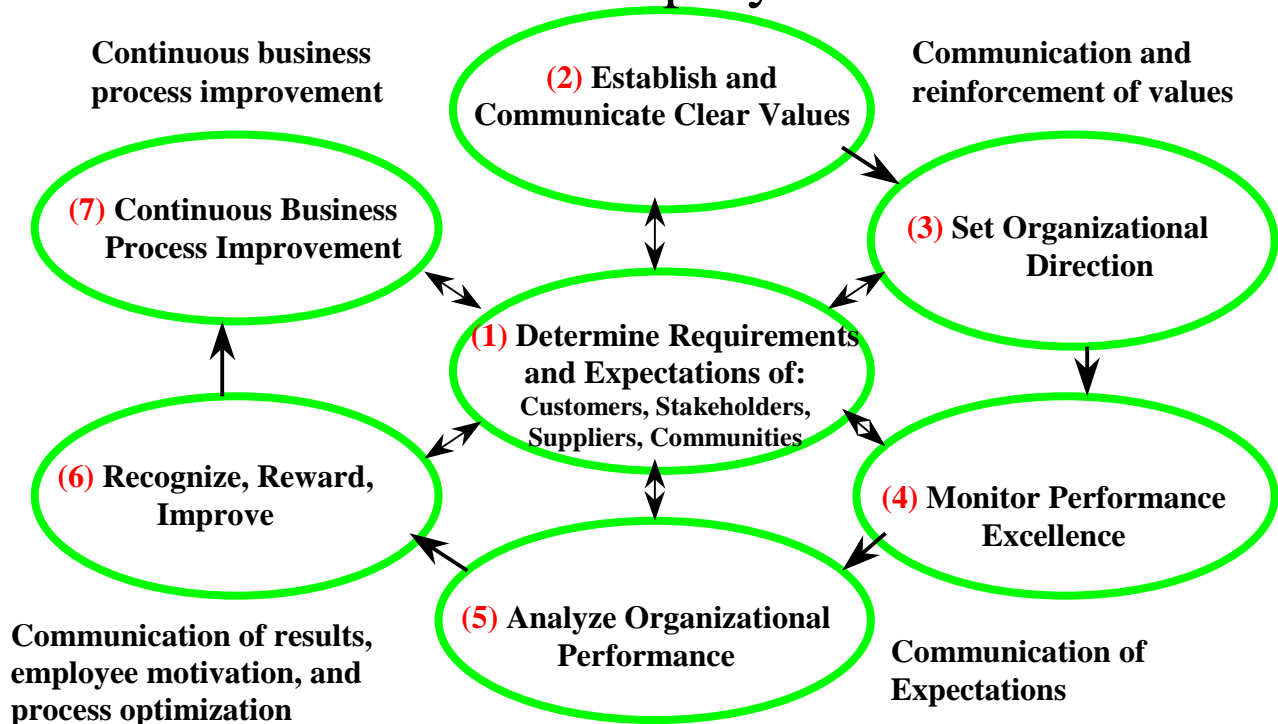
Customers: Partnerships are developed with key customers as part of the strategic business process. A key element of these relationships is the sharing of strategic initiatives. Senior leaders are a key part of our integrated customer contact process that has been developed with our key customers.

Stakeholders (Employees): Leaders at all levels are visible and accessible to the workforce. Information used to understand stakeholder needs and expectations is acquired from one-on-one interaction, informal meetings, departmental meetings, and stakeholder surveys.

Suppliers: Needs and expectations of suppliers are determined through the formation of partnerships with our key suppliers. The continued growth of SFF is dependent upon an assured supply of quality ingredients and other supplies.

Communities: Community requirements and expectations are gained through dialogue with community leaders and participation in community organizations and events at all SFF locations. The SFF Business Team (the MT plus their direct reports) takes active roles in the communities in which SFF has facilities which enables them to gain knowledge of current and future requirements.

Leadership System





Information gained from our current and potential customers, the egg further processing industry, our customers’ industries, stakeholders, suppliers, and communities are reviewed on a weekly basis during the Management Team meetings. This continual communication ensures the Management Team has a thorough knowledge of the factors that affect our organization and can balance the needs of all of our key stakeholders in the decision making process.

(2) Establish and Communicate Clear Values:

The needs and expectations of stakeholders form the basis for the SFF’s Mission, Core Purpose, and Core Values. The SFF Business Team (BT) and stakeholders at various levels of the organization articulated our core ideology - our core purpose and core values that guide and inspire stakeholders throughout the organization. By definition, core ideology does not change, regardless of changes in the marketplace or business climate.

Sunny Fresh Foods
Core Purpose
To be the supplier of choice to our customers worldwide

Core Values
Quality
Safety (food and worker)
Customer Focus
Stakeholder Focus
Ethics

Managers at all levels of the organization are responsible for communicating and reinforcing SFF’s Mission, Core Purpose, Core Values, and quality values to stakeholders throughout the organization. The Management Team serves as role models for this communication. Communication takes many forms: new stakeholder orientation, stakeholder meetings and quality training, articles in the SFF newsletter, *The Eggeceptional News*, presentations to customers, suppliers, and community leaders. In everyday business operations, all decisions are based on how the outcome will align with the SFF mission, purpose, and values.

(3) Set Organizational Direction: Under the “umbrella” of SFF’s Mission, Core Purpose, and Core Values, the MT is responsible for setting organizational direction through the SFF strategic

planning process. The strategic planning process involves participation by the MT, BT, and stakeholders at other levels of our organization. Broadly stated, its purpose is to be the "Roadmap" in pursuit of being "the best egg further processing company in the industry".

Organizational direction is communicated to customers, suppliers, and the communities in which we have facilities in the same way as the organizational mission, purpose, and values. Key strategies and short- and long-term action plans are communicated to stakeholders through stakeholder meetings and by inclusion in SFF’s Performance Management Process (PMP).

(4) Monitor Performance Excellence: *Key Indicators* were selected because they have the greatest financial, operational, or human impact on SFF. These indicators are measured and charted on a weekly basis to demonstrate improvements over the course of the fiscal year and progress toward goals. *Key Indicator Charts* are posted throughout the facilities and a weekly *Key Indicator Summary* is e-mailed to stakeholders and is shared at departmental meetings. This process facilitates decision making at lower levels of the organization by keeping stakeholders informed of progress toward goals.

(5) Analyze Organizational Performance: SFF Balanced Scorecard (see page 5 for a summary of our **Balanced Score Card**) identifies six Key Business Drivers (KBD). These KBD’s are the characteristics that we must do well to compete in the marketplace. Our KBD’s are directly linked to SFF Core Purpose, Core Values, and Mission; our *Key Indicators* support our KBD’s. Weekly MT meetings and monthly Business Reviews by the MT are designed to analyze progress toward goals, implement actions necessary to respond to changes in the marketplace and industry, and address issues that require immediate attention and cannot be resolved at lower levels in the organization.

(6) Recognize, Reward, Improve: Results of organizational performance, customer focus, and organizational learnings are communicated through bi-monthly Recognition Meetings and other plant gatherings, weekly supervisors’ meetings, and departmental meetings throughout the year. Organizational learnings are shared with stakeholders to improve overall performance and to create an organization capable of continued growth with opportunities for advancement of its stakeholders.

In addition, our recognition programs (e.g.



Balanced Score Card Summary

| Key Business Driver | Measurement | Analysis | Deployment | User or User Group(s) |
|-------------------------------------|--|--|-------------------------|--|
| Work Process Improvement | Line Efficiencies Yield ASI Audits | Trend analysis, comparison to previous years | Weekly, Yearly | MT/BT, Operations, Key Customers, Key Suppliers |
| Competitive Advantage | TBR, ROBNW, SOM | Comparison to previous years and to plan | Weekly, Monthly, Yearly | MT/BT |
| Positive Work Experience | Safety Performance Absenteeism Employee Survey | Trend analysis, comparison to previous years | Weekly, Monthly, Yearly | MT/BT, Human Resources |
| Customer Focus and Satisfaction | Customer Claims Sales Growth (Pounds) | Comparison to previous years and to plan | Weekly, Monthly, Yearly | Sales & Marketing, Key Customers, Operations, MT/BT |
| Supplier Relationships /Performance | Egg Supplier Claims Non-egg Supplier Claims | Comparison to previous year's and to plan | Weekly, Monthly, Yearly | MT/BT, Operations, Suppliers |
| Support Services | Days Purchases in A/P LTL On-time Delivery | Comparison to previous years and to plan | Monthly, Yearly | MT/BT, Functional Areas, Sales & Marketing, Distribution |

Technical Achievers, Quality Achievers, President’s Club), Performance Management Process, and our incentive programs, recognize, reward, and encourage empowerment and innovation.

