



Tim Doelman

CEO, fairlife LLC



fairlife brings nourishing, great tasting products to consumers by using a patented cold-filtration system that filters real cows' milk to remove some natural milk sugar, while concentrating the protein and calcium naturally found in real cows' milk.



COMPANY HIGHLIGHTS

Coca-Cola's Fairlife Surpasses \$1 Billion

The company, which makes ultra-filtered lactose-free milk and protein shakes and light ice cream, was founded in 2012.



Coca-Cola company to build \$650 million fairlife production facility in Upstate New York

The 745,000 square-foot facility will be built in the Town of Webster, northeast of Rochester. The new facility is expected to create up to 250 new jobs.

How Fairlife's new Monroe County plant could benefit dairy producers

BY EMILY KENNY, REPORT FOR AMERICA CORPS MEMBER AND RACHEL NIEMI | MONROE COUNTY
 UPDATED 9:57 AM ET JUN. 09, 2023



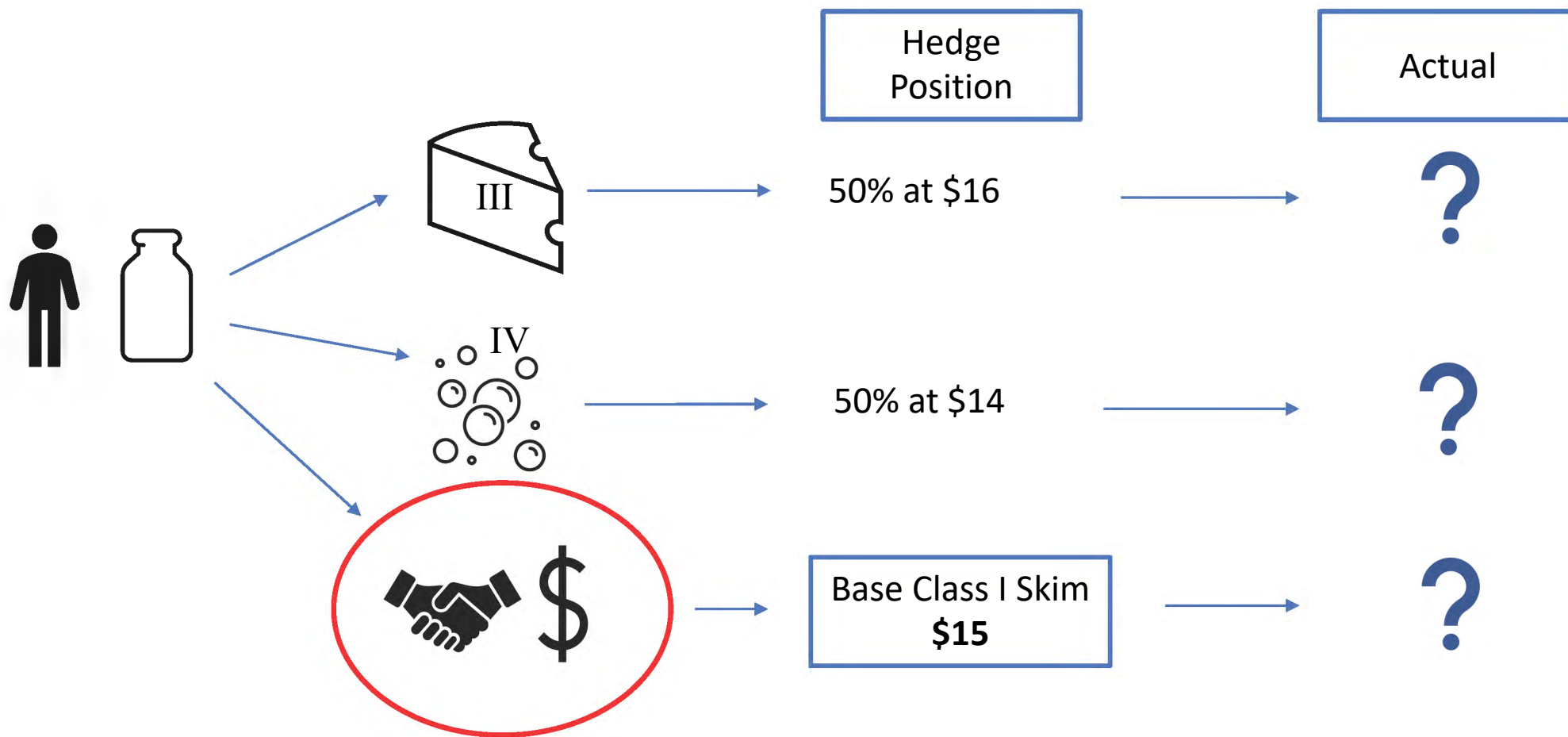
When Coca-Cola's Fairlife milk production facility opens in 2025 in Monroe County, one cooperative that includes New York farms will provide "a good portion" of the milk needed -- a boon for the industry.

