



Joseph Duscher
Chief Operating Officer



What does it take to be a Farmer?



The Agrarian Lifestyle is in Vogue!

Authentic

Intrinsic

Integrity

Wholesome

Values

MILK...

- **Strong**
 - **Trustworthy**
 - **Solid Family Ties**
 - **Fluid Milk Sales Are Huge**
 - **Over 250 Million Followers**
-

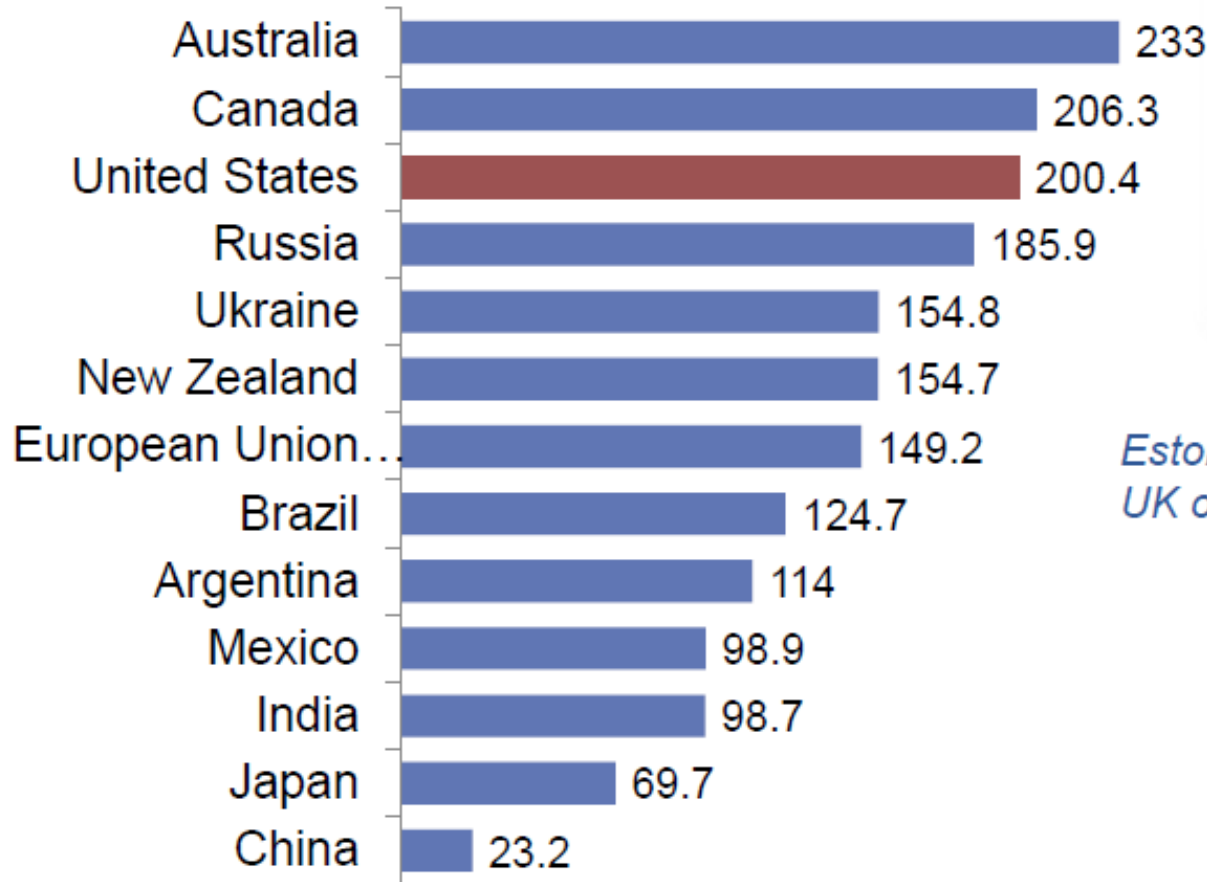
Yet Losing FANS!