(7). Continuous Business Process

Improvement: The Management Team has created an organization capable of adapting to changing opportunities and requirements of all key stakeholders. SFF evaluates its business processes on a yearly basis using Baldrige-based criteria. Feedback reports are reviewed by the BT, and areas for improvement are incorporated as inputs into the strategic planning process.

Fact-based decisions are made based on the analysis of data collected from sources including: visits to key customers, involvement in professional and trade organizations, supplier interactions, stakeholder interactions, participation in community development and community activities, and an awareness of public concerns. All of these sources of input contribute to an effective communication system that enables SFF to be flexible and responsive to changing needs and continuously improve business practices.

Improvement priorities are deployed through the organization, suppliers, and key customers through the Leadership System. Each member of the MT is responsible for ensuring improvements trends

continue. Cross-functional and inter-plant teams, customers and suppliers, as well as other external resources are included in the improvement process as required. Alignment is assured through measurement of *Key Indicators* and the *Operating Plan* as well as the weekly Management Team meetings.

Public Responsibility and Citizenship

SFF senior management addresses the current and potential impacts on society of its products, services, facilities, and operations through the establishment of key practices, measures, and targets. This commitment is incorporated into the organization through the Strategic Planning Process in the Public Responsibility and Corporate Citizenship Category.

SFF's Hazard Analysis Critical Control Point (HACCP) Program, Good Manufacturing Practices (GMP's), and Test & Hold Programs have ensured that our food products are safe.

In a cooperative effort with a customer, SFF improved the packaging configuration for one of their products from the original 2-pound foil-lined carton, to a poly-lined carton, and most recently, to a 1-kg juice-board carton. These changes were designed to reduce cost and to minimize impact of packaging and transportation on the environment.

SFF partners with suppliers who share similar values regarding public responsibility. Visits to



suppliers by senior management and technical services, the sharing of key strategies, and a focus on GMP's and HACCP's, reinforce SFF's focus on corporate citizenship practices with our supply chain.

SFF anticipates public concerns by actively participating in community organizations, keeping current on industry and environmental trends, and listening to customers' and suppliers' concerns. Methods used include participation on industry, trade, and community boards. The Management Team uses its resources to assess the potential impacts and implements appropriate actions. The evaluation and improvement of environmental initiatives are incorporated into the yearly Environmental Health and Safety Plan. Specific improvement goals are established for safety and environmental impact each year.

Stakeholder participation in professional and trade organizations enables SFF to maintain a proactive approach to gathering information and data regarding future public concerns. Professional organizations include, but are not limited to, the UEA (United Egg Association), IEC (International Egg Commission), IFT (Institute of Food Technologists), University of Minnesota Department of Food Science & Nutrition Advisory Committee, Refrigerated Foods Association, National Restaurant Association, International Foodservice Manufacturer's Association, ASQ (American Society for Quality), ACS (American Chemical Society), the Minnesota Quality Award process, and the Malcolm Baldrige National Quality Award process.

Key communities are defined as the communities in which we have facilities and SFF is committed to supporting organizations that support community development. In addition, community involvement is also encouraged in those communities in which we live.

SFF stakeholders actively volunteer their time and talents to community organizations, including the Boy Scouts, Girl Scouts, American Red Cross, Lions, area schools and school boards, Walk for Parks, and the Chamber of Commerce. In a recent informal survey, SFF stakeholders identified over 45 different organizations to which they donate their time. These activities help to strengthen our organization and the communities in which our facilities are located, and the communities in which we live.

2 Strategic Planning

Strategy Development

The annual Strategic Planning process (see page 7), under the umbrella of SFF's Core Purpose, Core Values, Mission Statement, and Sunny Fresh 2005 incorporates information from all areas that have an impact on the abilities of SFF to continue to grow and be a valuable part of our communities and the egg industry.

SFF's key steps in strategic planning are as follows:

- Review Mission, Core Purpose, Core Values
- Review of Strategic Planning Process and timelines
- Review of current business climate – discussions of the current business climate vs. the projections in previous year's Business Environment

Review of input from all areas – discussions regarding information from task forces; competitive environment within the egg further processing industry; competitive environment of our customers' industries; expected challenges from our customers; raw material sourcing; human resources factors including low unemployment rates; environmental, health and safety factors; information technology factors; significant events of the past year; potential changes in governmental regulations; and international influences.

- Development of the Business Environment – group consensus and writing of a document that summarizes the current and future business environment
- Development of Key Strategies – discussions, formulation, and consensus of Key Strategies to address business environment issues and to continue to move toward our long-term strategic position and vision
- Development of Budget which includes capital spending to reinforce our quality standards, food safety and worker safety core values, and future customer needs
- Finalization Financial Plan by all functional departments
- Development of Operating Plan and Key Indicators by functional areas to support Key Strategies and short- and long-term goals
- Development of Critical Actions and inclusion in KRA's (Key Results Areas) of all salaried stakeholders
- Distribution of Financial Goals book and updating of results charts to include monthly goals for year



In 1997, the Business Team developed **SFF 2005** (replacing *SFF 2000*). **SFF 2005** provides the company with the vision of what SFF will look like in 2005. This vision provides a framework for all stakeholders to develop congruent planning/direction that is reflected in our annual Business Plan and Operating Plan.

Specific 3-5 year strategies have been established to meet the objectives and goals of *SFF 2005*. The **5-year Strategic Plan** documents each function's *Strategic Intent, Milestones (short- and long-term goals), and Critical Actions Strategies* for SFF. Each key area of our business is aligned with each other, through agreement by BT members on *Milestones*, and has one or more BT member(s) responsible for accomplishment of the established *Milestones*. We believe executing our strategies to achieve our milestones will fulfill our Mission and Core Purpose. The evaluation of options to meet our long-term goals is done through open discussions and analysis of potential outcomes.

By analyzing each input area and projecting the performance required to attain SFF's goals, gaps are identified and specific process improvement

