

DELCO FOODS



YOU OWE \$45,300!

By Peter Thor, President, Bellissimo Foods

It may surprise you to know that you owe \$45,300. Actually, each of us owes that amount because our "partner", the federal government, has borrowed \$14 trillion on our behalf, or \$45,300 for every man, woman, and child in the United States. How on earth are we going to pay that back? Yes, this does have important implications for pizza operators, distributors, and everyone in the food industry as it will affect not only your future but that of your children. So yes, without apologies, this article is dedicated not to democrats or republicans, but to Americans with the goal of educating all of us about what is happening as well as likely implications for the future.

One of the great things about the food industry which we so admire and appreciate is that ours is an industry of entrepreneurs. Some of you own or work in large business, but most own or work in small companies; which earn their way every day by the products and services you provide. Our products are both positive for consumers and industry, and contribute to society in many ways. And our businesses contribute positively, in wages to employees, payments to vendors and service providers, and taxes. In private industry and as individuals we cannot spend more than we earn. When did it become not only possible, but common practice for public agencies and elected leaders to not be accountable for spending more \$ than they have.

Why is this a big issue? It is because public agencies, i.e. the government, continues to spend far more than is sustainable, and bloated public payrolls have the potential to bankrupt municipalities and states with their unfunded liabilities. The US government is borrowing 41 cents of every

dollar it spends. Continuing to borrow more and more, we will eventually reach a tipping point where the interest expense alone to the "lenders" will surpass the gov't expenditures for goods and services. To think this will not have far reaching implications is naïve at best. Without a doubt the value of the dollar must fall over time in relation to what it has been against other currencies. Printing more \$ reduces the value of every dollar whilst enabling our government to pay back "borrowed money" with new cheaper \$. This also means that important commodities we depend on, like gold, oil, copper, plastics, and



imported goods of all types will become more expensive. It is also very likely that our recent enjoyment of ultra-low interest rates will come to an end as higher borrowing usually requires higher interest rates. Recently kept low by worldwide financial crisis, the pendulum will swing the other way as economies improve and commodities become more expensive.

Higher costs for raw commodities also translates to higher ingredient and food costs. It is already happening. Look at costs of imported foods from Europe; they are spiking

higher because of both higher commodity costs and also much higher ocean and inland freight expenses. As the dollar declines it will further increase commodity and import costs. One positive outcome is that it will make domestic products less expensive relative to imports, and also give greater export opportunities to domestic food companies.

As a current example, consider the dairy industry and cheese, the single most important ingredient by value to the pizza industry. Recent prices have increased, and are expected to rise further later in the year. Why? Strong export demand for nonfat dry milk has increased exports 50% year over year; and since non-fat dry milk is a common ingredient in making mozzarella cheese, costs of processing are rising. Also, international cheese prices have risen sharply and the difference between domestic and international prices has increased. This is resulting in rapid increases in cheese exports, up nearly 60%. Also driving costs up are higher grain prices, due to weather related issues as well as the ethanol price subsidy. The combination of higher demand and limited supply will contribute to cost inflation pressures.

The good news, perhaps, is that "we" often take a shock to stimulate action to address the challenge. Our country and industry are resilient and together we can have our best days ahead. But we must start by recognizing the reality of these issues and make the hard decisions to deal with them now. Our New Year's resolution is to use both our voice and our vote to defeat the short term narrow interests of a few, in favor of addressing the long term interests of our society as a whole.





THE MUSCO DIFFERENCE

MUSCO

grandson of Nicolò, Musco Family Olive Co. has become the premier olive producer in America.

Nicolò Musco started packing Sicilian olives in Orland, California in the 1940's. Today, under the leadership of Felix Musco,

Musco's black ripe olive facility, which is located in Tracy, California demonstrates several characteristics that enhance its ability to produce products at a low cost: 1) High speed, highly automated manufacturing lines, 2) a process flow which occurs in a straight line and a small geographic space which allows for greater labor and operating efficiencies, and 3) a highly technical, cross-functional management staff. Musco officially claims the position as the largest table olive company in the world as well as owning the #1 and #2 selling olive brands in the United States.

Musco Family Olive Co. still processes using a 7 day process. This process is more time consuming and more expensive but produces a superior product. In addition, Musco uses table olive varieties such as Manzanillo and Sevillano which are grown in California to produce a better tasting canned black ripe olive, with a nutty flavor and rich, dark color.

