TRANSFORMING SMALL U.S. COMPANIES INTO GLOBAL BRANDS.

2011 ANNUAL REPORT

EXPORTER EDUCATION  MARKET ENTRY  MARKET PROMOTION

Food Export Association of the Midwest USA
Dear Reader,

In 2011, Food Export Association of the Midwest USA continued to drive small and medium-sized companies to explore the benefits of exporting, generated interest for their products, guided them to enter new markets and become global brands.

In conjunction with our 12 member State Agricultural Promotion Agencies, through various programs, services and activities, we engage companies throughout our 12 state Midwest region, linking U.S. suppliers with international buyers every day.

Within this report you will find an overview of current programs and services as well as examples of how small U.S. companies are using these programs to grow their brands, expand their markets, increase production, create new jobs and increase demand for U.S. products overseas. Across the urban and rural landscapes, food exporting remains a bright spot in today’s economy.

Much of our success can be credited to the Market Access Program (MAP). The funds that Food Export-Midwest receive through the Market Access Program each year are critical to continuing our mission of supporting small and medium-sized companies. Through Outreach and Education, Market Entry Programs and Market Promotion, we help them maintain their presence and find export success in international markets. Funding through the Market Access Program also helps Food Export support the National Export Initiative, and its goal of doubling U.S. exports in five years. MAP protects American jobs and increases farm income. MAP helps counter foreign competition and MAP illustrates a successful public-private partnership.

On behalf of the members and staff, we welcome you to learn more about the evolving programs we offer and the successes we share with our participating companies.

Sincerely,

Food Export Association of the Midwest USA (Food Export-Midwest) is a non-profit organization that promotes the export of food and agricultural products from the Midwest region of the United States. The organization has been helping exporters of Midwestern food and agricultural products sell their products overseas since 1969, when it was created as a cooperative effort between 12 Midwestern State Agricultural Promotions Agencies and the Foreign Agricultural Service (FAS) of the United States Department of Agriculture.

Food Export-Midwest, in conjunction with its member states, provides a wide range of services to facilitate the trade between local food suppliers and importers around the world.

The Midwest is one of the world’s leading food-producing areas. Midwestern farmers harvest grain, as well as oilseeds, beans, livestock, dairy products, fruits and vegetables and many others. Consequently, the Midwest is home to thousands of companies who provide consumers around the globe with high quality value-added, processed food and agricultural products.

BILL NORTHEY
PRESIDENT
FOOD EXPORT-MIDWEST

TIM HAMILTON
SECRETARY
IOWA DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP
OUTREACH AND EXPORTER EDUCATION

Each day we strive to identify companies, assess their export readiness and alert them to the opportunities available, engaging them as exporters. Food Export–Midwest provides access to the specialized training necessary for food and agricultural producers to improve their export readiness and successfully enter new markets.

DAELIA’S BISCUITS FOR CHEESE
Cincinnati, OH

Daelia’s Biscuits for Cheese, from Cincinnati, OH, produces all natural, twice baked biscuits in small batches to enhance the experience of enjoying fine cheeses. For the last 50 years, Americans have relied on imported crackers and breads to accompany their cheeses. Maria Walley, President of Daelia’s, believed Americans could create bold new pairings that paid homage to European traditions but were made in America. They source almonds and figs directly from the growers and use choice flour from the Midwest. Two years ago, Daelia’s Food Company was just starting out and had zero export sales. In 2010 they were introduced to Food Export-Midwest’s programs and services. The company took advantage of our three-prong approach to exporting—exporter education, market entry, and market promotion—to expand their export business. Today, they are successfully exporting to Japan and Canada.

The company first participated in Food Export-Midwest’s Food Export Helpline™, where they received one-on-one assistance from our export counselor. A customized top market report and marketing research package were prepared to educate the company on potential markets and product regulations. Shortly after, Daelia’s was in touch with freight forwarders to obtain quotes.

OUTREACH AND EXPORT EDUCATION PARTICIPATION

<table>
<thead>
<tr>
<th>Year</th>
<th>Programs and Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>Food Export Marketing Forum™, Food Export Helpline™, Seminars and Webinars</td>
</tr>
<tr>
<td>2011</td>
<td>Seminars and Webinars, Food Export Helpline™</td>
</tr>
</tbody>
</table>

Getting started with Exporter Education.

FOODEXPORT HELPLINE™
ONE-TO-ONE ANSWERS

This no-cost, specialized, one-on-one assistance helps both the novice and experienced exporter by answering questions, providing insights needed to succeed, offering custom advice and helps in identifying the top export markets for their product(s).

GLOBAL FOOD MARKETER
NEWSLETTER + E-NEWS

Our print newsletter and e-bulletin contains new and useful information about upcoming activities, export basics, industry news, and exporting opportunities abroad.