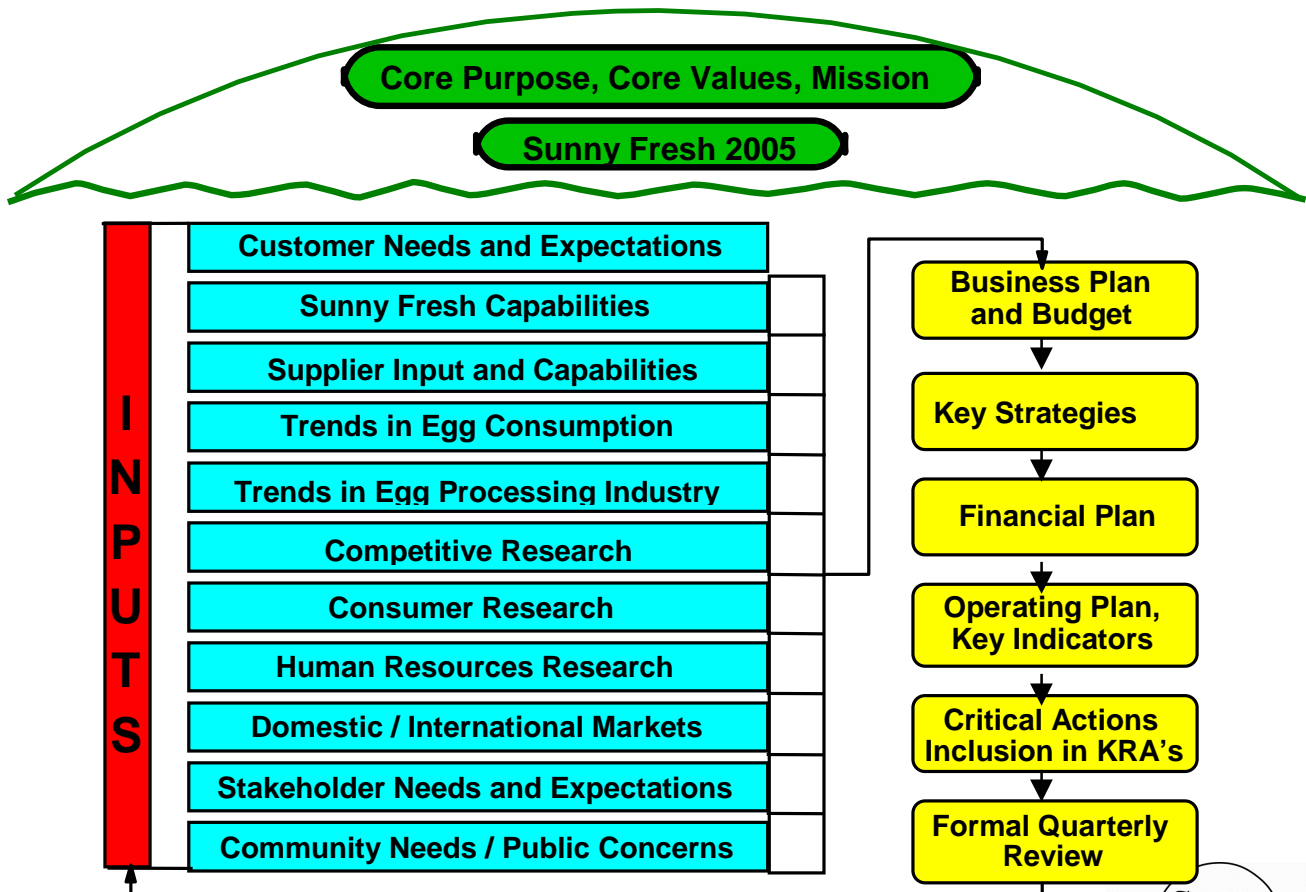
strategies are implemented.

The strategic planning process is evaluated each year by the BT. The effectiveness of the strategy development process is evaluated based on results such as SFF's ability to meet short-term action plans. Strengths and opportunities for improvement in the planning process are identified and incorporated into the planning cycle for the following year. This is facilitated by the Quality Process Facilitator.

Strategy Deployment

The Business Plan is the collection point for all inputs. After the development of the Key Strategies and the Financial Plan, the *Operating Plan* (critical actions), is developed by the BT to support Key Strategies.

SFF's strategies are incorporated into the SFF *Operating Plan* which is divided into functional areas. Within each functional area, Critical Actions, Person(s) Responsible, End Results, and Measurements are defined and coordinated with other areas to support specific Key Strategies. The *Operating Plan* is the basis for writing our KRA's





(Key Results Areas of the Performance Management Process). These KRA's throughout the organization cascade using SFF organizational structure. KRA's at all levels of the organization can be linked to applicable areas of SFF Operating Plan. This assures conformance to business objectives and goals and alignment with Key Business Drivers.

Resources are allocated by the MT as a part of the yearly Business Plan. Resource allocation (including skills) is balanced based on supporting our Core Values, the best return based on our core competencies and competitive advantages, and the needs of our customers.

The BT is responsible for ensuring SFF strategies, action plans, and performance measures are communicated throughout the organization. Communication to SFF stakeholders is accomplished through deployment into KRA's and departmental goals, recognition meetings, departmental meetings, the *Eggsceptional News*, distribution of the *Key Indicator Summary*, and the posting of *Key Indicator Charts* throughout the facilities. Deployment is measured through group and one-on-one discussions and via the Employee Survey.

Customer "Business Reviews" and other customer and supplier presentations are used to communicate specific SFF short-term and long-term goals and plans to customers and key suppliers. These presentations include demonstrations of alignment of SFF Key Strategies and Action Plans to customers' key strategies and value drivers.

The SFF Management Team evaluates the process by which plans are deployed throughout the organization. This team identifies strengths of the process and areas for improvement, which are incorporated into the next year's strategic planning cycle.

3 Customer and Market Focus Customer and Market Knowledge

SFF uses the industry's approach to market segmentation. The egg further processing industry is well organized, with details regarding each category provided by the national and international egg associations. Within the egg further processing industry, there are three distinct categories:

- Value-added
- Dried
- Commodity (bulk)

SFF's MT made a strategic decision in 1989 to focus our efforts and resources on the value-added

category. Through our Core Purpose, we only target markets where we can address their value drivers by creating product/service differentiation. These segments and customers then become the principle targets for SFF to fully understand their current and future needs. Within the value-added category, the following are the market segments:

- Foodservice
 - Quick Service Restaurants (QSR)
 - Schools
 - Retail Delicatessens
 - Family Dining
 - Institutional Food Service
- C-Stores (Convenience Stores)
- Food Processors who incorporate Sunny Fresh egg products into breakfast items

New targeted markets have been added as the needs of these segments change. For example, SFF was the first in the industry to develop an innovative program for schools. The USDA began purchasing commodity egg, in 30-pound pails or 5-pound cartons, for school systems with the advent of the school breakfast programs many years ago. However, due to changes in funding and in response to the need for more convenient packaging and nutritious food safe breakfast products, SFF established the "*Breakfast Club™*". This innovative program enables the schools to ship their commodity egg to SFF for processing into breakfast egg entrees that students enjoy eating. Although competitors entered this segment the year after SFF, we continue to maintain a dominant share of the school reprocessing market.

The determination of current and future requirements is an on-going process in the egg further processing industry. Products have varying life cycles. Some products such as pasteurized liquid and frozen egg products are staples of the industry; others, geared toward the retail world, have shorter life cycles. Product development is a continuous process.

Current and future customer requirements are derived from customer specifications, active participation in the National Restaurant Association, International Foodservice Manufacturers Association, American Dietary Association, American School Foodservice Association, International Dairy Deli Bakery Association, and an awareness of consumer dietary trends.

Knowledge of food safety and food safety practices at the restaurant level gives SFF an advantage in the market place. SERVSAFE[®], is a





training and certification program for foodservice personnel. All sales & marketing, technical, and quality assurance personnel are required to complete, successfully pass, and acquire certification in the SERVSAFE® course.

In addition, life cycles of products and customer preference are driven by a number of factors (e.g. age of population, nutritional trends (serum cholesterol), and food safety issues both within and outside of our industry).

Key information from current and potential customers and markets and changing needs are shared throughout the organization. Initial discussions by the MT determine how new product and service features align with our core competencies. If needed, more information is collected for a formal analysis of the benefits to the customer and SFF. Longer-term projects and potential needs are included in the "Inputs" part of the strategic planning process.

The egg further processing industry is continually changing. Emerging markets such as schools and C-stores (convenience stores) as well as acquisitions and changes in existing segments require the rapid accumulation of information about customers and their needs. Participation in egg further processing industry organizations, as well as our customers' industry organizations is used to gather information regarding changes within these industries.

SFF's evaluation and improvement of listening and learning strategies are tied to SFF's Core Purpose, Core Values, and culture and behavior norms. Customer contact personnel interact with customers on an on-going basis to assure that their changing needs are met. Interaction of customer contact personnel at sales meetings (which includes sales representatives, customer service representatives, cost accountants, and the MT), as well as monthly conference calls, enables the sharing of successes and challenges in their specific areas.

Customer Satisfaction and Relationships

Customer contact requirements and key access mechanisms for customer contact are based on identification of customer needs and expectations. SFF provides an "800" phone number and web site for customer service, technical support, and quality assurance.

SFF's expectations for customer contact performance are rooted in our Core Values of Customer Focus, Quality, and Ethics. Customer

expectations are identified by key contacts and deployed to all stakeholders who are involved through meetings, e-mails, telephone contact, and written specifications.

In addition to dedicated sales representatives and customer service representatives, our integrated customer contact approach enables our customers to directly contact specific stakeholders within our organization. From purchasing, technical services, product development, operations, and R&D, to senior management, SFF provides resources to meet or exceed the expectations of our customers.

