MATERIAL RELIED UPON

1) April 20, 2015 Petition from Tim Doelman, Senior Vice President, Operations and Product Development, fairlife, LLC, with attached copies of labels from their milk products.

2) May 5, 2015, Notice of Public Hearing regarding the petition to consider the adoption of the temporary standard received from fairlife, LLC.

3) Informational Brochure by the Department of Food and Agriculture, Milk and Dairy Food Safety Branch titled, "Protecting Our Dairy Products".

fairlife
Believe in Better

April 20, 2015

The Honorable Jim Houston, Undersecretary
California Department of Food & Agriculture
1220 N Street
Sacramento, CA 95814

Re: Temporary Standard for Fairlife Reduced Fat Ultra-Filtered Milk

Dear Undersecretary Houston:

Fairlife LLC submits this petition to the California Department of Food and Agriculture ("CDFA") to obtain temporary standards for two new milk products called "reduced fat ultra-filtered milk" and "flavored reduced fat ultra-filtered milk." Fairlife submits this petition pursuant to Food & Agricultural Code section 36632, seeking temporary standards for "reduced fat ultra-filtered milk" and "flavored reduced fat ultra-filtered milk" for an initial period of one year. Fairlife may seek further extensions of these temporary standards if needed.

There are currently no standards for "reduced fat ultra-filtered milk" or "flavored reduced fat ultra-filtered milk." Food & Agricultural Code section 38211 provides a standard for "reduced fat milk." However, "reduced fat ultra-filtered milk" is a different product and does not fall within the standard set forth in Food & Agricultural Code section 38211 because it does not contain 10% or more of milk solids not fat and because it goes through a unique fractionation and recombination process that separates milk into its component parts and then recombines those components in different proportions that results in a milk product with less lactose and more protein than standard reduced fat milk.

Likewise, Food & Agricultural Code section 38653 provides a standard for "flavored lowfat milk". However, "flavored reduced fat ultra-filtered milk" is a different product and does not fall within the standards set forth in Food & Agricultural Code sections 38653, 38651 and 38211 because it does not contain 10% or more milk solids not fat and because it goes through a unique fractionation and recombination process that separates milk into its component parts and then recombines those components in different proportions that results in a flavored milk product with less lactose and more protein and fat than standard flavored lowfat milk.

A. Fairlife proposes the following definition and standard for "reduced fat ultra-filtered milk":

> Reduced fat ultra-filtered milk is produced by the fractionation and filtration of fluid raw milk into fat, proteins, lactose, minerals, and water. The different

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fractions of fluid raw milk are then recombined to obtain reduced fat ultra-filtered milk that contains not less than 1.9 percent milkfat, not more than 2.1 percent milkfat, not less than 3.7 percent protein, not less than 0.11 percent calcium, not less than 0.7 percent ash, and not more than 3.85 percent lactose. The lactose may be hydrolyzed.

The name of this product is "reduced fat ultra-filtered milk."

Each of the ingredients used in this product shall be declared on the label. The product shall be pasteurized, ultra-pasteurized, or aseptically processed.

Attached to this petition as Exhibit A is a copy of the label for "reduced fat ultra-filtered milk" that fairlife proposes to use for this product. Upon approval of a temporary standard of identity by the Director in accordance with Section 36632, fairlife will be able to bring this product to market in California.

B. Fairlife proposes the following definition and standard for "flavored reduced fat ultra-filtered milk":

Flavored reduced fat ultra-filtered milk is produced by the fractionation and filtration of fluid raw milk into fat, proteins, lactose, minerals and water. The different fractions of fluid raw milk are then recombined to obtain reduced fat ultra-filtered milk that contains not less than 1.9 percent milkfat, not more than 2.1 percent milkfat, not less than 3.7 percent protein, not less than 0.11 percent calcium, not less than 0.7 percent ash, and not more than 3.85 percent lactose. The lactose may be hydrolyzed. Characterizing flavoring ingredients are then added.

The name of this product is "flavored reduced fat ultra-filtered milk." The word, "flavored" in the name of the food shall be replaced by a word describing the principal flavoring as required in section 38651.