EXPORT ESSENTIALS ONLINE
ON-DEMAND KNOW HOW

This Food Export–Midwest service is an educational introduction to the fundamentals and logistics of exporting. Each section tackles an important subject and provides detailed information to assist in answering questions about exporting.

SEMINARS+ WEBINARS
INDUSTRY KNOWLEDGE BANK

Through our network of industry thought leaders, these seminars and webinars are designed to help companies new-to-exporting as well as experienced exporters learn about the export process and the resources available to assist with expanding their food and agricultural business.
MARKET ENTRY

Our Market Entry programs and services are designed to help exporters gain access to and establish distribution in appropriate overseas markets. Many provide customized research and help small suppliers meet qualified international buyers, something they couldn’t do on their own.

DAELIA’S BISCUITS FOR CHEESE
Cincinnati, OH

MARKET ENTRY
Ready to move to the next step in exporting, Daelia’s began to actively participate in Food Export-Midwest’s Buyers Missions, Food Show PLUS!™ and Market Builder.

The company exhibited at SIAL Montreal where, "based on contacts made at the tradeshow through one-on-one meetings we attended as part of our participation in Food Show PLUS!™, within six months we selected our Canadian trade partner and began shipping to the region. Now we have multiple distributors across the country and are in many key retail accounts," Maria Walley, President of Daelia’s explained.

Energized by success, the company attended Food Export-Midwest’s Dairy and Bakery Buyers Mission in June 2011, where they participated in one-on-one meetings with pre-qualified buyers. They had a successful meeting with a buyer and, recently, shipped their first export sale to Japan totaling two pallets.

MARKET ENTRY PARTICIPATION
2010
• Market Builder
• Buyers Missions
2011
• U.S. Foodlink™ Featured Product
• Buyers Missions
• Online Product Catalog
• Food Show PLUS!™

DAELIA’S BISCUITS FOR CHEESE
Cincinnati, OH

MARKETENTRY

MARKET Builder
INDUSTRY INSIGHTS • MARKET INTELLIGENCE

This Food Export–Midwest service provides customized, in-market research to enable exporters to assess their product’s export potential, leading to meeting with potential customers or distributors arranged by our In-Market Representative.

FOCUSED TRADE MISSIONS
TOTAL MARKET IMMERSION

Our Focused Trade Missions bring U.S. suppliers to a country to meet with foreign buyers and learn about the market. The missions can include a market analysis of products prior to a visit, an in-market briefing, tours of supermarkets and food service providers, buyer meetings, product showcases, assistance with lead follow-up, and a networking reception.

FOOD SHOW PLUS!™
INTERNATIONAL TRADESHOW SUCCESS

Food Export–Midwest’s trade show enhancement service prepares companies and maximizes their international trade show experience. Customized services may include pre-show research on competitive products, targeted appointments with qualified buyers, translation of exhibitor material, interpreters, market tours, seminars and follow-up assistance after the show.

ONLINE PRODUCT CATALOG
24-7 ONLINE EXPOSURE

This online tool provides U.S. exporters with a valuable opportunity to visually showcase their products to buyers around the world. It allows buyers to easily find Midwest suppliers and products that will meet their needs. By including products in this virtual directory, suppliers can be found when buyers search by product, company name, or other criteria.
MARKET PROMOTION

Food Export–Midwest offers a variety of programs and services designed to help exporters meet foreign buyer contacts and gain access to and establish distribution in overseas markets.

DAELIA’S BISCUITS FOR CHEESE
Cincinnati, OH

MARKET PROMOTION
Daelia’s began participating in the 50 percent cost-share Branded Program, made possible by the Market Access Program (MAP). The company used Branded Program funds to modify their packaging to meet Canadian labeling requirements, to advertise in specialty and gourmet food publications, to offer retail promotions, to ship samples to potential distributors, and attend international and eligible domestic trade shows. Through the Food Export-Midwest Branded Program, the company exhibited at SIAL Montreal. “We were happy to find there was a lot of interest in our products, giving us the confidence to develop our bilingual packaging, also with support through the Branded Program,” Maria Walley, President of Daelia’s, explained. “We could not afford to exhibit at international tradeshows or promote our products overseas to this extent without the Branded Program. Thanks to Food Export-Midwest’s support, taking a small business global is easier than you think it is, and we’ve been able to increase our export sales by 15 percent in the last year alone.”

MARKET PROMOTION PARTICIPATION
2010
- Canada
2011
- Canada, Japan

BRANDED PROGRAM
50% MORE INTERNATIONAL MARKETING

Each year, Food Export–Midwest administers the Branded Program which provides U.S. companies the opportunity to stretch their international marketing dollars. The program offers 50% cost-share reimbursement for a wide variety of international marketing activities including:

- Package and label modifications
- Advertising
- In-store promotions and product demonstrations
- Fees for exhibiting at overseas trade shows and selected trade shows held in the U.S.
- Public relations
- Marketing and point-of-sale materials
- Freight cost for samples

(Only small companies, as defined by the U.S. Small Business Administration, and agricultural producer cooperatives are eligible to participate.)