Partnering relationships are built as a result of SFF's customer driven philosophy and to ensure congruency with our Core Purpose. Listening to customer needs and expectations as well as learning as much as possible about the food segment in which they compete, provides the basis for partnering relationships. Ethical conduct, quality products and services, assured supply, and an internal support staff to deal with questions from all levels of the customer's organization are key to maintaining customer partnerships. Relationships with staff at all levels of the organization ensure that all customers' needs and expectations are identified. This integrated customer contact process has been developed with several of SFF's key customers.

SFF monitors customer satisfaction and dissatisfaction through the use of an internally generated survey that is correlated to customer claims. This correlation formed the basis for the customer claims data to be used as an "indicator" of customer satisfaction and dissatisfaction.

In addition, SFF receives formal scorecards from many of its customers. Audit scores and feedback reports from customer audits are used to improve processes and to improve customer satisfaction.

4 Information and Analysis

Measurement of Organizational Performance

Data are selected based on its ability to support key processes, key performance indicators, customer behavior, and key initiatives, strategies, and action plans.

The main types of information and data are associated with the Key Business Drivers and the Key Strategies of the Business Plan. This information and data (including *Key Indicators*) are charted and analyzed for trends, variation, and



progress to goal on an established schedule.

Data are collected and analyzed by respective functional groups. Based on user need, daily, weekly, monthly, quarterly, or yearly reports are generated. Additional data may be collected as changes in business, products, or processes occur. The goal of all process and service measurements is to optimize processes while maintaining superior quality and customer service.

Primary criteria for seeking sources of appropriate comparative information and data is to select organizations that hold similar core values or by using systems which take an objective view of organizational health (Value Based Management).

Needs and priorities for selecting benchmark and comparative data are to select companies that are most similar to our business, have the greatest impact on our business, provide a means to assess our performance, evaluate the effects of improvement efforts, and set goals.

Within the food industry, specifically the egg further processing industry, competitive benchmarking is very difficult to obtain. We have therefore developed a process to benchmark between our facilities. SFF uses Statistical Process Control, reducing variation, and process optimization in areas of our business where benchmark data are unavailable.

The Management and Business Teams review types of data that are used for benchmarking. Benchmarking enables SFF to document its improvements over time and set stretch goals for the future.

The egg further processing industry continues to increase in competitiveness, and as business conditions warrant, data are collected to accommodate specific needs. Resources, both human and physical, are allocated to assure SFF's ability to meet new information management challenges. The evaluation and improvement of information and data management is a continuous process.

SFF uses cross-functional teams to evaluate and improve the process of data analysis. This approach to looking at ways to improve SFF's data analyses has led to the use of databases, linked files, regression analyses, and specific types of charts which allows ease of interpretation. User groups assess the ways data and information are acquired and how they are presented. Usability, timeliness, and accuracy are primary focuses of these assessments.

I/T (Information Technology) Systems are developed and improved with input from cross-functional teams. Business requirements, user requirements, customer and supplier requirements, ease of data access, and timeliness of the data are a few of the basic types of information reviewed by the teams. Flowcharting the processes of data collection through data use and validation has ensured the needs of all users are met and appropriate resources allocated.

Analysis of Organizational Performance

Each member of the Management Team is responsible for the performance of a key area of the business. Formal weekly, monthly, quarterly, and yearly reviews of company performance are conducted to review progress relative to goals, plans, and changing business needs. As data are analyzed and charts are updated, any adverse trends are analyzed for root causes. Areas for improvement are prioritized, resources allocated, and deployed throughout the organization via Management Team members through the organizational structure. Organizational capabilities, human resources and facilities are evaluated and improved as customer needs and requirements change. As appropriate, suppliers and those customers with whom SFF has formed partnering relationships are included in the improvement process.

SFF's sustained growth over the past 10 years, has necessitated systematic reviews to refine the analysis of and use of the business unit's data, as well as enhance the processes used to identify and improve the types of data collected. Functional groups, cross-functional teams, or individual users perform these reviews. Data analysis skills are taught to the stakeholders generating the data to facilitate analysis of trends and shifts in performance. This in turn has led to innovative ideas from the stakeholders on how other data can be better managed. Examples include the use of databases for customer complaints, product samples and literature, customer and employee survey information, and human resource data. Shared computer drives and linked computer files enable data analysis charts to be updated as results data for day-to-day operational measures are entered into the system.

Yearly Baldrige-based assessments are also used to assess the overall health of our organization. These yearly assessments enable SFF to continuously improve business processes as we progress to our strategic objectives.



Results of organizational level data are linked to work groups and functional-level operations through the distribution of *the Key Indicator Report*, *Key Indicator Charts*, and *the Key Indicator Summary*. This access of data and information at all levels of the organization supports an environment that is based on factual decision making, utilizing analysis and review of key company data.

SFF's organizational results are also linked to functional level operations by the use of the Performance Management Process. Key Results Areas of individual PMP's are linked to SFF *Operating Plan*. As a result, progress toward completion of individual and departmental KRA objectives is reflected in organizational results.

Statistical analyses of data and data sets and the use of statistical process control (SPC) have enabled SFF to make fact-based decision real time. Examples of areas where SPC is used real time are the analyses of product microbiological results and operation's functions such as weight control and product attributes.

Performance data from all parts of the organization are integrated and analyzed to assess performance in key areas. Measures support organizational performance reviews, strategic plans, and action plans.

5 Human Resource Focus

Work Systems

SFF's approach to Human Resource focus is derived from our Core Values and Strategic Planning Process. Work systems are designed to emphasize safety, quality, compensation and recognition, and stakeholder development in support of individual development and SFF's long-term goals.

From the Management Team to each department and shift, work systems are designed to facilitate optimum efficiencies, productivity, and cooperation by all departments enabling all stakeholders to achieve their maximum potential.

BT members work together, on an organizational level, to devise work systems that best meet our customers' and SFF's expectations. This team approach ensures consistency of procedures, products, and services throughout the organization, rapid responses to the changes in marketplace and requirements, as well as providing information systems, education, and appropriate training to ensure that the information flow supports job and work designs.

Twenty-minute rotation schedules throughout production processes ensures that team members understand and can respond to product quality issues at any stage of the process. It also ensures that team members understand their internal customer in the production process. Line operators and crew leaders provide hands-on leadership to facilitate this process and provide a higher level of problem solving. This enables stakeholders to be preventative rather than reactive in their approach to meeting customer requirements – each and every time.

While the egg further processing industry, under USDA-FSIS regulations, must follow specific procedures in production areas, stakeholder input as related to their work areas, is gained through Critical Task Reviews, discussions with management, cross-functional teams, departmental meetings, the employee surveys, and the use of OFI (Opportunity for Improvement) Boards located throughout the facilities. Stakeholder input is analyzed by respective BT members to improve work systems and to support SFF strategic objectives

Many of our work systems designs are unique to the industry:

- Ramp-in: Stakeholders are put on a “ramp-in” (work hardening) schedule upon hiring – they are only allowed to work for a specified number of hours daily during the ramp-in process. This practice conditions stakeholders and minimizes potential for repetitive stress injuries (RSI's).
- Rotation System: Each production department is organized into specific work or task areas. Every 20 minutes, stakeholders rotate to another station. This practice has several advantages:
 1. Minimizes RSI's
 2. Fights boredom
 3. Reinforces the Quality Process: everyone knows their internal customer and takes pride in the quality of their work.
 4. Learning system

Sunny Fresh has led the industry with a rotation program since 1990. Developed recently, OSHA standards will mirror our rotation system. In addition, during the design stages of process improvement or new equipment evaluation, the Environmental, Health, and Safety Coordinator and stakeholders in the production area work closely with the engineers and project leaders to assure ergonomic evaluations and Critical Task Reviews are completed.

SFF utilizes the “Buddy” system. New stakeholders are matched with high performing,



experienced stakeholders who serve as role models for operational excellence and behavioral competencies. SFF encourages stakeholder development/learning by offering employee reimbursement for stakeholders pursuing additional external education.

New stakeholders receive a 30-day and 90-day review to ensure they are on-track in job performance and to determine if they need additional resources to help them meet high performance expectations. Job rotation, cross-training, redesign of work and equipment layout, and cross-functional work teams encourage a transfer of knowledge and learning increasing flexibility, cooperation, and rapid response. Changes in customer requirements or operational requirements are reviewed with stakeholders during departmental meetings.

