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 3Q:2010

Financial update

CROPP Cooperative reported revenue of \$519,705,270 for the first three quarters of 2011. This represents a 13% increase over revenue of \$458,809,916 during the first three quarters of 2010. The increase in sales was reflected in all distribution channels from Organic Valley branded products to manufacturing ingredients.

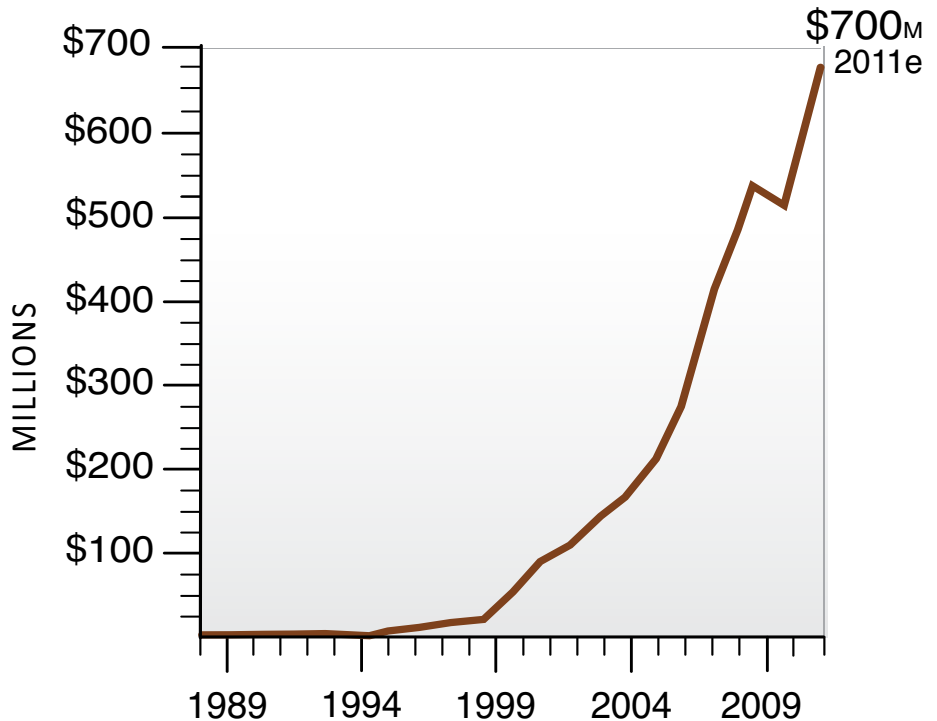
Our net income for the first three quarters of 2011 was \$11,868,386 compared to net income from the first three quarters of 2010 of \$14,970,860. The decrease in profit was due to increases in farmer pay prices necessitated by record high feed prices and higher fuel costs.

Overall industry sales growth continues to outpace the economy and the conventional food industry. Consumers see the value in buying organic food for themselves and their families.

Our profit picture for the year remains steady and we expect to see year-end results in the \$12 million range. Sales are on pace to exceed \$700 million for the year.



CROPP REVENUE



Matthew and Katherine Kuhlman
 Organic Valley Farm Family
 Tioga County, NY

OUR MISSION

The purpose of the Cooperative Regions of Organic Producer Pools is to create and operate a marketing cooperative that promotes regional farm diversity and economic stability by the means of organic agricultural methods and the sale of certified organic products.



CROPP COOPERATIVE™
organic and farmer-owned since 1988

The statements in this investor newsletter that are forward-looking involve numerous risks and uncertainties and are based on current expectations. The reader should not place undue reliance on these statements. Actual results could differ materially from those anticipated.

Do you have a right to know what's in your food?

We believe you do! A legal petition has been filed with the Food and Drug Administration (FDA) calling on them to label genetically engineered (GE) foods. This is an opportunity to be heard – to flood the FDA with comments so they know the public wants labeling on GM foods.

Genetically engineered foods are required to be labeled in the 15 European Union nations, Russia, Japan, China, Australia, New Zealand, and many other countries around the world. Yet in the U.S., a country that labels everything from cosmetics to cleaning agents to plastic bags – even coffee, because it might be hot – there are no laws requiring labeling of genetically modified foods. A recent poll showed that 93% of Americans believe GE foods should be labeled.

We urge you to take a moment to let the FDA know you believe in the right to know what is in your food. Please sign and mail the inserted form, or visit the website below to make your voice heard!

<http://justlabelit.org/takeaction>

Did you know...?

88% of US Corn Planted Is Genetically Engineered

The vast majority of this is not sweet corn that you eat as corn-on-the-cob (although some of that is GE too), but corn grown for grain, animal feed, fuel, sweeteners, and cooking oil. This type of genetically altered corn is found in many processed foods in different forms, including high fructose corn syrup, corn oil, corn starch, and corn flour. Many of the popular cereals, crackers, frozen entrees, tortillas, pizza dough, salad dressing, and corn chips likely contain GE ingredients. Livestock is fed corn too, so choose organic or grass fed meats and organic milk. Remember too that the synthetic growth hormone rbST or rBGH is a product of genetic engineering so look for organic milk or milk produced without rbST.