IN-STORE PROMOTIONS
MAINTAIN MARKET PRESENCE AND DEMAND

Food Export–Midwest sponsors activities to help suppliers promote their products overseas and expand the distribution of existing products in foreign markets. These activities include promotional displays and product demonstrations in international supermarkets, restaurants, and hotels that feature U.S.-made, processed foods and agricultural products.

“...without the Branded Program. Taking a small business global is easier than you think it is. We’ve been able to increase our export sales by 15 percent in the last year alone.”

MARIA WALLEY, PRESIDENT
DAELIA’S BISCUITS FOR CHEESE, CINCINNATI, OH
Food Export Association of the Midwest USA

STATEMENT OF ACTIVITIES Period Ended December 31, 2011

<table>
<thead>
<tr>
<th>REVENUE AND SUPPORT</th>
<th>OPERATING FUND</th>
<th>PROGRAM FUND</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Program Reimbursements</td>
<td>$ 0</td>
<td>$ 11,010,821</td>
<td>$ 11,010,821</td>
</tr>
<tr>
<td>Industry Fees</td>
<td>$ 763,782</td>
<td>$ 813,788</td>
<td>$ 1,577,570</td>
</tr>
<tr>
<td>State Membership Dues</td>
<td>$ 120,000</td>
<td>$ 0</td>
<td>$ 120,000</td>
</tr>
<tr>
<td>Interest Income</td>
<td>$ 4,128</td>
<td>$ 0</td>
<td>$ 4,128</td>
</tr>
<tr>
<td>Other Income</td>
<td>$ 2,362</td>
<td>$ 0</td>
<td>$ 2,362</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$ 890,272</strong></td>
<td><strong>$ 11,824,609</strong></td>
<td><strong>$ 12,714,881</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>OPERATING FUND</th>
<th>PROGRAM FUND</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursable Program Expense</td>
<td>$ 0</td>
<td>$ 11,010,821</td>
<td>$ 11,010,821</td>
</tr>
<tr>
<td>Personnel</td>
<td>$ 397,777</td>
<td>$ 750,000</td>
<td>$ 1,147,777</td>
</tr>
<tr>
<td>Travel and Meetings</td>
<td>$ 96,190</td>
<td>$ 0</td>
<td>$ 96,190</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>$ 50,950</td>
<td>$ 0</td>
<td>$ 50,950</td>
</tr>
<tr>
<td>Other General and Administrative</td>
<td>$ 286,353</td>
<td>$ 63,788</td>
<td>$ 350,141</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$ 831,270</strong></td>
<td><strong>$ 11,824,609</strong></td>
<td><strong>$ 12,655,879</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INCREASE IN NET ASSETS</th>
<th>OPERATING FUND</th>
<th>PROGRAM FUND</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increase in Net Assets</strong></td>
<td><strong>$ 59,002</strong></td>
<td>$ 0</td>
<td><strong>$ 59,002</strong></td>
</tr>
<tr>
<td>Fund Balances, Beginning of Year</td>
<td>$ 1,815,865</td>
<td>$ 0</td>
<td>$ 1,815,865</td>
</tr>
<tr>
<td><strong>Fund Balances, End of Year</strong></td>
<td><strong>$ 1,874,867</strong></td>
<td>$ 0</td>
<td><strong>$ 1,874,867</strong></td>
</tr>
</tbody>
</table>

STATEMENT OF FINANCIAL POSITION Period Ended December 31, 2011

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>OPERATING FUND</th>
<th>PROGRAM FUND</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$ 243,847</td>
<td>$ 433,766</td>
<td>$ 677,613</td>
</tr>
<tr>
<td>Investments, at Fair Value</td>
<td>$ 983,912</td>
<td>$ 0</td>
<td>$ 983,912</td>
</tr>
<tr>
<td>Interfund Accounts</td>
<td>$ 601,517</td>
<td>$(601,517)</td>
<td>$ 0</td>
</tr>
<tr>
<td>Receivables</td>
<td>$ 118,660</td>
<td>$ 455,334</td>
<td>$ 573,994</td>
</tr>
<tr>
<td>Furniture and Equipment (Net of Depreciation)</td>
<td>$ 91,011</td>
<td>$ 0</td>
<td>$ 91,011</td>
</tr>
<tr>
<td>Other Assets</td>
<td>$ 232,857</td>
<td>$ 0</td>
<td>$ 232,857</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$ 2,271,804</strong></td>
<td><strong>$ 287,583</strong></td>
<td><strong>$ 2,559,387</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND FUND BALANCES</th>
<th>OPERATING FUND</th>
<th>PROGRAM FUND</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable and Accrued Expenses</td>
<td>$ 224,691</td>
<td>$ 0</td>
<td>$ 224,691</td>
</tr>
<tr>
<td>Program Advances</td>
<td>$ 0</td>
<td>$ 287,583</td>
<td>$ 287,583</td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>$ 172,246</td>
<td>$ 0</td>
<td>$ 172,246</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$ 396,937</strong></td>
<td><strong>$ 287,583</strong></td>
<td><strong>$ 684,520</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th>OPERATING FUND</th>
<th>PROGRAM FUND</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Fund Balance</td>
<td>$ 1,874,867</td>
<td>$ 0</td>
<td>$ 1,874,867</td>
</tr>
</tbody>
</table>
### 2011 Program Results