Natasha Sutherland, a third-generation dairy farmer and herd manager at Stein Farms in Leroy, is one local farm that could be a supplier.

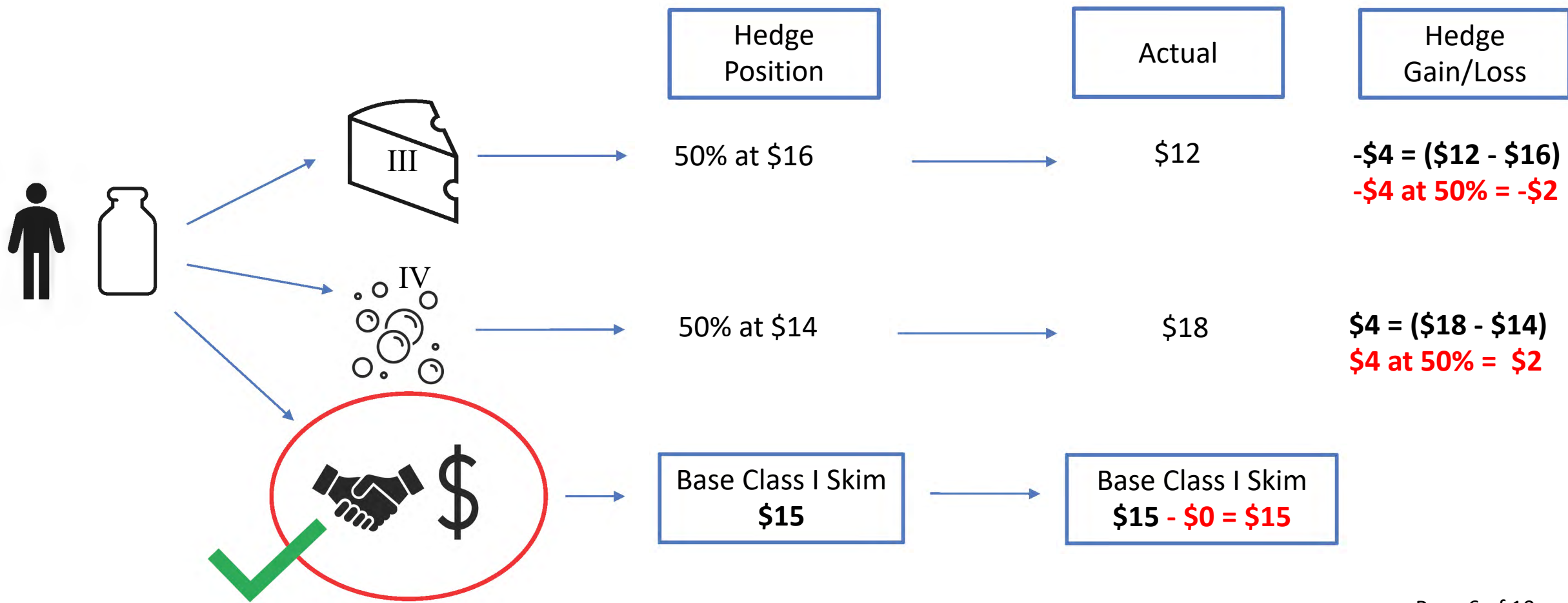
WHAT IS HEDGING?

