

Connecting Cows, Cooperatives, Capitol Hill, & Consumers



Activities & Accomplishments Report 2014





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Established in 1916 and based in Arlington, Virginia, the **National Milk Producers Federation** carries out policies that advance the well-being of dairy producers and the cooperatives they own. The members of NMPF’s cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 32,000 dairy producers on Capitol Hill and with government agencies.

NMPF uses its resources to promote the economic well-being of dairy producers and cooperatives. For 99 years, NMPF has also been one of the country’s most recognized and influential membership organizations.

The policies of NMPF are determined by its members. As a result, the positions expressed by NMPF are the only nationwide expression of dairy farmers and their cooperatives on national policy.

In 2014, NMPF continued to provide leadership on issues including federal dairy policy, trade, the environment, regulation, and immigration. NMPF also administers the dairy REAL[®] Seal and the export assistance program known as Cooperatives Working Together. None of these efforts would have been complete without the involvement of NMPF’s producer, cooperative, and associate members.



In 2014, NMPF achieved precisely the focus, effort, and accomplishments that I had in mind when I became President at the start of the year. The year began in January with Congress finally passing the farm bill. In February, after five years of effort, we watched President Barack Obama sign into law the most significant rewrite of federal dairy policy in a generation.

In the months that followed, we worked hard to see that the Department of Agriculture implemented the new safety net in a way that was favorable to dairy farmers. By the end of the year, the culmination of all that hard work came when more than half the nation's dairy producers signed up for the Margin Protection Program.

But that was just one component of many achievements throughout the year. In addition, we pressed the case for dairy-friendly policies in the areas of trade, immigration, the environment, food safety, and more. We bolstered our animal care program, expanded our efforts to rejuvenate the REAL[®] Seal, and saw our CWT program play a key role in helping U.S. farmers amid a steep, worldwide price decline.

2015 promises to be an equally busy year. But with the support and engagement of all our members, I look forward to another successful 12 months and the continued march forward of our association.

Jim Mulhern

President & CEO – NMPF



Long-Awaited New Dairy Safety Net Program Enacted, Implemented in 2014



Despite a Congress marked by partisan gridlock, 2014 featured major achievements for NMPF and the nation's

dairy farmers. Most importantly, the new federal dairy safety net – five years in the making – was signed into law February 7 as part of the 2014 farm bill. Enactment of the Margin Protection Program marked the most significant change in direction for federal dairy policy in decades. It also signaled the end of years of effort by NMPF to develop the program and work with Congress to see it adopted.

NMPF spent much of the rest of 2014 working with the Department of Agriculture on the process by which the new program would be implemented.

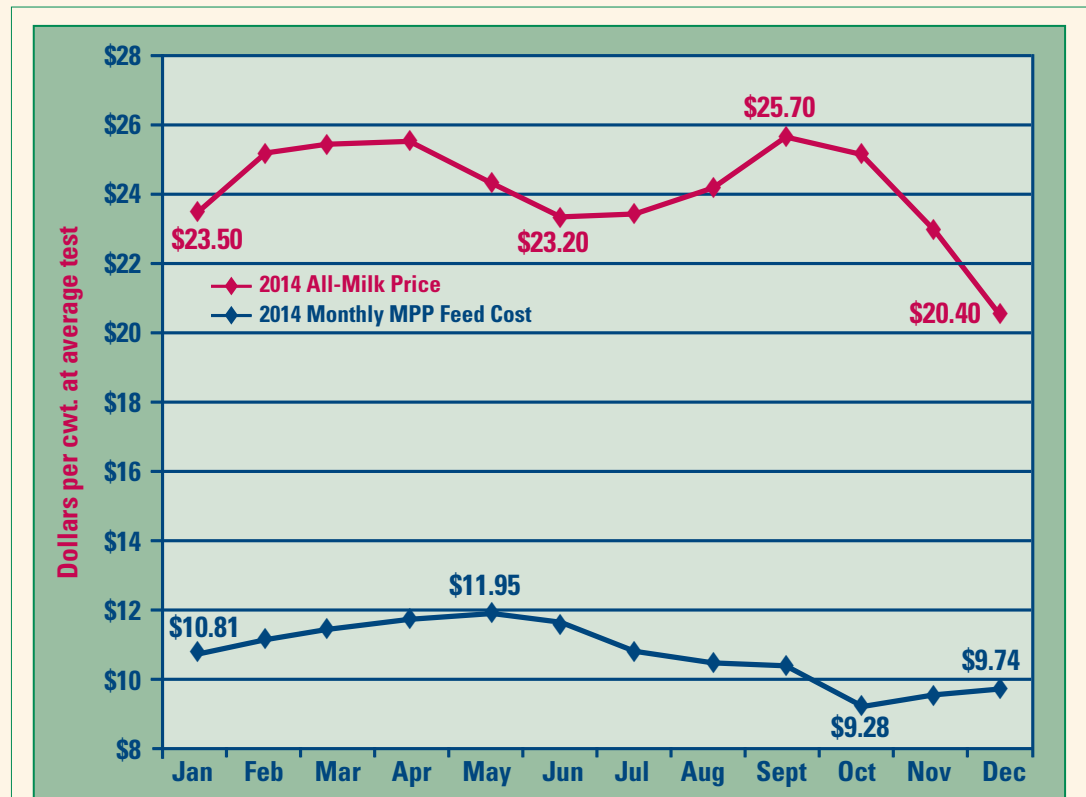
Soon after President Obama signed the farm bill, NMPF and its members made recommendations for a host of unanswered issues about the new program. Since the USDA had considerable discretion in implementing the MPP, NMPF advised the department about concerns both cooperatives and farmers had about its various parts. For the next six months, as USDA developed the program's regulations, NMPF offered guidance on how to make the program work best for farmers.

Many of NMPF's recommendations were incorporated into the program's final regulation. One particular area of concern was the challenge of transferring a dairy farm from one generation to the next. While the farm bill was prescriptive in this area, NMPF believed – and USDA ultimately agreed – that the program should not be structured in a way that would hinder those passing on their farm to the next generation.

The Margin Protection Program was made available to farmers at the end of last summer. Producers

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U.S. All Milk Price Reaches Record in 2014



Farm-level milk prices reached record territory in 2014, both in the spring, and then again in the fall. Coupled with relatively low feed costs (the blue line measures the feed cost calculation in the new Margin Protection Program), 2014 was a strong year financially for dairy farmers.

