

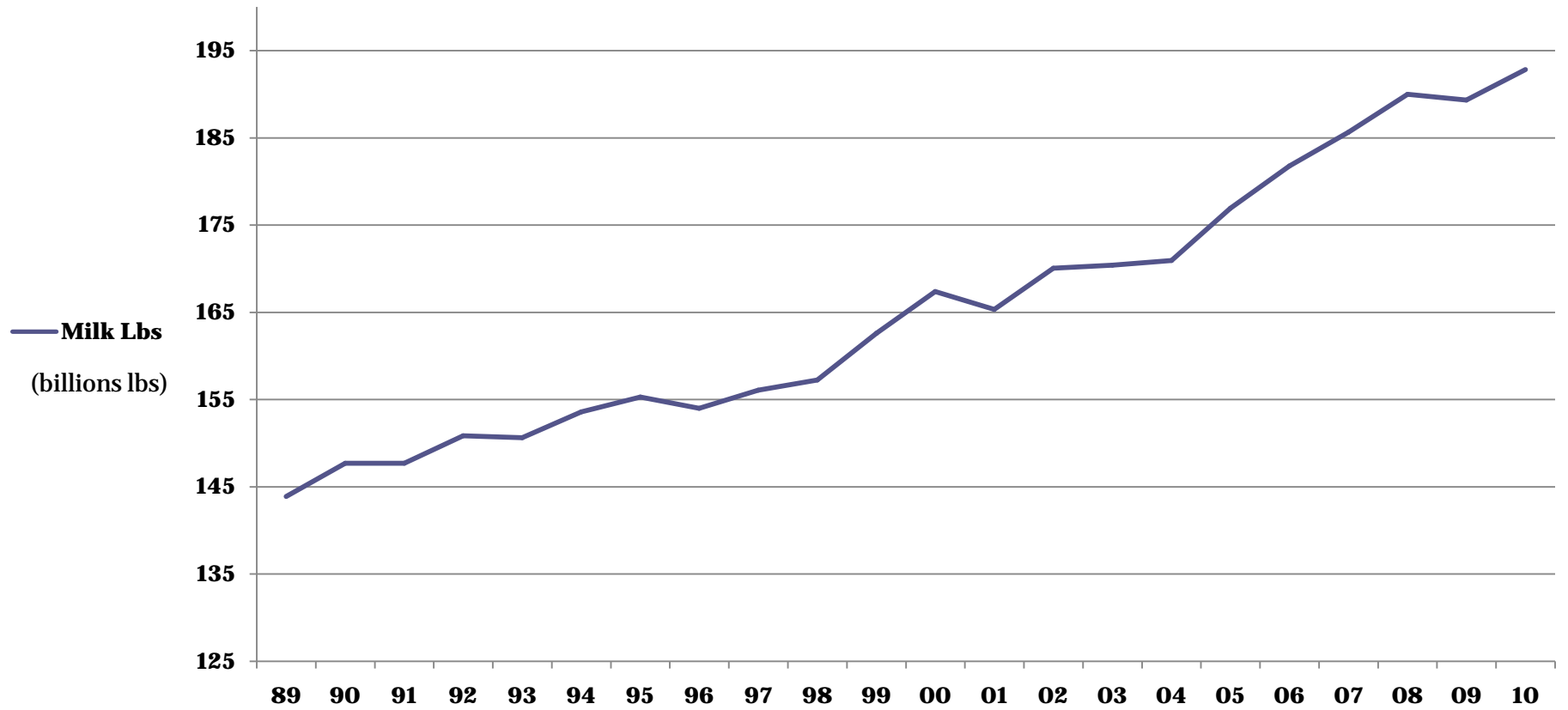
Chemical Producers & Producers Annual Meeting