Each of the ingredients used in this product shall be declared on the label. The product shall be pasteurized, ultra-pasteurized, or aseptically processed.

Attached to this petition as Exhibit B is a copy of the label for "flavored reduced fat ultra-filtered milk" that fairlife proposes to use for this product. Upon approval of a temporary standard of identity by the Director in accordance with Section 36632, fairlife will be able to bring this product to market in California.

The below table reveals the comparative compositional differences between the proposed temporary standard, California reduced fat milk, and federal standard reduced fat milk.

	Temporary SOI Reduced Fat Ultra-Filtered Milk	California Reduced Fat Milk	Federal Reduced Fat Milk
% Fat	1.9 – 2.1%	1.9 – 2.1%	1.9 – 2.1%
% Lactose	< 3.85%	NA, ~ 5.5%	NA, ~ 4.8%
% Protein	> 3.7%	NA, ~ 3.5%	NA, ~ 3.1%
% Ash	> 0.7%	NA, ~ 0.8%	NA, ~ 0.7%
% Calcium	> 0.11%	NA, ~ 0.13%	NA, ~ 0.11%
% SNF	NA	10%	> 8.25%

These proposed definitions and standards for "reduced fat ultra-filtered milk" and "flavored reduced fat ultra-filtered milk" were not contained in any bill that was considered but not enacted by the California Legislature during the preceding legislative session. Fairlife believes that it has met all of the requirements for issuance of temporary standards of identity under Section 36632, however, if CDFA needs any additional information in considering this petition, please let me know.

Sincerely,

Tim Doelman, Senior Vice President, Operations and Product Development

Cc Dale Stern, Downey Brand
Dennis Albiani, California Advocates

FINAL TEMPLATE

FOLD

FOLD

Exhibit A

BLACK PRINTING WIDTH = 350mm

SUGGESTED BACK SIDE PANEL 67mm | SUGGESTED FRONT PANEL 67mm | SUGGESTED FRONT SIDE PANEL 67mm | SUGGESTED BACK PANEL 67mm

NO COPY

50% more protein | 30% more calcium
than ordinary milk.

believe in better milk.

our promise

We are dairy farmers who believe in better®. From our farm in Fair Oaks, Indiana, along with all of our family farm partners, we started fairlife® to provide the highest quality real milk filtered for more natural nutrition from farms where we take exceptional care at every step.

We promise:

- Extraordinary care for our cows
- Highest milk quality standards
- From grass to glass® traceability back to our own farms
- Pursuit of sustainable farming

We promise to do better so you can live better.™

Mike & Sue McCaskey
co-founders

fairlife.

new!

2%

fairlife.

believe in better milk.

reduced fat
ultra-filtered milk

38% less fat than ultra-filtered whole milk

from cows not treated with rBST†

52 FL OZ (1.5L)

Nutrition Facts

Serving Size 1 Cup (240mL)
Servings Per Container About 7

Amount Per Serving	
Calories 120 Calories from Fat 45	
	% Daily Value*
Total Fat 4.5g	7%
Saturated Fat 3g	18%
Trans Fat 0g	
Cholesterol 30mg	7%
Sodium 120mg	5%
Total Carbohydrate 6g	2%
Dietary Fiber 0g	0%
Sugars 6g	
Protein 13g	26%
Vitamin A 10% • Vitamin C 0%	
Calcium 40% • Iron 0%	
Vitamin D 25%	

* Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs:

	Calories:	2,000	2,500
Total Fat	Less than	65g	80g
Saturated Fat	Less than	20g	25g
Cholesterol	Less than	300mg	300mg
Sodium	Less than	2,400mg	2,400mg
Total Carbohydrate		300g	375g
Dietary Fiber		25g	30g
Protein		50g	65g

Calories per gram:
Fat 9 • Carbohydrate 4 • Protein 4

INGREDIENTS: REDUCED FAT ULTRA-FILTERED MILK, LACTASE ENZYME, VITAMIN A PALMITATE, VITAMIN D3

CONTAINS MILK.

fairlife LLC, Chicago, IL 60607
Let's Chat! 855-LIVEFAIR

*26% DV of protein vs 16% DV in ordinary milk and 40% DV of calcium vs 30% DV in ordinary milk

†FDA states: no significant difference has been shown between milk from cows treated and not treated with rBST growth hormones

Per Serving	Protein	Calcium	Sugar	Lactose	Fat
FAIRLIFE 2%	13g	375mg	6g	NO	4.5g
ORDINARY MILK	8g	276mg	12g	YES	8g

Keep Refrigerated

Homogenized & Grade A

50% more protein | 30% more calcium | 50% less sugar | NO* lactose.

