Training Proposal for:
Del Monte Foods, Inc.
Agreement Number: ET15-0251

Panel Meeting of: July 25, 2014

ETP Regional Office: San Francisco Bay Area       Analyst: A. Nastari

PROJECT PROFILE

<table>
<thead>
<tr>
<th>Contract Attributes:</th>
<th>Priority Rate</th>
<th>Retraine Job Creation Initiative</th>
<th>Industry Sector(s):</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rate</td>
<td></td>
<td>Agriculture</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Goods Movement</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Warehousing</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Wholesale Trade</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Priority Industry:</td>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Counties Served:</th>
<th>Statewide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repeat Contractor:</td>
<td>Yes</td>
</tr>
<tr>
<td>Union(s):</td>
<td>Yes No Cannery Workers, Processors, Warehousemen, and Helpers Teamsters Union 601 and 948</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Employees in:</th>
<th>CA: 1,515</th>
<th>U.S.: 7,800</th>
<th>Worldwide: 10,257</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover Rate:</td>
<td>9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers/Supervisors:</td>
<td>9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FUNDING DETAIL

<table>
<thead>
<tr>
<th>Program Costs</th>
<th>(Substantial Contribution)</th>
<th>(High Earner Reduction)</th>
<th>Total ETP Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>$204,080</td>
<td>$0</td>
<td>$0</td>
<td>$204,080</td>
</tr>
</tbody>
</table>

In-Kind Contribution: 100% of Total ETP Funding Required $227,410
TRAINING PLAN TABLE

<table>
<thead>
<tr>
<th>Job No.</th>
<th>Job Description</th>
<th>Type of Training</th>
<th>Estimated No. of Trainees</th>
<th>Range of Hours</th>
<th>Average Cost per Trainee</th>
<th>Post-Retention Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Retrainee Priority Rate</td>
<td>Business Skills Computer Skills, Cont. Imp., Manufacturing Skills</td>
<td>660</td>
<td>8 - 200 0 - 4</td>
<td>Weighted Avg: 16</td>
<td>$288</td>
</tr>
<tr>
<td>2</td>
<td>Retrainee Priority Rate</td>
<td>Business Skills Computer Skills, Cont. Imp., Manufacturing Skills</td>
<td>20</td>
<td>8 - 200 0 - 4</td>
<td>Weighted Avg: 35</td>
<td>$700</td>
</tr>
</tbody>
</table>

Minimum Wage by County: Job Number 1: $14.90 per hour for Fresno, Kings, San Joaquin, and Stanislaus counties; $16.25 per hour for Contra Costa, San Francisco, and Santa Clara counties; Job Number 2 (Job Creation): $12.19 per hour for Fresno, Kings, San Joaquin, and Stanislaus counties; $13.55 per hour for Contra Costa, San Francisco, and Santa Clara counties;

Health Benefits: ☑ Yes ☐ No      This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: ☑ Yes ☐ No ☐ Maybe

Up to $1.35 per hour may be used to meet the Post-Retention Wage in Job Number 1 only.

Wage Range by Occupation

<table>
<thead>
<tr>
<th>Occupation Titles</th>
<th>Wage Range</th>
<th>Estimated # of Trainees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Job Number 1:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admin, Support, Finance, Accountant, Supply Chain, Analysts</td>
<td></td>
<td>255</td>
</tr>
<tr>
<td>Sales, R&amp;D, Marketing, Scientists I</td>
<td></td>
<td>175</td>
</tr>
<tr>
<td>Production, IT, Mechanic, Technician, Operations</td>
<td></td>
<td>140</td>
</tr>
<tr>
<td>Engineer, Scientists II, R&amp;D2, Sr. Technical Managers</td>
<td></td>
<td>22</td>
</tr>
<tr>
<td>Supervisors</td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>Manager, Sr. Managers</td>
<td></td>
<td>22</td>
</tr>
<tr>
<td>Business and Technical Directors</td>
<td></td>
<td>16</td>
</tr>
<tr>
<td><strong>Job Number 2:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admin, Support, Finance, Accountant, Supply Chain, Analysts</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Sales, Marketing, Production, IT, Mechanic, Technician, Operations, Managers, Supervisors</td>
<td></td>
<td>10</td>
</tr>
</tbody>
</table>
INTRODUCTION

In February 2014, Del Monte Foods, Inc. (Del Monte Foods) (www.delmonte.com) became a separate company under its parent holding company Del Monte Pacific.