Tom Pittman
Premier Milk Inc
July 18, 2011

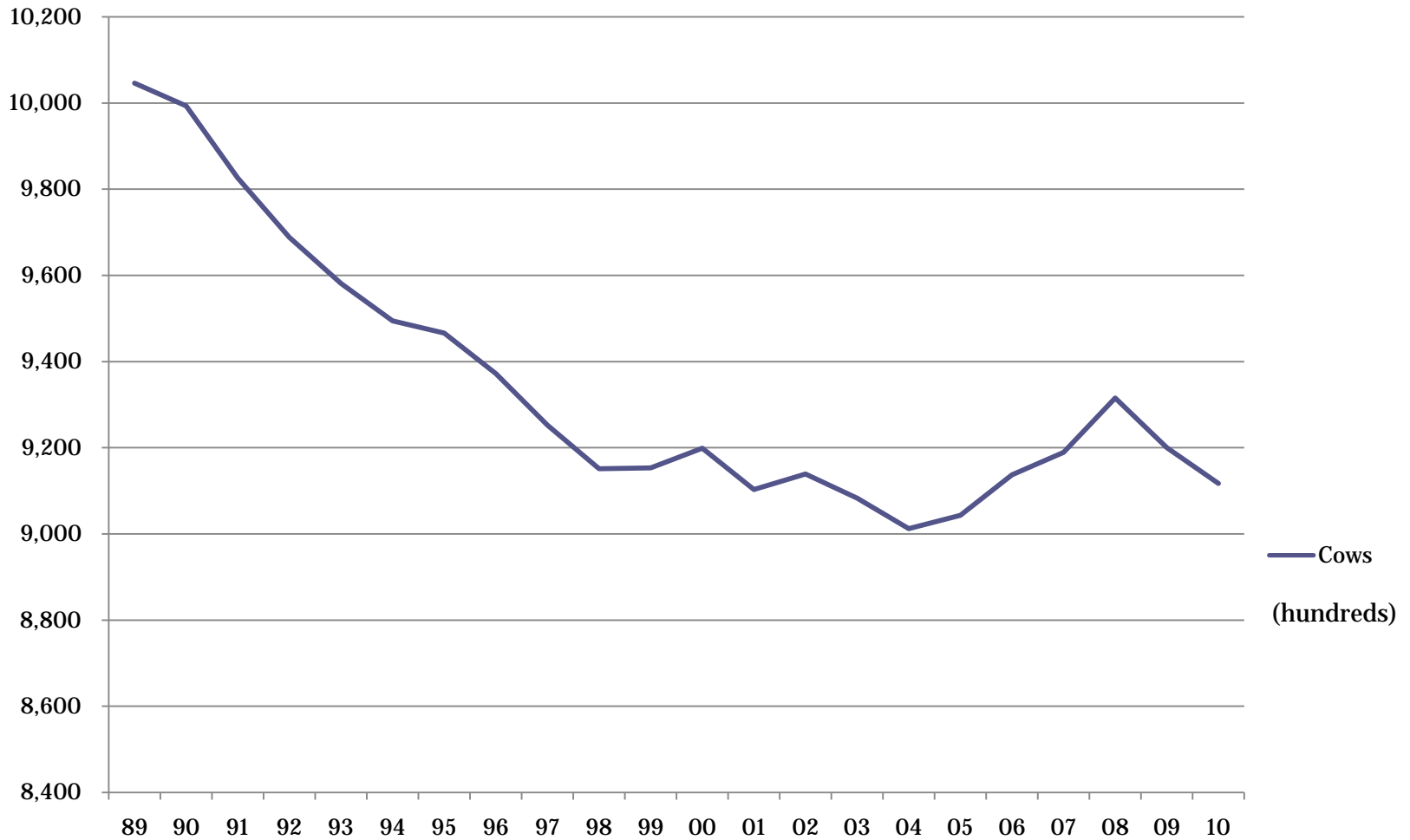
Today's Discussion

- **General Dairy Information**
 - **US & Florida**
- **Dairy Markets**
 - **US Markets**
 - **Export Markets**
- **Looking Forward**

