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DAIRY FACTS

2006 Edition

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Printed in U.S.A.

October 2006

FOREWORD

This edition of Dairy Facts contains current and historical data on production, sales and consumption of dairy products, as well as information on exports, imports, and international dairy production.

This annual publication of the dairy industry serves as a handy reference tool for members of the International Dairy Foods Association, researchers, educators, students, government officials and others interested in the dairy industry.

The International Dairy Foods Association (IDFA), Washington, D.C., represents the nation's dairy manufacturing and marketing industries and their suppliers, with a membership of 530 companies representing a \$90-billion a year industry. IDFA is composed of three constituent organizations: the Milk Industry Foundation (MIF), the National Cheese Institute (NCI) and the International Ice Cream Association (IICA). IDFA's 220 dairy processing members run more than 600 plant operations, and range from large multinational organizations to single-plant companies. Together they represent more than 85% of the milk, cultured products, cheese and frozen desserts produced and marketed in the United States. IDFA can be found online at www.idfa.org.

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I. GENERAL INFORMATION

History of Dairy

The Dairy Industry in America

Milk and milk products have played an important role in America's history since 1611, when the first cows were brought to Jamestown, Virginia. Since those early days, the industry has successfully continued to serve the nutritional needs of a growing nation with a wide selection of products.

Today's dairy industry includes the farmers, who produce the milk; processors and manufacturers, who provide all the services needed to turn out a variety of wholesome, refreshing dairy foods; and the retailers and foodservice operators, who bring these products directly to consumers.

Because milk and milk products are now readily available and frequently consumed in the U.S., a steady supply of these foods is often taken for granted. However, until fairly recently, milk was not always so readily available. Thanks to the many advancements and improvements achieved by the entire industry in the areas of processing, packaging, refrigeration and distribution, a wide range of dairy products is now available to everyone.

Another development has been the important research and experimentation which has resulted in improved methods of selection, breeding and feeding of cows. One hundred years ago, milk production per cow was estimated at 1,700 quarts annually; today the average has grown to nearly 8,800 quarts per cow.

Highly nutritious, tasty and versatile, milk is often characterized as "nature's most nearly perfect food." When consuming milk as a delicious beverage or in a serving of ice cream, you are participating in a continuing and remarkable history of mankind.

Milestones of Milk History in the U.S.

- 1611 Cows arrive for Jamestown Colony.
- 1624 Cows reach Plymouth Colony.
- 1841 First regular shipment of milk by rail--Orange County to New York City.
- 1856 Pasteur experiments start.
Gail Borden received first patent on condensed milk from both U.S. and England.
- 1878 Continuous centrifugal cream separator invented by Dr. Gustav De Laval.
- 1884 Milk bottle invented by Dr. Hervey D. Thatcher, Potsdam, New York.
- 1886 Automatic bottle filler and capper patented.
- 1890 Tuberculin testing of dairy herds introduced. Test for fat content of milk and cream perfected by Dr. S.M. Babcock.
Sherman Anti-Trust Act establishes federal anti-monopoly policy.
- 1892 Certified milk originated by Dr. Henry L. Coit in Essex County, New Jersey.
- 1895 Commercial pasteurizing machines introduced.
Thistle milking machine introduces intermittent pulsation.
- 1908 First compulsory pasteurization law (Chicago) applying to all milk except that from tuberculin tested cows.
- 1911 Automatic rotary bottle filler and capper perfected.

- 1914 Tank trucks first used for transporting milk.
- 1919 Homogenized milk sold successfully in Torrington, Connecticut.
- 1922 Capper-Volsted Act codifies agricultural cooperatives.
- 1932 Ways of increasing Vitamin D in milk made practicable.
First plastic coated paper milk cartons introduced commercially.
- 1937 Agricultural Marketing Agreement Act establishes federal milk marketing orders.
- 1938 First farm bulk tanks for milk began to replace milk cans.
- 1942 Every-other-day milk delivery started (initially as a war conservation measure).
- 1946 National School Lunch Act signed by President Truman.
Vacuum pasteurization method perfected.
- 1948 Ultra-high temperature pasteurization is introduced.
- 1949 Agricultural Adjustment Act establishes dairy support price at \$3.14/cwt.
- 1950 Milk vending machines win place in distribution.
- 1955 Flavor control equipment for milk is introduced commercially.
- 1964 Plastic milk container introduced commercially.
- 1968 Electronic testing for milk is introduced commercially marking the official acceptance of process.
- 1974 Nutrition labeling of fluid milk products begins.
- 1980 American Dairy Association launches the national introduction of the “REAL”® Seal dairy symbol.
- 1981 UHT (ultra high temperature) milks gain national recognition.
- 1983 Creation of National Dairy Promotion and Research Board.
- 1988 Lower fat dairy products gain widespread acceptance. Lowfat and skim milk sales combined exceed whole milk sales for first time.
- 1993 Mandatory animal drug residue testing program established.
- 1994 Recombinant bovine somatotropin (rBST) approved for commercial use in U.S.
Nutrition Labeling and Education Act requires mandatory nutrition labeling.
- 1995 Launch of processor-funded milk mustache advertising campaign.
- 2000 Federal milk marketing orders reformed; component pricing introduced.

The Evolution of Ice Cream

Ice cream’s origins are known to reach back as far as the second century B.C., although no specific date of origin nor inventor has been indisputably credited with its discovery. We know that Alexander the Great enjoyed snow and ice flavored with honey and nectar. Biblical references also show that King Solomon was fond of iced drinks during harvesting. During the Roman Empire, Nero Claudius Caesar (A.D. 54-86) frequently sent runners into the mountains for snow, which was then flavored with fruits and juices.

Over a thousand years later, Marco Polo returned to Italy from the Far East with a recipe that closely resembled what is now called sherbet. Historians estimate that this recipe evolved into ice cream sometime in the 16th century. England seems to have discovered ice cream at the same time, or perhaps even earlier than the Italians. “Cream Ice,” as it was called, appeared regularly at the table of Charles I during the 17th century. France was introduced to similar frozen desserts in 1553 by the Italian Catherine de Medici when she became the wife of Henry II of France. It wasn’t until 1660 that ice cream was made available to the general public. The Sicilian Procopio introduced a recipe blending milk, cream, butter and eggs at Café Procope, the first café in Paris.

Ice Cream for America

The first official account of ice cream in the New World comes from a letter written in 1700 by a guest of Maryland Governor William Bladen. The first advertisement for ice cream in this country appeared in the New York Gazette on May 12, 1777, when confectioner Philip Lenzi announced that ice cream was available “almost every day.” Records kept by a Chatham Street, New York, merchant show that President George Washington spent approximately \$200 for ice cream during the summer of 1790. Inventory records of Mount Vernon taken after Washington’s death revealed “two pewter ice cream pots.” President Thomas Jefferson was said to have a favorite 18-step recipe for an ice cream delicacy that resembled a modern-day Baked Alaska. In 1812, Dolley Madison served a magnificent strawberry ice cream creation at President Madison’s second inaugural banquet at the White House.

Until 1800, ice cream remained a rare and exotic dessert enjoyed mostly by the elite. Around 1800, insulated ice houses were invented. Manufacturing ice cream soon became an industry in America, pioneered in 1851 by a Baltimore milk dealer named Jacob Fussell. Like other American industries, ice cream production increased because of technological innovations, including steam power, mechanical refrigeration, the homogenizer, electric power and motors, packing machines, and new freezing processes and equipment. In addition, motorized delivery vehicles dramatically changed the industry. Due to ongoing technological advances, today’s total frozen dairy annual production in the United States is more than 1.6 billion gallons.

Wide availability of ice cream in the late 19th century led to new creations. In 1874, the American soda fountain shop and the profession of the “soda jerk” emerged with the invention of the ice cream soda. In response to religious criticism for eating “sinfully” rich ice cream sodas on Sundays, ice cream merchants left out the carbonated water and invented the ice cream “Sunday” in the late 1890’s. The name was eventually changed to “sundae” to remove any connection with the Sabbath.

Ice cream became an edible morale symbol during World War II. Each branch of the military tried to outdo the others in serving ice cream to its troops. In 1945, the first “floating ice cream parlor” was built for sailors in the western Pacific. When the war ended, and dairy product rationing was lifted, America celebrated its victory with ice cream. Americans consumed over 20 quarts of ice cream per person in 1946.

In the 1940’s through the ‘70s, ice cream production was relatively constant in the United States. As more prepackaged ice cream was sold through supermarkets, traditional ice cream parlors and soda fountains started to disappear. Now, specialty ice cream stores and unique restaurants that feature ice cream dishes have surged in popularity. These stores and restaurants are popular with those who remember the ice cream shops and soda fountains of days past, as well as with new generations of ice cream fans.

How Ice Cream Is Made

Everybody has a favorite flavor or brand of ice cream, and the debate over whose ice cream is the best rages on each year. While each manufacturer develops its own special recipes, ice cream production basics are basically the same everywhere.

The most important ice cream ingredients come from milk. The dairy ingredients are crucial in determining the characteristics of the final frozen product. Federal regulations state that ice cream must have at least

10% milkfat, the single most critical ingredient. The use of varying percentages of milkfat affects the palatability, smoothness, color, texture and food value of the finished product. Gourmet or superpremium ice creams contain at least 12% milkfat, usually more.

Ice cream contains nonfat solids (the non-fat, protein part of the milk), which contribute nutritional value (protein, calcium, minerals and vitamins). Nonfat dry milk, skim milk and whole milk are the usual sources of nonfat solids.

The sweeteners used in ice cream vary from cane or beet sugar to corn sweeteners or honey. Stabilizers, such as plant derivatives, are commonly used in small amounts to prevent the formation of large ice crystals and to make a smoother ice cream. Emulsifiers, such as lecithin and mono- and diglycerides, are also used in small amounts. They provide uniform whipping qualities to the ice cream during freezing, as well as a smoother and drier body and texture in the frozen form.

These basic ingredients are agitated and blended in a mixing tank. The mixture is then pumped into a pasteurizer, where it is heated and held at a predetermined temperature. The hot mixture is then “shot” through a homogenizer, where pressure of 2,000 to 2,500 pounds per square inch breaks the milkfat down into smaller particles, allowing the mixture to stay smooth and creamy. The mix is then quick-cooled to about 40°F and frozen via the “continuous freezer” method (the “batch freezer” method) that uses a steady flow of mix that freezes a set quantity of ice cream one batch at a time.

During freezing, the mix is aerated by “dashers,” revolving blades in the freezer. The small air cells that are incorporated by this whipping action prevent ice cream from becoming a solid mass of frozen ingredients. The amount of aeration is called “overrun,” and is limited by the federal standard that requires the finished product must not weigh less than 4.5 pounds per gallon.

The next step is the addition of bulky flavorings, such as fruits, nuts and chocolate chips. The ingredients are either “dropped” or “shot” into the semi-solid ice cream after it leaves the freezer.

After the flavoring additions are completed, the ice cream can be packaged in a variety of containers, cups or molds. It is moved quickly to a “hardening room,” where sub-zero temperatures freeze the product to its final state for storage and distribution.