Compared to ordinary milk.

how we do it

It's simple. Really! Our milk flows through soft filters to concentrate the natural goodness, like protein and calcium, and filter out the sugars. That allows us to bottle only delicious, nutrient-rich, good-for-you milk with a powerful combination of protein and calcium. Believe in better® nutrition. Believe in better® life.

REAL

50312 00277 8

NO COPY

2mm ART AREA

American Fuji Seal, Inc.

CUSTOMER CODE	PART #	GAV	REVISION	PROCESS/DIST.	STOCK/SIZE
				GRAVURE/R-PET-W	N026529 1743267

DATE	MAC OP	JOB/STOCK	CUSTOMER/DESCRIPTION	LPI/COMP	DESCRIPTION	DATE
					FAIRLIFE 52OZ SUPER-MILK	12/18/13 JC

COLOR 1	COLOR 2	COLOR 3	COLOR 4	COLOR 5	COLOR 6	COLOR 7	COLOR 8	COLOR 9	COLOR 10

REVISED	DATE	REQUESTOR	TEMPLATE REVISION
A	11/13/13 MS	SALES	1 Changed dist from left from 19.5mm to 31mm 2 Changed top dist from 17mm to 13.5mm 3 Changed ht width from 362mm to 356mm 4 Changed total width from 225mm to 241mm 5 Changed copy width from 202mm to 346mm 6 Changed front, rear panel & back panel width from 73.5mm to 72mm 7 Changed back side panel width from 71.5mm to 72mm 8 Changed net length from 272mm to 267mm 9 Changed plate left from 27.5mm to 242mm 10 Changed copy left from 23mm to 220mm 11 Changed print printing width from 204mm to 350mm 12 Changed surface matrix width from 324mm to 346mm 13 Changed artwork
B	12/18/13 JC	PE	1 Changed red panel width from 77mm to 67mm

Kaleidoscope
100 N. Sacramento Blvd.
Chicago, IL 60612
+1 (773) 722-9300

PMS 281 C
PMS 285 C
PMS 429 C
PMS 144 C
PMS Cool Gray
PMS Cool Gray

Client: fairlife
FileName: FL 52oz 2% ultra filtered milk v10 Lac
Date: 03/13/2015
Operator: td | Designer: aw
Art: lr | Proofreader:
Final Approval: 00/00/2015

FOLD
Indicate Score, Fold and Panel Locations

ACK PRINT

FINAL TEMPLATE

Exhibit B

FOLD

FOLD

BLACK PRINTING WIDTH = 350mm

SUGGESTED BACK SIDE PANEL 67mm

SUGGESTED FRONT PANEL 67mm

SUGGESTED FRONT SIDE PANEL 67mm

SUGGESTED BACK PANEL 67mm

NO COPY

SLIT

50* more protein | 50* less sugar

from ordinary chocolate milk

new!

2%

fairlife

believe in better milk.

chocolate reduced fat

ultra-filtered milk

from cows not treated with rBST†

vitamins A & D | ultra-pasteurized

52 FL OZ (1.5L)

our promise

We are dairy farmers who believe in better.® From our farm in Fair Oaks, Indiana, along with all of our family farm partners, we started fairlife® to provide the highest quality root milk filtered for more natural nutrition from farms where we take exceptional care at every step.

