

— 2 0 1 3 —

A N N U A L R E P O R T

*75 years
of passion*



agropur

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¹⁸ Andrée St-Hilaire

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TOGETHER
TO WIN

¹⁷ Joel Blom

⁰⁷ Jean-Pierre Gouelin

¹⁶ Jane O'Reilly

⁰⁸ Laval Lapointe

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75 YEARS OF PASSION

75 years ago, our founding members, visionaries who fully understood the power of cooperation, created the Société coopérative agricole du canton de Granby. They already shared a lofty vision for their new organization, stating: “The Cooperative has no borders”. Their primary objective was to ensure the longevity of their cooperative, and this value has remained entrenched in the organization. Every member, manager and employee of Agropur is aware of this heritage, and of the responsibility that goes with it. Our organization is now solidly anchored in North America, but we have no intention of stopping there. Now, more than ever, we must ensure that our cooperative will have no borders.

Therefore, this annual report is a reminder of 75 years of history, resolutely focused on the future. Above all else, Agropur is a story of men, women and large families, so we thought that it would be fitting to recount the stories of some of the passionate individuals who forged Agropur and others who are currently working just as passionately to build the Agropur of tomorrow, because no matter how you look at it, history revolves around people. Stories of families, individuals, professionals and major projects carried out by dedicated individuals are therefore at the centre of this annual report.

Backed by our 75 years of passion, experience and success, we have chosen to strive for nothing less than excellence for our future, and to pursue it every day and in everything we do, with the same focus on longevity that drove our founders.

COOPERATION IS IN OUR BLOOD

THE BEAUDRY FAMILY

A PASSION-FILLED HERITAGE PASSED DOWN THROUGH THE GENERATIONS

Passion drives Robert Beaudry in every aspect of his life. His farm trade, his family and his social commitments are all sources of inspiration for this well-rounded man. Robert Beaudry's maternal grandfather, Gédéas Parent, served as the Cooperative's first president from 1938 to 1940, and his father Rolland was among the first builders of Agropur. In the early days of the Cooperative, he made the decision to join the group because he was experiencing the same problems, and he believed that cooperation could be a viable solution. Robert Beaudry shares his father's philosophy, and believes in the strength of cooperation, which he regards as mutual support writ large.

Mr. Beaudry has five brothers and one sister, and like him, they have chosen farming as a career. He and his brother Daniel took over the family farm in Granby in 1977, where he settled down with his wife, France. Around 1990, Daniel decided on a career change, and offered to sell his share of the operation to Robert. Although this was a financial challenge, Robert agreed, and his wife, France, became his business partner. This decision proved to be a wise one, and made it possible for them to help out all of their children later on.

Robert Beaudry and his wife, who celebrated their 40th wedding anniversary in December of 2013, have four sons who are now in their 30s: Sébastien, Étienne, and twins Simon and Mathieu. They also



have 11 lively grandchildren who are the apples of their eyes. The four Beaudry sons are all driven by the same passion for farming. Upon completing their university studies, they returned to the farm, bringing with them their love of farming. Mr. Beaudry, intent on helping all of his children “get a start in life”, purchased a second farm for them to operate. Two of his sons work with him on the first farm, while the other two work on the second, with his daughter-in-law, Mathieu’s wife, Julie Cyr. Like the Beaudrys, she is passionate about farming, and shares many affinities with her father-in-law, namely a healthy dose of ambition and enthusiasm for a job well done.



MR. BEAUDRY CONSIDERS HIMSELF VERY FORTUNATE TO BE WORKING WITH HIS FAMILY AS EVERYBODY HELPS OUT. THEY OFTEN JOKE ABOUT THE FACT THAT THEY HAVE THEIR OWN COOPERATIVE, BECAUSE THEY SHARE EQUIPMENT AND WORK WITH THE SAME EMPLOYEES ON THE TWO FARMS. HE TAKES GREAT PRIDE IN SEEING HIS ENTIRE FAMILY EARN A DECENT LIVING THANKS TO THEIR ENTHUSIASM FOR AGRICULTURE. IN HIS OPINION, PEOPLE WHO ARE PASSIONATE KNOW WHERE THEY ARE GOING IN LIFE.

Unfortunately, the Beaudry family experienced a serious challenge in 2006, when a silo fell on the barn and it caught fire. However they tackled

the problems head on, consulting with experts in order to determine how the family could best move forward, and they rebuilt. Demonstrating tremendous resilience and openness to change, Mr. Beaudry found a way to transform the tragedy into an opportunity for improvement. He opted for free stall barn for his cows, which until then had been in t-stall barn.

This decision meant he had to relearn his trade, because the genetics and the management of cows in free stall barn are completely different. He seized the opportunity to gradually step down from actively managing the operations and allowed his children to take over. He is still a member of the team, acting as a mentor and liaison between family members and handing down his knowledge. He trusts his children and his daughter-in-law to make their own decisions, while remaining available if they need advice. He has full confidence in them—just as his own father did when he passed the farm on to him.

AS MR. BEAUDRY PUTS IT: “YOU HAVE TO STEP OUT OF ONE ROLE AND INTO ANOTHER”.

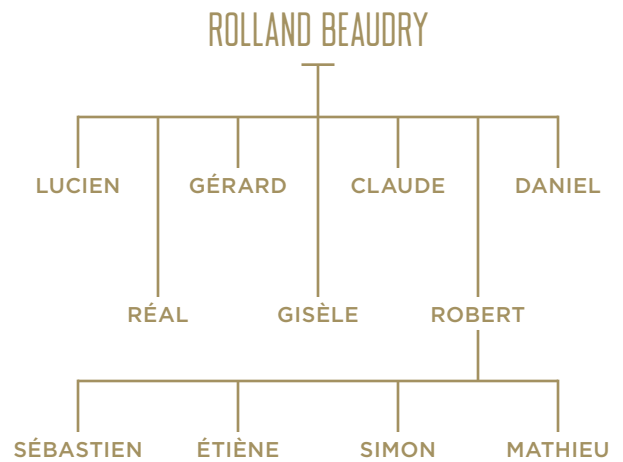


However he is not ready to retire yet. He is very active in his community. Among other things, he serves as a director of the *Syndicat des producteurs de lait de Saint-Hyacinthe*, the *UPA de la Haute-Yamaska* and the *Réseau Agriconseils*, and is a producer representative on the agricultural advisory committee of the *MRC de la Haute-Yamaska* and the City of Granby. He is also part of a 300-member agri-environment club that pays for the services of agronomists



that will help them implement initiatives aimed at preserving the environment. Mr. Beaudry and the other members of the club consider themselves to be "guardians of nature", entrusted with preserving it for future generations.

Robert Beaudry has every reason to be proud of his children. Every member of his family is inspiring and shows a passion that has been passed on from generation to generation. Even though technology continues to evolve and helps to facilitate and improve the efficiency of their work, these people understand that cooperation, mutual assistance, determination and openness to change are still the keys to their success. They know that they are stronger together, as are all of the members of Agropur, who draw their strength from cooperation.



7000



IN 1938, TRACTORS

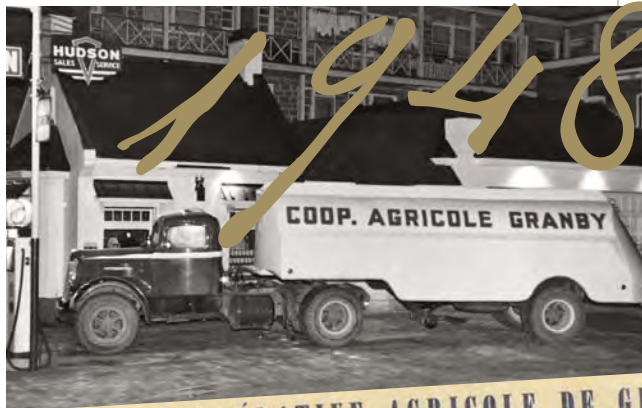
generally sold for \$700 to \$1,000 and had 15 to 25 HP.

