

IPAP Moosletter

Volume 7 Issue 2

Summer2009

Inside This Issue

| | |
|--------------------------------|---|
| Account Managers' Corner | 2 |
| IPAP Goes Paperless | 3 |
| Keeping Sustainability Real | 3 |
| Top 10 Items by Region | 4 |
| From the Desk of the President | 5 |
| The Cheese Touch | 5 |
| New IPAP Team Members | 6 |
| The IPAP Advantage | 7 |
| Supplier Listing | 8 |

2009 Volatility

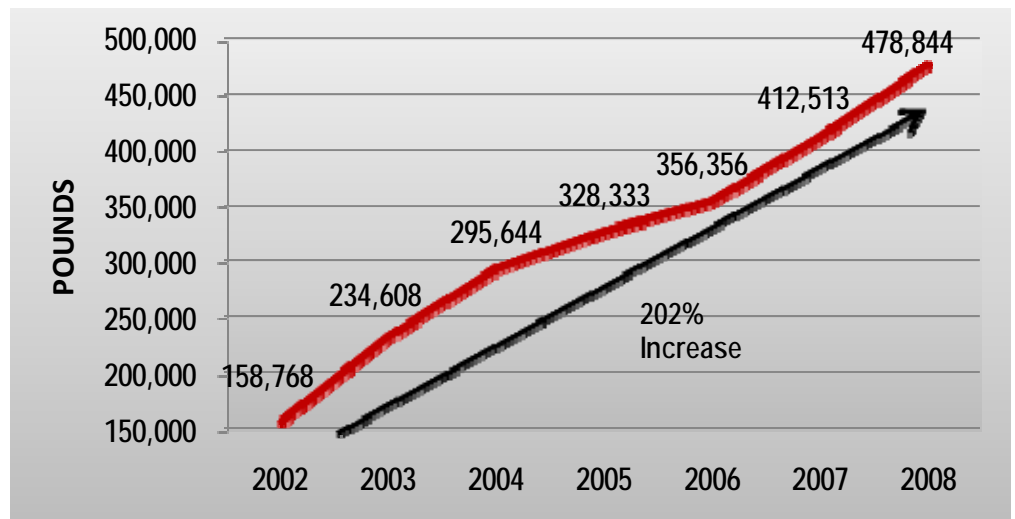
The Team at IPAP would like to thank all of you who continue to make IPAP's program a success. The last year has been challenging for every industry as the U.S. economy dipped to its lowest point since the Great Depression. Still, IPAP has proven to continue to create efficiencies in the supply chain. The graph below is a perfect testament that despite the crash of the stock market, consolidation of suppliers and volatility in the cheese markets, maintaining your business through IPAP will allow you to continue to see growth.



Photo Compliments of Wisconsin Milk Marketing Board

IPAP Grows Your Business

AVERAGE DISTRIBUTOR GROWTH IN POUNDS



Contact: Heather Ribble, Marketing Manager | Phone: 800-873-4727
 IPAP | 1650 Tri-Park Way | Appleton, WI 54914 | www.ipap.com



Account Managers' Corner—*A little about us...*



COLETTE RAMSEY

Colette was born and raised in Aurora, IL and moved to the Appleton area in 1990 after marrying her husband Gary. Colette enjoys scrap booking, bowling, gardening, and camping with her husband and 2 Rottweilers, Niki and Luke, in the Ottawa National Forest.



SARAH MAY

Sarah is originally from Fond du Lac, Wis., but has lived a variety of places around the nation due to her husband, Jesse's, career with the oil and gas industry. Sarah has been married to Jesse for three years, although they grew up as high school sweethearts.

Their family currently includes a new baby boy, Isaac, and two boxers—Tyson and Maddox (Mady). Sarah enjoys camping, taking the dogs to the dog park, playing volleyball and decorating her house.



HANNAH BORG

Hannah has lived in Wisconsin all of her life (currently in Kaukauna) and enjoys shooting pool and playing on a volleyball league. These interests are second, however, to her primary hobby which is collecting PEZ dispensers! She began collecting them about 10 years ago and currently has over 900 dispensers in her collection, which is worth a small fortune.

Hannah recently graduated from FVTC with a degree in marketing.



DANA KEAS

Dana currently lives in Oshkosh with her husband Karl and two children, Tyler (8) and Natalie (6). She loves their inquisitive, energetic and distinct personalities. Dana is an involved mother with their school and extracurricular activities that include baseball and gymnastics. Dana and Karl enjoy sushi dinners, running, biking and household projects. Other interests include scrap booking, scary movies, fishing, fitness classes and spending time with friends & family.



