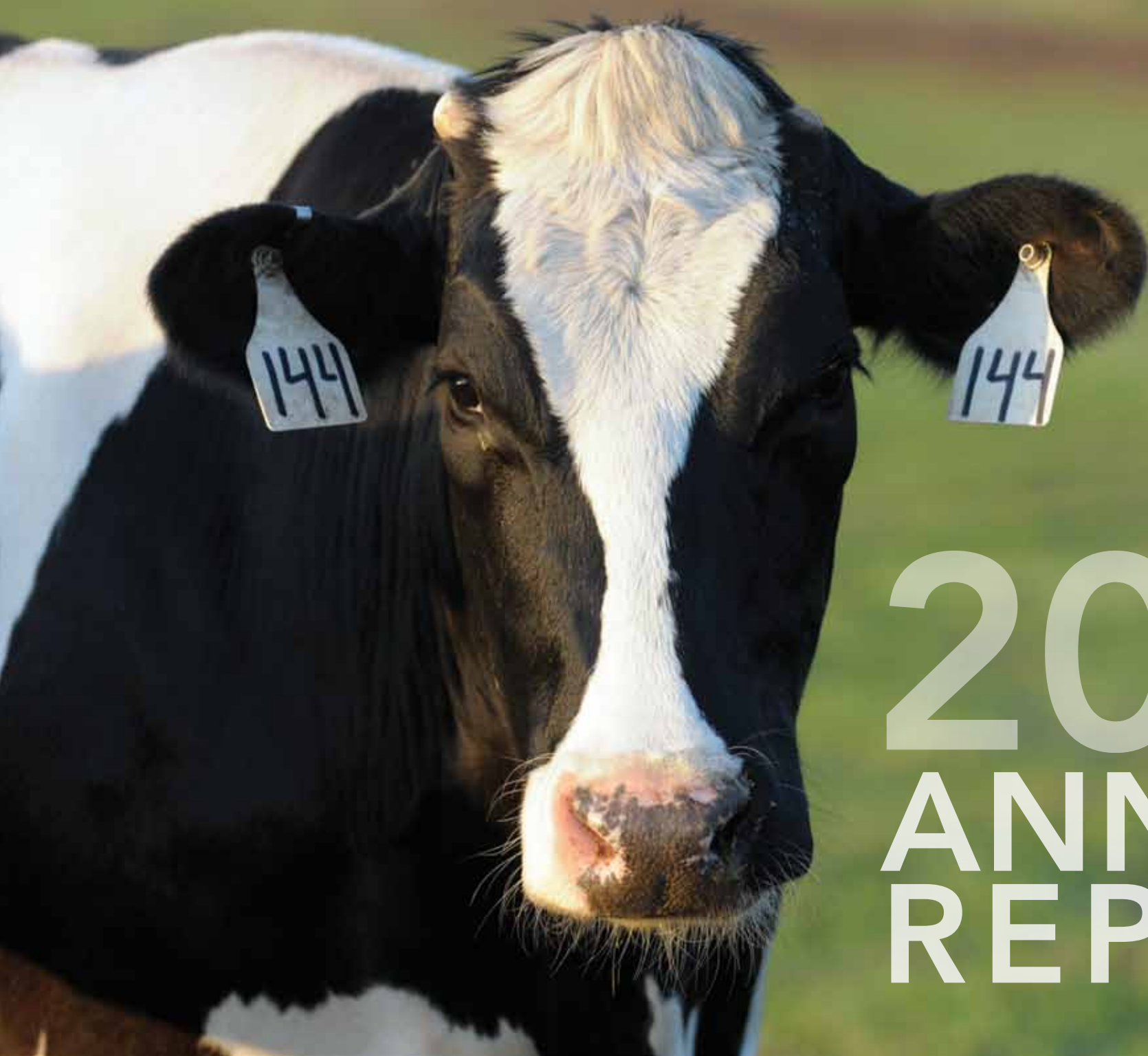




**FLORIDA
DAIRY
FARMERS**



2010 ANNUAL REPORT



Page 5

PRESIDENT'S MESSAGE

Page 8

SCHOOL MARKETING

Page 10

INDUSTRY IMAGE AND RELATIONS

Page 12

FLORIDA MILK PROMOTION OPPORTUNITIES

Page 14

NUTRITION AFFAIRS

Page 15

MILK AND CHEESE PROMOTION

Page 16

BOARD OF DIRECTORS
STAFF

Page 17

CEO'S MESSAGE

Page 18

MISSION STATEMENT
MAKEUP OF THE BOARD
FINANCIAL STATEMENT



Every day of the year, Florida's dedicated dairy farmers deliver one of nature's most perfect foods to millions of milk lovers in the Sunshine State. From the Panhandle and North Florida to Central Florida to the Lake Okeechobee area, family farms dot the landscape where their owners serve as good stewards of the land and valued members of their communities.

