

APRIL 2026 ESCALATOR/DE-ESCALATOR PRICES

		Prairie Farms	Operational Increase	New Prices
Item Description	Pack	Prices		
1% Milk	1/2 Pint	0.3499	0.0089	0.3588
Chocolate 1% Milk	1/2 Pint	0.3728	0.0089	0.3817
Lactose Free Milk	1/2 Pint	0.7900	0.0000	0.7900
1% Milk	Gallon	4.3713	0.1426	4.5139
Chocolate 1% Milk	Gallon	5.0942	0.1426	5.2368

Signature:

Tom McNamee

4-1-26



Milk Escalator / De-Escalator Pricing Clause

The pricing quoted is based on April 2026 Federal Milk Marketing Order for Class I Skim and Class I Butterfat. This pricing is subject to change as the cost of raw milk changes each month according to the USDA Federal Milk Market Price Announcements.

The cost of milk fluctuates up and down each month based on the cost changes in raw milk. Changes of a minimum of \$0.15 per CWT (up or down) will move the cost of a half pint \$ 0.001.

Prices will also be adjusted based on cost changes in fuel.

All price changes will become effective on the 1st day of the month following the price announcement.



Dear Valued Customer,

Thank you for your continued partnership with Prairie Farms Dairy. We value the trust you place in us and strive to produce the highest quality dairy products, while ensuring long-term sustainability in our operations.

After carefully reviewing market conditions and various economic indicators, we are informing you of our annual operational adjustment of \$0.1426 per gallon (\$0.0357/point) for our dairy products, effective October 1, 2025.

This adjustment is necessary to account for key economic factors that have influenced our cost structure over the past year. Specifically, the Federal Reserve Economic Data highlights the following index results that most directly impact our operational costs:

1. **Producer Price Index by Commodity: Final Demand: Finished Goods Less Food and Energy**
 - This index captures the broad cost increases for finished goods, excluding food and energy, which include many of the ingredients and processing components used in dairy production.
 - **Year-Over-Year Index +2.85%** (July 2025 vs. July 2024)
2. **Labor Compensation: Dairy Product Manufacturing**
 - This index reflects the rising labor costs associated with dairy production. Increases in wages and benefits for skilled workers, as well as the cost of complying with labor regulations, have been significant drivers of operational expenses. (This is the largest driver of overall cost and has been significantly higher than historical averages for the last 2 years.)
 - **Year-Over-Year Index +7.14%** (Calendar Year 2024 vs. Calendar Year 2023)
3. **Producer Price Index by Industry: Dairy Plant Machinery and Equipment**
 - This Index Release has been delayed by the Federal Reserve. Prairie Farms has seen similar increases in Plant Machinery and Equipment costs this year compared to last year.
4. **Producer Price Index by Industry: Truck Transportation**
 - The cost of truck transportation, which is vital for distributing dairy products, has been relatively steady over the past year. There was a significant change in July 2024 which is creating that year-over-year decline. However, as you see in the graphical presentation, this index has been relatively steady for several years. (This index calculation indirectly includes fuel which is the driver of the decrease. Cost of Trucks, Trailers, Drivers, and Maintenance/Repairs have continued to rise at steady rates.)
 - **Year-Over-Year Index -2.90%** (July 2025 vs. July 2024)

While we have made every effort to minimize these costs, the cumulative impact necessitates this adjustment to ensure we continue delivering the high-quality dairy products you expect. We will continue to review and improve our operational efficiency to keep future adjustments as minimal as possible.

We appreciate your understanding and continued support.