LIZ HOPFENSPERGER

Liz grew was born in California and grew up in Arizona, but she has called Appleton home since 1997. Her major focus when she is away from work is her family. Liz and her husband, Ryan, have 2 little boys, Riley (5) and Tyler (2), who keep them very busy. Liz says, "They are the greatest joy and greatest challenge of my life!"

Liz also loves to cook, read and garden. She also has one furry child, Shiloh, her Lab mix who is 11 years old.



TAMI PETERS

Tami has been involved in local politics, served on several local and county boards and held the office of Executive Director for the Chamber of Commerce. She still continues to spend a lot of her spare time volunteering for various events and causes close to her heart. The most prevalent person in Tami's life is her 8-year-old son, Bryce. Out of all the things she's experienced and learned pale in comparison to what he teaches her every day. Together, they love to golf, boat and spend time creating memories.



DEANNA WENDT

Born and raised in Milwaukee, Deanna moved up to the Appleton area in 1996. She married her husband Warren in June of 1998 and is the proud mother of two sons Ryan (24) who is living & going to school in Madison, & Kyle (20) who is currently in the United States Navy.

She and her husband are currently an owner/operator, in business for four years. Her hobbies include bowling, gardening, playing with her three cats, Milo, Mickey & Diesel, and spending time with family and friends.

IPAP Goes Paperless

At the end of 2007 IPAP set a goal to become a nearly paperless organization. Through the implementation and use of Xerox DocuShare, that goal is quickly becoming a reality. IPAP now processes the majority of all transactions electronically. Anything that comes to IPAP with a paper trail is scanned into the system then maintained and exchanged electronically. This process is simply another way IPAP is doing its part to preserve our environment and make processes more efficient.



Keeping Sustainability Real

Sustainability, the green revolution's buzz word, gained new meaning as dairy product and milk prices bottomed out at the beginning of this year. In 2009, sustainability will mean sustaining a U.S. milk supply and sustaining the dairy processors that make dairy foods in America.

Sustainability, of course, means more than staying alive. In fact it means different things to many different audiences.



In 2008, Dairy Management Inc. (DMI) began to circle the notion of sustainability, picking up

partners in National Milk Producers Federation and International Dairy Foods Association. Together these organizations have taken on the buzz word.

Their efforts started with a definition: The U.S. dairy industry defines sustainability as providing consumers with the nutritious dairy products they want in a way that is economically viable, environmentally sound and socially responsible—now and for future generations. And consumers want a pony.

While DMI obviously didn't write the last part, the point is that many consumers want it all. Unfortunately sustainability needs a dose of realism—there is cost in energy.

Thankfully there is a realistic side to sustainability—realistic even when the milk price falls below \$11 per hundred-weight. Saving energy can reduce our greenhouse gas emissions and save real dollars. By producing new forms of energy it helps the environment and can provide the much needed revenue to dairy producers and processors.

The "Sustainability Initiative" created by DMI and its partners last year has ground itself in a realistic approach to sustainability. In a paper, "The Dairy Industry's Commitment to Sustainability," DMI states that this initiative is looking at new business practices to find operational efficiencies, reduce energy costs, develop new revenue opportunities and mitigate adverse regulation.

Sustainable practices would preserve the environment by minimizing material waste and maximizing efficient use of energy, water and chemicals. If this effort can keep its focus on these types of practical improvements, then sustainability will be more than a buzz word in a corporate mission statement.

The fact is that dairy is a clean industry and dairy processors have wrung waste and lost out of every step in their processes to stay competitive. Still, the sustainability initiative may be missing a similar opportunity that dairy processors have to produce energy from whey permeate and waste water streams.

Wisconsin Cheese Makers Association and Wisconsin Center for dairy research focused on processor opportunities to generate energy at a conference in April.

A recession in 2009 will reduce dairy processor margins and investments. In a



market environment where only necessary investments survive, DMI and its partners will be incented to get to the core of sustainability: process efficiency and energy reduction or generation.