This 2010 Florida Dairy Farmers Annual Report showcases key initiatives that were developed and implemented to promote the dairy industry's positive message and further amplify the farmers' story. It's a message that finds compelling and convincing voices from school nutritionists, wellness experts, scientists, professional athletes and from the farmers themselves.



Listen to school dietitians explain how important it is for youngsters to drink milk daily. Watch NFL players toast the importance of dairy in a healthy diet and lifestyle as part of the Fuel Up to Play 60 program. Visit social media sites to join the online conversation about what's good about the industry. Take time to tour a dairy farm where a producer can explain the care provided for not only the cows but also the environment.

It's a story also told in numbers. Florida has more than 100,000 dairy cows that produce more than 250 million gallons of fresh milk each year. Many of the state's more than 130 dairies are owned and operated by second- and third-generation family farmers who are extremely proud of what they do.

"You are producing food," as Hillsborough farmer and second-generation dairyman Ron Aprile put it. "What's better than that?"

Indeed.



FLORIDA'S DAIRY FARMER





PRESIDENT'S MESSAGE



Our Florida dairy producers breathed a sigh of relief in 2010 as the industry rebounded a bit from the economic troubles of 2009. Florida Dairy Farmers, in conjunction with the Unified Marketing Plan implemented nationally by Dairy Management Inc., continued to develop programs to promote dairy products in our state. Those programs are designed with many objectives in mind, but the main focus remains the growth of sales for our healthy dairy products, preserving the next generation of milk drinkers and protecting the right

of dairy farmers to operate.

The growth of sales effects today's profit margin for the dairy farmer. In 2010 that profit margin was enhanced greatly by the promotion efforts of the U.S. Dairy Export Council that resulted in an increase in export sales to about 13 percent of domestic production. In an industry where 1 percent can make the difference between surplus and deficit, 13 percent is a huge number. While almost all of the exports are produced outside Florida, getting those pounds out of the national markets helps every dairy farmer. On the domestic side, dairy promotions continued to develop corporate partnerships with industry leaders such as McDonald's and Domino's Pizza. Those partners use our research and resources to make dairy a bigger part of their menus. Putting their own dollars and resources behind those initiatives, they have successfully moved tremendous volumes of dairy and forced their competitors to follow suit. It's a win-win situation.

To preserve the next generation of milk drinkers, promotion has focused on schools. Through the Fuel Up to Play 60 program, we have partnered with the NFL to work on the problem of childhood obesity. Getting kids to eat right and be active is the objective, and with our healthy products and the NFL's star power, it's a partnership that really gets the kids' attention.