SFF's approach to developing and maintaining a work environment conducive to the well-being and development of all stakeholders is to give stakeholders the skills and tools to succeed in their jobs thereby, supporting the success of SFF. We have aligned department and individual goals with strategic objectives to promote an environment of high performance.

The SFF Performance Management Process (PMP) is an on-going process of setting performance expectations, coaching, and reviewing performance. The PMP process is a written record of performance expectations that are developed at the beginning of the performance period between stakeholders and their supervisor and serve as a "living" document to be referenced and revised. Performance planning inputs are Key Results Areas (KRA's), Behavioral Competencies, and Skill Development. Sources of input for performance plans are SFF Key Strategies and Operating Plan, job descriptions, direct report feedback, and previous year's performance review.

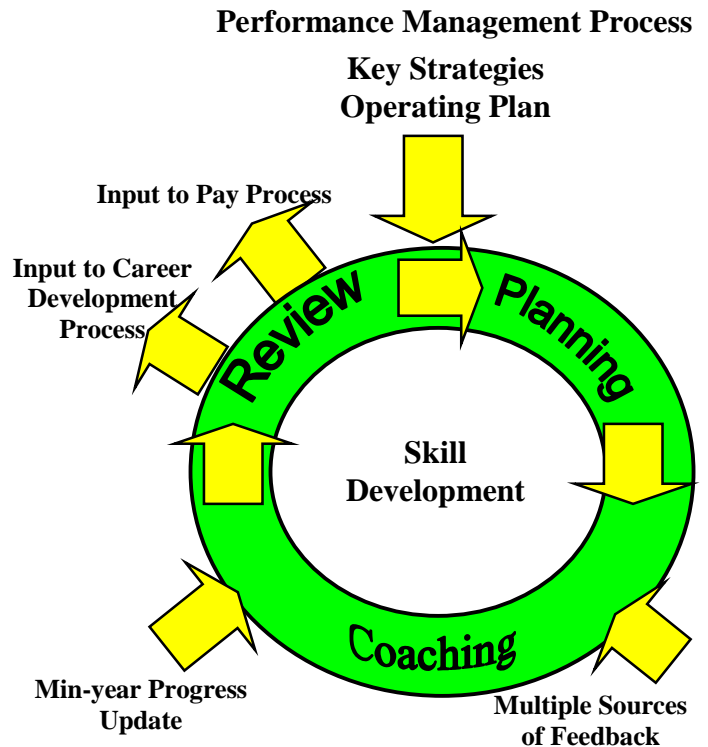
Effective communication is accomplished through meetings, conference calls, e-mail, postings, publications in the *Eggeptional News*, and other discussions. Team participation also fosters effective communication and sharing of skills and knowledge, such as Quality Teams (such as Recognition and Awareness), corrective action teams, project teams, and departmental teams. This level of stakeholder participation on teams also reflected positively in the Employee Survey in the areas of Work Environment and Commitment to the Quality Improvement Process.

SFF's Core Values of stakeholder focus, safety,

and ethics ensure that our actions and decisions are based on fair work practices as we perform our daily functions and how we hire and deal every day with our fellow stakeholders.

Employee Education, Training, and Development

Stakeholder focus is one of our Core Values, and



as such, development of current and future stakeholders is an integral part of achieving SFF long-term goals. Training is linked to the *Operating Plan* as a key element of achieving the goals of SFF and to assure allocation of resources and time. Training also is key to the career advancement of stakeholders through IDP's (Individual Development Plans), KRA's, and cross-training.

Education and training are linked to the strategies of the organization through the strategic planning process and strategies and are developed to meet the operational, administrative, and technical needs of each functional area. Education and training are based on specific competencies required for each position. These competencies are included in performance reviews or as a part of organizational or operational requirements.

New stakeholder orientation includes training by in-house trainers in company policies and procedures,



safety, food safety/hygiene, and quality. On-the-job training is given by supervisors, line operators, and the new stakeholder's "Buddy".

Training needs assessments are performed by various functional groups, including management, human resources, and steering committees, and these assessments are coordinated through plant or department management assuring deployment to all who need it. Assessments are made based on job or process requirements, process improvements, regulatory compliance (i.e. United States Department of Agriculture guidelines), or SFF management focus (e.g. HACCP training).

SFF measures the effectiveness of its training in increased efficiencies, yield, or improved product quality rather than in hours in training or dollars-spent on training. SPC training is an example of how training directly affects efficiencies and yields.

Specific skills are reinforced on the job through: observation and encouragement by supervisors, Food Safety and GMP audits, performance appraisals, skills tests, incentive programs, the "buddy" system, and 30-, 60-, and 90-day and yearly reviews of safety procedures. In addition, training is also reinforced through recognition of team accomplishments, i.e. exceeding departmental performance standards.

Employee Well-being and Satisfaction

As SFF grew in quantity of product sold, our number of stakeholders increased. This growth poses significant challenges due to the need for additional and more highly skilled stakeholders, low unemployment rates in the communities surrounding our plants, and good regional economic conditions. Maintaining a safe and healthful work environment that supports employee well being, satisfaction, and motivation is paramount to maintaining a stable workforce.

Stakeholder input, used to identify improvements in the work environment, is sought through the use of Safety Committees, Ergonomics Committee, OFI Boards, 1:1 contact with stakeholders, and the Hazard Hotline. Input from stakeholders at all levels of the organization is used to write the annual *Environmental, Health, and Safety Plan*. This document details: Monthly Safety Meetings, Stakeholder Involvement, Environmental Goals/Objectives, Health and Safety Goals/Objectives (Monticello, Panora, Lake Odessa, Drivers, Administration), Incentives, and

Recognition.

Contractor health and safety is as important as SFF stakeholder health and safety. Contractor work-related goals are established based on past statistics. The goal is to continue zero incidents for contractor workers. Any contract worker incident is investigated according to SFF incident investigation policy. The Contractor Program includes: Pre-bid Qualification, Pre-project Meeting/Orientation, Daily Inspections, Weekly Safety Meetings, Post Project Review, and Annual Evaluation.

Safety is a "way of life" at SFF. All stakeholders are acutely aware of the need to work safely. From orientation to monthly departmental meetings to the yearly Safety Dinner, safety is emphasized and safe work is continually rewarded. Safety Incentive Programs (part of yearly Safety Plan) encourage safe work practices and an awareness of overall company results.

The diversity of our communities is reflected in our workforce – in fact, we have had continued to see increases in the number of minority stakeholders over the past three years. Currently, minorities represent 12.9% of our workforce: Asian – 3.7%, black – 0.8%, Hispanic – 6.8%, Native American Indian – 1.6%. To address the training and developmental needs of our non-English speaking stakeholders, SFF has instituted programs translating training materials into Spanish and has used interpreters to ensure understanding.

Orientation and safety training utilize literature in Spanish, and interpreters are used whenever needed. SFF sponsors and encourages English as a Second Language classes. These classes are available to all stakeholders who wish to participate and provided during work hours.

Key factors determining stakeholder well-being, satisfaction, and motivation are gathered on an ongoing basis through a variety of sources. These sources include the Employee Satisfaction Survey, performance reviews, exit interviews, absenteeism, turnover data, and one-on-one discussions with stakeholders. Data from these sources serve as input in the strategic planning process.

The eight areas of the survey are: Customer Focus, Work Environment, Commitment to the Quality Improvement Process, Communication, Leadership, Shaping Excellence, and Benefits (added in 1998).

Data are segmented and analyzed by plant and



stakeholder group which allows for "tailoring" of initiatives by management at each plant. All survey results are tabulated and compared to previous years' data.

Information for the evaluation of Human Resource planning and practices comes from a variety of sources including data from turnover, absenteeism, safety, and workers' compensation costs. Indirect input comes from exit interviews, 30-day orientation reviews, and one-on-one discussions with all stakeholders during open enrollment for benefits each November.

Human Resource plans are evaluated for potential improvement based on the current business climate, demographic data, and the short-term and long-term goals of SFF. The addition of *Key Indicators* and inclusion of *Operation Plan Critical Actions* in KRA's provide areas to assess the overall effectiveness of Human Resource plans. Since Human Resource plans are formulated from the business unit's strategic and business directions, and is included in the *Operating Plan*, alignment is assured and formally reviewed on a quarterly basis.