IPAP Top 10 Items by Region



Region 1

| <u>RANK</u> | <u>DESCRIPTION</u> |
|-------------|------------------------------------|
| 1 | PROCESSED AMER COLORED 120 PCR |
| 2 | CREAM CHEESE 3 POUND LOAF |
| 3 | CHEDDAR COLORED MILD FEATHER SHRED |
| 4 | BUTTER SOLID AA NO SALT |
| 5 | CREAM CHEESE 30 POUND |
| 6 | PROCESSED AMER COLORED 160 PCR |
| 7 | MOZZARELLA WM FEATHER SHRED |
| 8 | CHEDDAR MED COLORED 3/4 OZ SLICE |
| 9 | PROCESSED SWISS 120 PCR |
| 10 | BUTTER SOLID AA |

Region 2

| <u>RANK</u> | <u>DESCRIPTION</u> |
|-------------|-----------------------------------|
| 1 | CREAM CHEESE 3 POUND LOAF |
| 2 | PROCESSED AMER COLORED 120 PCR |
| 3 | CREAM CHEESE 30 POUND LOAF |
| 4 | PROCESSED AMER COLORED EXTRA MELT |
| 5 | PROCESSED AMER COLORED EZ MELT |
| 6 | PROCESSED AMER COLORED 160 PCR |
| 7 | CHEDDAR COLORED MILD FANCY SHRED |
| 8 | 50% CHEDDAR COL/MJ FANCY SHRED |
| 9 | PROCESSED AMER COLORED SPREAD |
| 10 | QUESO AMARILLO FEATHER SHRED |

Region 3

| <u>RANK</u> | <u>DESCRIPTION</u> |
|-------------|-------------------------------------|
| 1 | PROCESSED AMER COLORED 160 PCR |
| 2 | PROCESSED AMER COLORED 120 PCR |
| 3 | CREAM CHEESE 3 POUND LOAF |
| 4 | CREAM CHEESE 30 POUND |
| 5 | BUTTER SOLID AA NO SALT |
| 6 | PROCESSED AMER COLORED LOAF PRODUCT |
| 7 | BUTTER SOLID AA |
| 8 | MOZZARELLA LMPS FEATHER SHRED |
| 9 | CHEDDAR COLORED MILD FEATHER SHRED |
| 10 | CHEDDAR COLORED MILD FANCY SHRED |

Region 4

| <u>RANK</u> | <u>DESCRIPTION</u> |
|-------------|---------------------------------------|
| 1 | PROCESSED AMER WHITE EXTRA MELT |
| 2 | PROCESSED AMER COLORED 160 PCR |
| 3 | PROCESSED AMER COLORED 120 PCR |
| 4 | MILD CHEDDAR COLORED FEATHER SHRED |
| 5 | BUTTER SOLID AA NO SALT |
| 6 | PROCESSED AMER WHITE LOAF PRODUCT |
| 7 | CREAM CHEESE 3 POUND LOAF |
| 8 | MILD COLORED CHEDDAR/MJ FEATHER SHRED |
| 9 | MILD COLORED CHEDDAR/MJ FANCY SHRED |
| 10 | MOZZARELLA LMPS FEATHER SHRED |

Region 5

| <u>RANK</u> | <u>DESCRIPTION</u> |
|-------------|--------------------------------------|
| 1 | PROCESSED AMER WHITE 160VERT PRODUCT |
| 2 | PROCESSED AMER WHITE 120PCR PRODUCT |
| 3 | PROCESSED AMER WHITE LOAF PRODUCT |
| 4 | PROCESSED AMER WHITE 160 PCR |
| 5 | CHEDDAR WHITE MILD BLOCK RW |
| 6 | MILD COLORED CHED/MJ FEATHER SHRED |
| 7 | PROCESSED AMER COL LOAF PRODUCT |
| 8 | CREAM CHEESE 3 POUND LOAF |
| 9 | PROCESSED AMER WHITE 120 PCR |
| 10 | PROCESSED AMER COL 160 PCR |

From the Desk of the President

Greetings Partners:

This year will mark some significant milestones in your partnership with IPAP. I would like to share with you some of the exciting accomplishments that have been made over the past seven years. Most notable will be in the procuring and selling our one billionth dollar of cheese during this budget year. We will be celebrating this event with special recognition to the distributor whose order marks this occasion. Your willingness to partner together in this unique IPAP relationship will bring about this remarkable accomplishment. Below are some interesting milestones since 2002:

| | |
|---------------------------|-------------|
| Order fulfillment rate: | 99.6% |
| Number of orders (dairy): | 42,647 |
| Number of line items: | 770,381 |
| Pounds | 507,166,493 |
| Shipping locations | 15 |
| Items setup | 16,919 |
| Number of orders (frozen) | 4,610 |

As I celebrate my 10th anniversary with IPAP, I would like to share with you an introspective "Decade in Review". In coming to IPAP I was given the opportunity to develop a new modular-designed ERP to cover all of our core functions. These included our VP relationships, human resources, data warehouse, and our supply chain-related management. Most notable we have developed specific electronic trading platforms for all of our major partners.