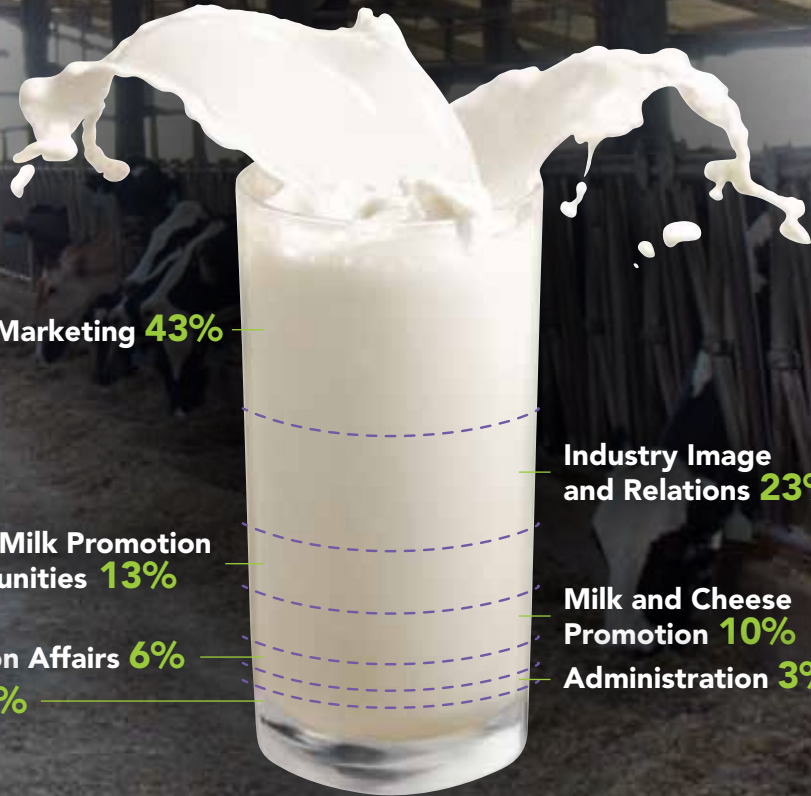
Here in Florida, we have had our challenges in the school system. There has been a push to remove flavored milk from the lunchroom because of sugar content. FDF has provided other dairy industry advocates with solid research and educational resources to help relay the message that milk – including flavored milk - needs to be a beverage choice on lunch and breakfast trays. This is an issue that we continue to monitor.

Protecting the right of dairy farmers to operate is the responsibility of our crisis response programs. In today's interesting world, the dairy industry constantly faces challenges from animal rights activists, environmental groups and just plain misinformed people. Through our staff and a network of farmer spokespersons, we can rapidly address issues as they arise and use good science to get the proper facts out there.

In 2011 the focus remains the same. FDF continues to work hard toward getting the biggest return for the promotion investment made by the dairy farmers of Florida.