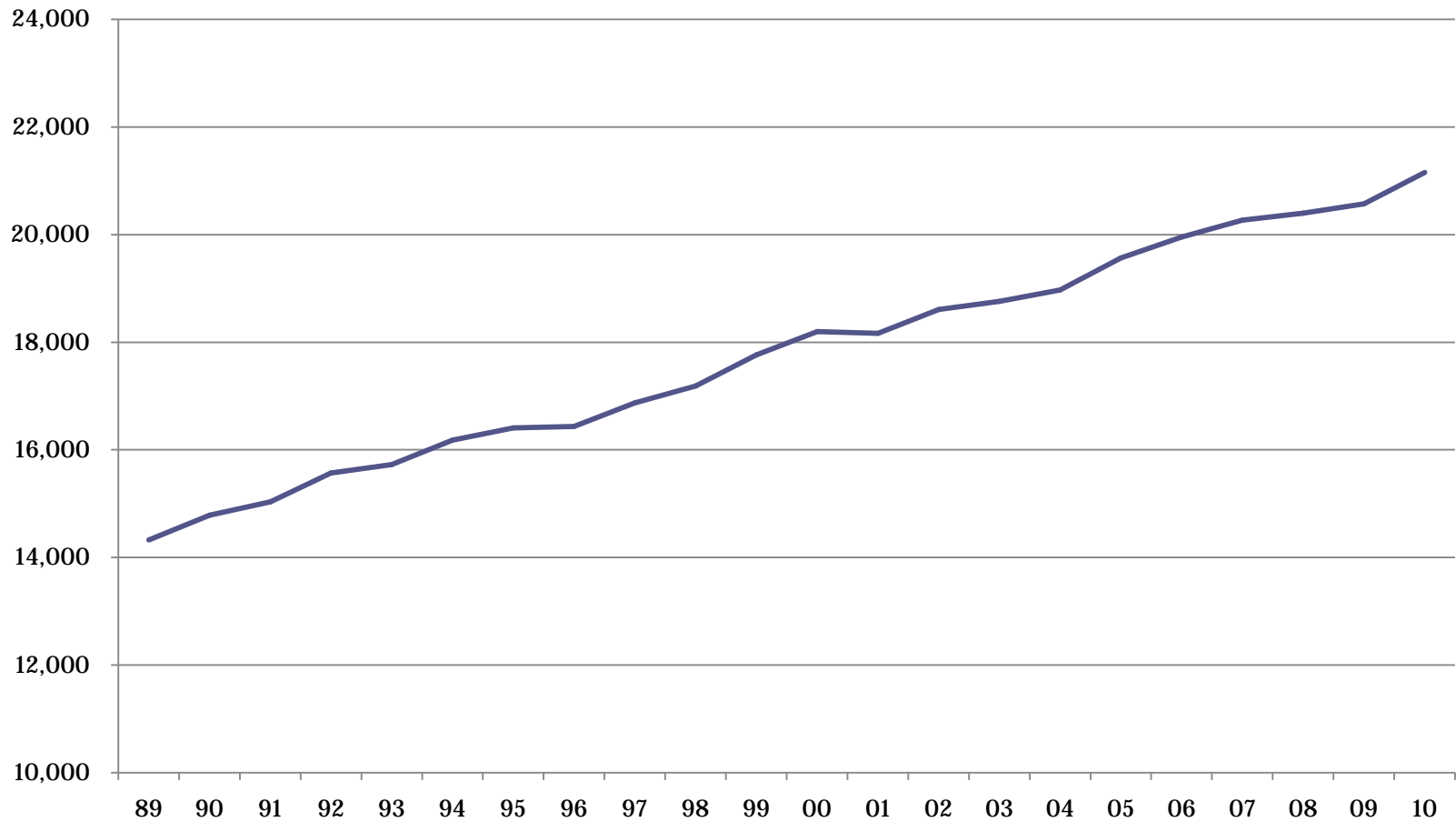
US Milk Production



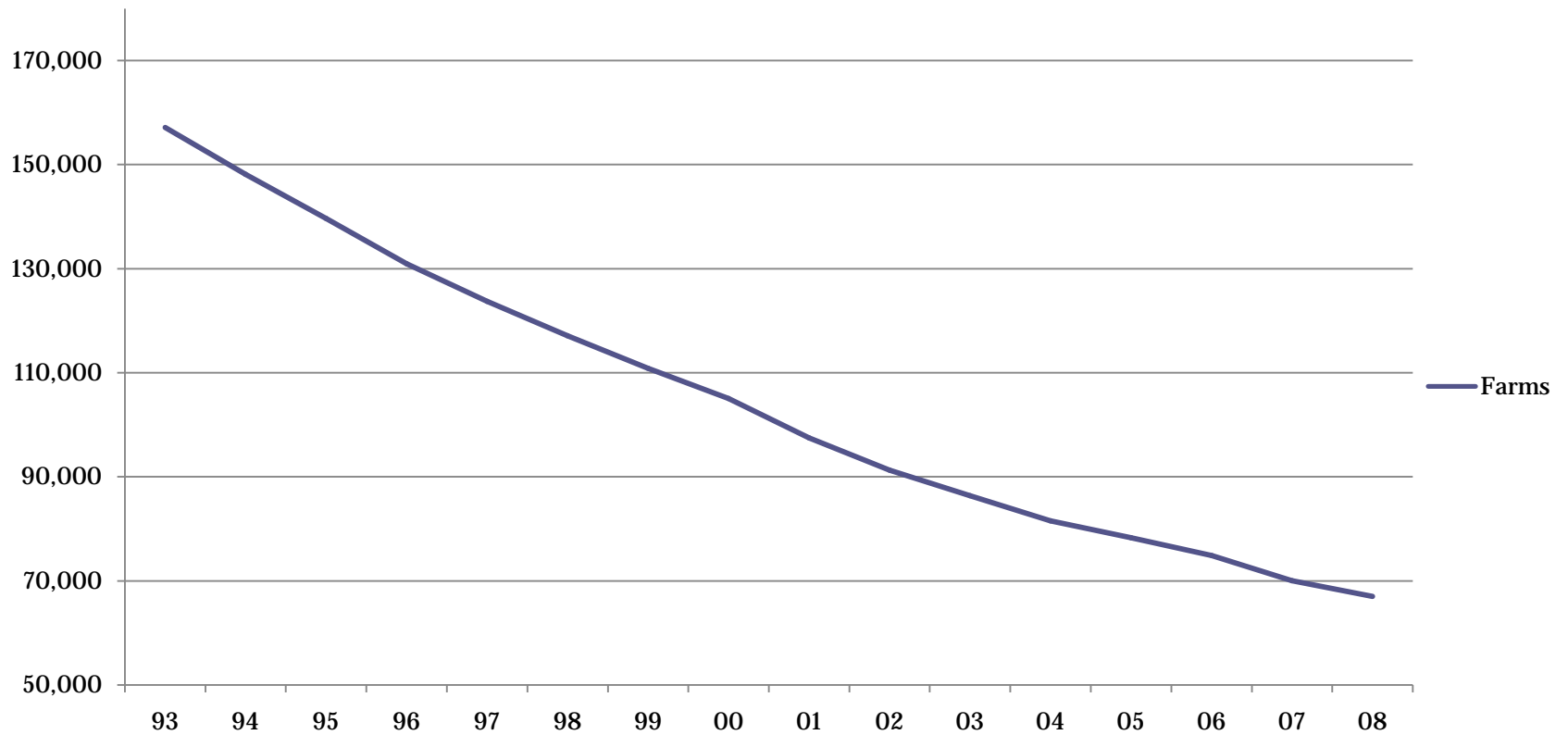
US Dairy Herd



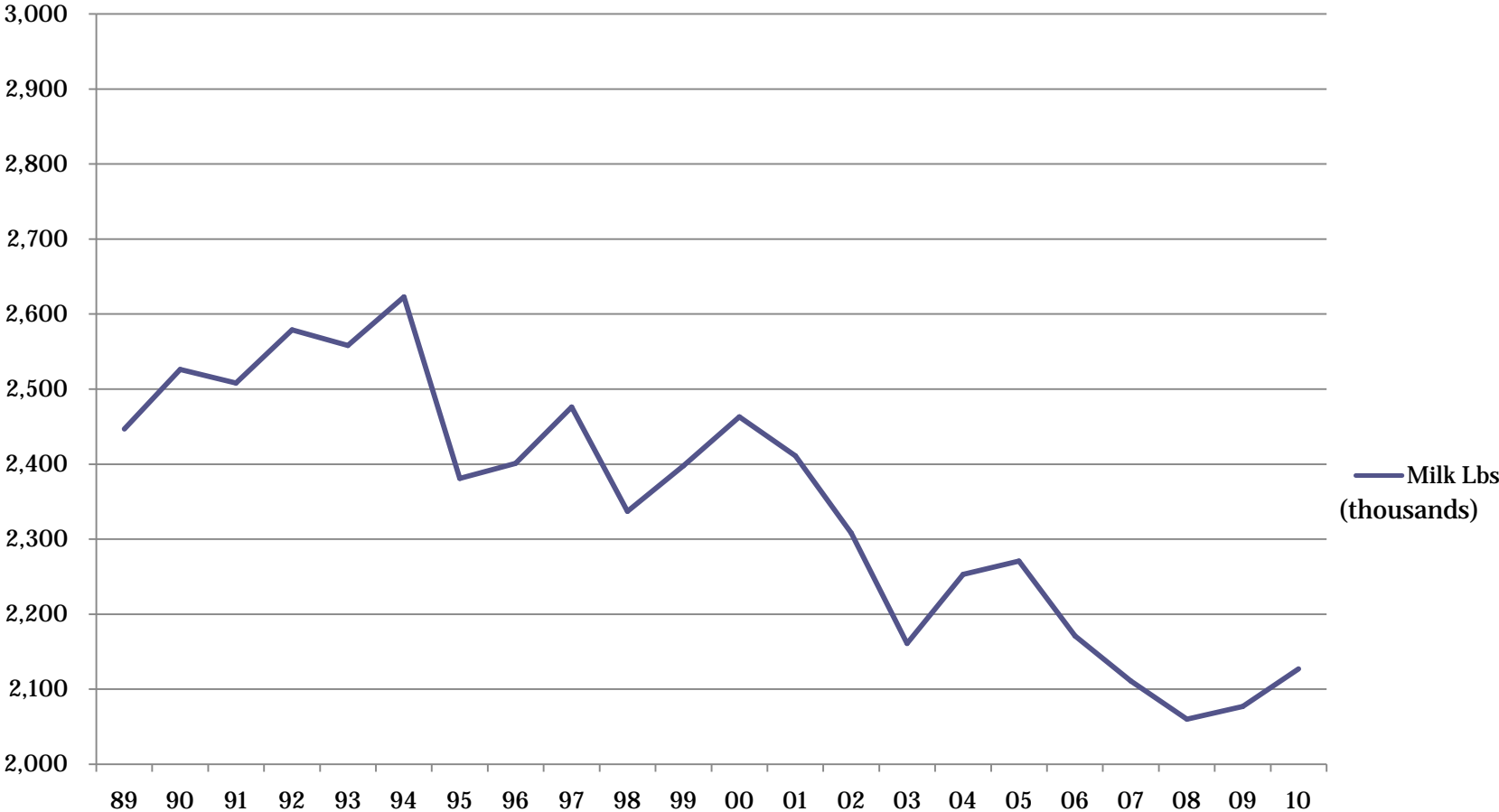
US Milk Production Per Cow



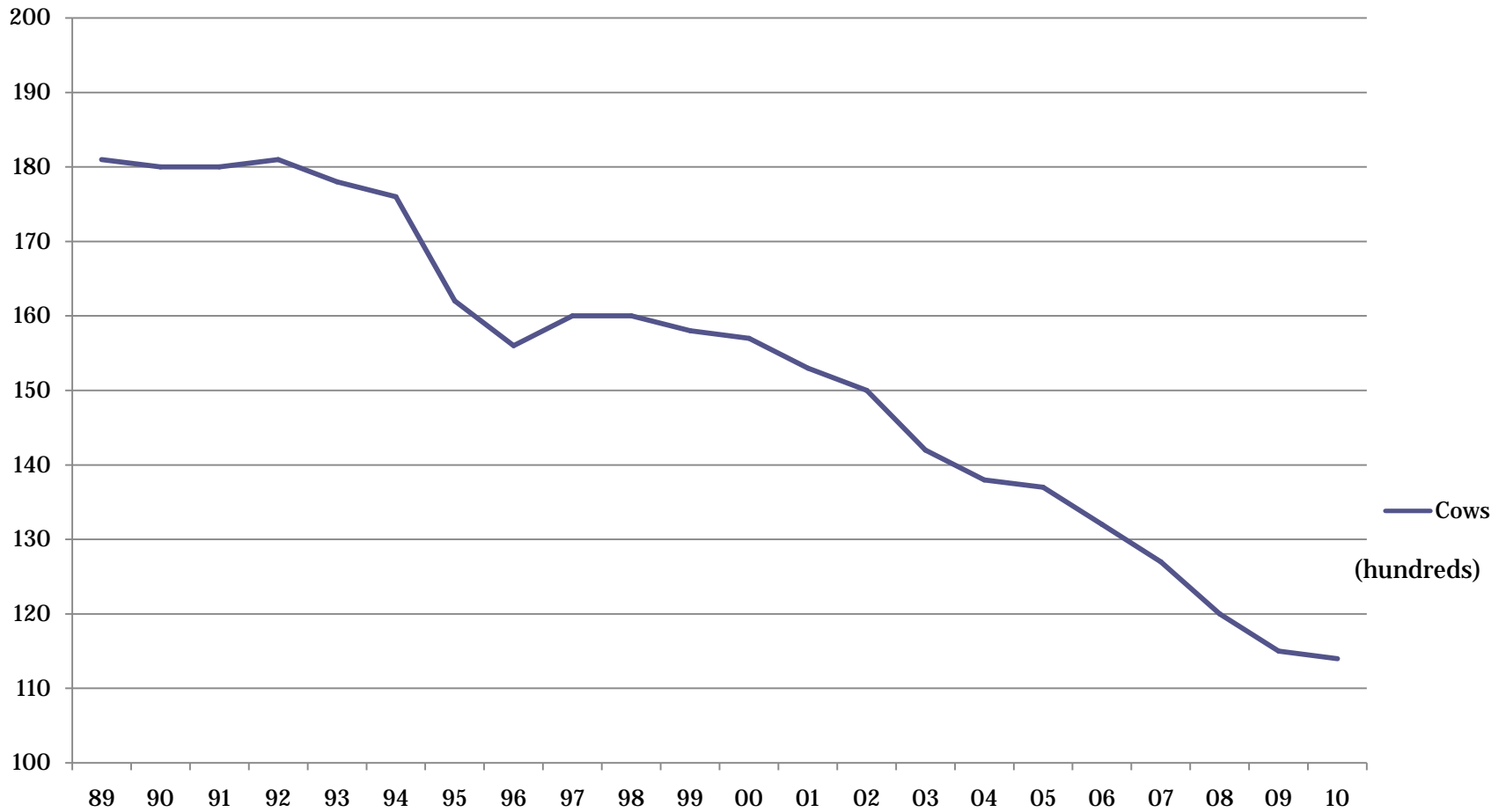
US Dairy Farms



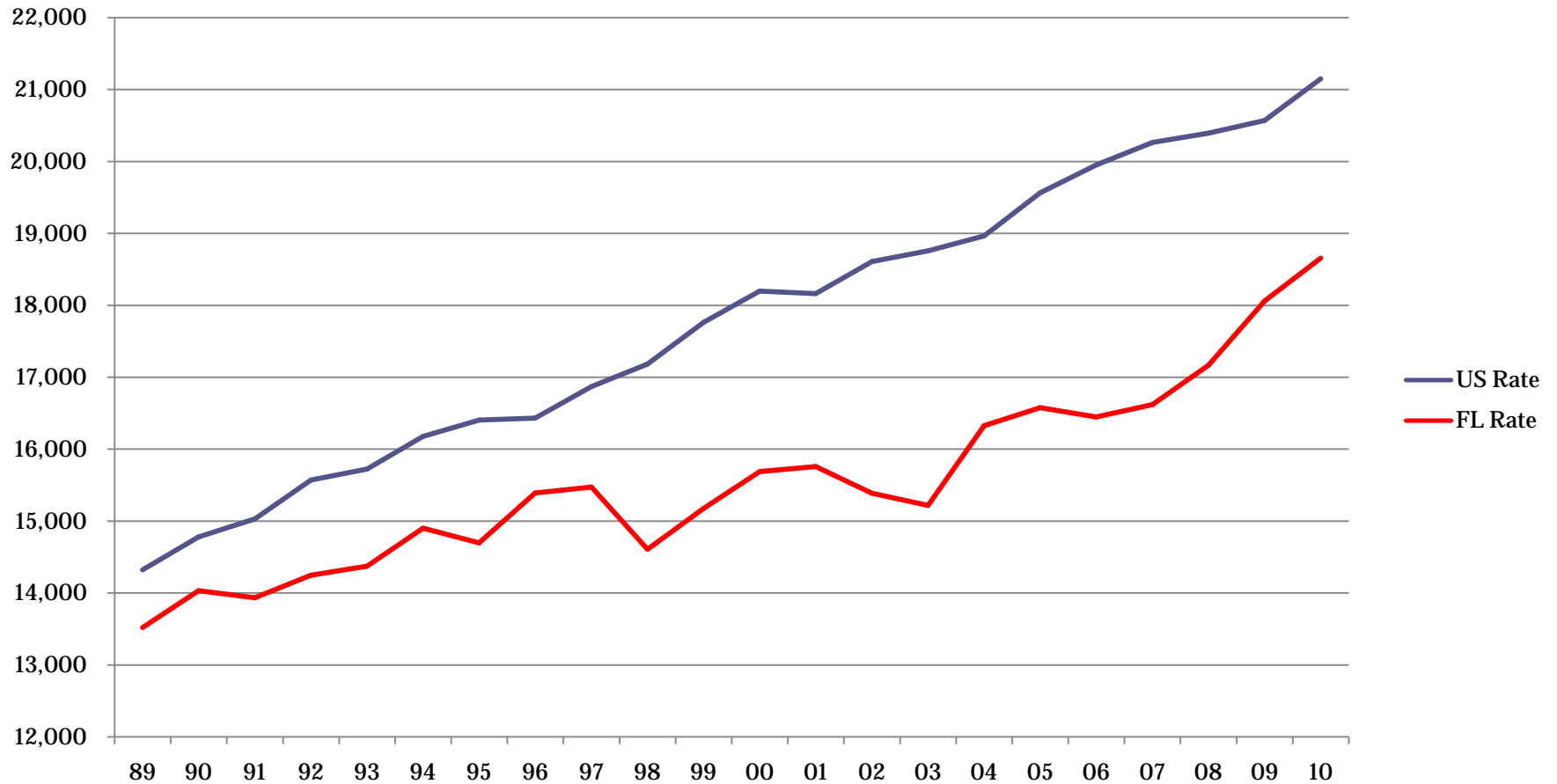
Florida Milk Production



