



Celebrating
85Years

National Workshop Economist & Policy Conference

October 24-25, 2023



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We Are Prairie Farms Dairy

We are a farmer-owned cooperative. This means we are owned and operated by over 600 farm families who are critical members of society. They have selflessly taken on the tremendous task of producing nutritious, high-quality milk for a growing population, which requires being on the job 24/7, 365 days a year.

Because of the hardships of farming, few Americans have chosen this career path.

We have represented American agriculture since our founding in 1938. Many of our dairy farms are operated by several generations of family members with roots dating back to the 1800s. On average, each farm milks around 120 cows and everyone pitches in to keep them happy and healthy – which means around-the-clock care! Although each farm is a little different, they all have one thing in common...

A passion for farming and doing their part to help feed American families.

Farming is a family affair.



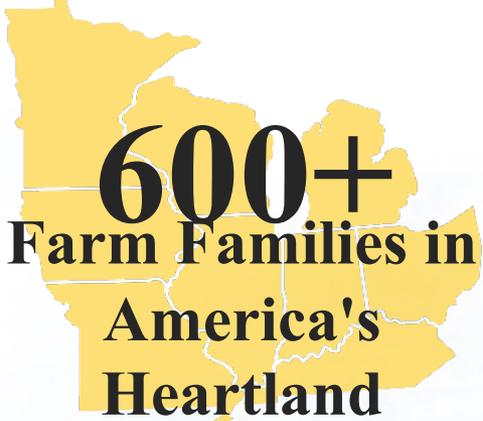


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Our Farmers Are Your Neighbors

An astounding fact is that farmers make up just 1.3% of the employed U.S. population which means **most people are three to five generations removed from a farm.** Our farm families are on a mission to make sure consumers of all ages understand the journey of milk from farm to table.

Each year they open their farms to thousands of visitors for an authentic look at dairy farm life. From preschoolers to college students to parents and grandparents, our **dairy farmers address common topics like animal**



600+
Farm Families in
America's
Heartland





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Our Farm to Table Values

The farm-to-table cycle begins on our dairy farms where fresh milk is picked up daily and delivered to our farmer-owned processing plants. From there, our award-winning dairy products are packaged and delivered to a wide variety of outlets – including grocery stores, schools, and restaurants.

Prairie Farms has been a trusted and beloved brand for 85 years, and our reputation and product quality are second to none. We take great pride in the fact that each day millions of families enjoy our milk and dairy products.



Locally Owned
by
Farm Families
Since 1938

COMMITTED TO

Sustainability  Animal Care

Quality

NO Artificial Growth Hormones or Antibiotics

Milk the Cows



Deliver to Plant



Process & Package



Deliver to Stores



To Family Tables!



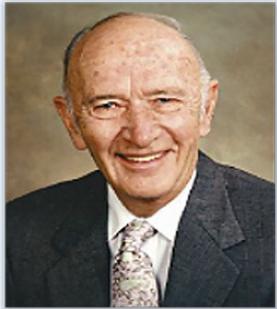


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A Model for Executive Leadership

Our mission to “do right” was set in 1938 by our first CEO, Fletcher A. Gourley, and is still being carried out today by Matt McClelland – who serves as only the fifth CEO since the founding of our cooperative!

Chief Executive Officers



Fletcher A. Gourley
1938 - 1988



Leonard Southwell
1989 - 2000



Roger Capps
2001 - 2006



Ed Mullins
2006 - 2021



Matt McClelland
2022 - Present

We refer to our governance as “*Main Street, not Wall Street*” because **every member of our Board of Directors is a dairy farmer**. They work with the executive leadership team to provide strategic direction for our cooperative:

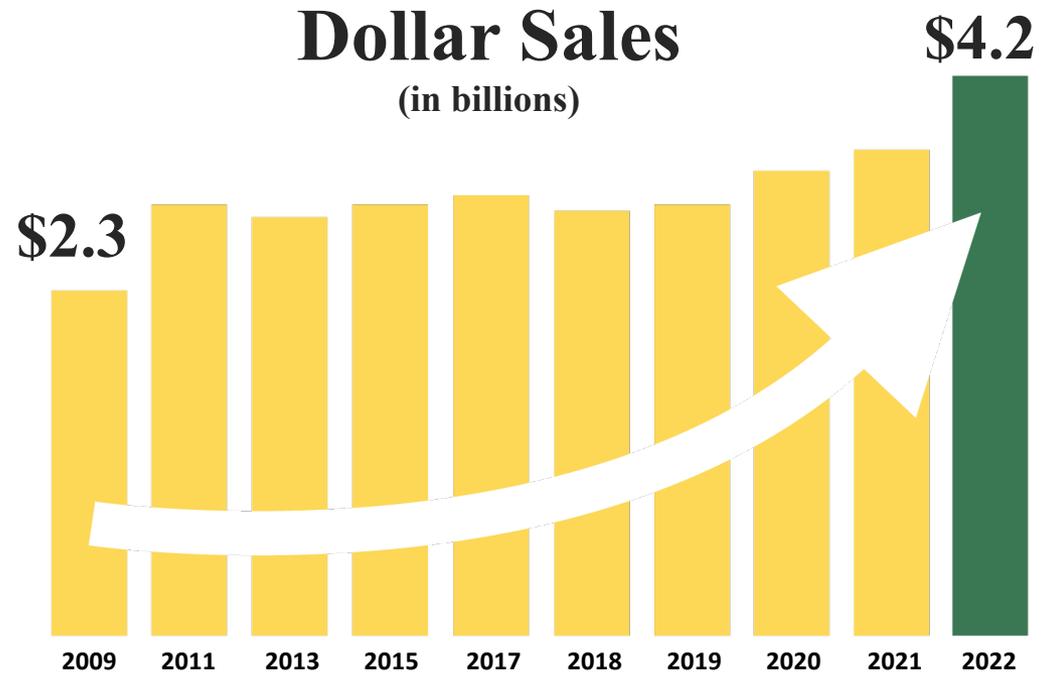
- To produce dairy products of the highest quality
- To conduct our business with professional integrity
- To exceed the expectations of our customers and consumers
- To support our communities in a positive, sustainable manner
- To deliver exceptional patronage to our network of farm families
- To simply “do right” for our farm families, employees, and communities



