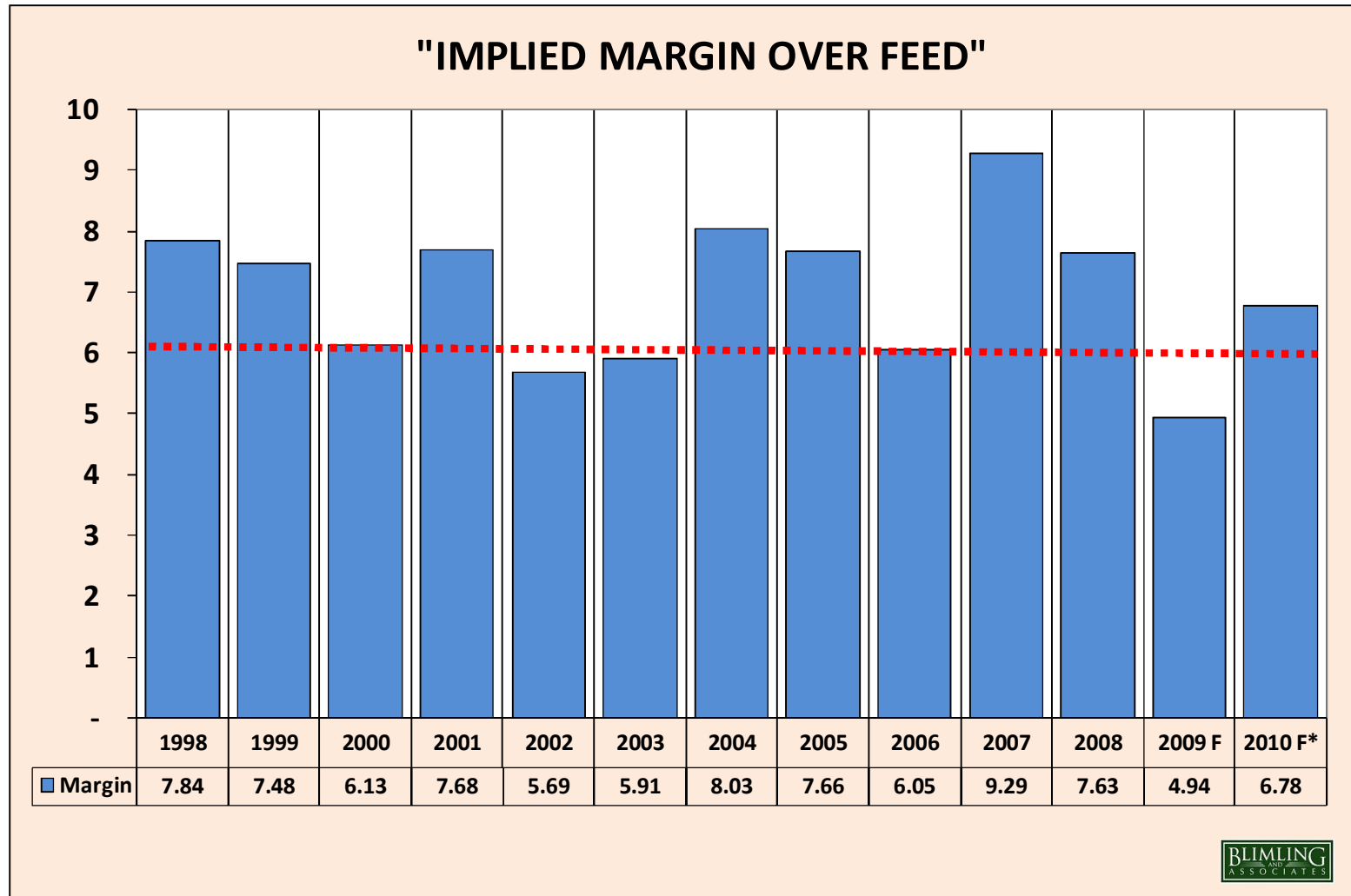


US MILK PRODUCTION OUTLOOK

**ADPI/ABI Annual Conference
April 26, 2010**

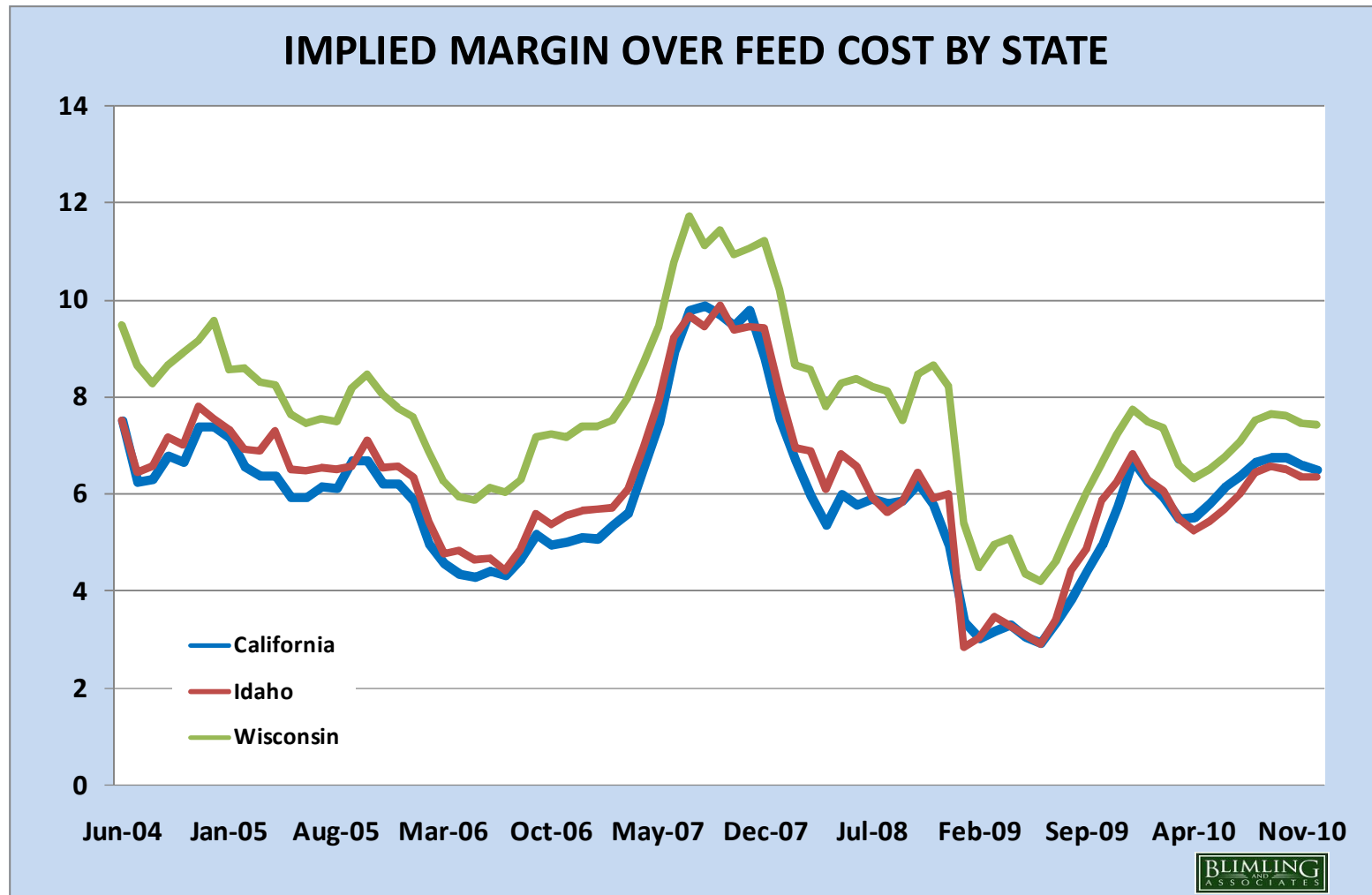


ACCEPTABLE MARGINS