- SPECIAUX - POUR FIN SEMAINE

FROMAGE Canadien.....	15c
Rôti boeuf filet	18c
Boeuf dans l'épaule.....	12c
Boeuf haut-côté	10c
Boeuf dans la côte....	6c
Steak lard	17c
Rôti lard soc	16c
Rôti lard épaule	15c
Lard entrelardé	15c
Lard boeuf haché	10c
Epaule de jambon	19c
Saucisse,	3 lbs 25c
Beaux gros choux 2 p. 5c	
Blé d'Inde jaune, doz. 5c	
Tomates, 3 btes pour 20c	
Biscuits a uchoix..	10c lbs

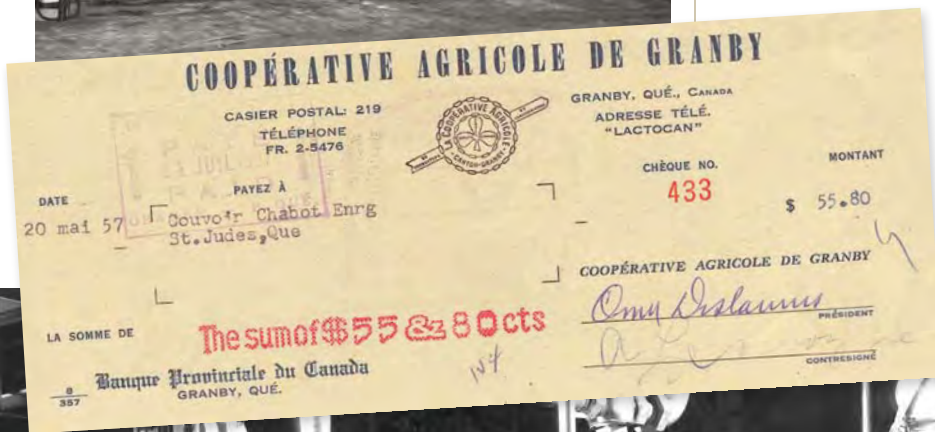
J. H. Leroux & Fils

181, Principale, Tél. 216



SPRING 1948

First tanker truck purchased to transport the milk produced by the co-op's members.



1938

554

EMPLOYEES

72 MANAGERS

55 office workers
 427 workers in 6 plants
 in 1968.



91

MEMBERS AS OF AUGUST 15

1939

6 juillet 1939		FOLIO	DÉBIT	CRÉDIT	DE DE CE	SOLDE
COMPTÉ No 317				BONDURICH James		
NOM				FRASER		CRÉDIT
ADRESSE				CHENY		REMARQUES
COMTÉ						
DATE		FOLIO	DÉBIT			
655	juil 3/53			Reporte		
656	juil 3/53			gr. 1,206.71 X 3%		
				pr. 31.14		
656	Année 20/54			Cap. Bond.		3620
	juil 21/54			gr. 708.72 X 3%		
	4/55			Fr. 49.29		
656	juil 1/55			cap Bond		2273
				gr. 578.99 X 3%		
				f. 9.4		
656	1/2 10/6					2714
656	31 JUL 56					292
				gr. 20.50		
				fr. 49.22		
				Cap Bond		292
				72.4		
				7.68 X 12		
				cap. ad.		6.45

DAIRY FARM ANNUAL INCOME

= \$1,300

END OF THE 1930s



La meilleure laitière canadienne



"Calamiyt Nig", vache canadienne élevée par M. W. M. Davidson, de Maedoverale (Ont.), et aujourd'hui propriété de M. R. V. Rasmussen, de Deerfield (Ill.), a établi un record qui n'a jamais été atteint aux Etats-Unis et qui n'a été dépassé que deux fois au Canada par des Holsteins aujourd'hui mortes: à 8 ans et 7 mois, elle a produit 34,615.7 livres de lait et a donné 1,327.9 livres de gras dans 365 jours. C'est M. J.-M. Fraser, de Streetsville (Ont.), qui l'a entraînée et elle vient d'être vendue à la Vente nationale des Holsteins à

34,615.7 POUNDS OF MILK

BEST CANADIAN DAIRY COW

Produced 34,615.7 lbs (15,275.6 litres) of milk and 1,327.9 lbs (602 kg) of fat in 365 days in 1938.

QUALITY OKA CHEESE



WE DIDN'T HAVE TO REINVENT THE WHEEL



BRAND STRATEGY

THE OKA BRAND, SYNONYMOUS WITH TRADITION AND QUALITY, OCCUPIES A SPECIAL PLACE IN THE HEART OF CHEESE-LOVERS.

During the Agropur 2015 strategic review exercise, development of a brand strategy emerged as one of the essential drivers for the achievement of ambitious growth objectives that will lift the organization to world-class status. All of Agropur's brands are synonymous with quality, represent a level of knowledge and expertise that truly stands out in the industry, and deserve to be better known. Toward this end, Agropur has decided to make significant investments aimed at promoting its brands through major marketing offensives. The iögo brand, which was launched in August 2012, is a perfect example, proving that a well-planned and meticulously executed strategy can be highly effective. In only a few months, iögo made its way into Canadians' hearts and refrigerators.

Agropur 2015 focused on a few of our brands, like iögo, that have the potential to reach higher summits. We are investing in brands that we consider to be strong, profitable and popular, and that have tremendous growth potential. The most promising brands have been identified, and will be supported by massive marketing campaigns. OKA is one of the brands that has been chosen to be part of this select group of Agropur products.

THE STORY OF A UNIQUE CHEESE

In 1893, a new rind cheese with an exceptional aroma ranked first among the new products that were introduced at the *Salon Agri-culturel de Montréal*. This show was held at the site that later became the famous Atwater Market.

The creator of this unique cheese was Brother Alphonse Juin, a master cheesemaker who had recently come over from France to join the community of Trappist monks at Oka in the Deux-Montagnes region, and who began to distribute samples of his creation, which is now known under the brand name OKA. Brother Juin produced 50 wheels in the first year. He aged his cheese in the cellars beneath the Cistercian Abbey. OKA, Canada's first fine cheese, is a remarkable and unique product that has been part of Quebec's history and heritage for 120 years, and enjoys incomparable popularity. The Swiss have Emmental, the Spanish have Manchego and we have OKA!



For more than 30 years, our Cooperative has been the proud owner of the OKA brand. The Trappist monks made it their mission to ensure that their emblematic cheese continues to thrive and remains authentic. In order to accomplish this, they had to ensure that the cheesemakers who were entrusted with the task would devote the same attention to detail and fully master the recipe while preserving its characteristics. The monks oversaw this transition for a number of years, working in cooperation with Agropur's cheesemakers in order to convey their knowledge before passing on the torch for good.

A GEM TO BE DISCOVERED AGAIN AND AGAIN

OKA cheese is still aged in the cellars beneath the Abbey. It is a tremendous source of pride for Agropur, and a large part of our Quebec and Canadian identity. OKA cheese has a 97% brand awareness rate in Quebec, 61% in Ontario and 50% in Western Canada. Based on these impressive numbers, we have devised strategies adapted to each of the markets as part of the OKA project.

A number of studies have been conducted to obtain data to support the development of effective, targeted strategies. They show that the OKA brand's distinguishing features are its distinctive rind and aroma. Consumers also confirm that they love its unique flavour. The OKA brand is associated with Quebec's cultural heritage, which enjoys a positive perception across Canada. OKA embraces an extensive line of products and formats suited to a large variety of uses and has sales potential in multiple market segments. Analyses also revealed that the brand is enjoying strong growth in Quebec and in English Canada, particularly in Ontario.