Matthew S. Lussier
President
Florida Dairy Farmers

YOUR CHECKOFF DOLLARS AT WORK



School Marketing **43%**

Florida Milk Promotion Opportunities **13%**

Nutrition Affairs **6%**

Dues **2%**

Industry Image and Relations **23%**

Milk and Cheese Promotion **10%**

Administration **3%**





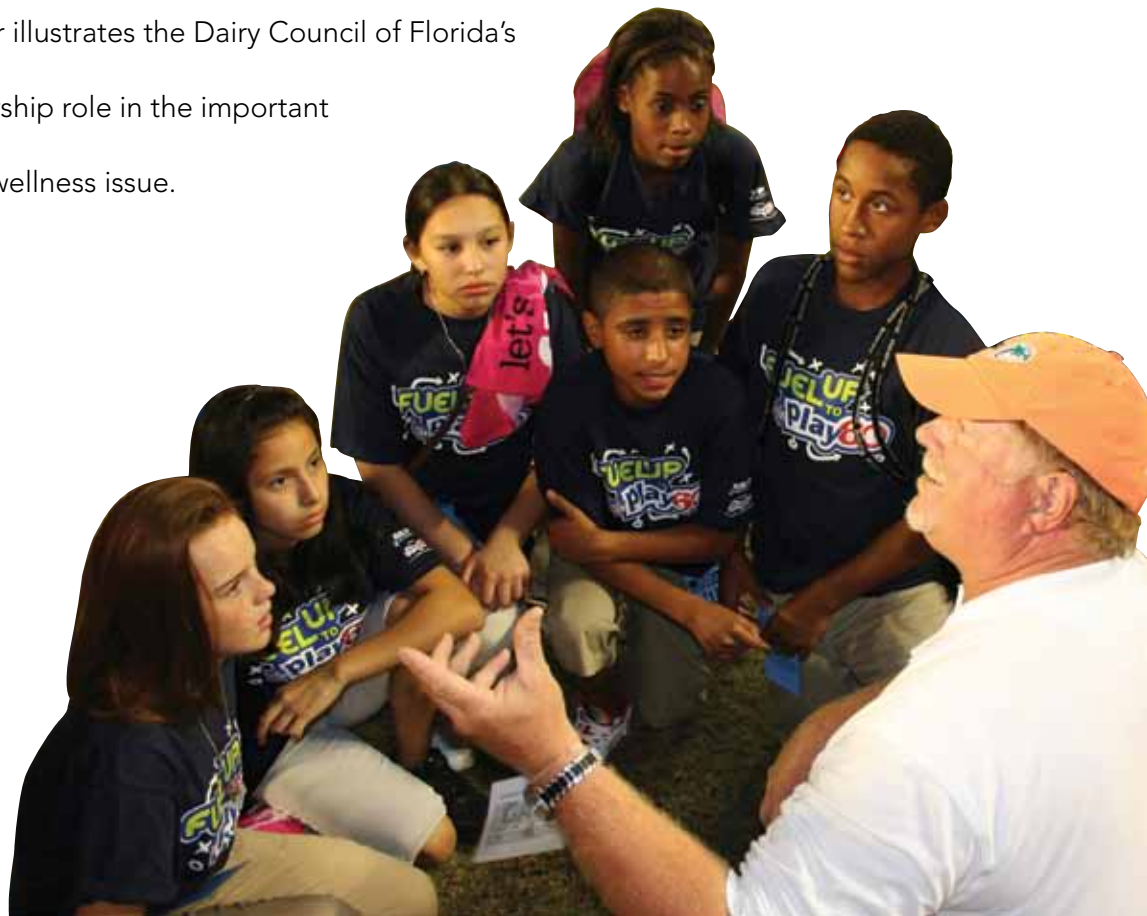
SCHOOL MARKETING



Childhood obesity is one of our nation's most persistent, yet often preventable, public health concerns, and its physical and psychosocial consequences can stretch well into

adulthood. In schools, where lifelong habits are shaped, this issue has reached a tipping point. Students need access to more nutrient-rich foods and physical activity.

It's clear that an opportunity exists to achieve a long-term, sustainable solution that further illustrates the Dairy Council of Florida's leadership role in the important child wellness issue.



- Fuel Up to Play 60 is an in-school nutrition and physical activity program launched by the National Dairy Council and National Football League, with additional partnership support from the U.S. Department of Agriculture. The program encourages youth to consume nutrient-rich foods (low-fat and fat-free dairy, fruits, vegetables and whole grains) and achieve at least 60 minutes of physical activity every day. More than 3,000 Florida schools participate in the program.
- The Dairy Council of Florida awarded \$73,000 to 34 schools to help them implement Fuel Up to Play 60 at the deepest level of engagement.



- Eating breakfast at home or at school is an important way to start the day. The Dairy Council of Florida's focus on getting schools to provide breakfast in interesting and creative ways helped students get excited about the most important meal of the day. The "Bucks for Breakfast" grant program awarded \$175,000 to 34 schools in 16 districts.
- The Dairy Council's optimization activities and grants totaling \$343,000 propelled Florida's schools and partner organizations to create winning strategies to accelerate innovation and help build dairy sales.

◀ Farmer John Larson talks to students about Fuel Up to Play 60.





INDUSTRY IMAGE AND RELATIONS



Florida's more than 130 dairy farms are mostly family owned and operated by hard-working producers dedicated to delivering more than 250 million gallons of fresh milk annually to consumers. Care and concern for their animals and the environment are top priorities. Florida

Dairy Farmers strives to protect and promote their image to those both in and outside the world of agriculture.



- *SunnyBell and the Florida Dairy 'Moo'sical* debuted as a new video resource for kids to learn about dairy foods and the state's dairy industry. SunnyBell is a calf who wants to have an important role on her dairy farm and, with the help of the Holstein Sisters, a talking milk bottle and a little boy named Clyde, she learns all about dairy farming in Florida.
- FDF used its social media platforms, including YouTube, Facebook, Twitter and mom blogs, to reach consumers. The reach is wide with more than 600 Twitter followers and more than 1,000 people who "like" FDF's Facebook page. The YouTube channel has logged more than 67,000 views of the 52 uploaded videos that include podcasts of Florida dairy farmers discussing various on-farm practices, from environmental stewardship and animal welfare to the milking process and what a cow eats.
- Florida Dairy Farmers helped tell the farmers' story through displays, videos and the news media at the Florida State Fair, South Florida Fair and Volusia and Okeechobee county fairs. In all, more than 1 million people passed through the turnstiles. FDF participated in the Fresh From Florida Breakfast and Dairy Day at the Florida State Fair, and local TV news featured Okeechobee farmer John Gilliland at the South Florida Fair's milking parlor.
- Should Florida's dairy industry face a crisis, from product recalls to natural disasters, FDF is prepared. Resources include a crisis plan that can be activated within hours of a situation and a Scientific Advisory Panel of dairy industry experts prepared to address questions and concerns from the media.