<table>
<thead>
<tr>
<th>Actual Export Sales</th>
<th>Projected Export Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>US $410,807,335</td>
<td>US $568,274,326</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Participants Registered in Programs</th>
<th>Number of New Participants Registered in Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1727</td>
<td>237</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Companies Reporting 20% Sales Increase</th>
<th>Number of Companies with First-time Export Sale in a Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>224</td>
<td>316</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of New Distributor Relationships Established</th>
<th>Number of Contacts with New Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>923</td>
<td>9,870</td>
</tr>
</tbody>
</table>

#### PROGRAM PARTICIPANTS 2008-2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Participants</th>
<th>New Participants</th>
<th>New Distributor Relationships</th>
<th>New Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>907</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>1,145</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>1,468</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>1,727</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Food Export-Midwest provides a broad range of programs and services through Market Access Program (MAP) funding designed to promote Midwestern food and agricultural products. Our dedication to developing agricultural product expansion into international markets is highlighted here.

As U.S. companies continue to look for ways to expand their businesses, many are turning to Food Export-Midwest to become successful exporters. In these challenging economic times, companies are seeing the benefits and growth opportunities that are possible through exporting.
FOOD EXPORT-MIDWEST STAFF

Tim Hamilton
Executive Director

Michelle Rogowski
Deputy Director

John Belmont
Communications Manager

Robert Lowe, CPA
Financial Manager

Teresa Miller
International Marketing Program Manager

Joe Yotti
Branded Program Manager

Laura Buske
Administrative Assistant

Brandon Davis
International Marketing Program Coordinator

Brian Fisher
Outreach and Customer Service Coordinator

Adolfo Montelongo
Communications Coordinator

Dustin Musial
International Marketing Program Assistant

Jasmine D. Scott
Recruitment Strategy Senior Coordinator

Vanessa Simsick
International Marketing Program Coordinator

Nina Smith
Accounting/Human Resources Coordinator

Veronica Wade
Branded Program Coordinator

Mike Weiand
IT Administrator

Paul Weiss
Outreach and Customer Service Coordinator

FOOD EXPORT-MIDWEST

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Iowa Department of Agriculture and Land Stewardship

VICE PRESIDENT
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Illinois Department of Agriculture

SECRETARY/treasurer
Joe Kelsay, Director
Indiana State Department of Agriculture

MEMBERS
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South Dakota Department of Agriculture

Ben Brancel, Secretary
Wisconsin Department of Agriculture

Keith Creagh, Director
Michigan Department of Agriculture & Rural Development

David Frederickson, Commissioner
Minnesota Department of Agriculture

Doug Goehring, Commissioner
North Dakota Department of Agriculture

Jon Hagler, Director
Missouri Department of Agriculture

Greg Ibach, Director
Nebraska Department of Agriculture

Dale Rodman, Secretary
Kansas Department of Agriculture

Christiane Schmenk, Director
Ohio Department of Development

STATE REGIONAL TRADE GROUPS (SRTG)

Food Export–Midwest is one of four non-profit State Regional Trade Groups (SRTGs) that promote the export of food and agricultural products from their respective regions of the United States. The SRTGs were first created as a cooperative effort between the State Agricultural Promotion Agencies and the United States Department of Agriculture’s Foreign Agricultural Service. The SRTGs work in conjunction with their member states to provide a wide range of services to facilitate trade between local food companies and importers around the world.

OTHER STATE REGIONAL TRADE GROUPS

Food Export USA®–Northeast®
One Penn Center
1617 JFK Boulevard, Suite 420
Philadelphia, PA 19103 USA
www.foodexport.org

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701 Poydras Street, Suite 3725
New Orleans, LA 70139 USA
T: 504.568.5986 F: 504.568.6010
www.susta.org

The Western U.S. Trade Association (WUSATA)
4601 NE 77th Avenue, Suite 240
Vancouver, WA 98662 USA
T: 360.693.3373 F: 360.693.3464
www.wusata.org

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309 West Washington Street
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T: 312.334.9200 F: 312.334.9230
www.foodexport.org

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