

Partnerships. Innovation. Results.



Fall 2009

Building Partners, Inspiring Innovation

The dairy checkoff works on behalf of America's dairy producers to grow sales of dairy products and ingredients by meeting unmet consumer demand — the gap between current and potential sales. Partnering with food and beverage companies, foodservice, retailers, and other industry partners, the dairy checkoff helps give consumers what they want in a competitive marketplace.

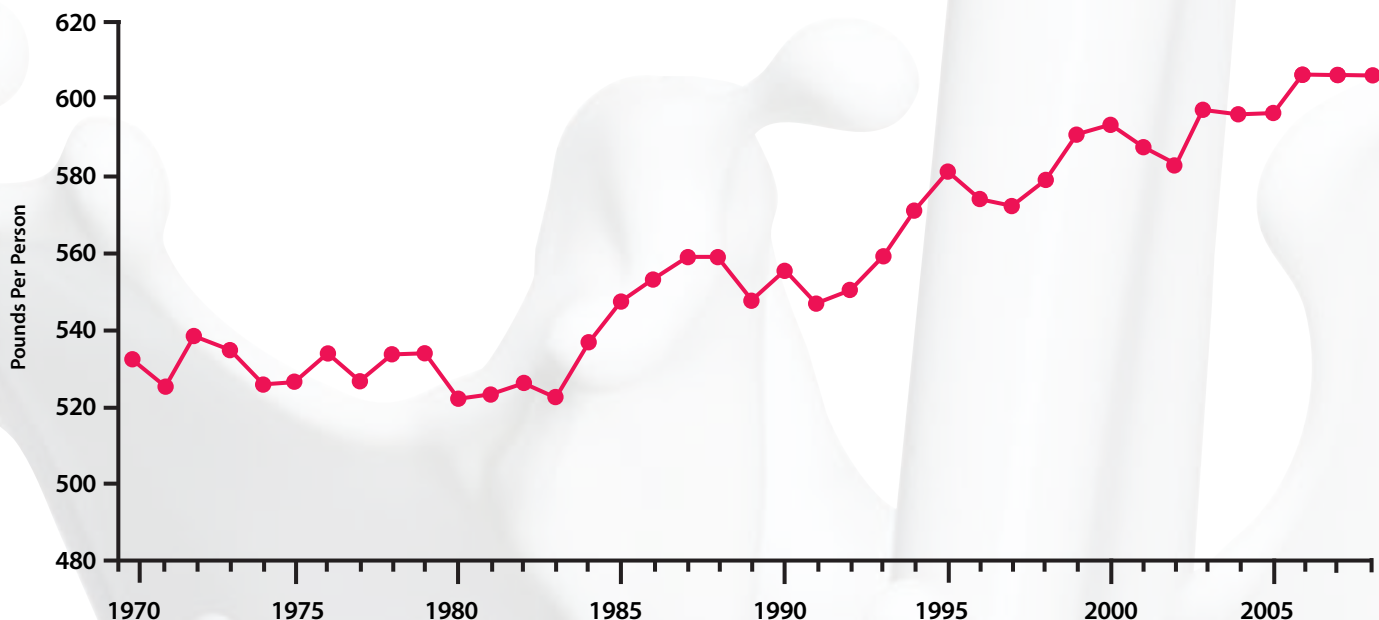
Our mission to build sales is fueled by working with and through the industry. One of the key ways the checkoff does this is through the Innovation Center for U.S. Dairy, established by the dairy checkoff in 2008. The Innovation Center brings together leaders in the industry — including dairy cooperatives, processors, manufacturers, suppliers, and industry organizations — to work together, pre-competitively, to identify common challenges, target solutions and develop industry-wide action plans to grow short- and long-term sales.



The Innovation Center adopted six key priority areas, all of which are important to producers and the industry as a whole: health and wellness, product development and information, sustainability, consumer confidence, globalization, and regulatory issues (excluding pricing). Some of the Innovation Center's work is executed and staffed through the dairy checkoff, in line with the checkoff's mission and overall strategic priorities. Other work is funded by others across the industry, the general business community and government resources.