During the past few years, we have been observing some unprecedented events taking place in the cheese industry:

- ⇒ In May there was a press release announcing the removal of over 100,000 cows (2 billion pounds of milk) the largest herd retirement ever by the CWT.
- ⇒ Market pricing has fluctuated between \$1.06 and \$2.04.
- ⇒ Current markets are at or below government support levels.


Even more volatility in the cost of cheese will be created due to these extreme conditions. These circumstances create challenges for everyone in the supply chain. Pricing, fill rates, order changes and challenges with the economy keep us all focused on our customer service. Customer service to you has never been more important to IPAP.

From our humble beginning in 1991 with Pocahontas, F.A.B. Inc and Nugget Brands, we have evolved into the major cheese program we are today. As our ownership may continue to change over the years, our mission statement remains the same:

To improve the profitability and competitiveness of our Venture Partners' affiliated distributors by aggressively exploring new ideas; fully developing purchasing, consolidation and shipping programs to address their marketing and operational needs.

I am looking forward to what the next decade is going to bring IPAP.

Best Regards,



Scott Eithun
Independent Procurement Alliance Program
IPAP—President

The Cheese Touch

"That cheese may be Gouda, but this one is Feta!"

"The clever cat eats cheese and breathes down the mice holes with baited breath."

New IPAP Team Members

Terry DeRuyscher, Pricing Specialist—Terry recently joined IPAP in February 2009, bringing with him 17 years of valuable experience. Terry worked for The Fonda Group, Hoffmaster and Solo cup (all the same organization) who manufacture disposable foodservice products sold to the foodservice and consumer industries. Of these 17 years, 12 were spent in supply chain as a Production Planner, Master Production Scheduler and Demand Forecast Manager. Terry also possesses an APISC CPIM Certification and taught CPIM Certification classes for the local APICS chapter at the Fox Valley Technical College. He spent the last five years of his career as a Pricing Manager and Pricing Project Manager for Hoffmaster and Solo Cup respectively. His department was responsible for administration of hundreds of thousands of price records and contracts. It also handled customer based financial analysis. At Solo Cup, Terry managed special projects for the pricing department. In addition, he managed the P.O. verification process, pricing and contracts for Sysco, Solo's largest distributor.

In his free time, Terry enjoys spending time with his 7-year-old son, Nicholas, and running. Terry has run the Fox Cities Marathon three times, posting a personal best at three hours and twenty minutes—just five minutes shy of a qualifying time for the Boston Marathon.

Tami Peters, Account Manager—Tami became part of the IPAP team in February 2009. Her career path has been colorful and exciting, and has provided her with experiences and memories to last a lifetime. Tami spent the last 20+ years traveling across North America building and enhancing client relations. Throughout her career, she has received several national awards for exceptional customer service, and has conducted countless seminars and classes on improving business relationships.

Prior to joining IPAP, Tami was with an international software development company where she held the position of Client Relations Manager. In addition, she has been involved in local politics, served on several local and county boards and held the office of Executive Director for the Chamber of Commerce. Shortly after earning her first degree, Tami returned to college as a teacher instead of a student. What started as a trial for a semester turned into a 19-year adventure with one of her highlights being awarded Outstanding Instructor of the Year. As she still has a passion for helping and serving the community, Tami continues to spend a lot of her spare time volunteering for various events and causes close to her heart.

The most prevalent person in Tami's life is her 8-year-old son, Bryce. She explains that all of the things she's experienced and learned pale in comparison to what he teaches her every day. Together, they love to golf, boat and spend time creating memories. Their most recent adventure led them to an Astronaut Training Experience at NASA.

IPAP Mission Statement

"To improve the profitability and competitiveness of our Venture Partners' affiliated distributors by aggressively exploring new opportunities; fully developing consolidation, purchasing and shipping programs to address their marketing and operational needs."

The IPAP Advantage

IPAP brings dairy distributors and suppliers around the country together to reduce costs, save time and increase product selection. As one of the largest refrigerated dairy consolidated purchasing networks in the United States, IPAP offers benefits to distributors and suppliers of all sizes. Whether your needs involve a single item or multiple truckloads, IPAP can help you with the freshest possible products at the best price.

Seeing IPAP represents such a large number of distributors, it is able to negotiate the lowest pricing options available—oftentimes even lower than purchasing the product direct from the supplier. Not only does IPAP provide distributors with the lowest prices, it takes away the inconvenience of ordering through a number of suppliers. You can place every order for every supplier in one step with IPAP, and in return will only receive one consolidated invoice for the entire product ordered. This alone creates administrative efficiency and cost savings.