We promise

- Extraordinary care for our cows
- Highest milk quality standards
- From grass to glass® traceability back to our own farms
- Pursuit of sustainable farming

We promise to do better so you can live better.™

Mike & Sue McCracken

co-founders

fairlife

Nutrition Facts

Serving Size 1 Cup (240mL)
Servings Per Container About 7

Amount Per Serving

Calories 140 Calories from Fat 40

	% Daily Value*
Total Fat 4.5g	6%
Saturated Fat 3g	15%
Trans Fat 0g	
Cholesterol 20mg	7%
Sodium 220mg	12%
Total Carbohydrate 13g	4%
Dietary Fiber 1g	4%
Sugars 12g	
Protein 13g	26%

Vitamin A 10% • Vitamin C 0%
Calcium 40% • Iron 0%
Vitamin D 25%

CONTAINS MILK.

For Serving	Protein	Calcium	Sugar	Lactose	Fat
FAIRLIFE 2% CHOCOLATE	13g	365mg	12g	NO	4.5g
ORDINARY CHOCOLATE MILK	8g	280mg	24g	YES	8g

Keep Refrigerated

Ultra-Homogenized & Grade A

50* more protein | 30* more calcium | 50* less sugar | NO* lactose

Compared to ordinary chocolate milk.

how we do it

It's simple. Really. Our cows forage through soft fields to concentrate the natural goodness, like protein and calcium, and filter out the sugars. That allows us to bottle only delicious, nutrient-rich, good-for-you milk with a powerful combination of protein and calcium. Believe in better.® nutrition. Believe in better.® fairlife

REAL

"2mm BARCODE AREA"

American Fuji Seal Inc	CUSTOMER CODE	PART #	GAP	REVISION	PROCESS / DIST.	STOCK / SIZE
					GRAVURE / R-PET-W	N02652B 174X267

DATE	MAG OP	JOB / STOCK	CUSTOMER / DESCRIPTION	LPI / COMP	DESCRIPTION	DATE
					FAIRLIFE 52OZ SUPER-MILK	12/18/13 JC

COLOR 1	COLOR 2	COLOR 3	COLOR 4	COLOR 5	COLOR 6	COLOR 7	COLOR 8	COLOR 9	COLOR 10

REV SEQ	DATE	REQUESTOR	TEMPLATE REVISION
A	11/13/13 MS	DALE	1 Changed flat trim left from 69.5mm to 81mm; 2 Changed top flat from 67mm to 73mm; 3 Changed kit width from 350mm to 355mm; 4 Changed crease width from 27.5mm to 34.5mm; 5 Changed crease width from 352mm to 344mm; 6 Changed front, back panel and side panel width from 73.5mm to 72mm; 7 Changed front panel gusset width from 73.5mm to 72mm; 8 Changed side length from 271mm to 267mm; 9 Changed side top from 27mm to 267mm; 10 Changed side top from 27mm to 23mm; 11 Changed front panel width from 352mm to 344mm; 12 Changed surface manual width from 324mm to 348mm; 13 Changed notches
B	11/14/13 JC	PE	1 Changed bottom gusset width from 23mm to 22mm

Kaleidoscope

700 N. Sacramento Blvd.
Chicago, IL 60612
+1 (773) 722-9300

PMS 168C
PMS 7515C
PMS 144 C
Black (Screen)
Black (Line)

Client- fairlife
FileName- FL 52oz Choc Ultra Reduced Fat
Date- 03/13/2015
Operator- td | Designer- aw
AM- lr | Proofreader-
Final Approval- 00/00/2014

FOLD

CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE
Karen Ross, Secretary

May 5, 2015

Notice of Public Hearing
To Consider the Adoption of a Temporary Standard for Reduced Fat Ultra-Filtered Milk and Flavored Reduced Fat Ultra-Filtered Milk Pursuant to Food and Agricultural Code sections 36631 through 36638

The Milk and Dairy Food Safety Branch (hereinafter "Branch") of the California Department of Food and Agriculture (hereinafter "CDFA") is calling a public hearing to receive comment as to whether a temporary standard for Reduced Fat Ultra-Filtered Milk and Flavored Reduced Fat Ultra-Filtered Milk, as set forth in the petition submitted by fairlife, LLC on April 20, 2015 should be adopted.