For more information about the Innovation Center, and to see which U.S. dairy companies are represented on its Board of Directors, visit www.usdairy.com.

Americans Are Consuming More Dairy



Since the dairy checkoff began in 1983, annual consumption of total milk has climbed nearly 16 percent, to 605^P pounds per capita. ("Total milk" is the milk that goes into all dairy products.)

^P Preliminary

(SOURCE: U.S. Department of Agriculture, milkfat basis.)

Partnering to Move Milk

The dairy checkoff partners with leading food and beverage companies to drive immediate- and long-term sales. Recent and current partners include: McDonald's®, BURGER KING®, Wendy's®, Pizza Hut®, Starbucks® Coffee Company, Yoplait®, General Mills, and others.

- **McDonald's** launched McCafe™ specialty coffee beverages that are made with **up to 80 percent milk**. McDonald's specialty coffee drinks are part of a multi-year checkoff partnership to develop dairy-friendly products — including yogurt smoothies, espresso drinks, new cheeseburgers, and single-serve flavored milk options. McCafe™ coffee beverages meet consumers' needs and are credited, in large part, for a 4.3 percent sales increase in July 2009 compared to July 2008 data.
- **Shamrock Farms** and the dairy checkoff co-sponsored research on “Rockin’ Refuel” chocolate milk — with added protein and naturally occurring electrolytes — that appealed to 18- to 25-year-old men and moms looking for healthy food options.
- **Pizza Hut** introduced Nestle chocolate milk in plastic, resealable bottles in its 4,000 stores nationwide. The dairy checkoff has grown single-serve milk as a menu choice in **70,000 quick-serve restaurants**, up from zero outlets just five years ago. Collectively, this drives short- and long-term sales by recapturing milk as the beverage of choice for kids because over 1.2 billion times a year kids get the product they want in the format they want it.



McDonald's® launched McCafe™ specialty coffee beverages that are made with up to 80 percent milk.

Promoting Single-Serve Milk

The dairy checkoff has invested \$6 million over the past six years to promote single-serve milk with foodservice partners, which, in turn, have invested nearly \$135 million in marketing annually. The collaboration has not only resulted in 250 million incremental pounds of milk sold each year, it also helps establish lifelong milk drinkers by giving consumers the products they want.

Craving More Cheese

Pizza is one of America's favorite meals. The dairy checkoff's long-term strategy focuses on growing cheese sales by revitalizing the pizza category at foodservice outlets and schools.

- **Domino's Pizza®** launched the American Legends™ campaign with six “generously cheesed” pizzas **using up to 40 percent more cheese** than traditional pies. Dairy producers have invested \$12 million over two years and Domino's has invested four to five times more than that to support permanent menu items that help build cheese sales. Other pizza chains are taking notice as they now offer more cheese-focused promotions.
- **McDonald's** developed three new Angus Burgers featuring two slices of American or Swiss cheese. The new sandwiches could **use up to 6 million pounds of cheese**.
- The dairy checkoff's multi-year dairy aisle reinvention efforts to optimize total dairy space and increase shopper engagement expanded to over 150 stores in 2009. To date, these efforts have resulted in **over 115 million pounds in additional milk used**.



Producer-funded efforts — including television and print advertising, and in-store and on-the-box messaging — helped launch Domino's Pizza® American Legends™ pizzas that use 40 percent more cheese.

Developing School's Perfect Pizza

Pizza offerings at schools remain a popular item among students — nearly 25 percent of school meals include pizza. Enhancing pizza at schools by using real cheese remains a top priority for sustaining long-term dairy sales. Further, the dairy checkoff is working with industry leaders to develop pizza offerings that taste good and meet schools' increasingly restrictive nutritional requirements.

Growing Dairy Ingredient Sales

To increase dairy ingredient sales, the dairy checkoff works with partners such as General Mills and Starbucks® Coffee Company to showcase the versatility, functionality and taste benefits of dairy ingredients in foods and beverages.

