



We welcome your visit to Sargento Foods Inc. To maintain the high quality standards of our products we ask your cooperation in following our company-wide Good Manufacturing Practices (GMPs) while touring our plant environment.

GMPs have been established at Sargento in accordance with our Quality Excellence Process to ensure the integrity of our products as well as the safety of our staff, visitors and consumers.

BEFORE ENTERING any manufacturing area of Sargento we respectfully request that you --

Use a company-supplied hairnet to cover all your hair as completely as possible -- nets should be worn so that your ears remain covered -- beard covers are also available.

We *require* arms and legs to be covered by clothing! **No shorts, please!**

Remove all jewelry including necklaces, regardless of whether it is under a collar or the open neck of a shirt/blouse. If you have a ring that you cannot remove, plastic gloves will be supplied to you to serve as protection. Jewelry cannot be adequately sanitized and it serves as a potential hazard to your safety as well as product integrity. Please remove all pens, pencils, etc. from shirt/ blouse or jacket pockets, or carry them below your waistline. This ensures that there is no possibility of them falling onto production lines and into exposed product.

Wear shoes with a heel of less than 2". Open-toed shoes are also a potential hazard and can not be worn.

Do not bring purses, cameras, or other personal belongings.

Wear company supplied plastic gloves if you are wearing nail polish or artificial fingernails.

UPON ENTERING the plant we ask that you --

Sanitize your shoes in the footbath mats located at each entrance.

Use company supplied eye and/or ear protection in designated areas.

Do not eat, drink, chew gum or use tobacco.

Do not touch any equipment or product unless you have received authorization and are wearing sanitized gloves.

Abstain from any written documentation of equipment, line layouts, manufacturing records, etc. unless you have received approval by an Officer of Sargento.

Use caution when walking through the manufacturing areas. Be aware of forklift traffic, machine operation, etc.

"We're Persnickety" is our credo and we appreciate your willingness to help us maintain our stringent quality standards.

Sargents -

Debbie Preder

Phone (920) 892-3401

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SEP 01 1999

Louis P. Gentine
Chairman and Chief Executive Officer

August 31, 1999

File
Also

The Honorable Al Ott
P.O. Box 8953
Madison, WI 53708

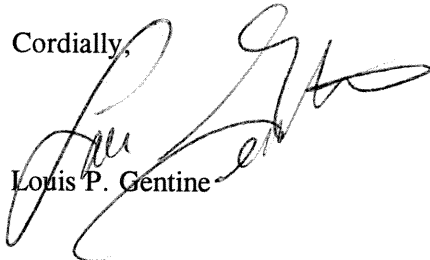
Dear Representative Ott:

Thank you for taking the time to tour our Plymouth facility last Thursday. Our goal was to answer your questions about the value we add when we package and market our branded cheese. In the short time we had together, perhaps you also learned a bit about Sargento—our business philosophy and heritage of innovation. We hope you left with a renewed sense of Sargento's commitment to the success of the entire cheese industry. We believe that we are partners with cheese makers, co-ops, and the dairy farmers in marketing the milk they produce. We make it our business to understand the needs of consumers and deliver products that meet those needs in the many forms and varieties of shredded, sliced, snack, and ingredient cheeses we offer at retail and in foodservice. If we provide the consumer with more ways to conveniently enjoy using more of Sargento's innovative and high quality cheese products, the Wisconsin cheese industry and its base of dairy farmers all benefit.

Barbara Gronemus asked what Wisconsin can do to spur the sales of more cheese and the resulting demand for milk. I believe that through support organizations such as the WMMB, much is already being done as we witness growing consumption of cheese. Apparently the issue is whether the farmer should be required to foot this bill. As we showed, we and our competitors in the industry are doing our part to promote the use of dairy products at levels significantly higher than that which is funded by the farmers. All participants in this industry should be willing to share in the cost of growing our industry. At the same time, I do not believe it should be a burden of the Wisconsin taxpayer. The logic of that would then suggest that all Wisconsin based industries should look to our government to promote their products. I doubt that all of us, as taxpayers could, or would be willing, to afford that.

Should you have any questions in the future, please call Barbara Gannon or me. We would be happy to provide our point of view on the impact of legislation while still in draft form. I am sure that other Wisconsin based members of our industry would share that willingness.

Cordially,

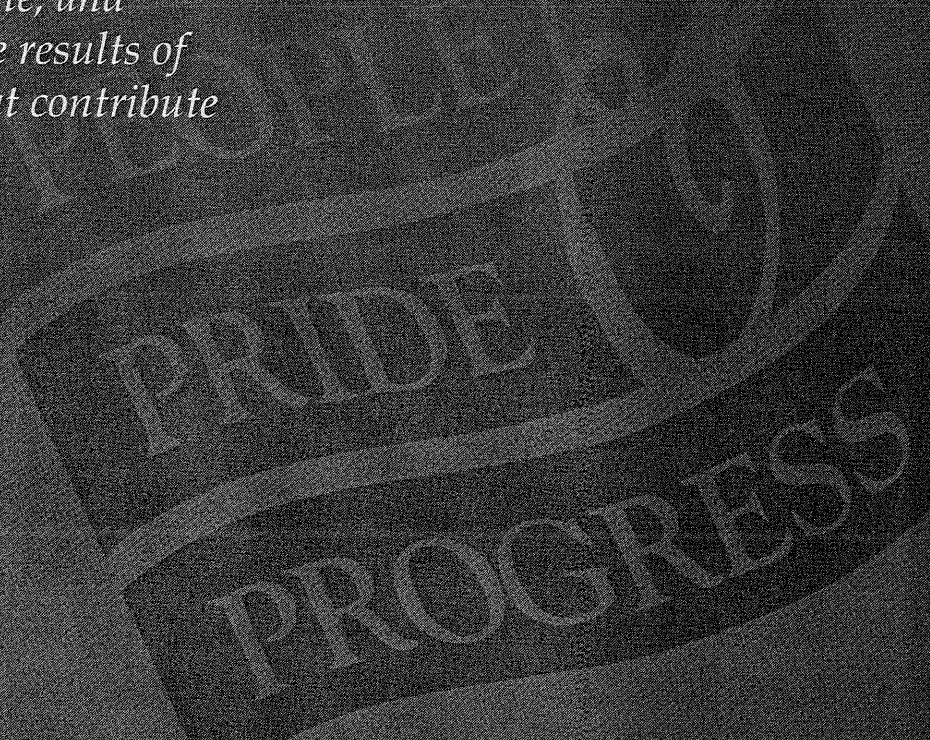

Louis P. Gentine



Statement of Values and Purpose

Sargento is a family-owned food company dedicated to enhancing long-term stakeholder value. We are sustained by an insatiable winning spirit and guided by our faith in God. Our central purpose is to be the leading value-added cheese company in the world.

We achieve our goals by exceeding customer expectations for innovation, service, quality, value, taste, and convenience. We share the results of our success with those that contribute to that success.





CORPORATE PHILOSOPHIES

Stakeholder Value

At Sargento, we believe in a concept of ownership that goes beyond our stockholders to include the other important contributors to our success. We include as stakeholders, not only our stockholders but also our employees, customers, community, and suppliers. Although clearly different from that of a stockholder, they each have a meaningful stake in our company. Because of this, we recognize the importance of evaluating the impact of our decisions on each of our stakeholders.

People, Pride, & Progress

The following are the key principles and values that constitute our corporate culture and guide the way we treat people, run our business, and live our lives.



*Ethics — Trust — Balance in Life
Employee Equality — Creativity
Humor and Fun — Accountability*

*Excellence — Effective Communication
Mutual Support — Recognition
Sense of Ownership — Community Outreach
Fair Compensation*

*Customer Focus — Career and Personal Development
Innovation — Risk Taking — Profitability and Growth
Enlightened Leadership*



CORPORATE OBJECTIVES

Alignment of Purpose: *Our priorities are aligned with our central purpose, which is to be the leading value-added cheese company in the world.*

Customer and Consumer Focus: *The most important asset we own is our reputation with customers and consumers. We must continually strive to build upon the strength of that reputation.*

Innovation: *We must continually enhance our innovative competency to generate not only improved results for our customers and consumers through new products, processes, and packaging, but also more creative approaches by all departments within our company to accomplish corporate goals.*

Continuous Improvement: *We must constantly strive to increase value through cost reduction, quality, and enhancement of our products and services.*

Profitable Growth: *We will strengthen our competitive position by increasing sales and market share within current and new channels of business while evaluating and responding to appropriate acquisition opportunities. We will also strengthen our financial position and support our goal of enhancing stakeholder value by meeting or exceeding our Return on Average Capital Employed (R.A.C.E.) goal.*

PRIDE
PROGRESS

Code of Business and Personal Ethics

***We Will Be Legal:** We recognize the authority of legal constraints and our obligation to be in conformance with both the spirit and the letter of the law.*

***We Will Be Moral:** In our public and private lives, we will strive to give precedence to that which is right over that which is merely expedient or convenient.*

***We Will Be Honest:** To warrant the trust of all with whom we come in contact, we must ourselves be unflinchingly honorable in whatever we think, do, or say.*

***We Will Be Respectful:** Whatever our station in life may be, we will respect in others of all ranks those virtues and strengths of character which we collectively and individually endeavor to exemplify.*

***We Will Be Responsible:** To each other and to those outside Sargento, we will strive to fulfill both the obvious and the unenforceable obligations we owe to all whom we serve and with whom we work.*

***We Will Be Fair:** In regard to decision-making at all levels, we will strive for maximum objectivity and evenhandedness with all those whose lives we touch.*

SARGENTO®

Our Corporate

Culture

PEOPLE
PRIDE
PROGRESS



Nurturing a Culture

When Leonard Gentine Sr. founded Sargento in 1953, he also laid the foundation for a corporate culture that defines how we interact with others. We have many outstanding achievements to be proud of, including many innovations in the cheese and snack industries. Yet, if you ask our stakeholders what is special about Sargento, you are likely to receive a response that is a reflection of our culture rather than a definition of our products or processes.

Leonard taught his employees and his children that success was contingent upon working with good people and treating them the way you would like to be treated — with trust, honesty, and fairness. For example, for Sargento to foster creativity, it should be an enjoyable place to work. To help employees achieve balance in life, Sargento must encourage employees' participation with their families, churches, and community activities.

At Sargento, we believe that our past successes and future vision are closely linked with key principles and values which we call the Sargento corporate culture. It is an intangible strength that attracts talented employees and keeps them here. Our culture can infuse enthusiasm and create a unique loyalty to the company and each other. That is why we have invested considerable time in defining our culture, and why we ask every employee to help us maintain and enhance the Sargento spirit. This is how we will continue Leonard's legacy and become an even greater company without losing sight of the principles and values that guided Leonard and should guide our actions every day. It can be summed up in three words that explain our corporate priorities: People, Pride, & Progress.

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In the following pages, we examine the key principles and values that constitute our corporate culture and guide the way we treat people, run the business, and live our lives.

PEOPLE

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People

People are first at Sargento. This is evidenced by our stakeholder concept of management. All those individuals who contribute to the success of Sargento are stakeholders, and we consider the impact on these people every day as we make business decisions. Stakeholders are not only stockholders, but also our employees, our customers, our suppliers, and our local communities.

PEOPLE

PRIDE

PROGRESS



Ethics

Our code of business and personal ethics calls upon us to be legal, moral, honest, respectful, responsible, and fair.

There are no gray areas when it comes to ethics.

For some, ethics are like a fashion statement that can be put on or taken off to fit a certain situation.

At Sargento, we live by our code of business and personal ethics 24 hours a day. It is our hope — and our expectation — that our employees and business associates will do the same.

You might say everything we believe in is found in the Golden Rule — “Do unto others as you would have them do unto you.” We’ve all heard that from parents and teachers since we were children.

Our company was built on this type of ethical behavior. It is the foundation of our culture, and of our success. In the pages of this book, we look closely at a number of values that comprise our People, Pride, and Progress initiative. As we do, you’ll notice that ethics serve as the foundation of all of Sargento’s values. Without ethical behavior, our values are hollow.

Sargento’s code of business and personal ethics calls upon each of us to be legal, moral, honest, respectful, responsible, and fair. This is true in our relationships with our suppliers, our customers, our consumers, our co-workers, and our competitors. It is true all the time, in every circumstance — just like the Golden Rule. There are no gray areas when it comes to ethics.

At Sargento, less-than-ethical behavior will not be rewarded. In fact, it will not be tolerated. This holds true whether you’re an officer of our company or working on one of the lines. There is no three-strikes-you’re-out policy when it comes to ethical behavior.

Act ethically, we want you to be part of our family. Act unethically, and we don’t. It’s that simple.

While we are a profit-oriented company, it is our expectation that these profits will never come at the expense of ethical behavior. In a world where others may try to compete by bending the lines of moral behavior, we never will. In the end, we have confidence and pride that comes from knowing the battles we win will be won fairly.

We know, too, that ultimately, our moral code and culture will be what sets us apart from our competitors. It always has, and it always will. Great products are one thing. Great people are the most important thing.

We require ethical behavior because it makes us a better company and it makes us better people. Ultimately, we reap additional benefits: Our products will be better. Our customers will reward us with loyalty. Our reputation as a company with a strong moral code will be strengthened. And we will feel better

about the work that we do and the people we have become.

Even the most ethical people will be tested occasionally. Being ethical is not easy. At times, it's downright hard. That's what makes it so special when people choose to act ethically. And make no mistake about it, by its very nature, the decision of whether to act ethically is rooted in choice. You choose to make the hard decision. You choose to take the high road. Or, you choose not to.

As a company, we choose to value ethical behavior. We choose to demand it.

Why? First of all, because it is the right thing. Secondly, studies show that business declines in companies with low business ethics, where decisions are made on the basis of personal interest, not the company's.