Del Monte Foods is recognized as one of the country’s largest producer, distributor, and marketer of premium quality, branded food products for the U.S. retail market. Del Monte brands include Del Monte®, Contadina®, S&W®, College Inn® and other brand names. The Company also produces and distributes private label food products. Its core customers (suppliers) include Albertsons, Target, Wal-Mart, Safeway, Kroger and Costco.

Del Monte will train workers from its nine California facilities. The functions differ by facility: manufacturing operations in Modesto (Fruit) and Hanford (Tomato); a seed farm in Gilroy; distribution in Lathrop, and field offices in Kingsburg and Tracy. The Modesto plant processes California grown peaches, pears and apricots for its Del Monte and S&W brands.

The Company also operates its corporate headquarters from two San Francisco locations. There is also a corporate office and research center in Walnut Creek. Frontline workers, including managers and supervisors, will participate in this training proposal.

Since separating from the parent company in February 2014, Del Monte Foods is essentially a new company. It needs to buy or rebuild replacement software to maintain a standard level of operating efficiency. It recently rebuilt its intranet system to continue operating until it can launch replacement systems (SAP, Sharepoint, ADP and Skillsoft).

Del Monte Foods must also rebrand itself, and intends to do so in tandem with expanding its products and entering new markets. The Company plans to implement new processes, new systems, and new management within the next 18 months. During this disruption in business, the majority of employees in the corporate offices have been placed in new roles.

PROJECT DETAILS

Training Plan

Business Skills (20%) - Training will be offered to all occupations as the company re-brands itself. Coursed in Business Process Improvements, Brand Building, Priority Management, and Strategic Planning are essential in understanding the Company’s new direction and goals. Course for Sales, Finance, and Marketing Staff will consist of Product Marketing, Networking & New Markets, Presentation and Negotiation Skills, and “Understanding Your Shopper”, focusing on the consumer’s expectation. Scientists will receive training in Product Presentation skills.

Computer Skills (40%) - The first phase of the SAP system will be provided to all occupations. Sales Staff and the Supply Chain employees will be able to track products from the order to production to logistics, including tracking products during transit. IT Staff and selected individuals designated to become the “Super Users” core group of trainers will received highly technical courses in the design and implementation of SAP. All employees will be required to use SAP to generate and access Company data in pertaining to Manufacturing, Logistics, Sales, Marketing, Finance and Accounting. The new SAP system supports new business processes and its implementation will highly impact all of its facilities, including the plant locations. The system will support customer order-taking, material purchasing, inventory management, and invoicing payments and collections.
Additional skills in advanced Microsoft Office Tools, Nielsen Analytics Tools, Purchase Structure, and Database Management will be offered to occupations participating under this Proposal as required by their job functions. All Computer Skills will be delivered in Class/Lab, with a small portion (0 -4 hours) in Computer-Based Training hours which supplement the class/lab skills.

**Manufacturing Skills (20%)** - Training will provide workers with skills in new processes, systems and equipment operation to manufacture products. It will also introduce Del Monte Foods’s new sustainable equipment at its Modesto plant. Training will be delivered to Production Staff, Mechanic, Technicians, Operations Staff, Supply Chain, Supervisors, Managers, in new and upgraded Equipment Operations, Green Processes, Agricultural Processes. Production Staff will received specialized training in processes involving the use of mixers, steamers, cookers, and special packaging (such as canning liners) and labeling. These machines and processes are unique to the food manufacturing industry which requires employees to be trained in operational skills required to use and maintain the equipment. Scientists will receive training in Product Research, Product Inspection, Recipe Development, and Mixing.

**Continuous Improvement (20%)** - All occupations will receive some courses in Leadership, Productivity Improvement, Project Management, Workplace Communications, Workflow and Processes Improvement, and High Performance Work Teams. Occupations at the Manufacturing facilities will receive Good Manufacturing Practices, Health Wellness (food industry standards), Quality Management, and Material Management. Managers, Supervisors, and Scientists will receive additional skills in Leadership/Coaching Skills required to develop successful and efficient teams.

**Union Support**

Del Monte Foods’ occupations of Mechanics, Warehouse Workers, Production Workers, and Electricians are represented by Teamsters Union Locals 601 and 948. These two unions have provided letters of support.