With all these data at its disposal, the project team was able to ascertain that the OKA brand was poised to achieve higher summits through a major investment program, which will focus on the Quebec and Ontario markets for the time being. The brand awareness rate and consumer habits are different in these two markets, so two different growth strategies were developed. A number of

tools will be used in order to achieve the objectives, including new packaging that better promotes the brand and a television advertising campaign adapted to the two different markets, which will air year-round from now on. Methods will include in-store offers and promotional material.

It was imperative to proceed with the expansion of the cheese plant in order to support the anticipated growth. A task force of internal experts was created with a view to identifying the necessary tasks and establishing schedules. Members included cheesemakers, the plant director, engineers and production personnel, with the support of external specialists.

THROUGHOUT THE COURSE OF ITS ANALYSIS,
THE PRIMARY OBJECTIVE OF THE TASK FORCE
WAS TO ENSURE THAT THE AUTHENTICITY
OF THE PRODUCT WAS NEVER COMPROMISED.

If the past is any indication of the future, OKA will continue to rise. If he were still with us today, Brother Juin would certainly be proud of his creation's popularity.



1938

SOCIÉTÉ COOPÉRATIVE
AGRICOLE DU CANTON
DE GRANBY



75 YEARS

1971

1973



OF PRES

1986

1990

1991



Champfleur



Chevalier

FROMAGES FINS
ANCO
FINE CHEESE

2005

2007

2008

island
FARMS

AGROPUR
Grand Cheddar.
CANADIAN RESERVE™

TREGA
FOODS
GREAT PEOPLE. GREAT PRODUCTS.

SCHROEDER

Masters
RESERVE

ISO CHILL®

Natrel
BIOLOGIQUE

1955



1974

Québon



1978

Vaudreuil

1981

OKA

T G O U S

1993

Allegro

1997

Sealtest*

1998

Natrel

1999

Natrel
SANS LACTOSE

2004

OLYMPIC

2011

DYNA
MOO

2012

iöGO

2013

Farmers
Central
Dairies

PZ-44



agropur

B R A N D S

AT THE CUTTING EDGE NOW



AND THEN



INNOVATION

INNOVATIVE PRODUCTS, HIGH-PERFORMANCE

FACILITIES AND VISIONARY MANAGERS ARE

AT THE HEART OF OUR INNOVATION STRATEGY.

In terms of innovation, Agropur focused its efforts mainly on important projects involving the expansion, modernization and capacity increase at its facilities. Our business environment is highly competitive, and it was necessary to optimize our facilities in order to achieve our lofty growth objectives for the coming years.

In light of this, we made significant investments, specifically at the Oka, Lethbridge and Luxemburg plants. See more detailed information concerning the Oka plant in the "Brand Strategy" section of this Annual Report.

LUXEMBURG: A FAMILY SUCCESS STORY

In the late 1800s, in a rural community in Wisconsin, USA, farmers would meet at around six o'clock every morning, delivering their own milk in horse-drawn wagons to be processed into drinking milk, butter or cheese at a local plant. Cheese was made in a wooden vat heated from underneath by a fire. Cheese plants that processed milk by this method provided farmers with substantial extra income, because cheese was sold for "9¼¢" per pound at that time! These were also the places where farmers gathered to discuss and share the latest news.

During this era, in 1892, Albert Gruetzmacher founded a small family business that produced cheese and butter in Montpelier, in Kewaunee County, Wisconsin. He built his facility on a property that cost him \$1,400, which is now the site of Agropur's Luxemburg facility. One of the employees, Charles Krohn, married Mr. Gruetzmacher's niece in 1905, and purchased the facility for \$3,300 two years later.

This marked the beginning of a family success story. The business underwent a number of expansions and upgrades over the decades. Charles' son, Leo, made a series of decisions during those years that allowed the family business to prosper. Sometime around 1960, seeing the increasing popularity of Italian cheeses, he focused production on mozzarella and provolone. This marked a critical turning point for the future of his business, because these two types of cheese represent 99% of the facility's production today. Many family members have worked at the plant, including Leo's sons, Roger and Carl, his daughter, Jean, and her husband, Arlie Doell. Roger continues to work there today, along with Arlie and Jean's sons, Pat and Tim Doell.

In 2000, Krohn Dairy was acquired by another operation which already included the plants in Weyauwega and Little Chute. The new entity became Trega Foods in 2003.

The Weyauwega and Little Chute facilities also have rich family histories dating back several generations, with Weyauwega having been owned by the Wagner family and Little Chute by the Simon family. Doug Simon, now President of the USA Cheese Business Unit of the Agropur Cheese and Ingredients Division, is the grandson of Art Simon, who purchased the plant in 1940. Between 2000 and 2008, Trega Foods built a whey protein isolate (WPI) production plant and a permeate plant.



IN 2008, AS PART OF ITS NORTH AMERICAN EXPANSION, AGROPUR ACQUIRED TREGA FOODS, AN ORGANIZATION THAT BOASTS A LENGTHY TRADITION BASED ON THE SAME VALUES OF QUALITY AND EXCELLENCE.

Its products are recognized across the country for their superior quality, garnering numerous awards every year, and they are extremely popular among consumers. As a result, the Luxemburg plant had been struggling to meet the demand in recent years, and its limitations were becoming more problematic.

In light of this, the Agropur Board of Directors approved its largest capital asset project to date in 2012, namely the expansion and modernization of the Luxemburg plant, at a total cost of \$108 million. Thanks to this investment, the building will increase from 101,000 sq. ft. to 219,000 sq. ft., and cheese production capacity will rise from 43,000,000 to 108,000,000 pounds per year. The expansion of the WPI plant will make it possible to process additional whey solids. Other modern automated equipment, including high-efficiency vats and a new permeate dryer, will help optimize operations.

In terms of wastewater treatment, a new system is currently being installed that will convert waste into methane which will be used to fuel a generator supplying power to the plant. This is a major innovation that will help to protect the environment.

Employee enthusiasm and team spirit are high at the Luxemburg plant. They see the investments as testimony to Agropur's confidence in them, which is why they are working together toward a common goal that will enable them to make a significant contribution to the growth of the organization.

LETHBRIDGE EXPANSION



Phase 2 of the expansion project in Lethbridge began in May 2013. This phase, which is slated for completion during the fourth quarter of 2014, represents an investment of \$22 million, and will make it possible to process a greater volume of milk. The key elements of the project include a new milk receiving facility, a new cooler and an aging space for Swiss-type cheeses, along with the expansion of the warehouse.

INNOVATIVE PRODUCTS

AND PRESTIGIOUS AWARDS

In terms of products, Agropur continued to innovate this past year in order to meet the needs and expectations of clients and consumers.

iögo, which celebrated its first anniversary in August, introduced a number of new products and additions to its existing lines, including the brand-new 0% fat yogurt with stevia extract, a 100% natural calorie-free sweetener. Probio plain lactose-free yogurt also appeared on store shelves, along with a limited edition of Zip. The iögo L'original and Greko lines also welcomed additions in the form of new sizes and flavours.

Since its launch, iögo has garnered an impressive total of 24 awards in recognition of its originality and innovation. Among these were the Consumer's Choice Award, which was presented to iögo Nano in June of 2013 during the Canadian Grand Prix New Product Awards hosted by the Retail Council of Canada (RCC). In addition, Strategy magazine crowned iögo the "Brand of the Year" last October.

Division Natrel expanded the Natrel Baboo family with two new products, namely a 2 L format for Baboo Step 1 for children aged 12 to 24 months, and the brand-new Baboo DHA Step 2 for toddlers over the age of 2. Division Natrel also introduced its brand new Sealtest iced tea in the summer, and added a new and improved hazelnut flavour to its Natrel Café line. Last but not least, new flavors were added to the Island Farms ice cream line, and the Simply Natural line of yogurt products was relaunched. It now sports new packaging, accompanied by updated recipes. The content is also new, because the Island Farms brand now offers probiotic yogurts made from 100% natural ingredients with no gelatine or preservatives.