History of Cheese

Cheese, a highly nutritious and palatable food, is of significant value in the diet because it contains almost all of the protein and essential minerals, vitamins, and other nutrients of milk. According to ancient records passed down through the centuries, the making of cheese dates back more than 4,000 years.

No one really knows who made the first cheese. According to an ancient legend, it was made accidentally by an Arabian merchant who put his supply of milk into a pouch made from a sheep's stomach, as he set out on a day's journey across the desert. The rennet in the lining of the pouch, combined with the heat of the sun, caused the milk to separate into curd and whey. That night he found that the whey satisfied his thirst, and the cheese (curd) had a delightful flavor which satisfied his hunger.

Travelers from Asia are believed to have brought the art of cheesemaking to Europe. In fact, cheese was made in many parts of the Roman Empire when it was at its height. The Romans, in turn, introduced cheesemaking to England. During the Middle Ages—from the decline of the Roman Empire until the discovery of America—cheese was made and improved by the monks in the monasteries of Europe. For example, Gorgonzola was made in the Po Valley in Italy in 879 A.D., and Italy became the cheesemaking center of Europe during the 10th Century. Roquefort was also mentioned in the ancient records of the monastery at Conques, France as early as 1070.

Cheesemaking continued to flourish in Europe and became an established food. In fact, the Pilgrims included cheese in the Mayflower's supplies when they made their voyage to America in 1620. The making of cheese quickly spread in the New World, but until the 19th century it remained a local farm industry. It wasn't until 1851 that the first cheese factory in the United States was built by Jesse Williams in Oneida County, New York.

As population across the United States continued to grow dramatically, the demand for cheese increased and the industry gradually moved westward, centering on the rich farm lands of Wisconsin. In 1845, a band of Swiss immigrants settled in Green County, Wisconsin and started the manufacturing of foreign cheese in America. Most Wisconsin farmers began to believe that their future survival was tied to cheese and their first factory was a Limburger plant which opened in 1868.

The wholesale cheese industry was thus born and showed phenomenal growth during the latter half of the 1800s. By 1880 there were 3,923 dairy factories nationwide which were reported to have made 216 million pounds of cheese that year valued at \$17 million. This represented almost 90 percent of total cheese production that year. By the turn of the century, farm production of cheese had become insignificant. The 1904 census reported only factory output, which totaled over 317 million pounds.

As cheese demand continued to grow and spread rapidly, manufactured and processed cheese production increased dramatically. Total natural cheese production grew from 418 million pounds in 1920 to 2.2 billion pounds by 1970. Rising demand for cheese throughout the 1970s and 1980s brought total natural cheese production to more than 6 billion pounds by the beginning of the 1990s. Processed cheese also experienced a surge in consumer demand with annual production exceeding 2 billion pounds a year by the beginning of the 1990s.

Currently, more than one-third of all milk produced each year in the U.S. is used to manufacture cheese. Recent increases in the overall demand for farm milk have in large part been due to the continued growth of the cheese industry. As consumer appetites for all types of cheese continue to expand, so will the industry.

Nutrition Information

The Importance of Milk in the Diet

Although milk from the cow is processed, it is not an engineered or fabricated food. It is about 87 percent water and 13 percent solids. The fat portion of the milk contains fat soluble vitamins. The solids other than fat include proteins, carbohydrates, water soluble vitamins, and minerals. These nutrients in milk help make it nature's most nearly perfect food.

Milk products contain high quality proteins. The whey proteins constitute about 18 percent of the protein content of milk. Casein, a protein found only in milk, contains all of the essential amino acids. It accounts for 82 percent of the total proteins in milk and is used as a standard for evaluating protein of other foods. Protein is needed to build and repair body tissues and to form antibodies which circulate in the blood and help fight infection.

Milk also contains the following nutrients: calcium, phosphorus, magnesium, and potassium. The calcium found in milk is readily absorbed by the body. Phosphorus plays a role in calcium absorption and utilization. Phosphorus is needed in the proper ratio to calcium to form bone. Milk provides these two minerals in approximately the same ratio as found in bone. Milk is also a significant source of riboflavin (vitamin B₂) which helps promote healthy skin and eyes, as well as vitamins A and D.

In adults, a calcium deficiency, along with other factors, may result in bone deterioration called osteoporosis. The recommendations for calcium are 1,000 milligrams for adults, 1,300 milligrams per day for adolescents, 500-800 milligrams per day for young children and 1,200 milligrams per day for adults over 51 years of age. One serving of milk has about 250 milligrams of calcium. It is difficult to obtain adequate calcium without milk and milk products in the diet. About 73 percent of the calcium available in the food supply is provided by milk and milk products.

The following daily consumption of milk group foods is suggested by the government's U.S. Dietary Guidelines:

- Children 1-8 years old, 2 servings
- Children 9 years and older, 3 servings
- Adults, 3 servings

Definitions of Fluid Milk and Milk Products

Milk is approximately 87 percent water and 13 percent solids. As it comes from the cow, the solids portion of milk contains approximately 3.7 percent fat and 9 percent solids-not-fat.

Milkfat carries the fat soluble vitamins A, D, E, and K. The solids-not-fat portion consists of protein (primarily casein and lactalbumin), carbohydrates (primarily lactose), and minerals (including calcium and phosphorus). Milk also contains significant amounts of riboflavin and other water soluble vitamins.

Federal definitions and standards of identity specify the minimum levels of milkfat and solids-not-fat for the various milks shipped in interstate commerce:

Milk – Contains not less than 3.25 percent milkfat and 8.25 percent solids-not-fat. Addition of vitamins A and D is optional, but if added, vitamin A must be present at a level of not less than 2,000 International Units (I.U.) Per quart; vitamin D is optional, but must be present at a level of 400 I.U., if added. Characterizing flavoring ingredients may also be added.

Cultured Milk – Contains not less than 3.25 percent milkfat and not less than 8.25 percent milk solids-non-fat. It is produced by culturing any of the following milk products alone or in combination: cream, milk, partially skimmed milk or skim milk with appropriate characterizing bacteria. The addition of certain characterizing ingredients and lactic-acid producing bacteria may permit, for example, the product to be labeled “kefir cultured milk,” “acidophilus cultured milk,” or “cultured buttermilk.”

Half-and-Half – Consists of a mixture of milk and cream containing not less than 10.5 percent milkfat, but less than 18 percent milkfat.

Light Cream – contains not less than 18 percent milkfat, but less than 30 percent. Light cream may also be called “coffee cream” or “table cream.”

Light Whipping Cream – contains not less than 30 percent milkfat, but less than 36 percent milkfat. Light whipping cream may also be called “whipping cream.”

Heavy Cream – contains not less than 36 percent milkfat. Heavy cream may also be called “heavy whipping cream.”

Sour Cream – is the product resulting from the addition of lactic acid-producing bacteria to pasteurized cream containing not less than 18 percent milkfat. Sour cream may also be called “cultured sour cream.”

Dry Curd Cottage Cheese – is a soft, unripened cheese made from skim milk and/or reconstituted nonfat dry milk. The cheese curd is formed by the addition of either lactic acid producing bacteria or acidifiers. The latter process is called direct acidification. Rennet and/or other suitable enzymes may be used to assist curd formation. Dry curd cottage cheese contains less than 0.5 percent milkfat and not more than 80 percent moisture. The product may also be called “cottage cheese dry curd.”

Cottage Cheese – is the product resulting from the addition of a creaming mixture (dressing) to dry curd cottage cheese. Cottage cheese contains not less than 4 percent milkfat and not more than 80 percent moisture.

Yogurt – is the product resulting from the culturing of a mixture of milk and cream products with the lactic acid-producing bacteria, *Lactobacillus bulgaricus* and *Streptococcus thermophilus*. Yogurt contains not less than 3.25 percent milkfat and 8.25 percent solids-not-fat.

Evaporated Milk – is made by removing about 60 percent of milk’s water. It contains not less than 6.5 percent milkfat, not less than 16.5 percent milk solids-not-fat, and not less than 23 percent by weight of total milk solids. Evaporated milk is a heat-sterilized product with an extended shelf life.

Sweetened Condensed Milk – results from the removal of about 60 percent of the water from a mixture of milk (whole and nonfat pasteurized, homogenized milks) and safe and suitable nutritive carbohydrate sweeteners such as sucrose. This product contains not less than 8 percent milk fat and not less than 28 percent total milk solids.

Nonfat Dry Milk – is made by removing water from pasteurized skim (nonfat or fat free) milk. The product contains not more than 5 percent by weight of moisture, and not more than 1.5 percent by weight of milkfat unless otherwise indicated.

Ice Cream – consists of a mixture of dairy ingredients such as milk and nonfat milk, and ingredients for sweetening and flavoring, such as fruits, nuts and chocolate chips. Functional ingredients, such as stabilizers and emulsifiers, are often included in the product to promote proper texture and enhance the eating experience. By federal law, ice cream must contain at least 10 percent milkfat, before the addition of bulky ingredients, and must weigh a minimum of 4.5 pounds to the gallon.

Frozen Custard or **French Ice Cream** must also contain a minimum of 10 percent milkfat, as well as at least 1.4 percent egg yolk solids.

Sherbets have a milkfat content of between 1 percent and 2 percent, and a slightly higher sweetener content than ice cream. Sherbet weighs a minimum of 6 pounds to the gallon and is flavored either with fruit or other characterizing ingredients.

Gelato is characterized by an intense flavor and is served in a semi-frozen state. Gelato contains sweeteners, milk, cream, egg yolks and flavoring.

Sorbet and **Water Ices** are similar to sherbets, but contain no dairy ingredients.

Frozen Yogurt consists of a mixture of dairy ingredients such as milk and nonfat milk which have been cultured, as well as ingredients for sweetening and flavoring.

For more information on dairy product definitions, please contact IDFA directly at (202) 737-4332.

Conversion Factors

Dairy Products Related Conversions:

The quantity of milk actually used to produce one pound of each product depends chiefly upon the milkfat and nonfat solids content of the milk, which varies both geographically and seasonally. The following table is, therefore, only an approximation.

To make one pound of:	Requires approximately:
Butter	21.8 lbs. whole milk
Whole Milk Cheese	9.8 lbs. whole milk
Whole Milk Powder	7.4 lbs. whole milk
Cottage Cheese (dry curd basis)	7.3 lbs. skim milk
Nonfat Dry Milk	11.0 lbs. skim milk

The amount of milk required to make ice cream varies considerably, not only due to the component content of the milk, but also due to the wide variety in the milkfat and nonfat solids content of the final product as well as the type and quantity of the flavoring used. In general, one gallon of ice cream requires approximately 6 pounds of whole milk and one pound of cream.

The actual weight of fluid milk and cream varies based on milkfat content:

Milkfat %	Quart (Lbs.)	Gallon (Lbs.)	Product
< 1	2.1575	8.63	Nonfat Milk
1 - 2.99	2.1550	8.62	Lowfat & Reduced Fat Milk
3 - 4.99	2.1500	8.60	Whole Milk
9 - 13.99	2.1375	8.55	Half & Half
14 - 18.99	2.1275	8.51	Light Whipping Cream
35 - 36.99	2.0925	8.37	Heavy Whipping Cream

The weight of flavored milk varies, based on milkfat content and the quantity and type of flavorings used in the formulations.