- **General Mills**, through its Yoplait® brand, debuted a new line of frozen fruit and yogurt smoothies, which blend breakthrough yogurt chip technology with 8 ounces of milk. The product, now available, puts milk and yogurt in a new place within the grocery store.
- **Starbucks** launched a new strawberry banana flavor in its Vivanno™ Smoothies product line — a fruit, milk and whey powder combination using more than 3.7 million pounds of whey protein, **requiring more than 550 million pounds of milk annually.**



General Mills' frozen fruit and yogurt smoothies, which use 8 ounces of milk per serving, are now available in grocery stores.

Protecting and Promoting Dairy

Communicating the positive story of dairy has never been more important. The checkoff has developed multiple tools to protect and promote dairy's image.

- **Issues Management and Crisis Preparedness:** Dairy checkoff staffs work to address misinformation in the marketplace. The checkoff also develops and deploys crisis preparedness communications planning and conducts industry-wide training drills.
- **Dairyfarmingtoday.org** shows how dairy producers care for their animals and land to provide safe, wholesome and nutritious dairy products to the public.
- **National and local dairy council staff work** with leading health professional organizations — including the American Academy of Family Physicians, the American Academy of Pediatrics, the American Dietetic Association, the National Hispanic Medical Association, the National Medical Association, and the School Nutrition Association — to educate the public about dairy's role in a healthy diet.

Sharing Your Stories Online

To help producers communicate using social media, the checkoff created the myDairy program. Become a myDairy advocate by e-mailing mydairy@rosedmi.com.



Telling Your Story provides public relations, presentation and media training to help producers communicate with consumers about modern dairy farming practices. (Contact your local dairy checkoff staff for details.)



Your Checkoff Investment at Work

Dairy producer board members of the National Dairy Promotion and Research Board (NDB) and the United Dairy Industry Association (UDIA) formed Dairy Management Inc.™ (DMI) in 1995. DMI is the domestic and international planning and management organization for the dairy checkoff.

Dairy producers, who are appointed to the NDB board of directors by the Secretary of Agriculture and elected to the UDIA board of directors by producers in their area, direct program strategies and approve budgets for checkoff-funded promotion and research programs that:

- Use sound science to educate the public and further support dairy's role as part of a healthy diet and **create lifelong dairy consumers**.
- **Build powerful partnerships** to increase demand for and sales of U.S.-produced dairy products and ingredients.
- Offer dairy producers a **long-term value for their investment** by increasing U.S. dairy product and ingredient sales.

\$10.0 Strategy & Insights

\$7.5 General & Administration

\$6.7 Retail & Foodservice

\$4.9 Ingredients

\$53.0 CNFI

\$16.9 Milk

\$18.7 Nutrition Affairs

\$19.9 Product & Nutrition Research

\$17.2 IIR*

\$18.8 Cheese

\$10.9 Exports

\$2.0 Butter

\$11.5 Sustainability**

Total: \$198 million invested in the dairy checkoff's Unified Marketing Plan

*Includes issues management, crisis preparedness and farmer image.

**Includes 2008 carryover.

Focus on Health and Wellness

For nearly a century, the National Dairy Council® (NDC) has funded research and provided education, ensuring that dairy's naturally nutrient-rich package is protected and promoted as a critical part of a healthy lifestyle. For the past ten years, NDC has maintained a focused and consistent nutrition strategy for dairy as part of the solution to childhood obesity. Currently, the strategy is being brought to life through the Child Nutrition and Fitness Initiative (CNFI) which works with America's youth to:

- Inspire them to improve their own health through more physical activity and **good nutrition — including dairy consumption**.
- **Protect dairy's place in schools** and increase access to dairy in schools.

CNFI works with industry leaders to:

- Expand the New Look of School Milk initiative to **increase the availability of milk in plastic bottles**.
- **Add new milk flavors** to the school meal line.
- **Engage more schools** to adopt Breakfast in the Classroom programs.
- **Explore new opportunities** for dairy consumption at lunch and snack time.



CNFI motivates children to choose healthy behaviors, such as nutritious foods — including dairy — and 60 minutes of physical activity each day both in school and beyond.

National and local dairy checkoff staffs are a resource to health leaders and public officials about the nutrient values of dairy during the formation of the government's 2010 Dietary Guidelines for Americans.