The Fine Cheese Business Unit of the Cheese and Ingredients Division updated the packaging of its ANCO line, which now has a distinct image that is retro and appealing. The new ANCO website, which is fun and practical, was also launched during the year.

Our outstanding cheeses garnered a number of awards at a variety of national and international cheese competitions.

Agropur posted a spectacular performance during the British Empire Cheese Show in November 2013, winning nine awards, including three first-place finishes for our cheese plants in Saint-Hyacinthe and Notre-Dame-du-Bon-Conseil for Rondoux Triple Crème in the "Soft rind cheese" category, Chevalier Pepper in the "Flavoured soft type" category, and Cheddar in the "Medium coloured" category. Agropur also received the "Reserve Champion" trophy, which recognizes the producer with the second highest total number of points in the fine cheese categories.

The 2013 Sélection Caseus contest, which promotes and provides exposure for Quebec cheeses, rewarded our Rondoux Washed Rind and our OKA l'Artisan. The American Cheese Society rewarded Agropur with seven prizes, including two first-place finishes for OKA l'Artisan and for Camembert l'Extra in their respective categories.

Our cheeses produced in the U.S. also collected an impressive number of awards at the Wisconsin State Fair, including three prestigious first-place blue ribbons for the mozzarella produced at the Luxemburg plant, and the cheddar and feta made in Weyauwega. They also fared well at the prestigious U.S. Championship Cheese Contest, winning a dozen awards (first, second and third place) including four first-place finishes in their respective categories for mild cheddar, medium cheddar, mozzarella and feta.

Finally, our Vintage Cheddar Canadian Reserve won the bronze medal in the "Best Overseas Cheese" category at the International Cheese Show held in Nantwich, in the United Kingdom.

COST LEADERSHIP

THE ERP PROJECT

A SPRINGBOARD TO THE FUTURE

In the Agropur 2015 strategic review exercise, cost leadership was identified as one of the keys to our cooperative's future growth. Costs can be substantially reduced by reviewing best practices, scaling back the product portfolio, streamlining processes, simplifying operations, improving procurement practices, promoting operational excellence in the plants, and a wide range of other efforts.

During the past year, a number of initiatives were undertaken and completed, and many others are in progress.

ALL THESE PROJECTS ARE IMPORTANT AND CONTRIBUTE TO ENHANCING THE ORGANIZATION'S EFFECTIVENESS. THE COST SAVINGS ARE ALREADY CONSIDERABLE.

Teams are hard at work on each of these projects.

Among the key initiatives launched in the wake of Agropur 2015, the Enterprise Resource Planning (ERP) project is particularly noteworthy. This large-scale project will impact most sectors of our organization.

ERP will standardize operational processes for all corporate functions and integrate them on a single IT platform. This massive undertaking will equip Agropur with a technologically robust system that will make decision-making faster, nimbler and more dynamic. Plans call for the Phase 1 to be implemented in November 2014.

THE ERP PROJECT IS BEING CARRIED OUT BY HAND-PICKED EMPLOYEES FROM EACH OF THE ORGANIZATION'S SECTORS AND THE INFORMATION TECHNOLOGY DEPARTMENT WHO HAVE VAST EXPERIENCE IN THEIR AREAS OF EXPERTISE. THEY BEGAN WITH THE PLANNING & SCOPING PHASE, WITH THE SUPPORT OF OUTSIDE CONSULTANTS.

The ERP team then worked with users on documenting and analyzing processes and systems. In the course of this phase, they also familiarized themselves with creative initiatives that have already been implemented and shared them with the entire organization. Each sector's processes were exhaustively reviewed and best practices were applied to increase process effectiveness. Team members from different sectors who were accustomed to their own terminology had to develop a common language to understand each other and work together effectively.





THE MEMBERS OF AGROPUR'S ENERGETIC ERP TEAM ARE WELL AWARE THEY ARE LAYING THE FOUNDATIONS FOR THE COOPERATIVE OF THE FUTURE. ALL ARE BRINGING TO THE TABLE THEIR CREATIVITY AND THEIR KNOWLEDGE OF NEEDS AND REQUIREMENTS IN THEIR SPECIFIC AREA OF EXPERTISE. EACH MUST MOVE OUTSIDE HIS COMFORT ZONE. TOGETHER, THEY ARE WORKING TOWARDS COMMON LONG-TERM GOALS AND HELPING TO BUILD AGROPUR INTO A BETTER ORGANIZATION, ONE EQUIPPED TO MAKE MORE EFFECTIVE BUSINESS DECISIONS THAT WILL CONTRIBUTE TO ACHIEVING THE COOPERATIVE'S GROWTH OBJECTIVES.



HUMAN CAPITAL

MAJA SUDAR: PROUD TO BE PART OF THE AGROPUR FAMILY

Employee engagement is an essential success factor in any organization. Motivated employees prioritize the success of their organization, and are proud to be a part of it. This engagement reflects the daily efforts of each individual. Maja Sudar and her husband, Dragan, are excellent examples of engaged employees who serve as models for their colleagues.

In April of 1994, as war raged in their homeland, Bosnia-Herzegovina (former Yugoslavia), Maja and Dragan Sudar made the decision to settle in Canada with their two young children. When they arrived, Maja and Dragan took English courses, and less than one year later, they both began working at the plant in Lethbridge, Alberta, which was called Sunnyrose Cheese at the time. Maja, who had studied economics in her country, changed career paths to become a Laboratory Technician. She was promoted to Quality Control Coordinator, then, in 2010, Quality Control Manager. She is delighted with her career's unexpected trajectory, and she loves her work. Dragan, who was educated in electrical engineering, climbed the ladder from Production Worker to Production Foreman and Production Manager, finally assuming the position of Plant Manager in 2004. Maja and Dragan's children also made a smooth transition to their adopted country. Tamara, now 26, works in animal feed at the Canadian Food Inspection Agency, and Srdjan, 22, is studying to become a first responder and firefighter.





Maja

Today, nearly 20 years after Maja and Dragan's arrival, the Lethbridge plant family boasts 70 employees. With members of the Sudar family scattered around the world due to the war in their homeland, Maja and Dragan have succeeded in re-creating a family at their workplace. The Lethbridge plant is probably the most multicultural of all of Agropur's facilities. At least 15 countries are represented, including China, Sudan, Burundi, El Salvador, Germany, Thailand and Sri Lanka.

AT THE LETHBRIDGE PLANT, CULTURAL DIFFERENCES ARE NOT OBSTACLES TO TEAMBUILDING AND TEAMWORK. THE EMPLOYEES HAVE BANDED TOGETHER TO FORM A UNITED, TIGHT-KNIT FAMILY. DRAGAN, WHO KNOWS ALL OF HIS PEOPLE VERY WELL, HAS A PATERNAL SIDE THAT ENHANCES THE FAMILY ATMOSPHERE IN LETHBRIDGE.



Like their colleagues throughout the organization, Maja and Dragan are proud to be part of the extended Agropur family. They relate strongly to Agropur's values of cooperation and mutual assistance, and they are delighted to be part of the expansion and major renovations at the plant!



SOCIAL RESPONSIBILITY

True to its values of solidarity and mutual assistance, Agropur is committed to supporting both local community associations and major organizations that work to improve the lives, health and well-being of children and families. During the year, Agropur allocated a total of more than \$1.6 million, or approximately 1% of earnings before patronage dividends and the Cooperative income taxes, to worthwhile causes.