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could sign up for the remaining months of 2014, for all of 2015, or both. MPP was the first new farm bill commodity program for which regulations were issued, highlighting the importance of the program to both the dairy industry and the Agriculture Department. NMPF subsequently raised questions about the adequacy of the sign-up deadline, and USDA acknowledged those concerns by extending the enrollment deadline twice. To help individual farmers make decisions on MPP, NMPF developed an online tool indicating what level of coverage would work best for each farm. The tool, similar to one developed by USDA, will be available throughout the life of the program.

The sign-up ultimately ended on December 19; a few weeks later, USDA announced that more than half the nation's commercial dairy farms – and an even higher percentage of the nation's milk supply – had signed up for the MPP. The initial figures far exceeded the enrollment numbers for similar USDA programs in past years.

MPP's impressive initial enrollment numbers reflect both USDA's engagement and the work of the dairy industry, spearheaded by NMPF, in explaining the value of the program to farmers. While additional changes likely will make the program even more farmer-friendly, the initial enrollment already demonstrates the value of the program to farmers.

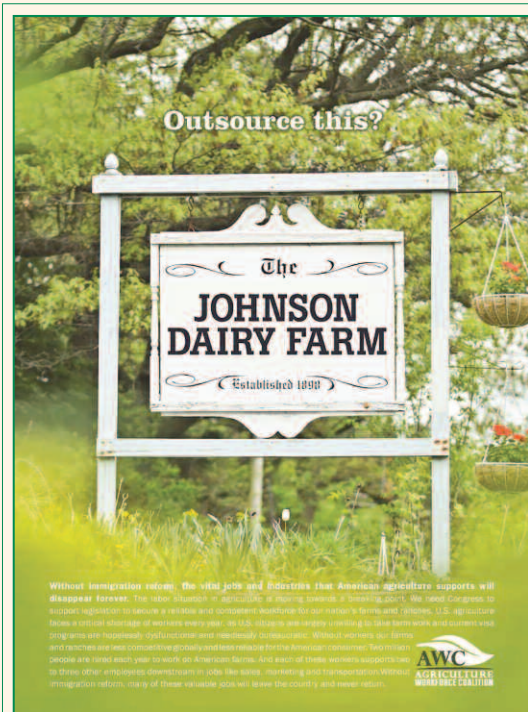
Comprehensive Immigration Reform Again Eludes Congress

In 2014, Congress again failed to pass immigration reform legislation to help agriculture and other economic sectors. Nonetheless, NMPF exerted pressure on lawmakers throughout the year, attempting to build on the progress in 2013, when the Senate passed comprehensive immigration legislation.

In the House of Representatives, Judiciary Committee Chairman Bob Goodlatte (R-VA) introduced legislation that dealt specifically with agriculture's immigration challenges. However, that bill, H.R. 1773, did not fully address the challenges dairy farmers face with both today's workforce and the workers that will be needed in the future. Through the Agriculture Workforce Coalition, NMPF and other farm organizations attempted to work with Chairman

Goodlatte to improve the bill. But improvements ultimately were not included in the bill voted on by the Judiciary Committee. Despite bipartisan recognition of the flaws in the current system, the House of Representatives then failed to consider immigration reform in either a comprehensive or piecemeal form.

In response to congressional inaction, President Obama directed federal agencies last autumn to recommend executive actions to address some of the challenges posed by the current immigration system. NMPF met with representatives from the White House, Department of Justice, and the Department of Labor to highlight the immigration challenges faced by the dairy industry. However, given the limitations the President had in changing the current system, his actions, announced in November, raised as many questions as they answered for the dairy industry. While the full scope of the President's actions remain unclear,



The Agriculture Workforce Coalition ran ads to push immigration reform on Capitol Hill.

what is certain is that only legislation can ultimately solve the immigration crisis. As the 114th Congress gets underway, NMPF continues to work with the Agriculture Workforce Coalition in an effort to achieve comprehensive reform.



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CWT Is a Major Export Player, Helping Members Sell 2.5 Billion Pounds of Milk



In 2014, Cooperatives Working Together helped 10 member cooperatives sell 191 million pounds of

butter, cheese, and whole milk powder in overseas markets. That's equivalent to nearly 2.5 billion pounds of milk. During the year, the NMPF-developed program received 1,285 requests for export assistance from its members and accepted 582 of them.

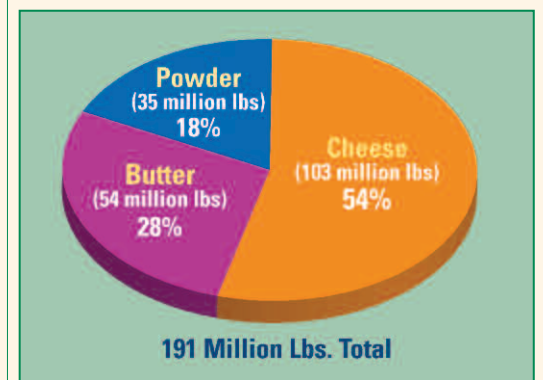
The majority of cheese sales, which totaled 103 million pounds, were to Asia, with the Middle East second and North Africa next. Reduced U.S. production combined with strong domestic demand limited butter exports, but CWT still assisted in sales totaling 54 million pounds. Most of the butter sales were to the Middle East. By contrast, 2014 was the best year for CWT-assisted exports of whole milk powder. Some 35 million pounds were sold, with Asia the leading destination.

CWT is a voluntary membership organization funded by contributions from 37 dairy cooperatives and more than 100 individual farmers, representing 70 percent of the milk produced nationwide. Since 2011 it has focused exclusively on expanding markets for U.S. dairy farmers overseas.

Member cooperatives submit requests for help with sales in specific foreign markets. Only if the amount is justified is the bid accepted and financial

help provided. The bidder then has six months to deliver the product to the overseas purchaser.