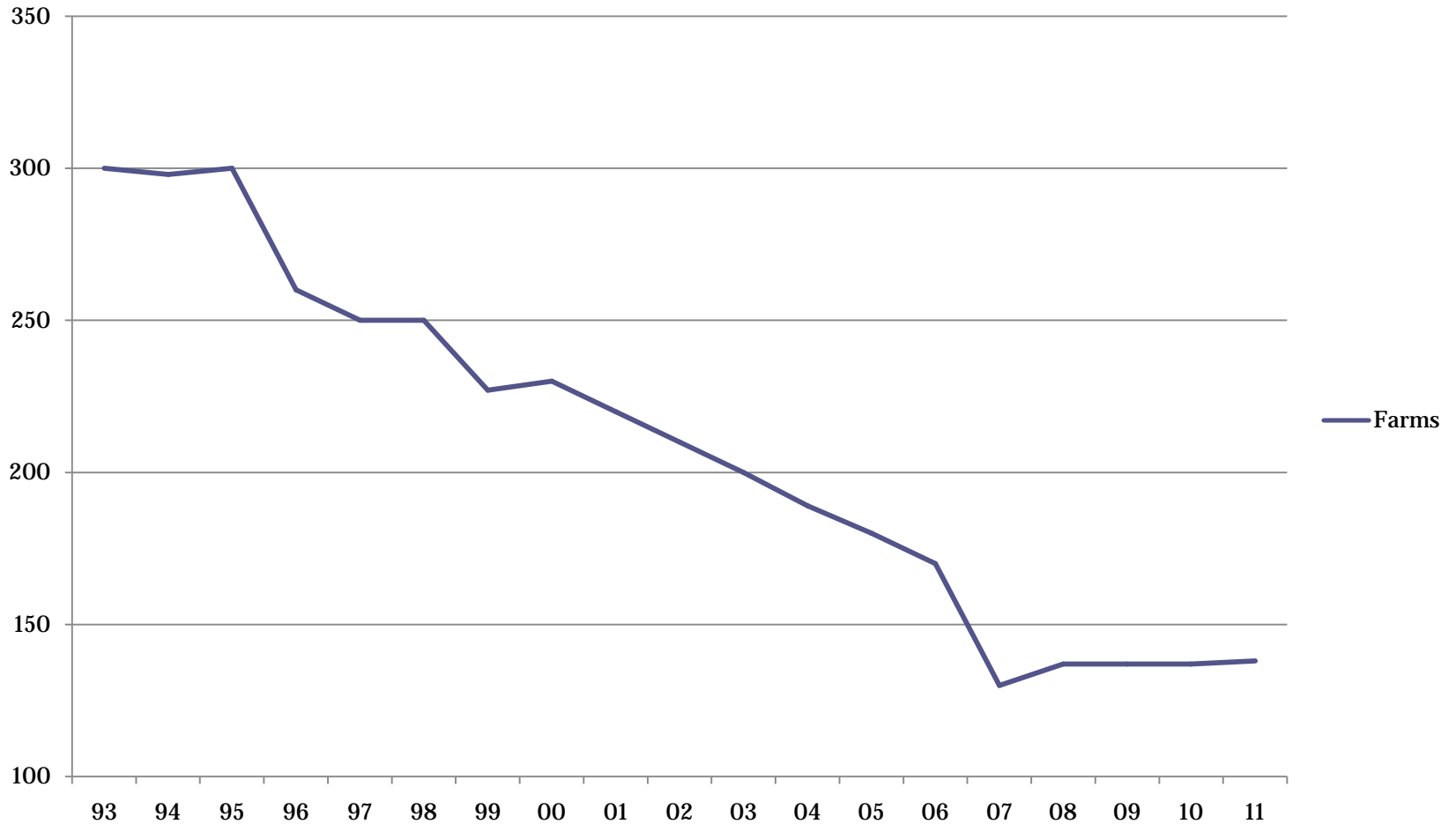
Florida Herd Size



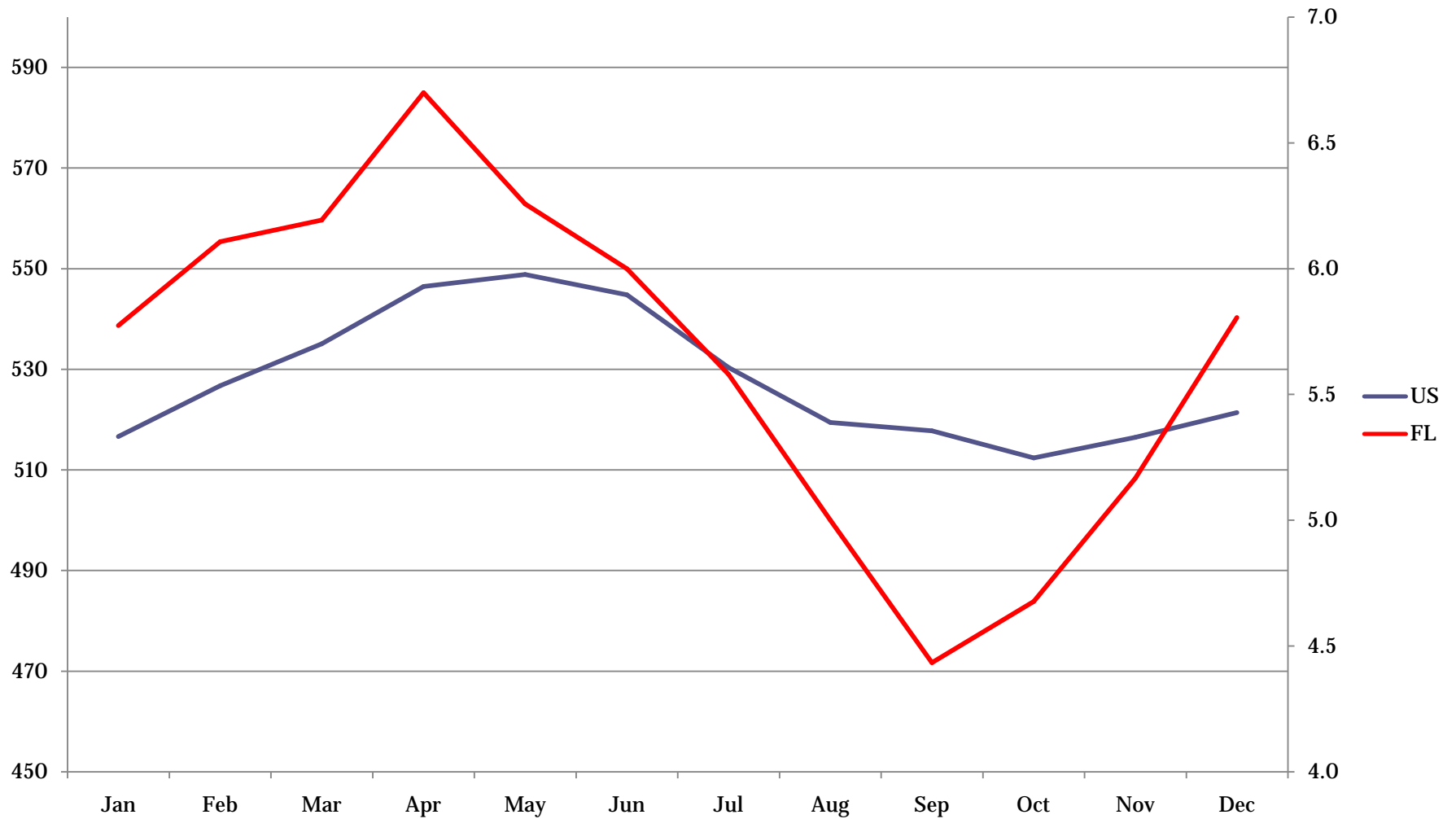
Milk Production - Lbs / Cow



Florida Grade A Dairy Farms



Milk Production Variance



Where is the Milk Used?

- **Domestic Market – 87% of milk produced**
 - **Fluid Milk – 29%**