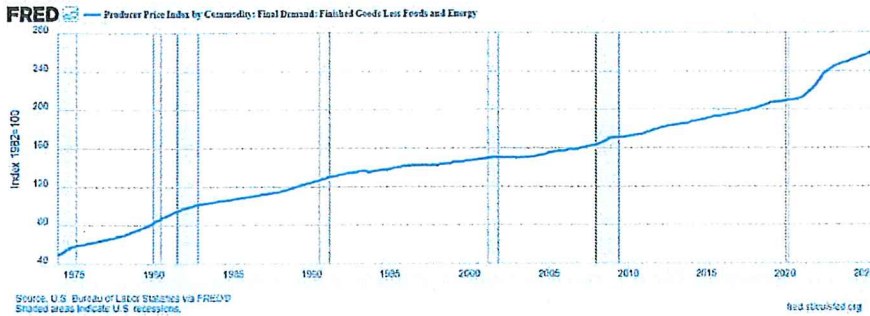
Sincerely,

Mike Dorrain

Luke Jeffers

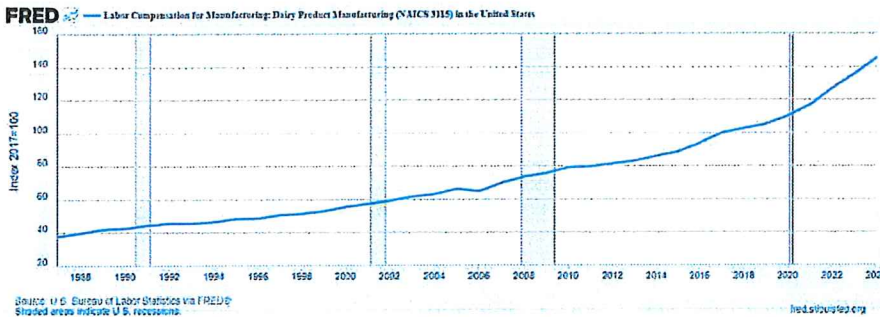
Reference Material:

Producer Price Index by Commodity: Final Demand: Finished Goods Less Foods and Energy (WPSFD4131)



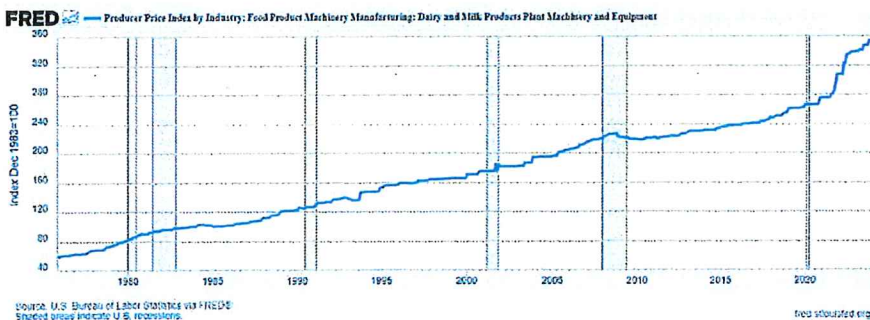
<https://fred.stlouisfed.org/series/WPSFD4131#>

Labor Compensation for Manufacturing: Dairy Product Manufacturing (NAICS 3115) in the United States (IPUEN3115U110000000)



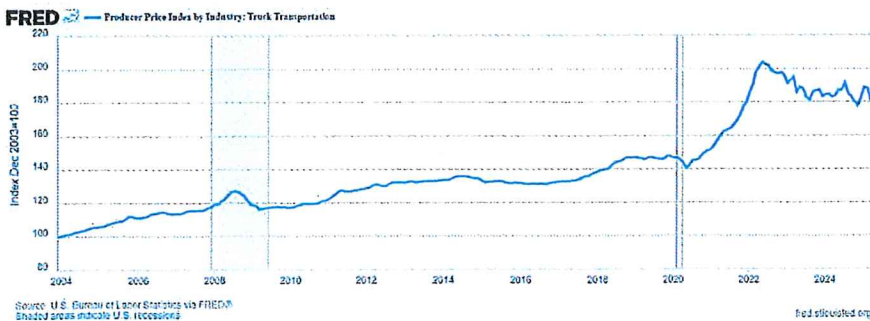
<https://fred.stlouisfed.org/series/IPUEN3115U110000000#>

Producer Price Index by Industry: Food Product Machinery Manufacturing: Dairy and Milk Products Plant Machinery and Equipment (PCU3332413332411) *July 2024 last available index data*



<https://fred.stlouisfed.org/series/PCU3332413332411#>

Producer Price Index by Industry: Truck Transportation (PCU484484)



<https://fred.stlouisfed.org/series/PCU484484#>

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Chris,

We appreciate our continued partnership with Prairie Farms and Hiland Dairies. We are writing to inform you of the recent adjustments to our pricing due to increasing raw material costs. This increase will take effect on your upcoming CDP contract, beginning on August 1, 2025.

PR81B: 35.7% increase

K900B: 56.1% increase

HD5B: 36.0% increase

Forbes Chocolate remains committed to delivering the highest quality, and we appreciate your understanding through these changing market conditions.

*Please note that the pricing listed does not include any newly implemented tariffs.

Warm regards,
Cherish Mathews
Sales Representative
Forbes Chocolate