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November 29, 2007

NAPERVILLE, ILL; DELAND, FLA; MASON CITY, IOWA – With available member buying power representing more than 35 percent of the dairy industry, QCS Purchasing, LLC continues to grow with the November addition of Mason City, Iowa-based Allied Purchasing into its LLC partnership.

Naperville, Ill.-based Quality Chekd Dairies Inc. and Deland, Fla.-based SECO & Golden “100” initially created QCS Purchasing in 2005 to formalize the two member-owned organizations’ longstanding buying alliance. Allied Purchasing joined forces with QCS Nov. 8, 2007. The new three-partner agreement was approved by each organization’s board.

The total volume of QCS member purchases will be more than \$500 million annually and will actively serve over 700 production facilities, helping the LLC partners to stay competitive with the industry’s top players. The combined buying power of the three-partner QCS organization will serve member facilities in the United States, Mexico, Canada, Colombia, Guatemala, Costa Rica and New Zealand.

The QCS Purchasing organization will be headed by Peter Horvath as president, effective Jan. 1, 2008, following the December retirement of Ron Edmundson. Horvath is currently president of Quality Chekd Dairies. Each of the three QCS entities will continue to host portions of the business’ needs from their established headquarters in Illinois, Florida and Iowa. Carol Peterson will continue to serve as Allied president.

Horvath says, “In order to deliver maximum value and program quality to each of our partner members and supply community, QCS will continue to transition itself to incorporate the best practices and buying efforts of all of its partners.”

The integration of the partners’ purchasing and customer service-oriented functions will deliver many new benefits for all members. “I look forward to working to further develop the partnership to ensure quality-driven, cost-efficient purchasing efforts that will additionally provide members the ability to widen their networks and seek out unique and innovative best practices, ingredient applications and packaging solutions,” Horvath says.

”The initial transition will emphasize incorporating Allied’s dairy based members and supply partner programs into QCS. We’re trying to take this one step at a time, being very respectful of the three partners’ needs. The QCS business model is based on a value equation of maximizing volumes and delivering efficiencies of operation. Allied’s focus is very customer service-oriented, a high touch and feel business. We look forward to incorporating both of these models into our company,” Horvath says. “Looking ahead, we will continue to grow, offer more enhanced programs to our community and improve our competitive position. These are all positive things for QCS and its members in an increasingly competitive world.”

“There will also be new business opportunities and benefits for our supply partners as well, because we’ll be able to offer common programs across the spectrum of members and industries – where there was once three individual buying companies, there now will be one with a single voice and purpose,” Horvath says.



QCS will likewise increase supply partner efficiencies through the incorporation of its established electronic billing and payment system, notes Allied's Peterson.

The venture is a new bend in the historical tie between the Quality Chekd and Allied organizations. Formed in 1937, Allied was one of the earliest dairy industry buying organizations in the United States. In 1944, a marketing-focused group of Allied members spun off to form Quality Chekd Dairies Inc. (and developed the iconic "Blue Q, Red Chek" logo).

"The gains for each of the members are filled with enormous potential," Horvath says. QCS will be able to offer greater diversity through its expanded supplier base in new areas through Allied's presence in the bottled water, office water, brewery and soft drink businesses. Allied members will gain access to the incremental volume scale offered by QCS as well as to value-added services including the QCS member-owned captive insurance company and its diverse and valued leadership training program.

"The QCS partnership is expected to help maximize members opportunities in an ever-consolidating marketplace by creating greater economies of scale," Allied's Peterson says. "Working together, the three partners will continue to explore a new array of purchasing programs and service opportunities that will add value to all members' businesses and serve as a way to allow members to stay competitive in their individual marketplaces."

"By joining together, we not only provide members with the ability to compete as a larger entity, but also ensure members receive the total package of all three partners' service, resources and staff expertise to assist with day-to-day operations and challenges," Peterson concludes.

Partner Profiles

Founded in 1944, Naperville, Ill.-based Quality Chekd Dairies Inc. is a member-owned organization of 28 independent dairy processors with 59 manufacturing facilities located throughout the United States, Mexico, Guatemala and Colombia. Quality Chekd member companies provide consumers with world-class dairy products endorsed by the familiar Blue Q, Red Chek trademark. Member services include management and production training programs, sales and marketing services, plant quality and food safety consultation and a product testing program through a partnership with Silliker Laboratories.

SECO & Golden "100" Inc. is a member owned not-for-profit buying organization purchasing cooperative headquartered in DeLand, Fla., formed in 1945 by a group of southeast dairy producers/processors who sought to improve bargaining power by combining and leveraging purchasing requirements. Today, the membership of 45 companies, with 270 plant locations, is comprised of agriculturally based cooperatives and proprietary companies engaged in the production of food and dairy products. The purchasing locations are based throughout the United States, Canada, Costa Rica and New Zealand.

One of the nation's oldest dairy buying organizations, Mason City, Iowa-based Allied Purchasing is a member owned not-for-profit buying organization. Allied was established in 1937 as the Iowa Dairy Products Cooperative Association with a few dozen members. Within a year, membership grew to encompass dairy processors in other states and the United Dairy Cooperative Association emerged. The addition of members and purchasing scope throughout the beverage processing industry led to the 1979 name change to Allied Purchasing. Today there are 1,176 Allied stockholder members with more than 2,000 facilities – including 252 dairy members with 337 facilities and 671 bottled water processors with 841 plants – in the United States, Canada, Mexico and Puerto Rico.