

Thanks Mike for that introduction.

Good afternoon. First off, thank you all for being here at this year's joint annual meeting of the National Milk Producers Federation, United Dairy Industry Association and the National Dairy Board.

This meeting is a wonderful opportunity for all of us to come together, to renew friendships, to welcome new attendees, and to share with each other our hopes and aspirations for this great industry. It seems like we face an almost endless list of challenges and opportunities in the policymaking arena, as well as in the consumer marketplace. But in every challenge there is an opportunity.

And our organizations are constantly working together – fulfilling our respective organizational roles – seeking to advance the needs and interests of our dairy producer community on issue after issue.

As I close out today's session I want to talk briefly about some of the challenges before us, but more importantly I want to relate to you my strong and deep sense of optimism for the future.

As you've noticed, there's only one person at the podiums on stage this year. Frankly, the reason is because Randy Mooney and I, like perhaps many of you, apparently spent too much time watching this year's Presidential campaign debates – and I guess picked up a few nasty habits. When we rehearsed together, I thought it was going great, but Randy complained that I interrupted him too much. It kind of went downhill from there. In our last rehearsal, while I was talking, Randy kept frowning, and leaning in to the microphone saying, /3/ “wrong.”

In all seriousness though, I hope you were able to hear Randy's remarks at the Town Hall session earlier today. He did an excellent job framing up many of the key issues and priorities on which National Milk is working to make a difference. I want to take just a moment to thank Randy, not only for his presentation today, but more importantly for his tremendous leadership and the valued counsel and guidance that he provides to me, to the staff and to the Board. Being chairman of a large organization with lots of competing interests and pressures is no easy task – in fact it is often a major headache. It's a job that all too frequently takes him away from his farm and his beloved wife Jan, his daughter and son-in-law, and two beautiful granddaughters. But, Randy, it's a job that you do so well, and the entire dairy producer community owes you a debt of gratitude for your leadership and service.

I also want to express my appreciation to our Officers – Ken Nobis, Adrian Boer, Mike McCloskey, Keith Murfield, Doug Nuttelman, Pete Kappelman, and Neal Rea. These Officers have been a great source of counsel, guidance and advice over the past year. They take their role very seriously, and have taken on tough issue after tough issue. Along with our excellent Board of Directors, they have provided great leadership for our organization and for our industry.

But all of you are here today because you are leaders – you have taken on leadership roles within your local or regional dairy associations, within your cooperatives, with DMI or with National

Milk. Your presence today is a testament to the depth and breadth of knowledge, passion, expertise and commitment to the dairy community.

It was insightful leaders like you who came together one hundred years ago—united in a clear vision and wanting to speak with a common voice. They came together to create the National Milk Producers Federation. While our founders had no idea what the future would look like for dairy 100 years into the future, they did know one thing for certain. They knew that a strong, strategic organization was necessary to protect and promote the policy interests of dairy farmers in the nation's capital: whether in Congress or with the US Department of Agriculture, or what was then the 10-year old Food and Drug Administration, as well as other government agencies, some of which, like the Environmental Protection Agency, would not be created for many years to come.

That original, clear vision of the important purpose and role of NMPF led to the creation of an organization that has stood the test of time. NMPF has endured as *the* policy organization representing the interests of dairy farmers because its leaders down through the years have continually sought to anticipate the needs of our constantly evolving producer community.

One hundred years ago no one could have predicted the issues our industry faces today, no more than we can predict what issues the members of NMPF will face one hundred years from now, in 2116. But learning lessons from the past, and understanding what is happening in the world around us – and how those forces will affect our industry – that is the key to creating a brighter future for dairy. That is our challenge today.

In our remarks last year to kick off our centennial celebration, Randy and I talked about how many issues of today are similar to those that faced our predecessors 100 years ago. And while all of that is true, the other reality is that today's dairy industry, as well as the world in which we are operating, is radically different.

We have fewer farms and fewer dairy cooperatives than we did even just thirty years ago.