Team IPAP



Scott Eithun
President
(920) 560-1241
seithun@ipap.com



Hannah Borg
Account Manager
(920) 560-1243
hborg@ipap.com



Rebecca Strok
Director of Logistics and Operations
(920) 560-1265
rstrok@ipap.com



Lynette Girvan
Director of Sales and Procurement
(920) 560-1242
lgirvan@ipap.com



Dana Keas
Account Manager
(920) 560-1253
dkeas@ipap.com



Deanna Wendt
Logistics Specialist
(920) 560-1256
dwent@ipap.com



Mandy Maixner
Procurement Specialist
(920) 560-1247
mmaixner@ipap.com



Liz Hopfensperger
Account Manager
(920) 560-1246
lizh@ipap.com



Kathy Geenen
Controller
(920) 560-1258
kgeenen@ipap.com



Heather Ribble
Marketing Manager
(920) 560-1249
hribble@ipap.com



Angela Kislewski
Account Manager
(920) 560-1240
akislewski@ipap.com



Betsy Kunde
Senior Accountant
(920) 560-1244
bkunde@ipap.com



Colette Ramsey
Account Manager
(920) 560-1254
cramsey@ipap.com



Tami Peters
Account Manager
(920) 560-1257
tpeters@ipap.com



Cindy Balane
Accounting Specialist
(920) 560-1255
cbalane@ipap.com



Sarah May
Account Manager
(920) 560-1252
smay@ipap.com



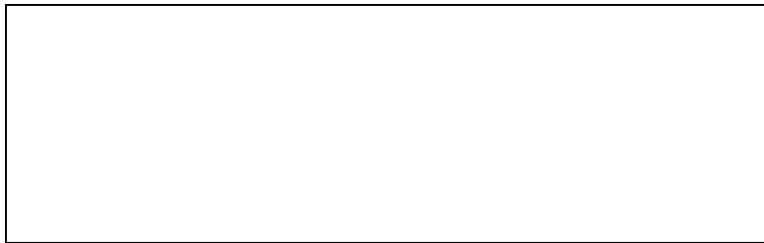
Ryan Boelter
IT Specialist
(920) 560-1250
rboelter@ipap.com



Terry DeRuyscher
Pricing Specialist
(920) 560-1248
tderuyscher@ipap.com



1650 Tri-Park Way
Appleton, WI 54914



Supplier Listing

See who's experiencing the benefits of IPAP!

| | | |
|---------------------------------|------------------------------|----------------------------|
| ADM | DCI-RICHFIELD | MORNINGSTAR FOODS, INC. |
| ADVANTAGE INTERNATIONAL | DRANGLE'S | MULLINS |
| FOODS | FOREMOST FARMS USA | NASONVILLE DAIRY |
| ARLA FOODS, INC. | GRASSLAND DAIRY PRODUCTS | NORTHERN WISCONSIN PRODUCE |
| ASSOCIATED MILK PRODUCERS, INC. | GREAT LAKES CHEESE | OLD COUNTRY FARMS CO-OP |
| ATALANTA CORPORATION | HERMANN'S PICKLES | ORGANIC VALLEY |
| BAY VALLEY FOODS | JIM'S CHEESE PANTRY, INC. | PARKER'S FARM, INC. |
| BEL BRANDS USA | KICKAPOO VALLEY CHEESE CO. | ROTH KASE USA, LTD. |
| BELGIOIOSO CHEESE, INC. | KINEVA FOODS COMPANY | SAPUTO CHEESE USA, INC. |
| CALIFORNIA DAIRIES | KLONDIKE CHEESE CO. | SARGENTO FOODS, INC. |
| CARR VALLEY CHEESE | LAGRANDER'S HILLSIDE DAIRY | SCHREIBER FOODS, INC. |
| CEDAR VALLEY CHEESE | LAKEVIEW FARMS | SORRENTO LACTALIS |
| CHEESE MERCHANTS OF AMERICA, | LAND O'LAKES | TULKOFF PRODUCTS, INC. |
| CHURNY COMPANY | LEPRINO FOODS DAIRY PRODUCTS | UNIQUE FOOD CONCEPTS, LLC. |
| DAIRY FARMERS OF AMERICA | LYNN DAIRY, INC. | VENTURA FOODS |
| DARIFAIR | MCT DAIRIES | WHITEHALL SPECIALTIES |
| DCI-GREEN BAY | MORNING GLORY DAIRY | WISCONSIN CHEESE GROUP |