**Green/Clean Operations**

Del Monte Foods has set a company-wide goal of reducing fresh water usage GHG (greenhouse gas) emissions by 2016. To meet these goals, Del Monte Foods installed a Selective Catalytic Reduction Power unit, a condensing economizer, and a backpressure turbine generator to its boiler system. As a result of the equipment upgrade, the facility is more efficient, decreased pollutants, cut the plant’s natural gas usage by 20%, electrical lighting usage by about 66%, and helped keep the plant's total fresh water usage down by 31%. Del Monte Foods's conservation leadership team will also train Plant Operations workers on ways to monitor, measure, and report on water usage through the implementation of a monitoring software program. The goals is long term sustainable solutions in anticipation of future drought and cost saving efforts.

**Directors**

This Proposal includes training for several occupations with management or of director duties. These trainees earn high wages, but who do not set company policy. The Company states that it is essential for technical managers/directors to receive the SAP training because they will be directly involved with the implementation in updating, maintaining, and troubleshooting the program. Business Directors require SAP skills because each business department will be impacted by the new processes, data entry, and functionalities required by the SAP platforms.
Prior ETP Projects

This is Del Monte Foods first ETP proposal since its formation as a new company. However, the parent Del Monte Pacific held two prior ETP Agreements within the past five years, for training many of the same employees.

The first training plan primarily addressed training in Manufacturing Skills to prevent downtime, improve line efficiency, reduce defects and implement new production processes skill. The second plan focused on managing high costs with savings in productivity, as well as new product introductions. Training will not be repeated in this proposal, which will focus on the direction under new ownership.

Note: Prior project performance is shown as a point of reference, and by way of comparison. (See Table.) Prior earnings exceeded $250,000, but there is no Substantial Contribution because Del Monte Foods is a new company.

Commitment to Training

Del Monte Foods' annual California budget averages about $150 per employee ($975,000) allowing limited basic skills pertaining to changes in its product line and mandatory compliance requirements such as workplace anti-harassment, safety, food quality, time and attendance. For newly hired workers, Del Monte Foods provides entry-level product knowledge and an overviews on its proprietary systems. Onboarding training occurs weekly for new employees, on Del Monte Foods' brands, competitors, market share, business processes, and company culture.

Del Monte Foods represents that ETP funds will not displace the existing financial commitment to training. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

➢ Training Infrastructure

Del Monte Foods has on staff, two higher level ETP-experienced employees who are committed to managing the ETP project along with an administrative consultant.

High Unemployment Area

The Company's locations in Kingsburg, Lathrop, and Modesto (Fresno, San Joaquin, and Stanislaus counties) are in High Unemployment Areas, with unemployment exceeding the state average by 15%. However, Del Monte Foods is not asking for a wage or retention modification.

Retraineep - Job Creation

In support of job creation, the Panel is offering incentives to companies that commit to hiring new employees. Under the Retraineep-Job Creation program, training for newly-hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage.

In this proposal, Del Monte Foods has committed to hiring 20 new employees (Job Number 2). The Company is expanding its workforce to backfill positions that it lost after the change in ownership. Del Monte Foods is currently identifying which positions it will need to hire in the future, but for now those occupations listed in Job Number 2 have been or will be hired within the next nine months.

Trainees must be hired within the three-month period prior to Panel approval or during the term of contract.
RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by the parent Del Monte Pacific under ETP Agreements that were completed within the last five years:

<table>
<thead>
<tr>
<th>Agreement No.</th>
<th>Location (City)</th>
<th>Term</th>
<th>Approved Amount</th>
<th>Payment Earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>ET12-0233</td>
<td>Statewide</td>
<td>12/26/11 – 12/25/13</td>
<td>243,000</td>
<td>$243,000 (100%)</td>
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<tr>
<td>*ET08-0438</td>
<td>Statewide</td>
<td>4/1/08 – 3/31/10</td>
<td>$482,670</td>
<td>$158,886 (33%)</td>
</tr>
</tbody>
</table>

*ET08-0438 – The Contractor (former parent) delivered a large portion of its initial training plan. However, the internal project administrator did not maintain accurate training records and did not properly document attendance in the ETP online systems. The Contractor two ETP-experienced employees who have been committed to managing the ETP project. As a result, Del Monte Pacific performed 100% in its last Agreement.

DEVELOPMENT SERVICES

CTA, in Camp Connell assisted with development at no cost.

ADMINISTRATIVE SERVICES

CTA will also perform administrative services for a fee not to exceed 13% of payment earned.