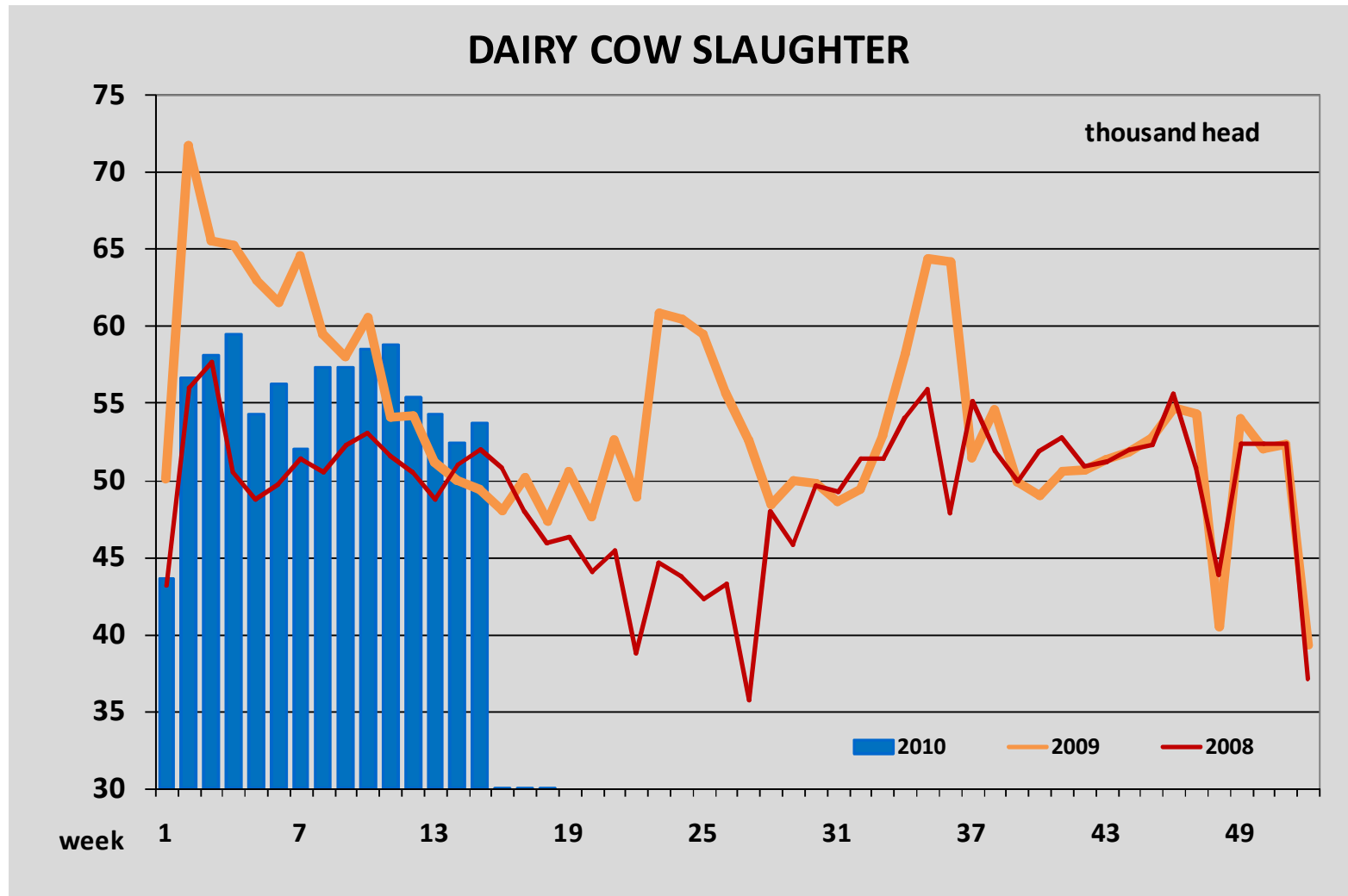


REGIONAL PARITY

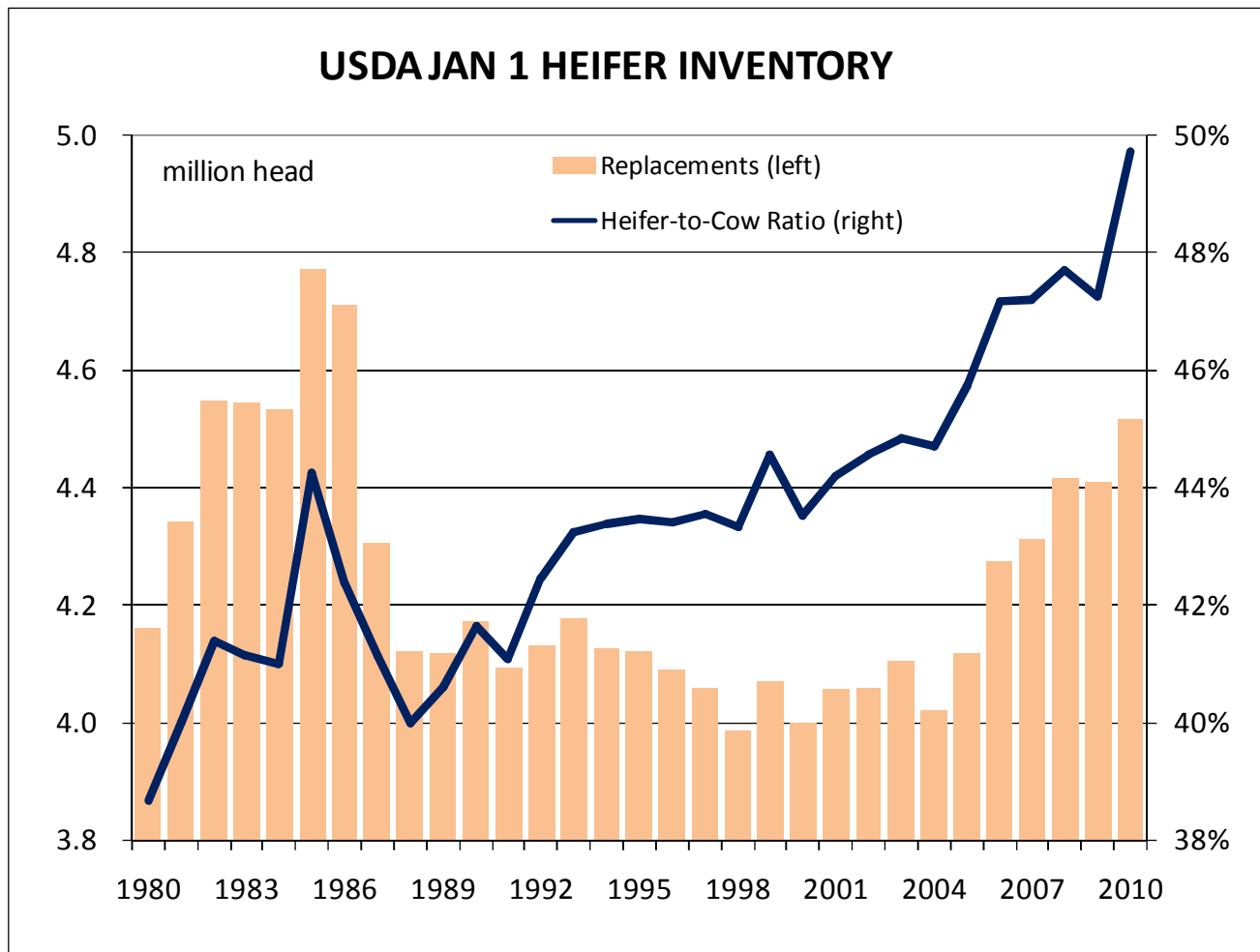
IMPLIED MARGIN OVER FEED COST BY STATE



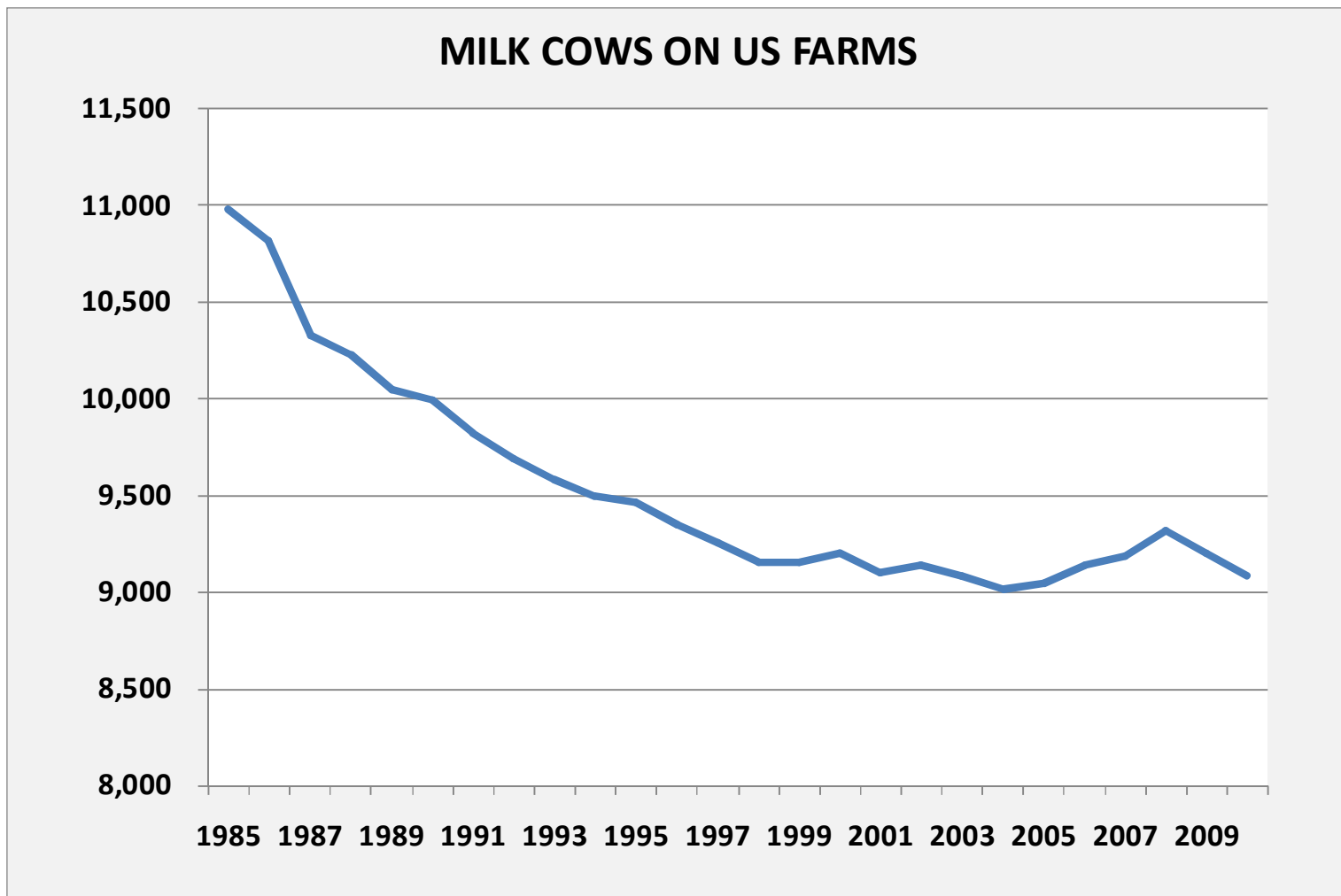
STABLE CULLING



HEIFERS ARE COMING



BACK ON TREND



OUR THOUGHTS

- **Economics support more rather than less production**
- **Bankers have come too far to pull the plug now**
- **Assets (heifers and empty free-stalls/dry lots) are plentiful and ready to be deployed if prices dictate**
- **It will be most challenging to try to trim production over the near term**
- **Our forecast model suggests 0.9% growth for 2010**
- **If recent demand strength is sustainable we may need the additional production**