A copy of the petition is located on the CDFA website at
http://www.cdfa.ca.gov/ahfss/regulations.html

If you do not have internet access, the Branch will provide you with a copy of it by fax or other means of delivery. Please contact the Branch at (916) 900-5008 in order to request a copy.

Food and Agricultural Code section 36632, subd. (b) provides that, upon the request of any interested person, CDFA may grant a temporary standard for an initial period of one year for a new milk product or product resembling a milk product. Section 36632, subd. (b) requires that the petition "shall include a proposed definition, standard, nomenclature, and label for the new product". CDFA has determined that the petition of fairlife, LLC satisfies the requirements of this section.

As provided by Food and Agricultural Code section 36632, subd. (a), the public hearing shall be conducted exclusively by written brief, unless an oral hearing is specifically requested by an interested person. **Briefs must be received by the Branch before the close of the public hearing at 5:00 p.m. on Friday, June 19, 2015. Briefs may be sent via mail, delivered in person or faxed to the Branch at (916) 900-5337.** Any interested party must request an oral hearing by the close of business, Wednesday, May 20, 2015.

2

Milk and Dairy Food Safety Branch • 1220 N Street • Sacramento, California 95814
Telephone: 916.900.5008 • Fax: 916.900.5337 • www.cdfa.ca.gov

State of California
Edmund G. Brown Jr., Governor

Consistent with Food and Agricultural Code section 36633, the hearing shall be conducted to determine whether:

(1) each product proposed for a temporary standard qualifies for that standard; and
(2) whether a temporary standard has been properly sought for each proposed product definition, standard, nomenclature, and label offered by the petitioner.

Following the hearing, as set forth in Food and Agricultural Code section 36633, subd. (b), CDFA shall evaluate the temporary standard request on the basis of all of the following:

(1) testimony submitted by interested persons;
(2) the health and safety conditions under which each proposed product will be processed and distributed; and
(3) definitions and standards established for comparable products, if they exist.

Accordingly, respondents to this hearing notice are respectfully requested to address these issues, if possible, in their written briefs.

If CDFA subsequently decides, after the hearing, to grant the petition, it shall establish an appropriate definition and nomenclature as well as quality and labeling requirements applicable to the permitted product(s) pursuant to Food and Agricultural Code section 36633, subd. (c). CDFA shall notify the petitioner of its decision not later than 30 days following the close of the hearing. It shall also post the decision on its website, http://www.cdfa.ca.gov. A temporary standard approved by CDFA shall take effect upon being adopted as set forth in Food and Agricultural Code sections 36634(d) and 36637.

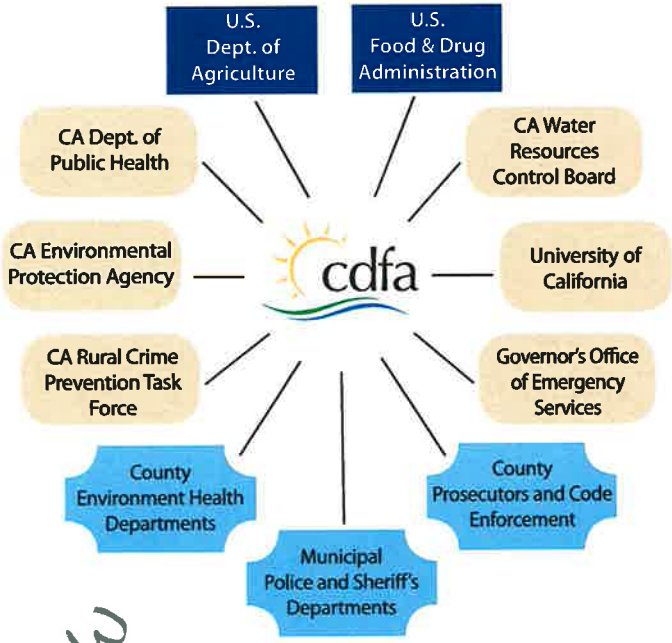
If you have questions regarding this hearing, please call the Branch at (916) 900-5008.