FLORIDA MILK PROMOTION OPPORTUNITIES



There are many ways that Florida Dairy Farmers works to promote the positive message of dairy – through college and high school sports programs, retail efforts and in the Hispanic community. Clearly, one of the most effective ways to tell dairy's story is to be active and involved in the community, and FDF seizes every opportunity.



- The Florida Dairy Farmers High School Sports Awards program exemplifies the organization's commitment to youth. In its 19th year of honoring the state's top athletes, coaches and scholars in all 28 FHSAA-sanctioned sports, the program also emphasizes to young people the importance of keeping dairy a primary part of their diet. At on-campus awards ceremonies, producers lead assemblies in a "milk toast," putting a face on the industry for future generations. Since the program's inception, FDF has made it possible for more than 5,000 athletes and coaches to be recognized, including many who have gone on to collegiate, professional and Olympic fame.
- Florida Dairy Farmers remains the longest running sponsor of the Florida Gators. It promotes awareness of the dairy industry to the "Gator Nation" through innovative and creative marketing strategies, including messaging during broadcasts of UF football and basketball games and with FDF's "got milk? Jr. Gator Fan of the Game" at sold-out UF football home games.
- Florida Dairy Farmers understands the importance of reaching out to Hispanic consumers, both for their growing demographic and unique dairy perceptions. In 2010, FDF reached more than 300,000 Hispanics with positive dairy messages via event sponsorships, retail promotions and social media.
- Maintaining relationships with our state's processors and retailers is mutually beneficial, and sets the stage for increased sales and image enhancement. From providing research insights to offering consumer visibility opportunities to sharing industry issues updates, Florida Dairy Farmers values our dairy partners.





NUTRITION AFFAIRS



Health-professional organizations and nutrition experts have long recognized the importance of three daily servings of dairy, which echoes the new 2010 Dietary Guidelines for Americans that, for the first time, focuses

on helping an overweight population reach and maintain a healthy weight with a total diet approach. Healthy eating and physical activity are front and center in the fight against the obesity epidemic among children. The Dairy Council of Florida is committed to helping educate health professionals on the benefits of dairy. Its staff of Registered Dietitians have been leaders in the field of nutrition education, providing sound nutritional advice to help people build healthy diets and lifestyles.



- Registered dietitians and school nutrition professionals from across the state participated in a communications-training workshop sponsored by the Dairy Council of Florida. The goal of the two-day event was to elevate the message of dairy as a nutrient-rich food.

- At the Florida Dietetic Association's 75th Annual Symposium, the Dairy Council hosted several events, including an introduction of Fuel Up to Play 60 to more than 600 Registered Dietitians. Dairy farmer Freda Carey (above left) also was on hand to educate attendees on how milk gets from her dairy to the grocery store.



- As part of the Fuel Up to Play 60 campaign, the Dairy Council worked with nutrition professionals in Florida to grow their support and understanding of the nationwide program. Those efforts encouraged key organizations and national leaders to position FUTP60 as a "gold standard" child-nutrition initiative.
- The American Dietetic Association Foundation and National Dairy Council/Dairy Council of Florida formed a new partnership called the Kids Eat Right! to combat the childhood obesity epidemic and promote solutions that address children's nutritional needs. Thirty-five schools in Florida have received grants from Kids Eat Right! and the opportunity to work with a Registered Dietitian.





Initiatives designed to move volumes of milk and cheese are paramount to Florida Dairy Farmers and its funders. This year, support of the pizza partnerships (resulting in substantial cheese sales) and flavored milk research (to illustrate how to best incorporate the product in school food programs) supplemented efforts captured in other areas.