Fuel Up to Play 60

Through CNFI, DMI and state and regional promotion organizations are teaming up with the National Football League® and the USDA to implement Fuel Up to Play 60. This program inspires kids to "fuel up" with nutrient-rich dairy foods and "get up and play" for 60 minutes of daily physical activity. Student teams will evaluate their school's "wellness" and choose the healthy eating and physical activity programs on which the school will focus.

State and Regional Promotion Organizations

American Dairy Association and Dairy Council, Inc.

Interstate Place II
100 Elwood Davis Rd.
N. Syracuse, NY 13212
(315) 472-9143
(315) 472-0506 (fax)
adadc.com

American Dairy Association/ Dairy Council of Nebraska

8205 F St.
Omaha, NE 68127-1779
(402) 592-3355
(402) 592-1503 (fax)
nebmilk.org

American Dairy Association Mideast

5950 Sharon Woods Blvd.
Columbus, OH 43229-2645
(614) 890-1800
(614) 890-1636 (fax)
drink-milk.com

Arizona Milk Producers

P.O. Box 26877
2008 S. Hardy Dr.
Tempe, AZ 85285-1292
(480) 966-7211
(480) 966-8074 (fax)
uda.coop

California Milk Advisory Board

400 Oyster Point Blvd., Ste. 211
South San Francisco, CA 94080
(650) 871-6455
(650) 583-7328 (fax)
realcaliforniamilk.com

Dairy Farmers, Inc.

166 Lookout Place, Ste. 100
Maitland, FL 32751
(407) 647-8899
(407) 647-0606 (fax)
floridamilk.com

Dairy MAX

2214 Paddock Way Dr., Ste. 600
Grand Prairie, TX 75050-8709
(972) 603-4700
(972) 641-0269 (fax)
dairymax.org

Maine Dairy Promotion Board

333 Cony Rd.
Augusta, ME 04330
(207) 287-3621
(207) 287-7161 (fax)
drinkmainemilk.org

Mid-Atlantic Dairy Association

325 Chestnut St., Ste. 600
Philadelphia, PA 19106-2606
(215) 627-8800
(215) 627-8887 (fax)
dairyspot.com

Midwest Dairy Association

2015 Rice St.
St. Paul, MN 55113
(651) 488-0261
(651) 488-0265 (fax)
midwestdairy.com

Milk Promotion Services of Indiana, Inc.

9360 Castlegate Dr.
Indianapolis, IN 46256
(317) 842-3060
(317) 842-3065 (fax)
indianadairycouncil.org

Mountain West Dairy Promotion

1213 East 2100 South
Salt Lake City, UT 84106
(801) 487-9976
(801) 487-6975 (fax)
dairycouncilutnv.org

New England Dairy Promotion Board

1034 Commonwealth Ave.
Boston, MA 02215
(617) 734-6750
(617) 232-0229 (fax)
newenglanddairycouncil.com

Oregon Dairy Products Commission

10505 SW Barbur Blvd.
Portland, OR 97219
(503) 229-5033
(503) 245-7916 (fax)
dairyfarmersor.com

Southeast United Dairy Industry Association

5340 W. Fayetteville Rd.
Atlanta, GA 30349-5416
(770) 996-6085
(770) 996-6925 (fax)
southeastdairy.org

United Dairy Industry of Michigan

2163 Jolly Rd.
Okemos, MI 48864
(517) 349-8923
(517) 349-6218 (fax)
udim.org

United Dairymen of Idaho

10221 West Emerald, Ste. 180
Boise, ID 83704
(208) 327-7050
(208) 327-7054 (fax)
idahodairycouncil.com

Washington Dairy Products Commission

4201 198th St. SW, Ste. 101
Lynnwood, WA 98036
(425) 672-0687
(425) 672-0674 (fax)
havemilk.com

Western Dairy Association

12000 N. Washington St., Ste. 175
Thornton, CO 80241
(303) 451-7711
(303) 451-0411 (fax)
westerndairyassociation.org

Wisconsin Milk Marketing Board

8418 Excelsior Dr.
Madison, WI 53717
(608) 836-8820
(608) 836-5822 (fax)
producer.wisdairy.com