Although less expensive, imported black ripe olives tend to be produced from a Hojiblanca olive variety that is predominately used for oil. This is why an imported olive tends to be darker in color throughout the olive, tougher in texture and bitterer.

Musco markets olives under the Pearls brand as well as under the Bellissimo brands. In addition to sliced ripe olives, they also pack pitted olives which range in size from small to jumbo as well as a full line of Sicilian style green olives.

Nicolò brought his expertise from Italy to California, and today Musco continues his tradition by offering only those olives with the finest texture and taste. Whether using olives to top your favorite pizza or on the tips of your fingers, you will not find a richer olive than Pearls.



Same Superior Quality. New Lower Price.

What makes us the best selling brand? We painstakingly care for our olives using a unique California curing process that customers love. Even after baking, our olives remain tender, retain a rich caramel color, hold their natural shape and provide a savory, buttery flavor. Now a great value just got better. A perfect growing season yielded a record harvest which means one thing for you—the best pizza-ready, sliced olive around at a much more affordable price.



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Market Update

Dairy – The dairy markets are currently up which was led by a spike in the butter market. The spike was mainly due to growing concerns over the New Zealand milk production being challenged by weather. New Zealand being the largest dairy exporter in the world will surely impact the milk markets. That being said the futures markets are suggesting that the butter market may be near its peak, and cheese prices may be nearing a short term top as well.

Oil, Grains, Misc. – 2011 winter wheat plantings are forecasted by the USDA to rise 10% from last year. That being said, corn and soybean supplies are still short. Wheat prices are slowly decreasing from January's 28-month high as winter wheat basis levels are creeping higher. We expect continued volatility and high flour prices with planting and harvest of spring wheat a long way off.

Beef, Veal, Lamb – Beef output in January was slightly lower than a year ago. Cattle prices are still inflated and beef packer margins are poor which could limit beef production during the next few weeks. Due to the floods in Australia, beef exports from the country have been restricted which is causing other countries to look for the US for product, reducing the domestic beef levels. Further, Australian beef exports to the US have been challenged which is supporting beef trimming prices here. Slowed beef output, rising exports, and tempered imports may increase beef prices through the end of the month.

Pork – Pork production was higher in January than it was a year ago, although it is being slowed due to challenging weather. Both export and retail pork demands are expected to improve. There are negotiations underway that could cause the Mexican tariff on imports of US pork to be lifted in the coming months which may encourage increased exports. Higher ham prices may be forthcoming.

Poultry – The chicken markets have remained fairly steady. Although chicken costs are generally higher in January we have yet to see much movement in prices. That being said, feed costs continue to rise which is deteriorating chicken producers margins. We expect chicken production to be slowed in the coming months.



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Foodservice Division

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Whether it's to broaden your menu variety or upgrade your current pasta choices, keep your customers coming back more frequently with Bellissimo pasta. Made to our exacting standards in the hills of San Vito, Italy, it's processed slowly using only the finest durum wheat mixed with cool, clear mountain water. Bellissimo pasta delivers authentic Italian taste and consistent results time after time, even when partially-cooked, refrigerated or reheated.

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Please visit BellissimoFoods.com or call 800-833-2974 to locate a distributor in your area.

More of What We Love...

This is the third installment of our What We Love Valentine's series. In the spirit of all things love-ly, we asked employees what Delco items they love the most. What do they enjoy eating at home? What makes their mouths water? Here's what we found...

"Nueske's Slab Bacon is the best bacon I've ever had. Slice it extra thick for a great morning side dish or BLT's. You could also dice it – it's great on salads or as an accent to vegetables. Really phenomenal."

– Steve Goldman, President

#1002356 Bacon Smoked Slab 5/9-11 lb

"Oh my – what products do I love? Shrimp...Al Dente Pasta Sauce... Vantaggio D'Oro Shredded Cheese...Rosaro Spicy Breakfast Sausage...I could go on and on..." – Sharon Polley, Vendor Credit Specialist

#371042 Shrimp Raw 13/15 P&D 5/2 lb

#402391 Retail Al Dente Sauce 12/28 oz

#170552 Vantaggio Mozz Shred 4/5 lb

#240103 Spicy Breakfast Sausage 2/5 lb

"I LOVE the Gonnella 24 oz Dough Balls –easy to work with and such a yummy flavor. One dough ball makes two 16" thicker than normal pizzas."