Ethical behavior is a learned behavior. Remember how we learned the Golden Rule from our parents and teachers, sometimes after we made the wrong choice?

At Sargento, we will do whatever it takes to create an environment where employees learn and benefit from ethical behavior. This culture will enrich our company, our employees, our families, and, ultimately, our community.

Some ethical decisions are cut and dried:

- Do I keep the money I saw that person leave behind or do I return it to them?
- Do I admit to my boss that the idea he really liked was actually my co-worker's idea?
- Do I leak false information about a competitor to help me close a sale?

Other ethical decisions are not as clear cut. We would like you to explore potential examples of ethical choices you may face. We hope you will discuss these in your PATs and in line meetings. We encourage you to discuss them with your families, too.

At the heart of this is our sincere belief that all of our employees have the capacity to act ethically all of the time. Sargento's great asset — a reputation for integrity — cannot be preserved unless each of us lives and shares these same core values. We will earn respect and wear it proudly.

Discussion Scenarios:

- If I've promised one customer I'll meet with them on Wednesday and a much bigger customer says he wants me to meet with them on Wednesday, do I cancel the original meeting?
- If I've promised a bonus to an employee for completing a certain project, but now we've been told to slice our budgets so I have no discretionary dollars left, do I still have to give the employee the bonus?
- If I've told my staff that they must have their recommendations ready by tomorrow's meeting, but I've got a personal emergency and won't be able to complete mine, can I still penalize those in the meeting who fail to deliver by the deadline?
- Is calling in sick when you really want a day off unethical?
- If the company can get office supplies much cheaper than I can, is it really that wrong to take a few pens and notepads home at night?

Ethics

PRIDE

PROGRESS

Trust

Fellow employees share a mutual faith in each other that the overall good of the company is paramount in the suggestions offered, decisions made, and actions taken. We are also confident that when properly informed and prepared, they can be counted on to carry out their responsibilities.

The textbook definition of Trust is “total confidence in the integrity and good character of another.”

That’s also the essence of the Sargento team approach and what makes us click.

When employees have trust in their fellow employees there is a basis for a good working relationship. That relationship exists at Sargento because we have a workforce of men and women who are trustworthy.

At Sargento we look for ability and skill and experience in selecting our employees. We also look for those attributes that define an individual as trustworthy — honesty and integrity. Lacking in those, an employee or job applicant doesn’t fit the Sargento corporate culture.

Why is trust so important? Because when employees trust each other, they work better — they’re more efficient and more productive. You need to trust that your

fellow employees are capable of effectively performing their job requirements, and you rely on them to do so in a manner that will not put your physical safety at risk or hinder your ability to do your job.

Unfortunately, trust is a very fragile thing. It takes a long time to build trust, but you can destroy it in a minute with a few careless words or one broken promise. Leadership is based on respect and trust, and once that trust is shaken, the ability to lead is seriously eroded.

Trust Must Permeate the Entire Organization

This does not suggest that trust is important only for those who lead — those in managerial positions. Trust must permeate throughout the company — in every department, at every level, of every location — in the plant, offices, in the field — with all of our stakeholders — our customers, suppliers, employees, and communities, wherever we operate. And it must exist in our relationships with the media and the general public.

Do you do business with a company you don’t trust? Why should anyone buy products from us if they don’t trust us? Why should customers buy from us if they can’t trust us to meet our delivery schedules? Why should consumers select our brands if we don’t provide the quality they expect? It’s all part of trust. When people believe us — when they trust us — they’ll buy our products. But trust is just as important, if not more so, in the Sargento workplace.

When trust exists, workers are more willing to accept new challenges and take

risks. When the trust level among employees is high, employees can perform their jobs with minimal stress and anxiety because they're confident they can rely on one another. As long as they feel they can trust their supervisors they will speak out about issues and problems that concern them.

Mistrust Often Comes from What People Don't Know

When there is a lack of trust within an organization, people act from fear, often from rumors and half-truths. Mistrust comes as much from what people don't know as from what they do know. And if they don't trust you, they are apt to jump to conclusions rather than wait to learn the facts of a situation.

Development Dimension International, in a booklet entitled "Building Trust," lists four benefits that can accrue to your work group and your entire organization when trust levels are high. When trust levels are high, communication and involvement levels are also high with these results:

1. Open, honest, factual communication prevents mistakes and errors.
2. Fewer mistakes and errors mean less rework, lower costs, and increased productivity.
3. Efficiency increases as people seek to involve others.
4. Increased involvement means higher morale and job satisfaction.

The publication summarizes its discussion on trust building by enumerating the major ways in which you can go about building trust.

- Share your concerns, motivations, and feelings, and prevent others from assuming — perhaps wrongly — what they may be.
- Take the time to clarify the commitments you make and show your sincere concerns for keeping them.

- Admit your mistakes and show that you are honest and reliable, not deceitful or evasive.
- Encourage others to give you feedback and let them know that you want to do what is right and you want to do it the right way.
- When you're asking questions and testing your assumptions, be sure you don't jump to conclusions. Wait until all the facts are in.
- When you find yourself thinking that someone else has behaved in an untrustworthy way, don't compound the problem by responding in the same way. Don't let the cycle of mistrust take hold of your relationship.

Every effort you make along these lines contributes to a firmer foundation of trust. Ultimately, this foundation spreads among co-workers, your group or team, and throughout the entire company. A team that has players who trust and rely on one another is a winning team. Sargento has that kind of a team!

Discussion Questions

1. How do you learn to trust your co-workers?
2. How important is it to trust your co-workers?
3. Can you be too trusting?
4. What might cause our customers to lose trust in us?
5. Is it harder to earn trust or regain it?
6. How does trust affect our bottom line?

Trust

PRIDE

PROGRESS

Balance in Life

At Sargento, we support our fellow employees' efforts to balance the physical, social, emotional, intellectual, financial, and spiritual dimensions of their lives, as each of these contributes to overall personal wellness.

In the best scenario, work and family do not compete for your time and talents, but rather, are two critical and interconnected spheres in your life.

Having It All?!

When Americans first began to talk about "having it all," there was great debate over whether workers could balance careers, families, and personal lives without sacrificing one or the other.

Today, who has the luxury of debate? Like it or not, we do have it all! All of us have found that the challenge of balancing work, family, and community is every bit as difficult as we thought it would be. Our pursuit of this delicate balance requires constant diligence and exhausting compromise. But it's possible and,

fortunately, the payoff is great!

Those of us who succeed in achieving balance are more successful in all of our roles. We are better parents, spouses, employees, and friends, and ultimately happier individuals.

Dozens of studies conclude that those individuals who pursue life, work, and family with equal passion find more satisfaction in all of their endeavors, as opposed to those who focus solely on only one part of the equation.

Balance is for Everyone

Much of America's current discussion of balance in life revolves around issues of working parents and their families. It is very important to recognize — and we do — that single employees have every bit the challenge in balancing work and family that married couples and parents do. It is our hope, and our expectation, that our employees will recognize this, too.

Live a Little!

When was the last time you: Read a book? Hugged your husband? Walked your dog for more than the required twice a day "business" trips? Made a snowman? Wrote a letter? Baked cookies just for fun? Spent the day with your parents? Sometimes due to the everyday pressures of work and family life, we fail to remember that it's okay to have fun!

A best-selling book called "The Pleasure Prescription: To Love, to Work, to Play — Life in the Balance" states that the real problem in American lives is the absence of pleasure, joy, and community. It is our very sincere hope that this isn't true in your case! You and your family deserve a good time.

Sargento's Commitment

Sargento has a long-standing commitment to helping our employees balance work and family that dates back to well before the topic was making front page news.

In an era when companies are pushing to "burn the midnight oil," we encourage our employees to develop their full potential – through their families, hobbies, religious pursuit, community support, and yes, of course, their work.

Today, our culture has evolved with the times to include more "family friendly" options such as job sharing and part-time positions, summer hours, casual dress, and more. We allow departments to provide leave for employees to attend special school events and teacher conferences for their children, and have policies for personal leave. We offer tuition reimbursement and a confidential employee assistance program. In fact, Sargento received the first Family Friendly Firm award from the Sheboygan County Early Childhood Council in 1992.

Perhaps more important, however, is our pledge to you that we will not stop there. We will continue to seek out ways in which we can help our employees achieve a more satisfying balance in their lives. We will seek our own solutions and we will listen to your recommendations with an open and interested ear. When we can, we will implement your suggestions. If we can't, we'll try to find a compromise.

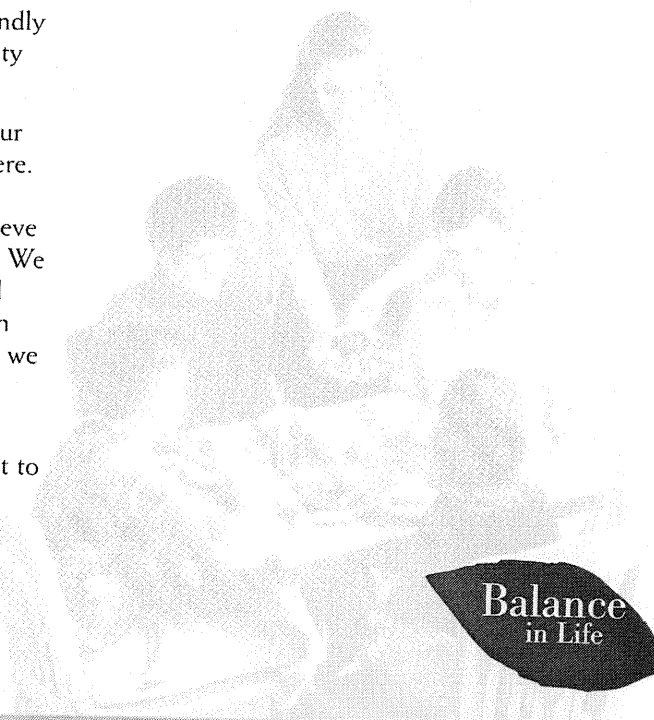
We have made a conscious commitment to place as high a value on our employees'

lives as we do on our employees' performance. We will live by and honor that commitment for you, for us, for your families, for our community, and for Sargento.

Our Request of You: Be passionate — about work and family!

Discussion Questions:

1. How do you balance your work, personal, and family life?
2. Is it harder today than it used to be? What would it take to make it easier?
3. Should an employer or individual bear primary responsibility for finding/facilitating a balance in life?
4. What's more important when it comes to finding a balance: creativity, cooperation, or diligence?
5. Can you provide an example of someone who seems to have found a solution to the issue of balance? How did they do it?



**Balance
in Life**

PRIDE

PROGRESS

Employee Equality

Each employee has an integral role to play in the success of the company. While the amount of responsibility may differ, the importance of each job or the person performing it is not diminished.

“The defect of equality is that we only desire it with our superiors.”

Henri Becque, French Playwright

Anyone who works for Sargento or does business with Sargento knows full well that Sargento is an equal opportunity employer. There is no place in our workplace for anything less, relative to the hiring, firing, and treatment of employees.

This discussion, however, goes beyond “equal pay for equal work” and “fair hiring practices.” It speaks to the matter of employees having a voice in how our company is run.

That is not to say that an employee referendum will be conducted every time a corporate decision is to be made. What it means is that at all levels of the company, employees will have a forum to be heard. Your comments and suggestions not only are heard and given serious consideration, they are encouraged.

Covered in The Code

The Sargento Code of Business and Personal Ethics addresses the matter of Employee Equality in different ways at least three times.

It says that “whatever our station in life, we will respect in others (their) virtues and strengths of character.” It also says “we will strive to fulfill the obligations we owe to all with whom we work.” And also, “In regard to decision-making, we will strive for maximum objectivity and evenhandedness with all those whose lives we touch.”

These are not idle words gleaned from some business school course book. They define what Sargento is all about. They direct each of us to commit ourselves to a code of conduct that will make Sargento a better company and each of us better citizens. Whether you work in the plant or office, whether you are salaried or hourly, whether you sell or service, whether you operate a computer or a forklift truck, you have a right to expect “objectivity and evenhandedness” from all with whom you come in contact. In that context, we are all equal.

Of course, each of you has a unique perspective — a perspective shaped by your job responsibilities at Sargento and by your own personal situation. Management is interested in learning about your perspective, recognizing that decision-making requires input from all perspectives, not only the one from the top.

Philosophy Formalized Through PATs

This philosophy of employee equality is ingrained in our corporate culture. It has been that way from the beginning, long before there were laws and regulations that

governed workplace practices. It is a philosophy that has contributed to our record of success and our record of growth.

This philosophy has been formalized through the establishment of Persnickety Action Teams (PATs) at all of our locations. Through this process, employees are encouraged to assume expanded roles in helping to increase productivity and improve quality. Team members have the opportunity to become equal partners in helping to grow our business, both through increased productivity and cost savings resulting from in-depth involvement. For example, we have been able to trace more than \$3.5 million in cost savings to the efforts of the PATs!

Whatever our station in life, we will respect in others (their) virtues and strengths of character.... In regard to decision-making, we will strive for maximum objectivity and evenhandedness with all those whose lives we touch.

When our new plant was built in Kiel, we drew heavily on the knowledge and experience of our Plymouth and Elkhart Lake employees to help determine the physical layout of the plant. They also provided input in the design of the product manufacturing lines. They were instrumental in addressing quality issues and even in developing the hiring criteria for new employees. Their advice was invaluable to the successful startup of that operation.

What happened at Kiel is another example of empowering employees to be a part of the decision-making process. It's another example of Employee Equality at Sargento.