A MESSAGE FROM THE CEIO

Dear Shareholders,

I am happy to report that we are having another successful year of strong growth and increasing numbers of new farmer members! In spite of a continuing slow economy, our cooperative has beaten the odds and grown by 13% over 3rd quarter efforts in 2010. Much of this growth is due to increased sales of Organic Valley branded products, sales of private label fluid milk, and our Stonyfield fluid milk licensed brand. We have also increased sales with the addition of a large group of new dairy farmers added from the Pennsylvania and North Coast California regions. These farmers sought out our cooperative when they saw their pay price eroding over time. It is gratifying to see farmers around the nation attracted to our cooperative because of our commitment to a long-term sustainable farmer pay price.

We were committed to improving our Organic Valley branded sales this year and the investment we've made in increased marketing efforts has helped us meet this goal.

The loyal support of Organic Valley customers and the growing interest of new consumers who are exploring their desire for healthy food and an alternative to chemical farming continue to drive the organic market and our growth. This is a great reward for our farmers and staff who work so hard to deliver the best food possible.

A few weeks ago we held our first Farmer Leadership Summit. This three-day event was an opportunity for members from all over the nation to meet together and discuss organic issues and a vision of how our cooperative will continue to grow in future years. We had a wide variety of farmers who contributed to this forum and brought new insights and renewed excitement around our mission. Everyone seemed to agree that this was a worthy and inspirational meeting and we look forward to hosting it again in a few years.

The price of organic feed is a challenge again this year and high feed prices affect profitability on the farm. Our organic feed grower's pool is expanding and helping offer stability and relief to many of our farmers faced with high feed costs.

The new 33,000 square-foot addition to our headquarters building in La Farge is

nearly complete and we will move into it within the next few weeks. Due to growing more quickly than anticipated we are already working on plans for our next office site and have a team dedicated to seeking the best location for this building.

Leadership development training has been another focus for us this year and we believe this investment will be critical to maintaining a strong future. We have also challenged our entire staff with a customer service initiative which supports our desire to be known for superior service in all aspects of our business.

While we forecast growth for our cooperative in 2012, I believe the possibility of a recession lingers as global growth remains weak and political turmoil abounds.

I believe the long term outlook for organic farming and our cooperative remains bright. Our recent Farmer Leadership Summit confirmed how committed our farmers are to working together to uphold the foundations upon which CROPP was created. I am grateful that you, our shareholders, are committed to upholding this mission as well!

Cooperatively yours,
George Siemon

Mike and Julie Petherbridge

Petherbridge Family Farm – Polk County, Wisconsin

Petherbridge Family Farm's 123 acres lie in the heart of Northwest Wisconsin's Indianhead country, just a few miles east of the St. Croix River that demarcates the border between Wisconsin and Minnesota. It is easy to see the result of the ancient sculpting forces of volcanoes and glaciers in the way rugged river bluffs morph into the rolling landscape that is dotted regularly by farms like Mike and Julie's. The 21 years this farm has been under their stewardship has been at times as tumultuous as those prehistoric eras.

Unlike Julie, Mike did not grow up on a farm, but his mother had. "Mom always brought me down to grandpa's farm south of the Twin Cities. I couldn't get enough of being on the farm with grandpa. It was really hard work, mentally and physically. It took a lot of strength to do what he did and I admired that. Because my grandpa was so strong, I thought that farmers were the most important people in the world, and I wanted to be like that. Everything I did since then and every job I worked was with the goal of becoming a full time farmer."

Had it not been for the strength Mike took from his grandpa way back then, he might not have survived the trials he faced when he and Julie started out on their own farm in 1990, right in the thick of the farm crisis that began a decade earlier and has continued to take a steady toll on family farms until today. Ironically, it was the crisis itself and an FHA foreclosure that enabled them to buy their small dairy operation. By 1993, with the help of Julie's parents who were still dairy farming, Mike and Julie bought a few cows and started milking. "To me that was like..." Mike pauses before continuing. "I had cows in the barn. I had arrived."

While Mike and Julie employed some organic practices when they started out—keeping the cows on pasture as much as possible—they were not certified organic. When conventional milk prices did their usual roller coaster dive, Mike had to sell their first herd of cows in spite of the fact that he had a full-time, off-farm job. They had kids by then, and the money just didn't add up. Besides, he was afraid of losing the land itself, and that was not an option.

A few years later, Mike had to try again. Without cows, the place just wasn't right. They bought another herd. Once again, milk prices on the conventional market took a dive several years running. All the young farmers in the area talked about the decision they faced: get big or get out.