CWT Product Exports in 2014 by Type

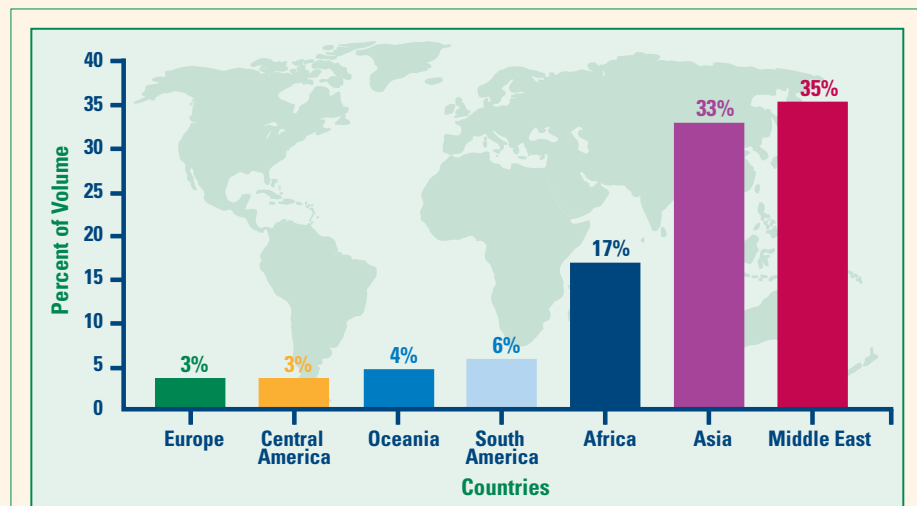


The majority of CWT's exports last year were cheese. 13% of total U.S. cheese exports were facilitated by CWT.

CWT benefits dairy farmers in at least three ways:

- It helps maintain U.S. dairy exports when world prices are below U.S. prices.
- It helps make the United States a more reliable supplier in world markets by helping U.S. cooperatives compete.
- It focuses assistance on the products that directly impact farm milk prices: American-type cheese and butter. CWT-assisted exports of these products, in the period between April through August 2014, had an estimated impact of 38 cents per hundredweight.

CWT Product Exports in 2014 by Destination



The Middle East was the leading regional destination for CWT's exports, with Asia close behind.

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Atlantic, Pacific Free Trade Agreements Enter Crucial Negotiation Stage in 2014



Shaping the rules of the road for future trade agreements remains one of NMPF's most important areas of focus. For good or bad, once trade deals are struck, their terms will impact the dairy industry for years to come. That's why it is vital to engage in constructing these agreements during the negotiations stage. To help achieve a unified industry voice, NMPF works closely on this with the U.S. Dairy Export Council. Massive trade agreements covering the Pacific Rim and Europe took center stage in 2014.

Fevered negotiations on the Trans-Pacific Partnership, or TPP, continued throughout the year, and are now drawing to a close. TPP not only includes the major dairy markets of Canada and Japan, but also two of the U.S. dairy industry's largest competitors, New Zealand and Australia. NMPF has insisted that any final agreement create important new trade opportunities for the U.S. dairy sector.

As TPP negotiations were pushing to a conclusion, free trade talks with the European Union were just heating up. Negotiations on the Transatlantic Trade & Investment Partnership opened in 2013, with substantive discussions beginning last year. NMPF views TTIP as a prime opportunity to address this country's \$1 billion dairy trade deficit with Europe. But that is only possible if the agreement fully tackles regulatory, tariff, and nontariff barriers that make it hard to export dairy products to Europe.

Meanwhile, the European Union wants to use TTIP to increase the U.S. dairy trade deficit by banning the use of common cheese names unless the products are made in Europe. NMPF has led U.S. dairy interests in strongly opposing these efforts.

Threat to Global U.S. Cheese Exports Grew from Aggressive European Moves

NMPF continued working in 2014 with the Consortium for Common Food Names to beat back aggressive EU moves to block competition around the world, particularly in the area of value-added products such as cheese. The Consortium was founded by the U.S. Dairy Export Council to foster the adoption of model geographical indication guidelines throughout the world. In recent years, the EU has attempted to use geographical indications to ban the use many generic cheese names outside of Europe.



Included are names like muenster, provolone, havarti, feta, parmesan, romano, asiago, and gorgonzola. As the EU negotiates these product restrictions internationally, its work puts at risk the use of additional cheese terms, including mozzarella,

brie, and gouda. NMPF has cited the EU's actions as blatant barriers to trade.

In 2014, CCFN's work broke into the national media, fueled by three Capitol Hill letters urging the U.S. Trade Representative and the Agriculture Department to fight EU attempts to inappropriately limit trade and competition. Two letters – one focusing on cheese and another on meats – collectively represented roughly two-thirds of the Senate, while the House letter garnered an impressive 177 signatures. Together, these messages made clear the strong congressional opposition to the EU's efforts to hinder U.S. agricultural exports.

NMPF's work through CCFN saw other successes last year as well, as some Latin American countries reached favorable decisions about the use of key common food names. Additionally, NMPF saw favorable geographical indications provisions included in foreign regulations that could help preserve the use of key terms in those markets. New threats arose as well, however, as NMPF joined USDEC and the International Dairy Food Association in opposing a geographical indication for "Havarti," a name with a firm international

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“ Massive trade agreements covering the Pacific Rim and Europe took center stage in 2014. ”



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production standard. NMPF will continue to work with CCFN to battle these and other blatant efforts to impede access for U.S. exports around the world.



NMPF Tackles Additional Barriers to Dairy Exports from China, Others

To open the most opportunities for U.S. dairy exports, NMPF worked hand in hand with USDEC to address other

unwarranted regulatory barriers to U.S. products. For example:

- Many U.S. dairy exporters faced uncertain or even closed markets last year due to Chinese



requirements that the United States develop and maintain a list of U.S. manufacturers eligible to export to China. NMPF worked with

USDEC to secure short-term resolutions, while also helping to develop a longer-term solution to ensure U.S. dairy exports will continue to flow to China's large and growing market. That work continues, and signs are encouraging that China is willing to be a constructive partner.

- It is not only important to get free trade agreements right when they're negotiated, but it is also crucial that the agreements work properly once in place. Toward that end, NMPF testified before a Senate Finance subcommittee on how the U.S.-Korea Free Trade Agreement is working for dairy. NMPF noted concerns over aggressive Korean enforcement of country-of-origin requirements. NMPF worked with USDA to resolve some of these issues, but the overarching problem remains.
- In August, Russia reinforced its regulatory barriers that have blocked U.S. dairy imports for years. Included was an all-out ban on dairy imports from the EU, United States, Australia, and others in response to sanctions on Russia because of its actions in Ukraine. The Russian food ban interrupted earlier progress toward resolving the long-standing impasse with Russia concerning U.S. dairy trade.

- Although 2014 did not see any new threats to U.S. dairy sales to Canada, NMPF grappled with the lingering impacts of Canadian actions



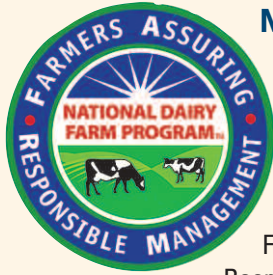
in 2013 to restrict dairy imports. Canadian nontariff barriers have become

a systemic concern, particularly for U.S. companies attempting to introduce new dairy products into Canada's tightly controlled market. NMPF worked closely with the Agriculture Department and the office of the U.S. Trade Representative to ensure that Canada honors earlier commitments to refrain from blocking imports of safe products.