- Risk management
- Examples: Futures & options contracts
- Not gambling – cannot be a guess
- Not free – transaction costs
- Allows us to “lock in” a price in a market anyone can participate in

HEDGING EXAMPLE: HEDGE PLACED

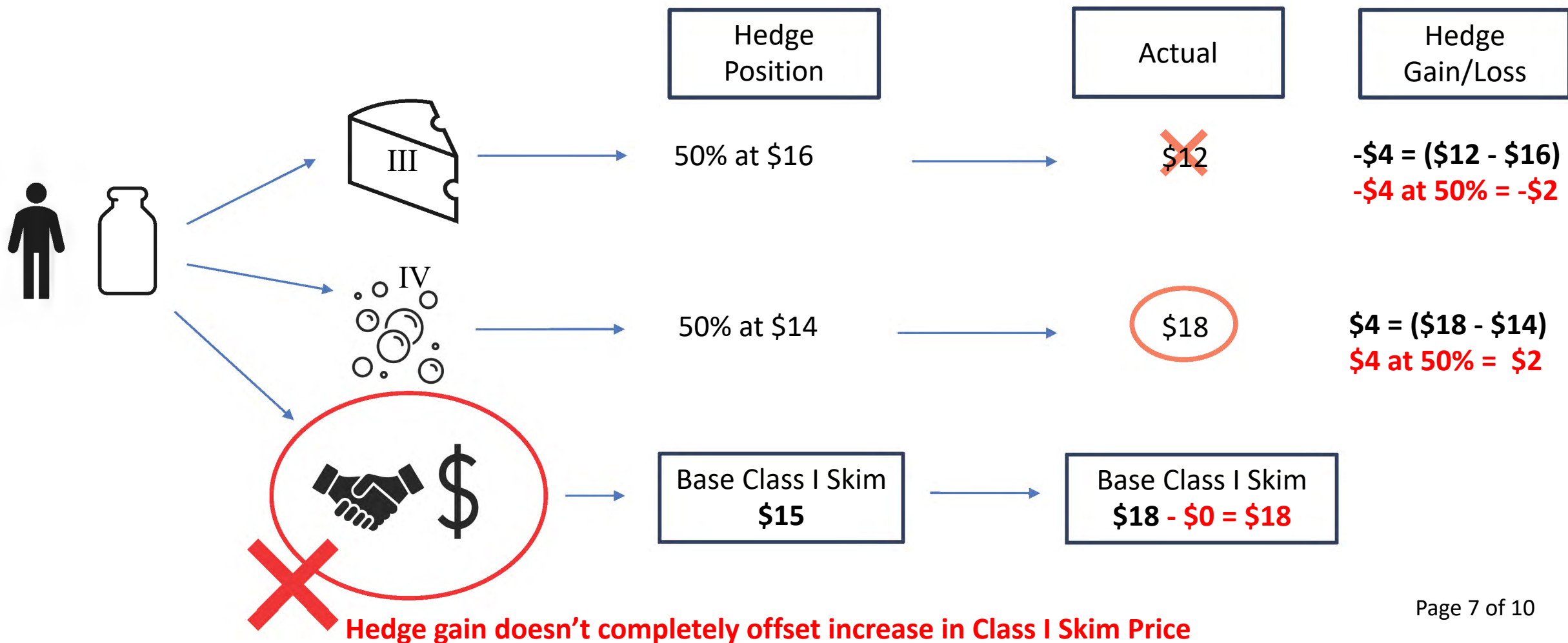


HEDGING EXAMPLE: "AVERAGE OF"