Discussion Scenarios

1. How do you understand Employee Equality? What does it mean to you?
2. Is the "equal right" or "equal opportunity" doctrine adhered to across the board at Sargento? Elaborate on your answer "yes" or "no."
3. Cite an example of how one of your suggestions was accepted and put into practice.
4. Can you cite any examples when your idea wasn't considered?
5. Are you accepted as an "equal" on your PAT or ad hoc team?
6. Can you point to things other companies are doing to promote/encourage "employee equality" that could be adopted by Sargento?

Employee
Equality

PRIDE

PROGRESS



Creativity

We need to foster creative thinking, not only in the products and services we provide, but also in the organization and processes used to provide them.

“Creativity is more important than knowledge.”

Albert Einstein

Long before children know things, they are creative. They see a dog fresh from a bath and say he’s “raining.” They play dolls, house, cowboys and Indians, and dozens of other games that help develop their imagination and creativity. Without even realizing it, they’re actually learning to be more creative.

Creativity is like a muscle. It needs to be stretched, worked, and nourished to grow. If you don’t use your creativity, it will wilt and weaken.

Unfortunately, life doesn’t always encourage a wide range of expression. When we were in kindergarten, our tools consisted of a box of 64 crayons with a sharpener on the back. By the time most of us left high school, we were working with a ball-point pen. Somewhere along the line we lost 63 colors.

This is a potentially devastating loss. For in these colors, and in all our other toys and tools that could help us hone our creativity, lie a significant competitive edge.

Creativity: A Company’s Human Resource

The ability to think or act creatively goes way beyond conceiving clever ideas or even new-to-the-world products. Creative thinking helps employees assess and analyze complex situations, make decisions, solve problems, and identify and act upon potential problems and opportunities.

Perhaps this is why Harvard includes a class in creativity in its business curriculum, and high-priced creativity consultants can all but guarantee a return on investment.

Consider these examples of creativity that spurred innovative business solutions:

- A Sony executive gave his design staff a tiny block of wood and told them to develop a product in its image. Their solution? The Sony Walkman.
- A musician noticed how the human heart beat like his metronome. He hooked two electrodes to it, and invented the pacemaker.

The creative process doesn’t always need to change the world. Sometimes it can be as simple as coming to the realization that there’s no particular virtue in doing things the way they’ve been done before.

Importantly, creativity can’t be turned on and off like a faucet. We recognize that we can’t encourage our employees to “think outside the box” one day, then go back to using only their ball-point pens the next.

At Sargento, we are committed to fostering an environment that encourages creativity. Our suggestion boxes, PERSnickety Action Teams, and other mechanisms have been established to allow for free flowing ideas and an open ear from management. We recognize, however, that we can always do more. We are eager to hear your suggestions. We do this, of course, not only because it will be good for you, but because we know that it is creativity that will take Sargento from here to tomorrow.

It Takes Courage to Embrace New Ideas

We know it's important to evaluate new concepts carefully and identify all potential missing pieces, but we ask you to strive for openness to new approaches — and we pledge to do so as well.

Remember that rather than identifying what's wrong with an idea, you will want to expend more energy in determining what is worth building on and developing imaginative ways to do so. Sometimes even a drawback in an idea, if interesting enough, can serve as a stepping stone to a practical idea.

Recognition encourages people. It provides important motivation and lets you know your efforts are appreciated. At Sargento, recognition is a very important part of our culture.

The odds that one idea will help solve a particular problem are not that high. But the more ideas you develop, the closer you are to finding a great one. Perhaps this is why Emile Chartier was fond of saying, "Nothing is more dangerous than an idea when it is the only one you have."

So go for it! Break free of the old ideas. Go grab your box of crayons — and remember, you can use them at work as well as you can when you're "playing" at home.

Questions:

1. How would you evaluate our performance on creativity and innovation? How can we continue to improve?
2. Do we have any rules or traditions that get in the way of creativity? If so, how can we eliminate or replace them?
3. What is the best way to reward and recognize creative people?
4. What's the best creative idea you've heard this month?



Humor and Fun

An appropriate level of lightness, providing opportunities to smile or laugh, brings enjoyment to work while relieving stress. If we consider our place of work and the work we do to be fun, we will be more satisfied and successful.

“Laughter enhances the immune system and makes you more resistant to disease.”

John Irvin

It has been said that humor has the capacity to clarify the obscure, simplify the complex, deflate the pompous, and chastise the arrogant. If it can do all those things, why don't we make greater use of it?

Maybe we need another plank in our Code of Business and Personal Ethics that says: We will have a sense of humor.

Sure, this is a serious business. We all know that. Competing with the competition day in and day out is no laughing matter. And it's hard to find much humor if a report shows that our market share is down. But does that mean you have to constantly wear a serious look as if you lost your best friend? Why can't you inject some humor and fun into what

you're doing?

During World War II, show business performers traveled all over the world to entertain our troops overseas. This wasn't done to trivialize the war effort, or to minimize its seriousness. On the contrary, it acknowledged the seriousness of the situation. But it also recognized that these talented entertainers could bring joy and laughter to the men and women overseas, help to bolster their morale, and make them a more effective fighting force.

Laughter Boosts Worker Morale

Many companies — like Sargento — have accepted that same basic premise: Fun and laughter help to boost morale among workers, build teamwork, engender creativity, and even improve one's health.

Sargento emphatically subscribes to the notion that an atmosphere which fosters humor results in greater productivity and better performance overall. After all, we spend anywhere from one-third to one-half of our lives at work. Shouldn't we get some enjoyment out of it? We think so, and we have always encouraged our employees to behave accordingly.

Creating an Atmosphere of Fun

We conduct numerous programs, events, and activities for our employees to create an atmosphere of fun because we recognize the value of such activities. Packers dress-up days and plant hallway decorations for special occasions are designed to put us all in a better frame of mind, and the feedback we get from you is that you like this sort of thing and you want it to continue. We're in total agreement.

We support and encourage this "business" of bringing fun to the workplace, not only because the employees like it — that's reason enough — but also because it's good business for Sargento.

Sargento emphatically subscribes to the notion that an atmosphere which fosters humor results in greater productivity and better performance overall.

A happy employee — an employee who's having fun doing his or her job — is bound to extend that feeling of happiness to the customer, to the supplier, or to anyone with whom he/she comes in contact. It's a contagious thing. And that's good for Sargento. People want to do business — certainly they prefer to do business — with a company whose employees are pleasant and happy — employees who can work and have fun at the same time.

To paraphrase a popular old saying:

Laugh and the world laughs with you.
Frown and your sales go down.

Just think what a pleasant workplace this would be if each and every one of us added one word to our list of daily job responsibilities — "smile!"

Discussion Questions

1. How do you view our various fun days? Do they help or hurt?
2. Do you feel there's an atmosphere of fun in your work area?
3. If not, what can be done to improve the situation?
4. Is it up to the manager of a department or section to set the tone regarding humor and fun? Can you still have fun even if the manager is a grouch?
5. Is it possible to take your job seriously and still be able to enjoy it? Are those two things compatible?



**Humor
and Fun**

PRIDE

PROGRESS

Accountability

Employees have a personal responsibility to the company and their fellow employees to perform their jobs as expected. They should remember that their behavior, within and outside of the workplace, has implications for the company.

In business and in everyday life, we are all accountable to someone for our own actions. From the chief executive officer to the lowest paid employee in the company, we all have a “boss” – someone to whom we are accountable.

Sometimes the lines of responsibility become blurred, but we can't escape the fact that we all answer to someone.

Unfortunately, today some people don't want to be accountable for their own actions. When something happens to them, there has to be someone else to blame.

They trip and fall while walking a city street and the city's responsible. They get hit by a foul ball at the ballpark and they

charge the stadium operator for not providing adequate protection against foul balls. They spill hot coffee on their lap and file a complaint against the seller for not cautioning them that hot coffee is hot!

People Must Be Totally Responsible for Their Lives

The author Sidney Madwed once wrote: “Until people fully realize that they are totally responsible for their lives, we as a society collectively will be operating under a false and distorted assumption of what responsibility (or accountability) really means.”

It is our hope at Sargento that our employees are always willing to take responsibility for their actions, that they realize we can't succeed as a company if we look for convenient alibis to cover every misstep. We all make mistakes. In sports parlance, we call them errors in baseball, fumbles in football, turnovers in basketball. But always the game goes on and the record shows who committed the error, the fumble, or the turnover.

In business it's not always that easy to trace the source or root of a problem. That's where accountability comes into play. Each of us has a role to play, whether it's on the production line, in the office, out in the field, or as a member of a PAT. At Sargento, we're all part of a team and we're all accountable — to our manager or supervisor — to the company — and just as importantly, to our “teammates” or fellow employees, the people we work with on a daily basis and who rely on us as we rely on them. The same can be said for your family life, interaction with neighbors, and the overall community.

It is our hope at Sargento that our employees are always willing to take responsibility for their actions – that they realize we can't succeed as a company if we look for convenient alibis to cover every misstep.

Accountability and Good Work Ethic Go Together

Accountability goes beyond the willingness to accept blame or responsibility for a mistake. It goes hand in hand with a good work ethic — something that has always characterized the workforce at Sargento, something that Leonard Gentine always preached and practiced. If you are dedicated to your job, you gladly accept responsibility. You readily recognize that you will be held accountable for your actions or lack of appropriate action. You also are willing to take the "extra step" in doing your job and are not content to do just the minimum in your job description to get by.

Like any good company, Sargento has systems and procedures in place to measure individual performance. Annual performance reviews are conducted to be sure employees are measuring up to reasonable standards. But the men and women who get ahead at Sargento are not those who meet minimum standards to just get by, but rather those who take that "extra step" — those who take pride in their work and who readily accept added responsibility — those who are team players — those who are willing to be held accountable for any assignment they undertake.

Those are the kinds of employees Leonard Gentine had in mind when he founded this

business. He would be pleased to know that we have a lot of them in our workforce today.

Discussion Questions

1. To whom are you accountable on your job? To one person or to several? Are the lines of responsibility clear to you?
2. Is there a high degree of accountability in your department or area of work?
3. Are people willing to "take the blame" when something goes wrong or does everyone run for cover?
4. Are you satisfied with how performance reviews are conducted? What changes would you offer?
5. If you have differences with the person you answer to, do you have a problem with going to someone else to rectify the situation?

Accountability

PRIDE

PROGRESS



Pride

When we speak of pride, we refer to our quality — quality in our products, our packaging, our customer service, our responsiveness to stakeholder needs, and all our team and individual accomplishments. It is our collective objective to meet or exceed expectations of our stakeholders in all that we do.

PRIDE

PROGRESS



Excellence

All employees should do their best to provide a quality product or service. Continuous improvement of work processes are possible through team or individual initiatives and training.

“The quality of a person’s life is in direct proportion to their commitment to excellence, regardless of their chosen field of endeavor.”

The author of that quotation is someone who knew something about excellence and a lot about what it takes to succeed in life. These words were spoken by Vince Lombardi, coach of the Green Bay Packers during their halcyon days of the 1960s. The Packers, for those too young to remember, won five National Football League championships during that decade. That’s excellence!

As Coach Lombardi said, however, the commitment to excellence is paramount in whatever field of endeavor you have chosen. We strongly endorse that philosophy at Sargento Foods. In dozens, perhaps hundreds, of documents that we have produced and distributed over the

years, we have declared our commitment to excellence.

Our commitment to excellence is the common thread that runs through every facet of our business — every operation — not only at the plant level where our products are manufactured, but throughout the company — at every level. It is the foundation of our very being as a corporation.

We’re Serious About Quality Excellence

You know that we are serious about maintaining the quality of our product. You know, too, that we expect this commitment to be universal among all members of the Sargento family. There are no exceptions.

Someone once said, “Every job is a self-portrait of the person who did it. Autograph your work with excellence.” We like to think that everyone at Sargento is proud to autograph his or her work with excellence. That’s in keeping with our company’s Quality Statement that says, “Quality excellence is achieved when the product we provide meets the requirements of our customer and the service we provide exceeds the expectations of our customer.”

Are those merely hollow phrases? Are they unrealistic objectives? We think not. We believe these objectives are attainable, but only if we all do our part — only if we are all willing to “autograph our work with excellence.”

We Are All Responsible for Quality – All of Us

A key element of the Sargento Quality Excellence Process is the empowerment of all employees to be responsible for quality. Repeat: All employees.

So that all employees have the power to do something about the problems they confront, we have formed dozens of employee teams (Pernickety Action Teams). The teams are empowered to look at your jobs, systems, and processes and seek to find new and better ways to do your jobs that will improve the quality and service we provide our customers.

Our commitment to excellence is the common thread that runs through every facet of our business.... It is the very foundation of our very being as a corporation.

If you haven't become an active, participating member of a PAT you owe it to yourself, to your fellow employees, and to the company to "join" the team. To achieve excellence as a team, or as a company, requires 100 percent participation. You can't have laggards in a company quest for quality. It doesn't work to have 95 percent of your products meeting quality standards. In this "game" you have to bat 1.000 to succeed. There's no tolerance for error.

No Room for Compromise

Author Charles Knight, in addressing the subject of excellence, said that "Anyone who accepts mediocrity (rather than excellence) is a person who compromises. And when one person in an organization compromises, the entire organization compromises."

Sargento is men and women who aren't willing to compromise — men and women who don't take shortcuts — men and women who support the quest for excellence as the surest way to succeed in business and to succeed in life.



Discussion Questions

1. Many companies say they are committed to excellence. Is Sargento any different? Do you believe we put actions behind the words?
2. In what ways could Sargento do more to encourage greater commitment to excellence?
3. Do your immediate supervisors, managers and executive leaders always demonstrate a commitment to excellence? Do those who report to you? If not, what do you think is keeping them from making the commitment?
4. Does an individual or company really need to be excellent all of the time?

Excellence

Effective Communication

The ability to convey an understandable message with appropriately delivered feedback helps others assess their performance. To be truly effective, communication must be "two-way," in a trusting environment, that not only allows for, but encourages, candor.