Enviably Statistics – many strengths

- 97% Household purchase milk
- 37 Gallons per household per year
- Remains third largest beverage
- Consumed in MANY ways
 - As a beverage
 - As an additive
 - As a compliment
 - As an ingredient
- 83% adults hold favorable feeling toward product

Milk drinking in the US among highest in world – behind Australia & Canada

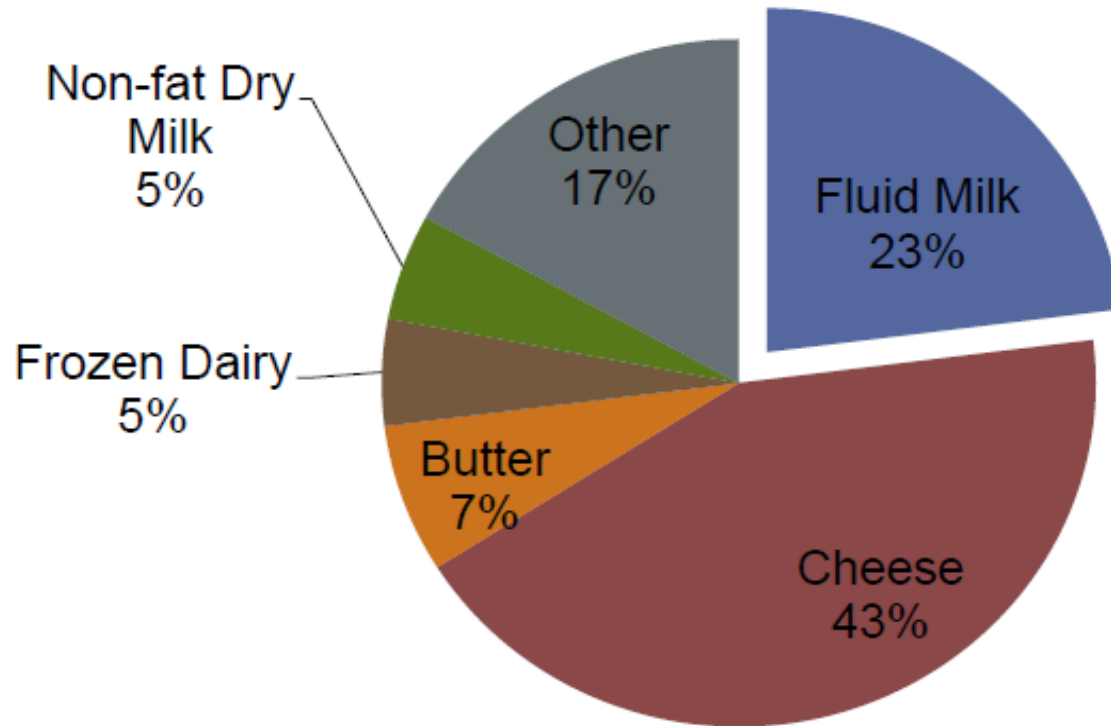
Milk Consumption - Lbs per Capita



Estonia, Finland, Ireland, UK over 220 lbs

Fluid milk remains an important part of total milk utilization!