The European Union wants to use TTIP to increase the U.S. dairy trade deficit by banning the use of common cheese names unless the products are made in Europe.





NMPF Humane Animal Care Program Now Covers 80 Percent of Milk Supply

NMPF's five-year-old animal care program, Farmers Assuring Responsible Management (FARM) continued to grow in 2014. More than 70 co-ops and processors now participate, representing 80 percent of the nation's milk supply.

NMPF launched FARM, an on-farm education and evaluation program, in 2010 to demonstrate dairy farmers' commitment to humane care. Since then, more than 15,000 farms have been evaluated by second-party evaluators. In addition, more than 370 third-party verifications have been conducted.

In October, the NMPF board unanimously approved a measure mandating that all participating co-ops and processors require that all their milk suppliers adhere to FARM's animal care guidelines. The measure will ensure the integrity of the program remains high.

Also during the year, NMPF produced two guidance documents critical to management of the program. The first creates a formal protocol to address allegations of animal mistreatment or abuse, such as those arising from an undercover video. The process includes confirmation of mistreatment, development of a plan to address issues of employee training and animal handling, and a follow-up evaluation to verify that the plan has been implemented. In the meantime, the farm where the mistreatment occurred will be placed on probation. NMPF also created a series of sample action plans for second-party evaluators to use in discussing post-evaluation recommendations for improved animal care.



NMPF Plays a Leadership Role on Animal Welfare Issues

As exports grow, international developments in animal health and welfare are increasingly important to U.S. dairy farmers. In 2014, NMPF advanced U.S. interests at several important international venues.

NMPF took an active role in the International Standards Organization by participating in the U.S. Technical Advisory Group. In November, NMPF submitted comments through USDA on animal welfare standards for each animal category, including dairy. In December, also through USDA, NMPF offered recommendations on the third draft of the World Animal Health Organization's dairy animal welfare standards. Both sets of comments were rooted in NMPF's FARM program, ensuring that no international standards will compete or impose overly burdensome welfare regulations on U.S. producers. Through these activities and work with the International Dairy Federation's Animal Health and Welfare Committee, NMPF is ensuring that international animal welfare standards align with the FARM Program and do not hinder future trade.

Protecting U.S. Herds from FMD Remains an Important Focus in 2014

In the area of international animal disease prevention, NMPF continues to focus on Foot and Mouth Disease preparedness through development of the Secure Milk Supply program, advocacy for vaccination strategies, and protection of the domestic dairy cattle population from foreign threats. In 2014, NMPF protected the interests of the U.S. dairy industry by opposing the importation of meat products from certain regions in South America. Responding to a draft USDA risk analysis for

“The NMPF board unanimously approved a measure mandating that all participating co-ops and processors ensure that all their milk suppliers adhere to FARM's animal care guidelines.”

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importing fresh beef from Northern Argentina and certain areas of Brazil, NMPF urged the department to conduct a quantitative risk assessment as was used for importing the same products from



Uruguay. NMPF also asked USDA to be more transparent in its risk assessment so that conformance to World Organization for Animal Health requirements could fully be evaluated. Finally, NMPF asked that the risk assessment clearly address a variety

of compliance issues related to meat exports and disease control and prevention in both Argentina and Brazil.

In another FMD preparedness development, NMPF endorsed a draft USDA plan for allowing the United States and Canada to cope with a serious animal contagion outbreak and suggested the plan as a template for similar plans involving other important dairy export markets. The plan, drafted by the Agriculture Department's Animal and Plant Health Inspection Service, calls for the United States and Canada to recognize each other's efforts to control an outbreak, while regionalizing how the outbreak is handled, so as to allow continued trade with disease-free areas of the country.

Finally in 2014, the NMPF Animal Health & Wellbeing Committee established a task force to assess the U.S. dairy industry's FMD preparedness. Through a series of meetings with key government and non-government experts, the task force developed recommendations that were subsequently approved by the NMPF board of directors.

NMPF Urges Agencies to Rethink Controversial Waters of the U.S. Rule

Along with other farm groups, NMPF has worked for years with U.S. Environmental Protection Agency and the Army Corps of Engineers to establish a jurisdictional scope of federal and state authority over the nation's waterways. In March 2014, the two agencies published a proposed regulation greatly expanding the waterways subject to regulation under the federal Clean Water Act, and guidance on when farmers must seek CWA permits for a long list of routine activities near wetlands. In June, EPA granted an NMPF request to extend

the comment period on the first proposal, known as the Waters of the U.S. rule, because an underlying scientific report had not been finished.

In July, NMPF urged withdrawal of the guidance, officially called an interpretive rule, arguing it could actually discourage water conservation and good environmental practices. Late in the year, Congress passed legislation directing EPA to withdraw the guidance, and a few months later, in January 2015, EPA and the Corps of Engineers did just that.

In November, NMPF urged both agencies to rethink the WOTUS proposal. NMPF wanted numerous terms in the draft clarified, and urged that any final regulation exclude from federal jurisdiction certain intermittent streams and wetlands. NMPF also asked EPA to publish maps clearly indicating the features that make a waterway covered under the CWA. A subsequent NMPF analysis demonstrated that the WOTUS proposal does not meet the requirements of various Supreme Court rulings that initially were the catalyst for regulation. In light of all these concerns, NMPF urged that the regulation be rewritten. As 2015 began, the proposal was still being reviewed by EPA and the Corps of Engineers, and was also being scrutinized by Congress.

Water Quality Milestone Reached Between Urban, Rural Sectors

Last September, NMPF and an association of more than 300 public water agencies reached a milestone in efforts to strengthen ties between urban and rural sectors on water quality. NMPF and the National



NACWA Executive Director Ken Kirk (left) and NMPF's President & CEO Jim Mulhern signed the memorandum.

Association of Clean Water Agencies signed a Memorandum of Understanding designed to encourage both the water agencies and nearby dairy farms to work together to improve water quality and environmental benefits on dairy farms. Potential projects include cooperation on

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In 2014, NMPF protected the interests of the U.S. dairy industry by opposing the importation of meat products from certain regions in South America.