When we communicate effectively, we generally succeed.

One of the most exciting times in our lives occurs when we first learn to communicate: When I point to the cookie, they give it to me. When I scream, they pick me up and hug me. When I say Dada, they jump up and down and give me more cookies.

Soon, we also learn to read and write. In time, we develop skills to help us argue, negotiate, disagree, persuade, confront, challenge, convince, and even sell.

When we communicate effectively, we generally succeed. Why? Good communication creates a solid foundation upon which we build relationships, trust, appreciation, and understanding. Poor communication creates misunderstanding and conflict.

Consider your communication skills: Do you always listen before you respond? Do you always speak in a conversational tone? Do you always write concisely? Do you always know how your audience wants you to communicate?

Effective communication is a process — not an action. At Sargento, we work very hard to communicate well. We conduct employee surveys, create Persnickety Action Teams, provide suggestion boxes, and actively solicit your ideas. Similarly, we communicate our plans, hopes, vision, challenges, and concerns to you in many different ways. In fact, our entire People, Pride, and Progress initiative stems from our desire to better communicate the true Sargento culture.

Effective communication isn't always easy. But we ask you, now and always, to do everything you can to improve your communications. Your co-workers, customers, suppliers, and families will appreciate the effort. We think you will, too. To help you get started, here's a quick communications refresher.

Effective Listening

It's no coincidence that we've listed effective listening before verbal and written communications. When talking with others, do you:

- **Listen with all of your attention before responding?** Many people find this to be very difficult. Don't be tempted to jump in and interrupt. Aim for 75% listening and 25% contribution in a conversation. You'll learn more, and your response will be better received.
- **Guide conversations with open-ended questions?** Ask questions that can't be answered with a "yes" or "no." Instead of asking "Did you review my suggestion?" ask "What did you think about my suggestion?" Then follow up with more probing questions, such as "How do you think my ideas will be received by others? What can I do to improve the likelihood that they'll be accepted?" etc.

- **Make an effort to see the world through the other person's eyes?** Remember, no one comes from your specific frame of reference. Your great idea might mean hours of extra work for an individual, who might like the concept but not the idea of working extra hours. Consider your suggestion or comments from the other person's point of view — before you express them. Then you'll be better able to anticipate and address their particular concerns. This exercise also helps you become more empathetic, which can be a powerful communications tool — not to mention a nice one!
- **Consider listening an active process?** Sadly, most people barely pay attention when others talk. They're thinking about what they're going to say next, even about what they're going to do after work. Make an effort to listen actively. You'll quickly see what a difference it makes. By devoting more energy to listening communications, your spoken communications will dramatically improve as well. One good technique includes briefly repeating key messages you heard as part of your response.

Verbal Communications

After you've done your most active listening, then it's time to talk! Your audience (whether it's an audience of one or 100), will find you much more interesting if you:

- **Speak conversationally.** Watch the tone of your voice. Many people use one tone for speaking to one other person, then adopt what they consider to be their "speaking" tone to talk to others. Avoid using a "radio voice." But do make sure that every one can hear you and that you are pronouncing your words well. Speak to every one in the room — no matter how large or small the group — as if you were having coffee together and talking.
- **Don't condescend.** People react best to speakers who talk as if they value the listener's opinion. Never "talk down" to your audience. This doesn't mean you can't carefully go over all details. Just

think about how you'd want to be addressed, then afford your listener the same courtesy.

- **Use colorful anecdotes and speak with enthusiasm.** People who are excited by their subject are much more interesting to their audiences. Even the driest subject can come alive when it's delivered with colorful examples and passion.
- **Avoid formal officious language.** Jargon and pretentious formal words such as "utilize" and "pontificate" have no place in verbal communications. Strive to use small, clearly descriptive words. Big words do not make you sound smart, but they may get in the way of your key messages!
- **Relax!** The best speaker is a relaxed speaker. Do whatever it takes to help you relax. Prepare, practice, and avoid caffeine if you are making a presentation.

Written Communications

The best written communication is simple and brief.

Some Tips:

- **Never use a long word when a short one will do.** (Can you think of shorter words to replace such monsters as utilize, originate, disseminate?)
- **Less is more.** Keep your writing tight and interesting. Eliminate all unnecessary words. Avoid such phrases as "we are currently spending," "we're in the process of phasing out," etc.
- **Do not overwrite.** Beware of writing that is too flowery or unnecessarily descriptive.
- **Avoid tired expressions.** Forget "thorough investigation," "top-level meeting," and "comprehensive analysis."
- **Avoid passive voice.** In passive voice, the action is performed on the subject. Instead, use the active voice, where the subject performs the action. For example, write "Janet rode the horse," instead of "The horse was ridden by Janet."

Effective
Communication

Mutual Support

Fellow employees should expect that they can depend on each other for support of and cooperation with their best efforts to perform their jobs.

The operative word here is Mutual. Webster defines mutual as “directed by each toward the other.”

There is Mutual Admiration when two people demonstrate love and respect for one another. There are Mutual Aid Agreements in which one party pledges to aid the other in time of trouble. And in recent years we have learned a great deal about Mutual Funds where we can pool our financial resources to gain greater investment opportunities. In all instances, there is a giving and receiving of something in equal parts.

A Cornerstone of Our Corporate Culture

At Sargento, Mutual Support is one of the cornerstones of our corporate culture. There is Mutual Support between company and employee. It exists between employee and employee, department and

department, and similarly between employee and customer. Without Mutual Support, we would not have achieved the growth and prosperity that we have enjoyed for over 40 years.

Leonard Gentine, our late founder, may not have used the words Mutual Support in establishing the goals and objectives of this company. But he always believed that if you provide employees with the tools to do their jobs — if you support them in their efforts — they will reward the company with cooperation and put forth their best effort in everything they do.

What's In It for Sargento?

What does the company get back as part of this Mutual Support effort? In other words, what's in it for Sargento? Very simply, we believe, our return comes in the form of better employees and a stronger community.

Better-educated employees — better-trained employees — better-informed employees — are generally better employees. They understand our company better and what we're trying to achieve. They represent our company better; they make better decisions; and they are more likely to become active participants in improving the communities where they live.

Mutual Support is Imperative in Everything We Do

Mutual Support among employees and between departments is imperative in everything we do. The various departments at Sargento should not exist as islands. They must rely on one another and they must support each other's efforts. Manufacturing, for example, must support

the efforts of Marketing by maintaining production schedules that will meet the demands of Sales. Marketing & Sales, in turn, must recognize the capacity limits of Manufacturing and Logistics and make production and delivery demands that are reasonable and attainable.

In Food Service, we pride ourselves in making products that meet the specialized needs of our customers. For this to happen, we must have the full cooperation and Mutual Support of all the departments involved — Sales, Marketing, New Product Development, Manufacturing, and Logistics. It makes no sense to take an order for something we can't deliver. Everyone has to buy into the project and support it wholeheartedly. And they need to keep others informed — from Procurement to Accounting to Information Technology, Customer Service, and Consumer Affairs.

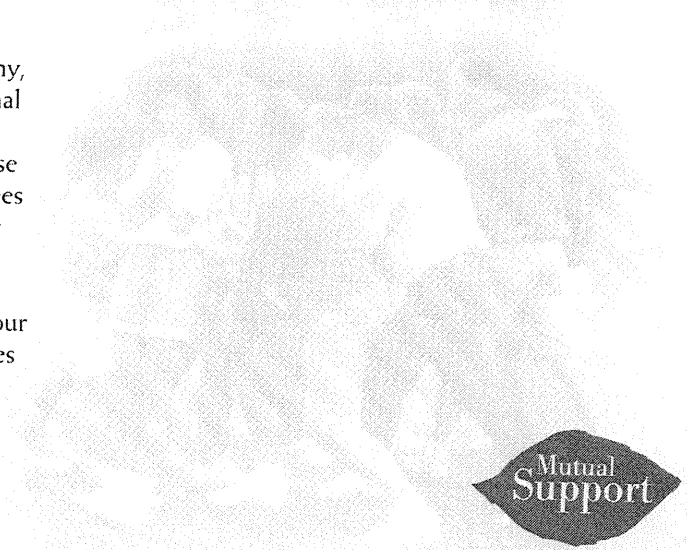
It is no coincidence that administrative assistants, accounting clerks, receptionists, and many other plant and office employees are sometimes referred to as "support staff." These are the front-line people who greet our visitors, customers, and suppliers when they arrive in person or call on the phone. They perform the critically important tasks of keeping managers organized, important papers filed, correspondence accurate and timely. They support the objectives of the organization and their co-workers in all departments. Without them, Sargento could not operate smoothly and effectively.

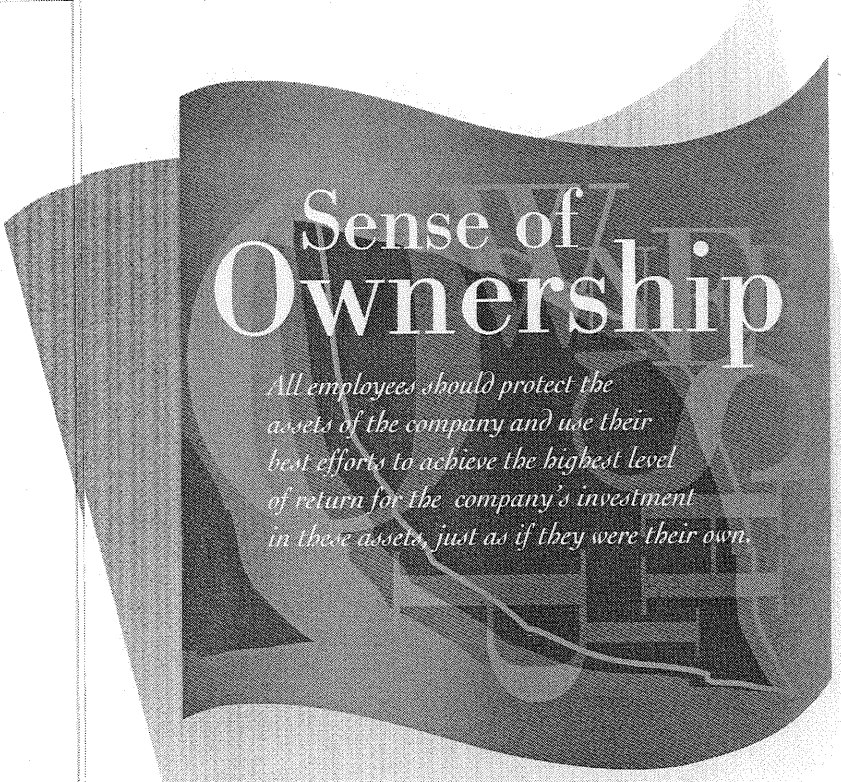
Everything good at Sargento starts with people. As we seek to grow the Company, we must invest in our employees' personal and professional growth. Company programs should be implemented because they are mutually beneficial for employees and other stakeholders of Sargento. Our Health and Wellness Programs, Lifelong Learning Program, Employee Assistance Program, Retirement Savings Plan, and our various training programs are all examples

of supportive efforts for our employees. The payback comes in the form of your support of Sargento and, in that way, the circle is completed.

Discussion Scenarios

1. Give examples of how Sargento has demonstrated its support of you personally. How have you reciprocated?
2. Cite instances of Mutual Support between departments and of lack of Mutual Support between departments. How can the latter be improved?
3. Why not eliminate all the company support (benefit) programs and put the savings in my pocket in the form of pay raises? Would the employees be better off? Would the company?
4. Can you cite any major company policies that have been changed as a result of employee input?
5. Some might say that Mutual Support is a one-way street. The company gives and the employee takes. Is that true?
6. Sargento supports its communities through many activities of its employees — individually and collectively. How do the communities demonstrate their support of Sargento?





Sense of Ownership

All employees should protect the assets of the company and use their best efforts to achieve the highest level of return for the company's investment in these assets, just as if they were their own.

Throughout the company's history, we have encouraged everyone in the Sargento family to feel a sense of ownership in the company.

We do this for several reasons. A sense of ownership builds an increased sense of pride and responsibility, which will ultimately be reflected in the quality of our work and our products. Just as important, a sense of ownership creates a feeling of satisfaction, of belonging, of making a difference.

The Benefits of Ownership

Taking ownership of a project means caring about its success. Ultimately, this improves the quality of your work, which gives you a stronger sense of satisfaction. Clearly, our employees and our company benefit when we share a sense of ownership.

Ownership requires an unflinching sense of responsibility — and we commend all of our employees who adopt this attitude.

These employees take their jobs personally. These employees believe that everything they do matters — every step of the way.

These employees consider themselves owners of the research report they just finished, the product they just introduced, or the package they just brought down the line. As a result, their work is better — all of the time.

People with a sense of ownership care. Consider how you take care of your home or your car or other treasured belongings. You show your caring in any number of different ways,

such as painting the house, mowing the lawn, washing and waxing your car. At Sargento, we expect you to take care of the company's assets as if they were your own. That includes spending your business budget as if it were your personal budget, and caring for our equipment and other property as if they belonged to you, too. Because in a very real sense, they do. You receive profit sharing and return on average capital employed bonuses based on how we collectively care for Sargento assets.

The Power of Ownership

To own means "to have power over." When you feel ownership in a company, you have power. You control the quality of our products, the reputation of our company, our relationships with our customers, and more.

You have the power to ensure our success, the power to shape our future, the power to accept nothing less than excellence.

With our employee suggestion process and team involvement, we've begun to demonstrate the power of your sense of ownership. People who feel like owners care enough to think things through, to search for the best possible solution to any challenge. When you recommend a

change we can implement to increase productivity, efficiency, or quality, we'll usually try it. When you suggest a change in direction with a key customer, we'll often take it. Ultimately, your input shapes our company.