 - 1988 – 665 plants in US
 - 2007 – 327 plants in US
 - **Cheese – 41%**
 - Italian types cheeses – 43.6%
 - Mozzarella – 77%
 - American type cheeses – 41.0%
 - Cheddar – 75%
 - **Butter/Powder – 17%**
 - **Ice Cream/ Yogurt/Others – 13%**

Where is the Milk Used?

- **Export Market – 13% of milk produced**
 - **Cheese – 12%**
 - **Butter – 3%**
 - **Powders – 78%**
 - **Other Dairy Products – 17%**

Current Economic Climate

- 2009 was a devastating year for dairymen.
- 2010 able to pay bills
- 2011 able to catch up on bills from 2009.
- Corn and feed prices having biggest impact.
 - Ethanol subsidy affecting corn prices

Looking Ahead - US

- **Current trends will continue**
 - Fewer and larger farms
 - Milk production and milk per cow will increase
 - Fewer and larger processors
 - Plant volumes will get bigger.
 - Corn/Feed prices will continue to affect profitability
 - Export markets will be more important
 - World economy

Looking Ahead - FL

- FL milk production will be stable to growing
- More producers looking into grazing farms
- State will continue to be short of milk
- Everything should remain stable until the next big run up in land values or more severe environment restrictions are put in place.