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building anaerobic digesters, which can use manure to generate electricity and reduce methane emissions, and improving water quality through nutrient separation technologies and land management practices such as planting grass buffers near streams and using no-till planting in fields. This collaborative effort will become more important as local governments target agricultural producers as possible point sources for nutrient flows into municipal water systems.

Promoting Favorable Tax Treatment For Farm Equipment and Machinery

NMPF continues to promote and advocate for favorable tax provisions for cooperatives and their farmer owners.



For much of 2014, farmers were left in limbo regarding the extension of Section 179 tax provisions that allows small

businesses, including farms, to write off capital purchases such as machinery immediately, instead of over time.

NMPF successfully advocated for an extension of Section 179 tax credits at 2013 maximum levels of \$500,000, and a 50 percent bonus depreciation for the purchase of new capital assets. The extension passed Congress on December 16th after expiring at the end of 2013. NMPF will advocate to make these provisions permanent, along with other important tax provisions for farmers and cooperatives in any new tax reform legislation coming before Congress in 2015.

Resource Recovery Initiative to Provide Environmental Services to Farmers

In order to shift the environmental regulatory dynamic in the favor of farmers, NMPF, the Innovation Center for U.S. Dairy, and several individual dairy cooperatives conducted a 90-day study last year about how to best recover energy and nutrients from cow manure. NMPF's Environmental Issues Committee subsequently recommended that NMPF develop a business to provide energy and environmental services to producers through their cooperatives.

The recommendation, approved by the NMPF board in the fall, encourages NMPF to develop a business supporting the voluntary production of environmental benefits through market-based incentives. The business would be built on strategic partnerships, learnings from pilot projects, and other cooperative and business considerations. Cooperatives that help finance the business would have ownership opportunities.

NMPF Presses Case Against Relaxing State and Federal Raw Milk Laws

In 2014, NMPF continued to lead the dairy industry in vigorously opposing efforts to make raw milk more accessible to consumers. More than 40 pro-raw milk bills were introduced last year in state legislatures, most of them legalizing or expanding direct sale or distribution of raw milk. NMPF opposed them all, sending letters or providing testimony to eight states urging them to strengthen their laws surrounding raw milk sales. No new state laws were adopted expanding intrastate raw milk sales.

NMPF also opposed federal legislation that would have allowed interstate sales of raw milk, weighing in on both the Milk Freedom Act of 2014 and the Interstate Milk Freedom Act of 2014. These bills would have repealed the long-standing ban on the sale of unpasteurized milk across state lines. NMPF argued that any additional availability would increase the number of sicknesses and deaths among those who consume raw milk.

NMPF Offers Dairy Industry Position On Multiple Food Safety Regulations

The final major regulations proposed under the 2011 Food Safety Modernization Act were published in 2014. Many of the changes will have a direct impact on dairy producers and their cooperatives. In all, NMPF staff submitted 31 sets of comments on FSMA-related regulations, which represent the most sweeping reform of the nation's food safety laws in more than 70 years.

NMPF strongly supported some aspects of the proposals, but identified significant compliance burdens and misjudgments in others. NMPF's top priority was to insist that Grade A milk facilities be regulated under the Pasteurized Milk Ordinance – as they are now – instead of under the FSMA preventive controls regulation. The FDA has not issued a final decision in that matter.

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Additionally, NMPF argued that farms should not be subject to regulations to prevent intentional contamination of food at high-risk targets. FDA's proposed regulation on the intentional adulteration of food requires facilities and dairy farms to address vulnerable processes in their operations to prevent large-scale public harm. NMPF argued strongly that milk on a dairy farm would be a difficult and unlikely target for a terrorist attack and, therefore, activities on dairy farms should not be addressed in the regulation.

After public feedback, FDA issued four supplemental FSMA regulations during the year. These covered produce safety, preventive controls for human and animal food, and foreign supplier verification programs. Changes in the final regulations addressed many of the issues NMPF and IDFA raised in earlier comments and meetings with FDA.

NMPF Applauds Most FDA Changes to Nutrition Facts Panel on Foods



NMPF generally applauded FDA's proposal to update the Nutrition Facts panel on packaged foods, saying in comments that it would "help consumers better understand the important role that dairy plays in a healthy diet." NMPF

also was supportive of including "added sugars" on the revised labels. But it did argue that lactose-containing dairy ingredients be excluded from FDA's definition of "added sugars." It noted that, under FDA's proposal, the lactose in a tablespoon of nonfat dry milk included in a separate food product would count as an added sugar, while the lactose in a glass of milk would not. NMPF cited functional differences between lactose and traditional sweeteners and argued that FDA's definition would confuse consumers.

NMPF also used its comments on changes in the Nutrition Facts panel to remind FDA that it is continuing to allow manufacturers of soy "milk,"

rice "yogurt," and other imitation dairy products to trick consumers into thinking these products are nutritionally equal to real-milk products. NMPF continues to argue that this is a clear violation of FDA's own food standards and labeling regulations.

NMPF also responded to an FDA proposal to update serving size requirements. The proposal would decrease the serving size for yogurt from eight ounces to six ounces and increase the serving size for ice cream from one-half cup to one cup.

NMPF Says Federal Recommendation for 3 Servings of Dairy a Day Should Stand

Also last year, the federal Departments of Agriculture and Health and Human Services began the periodic process of updating the *Dietary Guidelines for Americans*, the government's primary nutrition advice for consumers. NMPF provided both written comments to the scientific experts overseeing the process, and spoke at one of the group's public hearings. NMPF urged the panel to keep the recommended three daily servings of dairy products for most Americans, noting that dairy products are uniquely nutrient-rich and virtually irreplaceable in the diet if Americans are to meet nutrient recommendations.

"We strongly urge the committee to maintain the current recommendation of three daily servings of dairy, and to focus on the serious public health problem of under-consumption of milk and dairy products," NMPF said in its testimony. "Americans have major shortfalls in recommended milk consumption starting at just four years of age. None of us should find that acceptable." Based on dairy's role in preventing several chronic diseases and its cost-effectiveness as a nutrient package, NMPF said the dietary guidelines should encourage people who are under-consuming dairy to add at least one more serving a day.

Early in 2015, the scientific experts – officially known as the Dietary Guidelines Advisory Committee – reaffirmed low-fat and fat-free milk and dairy products as a core component of a healthy diet. In addition, they found that three of milk's nine key nutrients – calcium, vitamin D and potassium – were under-consumed by children. The 2015 edition of the *Dietary Guidelines* will be issued later this year.



We strongly urge the committee to maintain the current recommendation of three daily servings of dairy.