– Cathy Adams, CSR

#213307 24 oz Dough Ball 16/case

"We use Fajita Chicken the most in my family. We have a quesadilla maker and make chicken quesadillas almost weekly. It's also a great product for Chicken Alfredo, BBQ Chicken Sandwiches, Salad, Pizzas, Chicken Fajitas....a great buy!"

– Mark Turner, Sales Representative

#261001 Chicken Fajita Strips 2/5 lb

"The fresh "cepponelli" mozzarella logs is a product that once you use them it is easy to love. The 5lb. tub contains 7 logs that are 5" long and 2.25" in diameter. The tub will yield (20) 1/4" slices. Like all Grande products, it is a clean product with outstanding flavor. It is perfect for portioning."

– Rob Shirley Sales Manager

#140715 Fresh Cepponelli Mozz 1/5 lb tub

"The meat they use in the 1 oz. Mamma Ranne's Jumbo Ravioli reminds me of what my Grandma used to make when I was a young kid. Our Al Dente is the closest sauce I've tasted to my Grandma's as well. They both take me back."

– John Groves, Sales Representative

#260070 Meatball 1 oz. Cooked 1/10 lb

#402391 Retail Al Dente Sauce 12/28 oz

"Devanco Italian Beef on a 6" Gonnella Bun dipped in Au Jus is fantastic. Old World Pepperoni also has a great taste. It adds so much flavor to a pizza and it's even good on a cracker with some cheese."

– Bob Poehlein, Sales Representative

#260710 Italian Beef with Au Jus 3/5 lb

#130201 6" Bun Sliced Hinged 56 ea

#250115 Old World Pepperoni 1/25 lb

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The Spirit of Giving

This past holiday season, Delco Foods made a tribute donation to Back On My Feet in honor of our customers. Back On My Feet is a nonprofit organization that promotes self-sufficiency of homeless populations by engaging them in running as a means to build self-confidence, strength and self-esteem. They do not provide food or shelter, but instead provide a community that embraces equality, respect, discipline, teamwork and leadership. Their organization consists of much more than just running: their members participate in a comprehensive program that offers connections to job training, employment and housing. To learn more visit www.backonmyfeet.org.

back on my

Comments, Questions & Suggestions

Please contact us toll free at **800.536.1234**, locally at **317.876.1951**, or visit us online at www.delcofoods.com. We truly value your opinion.

As always, our number one goal is to keep you happy. Our newsletter is just one way we share new information about the products and services we offer, as well as industry news we think may be interesting and useful. For personal service and support, please contact your Delco Foods sales representative.

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The Grilled Sandwich: An American Classic

Though the sandwich is not American born, it has always seemed quintessentially American to me. In the land where any child can grow up to be president, any Velveeta® on Wonder bread® can grow up to be Cambozola over razor-thin apple slices grilled on crusty cranberry-pecan bread. Any PB & J sandwich can become almond butter and sliced banana on cinnamon-raisin bread, dipped into a vanilla-scented egg batter and grilled, then sprinkled with powdered sugar.

I think any sandwich worth making is worth grilling. The best sandwiches always have something creamy in them (cheese, aioli), and creamy things love to be melted on the grill. Here's the sandwich I have in mind:

About 1/8 of a good ciabatta, split horizontally
Extra virgin olive oil
1 garlic clove, peeled
1 6-ounce skinless, boneless chicken breast
Dried oregano, thyme and cayenne
2-3 ounces soft goat cheese
2-3 ounces roasted red pepper strips
Baby spinach leaves



1. Pound the chicken breast between sheets of plastic wrap to an even thickness. Brush with olive oil, sprinkle with a little oregano, thyme and cayenne, salt and pepper to taste, and set aside.
2. Brush each cut surface of the ciabatta with olive oil and grill until slightly blackened. Remove and rub the grilled sides with the garlic clove. Spread each side with goat cheese and keep warm.
3. Grill the chicken breast, turning on the diagonal to cross hatch the grill marks. Take care not to overcook.
4. Layer spinach leaves, thinly sliced chicken breast and roasted peppers on the goat cheese ciabatta. Serve while still warm.

This sandwich can be varied lots of ways: the goat cheese could be hummus or mayonnaise with crumbled gorgonzola; the chicken breast could be a veal or pork cutlet; or the spinach leaves could be fresh basil or arugula. The grilled sandwich: simple, elegant, an American classic... and a worthy addition to any menu.