Hedge gain offsets increase in Class I Skim Price

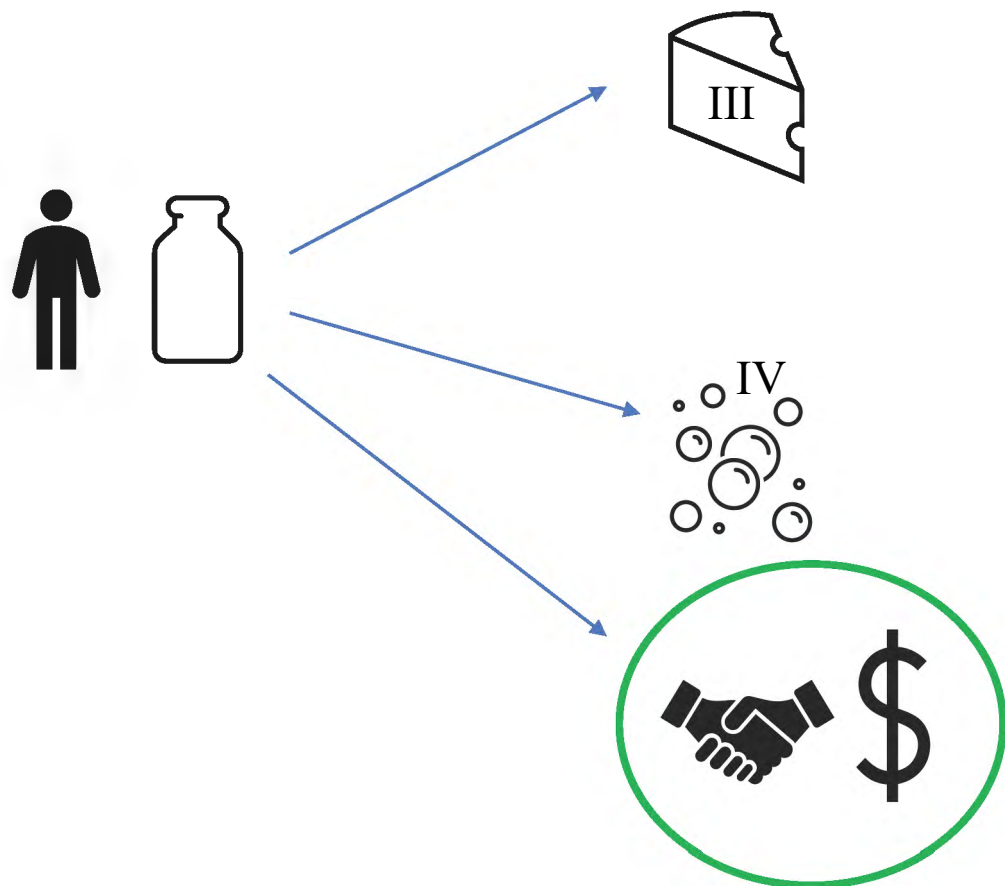
HEDGING EXAMPLE: "HIGHER OF"



ADJUSTER: FIXED vs ROLLING

- Current formula uses an adjuster to ‘make up’ higher of & average of difference
 - Problem: static adjuster
 - Solution: dynamic adjuster
- Proposal 15: 24-month rolling adjuster with 12-month lag
 - Looks back at prior 13 – 36 months
 - Each month oldest drops off and new rolls on
 - 12-month lag provides known adjuster for hedging
- Dynamic adjuster ensures we don’t have to change formula if/when markets change

WHERE SHOULD OUR INDUSTRY FOCUS?



- Price changes for fairlife's customers rarely happen more than once per year
- Customers and consumers don't like price changes as much as they don't like high prices
- Predictable commodity prices facilitate product innovation efforts