Efforts to Rejuvenate REAL[®] Seal Expand Across Social Media in 2014

NMPF's efforts to rejuvenate the REAL[®] Seal expanded across social media in 2014. The organization gained license to the iconic symbol



in 2012 with a goal of remaking it for the social media age, boosting dairy sales and using the REAL[®] Seal to go on the offensive against a growing list of imitation products.

In 2014, fans of the Facebook page doubled – to 125,000 – as eye-catching content was added daily. The REAL[®] Seal website added a buyer's guide with dozens of food companies, retailers, and wholesalers that feature REAL dairy products.

Pinterest emerged in 2014 as a fast-growing social media destination. So the REAL[®] Seal added a Pinterest page in June as an additional resource for consumers seeking mealtime ideas and inspiration. By year's end, the page had 20 boards with approximately 400 images.

Finally, in 2014 the animated REAL[®] Seal cartoon character – known as DairyUS – became a fixture on YouTube. DairyUS videos were produced for major holidays, sports events, and other seasonal activities.

KIDS who don't drink their REAL[®] milk are **three times** as likely to have **Vitamin D** deficiencies.

The REAL[®] Seal Facebook page features a variety of engaging graphics, including reminders that only genuine dairy products provide the most nutritional bang for the buck.



Fans of the Facebook page doubled – to 125,000 – between January and December as eye-catching content was added daily.





NMPF's Economics Staff Supports Policy Work in Legislative, Other Areas

The Marketing and Economic Research staff provided timely economic data and analysis to other NMPF program areas in 2014. It supported NMPF's legislative, regulatory, and trade policy agendas, as well as the export assistance program Cooperatives Working Together.

In 2014, the economics staff worked closely with NMPF's policy staff on implementation of the Margin Protection Program, the new federal dairy safety net. It also worked with NMPF members to provide dairy's perspective on the Commodity Futures Trading Commission's controversial "position limits" regulation. Issued under the 2010 Dodd-Frank financial reform act, the regulation is primarily aimed at curbing speculation in futures,

options, and swaps markets. It focused on the largest of these, including Class III milk contracts, limiting the number of them that an individual business entity could hold at one time. In comments filed with the CFTC, NMPF argued that the cash-settled nature of Class III contracts, together with the absence of any evidence of irregular price behavior, justified more generous limits for these contracts. The CFTC is expected to issue a final regulation by this year.

The economics staff also produces *Dairy Data Highlights*, NMPF's annual compilation of national and state milk and dairy production data, and issues the *Dairy Market Report* each month. Sponsored by Dairy Management Inc., the *Dairy Market Report* provides the latest key dairy economic data and trends in one concise, monthly document.



NMPF Scholarship Program Benefits Graduate Students, Dairy Industry

NMPF's National Dairy Leadership Scholarship Program offers scholarships each year to students enrolled in Master's or Ph.D. programs who are pursuing research of interest to NMPF member cooperatives and the dairy industry in general. NMPF's Board of Directors selects scholarship recipients each June, with the awards coinciding with the start of the following academic year.

In 2014, NMPF awarded scholarships to two students. The **Hintz Memorial Scholarship**, given

annually to the top candidate, was awarded to **Curtis Park**, a Ph.D. candidate in food science at North Carolina State University. His research involves the effect of processing on the quality of skim milk powder and sources of off-flavors in whey protein concentrates.

The second scholarship was awarded to **Robb Bender**, a Ph.D. candidate in dairy science at the University of Wisconsin-Madison, for research on using a statistical process control to integrate nutritional data in real-time analysis on dairy farms.

The 2014 NMPF Scholarship Recipients



Curtis Park – Ph.D. candidate in food science at North Carolina State University



Robb Bender – Ph.D. candidate in dairy science at the University of Wisconsin-Madison



Young Cooperators Program Fosters Future Dairy Industry Leaders

The National Young Cooperator program has been a key part of NMPF's activities for more than six decades. The program builds leadership capabilities in younger dairy farmers, who will plot the future course of the dairy industry. Many of today's national leaders, including many current NMPF board members, are former YCs. YCs from across the nation typically meet in Washington once a year, and then again at the annual meeting.

In 2014, more than 60 young dairy farmers gathered in June in Arlington, Virginia, to plan activities and lobby Congress. In the fall, nearly 100 YCs attended a Leadership and Development Program held as part of the NMPF annual meeting. Also in 2014, a select group of approximately two dozen YCs met in July for a two-day program focused on dairy policy and promotion, with a special emphasis on advocacy and social media. The meeting was held jointly with Dairy Management Inc., in Chicago.

An advisory council provides leadership for the Young Cooperators program annually. For 2014, members of the council included:

Stuart & Jessica Ziehm – *Chaircouple*
Agri-Mark, Inc.

Johan & Trisha Heijkoop – *Vice Chaircouple*
Southeast Milk, Inc.

Michael & Jordan Noll – *Secretary Couple*
Michigan Milk Producers Association

Cody & Melissa Orton
Dairy Farmers of America, Inc.

Entee & Lacie Sublett
Dairy Farmers of America, Inc.

Dustin & Lauralee Bliss
Dairylea Cooperative Inc.

Miguel & Fernanda Valadao
Land O'Lakes, Inc.

Andrew & Nicole Jamison
MD & VA Milk Producers Cooperative Assn., Inc.

Landon & Becky Van Dyk
Northwest Dairy Association

Somula Schwoeppe
Prairie Farms Dairy, Inc.

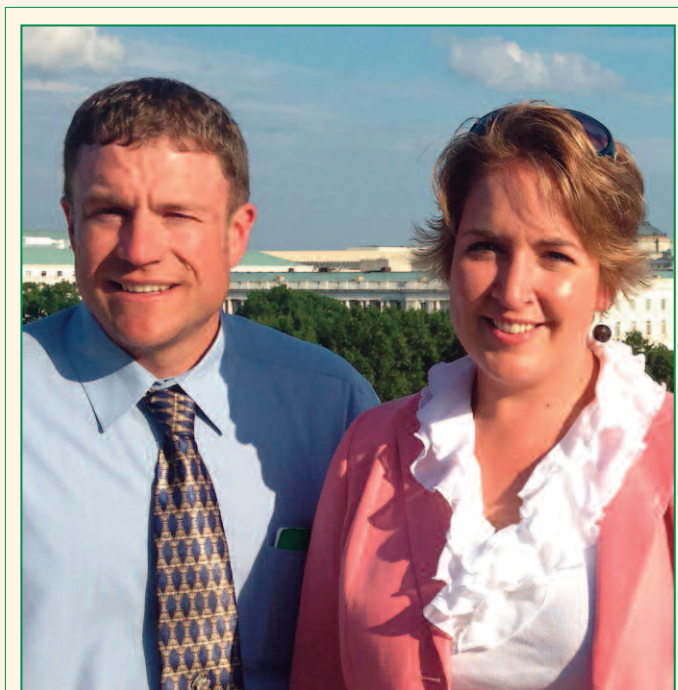
Andy & Jessica Schmitt
Swiss Valley Farms Company

Nathaniel & Lorrie Cowan
Tillamook County Creamery Association

Kelly Dugan & Shane Wilcox
United Dairywomen of Arizona

Chad & Jennifer Meyer
Upstate Niagara Cooperative, Inc.