TRAINING VENDORS

To Be Determined
Exhibit B: Menu Curriculum

Class/Lab Hours

8 – 200 Trainees may receive any of the following:

BUSINESS SKILLS
- Brand Building and Product Marketing
- Business Process Improvements
- Effective Communication
- Conflict Management
- Influencing Skills/Negotiation
- Networking & New Markets
- Risk Analysis (Internal Audit)
- Priority Management
- Social Media (Analytics, Tools, Consumer)
- Strategic Planning/Strategic Thinking
- Presentation Skills
- Understanding your Shopper (How your shopper shops)
- Zodiak Financial Acumen Training

COMPUTER SKILLS
- SAP System
  - Customer Relationship Management
  - Enterprise Performance Management
  - Enterprise Information Management
  - Product Lifecycle Management
  - Rapid Deployment Solutions
  - Supply Chain Management
  - Supplier Relationship Management
  - Trade Promotion, Predictive Analytics & Optimization
  - Ariba, HANA, Duet, NetWeaver
  - Cloud Computing
  - SAP User UX
  - Accounts Payable Process
  - Accounts Receivable Process
  - Sales Management Process (ERP)
  - Warehouse Management Process
  - Quality Assurance
  - System Integrations
  - Transportation Management Tools
- New Collaboration Tools (GotoMeeting, Jive, Yammer)
- Database Management/Cleansing Tools
- Microsoft Outlook – Priority Management
- Microsoft Tools (Advanced Only)
- Nielsen Analytics Tools
- Programming Tools & Languages
- Project Management Tools
• Purchase Structure
• Rewards & Recognition Tools

CONTINUOUS IMPROVEMENT
• Managing Meetings Effectively
• Facilitation/Mentorship
• Integrated Business Planning
• Good Manufacturing Practices
• Health Wellness (food industry standards)
• High Performance Work Teams
• Material Management
• Workflow and Process Improvement
• Productivity Improvement
• Quality Management
• Workplace Communications
• Project Management PMI
• Leadership/Coaching Skills:
  - Managing Others
  - Coaching for Performance Improvement
  - Performance Management
  - Coaching for High Performance
  - Effective Feedback
  - Situational Leadership
• Myers Briggs (MBTI) (Basics/Step II)

MANUFACTURING SKILLS
• Agriculture Processes
• Food Processing Skills
• Food Safety Practices
• Distribution Methods
• Green Processes
• Inspection Techniques
• LEAN Manufacturing
• Maintenance of Equipment
• Material Handling (Hazard/Non-Hazard)
• Mixing (theory & equipment)
• New Equipment & Processes
• Operating New Production Equipment
• Product Research
• Product Inspection/Reliability
• Proper Manufacturing Practices
• Proper Packaging/Storage Techniques
• Recycling & Waste (WEEE/oHS)
• Recipe (building, creation, tools)
• Sustainability CSR
• Warehouse Inventory Procedures

Safety Training cannot exceed 10% of total training hours per-trainee
CBT Hours

0 – 4

**COMPUTER SKILLS**
- Atlas Basic Planning (Sales) (1 hour)
- Kronos System Tools (1 hour)
- ExpenseWire (1 hour)
- Financial Authority (1 hour)

Trainees may receive any of the following & MUST be conducted during work hours.

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. CBT is capped at 50% of total training hours, per trainee.
June 27, 2014

Via email: Vasco.Raposo@DelMonte.com

Del Monte Foods
2 Nestle Way
Lathrop, CA 95330

Attn: Vasco Raposo

To Whom It May Concern:

Teamsters Local 601 supports Del Monte's application for funding from the Employment Training Panel. This covers employees at the Lathrop, California processing facility.

By: Pablo Barrera
Business Representative

Cc: Maria Ashley Alvarado
Secretary-Treasurer –Principal Officer
ashley@teamsters601.com
Justin Mullins
Labor Relations/HR

745 E. Miner Ave. Stockton, Ca 95202 phone :(209) 948-2800 (800) 241-8601 Fax :(209) 948-2876
326 B Street Yuba City, Ca 95991 phone (530) 755-1054 (800) 533-2595 Fax :(530)755-2718
June 23, 2014

Training Funding Partners
1173 Warner Avenue
Tustin, CA 92780-645

Attn: Julianna Kirby

To Whom It May Concern:

Teamster's Local 948 supports Del Monte's application for funding from the Employment Training Panel. This covers employees at the Hanford, Kingsburg, and Modesto, California processing facilities.

Sincerely,

[Signature]

Adam Ochoa
Secretary-Treasurer
Teamsters Local 948

cc: Justin Mullins
Del Monte Foods
P. O. Box 57008
Modesto, CA 95354-6018