6 Process Management

Product and Service Processes

The New Product Development Team works with customers, Sales & Marketing, Operations, R&D, suppliers, and Accounting to design and introduce new and/or improved products and services. The Design Process utilizes the Product Development Flowchart.

New and/or improved products and services fall into four categories:

- Customer Driven New Products
- Concept Driven New Products
- Consumer or Marketplace Driven New Products
- Customer or Marketplace Driven Improved Products

Inputs into the product development process are customer requirements, changes in customer product specifications, customer and market research, research on new technologies or processing systems, and innovative ideas generated by customers and stakeholders.

Innovation is encouraged through a customer driven, rather than through a production driven, mindset. Innovation in operations focuses on optimizing processes to maximize yields and

efficiencies, reducing variation, and creating value-added products that fulfill customer requirements. Many of our production lines are unique in the egg further processing industry. Innovation in services provided by SFF also focuses on customer requirements and enhancing customer relationships.

SFF's customer driven rather than production driven focus enables rapid response to changes in customer/market requirements. Our integrated customer contact approach brings changes in requirements back to the cross-functional team very quickly. Changes in customer or market requirements and changes in customer product specifications are brought into the start of the product development process

Notification to appropriate departments is a critical step to assure a trouble-free launch of a new or improved product. QA/Food Safety works closely with New Product Development (NPD) to establish a HACCP program for the product. NPD works with Operations to assure a smooth transition from "test runs" to production.

Upon completion of the New Product Development Process, the following documentation will have been completed with formal approvals given:

- Cost Analyses
- HACCP plan
- QC Check Lists
- Product Specification Sheet
- Standard Operating Procedures (SOP's)
- Initial SPC charts (when applicable)
- Label approvals

The above documentation assures that the products, delivery, and service have been designed to prevent non-conformances in production and delivery processes.

Product released for distribution is transported by SFF truck, contract trucking, or by customer pickup. Regardless of the shipping method used, specific requirements for trucks and trailers must be met before product is loaded. These are a part of HACCP compliance.

All manufacturing processes follow Good Manufacturing Practices (GMP's) and are under continuous USDA inspection and FDA guidelines.

Key performance requirements are met through Good Manufacturing Practices (GMP's), Hazard Analysis and Critical Control Point (HACCP) plans, Standard Operating Procedures (SOP's), and USDA or FDA guidelines, all of which have specific checks



during the production process.

Key measurements and requirements are determined during the product development process. Input and approval from customers (product specifications and product performance), USDA requirements, and SFF internal requirements (food safety and GMP compliance) are established before a product is considered for test markets or for "salable" product. Each production line has specific product and process requirements.

As SFF brought on new high volume production lines in 1995, processes were optimized using statistical process control. Processes are considered "optimized" when there is no benefit (in product quality, operational costs, or customer satisfaction) associated with improvement.

The results charts are presented in a statistical format. No comparison data is presented because comparison data within the industry is not available and comparison data outside the industry does not apply. SFF benchmarks its two plants against each other, thereby creating an environment for continuous improvement.

Key indicators of quality were selected as indicators to predict customer satisfaction and operational key indicators were selected as those having the largest impact on the bottom line of the company. These indicators are also important to our customers who have reported fewer claims.

The standardization and management of SOP's (Standard Operating Procedures) enables SFF to implement improvements in a timely and efficient manner.

Self-Audits, Cargill Food Safety HACCP Audits, and external audits document conformance to processes and procedures and indicate areas for improvement. In addition, many of our customers audit our plants. The results of these audits are used in our continuous improvement process.

As efficiencies and yields improve and as the market becomes increasingly competitive, cost continues to be an important factor in customer purchasing decisions. Continuous improvement in process management enables SFF to remain competitive in strategically selected markets.

Support Processes

Key support processes include Accounting, Purchasing, Sales & Marketing, Information Technology (I/T), Distribution, Research and

Development (R&D), and Laboratories. An MT member is responsible for each support process. This support process leadership ensures alignment with strategic plans, performance reviews, and design and delivery processes.

Support processes, vital to the success of SFF Foods, are treated in the same manner as design of processes and products. Cross-functional or departmental teams identify internal and external customer requirements, design support process system (suppliers and customers may be included in the process), test process, evaluate results – if acceptable use process – if not, redesign to assure conformance to requirements and support of overall company performance.

All support processes are centralized at the Monticello facility, except for Laboratories. Each production facility maintains its own laboratory to assure the most rapid turn-around time for test results.

Since each support process has representation on the MT, changes in external and internal customer requirements can be integrated quickly into the support process. Changes in internal customer requirements are made in much the same way. SFF's use of cross-functional teams to meet customer requirements ensures the transfer of knowledge throughout the organization.

Supplier and Partnering Processes

SFF's major purchases fall into these categories:

- Liquid Eggs (whole eggs, egg whites, egg yolks)
- Graded Shell Eggs (for hard-cooked facility)
- Meats and cheeses
- Breads
- Packaging materials

Supplier and partnering processes are designed to mutually benefit SFF and the supplier. Purchasing, New Product Development, Operations, and Quality Assurance work closely with suppliers to maintain a consistent supply of high quality ingredients used in SFF products.

SFF uses a Supply Quality Control Program and a Supplier Certification Process to ensure that performance requirements are met. The written specifications for each ingredient are shared with suppliers. Only suppliers who can demonstrate conformance to requirements are considered as potential suppliers.

Purchasing and Quality Assurance administer the Supplier QC Program. Only products from those



companies on the Approved Supplier lists can be used in regular production. The main elements of this program are:

- Approved Supplier Lists
- Formalized policy for supplier approval
- Written specifications for each ingredient
- Written QC receiving policy checklist
- Formal sampling program for receiving
- Computer system that retains ingredients until released by QA
- Formal supplier complaint system

The Supply QC Program enables SFF to minimize costs associated with inspection and testing of ingredients. Ingredients that are accompanied by appropriate documentation are released for use in production. Ingredients that do not have appropriate documentation are retained until appropriate test results and documentation are obtained. Suppliers are then contacted and corrective action is implemented to assure compliance with Supply QC programs.

All ingredients and packaging materials used in production must comply with the specifications. Ingredients that do not meet specification are recorded on Supplier Claim forms that are filled out by Quality Assurance and forwarded to Purchasing and shared with suppliers on an on-going basis.

Liquid eggs are transported to SFF from breaking facilities via USDA sealed, insulated tankers. Upon arrival at SFF, USDA inspectors break the seals and each tanker is analyzed for organoleptic, microbiological, and physical characteristics. To assure the quality of the egg used in our products, SFF will continue to test each an every tanker received. All test results are entered in the Egg Supplier Database. On a weekly basis, Purchasing sends the test results from the previous week's loads to our egg suppliers.

SFF's Technical Services Manager works with suppliers to resolve supplier quality issues. For example, we have assisted our egg suppliers in establishing or improving their in-house testing laboratories. The Monticello Laboratory Supervisor has trained suppliers in USDA approved methodology and recommended equipment to best serve their needs, and as a consequence, the needs of SFF.

SFF's technical and operational personnel are also available for use as a resource for suppliers. Recently a supplier noticed adverse trends in their microbiological assays. SFF personnel, upon

inspection of the plant, were able to identify potential causes and recommend corrective action. The recommendations were followed and the microbiological assay results returned to normal levels.

SFF has required all egg suppliers to have a functioning HACCP program. SFF's Technical Services Manager ensures all key liquid egg suppliers are audited for HACCP compliance on a yearly basis. These formal audits include compliance to programs, inspection of facilities, and a written feedback report with strengths and opportunities for improvement.

SFF has frequent communications with all of its suppliers and has formed strong relationships with our key suppliers. Industry changes, as well as changes in customer and SFF requirements, are thoroughly communicated with our suppliers on an on-going basis by our procurement department. These strong relationships have benefited SFF and our key suppliers. In a recent egg industry publication, all of our larger egg suppliers moved up on the "top 10" egg breakers in the U.S. list – one made the list for the first time.



7 Business Results

Customer Focused Results

Supplier Awards and Cargill Customer Focus

Recognition: Over the years, SFF has received many prestigious supplier awards from our customers. These awards are an indicator of customer satisfaction. In addition, Cargill has recognized SFF for its focus on customer solutions and has shared SFF's practices throughout Cargill.