Today's farms are more efficient, operating more like the independent small businesses that they are, while holding true to the family ownership and values that have always been the heartbeat of American agriculture. Our cooperatives are evolving to provide new services for members, as customers make new and challenging demands on all of us. With continued consolidation in market power occurring on the processor and retail side, the role of our dairy cooperatives in protecting the interests of dairy farmers is greater today than ever before. And the importance of strong cooperatives will only grow as we move into the future.

Perhaps even more significant than the evolving makeup of the dairy community, are the differences swirling all around us in the country, and in the world. Some of the issues taking center stage during this election cycle show just how different our society is today. For dairy, these differences have and will impact our livelihood, our workforce, our ability to find new markets for our products, and how we interact with consumers, with Congress and our government agencies.

Perhaps the biggest – and, in many ways the most difficult – change we see is with trends in the consumer marketplace. More and more, these changes are impacting the policy environment in challenging ways, and they require different approaches in how we deal with them. Today’s modern family is one where information – I didn’t say facts -- information is power. And it is available at the touch of a button or the swipe of a finger. While fewer than 2% of Americans have any connection to agriculture, it seems like the other 98% have strong opinions about how their food should be produced.

In short, we are not immune from these social and economic changes. In fact, they are the backdrop that National Milk and our entire industry must consider when developing strategies to advance each and every one of our priorities.

Yes, the world—and, as a result, the dairy marketplace -- looks different today. But these differences— these obstacles —will not be a deterrent for us. We remain focused on our priorities, many of which Randy outlined this morning.

First and foremost, we are committed to ensuring that we have an effective economic safety net to help protect you from what can be devastating and wildly unpredictable milk price fluctuations. I know it’s been a challenging couple of years, and that those challenges have been made worse by a safety net program that hasn’t lived up to its intended potential. We have to fix that.

I share Randy’s sentiment that the Margin Protection Program is the right program for dairy’s future—in part because it takes into account the lessons of the past while understanding the political realities of the present and the future. The philosophy of a margin insurance program based on the difference between milk prices and feed costs is the right idea, and had Congress enacted NMPF’s original proposal, we would have a more effective program today. Restoring this feed cost adjuster, and other changes we will be examining —are needed for MPP to function as the true safety net that the industry needs.

We are working with our members, as well as others in the dairy producer community, on improvements in the Program, and then we will advocate for those changes to be made by Congress at the earliest opportunity. The bottom line is that a more realistic, and more effective margin protection program is an achievable goal. And it will be a major focus for us in the coming year.

Another key focus for National Milk is to secure a reliable workforce for our farms. Indeed, immigration reform has been a priority for our industry for the better part of nearly 20 years. And yet resolution to our problem – and the problem of much of production agriculture – has been stalled time and time again by political and ideological battles in our national politics that have little to do with us. The only way we can resolve this problem is by holding our elected leaders accountable.

We must insist that those on the left and those on the right both move toward compromise in the middle. That’s where everything gets done. And we’re not alone in asking for comprehensive immigration reform. Poll after poll shows the vast majority of Americans want Congress to

resolve this issue and bring undocumented immigrants out of the shadows. Whatever the outcome of next week's elections at the Congressional level, I am hopeful that one message comes through loud and clear: American agriculture needs immigration reform to provide a stable and reliable workforce, for today and for the future, and we need it now!

We're also committed to seeking every opportunity to grow the U.S. share of world dairy markets. But we face some difficult headwinds. Despite the challenges of unprecedented volatility, unfair trade barriers, and a political climate at home and abroad that is looking with greater skepticism at globalization, the reality is that increasing international dairy sales is critical to our future growth.

We now produce 30 billion pounds more milk than is consumed in the US. And given the tremendous productive capacity of our industry, combined with the higher rate of growth in consumption in developing countries, the importance of world markets to our industry will only grow.

We will push to advance trade deals that represent a net positive for America's dairy farmers, as the Trans-Pacific Partnership does. And we will work in close collaboration with the U.S. Dairy Export Council to expand the access we have in other markets. On this note, I want to recognize the tremendous work of Tom Suber as he prepares to step down from his leadership at USDEC. Tom has been a great ally and a great friend as our 2 organizations have worked together over the last 20 years to increase export opportunities for our industry.