SPONSORSHIPS

Agropur sponsors many activities and supports them with cash and/or in-kind donations. Sponsorships are selected through a rigorous process. During the past year, they included the 2013 Canada Summer Games held in Sherbrooke in August, of which Agropur was a main food partner.

DONATIONS

Our major partnerships include Breakfast Clubs of Canada and the *Club des petits déjeuners*, "Moisson" food banks in several regions of Quebec, and the *Fondation OLO*, to which we made a significantly increased annual contribution in 2013. Agropur also supported the Canadian Red Cross' efforts to help the victims of the disaster in Lac-Mégantic. Then, in September 2013, for the fifth year in a row, 24 six-person teams of Agropur and Ultima Foods employees rode a bicycle relay for 48 hours straight to raise money for Make-A-Wish Québec. The money

they collected plus a donation from Agropur made some 15 children's wishes come true.

EMPLOYEE FUNDRAISING CAMPAIGN

Agropur employees are also encouraged to organize their own fundraisers in the workplace. Numerous fund drives were conducted during the employee fundraising campaign, which began in April and ended in September. Every year, the campaign committee in each workplace chooses a cause or organization to support. Agropur matches every dollar raised during this period. This year, employees at 17 of our workplaces held fundraising activities.

In all, nearly \$100,000 was collected for organizations including Leucan Montérégie, Make-A-Wish, Centraide Bas-Saint-Laurent, the Fondation de l'Hôpital Charles-Lemoyne, the Canadian Cancer Society's Relay for Life event, the Children's Wish Foundation, the Cure Foundation, La Libellule and the Fondation Jasmin Roy in Quebec; the Sick Kids Hospital Foundation, Sakura House (VON, Oxford) and the Alzheimer Society of Oxford in Ontario; and the ALS Society of BC in British Columbia. In Wisconsin, Jurnie's Shelter, the Alzheimer Association and the Children's Hospital of WI Foundation were the main organizations supported by the campaign.

In November 2013, employees at the Don Mills plant pitched in to collect donations for victims of the typhoon in the Philippines. The cause was particularly close to their hearts since approximately 15% of their co-workers are of Filipino origin. Agropur also made a donation. The money raised was handed over to the Canadian Red Cross, earmarked for the Philippines.

GROOMING THE NEXT GENERATION

To ensure its longevity, Agropur needs to support the next generations. Among other things, Agropur awards bursaries to encourage young people to enter the field. In 2013 as in every year, thousands of dollars in bursaries were distributed. The money went to students enrolled in programs related to agriculture and food processing who had distinguished themselves in various ways in the course of their studies.

THE ENVIRONMENT

On the green front, Agropur's environment committees keep a close watch to make sure the Cooperative's facilities meet all statutory requirements. In addition, a number of projects are being carried out to reduce the use of potable water and energy at the source. For example, the Fromagerie de Granby now recovers the energy contained in process water, resulting in a permanent annual reduction of 2,000 tonnes of CO₂. At the Luxemburg plant, the wastewater treatment system is being upgraded as part of the current expansion project (see Innovation section for details). In Victoria, calculation of the plant's carbon footprint led to a greenhouse gas reduction plan which cut energy consumption. In 2014, Agropur will establish a framework for analyzing the entire organization's carbon footprint to identify opportunities for greenhouse gas emission reductions. Projects to reduce the use of drinking water are also in progress at several plants.

Meanwhile, construction of a new head office was announced in December 2013. The new building, to be connected to the Fine Cheese Business Unit's existing administrative offices, will be Leadership in Energy and Environmental Design (LEED) certified. Special care will be taken to preserve the surrounding woodlands.

GLOBAL SCOPE



WITH LOCAL ROOTS



NATIONAL AND INTERNATIONAL STRATEGY

THE AGROPUR FAMILY CONTINUES TO GROW

2013 and the first few weeks of 2014 will have been for Agropur a period of consolidation of its Canadian operations. The Cooperative made four acquisitions and was involved in one merger in Canada, in addition to another acquisition in the United States. Agropur was the leading player in terms of mergers and acquisitions in Canada in 2013.

On December 31, 2012, Agropur acquired the dry blending business from Foremost Farms in Preston, Wisconsin (United States), which means that the Cooperative now owns the Reddi Sponge[®], PZ 44[®], Econo Bake[®], Dairy Bake[®], Nutrimix[®] and Baker's Special[™] brands, and they are now marketed by Agropur Ingredients. The ingredients sector is important for the future growth of our organization in the United States. This investment will make it possible for us to expand in the baking, pastry and dry blending industry.

In February, Agropur announced a historic merger with Farmers Co-operative Dairy, which has been in operation in the Atlantic provinces for 90 years. Merging the activities of the two organizations positions Agropur as a leading player in all regions of Canada. It was finalized in April of 2013.

THE MERGER GREW OUT OF A DESIRE TO CONSOLIDATE THE CO-OP DAIRY PROCESSING ASSETS BY FORMING A MAJOR CANADIAN COOPERATIVE.

Agropur also transferred its holdings in Grupo La Lácteo to its partner Adecoagro in June 2013, in keeping with its decision to terminate its presence in Argentina, which was announced earlier in the year.

In August, the Cooperative acquired Coast Mountain Dairy in British Columbia, which has been producing ice cream since 1997 under the brand names Sara's Old Fashioned, Mountain Pride and Arctic Star. This acquisition made it possible to add high-quality iced products to the selection already offered by Island Farms.

Agropur then reinforced its leadership role in the Nova Scotia milk and cream sector by acquiring Cook's Dairy in August. This organization has been carrying out its milk processing and sales activities for 85 years. The Cook's Dairy brand is the leading name in milk in southwest Nova Scotia.

During the weeks following the closure of 2013, Agropur acquired M. Larivée International Inc. (MLI) in November and Fromagerie Damafro in December.

THE PURCHASE OF MLI WAS PROMPTED BY OUR DESIRE TO DEVELOP THE EXPORT MARKET. THE EXPERTISE THAT IT BRINGS WILL ALLOW US TO ACCELERATE OUR DEVELOPMENT AND ACCESS TO ATTRACTIVE MARKETS.

The acquisition of MLI led to the creation of the Agropur Export Group as part of the Ingredients Business Unit of our Cheese and Ingredients Division.

The assets acquired from Fromagerie Damafro including those of Fromagerie Clément in Saint-Damase, Quebec, complement Agropur's existing markets and superior-quality products in a fast-growing segment.

In terms of global strategy, a large-scale internal review and analysis project was launched with a view to identifying attractive markets for international development.

Now that the organization is solidly established in the United States, it can strive to become more than a high-volume cheese producer, and to expand along the value chain up to the consumer by moving into marketing, distribution, product conversion, etc. There are many business opportunities in this sector, and Agropur intends to expend a great deal of effort in this area over the coming years.

OUR INTERNATIONAL STRATEGY OUTSIDE OF NORTH AMERICA IS MORE OF A PRIORITY NOW THAN EVER BEFORE, BECAUSE 5 OF THE 10 LEADING DAIRY PROCESSORS IN THE WORLD ARE IN DIRECT COMPETITION WITH AGROPUR ON THE CANADIAN MARKET.

Agropur has strengthened its resolve to be included among the world's largest dairy producers, and we remain on the lookout for business opportunities that will allow us to increase our critical mass and achieve our growth objectives on markets that we consider to be advantageous. An active prospecting and business opportunity identification effort is being conducted on an ongoing basis, because Agropur is fully committed to success.



MESSAGE FROM SERGE RIENDEAU

OUR COOPERATIVE'S 75TH ANNIVERSARY WAS
AN OPPORTUNITY TO APPRECIATE THE LEGACY
OF OUR PREDECESSORS, VISIONARIES DRIVEN
BY A DESIRE TO TAKE THEIR FATE INTO THEIR
OWN HANDS AND COMPETE WITH THE BEST.