Celebrating **85** Years

Strong Performance. Solid Growth.

Dollar Sales (in billions)



Nation's
2nd Largest
Fluid Milk Processor



83%
Dollar sales
increase since 2009



Sales Growth
Trending at a
Stable Pace





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Manufacturing and Distribution Overview

Manufacturing Facilities



Headquarters - Edwardsville, IL

Fluid Milk Plants	31
Cheese Plants	7
Ice Cream Plants	3
Cultured Plants	3
Novelty Plants	3
Creamer Plant	1
Water Plant	1
Total	49
Distribution Centers	100+



Distribution Capabilities

Coast to Coast



ONE
Transportation
Company

7,000+
Dedicated Team
Members

5,200
Trucks

2,000
Routes

49
States

53,000
B2B Partners



Brand Presence
AR, IL, IN, IA, KY, LA,
MI, MN, MS, MO, MT,
ND, OH, SD, TN, WI



Brand Presence
AR, IA, KS, MO,
NE, OK, TX

Quality Standards

Our manufacturing facilities adhere to robust quality practices and protocols. All processing and packaging equipment is operated under Grade A Food Safety Standards and SQF Level 3 certified to maintain GFSI compliance.



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Manufacturing Capabilities

Fluid Milk



Cottage Cheese



Yogurt



Cream/Half &



Sour Cream



Sour Cream



Specialty Cheese



Cream Cheese



Orange Juice



Tea/Fruit Drink



Ice Cream/Mix



Frozen Treats



Our Family of Brands



Commercial Applications

In addition to our full line of retail products, we are your solution for locally sourced REAL dairy ingredients. With our broad range of manufacturing capabilities, the possibilities are endless for commercial applications. Put our technical team to work for you to turn your concept into a custom creation.





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Supply Management

Prairie Farms (PF) implemented a supply management program in Fall of 2017. PF refers to their supply management as “Base Production Program”. Based on 4 fundamental philosophies:

- Solid – steady growth for cooperative milk supply
- Managed by board of directors
- Managed growth in all areas of cooperative milk supply
- Producer driven



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Base Production Program

Daily Production Base established in 2017

- Established by daily average of the 4 highest months from dairy production from 2014 to 2017
- Some exceptions were made as we had some producers downsized purposely due to market conditions or farm dynamics/structure may have changed. We were producer friendly on establishing base.
- Total growth to base caps is about 15-20% above our 2017 production levels.



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Base Production Program

Initial Penalty structure October 1, 2017

Monthly Pounds over base

0 – 10,000 lbs.	\$2.00/cwt.
10,001 – 20,000 lbs.	\$4.00/cwt.
20,001 – 50,000 lbs.	\$8.00/cwt.
50,001 – 75,000 lbs.	\$10.00/cwt.
75,001 – 100,000 lbs.	\$12.00/cwt.
100,001 and over	\$15.00/cwt.

Base has no value and there will not be any transfer of base. Cooperative became a closed coop at the time of implementation.



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Base Production Program

Board of Directors – Strategic Planning Committee reviews the base program every 4 months to discuss any modifications to the Base Production Program

Modifications made in last 5 years –

March 1, 2018 – Base can be transferred between producers or new members only within the district that the farm/base resides. Only 75% of the base can be transferred to a current member or new member as 25% of the base is retired. Minimum of 40% must be transferred at a time.



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Base Production Program

March 1, 2019 – Generational transfers can be done on same farm will be done at 100% and no retirement.

March 1, 2021 – Base can be transferred to non-family member at 100% with no retirement if remains on same location as current farm. Allows for some farms to do some Angel investing to get a young producer started in the dairy industry.

January 2022 – board approved for all base to be increased by 3%.

January 2023 – board redistricted and also made adjustments to the deduction program



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Base Production Program

January 1, 2023 – board redistricted and also made adjustments to the deduction program along with base transfers:

Base Transfers of 10% (minimum) with multiple transactions. Total transfers MAY NOT exceed 75% of Original Base (including base % increases). 100% of PURCHASED base may be transferred/sold.

Lowering of “Pounds Over Base” Penalty Scale

0 – 10,000 lbs.	\$0.00/cwt.
10,001 – 20,000 lbs.	\$2.00/cwt.
20,001 – 50,000 lbs.	\$4.00/cwt.
50,001 – 75,000 lbs.	\$8.00/cwt.
75,001 – 100,000 lbs.	\$10.00/cwt.
100,001 and over	\$12.00/cwt.



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Base Production Program

Other items that have been discussed –

Base can be transferred in other districts?

Does Cooperative sell base in districts where we have significant deficits?

General discussion about not increasing as the board doesn't want to inflate someone's retirement.



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Thanks

Any questions?