The Responsibility of Ownership

When you own something, you treat it differently than you do other things. Ownership brings with it care and responsibility and greater appreciation. More often than not it means you've paid for it. Therefore, you're more protective. You want to protect and preserve your investment.

When you became an employee of Sargento, you made an investment, a huge investment of your talent and your ability. You also made a huge investment of your time — about one-third of your life five days a week and sometimes more.

With that investment — that commitment — you assume ownership. Not necessarily as a shareholder, but certainly as a stakeholder. You probably have noticed that we frequently use that designation — stakeholder — to define all those who have a stake in our company.

Of all those we include as stakeholders — our shareholders, employees, those who buy and sell our products, the ultimate consumers of our products, suppliers and vendors, communities where we operate — none is more vital nor more important to the management of this company than the employees. It is imperative, therefore, that they — YOU — assume ownership in every aspect of your job. That's your responsibility as an owner — to provide meaningful input — to offer suggestions and constructive criticism when necessary — to take ownership of every assignment and carry it out to a successful conclusion. The responsibility of ownership rests with all of us.

The Rights of Ownership

When you have a sense of ownership, you have a right to expect the same from your co-workers, your managers, and the family

stockholders. When we all have a sense of ownership, we all carry our own weight. You have the right to expect that.

A sense of ownership also gives you the right to be heard. We will listen to you. We will hear your suggestions and take action whenever possible. We will consider your concerns and address them whenever we can. We will reply to your recommendations with thoughtful responses. In turn, we will ask the same of you.

Our Pledge to You

In return for asking that you feel a sense of ownership for Sargento, we want you to know that we feel a sense of ownership for our employees. This means that we will do everything we can to ensure your success — and your personal satisfaction with your job.

Already, we have some of these mechanisms in place. Through our Persnickety Action Teams, training sessions, and quality processes, we strive to provide you with the tools you need to be successful.

Our pledge to you is that we won't stop there. We will look for new methods, new training, new techniques to help you increase your skills and satisfaction in your job.

Discussion Questions

- Does having a sense of ownership mean being a perfectionist?
- How can your co-workers, and management increase your sense of ownership?
- Does everyone really need a sense of ownership for Sargento to succeed?
- Will a sense of ownership among Sargento employees affect the community in any positive ways?
- Can you provide one example where a sense of ownership improved the quality of your work — and your satisfaction in completing the task?

Sense of
Ownership

Recognition

Achievement, whether great or small, is worthy of celebration and is encouraged as part of the feedback process.

You remember the great feeling of joy you used to get when the teacher would hand back your spelling homework with a smiley face or gold star in the upper corner?

We could coast all day on a sticker from a special teacher. And the interesting thing was, the teachers we all liked best seemed to be the ones who took the extra effort to color the face or add words like "Great job!"

We're all a bit older now, but our hunger for recognition has not diminished — and may actually have increased.

In today's hectic environment, all of us have a hard time achieving a consistent balance. As a result, it's common for us to feel as if we're not doing a good job in one (or several) areas of our lives. This creates an environment where recognition becomes even more important.

People who are recognized for doing a good job are more likely to continue their superior performance. Conversely, if people who demonstrate extra effort are not recognized, they may feel that it doesn't matter, that no one cares.

It pays to be reminded. We all know that recognition feels good, just as we all know that it's important to recognize others for their efforts. Unfortunately, in the day-to-day frenzy of life and work, recognition all too often gets neglected.

This is particularly unfortunate given that "extra" recognition can be an antidote to a busy or hectic environment. Think about how you feel when someone stops you in the hall and says, "I really liked your presentation," or "I thought your idea for reorganizing the production line was great."

Recognition encourages people. It provides important motivation and lets you know your efforts are appreciated. At Sargento, recognition is a very important part of our culture.

The Many Faces of Recognition

There are many ways to recognize an individual. For many years, we've been awarding bonuses to recognize employees' efforts in achieving individual objectives and our Return on Average Capital Employed goals. Other Sargento initiatives to recognize employees include "praise" cards and service awards dinners. But there are other important types of recognition, too. Face-to-face recognition, as in the examples listed above, is particularly effective. Sometimes it's nice to write a simple note. A formal memo can have a

great impact, particularly if other appropriate people are copied on the memo to learn about the accomplishment. Though less formal, interoffice E-mail provides a quick and easy way to recognize someone's efforts. How many other ways can you think of to recognize people?

Recognition is For Everyone

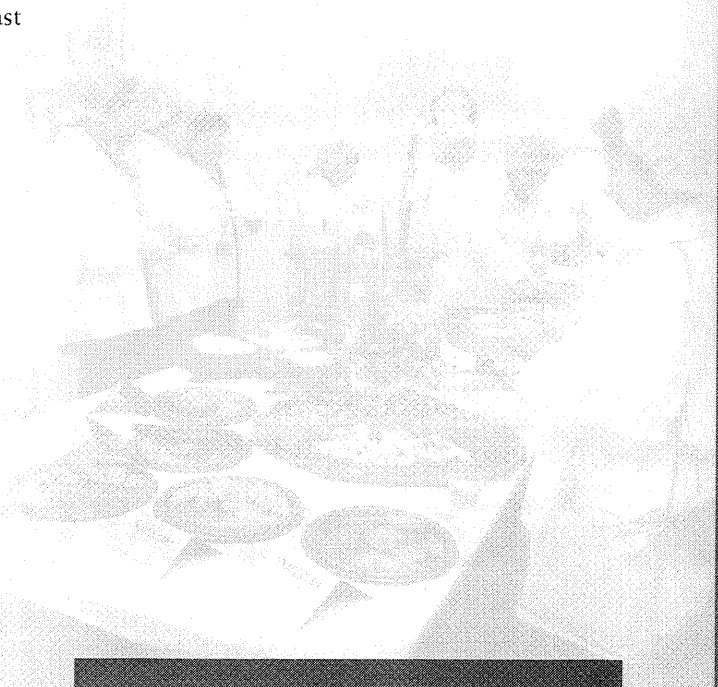
There is a common misconception that only supervisors and managers need to recognize employees. This couldn't be farther from the truth. When was the last time you recognized your supervisor's efforts?

Everyone appreciates recognition. Think about how you feel after making dinner for your family when they tell you that you make the best lasagna. Or how you feel when your son's teacher tells you at a conference that she thinks you've done an excellent job raising him.

Please, make the effort. We're all working hard and we all have the very basic human emotion that helps us feel good when our efforts are recognized. Take the time to tell your co-workers, and your supervisors, when you appreciate the way they've handled a situation or like the way they completed an assignment.

You can recognize specific actions, i.e., "I really appreciate the extra time you've been spending to help me understand this assignment" or you can compliment a co-worker in general terms, such as, "It makes me feel good to know you want me to succeed." Go on, try it!

Recognition encourages people. It provides important motivation and lets you know your efforts are appreciated. At Sargento, recognition is a very important part of our culture.



Discussion Questions:

1. What's your favorite way to be recognized?
2. Why do you think adults still need to be recognized? Why isn't the satisfaction that comes from knowing you do good work enough?
3. Provide an example of when someone's recognition helped you do an even better job on an assignment or task.

Recognition

Community Outreach

Sargento believes that our community is not narrowly defined by our residences and encourages every employee to return time, talent, and treasury to the local community and the broader remote communities. The company is also financially supportive of many community-based causes.

Our company's founder, Leonard A. Gentine, was a firm believer in helping others. He was highly active in both the church and the community, and consistently demonstrated his love and concern for others.

No matter how busy he was with his company and his family, Leonard always made time to give back to his community.

Today, Sargento carries on the traditions of community outreach that Leonard held so dear. It is a tradition we vow never to change. It is an integral part of our management philosophy — what we call our stakeholder philosophy. Sargento makes business decisions considering not only stockholders, but all stakeholders — employees, customers, suppliers, and community.

Leonard taught us that we have an obligation to do what's right rather than what is expedient. Since then, we have learned that our "responsibility" is really more of a privilege. Today, our company's unique corporate culture encourages and facilitates community outreach — both corporately and individually.

We are very proud of Sargento's ability to help the community. We are particularly proud of our employees, who put heart and muscle into helping us reach out to others.

Sargento Employees Care

One of Sargento's most successful outreach initiatives occurred when we formed SECAP (Sargento Employees Concerned About People).

One of the most popular groups is the SECAP Singers, who perform for residents of nursing homes during the holiday season and throughout the year. Another SECAP group participates in an inner-city Milwaukee meal program at St. Ben's Church.

One of the things we all like best about SECAP is that it enables our employees to give back to the community in a direct, personal manner.

In 1992, we approached the Milwaukee branch of Habitat for Humanity and asked if Sargento could sponsor — and build — a house. Sargento was the first Southeastern Wisconsin corporation to "blitz build" two new Habitat houses, which opened the door for several other companies to follow our lead in subsequent years. Each year, several dozen Sargento volunteers spend a week building a house

in Milwaukee instead of working their regular jobs. This is one of the many ways that Sargento and its employees work together to help others. In so doing, the employees learn a lot about themselves, their fellow employees, and the values of their company. They also develop a better understanding of the issues facing our urban neighbors.

Employees who participate in these programs tell us they get more out of them than they ever put in. Those who have helped build a home for the less fortunate, fed the hungry, or brought a smile to a roomful of senior citizens know that one of the most special aspects of community outreach initiatives is the opportunity to see the results of your efforts face-to-face.

We are particularly proud of our employees, who put heart and muscle into helping us reach out to others.

Community Begins at Home

In addition to helping those less fortunate, we recognize that another point to community outreach is to build a relationship within the community. Toward that end, Sargento actively contributes to numerous local charities and events such as children's theaters, 4th of July fireworks, and community festivals.

Henry David Thoreau once said, "Goodness is the only investment that never fails." In building a mutually positive relationship with our communities, we have certainly found that to be the case. Our community outreach efforts contribute to a win-win-win situation. They benefit the community, our employees, and our company.

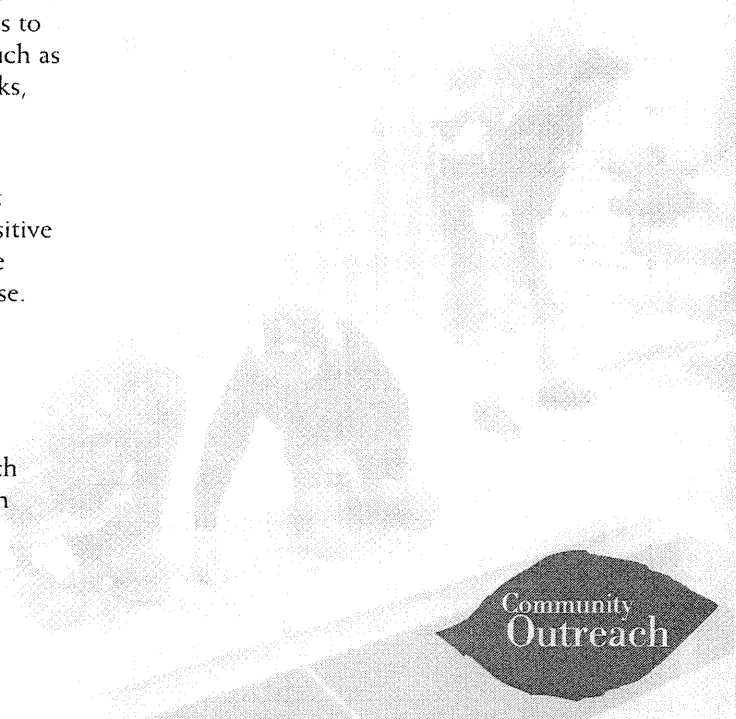
Some of our other community outreach efforts are targeted more directly. Each

year we select a charity to benefit from our employee gatherings. These include Make-A-Wish for the company picnic, Toys for Tots for the Christmas party, the American Heart Association for the Packer Super Bowl poster raffle, the balloon drive for Children's Hospital, and Denim Day for the Susan G. Komen Foundation for breast cancer research.

Although Leonard passed away in 1996, we are proud to continue his tradition of community outreach at Sargento. We think Leonard would be proud, too.

Discussion Questions:

1. Do you think a company has a responsibility to community outreach? What about individual employees?
2. Do you feel that your community outreach efforts have been valued by your supervisors and management at Sargento?
3. Would you do more for your community if you could? How can Sargento help you?



Community
Outreach

Fair Compensation

All employees are entitled to compensation commensurate with their job responsibilities within the industry in which we compete.

“Companies must view employees as an investment, not a cost, and get their people programs in sync with their strategic business priorities.”

From a study by Towers Perrin, management consultants

Time was that if you were loyal, worked hard, and did as you were told, the company would provide you with a secure job, steady — albeit small — pay increases, and financial security. And perhaps after 40 years you'd get a gold watch.

The thinking then was that a regular paycheck and a company pension plan were incentive enough to keep workers productive and content.

It doesn't work that way anymore. Major changes have taken place in the workplace

during the last 10 or 15 years. Today there is an awareness among enlightened companies that employees are an asset, not simply a cost of doing business.

Sargento has long operated under a philosophy that if you treat employees with dignity, honesty, and respect, they will respond in kind — not only with a full day's work but also with additional initiative and creativity. Management recognizes that not only is this the fair way to treat employees, but it also makes good business sense.

Employees who are happy and content can be expected to treat customers in a like fashion and to represent the company well in the community.

It All Begins with Fair Compensation ...

Of course, employee happiness and contentment start with Fair Compensation.

Sargento annually conducts salary surveys of other companies to be sure that its compensation package for both hourly and salaried employees is as good as or better than the going rate. This has consistently been the case. In comparison with other cheese packagers as well as food companies generally, both local and statewide, Sargento ranks in the upper echelon in terms of compensation.