Also on the export front, we will continue to strengthen the tools at our disposal, like the Cooperatives Working Together Program, to give co-ops a leg up in an increasingly competitive world market.

And we will be unrelenting in battling against challenges to our exports, whether it's Canada's latest subterfuge to block US exports of ultra-filtered milk...or the European Union's protectionist strategy to impose restrictions on common food names through the abuse of the concept of geographical indicators. Feta, parmesan, asiago and other great cheeses made here in the U.S. and elsewhere in the world are not the exclusive domain of the EU.

Defending U.S. dairy interests —here or abroad— is nothing new to National Milk. It's our job, and it's a job we will never shy away from.

I know many of you, like me, are frustrated that there always seems to be an attack from somewhere on agriculture and your way of life. When that happens, we want someone to come forward and aggressively push back. That's a role for National Milk, and it's a role I take very seriously. Not to fire back reactively just to make us feel good. But to really understand what is happening in the world around us, and develop sound arguments and strategies that challenge falsehoods and explain the facts. We're not going to win every battle, and we're not going to change every mind. But when those who don't necessarily have our interests at heart push their agenda at our expense we will speak out, we will push back.

That's why, when activists tried to kill ag biotech by seeking a patchwork quilt of conflicting state-level GMO labeling laws, we fought for and established federal legislation to govern this issue. We made sure the law protected your use of biotech feed by clearly establishing that milk and meat are not affected by the feed, and thus not subject to labeling.

And that's why, when Dannon said its path to quote "more sustainable dairy" was to source milk from cows not fed biotech feed, we knew once again we had to speak out. We also knew that this issue was broader than just dairy and, as we saw when agriculture came together to support that federal GMO labeling law, we are most effective when we are united.

So we reached out to our colleagues in other leading agriculture associations, including the American Farm Bureau Federation, American Soybean Association, American Sugar Beet Growers Association, National Corn Growers Association, and the US Farmers and Ranchers Alliance. Our goal was to change the conversation from that of simply defending the well-established science on the safety of ag biotech to holding food companies accountable for dishonest marketing claims.

And that's just what we did. Two weeks ago, the farmer leaders of these organizations joined us in a strongly worded letter to the head of Dannon USA. We voiced our disappointment at the fear-based marketing tactics embodied in their so-called sustainability pledge. We shared this letter publicly, because we want to urge consumers to reject these kinds of divisive marketing tactics. Dannon felt forced to respond, and in their response they had to concede two key points. One, that "currently approved GMOs are safe" and, two, that "sustainable agricultural practices can be achieved with or without the use of GMOs."

As described in one of the many articles written about this effort, "The letter represents one of the broadest and most coordinated moves yet by farmers to fight a wave of food companies that have shunned GMO ingredients...."

While I am thankful that all these groups joined us in common voice, this effort is only the beginning. Dannon isn't the first, and won't be the last food marketer who tries to differentiate itself from its competition by making specious, even false comparisons. The dairy case has been especially hard-hit by an explosion of absence claims designed to sound important, but that signify nothing. Let's call them what they are—claims such as hormone-free and antibiotic-free, and now, GMO-free – are simply appeals to fear. They are designed to gain market share and extract a premium for products that in reality have no difference from their competitors.

We will continue to strategically and assertively defend farm practices that are supported by sound science and necessary to the future viability of our industry. As customers are demanding transparency and visibility into your farm practices, it's time we demanded transparency and honesty in the way they market their products.

Let's get back to marketing products based on their inherent qualities and dietary contributions. That would be a plus for dairy. And it would benefit consumers by giving them permission to enjoy more of milk's natural goodness and nutrient density. Part of the change that's needed, and a change that I believe is coming, is a re-look at the role of dairy fat in the diet.

For my entire career, and really for the duration of the professional lives of everyone in this room, we have played defense when talking about milkfat. The public health community has waged a 50-plus year war on fat. They've succeeded in demonizing dairy fat and reducing its levels in dairy products and in recommended federal dietary guidance.

But thanks to the investigative work of folks like Nina Teicholz, the speaker you just heard; thanks to the scientific curiosity and questioning of accepted orthodoxy by many other researchers, and thanks to Dr. Greg Miller and DMI for their continuing work on this issue; my vision for the future is that milkfat will be back.