General Conversion Factors:

Weight:

16 ounces	1 pound
100 pounds	1 hundredweight (cwt)
20 cwt.	1 ton (2000 pounds)
1 pound	0.4536 kilogram
2.2046 pounds	1 kilogram
2204.6 pounds	1 metric ton (1,000 kilograms)
1 ton	0.907 metric ton

Liquid Measure:

2 cups	1 pint
2 pints	1 quart
4 quarts	1 gallon
1 quart	0.946 liters
1.0571 quarts	1 liter
1 gallon	3.785 liters
0.264 gallons	1 liter

II. PRODUCTION

A. FARM LEVEL PRODUCTION INFORMATION

Farm Level Production Overview

For the second consecutive year, U.S. farm milk production volume hit an all-time high, reaching 179.9 billion pounds in 2005. This boom in production reversed a two-year trend of slower growth, with nearly a 3.6% rate of growth compared to only 0.24% growth in 2004. Farm milk production continued its climb during the first six months of 2006, gaining an additional 3.28 billion pounds over the same period in 2005 for an increase of 3.7%.

Reversing another long-term trend, the number of U.S. milk cows grew slightly, by 31,000 in 2005 — an increase of 0.34% over 2004. The industry also increased the national average of milk per cow — now up to 19,576 pounds, setting a new national record for a second year in a row. Two western states led the nation in per cow production: Washington at 23,270 pounds of milk per cow and Arizona at 22,957.

In general, U.S. farm operations with milk cows got larger in 2005, though the total number of farms continued a 17-year downward trend. The average herd size of U.S. farm operations increased from 111 in 2004 to 115 in 2005. The biggest decline in the number of dairy farms came in farms with fewer than 100 milk cows. The only size category to see an increase was farms with 500-plus milk cows.

Regional trends in 2005 showed remarkable increases in farm milk production, with California continuing to lead the nation. All of the top 10 milk producing states increased output in 2005 over 2004; in 2004 only four of the top 10 states increased their output. While California's volume increase matched its increase of last year -- up more than 1 billion pounds (or 2.9%), eight of the 10 states had greater percentage increases in volume, ranging from 11.8% to 3.5%, during 2005. The top producing states were: Idaho (up 11.8%), Texas (up 7.2%) and Michigan (up 6.7%). The top 10 states accounted for 76% of all U.S. milk production.

Nearly 73% of the milk produced in 2005 was used to make either cheese (39.6%) or fluid milk, cream and related products (33.1%). Butter accounted for 12.9% of the milk supply, and 8.1% ended up in ice cream and other frozen dairy products. The demand for milk for cheesemaking has risen dramatically over the past few decades. In 1960, cheesemaking accounted for just about 11% of all milk produced in the United States; in 1998, it became the dominant use of milk.

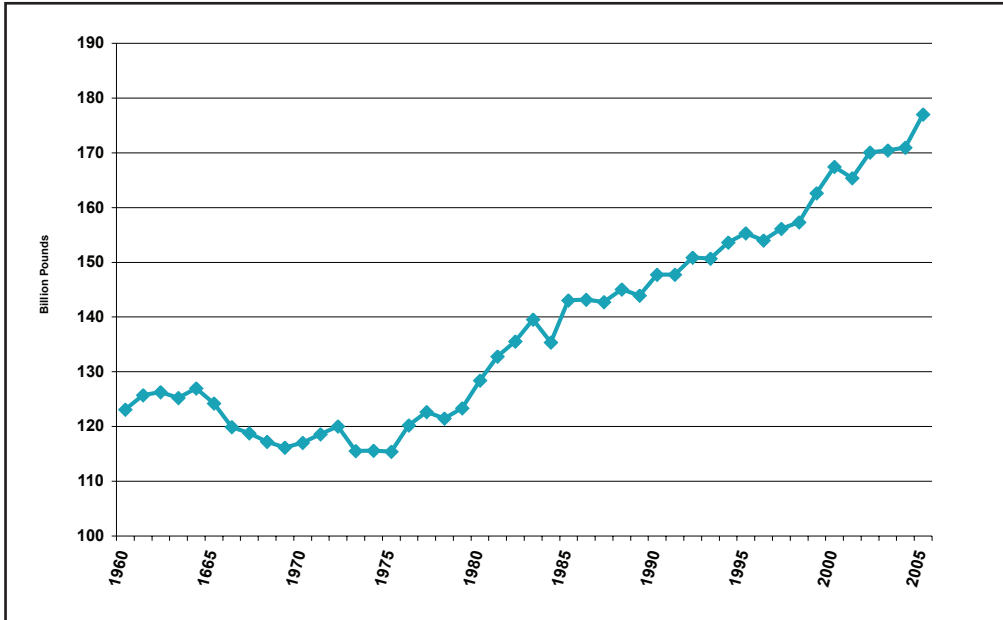
Use of the two main classes of milk components — milkfat and nonfat solids — increased considerably in 2005. As in 2004, the U.S. government remained only minimally involved in removing these products from the market.

Number of Milk Cows, Production per Cow, and Milk Production; 1960-2005

	Number of Milk Cows ¹ (Millions)	Milk per Cow ² (Pounds)	Milk Production ² (Million Lbs.)
1960	17.515	7,029	123,109
1970	11.997	9,753	117,006
1980	10.799	11,891	128,406
1990	9.993	14,782	147,721
1991	9.826	15,031	147,697
1992	9.688	15,570	150,847
1993	9.581	15,722	150,636
1994	9.494	16,179	153,602
1995	9.466	16,405	155,292
1996	9.372	16,433	154,006
1997	9.252	16,871	156,091
1998	9.151	17,185	157,262
1999	9.153	17,763	162,589
2000	9.199	18,197	167,393
2001	9.103	18,162	165,332
2002	9.139	18,608	170,063
2003	9.083	18,760	170,394
2004^r	9.010	18,957	170,805
2005^p	9.041	19,576	176,989

¹Revised. ²Preliminary. ³Includes dry cows, excludes heifers not yet fresh. ²Excludes milk sucked by calves.
Source: USDA, National Agricultural Statistics Service.

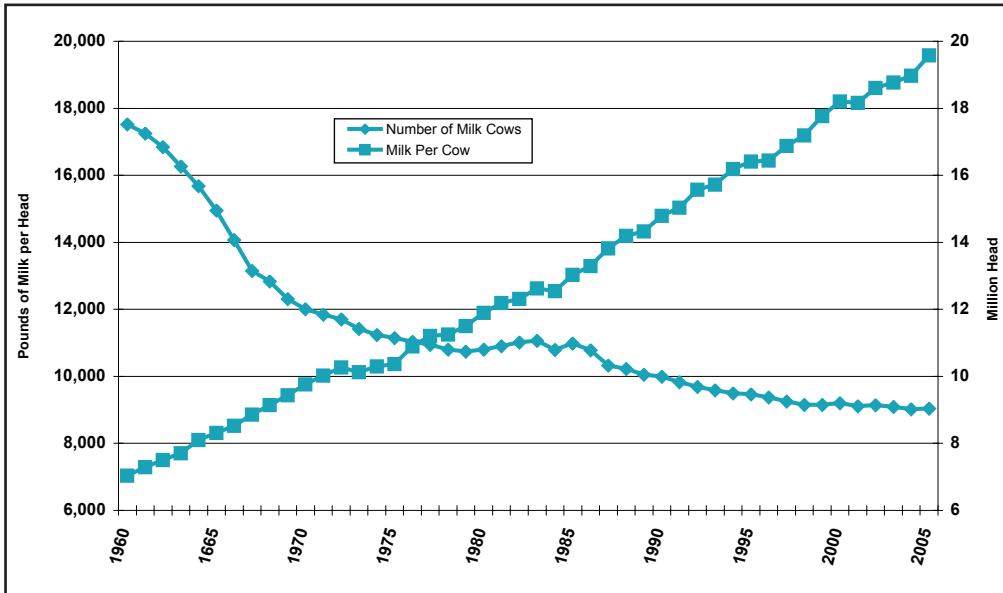
Total U.S. Milk Production; 1960-2005



Source: USDA, National Agricultural Statistics Service.

PRODUCTION

Number of Milk Cows and Milk Production per Cow; 1960-2005



Source: USDA, National Agricultural Statistics Service.

Milk Production in the Ten Largest Dairy States¹; 1960-2005

	1960	1970	1980	1990	2000	2004 ²	2005 ²
	(Million Lbs.)						
California	8,059	9,457	13,577	20,947	32,245	36,465	37,564
Wisconsin	17,780	18,435	22,380	24,187	23,259	22,085	22,866
New York	10,171	10,341	10,974	11,067	11,921	11,650	12,078
Pennsylvania	6,878	7,124	8,496	10,014	11,156	10,062	10,503
Idaho	1,634	1,490	1,947	2,949	7,223	9,093	10,161
Minnesota	10,272	9,636	9,535	10,030	9,493	8,102	8,195
New Mexico	253	304	602	1,524	5,236	6,710	6,951
Michigan	5,173	4,602	4,970	5,234	5,705	6,315	6,735
Texas	2,932	3,065	3,625	5,539	5,743	6,009	6,442
Washington	1,911	2,091	2,942	4,392	5,593	5,416	5,608

Percentage of Total Ten Dairy States with State History

Top 10	77,312	74,762	84,803	98,683	117,574	127,103	127,103
% totals²	63%	64%	66%	67%	70%	74%	76%
Top 20	99,535	95,357	106,708	123,831	144,514	150,397	156,552
% totals²	81%	82%	83%	84%	86%	88%	88%
Total U.S.	123,109	117,006	128,406	147,721	167,393	170,934	176,989

¹Ranked by 2005 production. ²Percent of total U.S. milk production for the year indicated.

³Revised. ⁴Preliminary.

Source: USDA, National Agricultural Statistics Service.

2005 U.S. Milk Supply Utilization, by Product^P

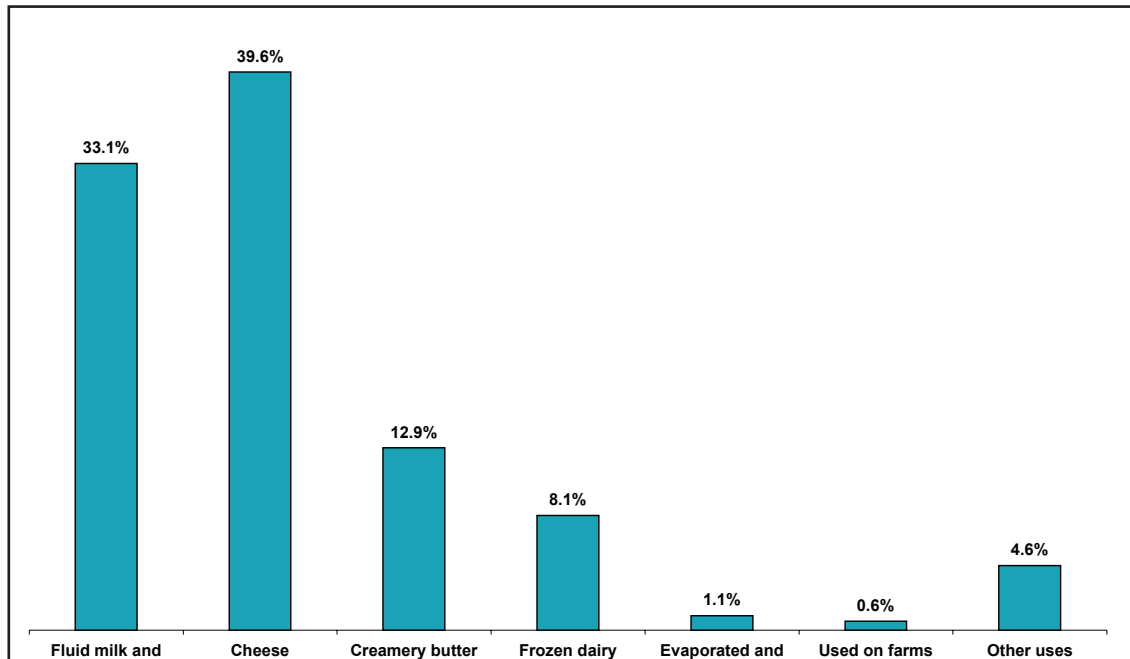
Product	Million Pounds Product Weight
Fluid milk and cream sales	56,823
	Milkfat Equivalent
Cheese	67,955
Creamery butter	22,188
Frozen dairy products	13,949
Evaporated and condensed milk	1,861
Used on farms where produced	1,077
Other uses	7,847
Total¹	171,628

^PPreliminary. ¹Includes net imports of ingredients.