**% Utilization
U.S. Milk Supply Total Solids Basis**

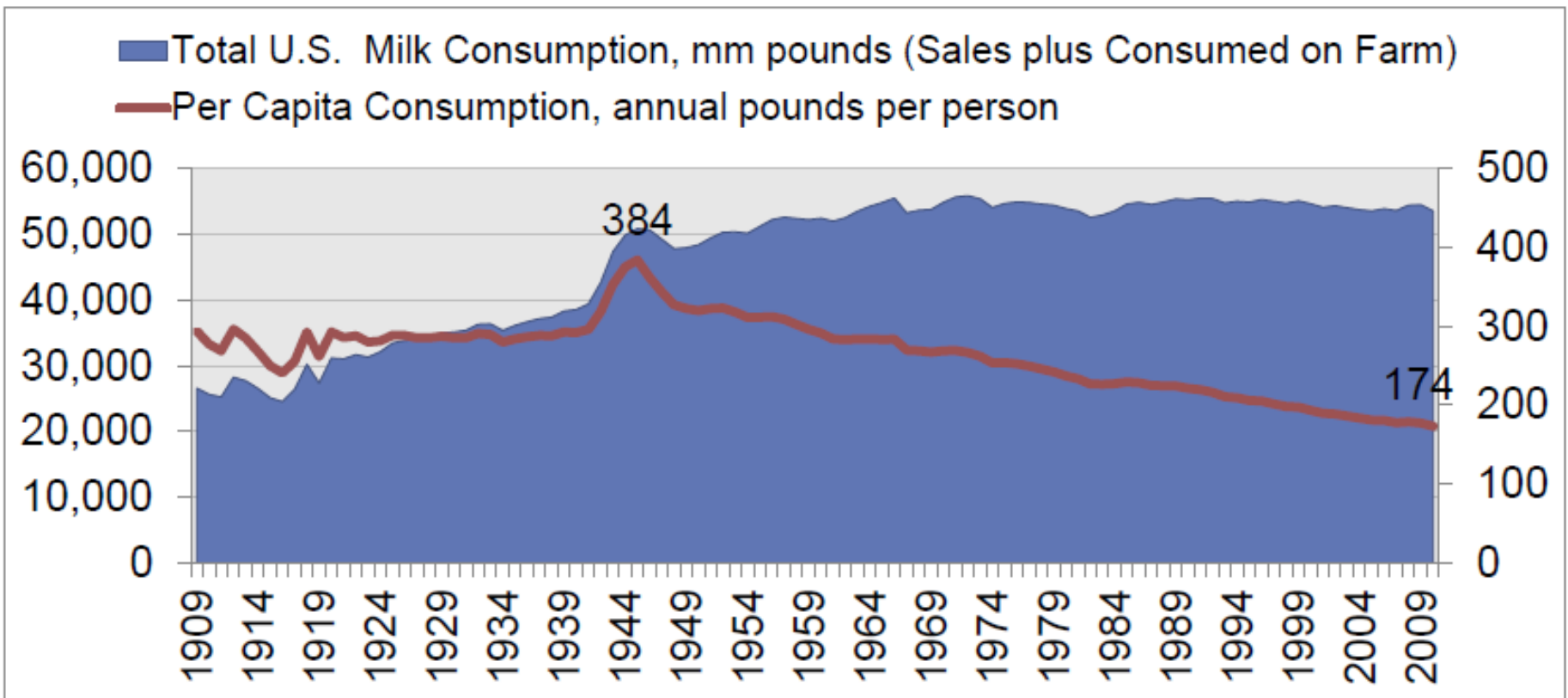


Fluid milk utilization has shrunk from 40% in 1980

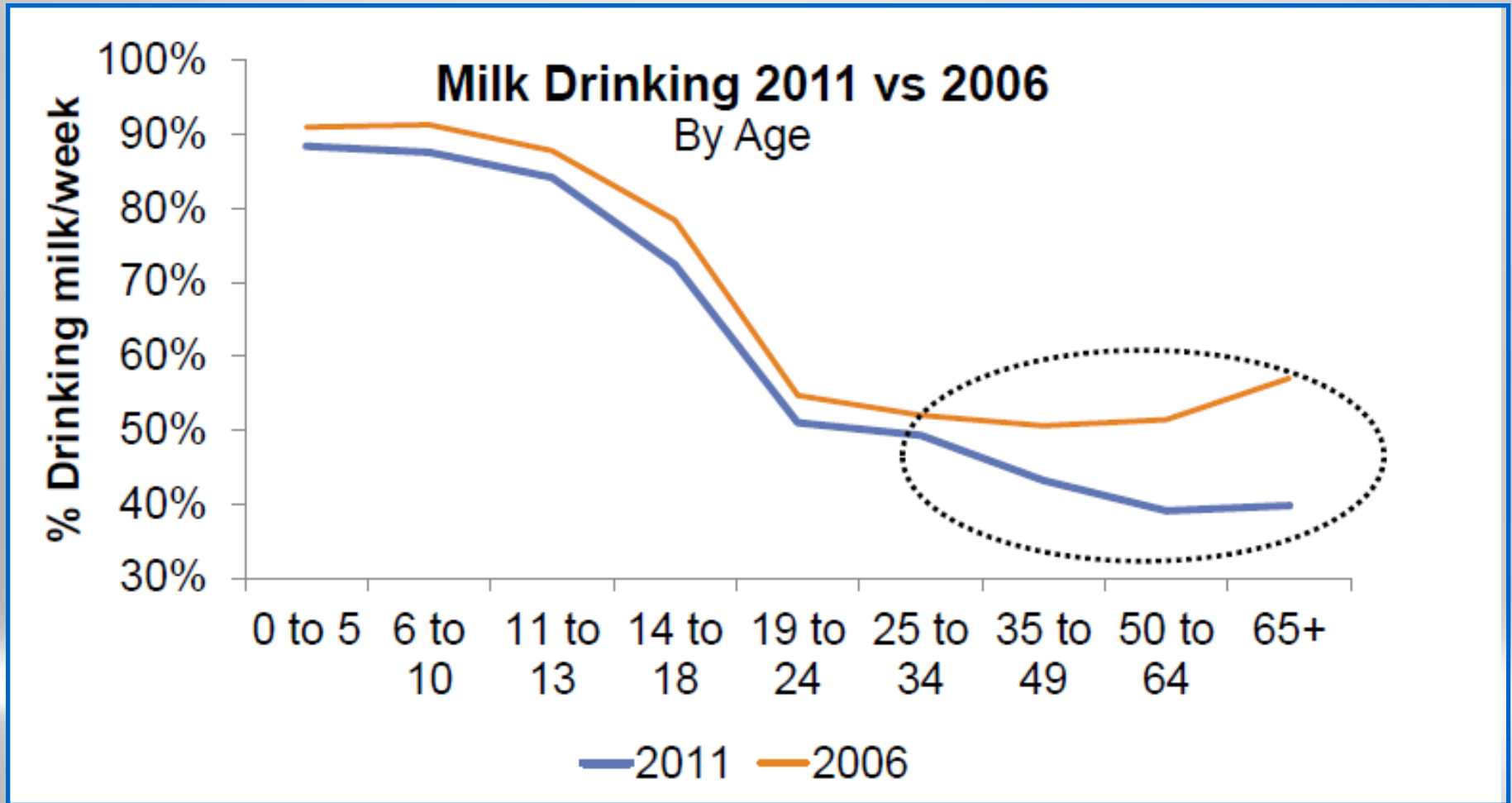
Yet the Milk Glass Has Chips...

Per capita consumption of milk has been in a downward trend since 1945!

Growth in consumption has NOT kept pace with population growth!