Dear members,
Dear employees,

In 2013, we spared no effort to achieve our lofty ambitions and secure the growth and longevity of our Cooperative. Over the course of the year that is drawing to a close, we have demonstrated our ability to implement changes and fashion our future. The Board of Directors and I are pleased with our organization's results.

75 YEARS OF PASSION

Throughout the year, we celebrated the 75th anniversary of the founding of our Cooperative. This time of reflection was an opportunity to appreciate the legacy of our predecessors, visionaries driven by a desire to take action, take their fate into their own hands and compete with the best. It was based on these values that the *Société coopérative agricole du canton de Granby* was born in 1938. Over the following years, Agropur became a flagship of the dairy industry in Quebec, then Canada, and now North America.

In 2013, Agropur's 75th Anniversary was celebrated with a series of internal and external activities and plaudits that, like this Annual Report, reflected who we are. From the impressive banquet that kicked off the festivities and was attended by over 1,000 guests, to the coolers filled with Agropur products for our employees in Canada and the U.S. as tokens of appreciation and the production of a book presenting highlights of the life of our cooperative, the celebrations demonstrated our unconditional commitment to excellence and did justice to the history of our organization.

We were able to celebrate our history in this way thanks to our successes achieved over the years. Agropur Cooperative was built through more than 130 mergers and acquisitions over time. Its members and employees consistently demonstrated that it is possible to turn challenges into opportunities, a unique ability that helped the organization become what it is today.

GROWTH

During 2013, key building blocks were put into place and will drive Agropur's growth going forward. Prominent among these was the merger between Agropur and Farmers Co-operative Dairy, a leader in the dairy industry in the Atlantic Provinces whose brands and products are distinguished by their variety and quality.

What this merger means, in a nutshell, is that all of our members can continue playing their full role in producing and marketing their milk by controlling their own processing tools. Therefore, the merger enables the new cooperative to better serve its clients across Canada and is a step towards consolidation of the milk processing industry through the creation of a major Canadian cooperative, to the benefit of our organization's milk-producing members.

It is clear to us that joining forces to form one large entity places us in a strong position to secure the new cooperative's longevity, battle the competition and meet the challenges faced by the Canadian dairy industry.



At the same time, Agropur proceeded to make targeted strategic acquisitions to diversify its geographic markets and its product portfolio. The sole objective of these and future acquisitions is to ensure the development and longevity of our organization by securing a favourable strategic positioning on the market.

This year also saw major investments in our plants and brands. Significant amounts have been injected into overhauling our facilities in Oka (QC), Lethbridge (AB) and Luxemburg (WI). Capacity and floor space are being increased and state-of-the-art equipment adapted to our clients' current and future needs is being added.

As well, construction of Agropur's new head office is set to begin. It will be connected to the Fine Cheese Business Unit's existing building on Highway 30 in Saint-Hubert, Quebec. Our new home will provide a stimulating working environment that meets the needs of future generations, a hub of exchanges and synergies among our business units.

MARKET AND COMPETITION

Rapid consolidation in the global dairy industry became even more evident in 2013. The competition is well-established throughout North America and now originates from around the world. International players of all sizes are implementing strategies to enter new geographic markets and grab market share. Agropur is devoting a significant share of its efforts to positioning and diversification strategies that will support its growth.

Recently, Canada signed a major agreement in principle on free trade with the European Union. Although not all terms have been finalized, we can already anticipate a major impact on the Canadian cheese industry and the dairy sector as a whole. This agreement and its rules should be ratified within two years. For Canada, it will mean the gradual addition of close to 18,000 tonnes of European cheese to the Canadian market, bringing the total of duty-free European cheese to more than 31,000 tonnes.

For the time being, issues such as quota allocation, industry compensation, and other future trade agreements remain open. We will therefore have to assess the true impact of the agreement in the future, and, in the meantime, we must enhance our ability to adapt in order to become both more effective and less vulnerable to government decisions.

The signing of the agreement in principle with the European Union is only one example of the rising pressure on our Canadian system. We must also closely monitor other trade negotiations with the WTO, the Trans-Pacific Partnership and many others that could also significantly impact our industry.

Our governments must demonstrate through their actions that they support the integrity of supply management and tighter control over our borders. We are becoming more and more vulnerable to government decisions and must therefore exhibit courage and leadership, for this change in the Canadian marketplace will lead to a major annual opportunity loss for us and for the industry, jeopardizing our domestic growth.

In this respect, I would like to remind you that our most salient characteristic for 75 years has been our ability to turn challenges into business opportunities. I have complete confidence that our people's creativity will allow Agropur to adapt to the new business realities.

LOOKING TO THE FUTURE

In order to adapt to the changes in our industry and respond to our organization's needs, the Board of Directors launched a strategic reflection exercise among the Cooperative's members in 2013. This consultation process, rooted in Agropur's history, addressed three broad themes: Agropur's identity, value creation and governance. Ten questions were presented as a basis for discussion and exchanges. Participants in the exercise identified key points for our organization's development. The comments collected will serve as guideposts for the Board of Directors in its future decision-making.

The topic of Agropur's identity led to the identification of six values on which the Cooperative is built and will continue to develop over the coming years:

- Long-term vision: longevity and development;
- Sound governance: the composition of the Board and the values guiding the decision-making process;
- Quality: from the farm to the consumer;
- Innovation: new product development as a growth strategy, and keeping the Cooperative competitive;
- Growth: maintaining market share and profitability;
- Democracy: valuing the information and consultation process, and preserving the strong ties between decision-makers and members.

The discussions on the topic of value creation demonstrated that it is possible to create a successful business model in North America while remaining faithful to the cooperative values and principles which guide Agropur. At the same time, the members identified three central pillars as Agropur's strengths: its people-centred approach to business; its fundamental cooperative values such as solidarity, democracy, autonomy and equality; and finally financial health, which allows us to grow and achieve our objectives.

The members believe that the cooperative practices embedded in Agropur's traditions are key to the achievement of those objectives. They also believe that retaining cooperative status and promoting its values and principles will allow Agropur to pursue its activities. Among other measures aimed at ensuring Agropur's longevity, the members feel that a vigorous associative life, succession planning through training, and intercooperation are factors which will help maintain a strong sense of cohesiveness within the Cooperative.

Two points emerged from the discussions on governance, and directed the Board of Directors' attention to its own operation. The first is the relationship between the members and the Board, i.e., associative life. We believe that a healthy, vibrant associative life is one of the contributing factors to our Cooperative's success. Everyone agrees it must be kept intact, for it is the place

where the owner-members and directors meet and communicate. The second point relates specifically to the operation and composition of the Board of Directors. The members were open to support the views of the Board in order to adopt best practices in governance.

In closing, on behalf of the Board of Directors, I would like to thank our 3,348 members for their dedication throughout 2013. Together, we succeeded in laying solid new foundations on which we can build the future of our Cooperative. I would also like to thank the Executive Management Committee and its CEO, Mr. Robert Coallier, along with our 6,188 employees, for their commitment, their engagement and their contribution to Agropur's success. The work we have accomplished in 2013 is truly impressive; you have all put your shoulders to the wheel in order to rise to the challenges we faced.

Our Cooperative's 75th Anniversary will be remembered as a year in which we picked up the pace, tightened our processes and invested strategically in order to face the challenges of tomorrow, respond effectively to the demands of growth, and meet and exceed the expectations of growing numbers of clients and consumers.



SERGE RIENDEAU

—
President
Agropur Cooperative

MESSAGE FROM ROBERT COALLIER

WE OPERATED IN AN EXTREMELY COMPETITIVE
ENVIRONMENT IN 2013. OUR AGROPUR 2015
STRATEGIC REVIEW PROCESS WAS IMPLEMENTED
WITH THE NEED TO ACCELERATE OUR GROWTH AND
ENSURE OUR COOPERATIVE'S LONGEVITY.