Source: Computations made by the Milk Industry Foundation based on data from USDA, National Agricultural Statistics Service.

PRODUCTION

2005 U.S. Milk Supply Utilization, by Product^P



^PPreliminary.

Source: Computations made by the Milk Industry Foundation based on data from USDA, National Agricultural Statistics Service.

PRODUCTION

Milk Cows, Milk Production and Milk Income by State; 2005

	Farm Cash Receipts from Milk and Cream				
	Number of Milk Cows ¹ (Thousands)	Milk per Cow ² (Lbs.)	Milk Production (Million Lbs.)	Total Rec. ³ (Million \$)	Percent of All Farm Receipts ⁴ (%)
Alabama	16	14,000	224	43	1.0
Alaska	1	12,273	14	3	6.3
Arizona	163	22,957	3,742	570	16.0
Arkansas	22	13,500	297	52	0.9
California	1,755	21,404	37,564	5,366	15.0
Colorado	104	22,577	2,348	343	5.3
Connecticut	20	19,200	384	67	11.5
Delaware	7	17,716	131	21	2.4
Florida	137	16,577	2,271	432	5.1
Georgia	81	17,259	1,398	236	3.7
Hawaii	5	12,889	70	20	3.9
Idaho	455	22,332	10,161	1,358	25.4
Illinois	104	18,827	1,958	309	3.0
Indiana	156	20,295	3,166	491	7.3
Iowa	194	20,722	4,020	620	3.8
Kansas	111	20,505	2,276	340	2.8
Kentucky	106	12,934	1,371	237	5.5
Louisiana	35	12,371	433	77	3.3
Maine	33	18,030	595	109	17.6
Maryland	72	16,125	1,161	196	11.1
Massachusetts	17	17,059	290	51	11.3
Michigan	311	21,656	6,735	1,020	20.8
Minnesota	453	18,091	8,195	1,336	12.2
Mississippi	25	15,240	381	63	1.6
Missouri	117	16,026	1,875	299	4.7

Montana	19	19,579	372	53	2.2
Nebraska	60	17,950	1,077	168	1.4
Nevada	25	21,680	542	75	13.6
New Hampshire	16	18,875	302	53	27.4
New Jersey	12	16,000	192	32	3.2
New Mexico	326	21,192	6,951	1,000	36.9
New York	648	18,639	12,078	1,950	49.7
North Carolina	54	18,611	1,005	171	2.1
North Dakota	33	15,970	527	84	1.8
Ohio	270	17,567	4,743	752	12.5
Oklahoma	75	16,480	1,236	219	3.9
Oregon	121	18,876	2,284	360	8.2
Pennsylvania	561	18,722	10,503	1,769	33.9
Rhode Island	1	18,700	19	3	5.0
South Carolina	18	16,111	290	49	2.6
South Dakota	81	17,741	1,437	220	4.4
Tennessee	70	15,743	1,102	193	6.8
Texas	320	20,131	6,442	976	4.8
Utah	88	18,875	1,661	250	17.0
Vermont	143	18,469	2,641	434	70.7
Virginia	105	16,990	1,784	308	10.8
Washington	241	23,270	5,608	857	12.6
West Virginia	13	14,923	194	32	7.2
Wisconsin	1,236	18,500	22,866	3,688	48.3
Wyoming	5	14,860	74	10	0.7
Total U.S.	9,041	19,576	176,989	27,368	10.1

¹Average number on farms during year, including dry cows but excluding heifers not yet fresh. ²Excludes milk sucked by calves. Totals may not add due to rounding. ³Based on preliminary estimate by USDA. ⁴Based on 2004 data.
Source: USDA, National Agricultural Statistics Service and Economic Research Service.

PRODUCTION

Supply & Utilization, Milkfat; 2001-2005

	2001	2002	2003	2004	2005
	(Million Lbs.)				
Production	6,078	6,273	6,251	6,278	6,544
Farm Use	44	41	41	39	41
Marketings	6,033	6,231	6,210	6,240	6,503
Percent Change from Previous Year	-1.5%	3.3%	-0.3%	0.5%	4.4%
Beginning Commercial Stocks	252	259	363	306	263
Imports	200	175	173	183	161
Total Supply	6,485	6,665	6,746	6,729	6,927
Percent Change from Previous Year	-0.3%	2.8%	1.2%	-0.3%	3.1%
Ending Commercial Stocks	259	363	306	263	294
Net Government Removals	5	12	43	-2	1
Commercial Disappearance	6,221	6,290	6,397	6,468	6,634
Percent Change from Previous Year	0.0%	1.1%	1.7%	1.1%	2.80%

Note: Totals may not add due to rounding.
Source: USDA, Economic Research Service.

Supply & Utilization, Skim Solids; 2001-2005

	2001	2002	2003	2004	2005
	(Million Lbs.)				
Production	14,308	14,708	14,739	14,787	15,454
Farm Use	105	97	96	91	96
Marketings	14,203	14,612	14,643	14,696	15,358
Percent Change from Previous Year	-1.1%	2.9%	0.2%	0.4%	4.5%
Beginning Commercial Stocks	759	695	733	721	703
Imports	403	439	430	413	390
Total Supply	15,365	15,746	15,806	15,830	16,451
Percent Change from Previous Year	-0.5%	2.5%	0.4%	0.2%	3.9%
Ending Commercial Stocks	695	733	721	720	768
Net Government Removals	497	832	710	110	83
Commercial Disappearance	14,173	14,181	14,375	15,018	15,766
Percent Change from Previous Year	1.7%	1.0%	1.4%	4.3%	4.3%

Note: Totals may not add due to rounding.
Source: USDA, Economic Research Service.

Supply & Utilization, Total Dairy Solids¹; 2000-2005

	2000	2001	2002	2003	2004	2005
	(Million Lbs.)					
Production	20,651	20,386	20,981	20,990	21,065	21,998
Farm Use	161	149	138	137	130	137
Marketings	20,490	20,236	20,843	20,853	20,936	21,861
Percent Change from Previous Year	3.1%	-1.2%	3.0%	0.1%	0.4%	4.4%
Beginning Commercial Stocks	917	1,011	954	1,096	1,027	966
Imports	531	603	614	603	596	551
Total Supply	21,938	21,850	22,411	22,552	22,559	23,378
Percent Change from Previous Year	3.8%	-0.4%	2.6%	0.6%	0.0%	3.6%
Ending Commercial Stocks	1,011	954	1,096	1,027	983	1,062
Net Government Removals	768	502	844	753	108	84
Commercial Disappearance	20,159	20,394	20,471	20,772	21,486	22,400
Percent Change from Previous Year	2.5%	1.2%	0.4%	1.5%	3.4%	4.3%

PRODUCTION

¹Milkfat and Skim Solids combined.
 Note: Totals may not add due to rounding.
 Source: USDA, Economic Research Service.

Number of U.S. Farm Operations with Milk Cows by Herd Size; 1993-2005

	Total	0-29 head	30-49 head	50-99 head	100-199 head	200-499 head	500+ head
1993	157,150	58,630	34,810	42,110	14,630	6,970	¹
1994	148,140	53,500	32,640	40,640	14,450	6,910	¹
1995	139,670	48,150	31,030	39,280	14,290	6,920	¹
1996	130,980	43,050	29,230	37,560	14,090	7,050	¹
1997	123,700	39,070	27,285	35,850	14,040	5,119	2,336
1998	117,180	36,200	25,485	34,017	13,908	5,155	2,415
1999	111,000	32,920	24,055	32,935	13,250	5,290	2,550
2000	105,170	30,810	22,110	31,360	12,865	5,350	2,675
2001	97,510	28,125	19,870	29,195	12,335	5,195	2,790
2002	91,240	26,355	18,035	27,395	11,555	4,990	2,910
2003	86,360	25,045	16,805	25,800	10,980	4,765	2,965
2004^r	81,520	23,810	15,500	24,055	10,445	4,700	3,010
2005^p	78,295	22,490	14,885	23,135	10,055	4,660	3,070

^rRevised. ^pPreliminary. ¹No break down of +500 head; included with 200-499 prior to 1997.
 Source: USDA, National Agricultural Statistics Service.

Average Number of Dairy Cows per Farm; 1960-2005

	Total Number of Milk Cows	Operations with Milk Cows	Average # of Cows per Farm ¹	Herds Licensed to Sell Milk ²
	(Million)			
1960	17.515	1,792,000	10	N/A
1970	11.997	647,860	19	N/A
1980	10.799	334,180	32	N/A
1990	9.993	192,660	52	N/A
1991	9.826	180,640	54	N/A
1992	9.688	170,500	57	N/A
1993	9.581	157,150	61	N/A
1994	9.494	148,140	64	N/A
1995	9.466	139,670	68	N/A
1996	9.372	130,980	72	N/A
1997	9.252	123,700	75	N/A
1998	9.151	117,180	78	N/A
1999	9.153	111,000	82	N/A
2000	9.199	105,170	87	N/A
2001	9.103	97,510	93	N/A
2002	9.139	91,240	100	74,110
2003	9.083	86,360	105	70,410
2004^r	9.010	81,520	111	66,825
2005^p	9,041	78,295	115	64,555

¹Farm operations with one or more milk cows.

²Average number of dairy farms licensed to sell milk, based on counts collected from State and other regulatory agencies.

N/A = not available

^rRevised. ^pPreliminary.

Source: USDA, National Agricultural Statistics Service.