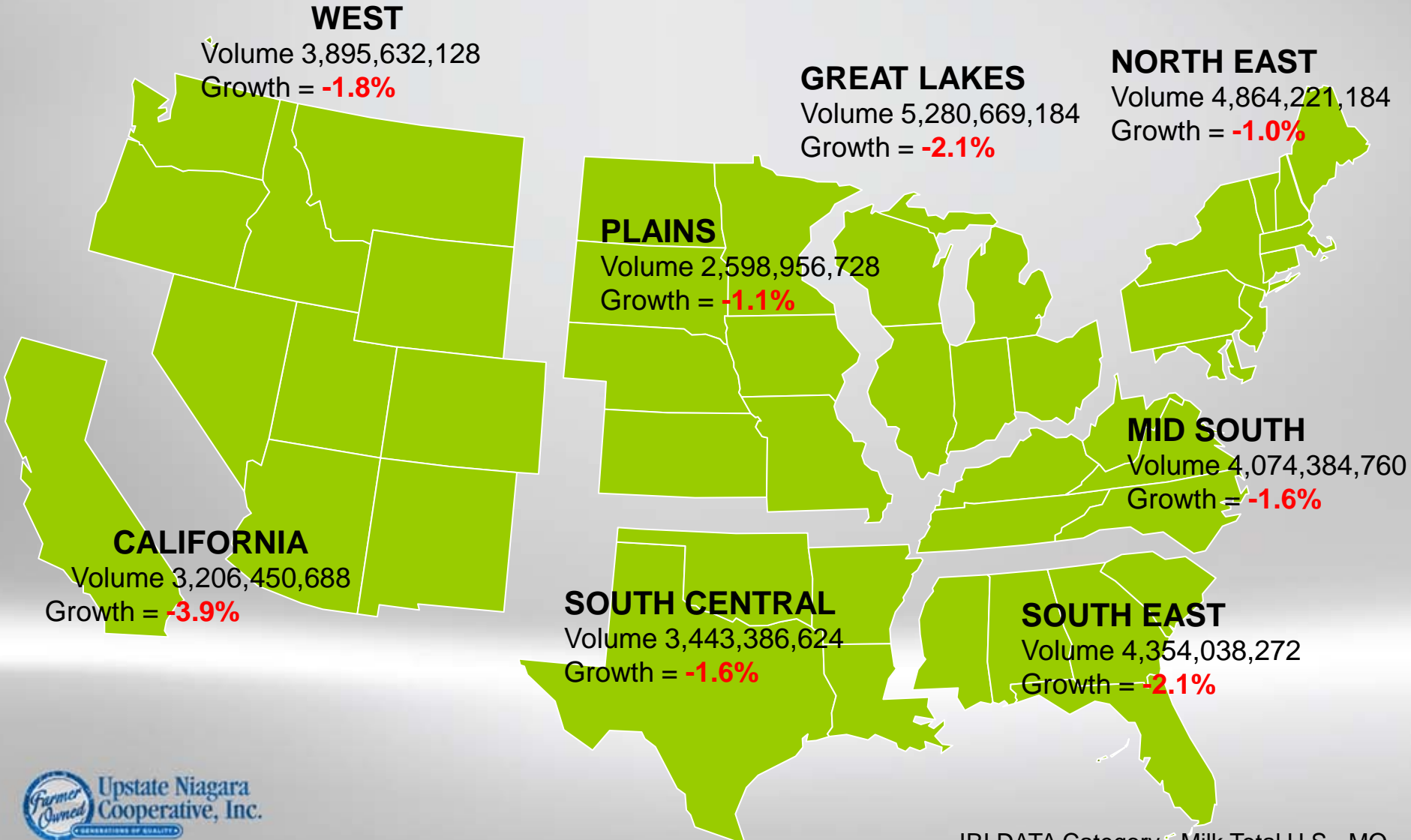


Penetration of Milk declines with age and is decreasing over time.

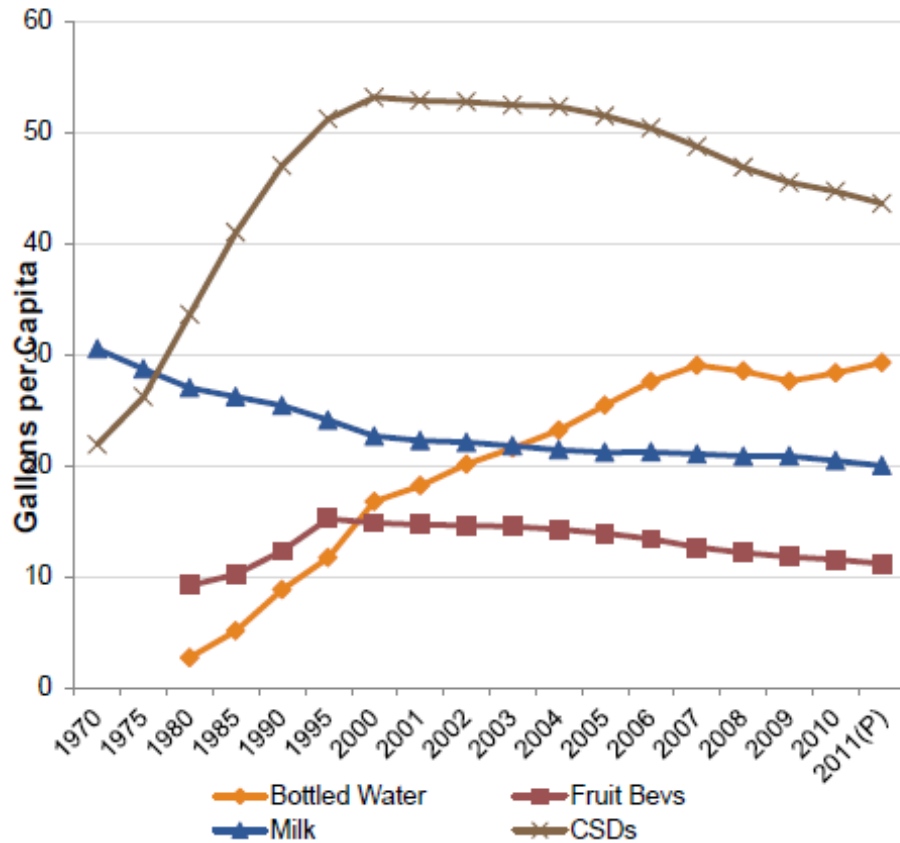


LATEST 52-WEEK FLUID MILK SALES

US Total Volume= 31,714,734,080 lbs. (-1.9%)



Milk has lost beverage share over the long-term, but is stabilizing short-term.



