



# McCain Foods North America

One Tower Lane  
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Date: July 16, 2021

To: McCain Central Customers

From: Joe Sefton Sr. Director

Subject: Service Levels

I wanted to provide an update regarding our current service levels. We continue to see disruption across both our potato business and appetizer business that is causing tremendous strain on our ability to fill orders. There are many reasons contributing to the issues at hand but the main reasons are;

- Demand for McCain products is exceeding overall industry projections
- Labor volatility
- Availability of raw agriculture products
- Shortages and delays on our ingredients
- Supply chain and logistics constraints
- For potatoes we are in the midst of our new crop transfer

The combination of these factors has created a climate for McCain and, throughout our entire industry that is completely unprecedented. Our McCain sales teams, broker teams, and customer service teams have reached a breaking point. At times we are finding it difficult to find solutions and "work around's" to improve situations.

Unfortunately, this very difficult supply situation will continue to affect us through the remainder of this calendar year. We are taking steps internally to improve our fill rates including;

- An allocation program that should help rebuild safety stocks
- We have temporarily and permanently discontinued items
- We are working behind the scenes to consolidate batters and breading's to reduce complexities
- We have plants running 24/7 in an attempt to meet demand (we are breaking output records)

We are predicting a return to normal service on potatoes as early as September 1st. For appetizers, some specialty potatoes, and chopped and formed potatoes (including Tater tots) we won't see improvement until January 2022. And in some cases we may see fill rates worsening.

Our team is fully aware of the pain that these issues are creating for you, your buyers, your sales teams, and your customers. I can assure you that we would much rather be out selling and supporting your growth. As frustration levels grow and patience wears thin, I ask that you reach out to me. I know that I won't be able solve all of the issues but I am happy to address your concerns.

Joe Sefton – Sr. Director Central States  
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**Attached is a list of the current most critical shorts on appetizers and potatoes along with a reminder of the temporary and permanent discontinued items.**