Number of Producers, Total Receipts and Average Daily Deliveries in Federal Milk Marketing Orders by Year¹; 1960-2005

	Total Number of Producers	Total Annual Receipts (Billion Lbs.)	% of U.S. Milk Produced	Average Daily Deliveries (Lbs.)
1960	189,816	44.8	36.4	645
1970	143,411	65.1	55.6	1,240
1980	117,490	84.0	65.4	1,953
1990	100,397	120.4	81.5	3,277
1991	100,267	103.3	69.9	2,814
1992	97,803	107.9	71.6	3,016
1993	92,934	104.0	69.0	3,057
1994	91,397	107.8	70.2	3,223
1995	88,717	108.5	69.9	3,343
1996	82,947	104.5	67.9	3,442
1997	78,422	105.2	67.4	3,666
1998	72,402	99.2	63.1	3,744
1999	69,008	104.5	64.3	4,137
2000	69,590	116.9	69.8	4,591
2001	66,423	120.2	72.7	4,959
2002	63,856	125.5	73.8	5,387
2003	58,110	110.6	64.9	5,178
2004^r	52,341	103.0	60.3	5,352
2005^p	53,036	114.7	64.8	5,904

^rRevised. ^pPreliminary. ¹Due to significant price differences some farm milk was disassociated, or deassociated, from the Federal Order system for a portion of 2003. Note: Effective April 1, 2004, the western Federal milk order was terminated. Source: USDA, Agricultural Marketing Service, Dairy Market News.

PRODUCTION

B. FLUID MILK PRODUCTION

Fluid Milk Production Overview

The volume of fluid milk products produced in the United States dropped about 2% in 2005 as compared to 2004. About 6.2 billion gallons (53.9 billion pounds) of farm milk was processed into such products as fluid milk, cream, yogurt and other cultured dairy foods. Overall, about 33% of the total U.S. milk supply was used to produce fluid milk products in 2005.

Most of these products were processed using farm milk regulated by the Federal Milk Marketing Order system, which is administered by the U.S. Department of Agriculture (USDA) to regulate fluid milk processors and other dairy product manufacturers. At the beginning of 2004, this system consisted of 11 marketing areas around the United States, but under provisions established by Congress, USDA terminated the Western marketing area effective April 1, 2004, leaving only 10 marketing areas. The Western marketing area included part or all of the following states: Utah, Nevada, Wyoming, Idaho and Oregon.

Under the federal order program, farm milk used in fluid milk products is known as Class I utilization, and processors are required to pay at least the minimum price set by the federal orders for that farm milk. Both the number of dairy farms (producers) selling farm milk and the number of fluid milk plants continues to decrease. In 2005, 53,036 dairy farm operations shipped 115 billion pounds of farm milk to regulated dairy plants. There were 302 plants producing fluid milk products in federal order areas.

As for the nation as a whole, the U.S. Bureau of Census conducts a Census of Manufacturing every five years; the most recent data available are for 2002. That year, 524 manufacturing operations reported having processed fluid milk products, less than half of the 1,190 reported in 1982. However, the average volume of fluid milk processed per plant more than doubled during that same 20-year period, from 43.5 million pounds to 105.5 million pounds. The total value of fluid milk and related products manufactured by those plants was more than \$24 billion; the 524 plants employed 55,400 workers, who received more than \$2.7 billion dollars in total compensation.

Farm Milk Used in Packaged Fluid Milk Products; 1950-2005

	Million Pounds	Million Gallons Equivalent
1950	37,280	4,325
1960	47,360	5,494
1970	45,885	5,323
1980	53,006	6,149
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1990	54,771	6,354
1991	55,054	6,387
1992	55,020	6,383
1993	54,375	6,308
1994	54,676	6,343
1995	54,580	6,332
1996	55,028	6,384
1997	54,782	6,355
1998	54,516	6,324
1999	54,907	6,370
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2000	54,490	6,321
2001	53,980	6,262
2002	54,216	6,290
2003	54,364	6,307
2004 ^r	54,072	6,273
2005 ^p	53,961	6,260

^rRevised. ^pPreliminary.
Source: USDA, Economic Research Service.

PRODUCTION

Historical Statistics for the Fluid Milk Industry¹: Census of Manufacturers; 1982-2002

	1982	1987	1992	1997	2002
Companies	853	652	525	402	315
All Establishments (Plants)					
Total	1,190	946	746	608	524
With 20 Employees or More	751	626	506	435	317
All Employees					
Number (1,000)	78.2	72.4	63.4	57.6	55.4
Payroll (Million Dollars)	1,468.7	1,681.3	1,841.0	1,897.8	2,158.1
Production Workers					
Number (1,000)	37.4	36.2	32.5	30.0	30.1
Hours (Million)	76.8	74.2	70.8	64.8	63.8
Total Compensation (Million Dollars)	1,868.6	2,098.2	2,364.8	2,467.8	2,769.9
Value Added by Manufacturer (Million Dollars)	4,088.9	5,426.2	5,966.0	6,284.7	7,935.3
Cost of Materials (Million Dollars)	14,659.1	15,189.6	15,974.0	15,718.8	16,311.8
Value of Shipments (Million Dollars)	18,736.0	20,590.5	21,927.0	21,995.1	24,181.8
New Capital Expenditures (Million Dollars)	363.0	341.7	363.0	423.5	589.8

¹The Fluid Milk Industry is defined by the Bureau of the Census as comprising of manufacturing establishments for which the value of the shipments of fluid milk, cream, and related products are both primary and secondary to the industry.
Source: Bureau of Census.

C. ICE CREAM & RELATED PRODUCTS PRODUCTION

Frozen Dessert Production Overview

About 1.54 billion gallons of ice cream was produced in the United States in 2005, an increase of 0.9% over 2004. This increase was due in part to a 3.5% jump in the production of regular ice cream, which accounts for 62% of the entire market. In the second largest category, lowfat/nonfat ice cream, production dropped by 6.5%. There was growth in several smaller categories, including frozen yogurt, sherbet and water ices.

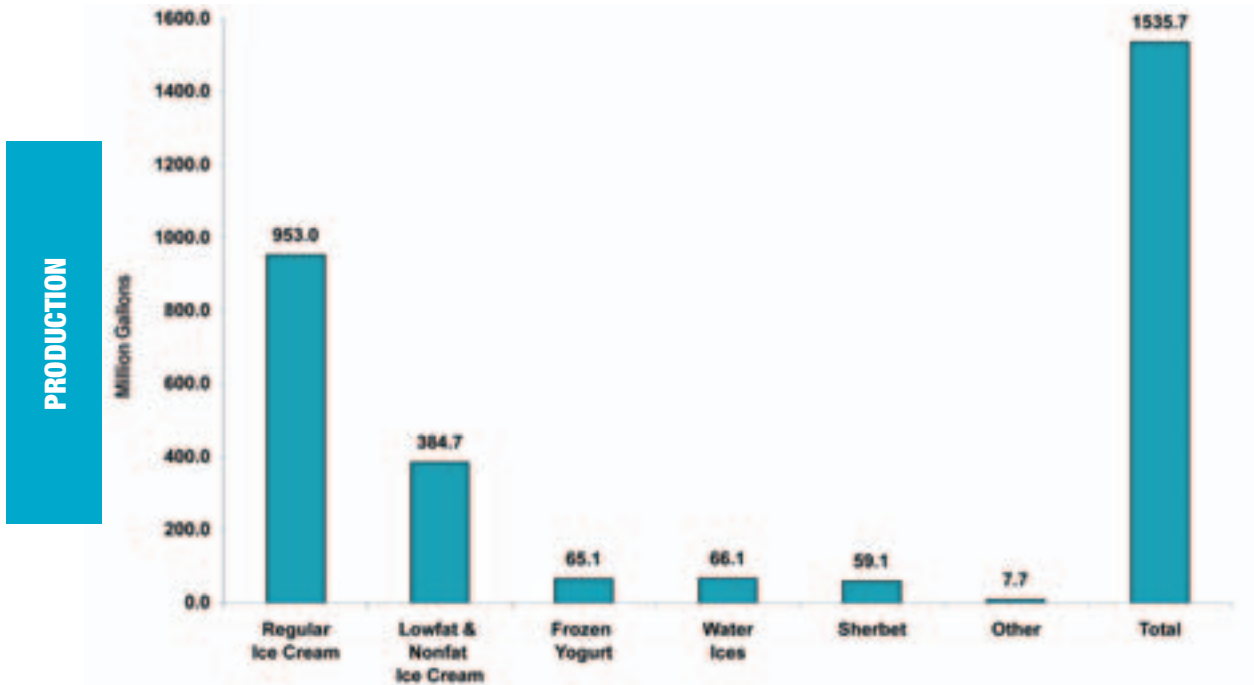
During the first half of 2006, however, the only category showing production growth was lowfat ice cream, with a 2.2% increase over the same six-month period in 2005. Regular hard ice cream production had fallen slightly in the first half of 2006 (down 0.9%).

Most U.S. ice cream production is the hard frozen type, though soft-serve production has quietly trended upward over the past decade. Most hard frozen ice cream is "regular" -- as opposed to lowfat or nonfat; however, most soft-serve is lowfat.

Frozen dairy production follows a clear seasonal pattern. Summer is the unchallenged season for eating ice cream and other related products. Production kicks up in March-April to fill retail and food-service pipelines in the late spring and early summer. Production remains strong through August to satisfy summer demand, and declines through the end of the year.

California led the United States in output of frozen desserts in 2005, at over 139 million gallons or about 9% of the U.S. total.

2005 Production of Frozen Desserts



Source: USDA, National Agricultural Statistics Service.