Dear members,
Dear employees,

I would like, in my turn, to express my pride as I consider the scope of the work we accomplished together in 2013. While we must pursue our efforts and continue strengthening our position in 2014, I believe we can take pride in this year's results. It is heartening to see that our organization is in full transformation and ready to rise to the challenges of tomorrow.

In 2013, our revenues totalled \$3.8 billion and our EBITDA \$264.4 million. Excluding the effect of the additional week in 2012, revenues and EBITDA were up by 7.0% and 10.1% respectively. For the first time in our history, members' equity passed the billion dollar mark.

We all know that 2013 was characterized by a tremendously competitive environment, and it is no secret that the future will hold even greater challenges. This is why it was critical for us to immediately implement the strategies arising from our Agropur 2015 strategic review process.

The objective of the Agropur 2015 strategy is to focus on evolving our organization's management practices while respecting its heritage and maintaining our team spirit, transparency and integrity. Employees at every level continued to work tirelessly in 2013, paving the way for change by accelerating execution, initiating process reviews, eliminating duplication and increasing the organization's operational efficiency. We are now more confident than ever that our efforts will make Agropur even more agile and efficient—two qualities that will allow it to maintain its enviable leadership position in the industry.

INVESTING IN OUR BRANDS

Our Agropur 2015 strategy rests on five pillars. The first, Brand Strategy, focuses on developing Agropur's brand portfolio. On this front, we approved a major program designed to spotlight the OKA brand. In addition to a large-scale marketing effort, this project involved injecting \$45 million into equipment modernization and production and capacity expansion at the OKA plant, while continuing to uphold the facility's tradition of quality and excellence. Also, our Agropur-Farmers merger in the spring of 2013 allowed us to create an even stronger brand portfolio on top of the successful integration of our operation; a significant benefit given their strong market position in the Atlantic Provinces.

For its part, the iögo yogurt brand introduced by Ultima Foods, our joint venture with Agrifoods, celebrated its first anniversary and continued to play a leadership role. More than \$100 million has been invested in iögo since its inception. Today, the brand is an undeniable success, with a growing market share in a strongly competitive environment. We will continue to invest in the brand in 2014 and will aim at increasing our presence in its product segments.

Also, on behalf of the Agropur Board of Directors and the Executive Management Committee, I would like to thank Gerry Doure, President and Chief Executive Officer of Ultima Foods, for his outstanding work heading this organization for the past ten years as he will be taking a well-deserved retirement in 2014.



INNOVATION

In 2013, we developed new products and introduced new technologies as part of the Innovation pillar. Initial results will be known in 2014. But at Agropur, innovation goes far beyond product development; we have paid special attention to our production processes, management procedures, business approach and issue management.

Capturing synergies and pooling our strengths will support our business success. Our innovation strategy has provided the impetus for a number of initiatives, including a large-scale project that will implement a single IT platform to support management of all Agropur operations. A hundred employees are directly involved in this far-reaching, multi-year project, which in the short, medium and long term will help us realize substantial savings, contribute significant value added to all our operational processes and generate real-time information.

In 2013, innovation also meant investing in our plants, including a \$108-million project at the Luxemburg facility in Wisconsin. This key project for our Cooperative will ensure our organic growth on the expanding U.S. market, from which more than 50% of our cheese production originates. Another \$22 million was invested in the Lethbridge plant in Alberta, increasing production capacity and preparing the plant to better respond to our customers' growing needs.

COST LEADERSHIP

In 2013, our Cost Leadership pillar led us to pool services and streamline tasks throughout the organization. Toward this end, we conducted a comprehensive review of our operational processes with the aim of aligning them with best industry practices.

At the same time, in an exercise that will be repeated every year, we reviewed our operations in order to reduce operating costs and maximize synergies. This review allowed us to surpass our 2013 cost reduction target and cut almost \$35 million on an annualized basis. Our target for 2015 is \$75 million, which is what we need to become competitive and achieve a leadership position. This result demonstrates once

again that, together, we made significant progress in 2013 and must continue along the same path in 2014 in order to accelerate the pace of the changes that we have begun to make.

HUMAN RESOURCES

Agropur's 75th Anniversary bolstered the Human Resources strategic pillar by providing an additional opportunity to get closer to our employees. Agropur's senior management renamed Human Resources the "Human Capital" Department, a name that better expresses the group's importance. We also standardized and centralized the services we offer all employees and implemented changes to our structure while reducing costs and maintaining jobs, all for the purpose of creating more synergy and increasing efficiency.

Finally, the "75 X Thank you!" campaign celebrated Agropur's 75th Anniversary in a fitting manner. Each employee across Canada and the United States received a cooler filled with Agropur products. This successful operation gave us an opportunity to thank our employees for their dedication and engagement.

NATIONAL AND INTERNATIONAL STRATEGY

The dairy industry is consolidating and the market is drying up for players that fail to differentiate themselves through development, innovation and relationship-building with customers and consumers. Our development strategies at the national and international levels are resolutely focused on growth.

Agropur made an important move in this respect in 2013 with its merger with Farmers Co-operative Dairy. Over the course of a few months, we consolidated all of our activities, including the producer-members and the employees. In terms of fluid milk, the merger made Agropur number one in the Eastern Canadian market with the strong regional brands Farmers and Central Dairies. Once again, we demonstrated our determination to change the market paradigm. This merger constitutes the first step toward enhancing the efficiency of the dairy processing sector, and clearly demonstrates that it is possible to create major

synergies while keeping the assets in the hands of the producers.

Agropur also made other acquisitions during the year, including Foremost Farms USA's dry blending business, Cook's Dairy, Coast Mountain Dairy. During the first few weeks following the closure of 2013, M. Larivée International Inc. and Damafro were added. This allows us to significantly expand our activities while ensuring optimal positioning for our brands and a strong Agropur presence on their respective markets.

Still with respect to our development efforts in 2013, I am particularly proud of the contracts we signed with Couche-Tard convenience stores in Quebec and Ontario, and with Costco across Canada. These major gains strengthen our partnerships with two key players on the Canadian market.

AN INCREASINGLY COMPLEX BUSINESS ENVIRONMENT

As previously noted above, Agropur has developed strategies to increase its agility and stand out in the marketplace, while affirming its industry leadership. However, some events are likely to increase the challenges we face. For example, the recent free trade agreement between Canada and the European Union will impact our industry and our organization. It is our responsibility to make sound decisions in order to be able to adjust and reposition ourselves.

This is why I remain confident that our decision to invest in our brands and activities in the United States, to acquire businesses, to make significant investments in our plants, to cut costs and to streamline our processes will strengthen us as we brace for the challenges that this agreement will bring.

Finally, I am pleased to note that, even faced with increasing challenges, the Cooperative's position has remained very solid in 2013. Thanks to our concerted efforts, our results stand out in our industry and we have maintained exemplary financial health, which helps drive our organization's growth. Our Agropur 2015 strategy is clear, precise,

and already paying dividends. We have lofty ambitions and we must continue to acquire the tools we need to achieve them.

We must attain critical mass over the coming years in order to ensure our Cooperative's longevity and remain a significant player in the fast-consolidating global dairy industry. That is why we intend to pursue growth, both organic and through acquisitions, and aspire to become a dominant player in the industry.

I would like to express my sincere gratitude to the members of the Board of Directors and our President, Serge Riendeau, for their confidence and support. I would also like to thank the members of the Executive Management Committee for their daring approach to risk-taking, an important quality among winners. Finally, I would like to thank all employees for their invaluable contribution to the success of our Cooperative during this 75th Anniversary year. Thanks to your efforts, we ended 2013 on a high note. Without your tireless dedication, we would not have been able to take this giant step forward.