Sargento's total benefit package also far exceeds the norm for our industry.

Our profit sharing and retirement plans have few equals when you consider that maximum retirement plan contributions can reach 18 percent of an employee's salary, with 12 percent of that amount.

Sargento annually conducts salary surveys of other companies to be sure that its compensation package for both hourly and salaried employees is as good as or better than the going rate.

being provided by the company. Our Return on Average Capital Employed (R.A.C.E.) plan also has resulted in generous bonus payments for Sargento employees in most of the years since it was inaugurated.

... But It Doesn't End There

While employee happiness and contentment may start with Fair Compensation, it doesn't end there. Recognition for years of service, the Christmas party, company picnic, and other such events are means of producing a better employee environment.

But rewards by themselves are not always enough to keep employees happy and motivated, says Barrie Greiff, former psychiatrist to the Harvard Business School. "You must have the infrastructure for treating people with dignity and respect," Greiff contends. "It is important to create an environment (in the workplace) that encourages commitment, empowerment, and motivation among employees. Motivated employees make better products, provide better service, and deliver more satisfied customers."

We Subscribe to That Approach at Sargento

A fair compensation schedule and a generous benefit package, various social activities that bring employees and families closer together, a management commitment to treat all employees with

dignity and respect, numerous opportunities for personal enrichment through Lifelong Learning, and an environment that helps motivate all employees to work more productively — all these things combine to help make Sargento the workplace of choice for our employees.

Discussion Questions

1. Do you believe the Sargento management makes a conscientious effort to treat employees with dignity, honesty, and respect? Do you believe you are fairly compensated?
2. Are activities like the Christmas party and company picnic important in terms of employee morale? Or would the company be better off to discontinue those activities and save the money?
3. What other employee activities would you like to see the company inaugurate?
4. How does our benefit package compare with others you know about?
5. What is Sargento's "main attraction" as an employer?

Fair
Compensation



Progress

Progress describes the ways in which we meet daily challenges and continue to grow as a company and as individuals. It includes new products and processes, sound financial management, and a willingness to accept diversity of opinion, continuously improve, and take a fresh approach to problem-solving. Progress is crucial to the present and future growth of Sargento.

Career and Personal Development

Sargento encourages all employees to seek personal and professional growth through a variety of lifelong learning opportunities offered by the company. Each employee must also accept responsibility to remain professionally or technically proficient to meet the changing demands of our dynamic industry.

Lifelong learning helps people grow individually and as a team. At Sargento, lifelong learning is more than a culture — it's our way of life.

While many companies extol their professional development efforts, we're aware of few companies that go to the lengths that Sargento does to help employees develop professionally — and personally.

We have identified career and personal development as one of our highest priority initiatives. What is unique about Sargento's approach is that we strive to help employees develop in their jobs and in their personal lives — even if sometimes that development may lead an employee on a path that will take them away from the company.

Our Lifelong Learning program encourages people to develop more than a career at Sargento. The program is designed to help employees pursue personal interests as well. We offer tuition reimbursement for classes from the associate degree level all the way to the doctoral level.

Perhaps most important (and most unusual) is that Sargento will reimburse employees for degrees that may not be fundamental to Sargento. For example, we currently have employees in education who could graduate and leave us to become teachers!

Some people might ask, "Why would Sargento pay for education that will not help improve their 'bottom line'?" While other companies may question why we do this, we believe that any education is valuable. Employees who are "growing" are going to be more productive and have a more positive influence on those around them. This philosophy, advocated by the Gentine family, has been a part of Sargento since the company was founded.

Obviously, we are particularly delighted when employees develop skills that they will enjoy putting to use within the company. Our Career Counseling program assists these individuals by finding out what their interests are and guiding them in their efforts to achieve them. We strongly believe that our best human resources are our existing human resources. We want our employees to be able to develop and grow within Sargento. Clearly, the better skills our employees have, the better our potential. Perhaps more intangible is the happiness factor: the happier and more satisfied employees are with their career potential, the better our company's potential!

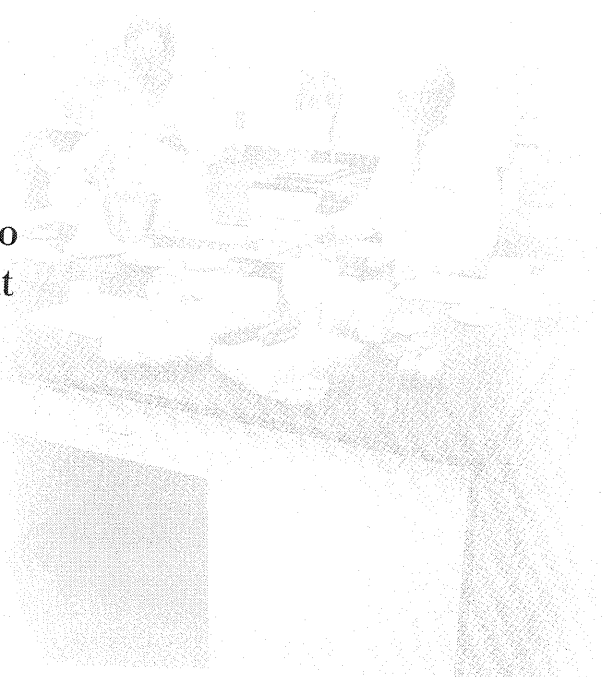
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Our internal programs also work to foster learning in areas ranging from skill development to attitude reinforcement. The uplifting Enlightened Leadership initiative helped each of us learn personal responsibility for leadership. Other programs promise to be equally informative.

We're very proud of our commitment to our employees and believe it is yet another aspect of our philosophy that distinguishes us from other companies. Many of our employees have worked in other settings before they joined us, and they've all reported a profound difference in Sargento's approach to career and personal development.

We believe that having more trained, skilled, and satisfied employees will clearly help us compete in the marketplace.

This heightened ability to compete is only the secondary reason we stay focused on employee development. The primary reason? Our employees are worth the investment!



Discussion Questions:

1. Do you believe an individual or a company is responsible for an employee's career development? What about personal development?
2. Are you taking advantage of all of Sargento's career and personal development programs? If so, have you found them to be helpful? If not, what obstacles have kept you from doing so?
3. Do you believe Sargento "puts its money where its mouth is" in the area of career and personal development? Is there more the company could be doing? If so, what?

Customer Focus

Every employee, regardless of responsibility, must always focus on meeting the needs of our customers when those needs are aligned with our strategic vision and corporate objectives.

“To each other and to those outside Sargento, we will strive to fulfill both the obvious and the unenforceable obligation we owe to all whom we serve and with whom we work.”

Sargento's Code of Business and Personal Ethics

The Sargento corporate culture gives equal weight to our obligations to fellow employees, as well as to the people who buy our products. Both these groups can be considered customers. And when any organization loses focus on its customers — external or internal — it is doomed to failure.

It may seem unusual to describe employees as internal customers, but Sargento was built on the premise that every employee deserves to be treated like a customer in his or her relations with other employees. Our internal customers, namely fellow

employees, deserve equal respect, equal consideration, equal urgency to that given to external customers.

For the most part, however, when we talk about customers, we're referring to external customers — those who buy and sell our products. For that reason, and not because they are more important, we'll zero-in initially on that aspect of Customer Focus.

Indispensable to Our Success

At Sargento our external customers are the buyers and owners of supermarkets, restaurants, commissaries, and mass merchandising outlets. They are the conduits to the ultimate consumers of our product. They are indispensable to our success. How we serve them determines our level of success.

Sargento has invested heavily in various programs and high-tech systems designed to improve customer service — Electronic Data Interchange (EDI), Project Odyssey, and our continuing commitment to industry initiatives known as Efficient Consumer Response (ECR) and Efficient Foodservice Response (EFR). These are tools or means to an end, not the end itself. The purpose of these tools is to help each of us recognize the absolute necessity of focusing our attention — maybe riveting is a better word — on our customer, be it in foodservice or in the retail business.

The programs being put in place are helping us to achieve many of our objectives in the area of customer service. However, Customer Focus goes beyond that. It's a state of mind.

Overriding Desire to Meet Expectations

Our key aim at Sargento must be to fulfill the customer's expectations. When

customers place an order with Sargento, they are putting their trust in us to deliver a superior product, when and where they want it. When we accept the order, we're promising to accomplish those things. That's where our focus has to be.

Simple? Yes. But it's easy to stray.

It's easy to become complacent — easy to take that customer for granted — easy to give more attention to a new customer while putting the old customer on hold — easy to spend more time on internal affairs and forget our main mission, namely to serve our customers.

We must serve every customer with the same enthusiasm as we did when we were pursuing him.

The business landscape is littered with companies that lost their way — that forgot what made them successful. They became preoccupied with things other than their main lines of business. Calls from customers became intrusions rather than opportunities. Soon the calls came no more.

We must continue to become a more efficient, effective, and value-added supplier. In that respect, we must continue to serve every customer with the same enthusiasm as we did when we were pursuing him as a prospect. For the most part, we have done that. We have managed to maintain our focus on our customers, external and internal. However, we can never let it stray far from our mind.

Employees Deserve Equal Treatment

The fact that everyone is a customer of someone else is not new, certainly not at Sargento. Sargento has long been a believer that its employees deserve the same treatment — the same consideration — as a customer who is buying our products or services. We focus on everyone being customers because we

believe this perspective contributes to a better working environment and a better operation.

We pride ourselves on the fact that we can provide information to individual retail customers, down to the store level if necessary. Shouldn't it follow that we respond in timely fashion to our own people when they request information or help? And why shouldn't we expect the same high level of service to internal requests as we give to our external customers?

Good athletes and good teams always talk about being focused — focused on the game at hand or the opponent of the day. The Green Bay Packers did it and look at their success. If we are to succeed, we have to become customer focused. We must commit ourselves to serving the customer in a way that will benefit the customer, ourselves, and Sargento.

Discussion Scenarios

1. Give examples of Sargento receiving added business from a customer as a result of our providing outstanding or extra service.
2. Explain how your fellow employees are your customers. Give examples of the products you produce for them.
3. How do you balance the demands of an external customer with those of an internal customer? Who gets priority?
4. The retailer Marshall Field's gained a reputation for following a policy of "Give the lady what she wants." To what extent can we apply that to our business and our customers?
5. The customer sometimes makes unreasonable demands. Do you try to achieve the "impossible" or run the risk of losing the customer? How do you handle the situation?

Customer
Focus



Innovation

The willingness to innovate in all aspects of our business is essential, as it recognizes one of the most important reasons for our past success and sources for our future success.

It takes a lot of good ideas to come up with a great innovation!

Long a hallmark of our heritage, Sargento's spirit of innovation dates back more than 40 years — long before innovation was in vogue, long before other companies latched onto the concept as a business builder. Today, we remain every bit as committed to innovation as we were in our early years — and we do so not only because it boosts our business or helps us compete at retail, but because innovation is a foundation for continued strength.

Make no mistake about it, our innovations do distinguish us from our competition. We were the first company to introduce shredded natural cheeses, the first to develop the dairy case peg-bar system, and the first cheese company to use zippered resealable packaging. We created the Dairy Snack Center, Recipe Blend cheeses, and award-winning Web sites such as mootown.com, which was one of the first child-oriented sites on the Web.

On the foodservice side, the former advertising slogan "Any Way You Want It"

became the standard way of doing business. It demonstrates a commitment to try anything new that has the potential for increasing stakeholder value. Examples include cheese sauce for cheese fries for a major quick-service restaurant chain, and shredded cheese packaged for premade salads sold in grocery store produce departments.

Sargento has also been recognized for innovative programs that meet the needs of other stakeholders, as well as customers.

Wellness programs, Lifelong Learning, Enlightened

Leadership, and involvement

in non-profit endeavors such as

SECAP and Habitat for Humanity

demonstrate our willingness to act innovatively to benefit employees, families, and communities.

Innovation takes heart — and it takes commitment. For every great innovation, there will be dozens of other ideas that don't work out. We know this. We've learned this! The truth is that we have achieved stature in the food industry for pursuing many good ideas as well as a few great ones. Our spirit of innovation challenges all of us to dream, learn, and grow. It takes a lot of good ideas to come up with a great innovation.

As we've seen from our experiences, innovation can come in many different forms: in product packaging, merchandising, distribution, competitive approach, new product development, employee relations, customer development, category management, and more. Similarly, innovative ideas can come anytime, from any number of sources. Our employees, customers, suppliers, and even competitors can help us spark an idea so big that we decide to run with it.

Most important, though, is our human resource for innovation. As Sargento

employees, you are our best source for brilliant new ideas. And we ask you, challenge you, to keep the spirit of innovation with you at all times.

We know it's easy to get drawn into the routine of doing our jobs and going home to our families. We have a great company with great products, and the temptation to accept the status quo threatens our very existence. Don't do it! As Malcolm Kushner, a great philosopher, once said, "People who are resting on their laurels are wearing them on the wrong end!" We have to keep changing and growing to survive and thrive in today's business environment, and resting on our existing innovations may be very hard to resist.

We can't afford to live on the glory or rest on our past innovations. Today's intensely competitive business environment has created an almost frantic pace for innovation. So we ask each of you to recommit to our spirit of innovation. Challenge yourself to think big; think broad; think new and different. Challenge yourself to take risks, listen to others, and ask, "How can we...?" "Why not?" instead of stating, "That can't be done." "Why?"

Innovation requires an openness to new ideas. It's easy to identify reasons why a new idea won't work. But for Sargento to grow and prosper, we must actively challenge our present methods and design more effective office and production processes. We've never taken the easy way; we've taken the best way. Instead of saying "no," ask "what if...?"

Wake Up the Innovator Within You!