A few of them decided to get bigger, Mike says, "but we couldn't do that, so I downscaled and went back to work in the Twin Cities at a factory. We kept one cow—we always had a least one cow—but that was the second time around and we hadn't made it. Still, I was determined to do whatever I had to do to keep the land. If it meant getting rid of the cows and going back to work in the city, I'd do it until I could figure out how to get cows back in the barn."

They figured it out. Today Mike and Julie are milking about 40 Holsteins that are moved every twelve hours to fresh pasture. "This is our third herd of cows in twenty years. We joke about 'three strikes and you're out', but we don't intend to go out this time." Why? Because, since 2008, Petherbridge Family Farm has been certified organic and Mike and Julie have been farmer-owners of Organic Valley. "This past year, for the first time, we're farming and we're making a living."



"We don't know what the future holds, but it's exciting to be part of a co-op, in particular, and the organic food movement in general. The co-op and the organic food movement symbolize hope and promise for small family farms, and they give people a choice of healthier food and healthier lifestyles. Organic Valley works hard to re-connect farmers and consumers. I think that's so important, because it's going to benefit farmers, consumers and their health, and ultimately, it's going to benefit society. Cheap food is not cost effective."

"From the day I brought cows back on the farm, Julie's been right there. I couldn't farm without her. We talk about how great it is to be paid for our work, to have money to pay the bills.

This morning we were walking out in the pasture at first light getting the cows. That's kind of our special time. It's what we always wanted, to work together on the farm and support ourselves. That's what gets us up every morning. That's what makes it all worthwhile."

Mike and Julie try to instill in their six kids (Cassandra, Daniel, David, John, Kristin and Joe) "how neat it is to farm and how great it is to be part of a co-op. I took them to the Minnesota Living Green Expo to volunteer at the Organic Valley booth so they could see that farming's more than just the rigors of day-to-day chores. We're part of a bigger picture. We're part of a good thing."

EXPIRES 3/31/12

\$1.00

OFF

any ONE
Organic Valley Product
(Minimum purchase \$1.01)

Consumer: Coupon good only in USA on purchase of brand/size indicated. Void if copied, transferred, prohibited or regulated. Consumer to pay sales tax. Retailer: CROPP Cooperative will reimburse you the face value of this coupon plus \$6 handling provided it is redeemed by a consumer at the time of purchase on the brand specified. Reproduction of this coupon is expressly prohibited by other use (includes fraud.) Mail to: CMS Dept 516, CROPP Cooperative, 1 Fawcett Drive, Del Rio, TX 78840. Cash value .001¢. Void where regulated, prohibited or if altered or if altered price. Void on Class 1 Dairy / Fluid Milk in CO. Do Not Double. LIMIT ONE COUPON PER ITEM/ PURCHASED PER OFFER.

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GRANDMA KELLY'S ORGANIC BEEF STEW

A classic Irish comfort food that, like most stews, tastes even better one day after preparation. Consider sprinkling thinly sliced scallions and fresh parsley on each bowl.

PREP TIME : 1 Hr. 15 Min. SERVINGS: 6

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| 3 tablespoons Organic Valley Cultured Butter or Pasture Butter, (divided) | | |
| 2 Organic Prairie Boneless New York Strip Steaks (each 8 ounces), cut into 1-inch pieces | | |
| 2 tablespoons flour | | |
| 6 garlic cloves, minced | 2 bay leaves | |
| 4 cups beef stock | 2 tablespoons chopped fresh parsley | 1/4 teaspoon dried sage |
| 12 ounces stout beer | 1 teaspoon crushed thyme | 1/4 teaspoon cayenne pepper |
| 2 tablespoons tomato paste | 1/2 teaspoon dried tarragon | 3 pounds Yukon Gold potatoes, cut into 1/2-inch cubes |
| 1 tablespoon honey | 1/2 teaspoon paprika | 1 large onion, chopped |
| 1 tablespoon Worcestershire sauce | 1/2 teaspoon ground black pepper | 2 cups finely diced carrots |



Heat 2 tablespoons butter in heavy large pot over medium heat. Toss beef pieces with the flour and saute until brown on all sides, about 5 minutes. (For better browning, do this in two batches) Add garlic and saute 1 minute. Add beef stock, beer, tomato paste, honey, Worcestershire sauce, bay leaves, herbs and spices. Stir to combine. Bring mixture to boil. Reduce heat to low, then cover and simmer 1 hour, stirring occasionally. Meanwhile, melt the remaining 1 tablespoon butter in another large pot over medium heat. Add potatoes, onion and carrots. Cook vegetables, stirring often, about 20 minutes. Add vegetables to beef stew. Simmer uncovered until vegetables and beef are very tender, about 40 minutes longer. Discard bay leaves. Let beef stew stand off the heat 20 minutes or longer. Spoon off any fat. Reheat before serving.

Taste the best thing that's ever been churned!



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