ROBERT COALLIER

—
**Chief Executive Officer
Agropur Cooperative**



BOARD OF DIRECTORS

Jean Filiatrault¹, Acton 1993 • Ralph Ballam, Guest Member of the Board of Directors 2013 • Daniel Lamy, Third Member of the Executive, Berthier/Maskinongé 2004 • Réal Brunet, Guest Member of the Board of Directors and of the Audit Committee 2012 • Jeannie van Dyk, Vice-President, Nova Scotia/Newfoundland and Labrador 2013 • Jean-Pierre Lacombe, Second Member of the Executive, Yamaska 2007 • Serge Riendeau, President, Estrie 1991 • René Moreau, Vice-President, Bois-Francs 1998 • Michel Couture, First Member of the Executive, De L'Érable 2001



Vital Vouligny, Lac Saint-Pierre 2007 • Gaétan Jodoin, Granby 1996 • Daniel Gagnon¹, Est du Québec 2008 • Valère Lieutenant, Des Appalaches 2012 • Darie Gagné¹, Chaudière 1997 • Céline Delhaes¹, Salaberry 2011 • Roger Massicotte, Mauricie/Portneuf 2003 • Lorna Jean Neveu¹, Laurentides/Lanaudière 1996 • Luc Chassé, Des Seigneuries 2006

Legend: Director's name, administrative region, year of election to Board

¹ Directors whose term expires in 2014 (eligible for reelection).



MANAGEMENT COMMITTEE

Robert Gour, Senior Vice-President, Change Management • Jocelyn Lauzière, Senior Vice-President and Chief Financial Officer • Benoit Gagnon, Executive Vice-President, Corporate Development • Serge Fortier, Senior Vice-President, Information Technology • Lorraine Bédard, Senior Vice-President, Legal Affairs, Member Relations and Corporate Secretary



Serge Paquette, President, Division Natrel and Fresh Products • Dominique Benoit, Senior Vice-President, Institutional Affairs and Communications • Robert Coallier, Chief Executive Officer • Louis Lefebvre, President, Cheese and Ingredients Division • Pierre Corriveau, Senior Vice-President, Human Capital

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ULTIMA FOODS INC.*

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PHOTOS:

Pages 2 and 3: Agropur member Robert Beaudry, Granby region (QC)

Page 4: Photo 1: Framed photo of Rolland Beaudry working the fields in Granby (QC)

Photo 2: Janvier and Lucas Beaudry with tricycle in the stable

Page 5: The Beaudry brothers Mathieu, Sébastien, Étienne and Simon with Julie Cyr

Page 6: Omer Deslauriers with his daughters on the tractor

Page 8: Jean-François Lizotte, cheese ripener at the Oka cheese plant (QC)

Page 9: OKA cheese ripening room, ca. 1967 (Tedd Church)

Page 14: The Luxemburg (WI) plant today

Page 15: The original Krohn's Dairy building

Page 17: Photo 1: The fourth generation of Krohns: Zach Krohn, Stephanie Krohn, Pat Doell, Ashley Krohn and Tim Doell (not in photo: Chris Krohn) in 1992

Photo 2: The Lethbridge (AB) plant

Pages 20 and 21: The ERP project team

Pages 22 and 23: Maja Sudar, Quality Control Manager at the Lethbridge (AB) plant

Page 24: Photo 1: Lethbridge employees: Ka Nay Lay, production worker; Maria Jovanovic, office employee; Thayalan Duarnarajah, production worker

Photo 2: Maja Sudar and a co-worker in 1995

Page 29: Serge Riendeau and Jeannie van Dyk on the occasion of the merger of Farmers Co-operative Dairy and Agropur

* Joint venture

LIST OF MEMBERS AND EMPLOYEES WHO SIGNED THE INSIDE COVER

- ⁰¹ Dan Stearns, employee, Weyauwega, Wisconsin, United States
- ⁰² Renaud Moore, member, Chaudière region, Quebec, Canada
- ⁰³ Myriam-Maité Fortin, employee, Beauceville, Quebec, Canada
- ⁰⁴ Robert Mason, member, Salaberry region, Quebec, Canada
- ⁰⁵ Marcel Lamothe, employee, Sudbury, Ontario, Canada
- ⁰⁶ Lucie Leclerc, member, Bois-Francs region, Quebec, Canada
- ⁰⁷ Jean-Pierre Gosselin, employee, Plessisville, Quebec, Canada
- ⁰⁸ Laval Lapointe, member, Des Appalaches region, Quebec, Canada
- ⁰⁹ Daniel Crevier, employee, Notre-Dame-du-Bon-Conseil, Quebec, Canada
- ¹⁰ Allen K. Bent, member, Nova Scotia region, Canada
- ¹¹ André Robert, employee, Longueuil, Quebec, Canada
- ¹² Gary Rose, member, Newfoundland and Labrador region, Canada
- ¹³ Brian Rolfson, employee, Lethbridge, Alberta, Canada
- ¹⁴ Connie La Marca, employee, Markham, Ontario, Canada
- ¹⁵ Daniel Bachand, member, Granby region, Quebec, Canada
- ¹⁶ Jane O'Reilly, employee, Victoria, British-Columbia, Canada
- ¹⁷ Joel Blom, employee, Woodstock, Ontario, Canada
- ¹⁸ Aurélie St-Hilaire, member, Chaudière region, Quebec, Canada
- ¹⁹ Peter Milinski, employee, Luxemburg, Wisconsin, United States
- ²⁰ Alain Légaré, member, De L'Érable region, Quebec, Canada
- ²¹ Claire A. Bédard, member, De L'Érable region, Quebec, Canada
- ²² Julie Côté, employee, Granby, Quebec, Canada
- ²³ Daniel J. Warzinski, employee, La Crosse, Wisconsin, United States
- ²⁴ Lison Chevalier, employee, Oka, Quebec, Canada
- ²⁵ Roger Grégoire, member, Laurentides/Lanaudière region, Quebec, Canada
- ²⁶ Chantal Clément, member, Granby region, Quebec, Canada
- ²⁷ François Tremblay, member, Chaudière region, Lac-Saint-Jean sector, Quebec, Canada
- ²⁸ Hélène Rousseau, member, Des Seigneuries region, Quebec, Canada
- ²⁹ Pamela Critch, employee, St. John's, Newfoundland and Labrador, Canada
- ³⁰ Patel Ghanshyambai, employee, Don Mills, Ontario, Canada
- ³¹ Claude Robert, member, Yamaska region, Quebec, Canada
- ³² Denis Champagne, member, Berthier/Maskinongé region, Quebec, Canada
- ³³ Clara Badea, employee, Saint-Laurent, Quebec, Canada
- ³⁴ Michel Robert, member, Laurentides/Lanaudière region, Abitibi-Témiscamingue sector, Quebec, Canada
- ³⁵ Jackie Beck, member, Salaberry region, Shawville sector, Quebec, Canada
- ³⁶ Jean Pelletier, member, Estrie region, Quebec, Canada
- ³⁷ Marie-Josée Lévesque, member, Est du Quebec region, Quebec, Canada
- ³⁸ Hans-Ulrich Walser, member, Lac Saint-Pierre region, Quebec, Canada
- ³⁹ Marilyn Oxley, employee, Saint-Paul, Minnesota, United States
- ⁴⁰ Andrea Hickey, employee, Bedford, Nova Scotia, Canada
- ⁴¹ Julie Michel, member, Mauricie/Portneuf region, Quebec, Canada
- ⁴² Jocelyn Proulx, member, Acton region, Quebec, Canada
- ⁴³ Arron Brown, employee, Chilliwack, British-Columbia, Canada

In this publication, the masculine gender is used without discrimination, for the sole purpose of brevity.

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