The 2014 YC Chaircouple



YC Chaircouple Stuart & Jessica Ziehm attended the June 2014 YC Dairy Policy & Legislative Forum.



The YC program builds leadership capabilities in younger dairy farmers, who will plot the future course of the dairy industry.





800 Dairy Leaders Meet in Dallas for 2014 NMPF Annual Meeting



U.S. Agriculture Secretary Tom Vilsack was a guest speaker at the meeting.

More than 800 dairy industry leaders converged outside Dallas in October for NMPF's annual meeting, held jointly with the National Dairy Promotion and Research Board and the United Dairy Industry Association.

Highlights included an appearance by U.S. Agriculture

Secretary Tom Vilsack, insights on the future of the dairy industry from noted business guru Daniel Burrus, and a packed Town Hall in which dairy farmers heard presentations by NMPF staff on key industry issues.

Also at the meeting, NMPF's leadership pledged to move from a focus on reforming the federal dairy safety net to other important issues, including the fight for immigration reform and opening more foreign markets to U.S. dairy products.

The three-day meeting was held October 27-29 at the Gaylord Resort and Convention Center in Grapevine, Texas. In addition to Vilsack and Burrus, headline speakers included renowned political analyst Stu Rothenberg, Domino's Pizza CEO Patrick Doyle, and Charlotte Jones Anderson, chief brand officer for the Dallas Cowboys. In addition, two Coca-Cola executives offered attendees a preview of Fairlife milk, Coke's new protein-boosted dairy product made by NMPF member Select Milk Producers.

Vilsack used his appearance at the meeting to announce a one-week extension in the deadline for farmers to enroll in the Margin Protection Program, the first major rewrite of the federal dairy safety net in more than a generation. "We want dairy producers to have enough time to make thoughtful and well-studied choices," Vilsack said.

In their annual joint appearance before the membership, Board Chairman Randy Mooney

and President and CEO Jim Mulhern reminded the NMPF membership that NMPF devised the new margin insurance program and lobbied to include it in the 2014 farm bill after dairy farmers lost billions of dollars in equity in the 2008-2009 recession.

Also at the meeting, NMPF welcomed four new dairy cooperative members, two new board members, and one new board officer. The new board members were Michael Doyle, president and CEO of Foremost Farms USA in Baraboo, Wisconsin; and Scot Meyer, board member of Ellsworth Cooperative Creamery, Ellsworth, Wisconsin. In addition, board member Keith Murfield, CEO of United Dairymen of Arizona, was elected to serve as NMPF secretary.

NMPF also recognized six outgoing board members for their service to the organization and



A provolone made by DFA in Turlock, California, received the top award in the 2014 NMPF cheese competition. DFA's Randy Mooney, center, and John Wilson, right, accepted the award from Jim Mulhern.

presented the NMPF Political Action Committee Award to board member Dan Senestraro of Dairy Farmers of America. The six outgoing board members receiving certificates of appreciation were William Blalock, Cooperative Milk Producers Association; Albert Knegendorf, Ellsworth Cooperative Creamery; Dennis Donohue, FarmFirst Dairy Cooperative; David Newhouse, Farmers Cooperative Creamery; Dave Fuhrmann, Foremost Farms USA; and Donald DeJong, Select Milk Producers.

In between major events were board meetings, a dairy bar, networking and sightseeing opportunities, and a raffle raising money for NMPF's National Dairy Leadership Scholarship Program. The 2014

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“
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Communicator of the Year award was presented to Michelle Carter, communications specialist with Northwest Dairy Association/Darigold in Seattle.

Also at the meeting, the incoming 2015 Young Cooperator council elected its leadership for the

coming year. Brian and Carrie Preston, Michigan Milk Producers Association, were chosen to serve as the YC Chaircouple. Tommy and Anna Watkins, Southeast Milk, were elected Vice Chaircouple, and Donald and Bernadette Harwood, Upstate Niagara Cooperative, were elected Secretary couple.



NMPF Welcomed Four New Members in 2014

NMPF welcomed four new cooperative members in 2014: Bongards' Creameries, Norwood, Minnesota; Cortland Bulk Milk Producers Cooperative, Cortland, New York; Mount Joy Farmers Cooperative Association, Mount Joy, Pennsylvania; and Oneida-Madison Milk Producers Cooperative Association, Sherrill, New York.

Last year, NMPF's member cooperatives marketed approximately 125 billion pounds of milk, representing 62 percent of all U.S. milk marketed during the year. NMPF member cooperatives are also leading processors of fluid milk, cheese, butter, milk powder, and specialty dairy products.

NMPF's associate members also continued to grow in 2014. More than 75 associate members include processor organizations, state associations, lending institutions, consultants, law firms, members of the media and academia, and two international cooperatives.

A complete list of NMPF's member cooperatives:

Agri-Mark, Inc.
Associated Milk Producers Inc.
Bongards' Creameries
Cooperative Milk Producers Association
Cortland Bulk Milk Producers Cooperative

Dairy Farmers of America, Inc.
Dairymen's Marketing Cooperative, Inc.
Ellsworth Cooperative Creamery
Farmers Cooperative Creamery
FarmFirst Dairy Cooperative
First District Association
Foremost Farms USA
Land O'Lakes, Inc.
Lone Star Milk Producers
MD & VA Milk Producers Coop. Assn., Inc.
Michigan Milk Producers Association
Mid-West Dairymen's Company
Mount Joy Farmers Cooperative Association
Northwest Dairy Association
Oneida-Madison Milk Prod. Coop Assn.
Prairie Farms Dairy, Inc.
Premier Milk Inc.
Scioto County Cooperative Milk Prod. Assn.
Select Milk Producers, Inc.
Southeast Milk, Inc.
St. Albans Cooperative Creamery, Inc.
Swiss Valley Farms Company
Tillamook County Creamery Association
United Dairymen of Arizona
Upstate Niagara Cooperative, Inc.
Zia Milk Producers, Inc.



