We are building a value added dairy nutrition platform that provides strength & vitality to health-conscious people.
We are building a value added dairy nutrition platform that provides strength & vitality to health-conscious people

On a mission to improve the health and vitality of people & the planet...
Incremental Milk Pounds:
Calendar Year 2015 vs. Calendar Year 2014

Million Pounds of Milk

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2014</th>
<th>% Change vs. Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Exports</td>
<td>3,538</td>
<td>(2,472)</td>
<td>-7.8%</td>
</tr>
<tr>
<td>Total Domestic Cheese</td>
<td></td>
<td>(24)</td>
<td>+3.0%</td>
</tr>
<tr>
<td>Yogurt Production</td>
<td></td>
<td>(698)</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Fluid Milk Sales</td>
<td></td>
<td></td>
<td>-1.4%</td>
</tr>
</tbody>
</table>

Source: USDEC; USDA ERS, USDA NASS, USDA AMS
Incremental Milk Pounds: Calendar Year 2014 vs. Calendar Year 2013

Million Pounds of Milk

- Total Exports: 406 (Year Ago: 406, Change: +1.3%)
- Total Domestic Cheese: 2,675 (Year Ago: 2,626, Change: +2.3%)
- Yogurt Production: 49 (Year Ago: 50, Change: +0.9%)
- Fluid Milk Sales: (1,350) (Year Ago: 1,310, Change: -2.6%)

% Change vs. Year Ago

Source: USDEC; USDA ERS, USDA NASS, USDA AMS
Retail Milk Decline Accelerated Between 2011-14, Moderating in 2015

TOTAL RETAIL MILK
Volume % Change vs Year Ago

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change</td>
<td>-2.8%</td>
<td>-3.3%</td>
<td>-3.5%</td>
<td>-3.8%</td>
<td>-1.9%</td>
</tr>
</tbody>
</table>

Source: IRI DMI Custom Milk Database; updated 2/21/16.
Gallon Size White Milk Decline More Pronounced, Particularly in 2014

TOTAL WHITE GALLON SIZE MILK
Volume % Change vs Year Ago

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>-3.4%</td>
</tr>
<tr>
<td>2012</td>
<td>-3.9%</td>
</tr>
<tr>
<td>2013</td>
<td>-3.9%</td>
</tr>
<tr>
<td>2014</td>
<td>-4.7%</td>
</tr>
<tr>
<td>2015</td>
<td>-3.3%</td>
</tr>
</tbody>
</table>

Source: IRI DMI Custom Milk Database; updated 2/21/16.
Regular Milk consumption is declining while Value Added & Alternatives are increasing

**Conventional Milk**
- 5.0B Units scanned last year
- -8% Category decline since 2012
- Flavored & Non-Flavored milk declining volume

**Value Added Milk + Dairy Alternatives**
- 1.0B Units scanned last year
- +14% Category growth since 2012
- Almond, Soy, & Lactose Free Milk driving volume growth

Source: Nielsen Total US All Measured Channels, Annual Unit Volume since 2012, Value Added Milk + Dairy Alt & Conventional Milk
Select Milk Producers

Members milk in:

- Members milk in 92 members
  - Texas
  - New Mexico
  - Indiana
  - Michigan

Select Milk Producers:

- Fluid
- Powder
- Cheese
- Butter
- Value added dairy

Conventional Organic

fairlife

fairlife
**Goal:**
Generate growth in the fluid milk market

![Graph showing US gallons per cap consumption and US fluid milk sales over time. The graph indicates a decline in consumption until a sharp increase is predicted by 2014, with US fluid milk sales reaching $20B.](image-url)
Fairlife Headlines

- $130,000,000
  Retail revenue 2015
  - 88% availability
  - All national and regional banners
  - 47% repeat purchase
  - 22% awareness

- $105,000,000
  Retail revenue 2015
  - 60% availability
  - Best taste winner
  - #2 market share
  - Fastest growing share
  - International expansion

- +$100,000,000
  Retail revenue 2016
  - Successful NC test
  - National Roll out underway
  - Beats leading national brand taste and nutrition
Food Safety

GMO's,

The World's Top 10 Most Innovative Companies In Food 2015

#6 Fairlife. For making more nutritious milk.