Total U.S. Production of Frozen Desserts (Hard & Soft); 1920-2005

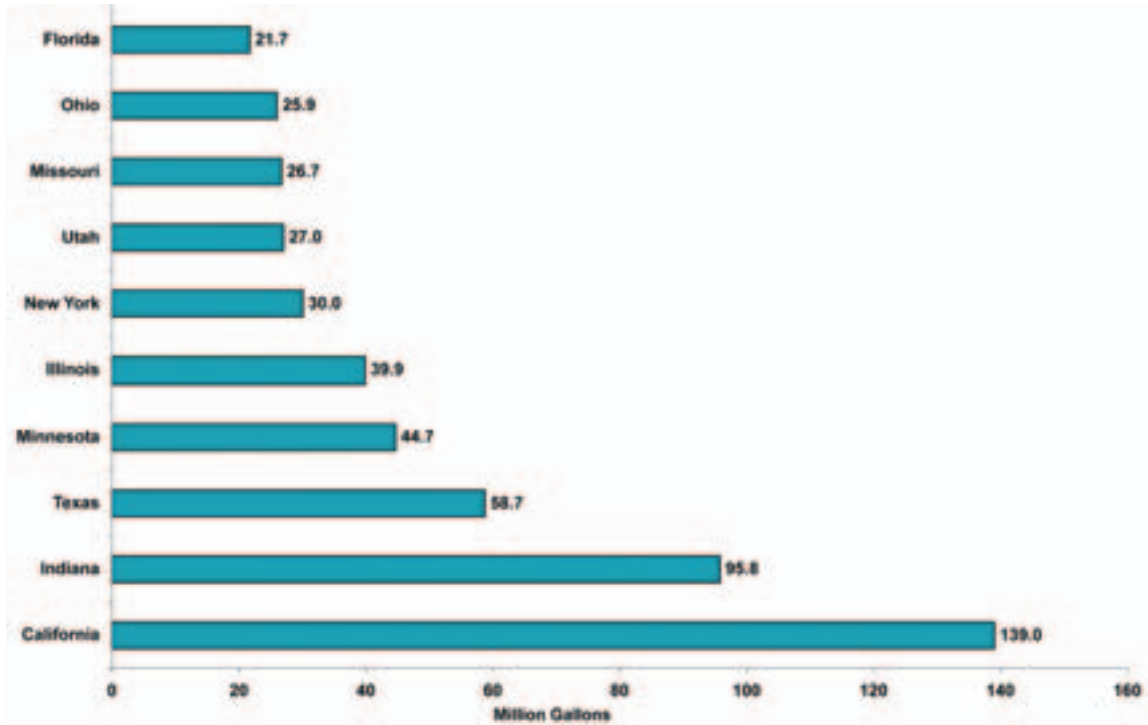
	Regular Ice Cream	Lowfat & Nonfat Ice Cream ¹	Frozen Yogurt	Sherbet	Water Ices ²	Other Frozen Dairy Products	Total Frozen Products
Million Gallons							
1920	171.2	N/A	N/A	N/A	N/A	N/A	171.2
1930	255.4	N/A	N/A	N/A	N/A	N/A	255.4
1940	318.1	10.5	N/A	8.1	N/A	2.9	339.5
1950	554.4	36.9	N/A	17.0	18.3	8.2	634.8
1960	699.6	145.2	N/A	40.7	33.4	50.1	969.0
1970	761.7	286.7	N/A	48.9	37.3	58.6	1,193.1
1980	829.8	293.4	N/A	45.2	33.4	23.5	1,225.2
1990	823.6	352.3	117.6	50.3	50.7	32.4	1,426.8
1991	862.6	341.8	147.1	47.4	56.0	36.0	1,490.9
1992	866.1	328.2	134.1	49.9	52.9	51.8	1,483.0
1993	866.2	325.3	149.9	50.8	58.1	66.0	1,516.4
1994	876.1	358.6	150.6	54.1	63.7	60.2	1,563.2
1995	862.2	400.7	152.1	53.5	71.3	19.1	1,559.0
1996	878.6	407.6	118.1	52.6	65.9	10.8	1,533.6
1997	913.8	426.3	92.2	53.1	70.9	12.8	1,569.1
1998	935.1	449.5	97.2	54.6	73.1	14.7	1,624.2
1999	972.2	421.1	90.9	54.5	70.3	13.9	1,622.8
2000	979.6	404.1	94.5	51.9	65.8	11.6	1,607.6
2001	970.1	402.6	52.6	64.4	71.2	10.5	1,571.4
2002	1,005.0	359.6	70.8	57.0	67.6	8.7	1,568.6
2003	992.9	418.6	70.4	54.1	60.6	7.2	1,603.8
2004^r	919.9	409.8	64.5	54.9	64.0	8.1	1,521.2
2005^p	953.0	384.7	65.1	59.1	66.1	7.7	1,535.7
% change '04-'05	3.5%	-6.5%	0.8%	7.0%	3.3%	-4.8%	0.9%

PRODUCTION

^rRevised. ^pPreliminary. ¹Includes freezer-made milkshakes. ²Also contains sorbet, frozen juice bars, and gelatin pops.
Source: USDA, National Agricultural Statistics Service.

Ten Leading States in 2005 Production of Ice Cream and Related Products (Hard & Soft)

PRODUCTION



Source: USDA, National Agricultural Statistics Service.

Monthly Production of Ice Cream and Related Products (Hard & Soft); 2001-2005

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	TOTAL
(Million Gallons)													
All Frozen Products													
2001	116.5	117.9	138.8	142.7	151.7	159.2	152.3	149.0	124.4	119.9	102.4	96.7	1,571.5
2002	118.5	120.3	135.9	147.9	148.5	151.2	154.0	143.0	125.7	124.6	100.2	98.7	1,568.6
2003	119.6	129.0	135.2	150.2	149.2	156.0	157.0	140.4	129.3	122.3	101.7	98.7	1,588.6
2004 ^f	105.6	117.2	147.0	146.4	143.0	160.6	150.1	141.2	130.2	122.1	106.5	101.2	1,573.1
2005 ^p	105.3	113.3	137.4	145.5	138.0	159.5	152.2	152.2	126.1	117.5	102.5	92.9	1,535.7
Regular Ice Cream													
2001	74.6	74.9	85.9	87.8	90.5	95.2	92.0	90.2	78.0	75.1	65.6	60.4	970.1
2002	79.7	79.4	87.0	92.9	90.6	94.1	97.0	90.9	81.7	81.1	66.0	64.5	1,005.0
2003	77.6	78.7	84.9	91.6	91.8	96.2	95.5	87.0	82.7	78.2	66.1	62.5	992.9
2004 ^f	65.3	69.7	85.5	83.8	81.3	92.8	85.1	80.4	77.4	74.1	64.5	60.1	919.9
2005 ^p	66.4	70.5	84.5	83.9	84.2	98.1	93.6	95.6	77.5	74.8	65.5	58.5	953.0
Lowfat & Nonfat Ice Cream													
2001	26.4	27.4	34.8	36.4	41.0	43.3	40.7	39.6	31.6	30.6	25.3	25.5	402.6
2002	23.8	24.9	30.1	35.1	37.3	36.8	36.2	34.0	28.3	27.9	22.5	22.7	359.6
2003	27.8	28.3	34.9	38.6	40.9	43.7	43.7	39.8	34.4	33.4	26.2	27.0	418.6
2004 ^f	26.3	28.2	37.1	39.3	38.2	41.9	31.4	38.5	34.2	30.8	26.8	27.1	409.8
2005 ^p	24.5	28.0	34.7	42.8	35.0	40.6	39.2	37.6	32.5	28.6	25.2	22.9	384.7
Sherbet													
2001	3.8	4.1	4.8	4.5	5.5	5.7	5.3	5.0	4.0	3.8	3.2	3.0	52.6
2002	4.1	4.2	5.2	5.5	5.7	5.6	5.9	5.1	4.5	4.4	3.2	3.5	57.0
2003	4.1	4.4	4.8	5.2	5.2	5.8	5.2	4.7	4.4	3.8	3.2	3.3	54.1
2004 ^f	3.9	4.1	5.7	5.0	5.0	6.0	5.0	5.0	4.5	3.9	3.7	3.2	54.9
2005 ^p	4.2	4.3	5.3	5.5	5.3	6.2	5.8	5.9	5.3	4.0	3.7	3.7	59.1

^f Revised; ^p Preliminary. Totals may not add due to rounding.
Source: USDA, National Agricultural Statistics Service.

PRODUCTION

PRODUCTION

Monthly Production of Ice Cream and Related Products (Hard & Soft); 2001-2005 (cont.)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	TOTAL
(Million Gallons)													
Water Ice													
2001	4.9	5.4	6.0	6.7	6.7	6.9	6.6	6.0	4.5	4.4	3.1	3.2	64.4
2002	4.7	5.5	6.7	7.3	7.1	7.4	7.6	5.9	4.4	4.7	3.2	3.2	67.6
2003	4.9	5.2	5.8	6.4	6.5	6.6	6.4	5.1	4.2	3.8	2.9	2.7	60.6
2004 ^r	4.6	4.9	6.0	6.3	6.6	7.3	7.2	5.9	4.5	4.2	3.1	3.3	64.0
2005 ^p	5.2	4.9	6.1	6.8	6.7	7.3	7.0	6.2	5.0	4.5	3.3	3.0	66.1
Frozen Yogurt													
2001	5.9	5.1	6.4	6.2	7.0	7.0	6.6	7.3	5.5	5.4	4.6	4.1	71.2
2002	5.4	5.5	6.1	6.4	6.8	6.5	6.6	6.5	6.1	5.8	4.9	4.2	70.8
2003	5.3	5.8	5.7	6.8	6.9	6.6	6.4	6.3	6.2	5.6	4.6	4.1	70.4
2004 ^r	4.9	5.3	5.9	6.1	5.8	6.2	5.4	5.9	5.5	4.9	4.5	4.0	64.5
2005 ^p	4.4	4.9	5.9	5.7	6.2	6.4	5.9	6.1	5.5	5.1	4.4	4.5	65.1
Other Frozen Products													
2001	0.9	1.0	0.8	1.0	1.1	1.1	1.1	1.0	0.8	0.6	0.6	0.5	10.5
2002	0.7	0.7	0.7	0.8	0.9	0.8	0.8	0.8	0.7	0.7	0.4	0.5	8.7
2003	0.5	0.6	0.5	0.6	0.7	0.8	0.8	0.6	0.6	0.6	0.4	0.6	7.2
2004 ^r	0.6	0.5	0.8	0.8	0.8	1.0	0.8	0.7	0.5	0.5	0.5	0.6	8.1
2005 ^p	0.7	0.7	0.8	0.7	0.7	0.8	0.7	0.7	0.5	0.5	0.4	0.4	7.7

^r Revised. ^p Preliminary. Totals may not add due to rounding.
Source: USDA, National Agricultural Statistics Service.

U.S. Hard Frozen Production; 1990-2005

	Regular Ice Cream	Lowfat & Nonfat Ice Cream	Sherbet	Frozen Yogurt Lowfat & Nonfat	Water & Juice Ice	Other Frozen Products	Total Products
(Million Gallons)							
1990	775.2	123.0	50.3	117.6	50.7	32.4	1,149.2
1991	817.1	124.3	47.4	147.1	56.0	36.0	1,227.9
1992	821.7	116.3	49.9	134.1	52.9	51.8	1,226.7
1993	826.0	110.0	50.8	66.0	58.1	66.0	1,176.8
1994	835.7	121.8	48.5	44.2	63.7	60.2	1,174.0
1995	822.5	148.4	50.3	93.4	71.3	19.1	1,204.9
1996	825.2	143.5	49.5	74.3	65.9	14.8	1,173.3
1997	854.1	141.9	50.2	64.0	70.9	12.8	1,193.9
1998	866.3	139.6	51.4	54.2	73.1	14.7	1,199.3
1999	868.4	131.9	51.3	47.9	70.3	13.9	1,183.8
2000	882.1	114.2	49.5	42.5	65.8	11.6	1,165.7
2001	870.3	107.8	49.8	36.8	64.4	10.5	1,139.7
2002	872.5	121.1	53.5	36.7	67.6	8.7	1,160.0
2003	875.4	120.2	50.7	33.8	60.6	7.2	1,147.9
2004^r	846.1	114.0	51.2	30.8	64.0	8.1	1,114.2
2005^p	888.7	109.9	55.3	29.6	66.1	7.7	1,157.3

^rRevised. ^pPreliminary.
Source: USDA, National Agricultural Statistics Service.