This is not a shift that will happen overnight. As I said, it took more than 50 years for the anti-fat crusade to reach its peak. It will take time, and continued research, to turn this issue around. Yet we're already seeing glimmers of hope that things are different today, than even a few years ago. Butter is back, as Time magazine noted—returning to the menus of many restaurants, perhaps none as high profile and impactful as McDonalds, a change that would not have happened without your check-off contributions and the great work of DMI. Also important, we're seeing more and more people cooking and baking with butter once again. And sales of whole milk products – not just fluid, but yogurts as well – are on the increase.

National Milk will be working to build on this momentum—taking advantage of opportunities like FDA's proposed guidance on the word "healthy," and collaborating with DMI and the National Dairy Council as they amass new studies and compile new research to strengthen our arguments and position.

We will continue working toward a future where school milk is not just lowfat and skim, where the Dietary Guidelines for Americans recognize the benefits of full-fat dairy, and where dairy is central to the conversation around healthful eating. Working with our dairy council partners and with the nutrition community let's make this vision a reality.

On another front, I know we'll continue to make great progress when it comes to on-farm issues as well.

Because of the high level of animal care occurring on your farms, we have a great story to tell through the National Dairy FARM program. And that story is getting through to our customers, many of whom are now promoting their commitment to FARM in their communications to consumers.

As we utilize the FARM Program umbrella to include efforts focused on environmental stewardship and the judicious use of antibiotics, we will be able to capture and share information on the efforts already underway in these areas on dairy farms across the country.

Through the dairy industry's commitment to FARM we now have over 98% of the nation's milk supply covered in the program. That's an incredible level of achievement in just a few years, and is testament to the integrity and strong reputation of the Program with our customers. It is precisely through efforts like this that we will keep customers from trying to dictate farm

practices – by demonstrating our high standards and our commitment to continuous improvement.

But none of this would be possible without a dairy producer community working together, united in a clear vision. Our work with DMI, which funds the operation of the FARM program, is focused on addressing these challenging issues and building consumer trust. Tom Gallagher and I see eye to eye on the importance of industry alignment and collaboration.

The establishment of the Innovation Center for U.S. Dairy – operating under the excellent leadership of Barb O’Brien – has helped foster that collaboration across the entire industry, to the benefit of all of us.

I’m confident we all share in the Innovation Center’s vision that consumers trust dairy as integral to their lives. We can get there.

And National Milk will be doing its part—working with our leadership and all our member co-ops to continue bolstering programs like FARM, and other efforts that help to build and grow that trust.

Yes, National Milk isn’t the same organization it was 100 years ago.

Dairy is different today, and National Milk is different today, *because it has to be*. We’re different because we’ve evolved and changed—sometimes with growing pains—to meet and exceed expectations in challenging political, economic and consumer environments. We’re different today because those that have come before us demonstrated their vision and leadership to address the issues they confronted. That’s our legacy. It is indeed a legacy of leadership, a legacy that all of you in this room have lived up to time and time again.

We do have our challenges before us. But the challenges of today are no more difficult than those we faced 20, 50 or even 100 years ago. Making headway amidst the ever-changing societal landscape requires courage of conviction, leadership and a clear vision—qualities that have always been the bedrock of this organization. What’s different today is our approach: how we harness those qualities to devise and execute winning strategies.

Because we understand the need to evolve in a changing world, I have no doubt that this approach will help carry the day when it comes to all our current and future priorities—from maintaining an effective economic safety net to nutrition policy, to farm practices, to trade.

National Milk has, and always will be focused on establishing policies that protect and promote your interests. We’re always looking around those dark corners, holding others to their commitments as we’re held to ours, and fighting to protect your social license to operate while working to build trust.

Dairy’s future is bright because of our desire to dream—to set lofty goals and work to achieve them. Our future is bright because of the foresight and strategy of this organization, and the willingness of our leaders to make tough decisions.

So as we salute the successes of the past, and launch this organization into its next century, let us commit to creating a new, and dare I say even better—vision for our future.

I look forward to working with you to build that brighter future that lies before us. Thank you very much.