Children are some of nature's best innovators. They think about things in new and different terms, without being restrained or prejudiced by the narrow confines of what they already know. They ask questions without hesitation, without worrying that someone may think it's "stupid." These elementary questions can be a treasure house for new ideas. When they were children, Orville and Wilbur Wright probably asked why they couldn't fly like the birds!

You can recapture this open-mindedness with just a few simple changes in your approach. Consider these tips to "wake up" your innovator:

- **Be curious.** Look at new (and even older) products at the grocery store. Can you think of a way to dramatically improve or change them?
- **Ask yourself what products you wish you could find to help you work faster, better, smarter, or just plain have more fun?**
- **Write down every new idea you have — and share it.** The greatest innovations generally evolve from someone expanding on someone else's similar idea. Someone else may find the magical innovation in your idea. Or your innovation may spark one of theirs.
- **Think quantity.** A professional photographer will shoot up to a dozen rolls of film just to get that one great cover shot. Ideas are no different — the more, the better. This is the basis for the techniques popularly known as brainstorming.

Your Creative Challenge: The Idea Challenge

All of this focus on innovation is likely to get your ideas flowing.

At least once a month, please try to jot down a new idea and place it in the appropriate suggestion box (New Products, Human Resources, or Employee Action Request) or present it at a team meeting. Your ideas can address new products, new distribution methods, new employee relationship building ideas, new merchandising techniques, new marketing ideas, and more. Remember, the individual who is going to identify and help create Sargento's next great innovation is probably already working for us! Good luck!



Innovation

Risk-Taking

The entrepreneurial "spirit" at Sargento requires a willingness of employees to take thoughtful risks when making decisions. Failure at times is inevitable, but should be viewed as beneficial if the employee and the company learn from the experience.

"Only those who risk going too far can possibly find out how far one can go."

T.S. Eliot

It's no coincidence that risk-taking is included in the progress section of our People, Pride, and Progress initiative. We believe that in order for a company to progress it must foster an environment that encourages risk-taking. Similarly, we believe that employees often achieve greater progress when they step outside their "safety zone" and take calculated risks.

Why It's So Scary

We're all born with the ability to think about things in original ways, without giving any thought to such issues as "consequences!" As we mature, sadly, we frequently develop attitudes that undermine this creativity: "To err is wrong...Don't be foolish...Follow the rules." These attitudes are the deadliest

weapons against imagination, creativity, and risk-taking.

Unfortunately, many of these negative attitudes were reinforced as we grew up. Our parents taught us that it was "Better to be safe than sorry." As preschoolers, we were encouraged to color inside the lines. Our high school teachers reminded us that "There is only one right answer." Our first jobs taught us to "Go with the flow." And so on, and so on.

Small wonder, then, that taking risks can be so scary. Some people are more comfortable with risk than others. Where do you fall on the risk-taking scale?

Color Outside the Lines

Many of the world's greatest inventions were developed by people who didn't play by the rules. People who were told their invention would never fly, or that no one would ever want a computer in their home. Where would we be if these inventors had played it safe? Fortunately for all of us, they had the courage of their convictions — and a spirit that embraced risk.

Today, we ask the same of you. Try to step outside what feels comfortable and take a risk. It doesn't have to be a BIG risk. Just a risk.

Why, you might wonder, would we ever encourage our employees to take risks? The answer is quite simple — it will make us a better company, with happier and more satisfied employees. Employees who take risks will help us develop new products and processes. These employees will help us compete in the marketplace. They'll help us offer new value and new services to our customers and other stakeholders.

Don't we take a risk in asking you to take risks? You bet we do. Is it worth it? We think so!

Risking Takes Trust

We understand that it takes a very special type of business environment in which employees feel comfortable taking risks. An environment where failure is seen as a learning process, and success may not always happen on the first try.

This is why we ask you to trust us. Trust that we will stand by these words and applaud your risks. Trust that we will help you and support you and welcome your learning process. We know this is a tall order. Just as we know that trust is built over time, not on the basis of one memo or one meeting. Luckily, we believe that Sargento has earned the trust of many employees. We are committed to earning your trust, and the trust of all of our stakeholders.

We believe those of you who know us, really know us, will realize that we mean what we're saying. And for those of you who may be new to Sargento or don't know us well yet, we say, give us time to prove ourselves to you.

All Risks are Not Equal!

Please recognize, as we do, that there are risks — and there are RISKS! The type of risks we are encouraging are largely of the calculated risk variety.

For instance, the entire concept of a popular national adventure program, "Outward Bound," is built on the premise that participants who learn to take physical (and sometimes mental) risks will emerge more confident, more successful, more at peace.

Importantly, however, counselors at Outward Bound are very careful to encourage risks that are calculated to be manageable. They're not setting anyone alone in a canoe with no training and no paddle and encouraging them to go on

"instinct" through the rapids. Rather, they train them, give them skills and materials with which to succeed, and then coach them down the river. These are the types of risks we encourage you to explore.

These risks don't have to be grandiose. For some of you, taking a risk may be as simple as standing up in a meeting and saying "I disagree." For others, it can be as significant as championing a new product or process that's not only new to Sargento, but new to the world.

All we ask is that you understand how important risk-taking is to Sargento. If we are going to move ahead of our competitors and into the next century, each of us must continue to seek opportunities to break with convention, to change from the way "it's always been done," to color outside the lines. Bring your crayons. Come join us on our adventure!

Discussion Questions

1. Provide an example of an instance when you took a risk and were glad you did.
2. Can you offer an example of a time when you took a risk and were sorry afterward? What factors created this situation? How could it have had a different outcome?
3. Who are some of the greatest risk-takers you know of? Why?
4. What does it take to create an environment where it feels comfortable to take risks?
5. Can you cite any instances when you took a risk at Sargento and you weren't trusted and supported?

Profitability and Growth

Sargento seeks to rank among the premier companies within our industry relative to profitability and shares the results of such success with the employees who contribute to it. Continued growth is also important to maintain the credibility of our position as a leader within our industry.

“There are no such things as limits to growth, because there are no limits to the human capacity for intelligence, imagination, and wonder.”

President Ronald Reagan

A Boston-based strategic consulting firm completed a survey in which it found that, on average, U.S. corporations lose one half of their customers in five years, one half of their employees in four years, and one half of their investors in less than a year.

In This Respect, Sargento is Not Your Average Company

Sargento has not experienced anywhere near that kind of turnover in its customer, employee, and investor groups. Instead it has maintained a solid customer base, a stable employee force, and a loyal investor group through its long history. Why? To a

large extent it's because it has achieved a continuous outstanding record of profitability and growth — profitability and growth as measured on the balance sheet and income statements.

But there is another form of growth — that is equally important to the management of Sargento and should be of even greater importance to every employee. The two go together — corporate growth and personal growth (as evidenced by the many employees who have taken advantage of the educational opportunities and training programs afforded them to help them become more valuable and more productive employees, and better citizens).

Must Have Had Sargento in Mind

President Reagan must have had Sargento employees in mind when he said, “There are no limits to growth... no limits to the human capacity for intelligence, imagination, and wonder.”

Sargento has attempted to create a climate in which personal growth is expected, recognized, and rewarded. We have encouraged more employee participation in the decision-making process. When employees “grow” as individuals — when they become partners rather than passengers — when they eagerly assume greater responsibility — when these things happen, the company can't help but grow and become more successful and more profitable. Those profits are shared by those who made them possible and by those who have invested in the company. Most of the profits are reinvested in the company to keep our momentum going.

A Company Can't Exist Without Profits

We all know that a company cannot exist long without growth. If we stand still — the competition will simply rush right by. And long-term growth can only be achieved through profitability. Profitability provides the nourishment with which we grow. That's why we have to be vigilant in controlling our operating expenses and managing our inventory and accounts receivable levels — all of which affect profitability.

Sargento has attempted to create a climate in which personal growth is expected, recognized, and rewarded.

We increase profitability primarily by becoming more efficient and more productive, and increasing revenues. We expect to double our revenues by the year 2001, and to do that we're going to have to tap into that large reservoir of personal growth. We're going to need your intelligence, imagination, and skill to help create exciting new products, promotions, and services.

Author/playwright Henry Miller once said that all growth is "a leap in the dark" — "a spontaneous, unpremeditated act without benefit of experience." No one is being asked to leap in the dark to help achieve growth and profitability. Each of us should have a desire to grow — not for growth's sake but for our own.

Profitability and Growth are not performance measures for financial people only. They are measures that are critical to the future success of Sargento.

Discussion Questions

1. How do you define profitability? What is fair profit for a manufacturing company?
2. Is there too much emphasis on profitability?
3. Do you think you've "grown" in you job in the last year?
4. Does the company recognize and reward personal growth? How?
5. Is personal growth measured only in job promotions? Discuss.
6. Why couldn't we be content, as a company, to continue at the present level and not worry about growth (getting bigger)?



Profitability and
Growth

Enlightened Leadership

Sargento believes that leadership which dedicates its attention to the positive aspects of what we accomplish, concentrates on solutions instead of problems, is focused on the future instead of the past, and encourages both team and individual initiative will be capable of greater challenges leading to heightened levels of success.

“Leadership is a potent combination of strategy and character. But if you must be without one, be without the strategy.”

General Norman Schwarzkopf

The literary landscape is littered with hundreds of definitions and descriptions for “Leadership.” But for purposes of this discussion, Harold Geneen, founder of MCI Communications, probably summarized it best when he said, “Leadership is practiced not so much in words as in attitude and in actions.”

This might be another way of saying that a leader leads by example. Either way, the message is clear: People will follow a leader not because of a title, but because of the person’s attitude and actions — because of the example he or she exhibits.

At Sargento, we expect everyone who occupies a leadership role to radiate the

confidence and enthusiasm befitting a leader. Good leaders don’t necessarily win popularity contests among those they lead, but they must have the respect of their followers. And how do you earn that respect? By treating people fairly, and by listening to their suggestions as well as their concerns and complaints.

An ‘Open Door Policy’ Encourages Communication

A good leader is also a good listener. By maintaining an “open door policy,” a manager or a department head encourages employees to come in and air their

problems and voice their opinions. It fosters good communication. Nothing is more discouraging or breeds greater discontent than when a manager literally closes the door to employee suggestions.

A good leader — an enlightened leader — in addition to being a good listener, has to be a cheerleader, a teacher, a problem solver, and a visionary. It also helps to be a good communicator.

The cheerleader helps to bolster morale, in bad times as well as good. A good teacher explains what has to be done and how to go about doing it. The problem solver takes the time to address and solve a problem; he/she doesn’t turn away and tell you “that’s your problem.” As for the visionary part, author Warren Bennis put it this way: “Leadership is the capacity to translate vision into reality.”

Communication is Critical

Communication, of course, is the glue that holds it all together. If you can’t or won’t communicate what it is you’re trying to accomplish, you’re going to have a difficult time leading anyone.

That doesn't mean that to be a good leader you have to be a Pulitzer Prize winning writer or a skilled orator. It simply means that in every contact with your team, group, department, or division, you have to communicate your objectives and provide some general guidelines on how those objectives can be met. It goes back to translating vision into reality — here's the goal, here's how we propose to get there. This doesn't mean that it's the leader's responsibility to dictate every step of the strategy. If you do that, you squelch individual initiative. We all have to feel that we're important contributing members of a group — that our opinions are valued. A leader has a responsibility to make that happen.

As indicated earlier, some people lead by example. Some have a tight rein; others get good results by being more laid-back. Some have a collegial style; others make sure everyone knows who's the boss. Some lead by fear, and although this works in some instances, it's not an acceptable style. Dwight D. Eisenhower, who knew something about leading both as an Army General and as President of the United States, commented once that "You don't lead by hitting people over the head — that's assault, not leadership."

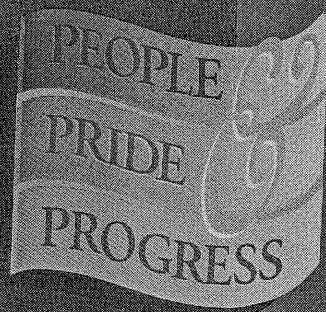
There is no one leadership style that fits all. We recognize this at Sargento, which is one reason we offer an Enlightened Leadership program which serves as a guide to personal responsibility for leadership. We believe it will help individuals to become more effective leaders and to help Sargento translate its vision into reality.

Discussion Questions

1. What are the qualities you most admire in a leader? Or, put it another way, what makes an outstanding leader?
2. What characteristics or qualities turn you off on a leader?
3. Who are America's best leaders today? Explain why.
4. What common traits do you find in these leaders?

We all have to feel like contributing members of a group — that our opinions are valued. A leader has a responsibility to make that happen.

Enlightened
Leadership



Our Code of Business and Personal Ethics

In a world and society where the quest for material success can cause self-interest to obscure principle, we the people who comprise Sargento Foods Incorporated commit ourselves to these self-imposed standards in our individual and corporate endeavors. Our relationships with stakeholders (including our customers, our employees, our suppliers, our stockholders, and the communities we affect) will be guided by these assertions:

We will be legal.

We recognize the authority of legal constraints and our obligation to be in conformance with both the spirit and the letter of the law

We will be moral.

In our public and private lives, we will strive to give precedence to that which is right over that which is merely expedient or convenient.

We will be honest.

To warrant the trust of all with whom we come in contact, we must ourselves be unflinchingly honorable in whatever we think, do, or say.

We will be respectful.

Whatever our station in life may be, we will respect in others of all ranks those virtues and strengths of character which we collectively and individually endeavor to exemplify.

We will be responsible.

To each other and to those outside Sargento, we will strive to fulfill both the obvious and the unenforceable obligations we owe to all whom we serve and with whom we work.

