



FARMERS CREAMERY

Monthly Newsletter | November 2019

COMPANY UPDATES

New Placements for 100% Grass-Fed Kefir

As discussed at the recent producer meeting, we are making great strides with our 100% grass-fed kefir. We've secured several new placements this past quarter including Natural Grocers stores in the Southwest and all GreenAcres Market stores, which are located in Kansas. We will start shipping kefir to Whole Foods Market Midwest in January. Also, we plan to launch these products in Northern California during the first quarter of 2020.



2020 Sales & Marketing Strategies

In 2020 we will continue to focus on supporting and growing our core markets. We will do this by nurturing key retailer relationships, champion inside sales initiatives, employing marketing strategies that support our sales plan, and, of course, producing the best possible dairy products. We look forward to what 2020 will bring!

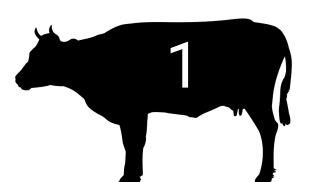


Requesting More Grass Milk

No deductions on pay, and the average pay is \$30/cwt. We will pay for the first inspection. Call Phil Forbes if interested.

COMMODITY PRICES

Grower FOB Farm Gate Organic Grain				
Commodity	Price Range	Average	Change	Prior Year
Yellow Corn	7.50 - 9.80	8.13	N/A	9.18
Soybeans	18.00 - 19.00	18.49	N/A	17.68
Grower Delivered Elevator/Warehouse Organic				
Commodity	Price Range	Average	Change	Prior Year
Yellow Corn	7.90 - 9.25	8.53	-0.43	9.36
Soybeans	18.12 - 20.00	18.86	-0.14	18.75





Dean Foods files Chapter 11 bankruptcy, negotiating with DFA

BY Dave Natzke (Progressive Dairy Editor)

Dean Foods has initiated voluntary Chapter 11 bankruptcy reorganization proceedings and is engaged in advanced discussions with Dairy Farmers of America (DFA) regarding a potential sale of substantially all of the company's assets.

Dallas-based Dean announced the filing Nov. 12, in the U.S. District and Bankruptcy Court in the Southern District of Texas. Court filings and other information related to the court proceedings are available on a separate website administered by Dean Foods' claims agent, Epiq Bankruptcy Solutions LLC.

In a separate fact sheet targeting raw milk suppliers, the company said it had received approximately \$850 million in debtor-in-possession (DIP) financing from lenders, led by Rabobank. The DIP funding, subject to court approval, will be used to support day-to-day operations.

"We intend to use this process to protect and support our ongoing business operations and address debt and unfunded pension obligations while we work toward an orderly and efficient sale of the company," according to the Dean statement. "During this process, we are operating as normal, continuing to provide customers with an uninterrupted supply of high-quality dairy products and supporting our suppliers as we always have. We remain focused on providing the highest levels of quality, service and value."

As a part of this process, the court must provide Dean with authority for its banks to honor checks issued prior to the filing. The statement said the company "intended to pay suppliers in full under normal terms for goods and services provided on or after the filing date. Under U.S. law, unpaid debts for goods and services provided to Dean Foods prior to the filing date, also known as 'pre-petition claims,' generally cannot be paid without specific court approval."

"You should not attempt to cash or deposit a check issued prior to the filing for a few days, as there may be a temporary freeze on certain of our bank accounts," the fact sheet noted. "If you attempt to cash or deposit the check and it is not honored, your bank might charge you a returned check fee."

Dean Foods initiated a review of strategic business alternatives earlier this year. Options included staying its current course, selling off assets, forming joint ventures, selling the business or a combination of any those.

Not only is DFA a potential suitor for Dean, but Dean Foods is also DFA's largest customer, noted Monica Massey, DFA's executive vice president and chief of staff.

"Our focus is ensuring we have secure markets for our members' milk," Massey said. "Thanks to the strategic planning and management by our farmer board of directors and management team, the cooperative is in a financial position to withstand a situation like this. We remain committed to delivering value to our members and dedicated to preserving the family farm for generations to come."

In response to questions during DFA's annual meeting last March, Rick Smith, DFA president and chief executive officer, said the co-op's board was watching Dean's business review, but warned the situation was complicated by multiple factors, not the least of which was the long-term decline in fluid milk consumption. Read: [Despite tough year, DFA positioning for growth.](#)

In addition, any acquisition of Dean assets by an existing large U.S. dairy company would come under scrutiny of the Department of Justice (DOJ), related to business concentration within milk markets.

Dean's pension obligations with current and retired employees could weigh on any sale.

Another concern is the possibility any potential sale of Dean assets could attract the interest of large, foreign-owned companies which have been aggressive in acquiring dairy businesses in other parts of the world.

In early September, Dean told investors it planned to pursue a stand-alone operating plan.

In announcing the bankruptcy filing Nov. 12, Eric Beringause, who recently joined Dean Foods as president and CEO, said the action was "designed to enable us to continue serving our customers and operating as normal as we work toward the sale of our business."

"We have a strong operational footprint and distribution network, a robust portfolio of leading national brands and extensive private label capabilities, all supported by approximately 15,000 dedicated employees around the country. Despite our best efforts to make our business more agile and cost-efficient, we continue to be impacted by a challenging operating environment marked by continuing declines in consumer milk consumption," Beringause said.

The statement said the company would move through the process as quickly as possible, but that it could take as long as a year to complete. end mark

PHOTO: Dean Foods, the largest processor and direct-to-store distributor of fresh fluid milk and other dairy and dairy case products in the U.S., has initiated voluntary Chapter 11 bankruptcy reorganization proceedings.

