

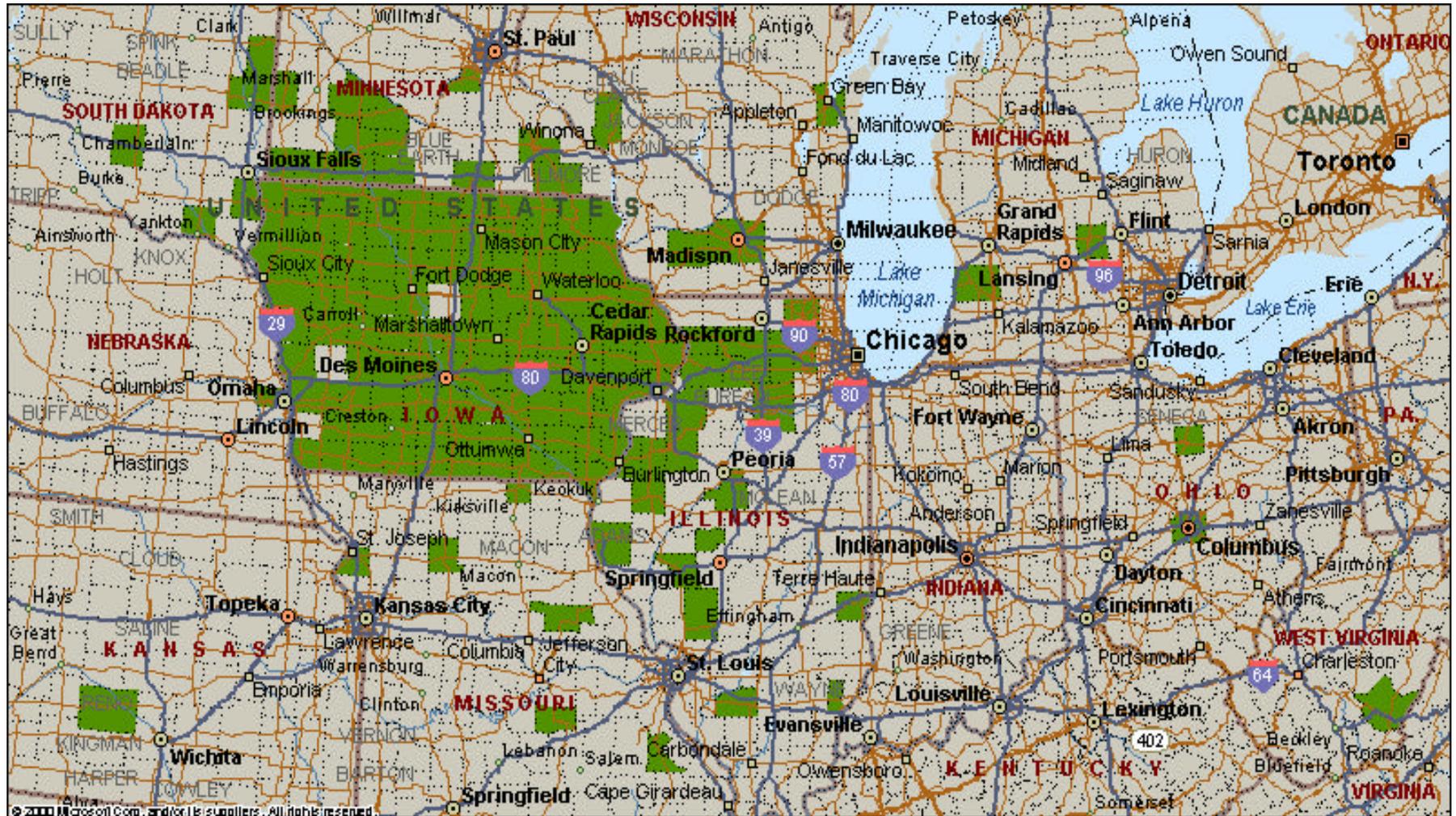


**Iowa Quality Beef
Supply Coop**

Equity Drive Results

- 759 Founding Members
- 109 New Members
- 868 Shares of Common stock

Counties Where Members Reside





States Involved

<u>State</u>	<u>% Of Members</u>	<u># of Members</u>
Iowa	88%	756
IL	6%	47
MN	3%	24
MO, KS, NE, SD, WI, OH, MI, WV	3%	27
TOTAL	100%	854