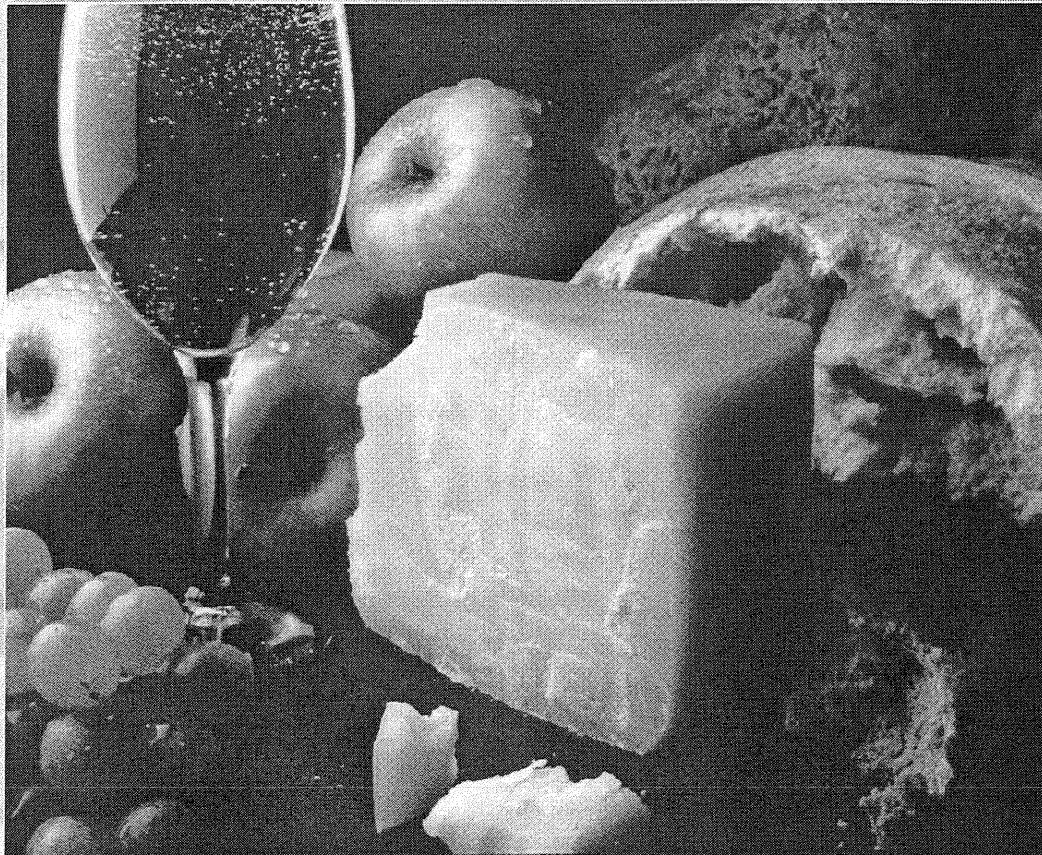
We will be fair.

In regard to decision-making at all levels, we will strive for maximum objectivity and evenhandedness with all those whose lives we touch.

Aged Italian Cheeses

SARTORI FOODS

The Flavor and Performance Specialists



Parmesan is a hard Grana-type cheese that has a distinct granular structure. A sweet, mellow, nutty flavor is achieved during curing. It is normally ivory or pale yellow in color.

Romano is a hard grating cheese made from cow's milk. It is usually a creamy white color. Romano has a sharper and more assertive flavor than Parmesan. It is creamy and piquant in character.

Asiago has a mild flavor and a semi-hard texture. Made from cow's milk, it is a sweet curd, semi-cooked, Grana-type cheese with a cheddary, nutty flavor and a pungent aroma. Asiago is typically pale yellow in color.

Fontina is a semi-hard cooked curd cheese and is made similar to Gruyere. The cheese is straw-like in color and has a sharp, distinctive flavor with good melting characteristics.

Aged Provolone is a firm pasta filata "plastic curd" type cheese originally from southern Italy. The cheese is made from cow's milk and is aged depending upon the flavor intensity required.

Aged Cheese Blends are a combination of various Aged Italian Style cheeses masterfully blended to create unique flavor profiles and functional characteristics.

Parmesan • Romano • Asiago • Fontina
Aged Provolone • Aged Cheese Blends

Aged Italian Cheeses



For more information about Sartori's Aged Italian Cheeses, their characteristics, product specifications, nutritional information, or packaging and labeling information, please contact our Customer Service Department at: 1.800.558.5888 Ext. 303

P.O. Box 258 • Plymouth, WI 53073 USA • 1.800.558.5888 • Fax: 920.892.2732 • info@sartorifoods.com

**Parmesan • Romano • Asiago • Fontina
Aged Provolone • Aged Cheese Blends**

Current Italian Cheeses

SARTORI
FOODS

The Flavor and Performance Specialists



Mozzarella has a mild, creamy flavor and a texture that is smooth and pliable. Its unique stretch makes it perfect for pizza and other Italian foods.

Provolone is a current Italian cheese with a hint of smoke flavor. It also has exceptional melting characteristics. The cultures used to manufacture Provolone result in a much fuller flavor than in Mozzarella.

Current Cheese Blends are a combination of Current Italian Style cheeses masterfully blended to create unique flavor profiles.

Mozzarella • Provolone • Blends

Current Italian Cheeses



For more information about Sartori's Aged Italian Cheeses, their characteristics, product specifications, nutritional information, or packaging and labeling information, please contact our Customer Service Department at: 1.800.558.5888 Ext. 303

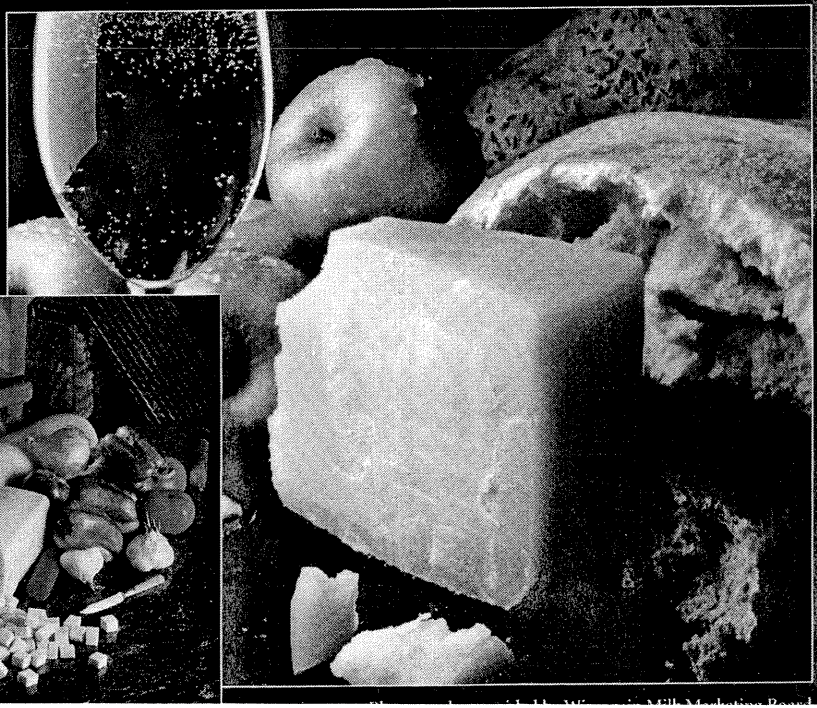
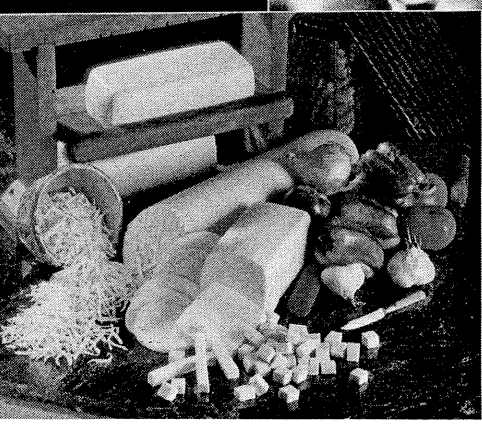
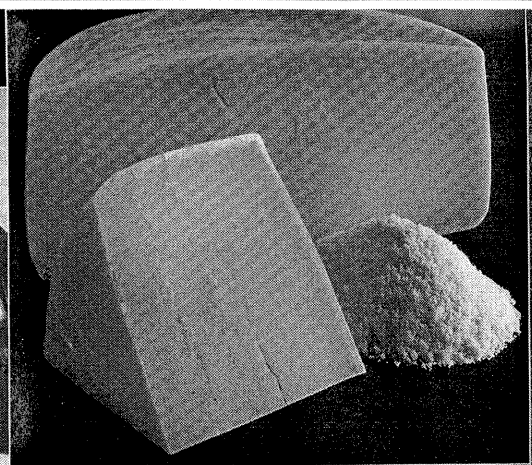
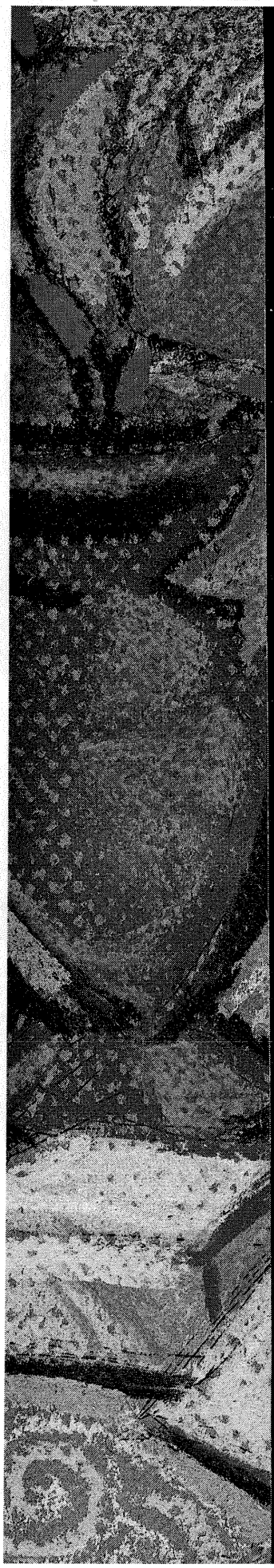
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Mozzarella • Provolone • Current Cheese Blends

SARTORI FOODS

*The
Flavor &
Performance
Specialist*



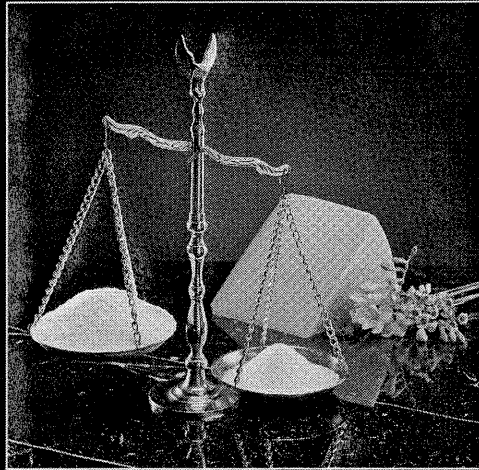


The
Flavor &
Performance
Specialists

Our Mission

"We are dedicated to be *The flavor and performance specialists*, serving the ingredient and foodservice markets with quality products and services designed to meet each customer's unique needs."

A privately-held corporation since its founding in 1939, Sartori Foods combines its European heritage and experience with a dedicated production, technical and managerial team. The result is 21st Century technology and world class manufacturing resources.



Our ongoing program of research and development and commitment to customer service are the mainstays of our corporate philosophy. We welcome the opportunity to form partnerships with food processors and foodservice organizations who view cheese products as value-added ingredients.

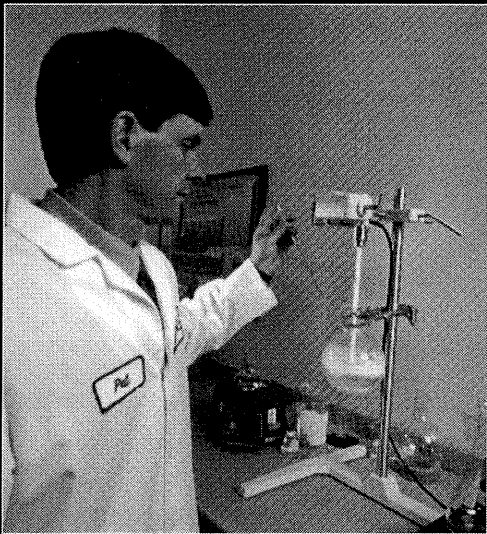
SARTORI
FOODS

Custom-Tailored Products For Today's Marketplace

Sartori Foods has changed the way the food industry thinks about Italian cheeses and flavors forever. We have made long-term commitments to research and development, technology and people to achieve a single goal: to expertly produce custom-tailored Italian and Specialty Cheeses and Flavors, consistently and in high volume, for the most demanding customers in the food industry.



We are a knowledge-based organization. Together with a knowledgeable and experienced culinary staff, our team of research and development professionals works closely with customers on flavor-crafting and on developing specifications and processing criteria to meet customer requirements.



Customers rely on our knowledge and understanding. We know the art and the science of cheese-making, from starter culture capabilities to mechanisms of enzymatic action to the management of key flavor impactors. Through close and continuous collaboration with customers, we are able to precisely balance the flavor notes of our cheeses with other ingredients in the formulation.

Quality assurance is very much a way of life at Sartori Foods. It's the most important thing we do.

We've created a working environment that guarantees food safety, and ensures a consistently high quality product. Our quality systems incorporate solid HACCP standards. We are audited regularly by the USDA, AIB and WDA. We are your product development partner. Our R & D people are similar to yours. They talk the same language and share the same passion for inventing new ways to improve the taste, texture and appeal of foods. We work with some of the best people in the food processing and foodservice businesses. We welcome the opportunity to collaborate with others on imaginative