Sincerely,

Dr. Stephen Beam, Chief
Milk and Dairy Food safety Branch

Agency Partnerships

The scale, scope and complexity of California's dairy industry requires interagency efforts to maintain oversight. MDFS professionals work with allied county, state and federal agencies to enhance the regulation of milk and dairy foods. Under a cooperative state and federal public health program, the branch administers regulatory actions required for Grade-A milk products shipped in interstate commerce. Under this program, MDFS specialists conduct certification ratings of dairy farms, milk processors, testing laboratories, and manufacturers of single-service dairy containers for the United States Food and Drug Administration.



cdfa

California Department of Food and Agriculture
Milk and Dairy Food Safety Branch
1220 N Street
Sacramento, CA 95814
(916) 900-5008, Fax (916) 900-5337

Regional Office Locations:

Milk and Dairy Food Safety Branch
2403 W. Washington Street, Room 10
Stockton, CA 95203
(209) 466-7186, Fax (209) 466-1738

Milk and Dairy Food Safety Branch
1515 Clay Street, Suite 803
Oakland, CA 94612
(510) 622-4810, Fax (510) 622-4808

Milk and Dairy Food Safety Branch
2550 Mariposa Street, Room 3051
Fresno, CA 93721
(559) 445-5506, Fax (559) 445-5909

Milk and Dairy Food Safety Branch
1910 South Archibald, Suite W
Ontario, CA 91761
(909) 923-9929, Fax (909) 923-0359

Milk and Dairy Food Safety Branch

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE

. . . Protecting Our Dairy Products

Keeping O... Milk Safe and Nutritious

The Milk and Dairy Food Safety Branch (MDFS) ensures that milk, milk products, and products resembling milk products are safe and wholesome, meet state and federal microbiological and compositional requirements, and are properly labeled. MDFS staff inspect dairy farms and milk processing plants; take samples of milk and milk products to assure consumer safety, and ensure that tests used to determine the basis of payment for milk are accurate.

Ensuring Dairy Product Safety from Farm to Table

MDFS inspectors, in cooperation with county-approved milk inspection services, routinely visit all of the state's 1,542 dairies to ensure that milking parlors and milk rooms are operated and maintained according to sanitation requirements. They also inspect milk tanker trucks and every milk processing plant to ensure that pasteurizers meet strict standards, machinery is being properly cleaned and sanitized, and that everything is operating in a sanitary manner. MDFS staff also respond to consumer complaints and work with the California Department of Public Health to

investigate any food-b... .e illness outbreak that might be connected to a dairy product. MDFS specialists are directly involved in the review of engineering and construction plans for dairy farms and milk plants, and examine computerized pasteurization control systems, milk evaporators, dryers, water supplies, plant-wide control networks, robotic systems and more. These rigorous dairy sanitation and food safety standards help give California consumers full confidence that every glass of milk they drink is safe and nutritious.

"It's professionally satisfying to work for a branch that has responsibility for the single largest agricultural commodity in California," said Dr. Stephen Beam, MDFS Chief. "I really marvel at the level of commitment and technical expertise exercised each day by our staff as they work alongside industry to make sure that the state's dairy products are as safe as they can be."

Protect Milk and Dairy Foods, "Trust, but Verify."

"Trust, but verify" is a sensible regulatory principal that applies to milk safety.

Since Dairy Foods Specialists cannot be onsite at dairy production facilities 24 hours a day, 7 days a week, they work with dairy farmers and milk processors to promote conformance with state laws and regulations to protect public health and assure consumers that only pure and wholesome dairy products are available.

In addition ... dairy farm sampling and inspection, MDFS license, inspect, collect samples where appropriate, and consult on sanitation issues regarding more than 1,800 bulk milk tanker trucks, over 530 milk processing plants and 5,600 soft-serve ice cream facilities.

MDFS specialists are also responsible for the inspection and testing, every 90 days, of nearly 400 milk pasteurization units statewide.

California . . . the Number One Dairy State:

- California produces 21 percent of the nation's total milk production
- California dairies produced 4.9 billion gallons of milk in 2014
- California cheese production has more than doubled in the past two decades to 2.4 billion pounds produced in 2014
- A little less than half of all the milk produced in California is used to make cheese