Dairy products innovator fairlife is the 2015 Processor of the Year

In 5 years...

✔ Built Coopersville plant. State of the Art and World Class.
  Three lines commissioned. 150 employees!!! MI “Best new employer”

✔ Launched three brands from scratch.

✔ Entered yogurt business

+$100,000,000
Retail revenue/year

+$100,000,000
Retail revenue/year

+$100,000,000
Retail revenue/year
When asked what excited him in the beverage space today...

“You are going to be surprised because it’s not a soft drink. Its a milk called fairlife. They are really shaking up the milk category.

I believe that fairlife type innovations will transform milk into one of top five beverage growth categories in the next five years.”
Milk: the coolest source of nutrition on the planet.
Mike & Sue and Select Milk Producers
Cold-Filtered Milk

More pure protein, calcium and minerals

No lactose, less sugar
The Product

 ✓ Real milk
 ✓ More protein
 ✓ More calcium
 ✓ No lactose

Great taste
Real food
Effective nutrition
Modern Filling
Health & Wellness
Humanity of Science
Humanity of Superfood Science
Superfood for All
The Brand
Community Outreach
STRATEGIC IMPERATIVE #1

Change Everything

We can’t solve problems by using the same kind of thinking we used when we created them.

Albert Einstein

Regulations
Value Chain
Culture
Processes
STRATEGIC IMPERATIVE #2

Excite & Disrupt
STRATEGIC IMPERATIVE #3

Earn Trust of Core Target

Moms & families have changed

- Be Transparent & Relevant
- Ask Permission for Dialogue
- Provide Third Party Validation
- Wear Beliefs on Your Sleeve

Millennials re-evaluating values
The Food Revolution: A Raging Social Debate

- Gluten Free!
- Allergens
- CARBS
- Non-GMO Project Verified
- USDA Organic
- Science & facts
- Emotion & philosophy
Emily’s world
Food Safety
Free from: Pesticides & Herbicides, GMO’s, Hormones, & Antibiotics

Traditional
Great taste
Function
Price
Convenience

Health & wellness
Nutrition
Protein
Immunity
Gut Health
Brain health

Social Values
Animal treatment
environment

Social media influencers
Bloggers
Celebrities
Friends

Emily’s world
Win Back Health High Ground

Strategic Imperative #4

Millennials’ new attitudes are shifting everyone’s behavior

Social media has informed and empowered the consumer

Health & wellness is a mainstream movement and protein is their top target food.

People want local ingredients and are asking about how foods are processed

They are becoming concerned about environmental impacts of farming and food processing
STRATEGIC IMPERATIVE #5

Be Part of the Movement

- Define Agenda
- Own Accountability
- Facts Rule Philosophy Wins
- Engage in Health & Wellness
STRATEGIC IMPERATIVE #6

Own Quality
STRATEGIC IMPERATIVE #7

Learn Fast. Change Faster.
If I had asked people what they wanted they would have said “faster horses”

Henry Ford
If I had asked people what they wanted they would have said “faster horses”

Henry Ford

STRATEGIC IMPERATIVE #8

Innovate Faster

Super Kids

Young adults

Active adults
STRATEGIC IMPERATIVE #9
Activate Retail
STRATEGIC IMPERATIVE #10

Leverage Retailer and Processors
FAIRLIFE

DAIRY
Progressive Agriculture

ANIMAL CARE

QUALITY MILK MANAGEMENT

STRATEGIC IMPERATIVE #11
Control Value Chain

COMMERCIAL PRODUCT
Product Science
R&D

Membrane Filtration

State of the Art
Coopersville plant
- Aseptic
- ESL

Brand Development

Commercialization
- Marketing
- Customer Planning & Support

Distribution
- Warehouse
- DSD
Thank you