

COST ASSUMPTIONS, CONDITIONS AND CONSTRAINTS

Exhibit A: Suggested Considerations

1. *MATERIAL ADVERSE CHANGE: The financial arrangements in this Agreement are based on conditions existing as of the Effective Date including any representations regarding existing and future conditions made by the State in connection with the negotiation and execution of this Agreement. If such conditions change due to causes beyond Contractor's control, including, but not limited to, a change in the scope of Contractor's services; menu changes; a decrease in the Facility's student population or the availability of student labor; efforts to organize labor; increases in food, fuel, equipment, utilities, supply, and labor costs; Federal, State and local sales, and other taxes and other operation costs; a change in Federal, State and local standards, requirements recommendations, and regulations including any applicable Child Nutrition Programs; changes in phone service providers or a change in the way phone service is sold to inmates; or other unforeseen external market conditions outside Contractor's control, then Contractor shall give State written notice of such increase or change, and within thirty (30) calendar days after such notice, Contractor and State shall mutually agree upon modification(s) to offset the impact of the increase or change, which modifications may include any or a combination of the following: an adjustment to Contractor's price per meal or commission, modifications to the menu or Product offerings, changes to Product pricing or modifications to Contractor's scope of services.*

Exhibit B: Suggested Consideration

1. *Section 45, page 13 of Attachment B – Termination for Convenience: Aramark takes exception to this provision and respectfully requests termination for convenience rights consistent with the current agreement between the parties as follows:
"Contractor shall enjoy the right to terminate the contract for convenience with 90 days' notice to the State. Contractor agrees to communicate to the State its reasons for termination within the 90-day period and to discuss with the State if modification of the Contract may resolve Contractor's reasons for termination. If Contractor and the State agree to modification of the terms, Contractor will rescind its termination."*

Exhibit C: Suggested Consideration

Price Adjustments: The per meal prices stated in this Agreement are firm for the period beginning on the Effective Date and ending on _____, 20___. Per meal prices for each subsequent 12-month period shall be increased on each anniversary of the Effective Date by an amount to be mutually agreed upon and set forth in an amendment to this Agreement in the form attached hereto as Attachment B; provided, however, that in the event no agreement is reached with respect to such increase, per meal prices shall be increased as further set forth below by the greater of the (a) yearly percentage change in the Consumer Price Index, All Urban Consumers, U.S. City Average, Food Away From Home Index (“CPI-FAH”), published by the U.S. Department of Labor and (b) the yearly percentage change in the Market Basket of Products (as defined below) which approximate the products served at the facilities covered by this Agreement (the “Client Menu”). The period for determining CPI-FAH and Market Basket of Products increases shall be [month] of the immediately preceding year to [month] of the then-current year (the “Base Period”).

As set forth on the sample client statement attached as Attachment C, a copy of which shall be provided prior to implementing any price adjustments pursuant to this section, the “Market Basket of Products” represents categories or types of products that are generally used in the Client Menu. Such products are classified into the following six categories of food items (each, a “Menu Category”): beverage (composed of juice and non-alcoholic drinks other than milk); baked goods; produce (composed of fruits and vegetables); dairy; meat; and grocery items (composed of the food items in the menu that are not otherwise included in one of the preceding categories). Each Menu Category will be ascribed a percentage (the “Category Weighting”) representing the proportion of the Client Menu that such Menu Category approximately represents based on purchasing levels during the Base Period. Each Category Weighting will then be multiplied by the percentage change in the corresponding Bureau of Labor Statistics (“BLS”) category compiled by the U.S. Department of Labor and published at www.bls.gov for the Base Period, and the results of each such calculation will be added together to arrive at the overall percentage change which will represent the Market Basket of Products. For the avoidance of doubt, the BLS categories to be multiplied by the Category Weightings are (1) Beverage, All Urban Consumers, U.S. City Average; (2) Baked Goods, All Urban Consumers, U.S. City Average; (3) Produce, All Urban Consumers, U.S. City Average; (4) Dairy, All Urban Consumers, U.S. City Average; (5) Meat, All Urban Consumers, U.S. City Average; and (6) Food, All Urban Consumers, U.S. City Average. In the event that there are any changes in the method in which the BLS reports its annual statistics, including any changes or modifications to any of the applicable BLS categories, the parties agree to negotiate a mutually agreeable modification to the appropriate Market Basket of Products category or categories or the methodology described above. If the parties do not agree on such a modification, Aramark shall have the right to terminate the Agreement upon 90 days’ prior written notice. The Market Basket of Products is designed to approximate price adjustments with product cost increases at the facility or facilities covered by this Agreement. The Market Basket of Products is an estimate of food costs only and actual costs may vary. While the Menu Categories attempt to approximate the products served at the facility or facilities covered by this Agreement, they may not precisely parallel actual usage or the BLS categories listed above.