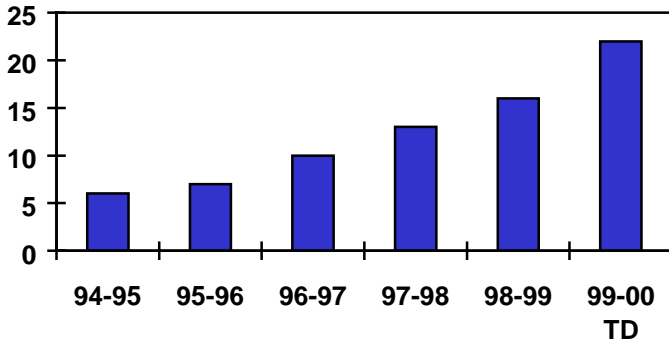
| | |
|--|--------------------------|
| 1998 Cargill Customer Focus Recognition | |
| Divisional – Technical Achiever's Award | Grilled Pattie Line Team |
| Worldwide – Technical Achiever's Award | Risk Management Team |





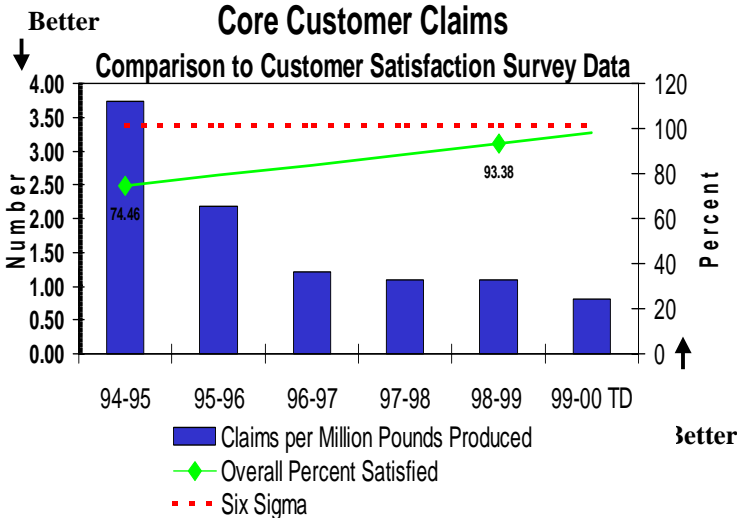
Partnering Relationships: The following chart demonstrates SFF's abilities to form partnering relationships with key customers.

Number of Partnering Relationships Cumulative



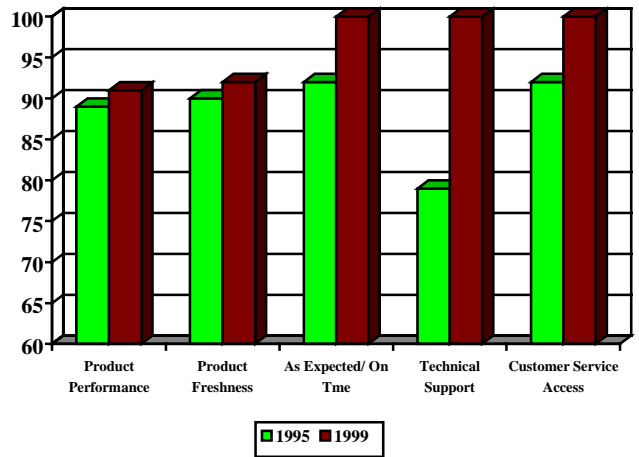
Core Customer Claims: SFF correlated the results of its Customer Satisfaction Surveys with Customer Claims. The following chart demonstrates improvements in customer claims correlated with overall customer satisfaction. Because of the number of products produced and the variation in case sizes, claims are indexed to the number of pounds produced. Core Business Claims exclude those high volume products (see next chart) produced for specific customers. In addition, all claims are compared to the number of claims per one million pounds produced (Six Sigma).

Core Customer Claims



Customer Satisfaction: SFF administered a Customer Satisfaction Survey in 1999 to verify the correlation between an improvement in customer claims and customer satisfaction, as well as a decrease in customer dissatisfaction. Key product and service requirements are compared from 1995 to 1999.

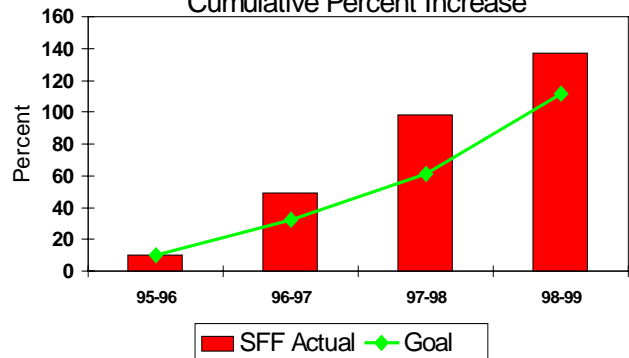
Customer Satisfaction Survey Results Percent Satisfied or Very Satisfied



Financial and Market Results

After Tax Profit: SFF measures its financial performance in a variety of ways. A/T Profit is measured on a weekly basis, and compared against goal and previous year.

After Tax Profit Cumulative Percent Increase



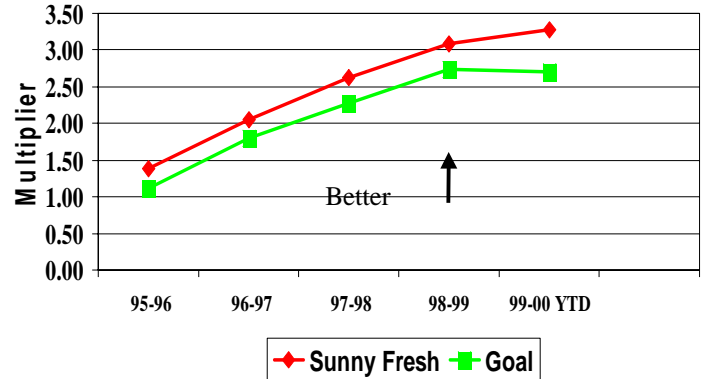


Value Based Management (VBM) is used to assess the overall health of the organization through a series of measures that focus on creating value for our stakeholders. VBM has several advantages over traditional measures. VBM:

- is used by 50% of Fortune 500 companies
- helps determine which strategic options or plans create value and how much
- encourages appropriate reinvestment and growth
- tracks the marketplace better than other measures
- allows managers to compare performance against competition

Value Based Management Comparison: VBM (Value Based Management) has a series of measures that judge the performance of a company. Sunny Fresh compares itself to those determined to be Values Leaders in North America.

**Return on Gross Investment
Cumulative Increases from '94-95 Baseline**



Sample of Value Leaders in North America

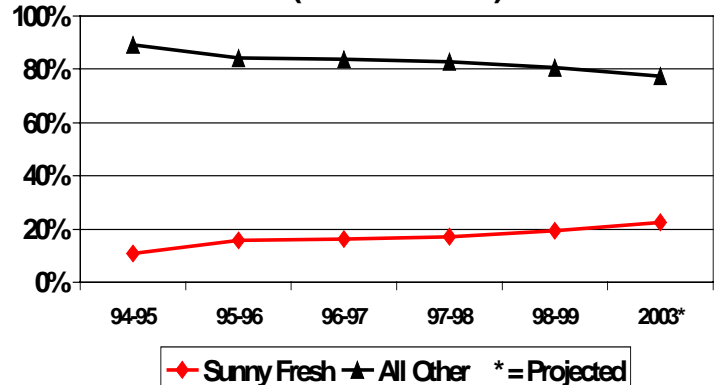
5-Year Average Annual Performance Ranking Basis Sales Growth

| Company Name | Sales Growth |
|--------------------------|---------------|
| Cardinal Health | 44.87% |
| Intel | 33.65% |
| Microsoft | 30.19% |
| Sunny Fresh Foods | 25.08% |
| Walt Disney | 23.96% |
| Hewlett-Packard | 20.89% |
| Merck & Co. | 19.06% |
| Southwest Airlines | 16.17% |
| Mirage Resorts | 13.68% |
| Herman Miller | 13.24% |

Source: Value Based Marketing

U.S. Share of Market: Sunny Fresh's market performance is based on SOM (Share of Market) and Total Pounds Sold, as well as performance in new markets such as schools.