Class A Shares

Delivery Rights to Tama

Fed Cattle Shares = 104000

Fed Holstein Shares = 22000

Cow Shares = 2800

Total Shares = 123,246

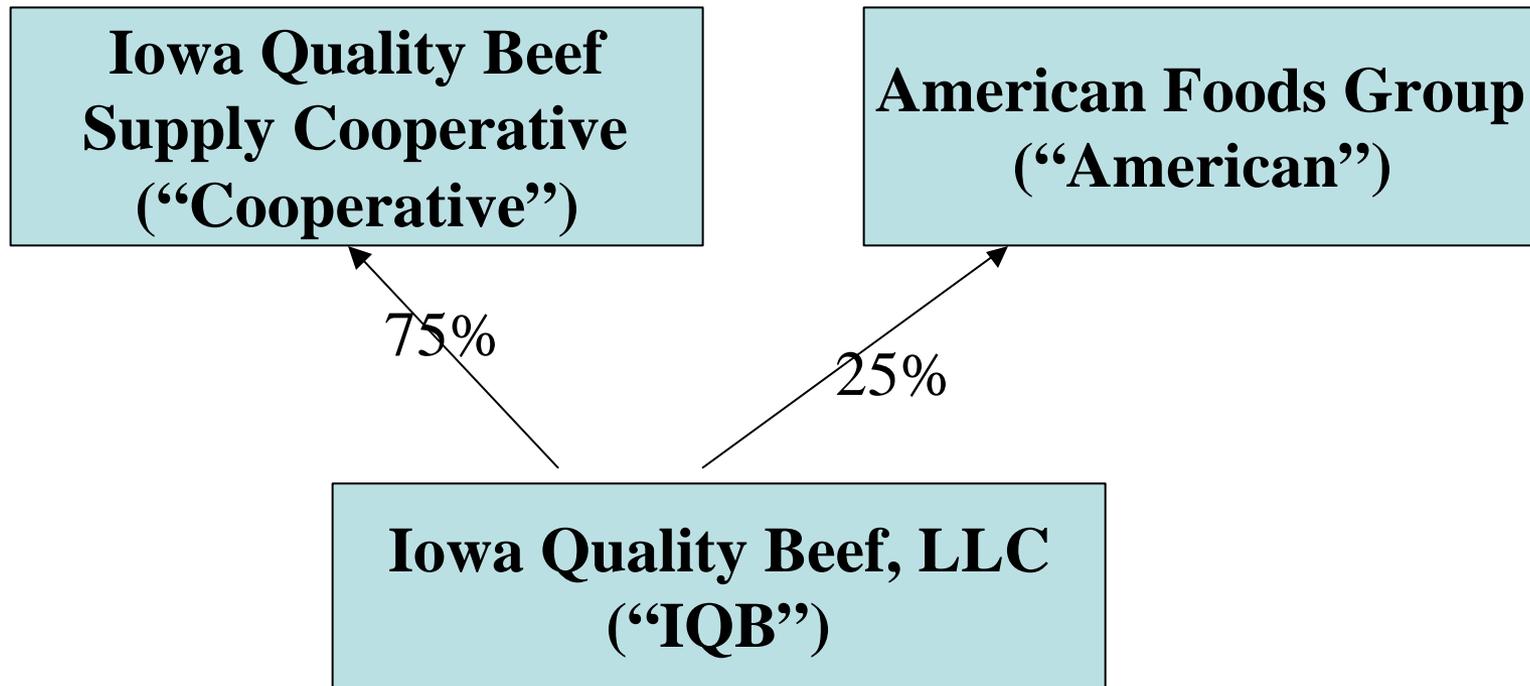
% of Harvest Committed = 40%



Total Equity Raised

\$8,242,475

Organizational Structure



Cooperative

- Cooperative functions:
 - Investments in real estate and equipment.
 - Procurement services
 - Market/brand development.
 - Investor in LLC.
 - Lender to LLC

Estimated Cooperative Financing Sources

- Projected source of funds:

Members' equity	\$ 9,000,000
Economic development grants	4,500,000
Term loan on real estate	8,000,000
Lease financing	2,000,000
Working Capital Debt	<u>3,500,000</u>
	27,000,000

Estimated Cooperative Uses of Funds for Development

- Projected investment of funds:

Plant from Tama	2,500,000
Remodeling Plant	11,500,000
Start up expenses	750,000
Investment in LLC	<u>3,750,000</u>
	18,000,000
Funds to loan to LLC	<u>9,000,000</u>
Total	27,000,000

Cooperative Revenue

- The Cooperative revenue comes from the following sources:
 - Rent from plant leased to IQB
 - \$3 per head procurement fee
 - \$1 per head marketing fee (member cattle only)
 - Royalty fees
 - 50% of marketing profit
 - 75% of profit from IQB
 - Interest on loan to IQB

Cooperative Expenses

- The Coop will have the following expenditures:
 - Principal and interest on loans
 - Cost of major plant renovations/expansion etc.
 - Labor for procurement/marketing and management
 - Marketing/brand development costs
 - Corporate costs (member relations etc)

American Foods Role

- American functions:
 - Provide management services and oversight to the IQB via management contract.
 - Sell all product produced by IQB via marketing agreement.
 - Investor in IQB

Iowa Quality Beef LLC

- Operating entity:
 - Leases the plant from Cooperative
 - Purchases the cattle.
 - Harvests and processes product
 - Sells fresh meat, variety meat and by-products.

IQB LLC Profit Split

- Two parts:
 - Marketing profit:
 - Range of \$.02-.025 cents per pound, but reduced up to \$0 to cover plant losses, if any.
 - Split 50/50 with American and Cooperative
 - Plant profit:
 - 75% to Cooperative
 - 25% to American



IQBSC Board Members

Calvin Poppe, Ionia, IA – 1 year term

John Greig, Estherville, IA – 1 year term

Wythe Willey, Cedar Rapids, IA – 2 year term

Bill Nice, Morrison, IL – 2 year term

Charlie Van Meter, Guthrie Center, Iowa – 2 year term

(ICA Exec. Board)

Jamie Willrett, Malta, IL – 3 year term

Dave Petty, Eldora, IA – 3 year term

Howard Mogler, Alvord, IA – 3 year term