PRODUCTION

U.S. Soft-Serve Ice Cream Production; 1990-2005

	Regular	Lowfat ¹	Nonfat	Sherbet	Frozen Yogurt	Total
(Million Gallons)						
1990	48.4	229.2	N/A	3.1	58.1	338.8
1991	45.5	217.5	N/A	3.1	74.6	340.8
1992	44.4	211.9	N/A	4.1	55.4	315.8
1993	40.2	215.4	N/A	3.9	60.8	320.3
1994	40.4	236.8	N/A	5.6	61.1	344.0
1995	39.7	244.9	7.5	3.2	58.7	354.0
1996	53.4	257.8	6.2	3.1	39.8	360.3
1997	59.7	280.1	4.3	2.9	28.2	375.2
1998	68.8	305.6	4.2	3.1	43.0	424.8
1999	103.8	284.0	5.1	3.1	42.9	439.0
2000	97.6	284.8	5.1	2.5	52.0	441.9
2001	99.8	291.5	3.2	2.8	34.3	431.7
2002	132.5	235.9	2.6	3.5	34.1	408.6
2003	117.5	296.9	1.6	3.5	37.0	456.3
2004²	73.8	273.1	3.6	3.7	33.7	387.9
2005²	64.3	254.1	1.1	3.8	35.5	358.7

¹Revised. ²Preliminary. ³Prior to 1995, also included soft nonfat ice cream.
Source: USDA, National Agricultural Statistics Service.

Frozen Dessert Industry Statistics¹; 1982-2004

	1982 (Census)	1987 (Census)	1992 (Census)	1997 (Census)	2002 (Census)	2004 (ASM)
Companies	482	469	411	409	365	N/A
All Establishments (Plants)						
Total	552	541	456	449	407	N/A
With 20 Employees or More	219	211	177	152	128	N/A
All Employees						
Number (1,000)	17.8	20.3	20.9	19.8	20.2	17.8
Payroll (Million Dollars)	313.5	440.1	558.2	606.7	718.5	696.8
Production Workers						
Number (1,000)	11.1	13.8	13.7	14.2	15.2	14.1
Hours (Million)	20.9	26.9	28.8	30.1	29.1	27.5
Total Compensation (Million Dollars)	177.3	269.0	324.9	758.5	899.7	494.5
Value Added by Manufacturer (Million Dollars)	910.4	1,270.4	2,096.5	2,550.1	4,392.2	4,280.7
Cost of Materials (Million Dollars)	1,949.0	2,662.1	3,210.5	3,312.5	3,790.6	3,588.3
Value of Shipments (Million Dollars)	2,855.1	3,916.5	5,290.6	5,857.9	8,178.0	7,899.6
New Capital Expenditures (Million Dollars)	79.9	137.1	188.1	157.9	243.9	N/A

PRODUCTION

¹The Ice Cream and frozen dessert industry is defined by the Bureau of the Census as comprising of manufactured establishments for which the value of the shipments of ice cream and frozen dessert and related products are both primary and secondary to the industry. ² Annual Survey of Manufacturers covering sample of establishments.
N/A = Not Available.

Source: Bureau of Census, Annual Survey of Manufacturers

Number of U.S. Plants Producing Ice Cream and Related Products; 1970-2005

	Regular Hard Ice Cream	Lowfat & Nonfat Ice Cream	Sherbet	Water Ices ¹
1970	1,628	1,088	1,122	377
1980	949	576	654	220
1990	713	360	445	184
1991	641	358	N/A	176
1992	514	338	333	176
1993	507	278	331	179
1994	483	260	338	169
1995	473	245	306	170
1996	461	233	298	173
1997	460	231	283	160
1998	453	232	281	165
1999	417	210	258	155
2000	413	296	246	145
2001	398	278	231	138
2002	387	265	222	130
2003	373	249	223	134
2004^r	368	234	207	127
2005^p	353	238	206	124

^rRevised. ^pPreliminary. ¹Excluding counter freezers. N/A = Not Available.
Source: USDA, National Agricultural Statistics Service.

D. CHEESE PRODUCTION

Cheese Production Overview

Continuing a long-term upward trend, the total production of cheese in the United States reached a record high of 9.137 billion pounds in 2005, an increase of 2.7% over 2004. In fact, production growth occurred in all three major categories of cheese produced in the United States: American-style, Italian-style and “other cheeses.”

U.S. production of American cheese continued to gain ground in 2005, increasing 2% and hitting a record high of 3.813 billion pounds. Cheddar, which represents nearly 80% of this category's volume, grew nearly 1.6%.

Italian-style cheese production extended its decade-long streak by increasing 3.9% in 2005, to reach its highest volume production ever at 3.805 billion pounds. Mozzarella drove the category's growth with its production increase of 3.6%. Paralleling cheddar's dominance in the American category, mozzarella dominates the Italian category, representing nearly 80% of the total volume.

Given that there are more than 300 varieties of cheese sold in the United States, most varieties fall into the “other cheeses” category, meaning that they are neither Italian nor American types. Overall, this category grew by 2.5% in 2005, reaching a new high of 1.509 billion pounds. Individual varieties exhibiting significant growth included Hispanic-style cheeses (up 17.5%) and Swiss (up 4.5%).

Two states dominate U.S. cheese production: Wisconsin and California. Wisconsin held fast to its title of largest cheese-producing state in 2005 with its production of 2.406 billion pounds, representing 36% of the U.S. total. California produced more than 2 billion pounds of cheese in 2005. Adding in Idaho, New York and Minnesota, the top five cheese-producing states accounted for 72% of all U.S. cheese production in 2005.

Data from the most recent census of manufacturing in 2002 show that the total wholesale value of cheese and cheese products manufactured in the United States was \$20.1 billion. That year, the cheese manufacturing industry employed 37,700 people with a total payroll of \$1.65 billion. There were 501 plants reporting cheese manufacturing activities in 2002.

In 2006, total cheese production is on target to break 2005's record, increasing by 139 million pounds or 3% during the first six months. Through June, production of American and Italian cheeses grew by equal amounts, increasing 3.2%.

Total U.S. Production of Natural Cheese; 1960-2005

	Total American	Total Italian	Total Other	Total Natural
(Million Pounds)				
1960	996	158	321	1,478
1970	1,423	394	384	2,201
1980	2,376	983	626	3,984
1990	2,894	2,207	958	6,059
1991	2,805	2,329	957	6,091
1992	2,937	2,509	1,043	6,488
1993	2,957	2,495	1,067	6,528
1994	2,974	2,626	1,135	6,735
1995	3,131	2,674	1,111	6,917
1996	3,281	2,812	1,124	7,218
1997	3,286	2,881	1,163	7,330
1998	3,315	3,005	1,173	7,492
1999	3,568	3,152	1,222	7,941
2000	3,642	3,289	1,327	8,258
2001	3,544	3,425	1,291	8,260
2002	3,691	3,470	1,386	8,547
2003	3,622	3,524	1,412	8,557
2004^r	3,739	3,662	1,473	8,873
2005^p	3,813	3,805	1,509	9,127

^rRevised. ^pPreliminary.

Source: USDA, National Agricultural Statistics Service.

U.S. Production of American Cheese; 1960-2005

	Cheddar	Other American ¹	Total American
	(Million Pounds)		
1960	894	102	996
1970	645	778	1,423
1980	1,751	625	2,376
1990	2,380	514	2,894
1991	2,266	503	2,769
1992	2,401	536	2,937
1993	2,376	581	2,957
1994	2,346	629	2,974
1995	2,415	716	3,131
1996	2,545	736	3,281
1997	2,640	646	3,286
1998	2,633	681	3,315
1999	2,810	758	3,568
2000	2,819	822	3,641
2001	2,746	797	3,544
2002	2,822	869	3,691
2003	2,749	920	3,670
2004^r	3,004	734	3,739
2005^p	3,052	761	3,813

^rRevised. ^pPreliminary. ¹Includes Colby and Monterey Jack.
Source: USDA, National Agricultural Statistics Service.

PRODUCTION

U.S. Production of Italian Cheese; 1960-2005

PRODUCTION

	Soft			Hard				Total Italian
	Mozzarella & Similar	Ricotta & Similar	Other Soft Italian	Provolone & Similar	Romano & Similar	Parmesan & Similar	Other Hard Italian	
	(Million Pounds)							
1960	N/A	N/A	N/A	N/A	N/A	N/A	N/A	158
1970	375	N/A	N/A	N/A	N/A	N/A	19	394
1980	689	107	7	94	21	60	5	983
1990	1,730	196	5	157	21	94	3	2,207
1991	1,824	212	2	155	28	102	5	2,329
1992	1,969	225	4	164	22	121	4	2,509
1993	1,948	228	4	175	21	113	5	2,495
1994	2,068	238	4	182	23	103	7	2,626
1995	2,125	240	6	183	25	88	8	2,674
1996	2,250	252	7	207	27	61	9	2,812
1997	2,245	238	10	200	30	150	9	2,881
1998	2,366	239	8	222	28	129	12	3,005
1999	2,527	251	8	222	27	101	16	3,152
2000	2,635	245	9	248	28	110	15	3,289
2001	2,767	234	9	251	30	113	18	3,425
2002	2,783	236	11	261	33	127	19	3,470
2003	2,807	235	13	283	36	127	24	3,524
2004^r	2,917	244	14	296	32	130	28	3,662
2005^p	3,021	237	21	305	34	151	35	3,805

^rRevised. ^pPreliminary. N/A = Not Available.
Source: USDA, National Agricultural Statistics Service.

U.S. Production of Selected Natural Cheeses; 1960-2005

(Breakout of "Total Other" column on page 43.)

	Swiss	Muenster	Blue ¹	Brick	Hispanic	Cream & Neufchatel	All Other ²	Total ⁴
(Million Pounds)								
1960	121.1	N/A	15.2	26.5	N/A	106.4	51.7	321
1970	144.0	N/A	23.3	56.0	N/A	126.1	35.0	384
1980	218.9	70.0	33.0	15.4	N/A	228.6	59.9	626
1990	261.1	100.2	36.4	17.3	N/A	430.8	112.4	958
1991	234.5	106.4	34.4	15.3	N/A	446.7	120.1	957
1992	237.3	116.4	33.3	15.5	N/A	516.7	124.0	1,043
1993	231.4	117.5	33.3	12.5	N/A	539.9	132.8	1,067
1994	221.2	113.6	36.5	12.2	N/A	573.4	177.6	1,135
1995	221.7	109.1	36.6	10.4	N/A	543.8	189.5	1,111
1996	219.1	106.8	38.3	10.6	67.4	574.7	107.4	1,124
1997	207.6	100.2	42.8	8.5	68.8	614.9	120.6	1,163
1998	206.4	94.6	³	7.6	76.0	621.3	166.8	1,173
1999	220.5	80.3	³	8.1	86.4	644.2	182.2	1,222
2000	229.3	85.5	³	8.6	96.3	687.4	220.3	1,327
2001	245.5	82.2	³	8.7	108.8	645.1	200.3	1,291
2002	254.1	81.1	³	10.0	124.5	686.2	230.4	1,386
2003	264.7	79.4	³	9.8	133.7	676.7	246.7	1,412
2004^r	281.3	72.8	³	8.1	142.4	699.1	273.4	1,472
2005^p	294.0	77.9	³	8.9	167.4	692.4	268.1	1,509

¹Revised. ²Preliminary. ³Includes Gorgonzola. ⁴Includes Limburger and full skim cheese as well as all other types of natural cheese except American and Italian.

³Not shown because less than 3 plants reported or individual plant operations could be disclosed; included in All Other.

⁴Total US production of natural cheeses after accounting for American and Italian cheese. N/A=Not Available.

Source: USDA, National Agricultural Statistics Service.