	Volume Share 1980	Volume Share 2006	Volume Share 2011
Milk	37%	19%	19%
CSDs	46%	45%	42%
Fruit Beverage	13%	12%	11%
Bottled Water	4%	25%	28%

Milk's competitive position has weakened...

Is milk up for a fight?

- Over long-term, milk lost to large beverage giants
- More recently, smaller players taking share

Alternative Beverages



Fortified Competitive Beverages

Calcium & Vitamin D Added



The Soy Category Is Bigger Than Ever...



Non-dairy beverages often positioned as having advantages over milk...

Milk Doesn't Always Come From Cows

- Parent company Califia Farms is branching beyond juices to introduce an Almond milk line significantly different from competitors. While typical almond milks are processed from roasted almonds, Califia Farms' Almondmilk is made from whole blanched (not roasted) California almonds, resulting in a fresh, vibrant taste, plus more nutrients. Delicious flavor containing 50% more calcium than regular cow milk.



TRY SILK AND SAY GOODBYE TO MILK.
Switch to Silk and discover the difference.

Silk vs Milk

- Nutritious
- Delicious
- Easy
- Green

With 5 grams of protein in three delicious flavors...

Juice never looked so good.

New Silk®
Fruit & Protein

A refreshing juice blend with the nourishing power of protein.

CUT YOUR MILK CALORIES IN HALF.

POUR THIS IN THIS

50% MORE CALCIUM

Silk PureAlmond UNSWEETENED ORIGINAL

35 CALORIES

MOST PEOPLE PREFER THE TASTE OF SILK® VANILLA ON THEIR CEREAL OVER DAIRY MILK* AND, IT HAS 50% MORE CALCIUM THAN TYPICAL DAIRY MILK**

Join us at [facebook](#) for offers, games & more



Soy, Almond, and other alternative beverages are not 'Milk'!