MILK AND CHEESE PROMOTION



BOARD OF DIRECTORS



Matthew Lussier
President



Darryl Register
First Vice President



Gerald Fieser
Second Vice President



Kevin Moore
Treasurer



Sutton Rucks
Secretary and
Second Treasurer



Ron Aprile



Randy Burnham



Bob Butler



Roger Butler



Heck Davis



Rodney Land



John Larson



Riley O'Steen



John Peachey



Bob Rydzewski



Kara Watkins

Advisory Directors Nancy Davis and Joe Wright

STAFF

Michele Cooper
Chief Executive Officer

Carolyn Reis, APR
Director, Strategic Communications

Mick Lochridge
Senior Manager, Industry Communications

Diahann Smith
Senior Manager, Multicultural Communications

Aaron Wockenfuss
Manager, Consumer Communications

Alayna Rivera
Coordinator, Communications

Brittany Hammock
Assistant, Communications

Jennifer W. Sills, MPH, RD, LD/N, SNS
Director, Dairy Health and Wellness

Alyssa Greenstein, RD, LD/N
Senior Manager, Dairy Health and Wellness

Courtney Corbett
Manager, Dairy Health and Wellness

Jamie Marshall
Manager, Dairy Health and Wellness

Allison Ducey
Coordinator, Dairy Health and Wellness

Kim Freeman
Assistant, Dairy Health and Wellness

Tracey T. Lager
Director, Finance and Administration

Beth Thompson
Assistant, Finance and Administration



CEO'S MESSAGE



Some of you may remember the 1986 song by Timbuk3, "The Future's So Bright, I Gotta Wear Shades." While I am blessed with a pretty sunny disposition, age and experience have taught me that the mindset expressed in that tune may be a bit overly optimistic.

That said, I have many reasons to believe that the outlook for dairy promotion in Florida is indeed full of promise. Here are three that come to mind:

Your board of directors. The men and women who lead Florida Dairy Farmers are as engaged as any I've worked with in my almost 27 years. Case in point: An industry issue cropped up late on a Friday afternoon that required a full board conference call. Early that next Monday morning, all but one elected board member who was out of state actively participated on the lengthy but important call. Your directors take their responsibility seriously and they do their homework. The farmer funders of this program who selected them to serve in those roles should be proud.

Your staff. There are nearly 19 million diverse consumers in Florida. Working to educate them and influence their behavior requires a team committed to the cause, and I am grateful for the hard work, enthusiasm and support of our

entire staff. In addition, 2010 saw the addition of fantastic new employees whose skill sets and marketing experience are providing great benefits to Florida Dairy Farmers.

Consumer trends full of opportunity. Yes, activists (many with little scientific basis) will continue to present issues and challenges for animal agriculture and sound nutrition practices. Yet look on the horizon and you'll find emerging consumer interests where your industry and products can fit and fill. The locavore movement - consumers who want to learn more about food grown close to home - provides a new audience for all the great sustainability efforts you've practiced for decades. A changing approach to health care that focuses on proactive lifestyle habits versus treating sickness is creating increased interest in nature's most perfect food. The long-term effects of our economic downturn and buyer interest in value makes the nine essential and affordable nutrients in a glass of milk quite appealing.

On behalf of the staff and board at Florida Dairy Farmers, thank you for supporting our industry. Now let's step into the bright future to spread the great news that dairy has to share.

Michele Cooper
Chief Executive Officer
Florida Dairy Farmers



FDF MISSION STATEMENT

Florida Dairy Farmers is a farmer-funded organization that works to promote nutrient-rich dairy foods as an important part of a healthy lifestyle and educate people about Florida's dairy farming industry. FDF is one of 18 member organizations of the United Dairy Industry Association and carries out the programs of Dairy Management Inc., the umbrella organization based in Chicago.

MAKEUP OF THE BOARD

Florida Dairy Farmers' board of directors is made up of dairy producers who represent the organizations that contribute to FDF's income.

FINANCIAL STATEMENT

The financial records of Florida Dairy Farmers and the Dairy Council of Florida are prepared by HMS Certified Public Accountants, PA and audited by Michael Galloway & Co. FDF and DCF's expenditures are reviewed and approved by the board of directors at its regular meetings. These records, with substantiating documents, are on file at the corporate office. They are available for examination by funders upon adequate notice.

ABOUT THE PHOTOS

Dairy farm photos were taken at J.M. Larson Inc. in Okeechobee County, Butler Oaks Farm in Highlands County and M&B Dairy in Citrus County. Farmer photos on Page 2 from top: John Larson, Bob Butler, Leon McClellan. Farm photography by Phelan M. Ebenhack.





“Opie, you haven’t finished your milk.
We can’t put it back in the cow, you know.”

— Aunt Bee, “The Andy Griffith Show”