



GOLD STAR FOODS

October 2, 2017

Dear Valued School Nutrition Partners:

We are reaching out, following our letter to you last week, with another update on our delivery status. Gold Star apologizes again to our food supply partners and the impacted students and families for the recent difficulties with operations. As we previously notified you, Gold Star has been integrating business from a recent acquisition and customer load from a market competitor that went out of business, which has caused unfortunate and unanticipated delays in our deliveries and impacts on product availability. We want to assure you our team is making every effort to remedy the situation as quickly as possible. Many of our customers have questions, and we wanted to provide another update to keep you posted on actions being taken.

We have been working around the clock to implement changes to our product sourcing, production and delivery operations – significant investments and adjustments are being made to ramp up operations and ultimately meet our customers' needs. Several actions have been taken since our last letter. Gold Star has:

- ✓ Brought in a specialized, experienced logistical team to supplement and expedite warehouse production;
- ✓ Included a second shift to allow picking to occur 20 hours per day;
- ✓ Replaced our operation management lead with new leadership to guide the ongoing reconfiguration within the warehouse and on the production lines;
- ✓ Secured new product inventory; and
- ✓ Continued hiring additional skilled warehouse workers.

These actions are in addition to the new drivers being hired, updated routes established, and changes to buying capacity. We also wanted to note that we are pursuing these workforce measures in a truly collaborative effort with the full support of our labor union, which represents our warehouse staff and truck drivers.

As you are experiencing, the measures we are implementing to improve our production rates and get back on schedule take time to ramp up and take full effect. We greatly appreciate your continued patience and flexibility during this challenging time.

Our top priority is working with our partners in every capacity to meet their menu needs and requirements to make sure children are fed. We will continue to work directly with districts to implement short-term solutions as related to delivery schedules. In addition, we understand if you need to work with another distributor to temporarily ease your situation.

Please know that the Gold Star team recognizes the difficulties this is causing students, families, and staff. We can assure you that we will return to the timeliness and quality of service that you have come to expect from our team. We promise to keep you informed as we get through this most difficult period for you, our most valued customer.

Sincerely,

Sean C. Leer
CEO, Gold Star Foods