**U.S. Egg Further Processing Industry
SOM (Share of Market)**



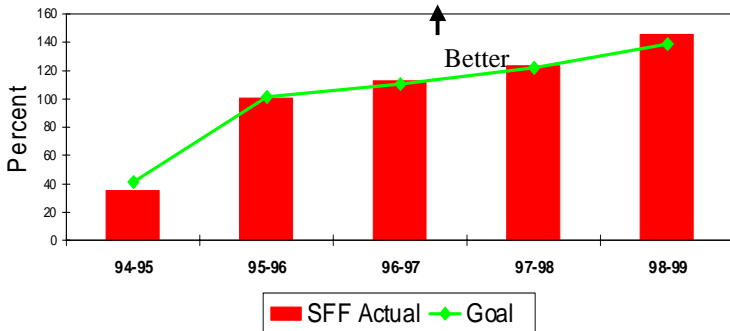
ROGI (Return on Gross Investment) measures operating performance by comparing ROGI cash flow to gross investment. ROGI Spreads are the difference between an absolute number and its hurdle value.





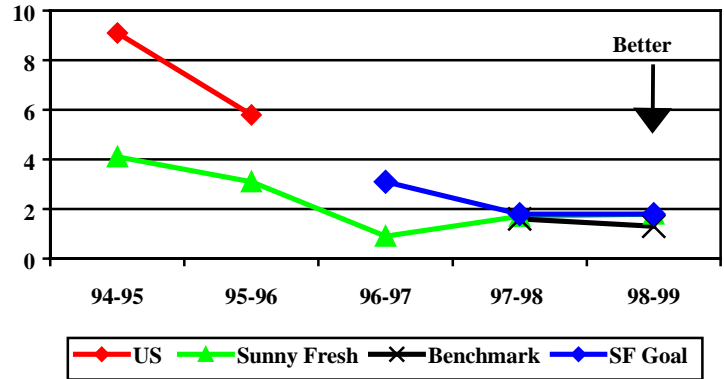
Total Pounds Sold: Sunny Fresh has experienced increases in market share for the past five years. SFF currently supplies four of the top 10 further processed food service egg users with 76% of their total pounds.

Cumulative Percent Increase in Volume Sold vs. Baseline 93-94



Safety Statistics: The Sunny Fresh Safety Index has consistently improved over the years.

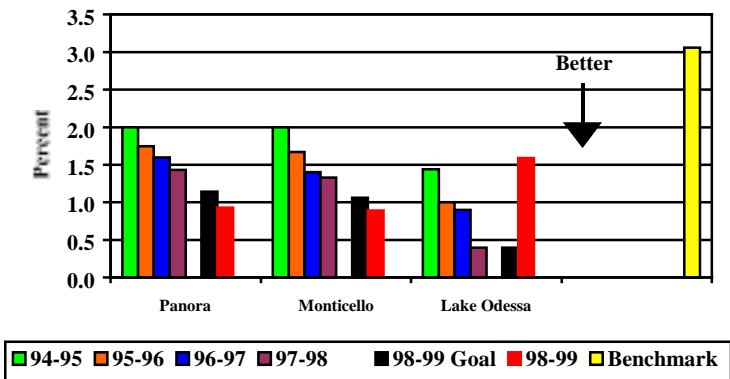
Safety Statistics
Safety Index Comparisons



Human Resources Results

Absenteeism: Absenteeism is reported over time and against goal. Sunny Fresh has instituted several programs over the years to reduce absenteeism and currently is better than industry average.

Average Monthly Absenteeism



Deployment of Core Values: The Employee Survey demonstrates stakeholder perceptions and measures of deployment of processes throughout the organization. Deployment of Core Purpose, Core Values, and Strategies:

Percent that Agree or Strongly Agree:

| Question: | 1996 | 1997 | 1998 | 1999 |
|---|------|------|------|------|
| I understand how my job affects the customer. | 96.7 | 95.9 | 98.1 | 98.0 |
| I understand the goals my company is trying to achieve. | 78.0 | 89.9 | 93.7 | 96.1 |
| Management and employees at my location feel that safety is a high priority area. | 83.4 | 90.3 | 92.5 | 93.6 |
| Management at my location communicates the importance of continuously satisfying the customer | 77.0 | 88.8 | 91.2 | 93.3 |





Employee Survey: Overall results of the Employee Survey have improved over the years.

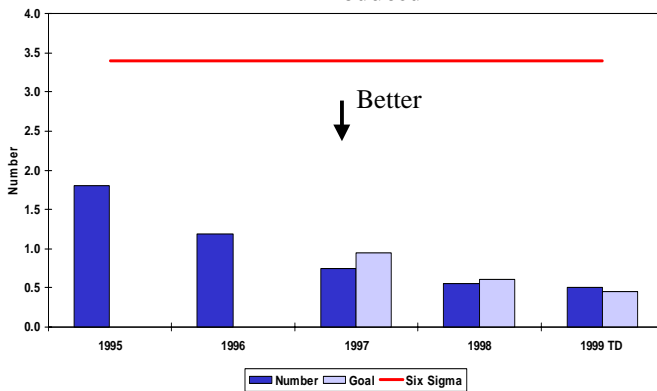
Percent that Agree or Strongly Agree:

| Survey Category: | 1996 | 1997 | 1998 | 1999 |
|---|-------|-------|-------|-------|
| Customer Focus | 65.45 | 79.45 | 86.24 | 88.54 |
| Work Environment | 72.94 | 78.96 | 79.97 | 79.10 |
| Commitment to Quality Improvement Process | 67.84 | 81.60 | 83.54 | 85.59 |
| Communication | 51.32 | 69.32 | 74.30 | 75.14 |
| Leadership | 52.46 | 64.24 | 70.34 | 71.32 |
| Shaping Excellence | 57.47 | 77.32 | 79.47 | 78.86 |

**Organizational Results
Supplier/Partnering Results**

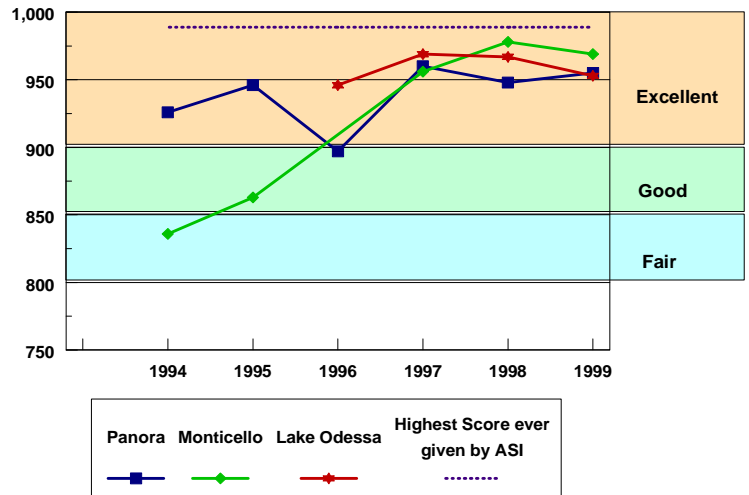
Non-egg Supplier Complaints: Due to the nature of the egg further processing industry, Sunny Fresh has been unable to obtain comparison data for egg suppliers. Non-egg suppliers provide such things as packaging, bread, milk powder, and citric acid. Non-egg supplier claims are indexed to 1,000,000 pounds produced.

Non-egg Supplier Claims per 1,000,000 Pounds Produced



ASI Audit Scores: overall measures of the effectiveness of Sunny Fresh's Operational Management are the scores received from ASI (American Sanitation Institute) audits. This independent auditing group performs 3rd party audits of food manufacturing plants. Only 15% of all plants audited by ASI score over 850 points and the highest score ever given was 989.

ASI Audit Scores



Operational Results

Line efficiencies are charted for each plant and each machine. Product mix and length of runs have an effect on line efficiency. In addition, yield has a significant impact on costs. The following chart is an example of reduction in variation and improved yield over time.

Yields