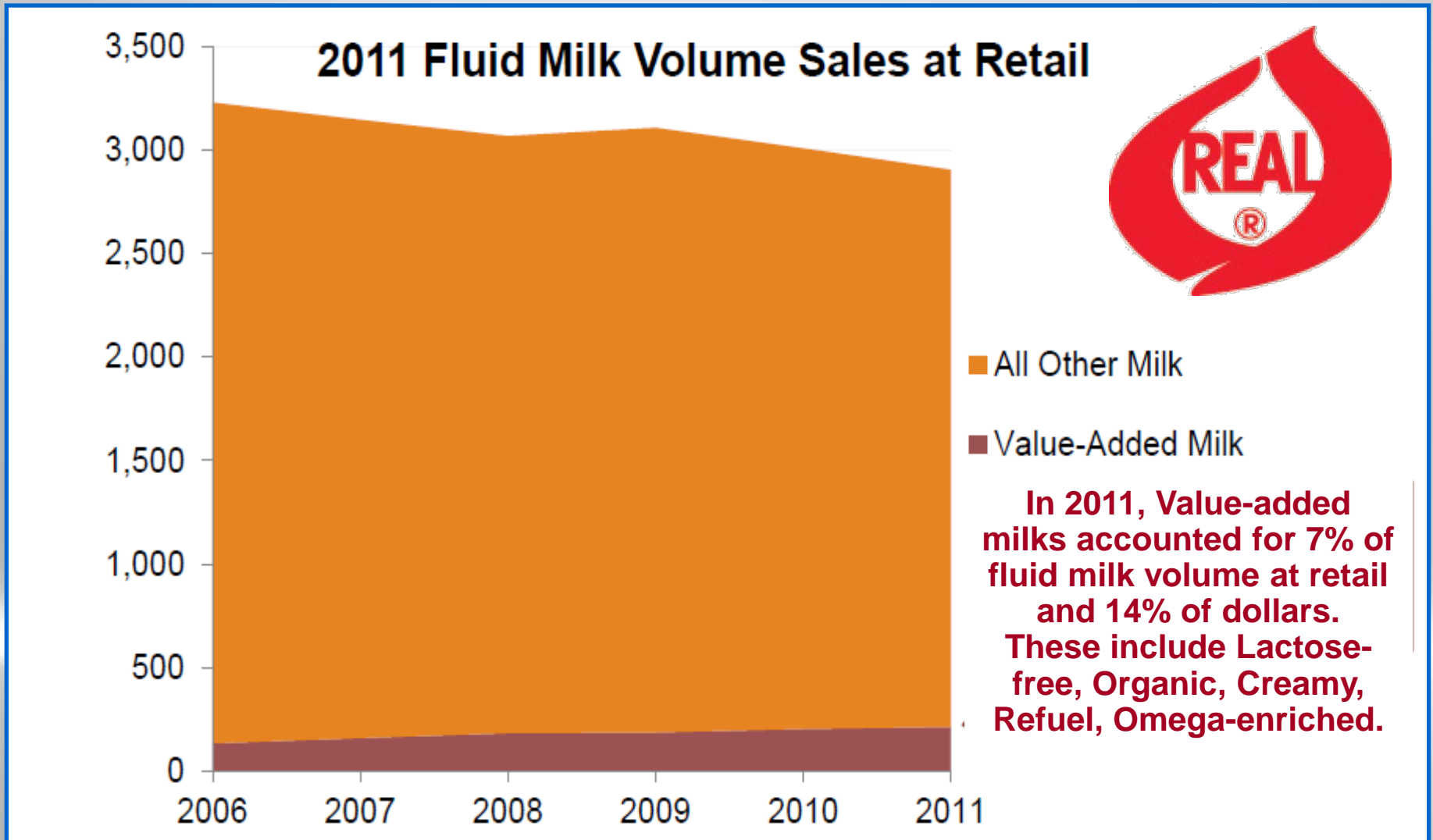
- FDA Standard of Identity of 'Milk'
 - *“The lacteal secretion...obtained by the complete milking of one or more healthy cows”*
 - *“Shall not contain less than 8.25% milk solids not fat and not less than 3.25% milkfat”*
- 'Soy Milk', 'Almond Milk', nor any plant derived liquids do not meet the requirements to be allowed to be called 'Milk'... but they are doing so using milk as a non-standardized descriptive term.

**What does it take to use
the Real Seal?**

- **MILK!**
- **Whole**
- **Authentic**
- **Quality**
- **Natural**
- **Local**
- **Sustainable**
- **Agrarian**



Value-Added Milks, while small, have grown while the total fluid milk category has declined



Source: Symphony IRI DMI custom milk database
Combined food, drug, and mass excluding Wal-Mart



Export Opportunities

- Shelf-stable milks & products
- Recognized symbol for REAL DAIRY
- Trusted sign indicating safe & high-quality contents



Volume Trend – Shelf Stable Milks

Shelf stable is defined as any product with ‘refrigerate after opening’ or similar language on the package.’ Currently offered mostly in pints and quart sizes, consumers pay an equivalent of \$12 per gallon.

	Volume (Gal)		Volume Growth Trend % vs. YA		
	52 wk	% Mix	4 wk	13 wk	52 wk
<i>MULO Data thru 2/24/13</i>					
READY-TO-DRINK MILK/ MILK SUBSTITUTES	32,960,536	100%	1.9%	3.8%	11.2%
Shelf Stable Milk	20,651,123	62.7%	-2.3%	0.8%	9.2%
White Milk	2,921,288	8.9%	3.0%	4.6%	7.8%
Flavored Milk	16,952,931	51.4%	-3.6%	0.2%	9.8%
Alternative Beverage	12,309,413	37.3%	9.1%	8.9%	14.8%

National, Regional, & Store Brands



Upstate Niagara proudly displays the Real Seal symbol on all dairy product packaging...



What does it take to
be a Dairy Farmer?



THANK YOU.