



DAIRY SALES AND DEMAND:

Delivering Results Through the Dairy Checkoff

The 2007 *USDA Report to Congress* concluded that from 1997-2006 your 15¢ checkoff investment:

- Added 43¢ per hundredweight to the all-milk price; and
- Returned \$5 to dairy farmers for every \$1 invested.

This economic model captures only part of the 15¢ effort. Your checkoff investment is increased by activities, including the:

- Value of your export program through the U.S. Dairy Export Council
- Value of your long-term programs such as school education and nutrition and product research
- Value of assisting the industry to bring new, sales-generating products to market
- Value of the hundreds of millions of dollars our partners directly invest in dairy product and ingredient marketing as a result of your checkoff efforts
- Value of an industrywide issues and crisis management program, designed and led by your checkoff, that monitors and deals with breaking events 24 hours a day

Working with and through industry partners to get consumers WHAT they want, WHEN they want it, and WHERE they want it, is how your checkoff increases sales and demand.

Following are highlights of your dairy checkoff investment's recent achievements.

DAIRY SALES THROUGH EXPORTS:

The U.S. Dairy Export Council

Nearly 6 billion additional pounds of U.S.-produced milk have sold through exports from 2005 through 2007.

Thirteen years ago, U.S. dairy producers worked with industry partners to create the **U.S. Dairy Export Council (USDEC)** to find new opportunities to sell dairy around the world. USDEC opens new markets for U.S. dairy products, resolves market barriers and advances the industry's trade policy goals. Key highlights:

- More than 11% of U.S. dairy production is now exported to meet international demand. This number doubled over the past 10 years. More than 70 companies are now members of USDEC.
- More than \$4 billion in total dairy exports are forecast for 2008, up from \$3 billion in 2007.

DAIRY SALES THROUGH INNOVATION:

Introducing the Innovation Center for U.S. Dairy

Created by your dairy checkoff, the newly formed **Innovation Center for U.S. Dairy** provides an unprecedented forum for industrywide collaboration to increase dairy sales. Through the Innovation Center, the nation's leading producer, processor and manufacturing organizations work together to overcome common challenges and inspire innovation. As a result, the industry can speak with one voice on issues and opportunities for dairy — including health and wellness, sustainability and consumer confidence — to further strengthen the positive image of dairy producers and dairy products. All companies can participate in the work and implementation of the Innovation Center. Current board members include the chairmen, presidents or CEOs of the following organizations:

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|---------------------------------------|---|
| Anderson Erickson Dairy | Kraft Foods Inc. |
| Associated Milk Producers Inc. | Land O'Lakes, Inc. |
| California Dairies, Inc. | Leprino Foods Company |
| Dairy Farmers of America, Inc. | Maryland & Virginia Milk Producers
Cooperative Association, Inc. |
| Dairylea Cooperative, Inc. | Michigan Milk Producers Association |
| Dairylea/DMS | National Dairy Holdings LP |
| Darigold | National Milk Producers Federation |
| Davisco Foods International, Inc. | Prairie Farms Dairy |
| Dean Foods | Schreiber Foods Inc. |
| Foremost Farms | Select Milk Producers, Inc. |
| Glanbia Nutritionals | Shamrock Farms |
| Hilmar Cheese Company | Swiss Valley Farms |
| Hilmar Ingredients | United Dairymen of Arizona |
| HP Hood LLC | U.S. Dairy Export Council |
| International Dairy Foods Association | |



DAIRY SALES THROUGH NUTRITION AND PRODUCT SCIENCE:

The National Dairy Council

Nutrition and product research fuels future sales growth opportunities, and your **National Dairy Council** combines a \$17 million farmer investment with more than \$8 million of money from other countries and companies to fund the science that makes a difference. As a result of your investment, our researchers have:

- Access to two additional research facilities and expertise through the USDA's Agricultural Research Services and the Department of Defense's Natick Soldier Center. These will combine with the five Dairy Foods Research Centers to create a unified approach to sound science and product development.
- A partnership with the U.S. Department of Defense to conduct research that will lead to more dairy and dairy-based products being provided to men and women in the military. This is a recognition of how dairy's natural nutrient package can help soldiers stay fit and ready for action.
- New research under way to develop products that include whey and other proteins, probiotics for digestive health and omega-3 fatty acids. Also, in response to consumer desire to reduce fat intake, the research centers developed low-fat cheeses that are already yielding positive sales results.

DAIRY SALES IN SCHOOLS:

The Child Nutrition and Fitness Initiative

Protecting dairy's place in schools as a healthy food choice for children today, and building lifelong consumers for long-term sales growth, are the core ideas behind the **Child Nutrition and Fitness Initiative**. This year we kicked off the initiative by announcing a five-year \$250 million partnership with our fitness partner, the National Football League, that will:

- Leverage the NFL's reach and star power to encourage healthier eating, physical activity and more dairy consumption.
- Reach 24 million children in 2009 alone.
- Provide opportunities for dairy companies and others to fund and participate in elements of our programs.

The best short- and long-term investment you can make is in our children, for their own health and for the health of dairy and America.

OTHER HIGHLIGHTS:

Because of your checkoff investment ...

- Nearly **11,000 schools** have now converted to single-serve milk in plastic bottles, served cold and in flavors, up about 45% since last year, reaching 6 million children every school day
- **String cheese**, developed as a nutritious choice in kids' meals at fast-food restaurants, is now available at SONIC® drive-ins
- **Specialty coffees** using up to 80% milk are selling hundreds of millions of incremental pounds of dairy through fast-food restaurants such as McDonald's®
- **Smoothies** such as Vivanno™ at Starbucks® and Yoplait® Smoothie in a Bag from General Mills use whey protein ingredients and milk, and are now available at fast-food restaurants and in grocery stores
- **Whey protein** is now a key ingredient in other new products, including Better Whey of Life™ Yogurt, which is enhanced with whey protein and can help build muscle and aid in weight management

UNITED DAIRY INDUSTRY ASSOCIATION MEMBER STATE AND REGIONAL ORGANIZATIONS

The following state and regional dairy promotion organizations form the **United Dairy Industry Association**, representing dairy producers locally and uniting with the National Dairy Board, under Dairy Management Inc.™, to fund and implement the dairy checkoff's unified marketing plan:

ADADC, Inc.	Mountain West Dairy Promotion
ADA/DC of Nebraska	New England Dairy Promotion Board
ADA Mideast	Southeast United Dairy Industry Association, Inc.
Arizona Milk Producers	United Dairy Industry of Michigan
Dairy Farmers, Inc.	United Dairymen of Idaho
Dairy MAX	Washington Dairy Products Commission
Maine Dairy Promotion Board	Western Dairy Association
Mid-Atlantic Dairy Association	Wisconsin Milk Marketing Board
Midwest Dairy Association	
Milk Promotion Services of Indiana, Inc.	



10255 West Higgins Road, Suite 900
Rosemont, Illinois 60018-5616