NMPF is the principal voice on national issues for dairy producers and the cooperatives they own.





NMPF Board Overseas Finances, Program and Policy Agenda

NMPF's Board of Directors oversees the organization's financial affairs, programs, and policy agenda. It is made up of 47 dairy producers and cooperative representatives. The number of seats a cooperative has on the board depends on how much milk it markets. The board meets in person three times a year and in committee meetings and on conference calls in between those meetings.

2014 NMPF Officers

Randy Mooney – *Chairman*

Dairy Farmers of America, Inc.

Ken Nobis – *First Vice Chairman*

Michigan Milk Producers Association

Adrian Boer – *Second Vice Chairman*

Northwest Dairy Association

Mike McCloskey – *Third Vice Chairman*

Select Milk Producers, Inc.

Dave Fuhrmann – *Secretary*

Foremost Farms USA

Doug Nuttelman – *Assistant Secretary*

Dairy Farmers of America, Inc.

Pete Kappelman – *Treasurer*

Land O'Lakes, Inc.

Neal Rea – *Assistant Treasurer*

Agri-Mark, Inc.

2014 NMPF Board of Directors

Neal Rea

Agri-Mark, Inc.

Steve Schlangen

Associated Milk Producers Inc.

Ed Welch

Associated Milk Producers Inc.

James Kerr

Cooperative Milk Producers Assn., Inc.

Bill Beeman

Dairy Farmers of America, Inc.

Brian Hardy

Dairy Farmers of America, Inc.

Jerrel Heatwole

Dairy Farmers of America, Inc.

Jackie Klippenstein

Dairy Farmers of America, Inc.

George Mertens

Dairy Farmers of America, Inc.

Randy Mooney

Dairy Farmers of America, Inc.

Doug Nuttelman

Dairy Farmers of America, Inc.

Wayne Palla

Dairy Farmers of America, Inc.

Jeff Raney

Dairy Farmers of America, Inc.

George Rohrer

Dairy Farmers of America, Inc.

Dan Senestraro

Dairy Farmers of America, Inc.

Bill Siebenborn

Dairy Farmers of America, Inc.

Rick Smith

Dairy Farmers of America, Inc.

Greg Wickham

Dairy Farmers of America, Inc.

John Wilson

Dairy Farmers of America, Inc.

Albert Knegendorf

Ellsworth Cooperative Creamery

Mike Anderson

Farmers Cooperative Creamery

David Cooper

FarmFirst Dairy Cooperative

Kelly King

FarmFirst Dairy Cooperative

Peter Kleiman

FarmFirst Dairy Cooperative

Clint Fall

First District Association

Dave Fuhrmann

Foremost Farms USA

David Scheevel

Foremost Farms USA

Peter Janzen

Land O'Lakes, Inc.

Pete Kappelman

Land O'Lakes, Inc.

Cornell Kasbergen

Land O'Lakes, Inc.

Tom Wakefield

Land O'Lakes, Inc.

“NMPF's Board of Directors oversees the organization's financial affairs, programs, and policy agenda.”

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Jim Baird

Lone Star Milk Producers

Jay Bryant

MD & VA Milk Producers Coop. Assn., Inc

Ken Nobis

Michigan Milk Producers Association

Dennis Tonak

Mid-West Dairyman's Company

Adrian Boer

Northwest Dairy Association

Jim Wegner

Northwest Dairy Association

Jim Werkhoven

Northwest Dairy Association

Paul Mills

Prairie Farms Dairy, Inc.

Tom Pittman

Premier Milk Inc.

Brad Bouma

Select Milk Producers, Inc.

Mike McCloskey

Select Milk Producers, Inc.

Joe Wright

Southeast Milk Producers, Inc.

Ralph McNall

St. Albans Cooperative Creamery, Inc.

Pat Schroeder

Swiss Valley Farms Company

Keith Murfield

United Dairyman of Arizona

Larry Webster

Upstate Niagara Cooperative, Inc.

NMPF Staff

Jim Mulhern

President & Chief Executive Officer

Dustin Baker

Economic Analyst

Tom Balmer

Executive Vice President

Ryan Bennett

Director, Government Relations

Beth Briczinski

Vice President, Dairy Foods & Nutrition

Jaime Castaneda

Senior Vice President, Strategic Initiatives & Trade Policy

Anne Chamblee

General Office Assistant

Clay Detlefsen

Senior Vice President, Regulatory & Environmental Affairs

Chris Galen

Senior Vice President, Communications

Khadija Gibson-White

Program Assistant, Cooperatives Working Together

John Hollay

Vice President, Government Relations

Jamie Jonker

Vice President, Sustainability & Scientific Affairs

Louise Kamali

Senior Director, Meetings & Office Services

Emma Kenton

Receptionist

Emily Metz Meredith

Vice President, Animal Care

Anuja Miner

Vice President, Membership Services

Gail Mobley

Senior Director, Finance & Administration

Shawna Morris

Vice President, Trade Policy

Sarah Olson

Manager, Communications/YC Coordinator

Brenda Rowe

Executive Assistant to the President & CEO

Peter Vitaliano

Vice President, Economic Policy & Market Research

Bobby Yi

Director, Information Technology



2015

Spring Board of Directors Meeting

March 10 – 11, 2015

Ritz-Carlton Pentagon City – Arlington, VA

Summer Board of Directors & YC Meeting

June 9 – 10, 2015

Ritz-Carlton Pentagon City – Arlington, VA

NDB/NMPF/UDIA Joint Annual Meeting

October 26 – 28, 2015

World Center Marriott – Orlando, FL

2016

Spring Board of Directors Meeting

March 7 – 8, 2016

Ritz-Carlton Pentagon City – Arlington, VA

Summer Board of Directors & YC Meeting

June 7 – 8, 2016

Ritz-Carlton Pentagon City – Arlington, VA

NDB/NMPF/UDIA Joint Annual Meeting

October 31 – November 2, 2016

Gaylord Opryland – Nashville, TN



For more information, visit www.nmpf.org/calendar



2015 NDB/NMPF/UDIA Joint Annual Meeting



NMPF's 2015 joint annual meeting with the National Dairy Promotion and Research Board and the United Dairy Industry Association will take place at the World Center Marriott in Orlando, Florida, October 26 – 28.



National Milk Producers Federation

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