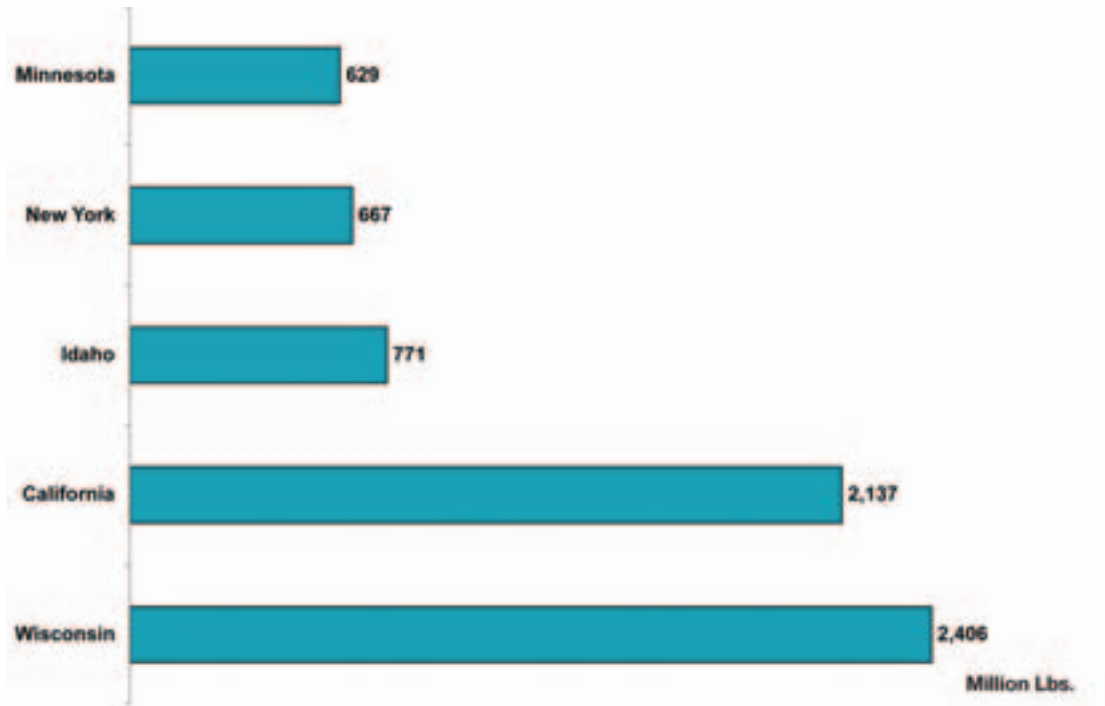
PRODUCTION

Five Leading States in Natural Cheese Production; 2005

State	American Cheese	Italian Cheese	All Other	Total
(Million Pounds)				
Wisconsin	869.2	1,074.8	238.3	2,405.7
California	854.7	1,088.7	155.1	2,136.8
Idaho	562.2	142.7	0.9	770.6
New York	¹	369.9	8.5	666.8
Minnesota	593.0	¹	¹	629.3

¹Not shown because fewer than three plants reported, included in All Other or Total.
 Source: USDA, National Agricultural Statistics Service.

Five Leading States in Natural Cheese Production; 2005



Source: USDA, National Agricultural Statistics Service.

Production of Processed Cheese Foods & Spreads and Cold Pack¹; 1980-2005

	Processed Cheese	Processed Cheese Foods and Spreads	Cold Pack Cheese & Cheese Foods	Total
(Million Pounds)				
1980	1,009.2	652.8	51.7	1,713.7
1990	1,192.7	875.8	83.7	2,152.1
1991	1,238.2	878.6	72.9	2,189.6
1992	1,347.7	775.4	79.6	2,202.7
1993	1,347.5	841.0	54.6	2,243.1
1994	1,397.6	860.0	46.7	2,304.3
1995	1,472.2	831.6	35.7	2,339.5
1996	1,489.3	856.6	38.0	2,383.9
1997	1,378.1	795.9	36.0	2,210.0
1998	1,256.9	984.2	37.0	2,278.1
1999	1,314.0	1,070.8	40.1	2,425.0
2000	1,388.3	854.3	45.4	2,288.0
2001	1,219.1	960.2	27.6	2,206.9
2002	1,344.7	949.6	32.4	2,326.7
2003	1,356.2	1,009.1	41.0	2,406.3
2004^r	1,196.6	979.2	63.9	2,239.6
2005^p	1,240.2	991.2	38.5	2,269.9

^rRevised. ^pPreliminary. ¹Processed cheese made by pasteurizing, emulsifying, and blending natural cheese and contains no other ingredient. Processed cheese foods, spreads and cold pack contain additional ingredients such as nonfat milk solids, condiments, etc. Excludes spreads made from Neufchatel and Cream Cheese.
Source: USDA, National Agricultural Statistics Service.

PRODUCTION

PRODUCTION

Supply and Utilization of American Cheese¹; 1950-2005

	SUPPLY				Ending Stocks	UTILIZATION					
	Production	Imports	Beginning Stocks	Total Supply		Total	Foreign Exports	Foreign Shipments ²	Domestic Donated ³	Domestic Commercial	Domestic Total
	(Million Pounds)										
1950	895	13	148	1,056	31	965	4	12	9	814	823
1960	1,003	7	246	1,256	291	973	1	10	8	957	965
1970	1,428	16	265	1,709	254	1,439	4	16	46	1,399	1,445
1980	2,381	18	407	2,806	592	2,214	5	13	181	2,016	2,196
1990	2,894	21	237	3,152	347	2,805	9	13	21	2,762	2,783
1991	2,769	21	347	3,137	319	2,818	6	15	61	2,736	2,797
1992	2,937	18	319	3,274	350	2,924	14	17	6	2,886 ⁵	2,892
1993	2,957	20	350	3,327	359	2,968	8	16	19	2,925	2,944
1994	2,974	17	359	3,350	310	3,040	11	20	4	3,005	3,009
1995	3,131	20	310	3,461	307	3,154	16	24	0	3,114	3,114
1996	3,281	26	307	3,614	380	3,234	26	25	0	3,183	3,183
1997	3,286	25	380	3,691	410	3,281	32	24	0	3,225	3,225
1998	3,315	29	410	3,754	408	3,346	34	25	0	3,287	3,287
1999	3,533	65	408	4,006	459	3,547	26	14	0	3,507	3,507
2000	3,642	45	459	4,146	523	3,623	27	14	0	3,582	3,582
2001	3,519	69	523	4,111	452	3,684	24	9	0	3,651	3,651
2002	3,691	84	452	4,227	496	3,731	25	8	0	3,698	3,698
2003	3,622	68	496	4,186	509	3,677	26	8	11	3,632	3,643
2004⁴	3,739	67	509	4,315	485	3,830	29	15	0	3,805	3,786
2005⁶	3,131	20	310	4,338	537	3,801	9	19	126	3,787	3,773

¹Revised. ²Preliminary. ³Includes Cheddar, Colby, Washed or Stirred Curd, and Monterey Jack. ⁴To U.S. territories. ⁵Domestic disappearance from government sources. ⁶In 1950 foreign exports and shipment data combine. ⁷Excludes one million pounds of CCC stocks destroyed by fire. Note: Numbers may not add due to rounding. Source: USDA, Economic Research Service.

Supply and Utilization of Other Natural Cheeses¹; 1950-2005

	SUPPLY				Ending Stocks	UTILIZATION			
	Production	Imports	Beginning Stocks	Total Supply		Total	Foreign Exports	Foreign Shipments ²	Domestic Total
(Million Pounds)									
1950	296	43	20	359	N/A	332	³	1	331
1960	475	56	38	569	41	525	1	3	524
1970	773	145	52	970	70	900	3	5	892
1980	1,603	213	106	1,922	99	1,823	8	20	1,795
1990	3,167	277	93	3,537	111	3,426	17	36	3,373
1991	3,286	276	111	3,673	98	3,575	20	31	3,524
1992	3,552	267	98	3,917	121	3,796	18	29	3,749
1993	3,571	300	121	3,992	107	3,885	33	22	3,830
1994	3,760	315	107	4,182	127	4,055	44	26	3,985
1995	3,786	317	127	4,230	105	4,125	46	19	4,060
1996	3,937	308	105	4,350	107	4,243	45	17	4,181
1997	4,044	285	107	4,436	70	4,366	51	29	4,286
1998	4,177	314	70	4,561	110	4,451	47	29	4,375
1999	4,361	364	110	4,835	163	4,672	58	35	4,579
2000	4,616	364	163	5,143	185	4,958	76	55	4,827
2001	4,716	368	185	5,269	211	5,058	92	54	4,912
2002	4,856	388	211	5,455	237	5,218	93	42	5,083
2003	4,936	409	237	5,582	233	5,349	89	42	5,218
2004^r	5,134	394	233	5,761	225	5,536	106	48	5,382
2005^p	5,314	393	225	5,932	221	5,710	118	56	5,536

PRODUCTION

^rRevised. ^pPreliminary. ¹Includes all cheeses except American type. ²To U.S. Territories. ³In 1950 Foreign exports and shipment data combine.
 Note: Numbers may not add exactly due to rounding.
 Source: USDA, Economic Research Service.

Cheese Industry¹ Statistics From The Bureau Of The Census; 1982-2004

	1982 (Census)	1987 (Census)	1992 (Census)	1997 (Census) ^r	2002 (Census)	2004 (ASM)
Companies	575	508	418	399	366	N/A
All Establishments (Plants)	704	644	576	524	501	N/A
All Employees						
Number (000's)	29.6	33.0	36.3	36.5	37.7	36.7
Payroll (Million \$)	472.1	657.4	883.2	1,005.3	1,281.5	1,359.1
Production Workers						
Number (000's)	24.1	27.0	29.2	29.0	31.0	30.6
Hours (Million \$)	47.4	52.6	61.4	59.6	61.0	62.9
Total Compensation (Million \$)	472.1 ³	809.0	1,122.6	1,313.8	1,653.1	1,033.3
Value Added By Manufacturer² (Million \$)	1,777.3	2,622.9	4,472.0	4,376.5	5,015.3	5,796.5
Cost of Materials (Million \$)	9,012.7	10,315.1	13,881.0	15,858.8	17,067.3	20,144.6
Value of Shipments (Million \$)	10,762.8	12,947.5	18,352.0	20,232.1	22,057.7	25,824.5
New Capital Expenditures (Million \$)	161.2	146.1	261.8	478.3	561.5	N/A

¹Revised. ¹The Cheese Industry is defined by the Bureau of the Census as comprised of establishments for which the value of shipments of cheese and related products are both primary and secondary to the industry. ²Value added by manufacturer is derived by subtracting the cost of materials, supplies, fuel, purchased electricity, and contract work from the value of shipments. ³Only annual payroll; does not include fringe benefits. N/A=Not Available
Source: Bureau of Census, Census of Manufacturers and Annual Survey of Manufacturers.

Number of Plants Producing Natural and Processed Cheese¹; 1970-2005

	Cheddar	Other American ²	Total American	Mozzarella & Similar	Other Italian ³	Total Italian	Total Natural	Cold Pack Processed Cheese	Food & Spreads	Cheese & Cheese Foods	Total Processed
1970	N/A	N/A	N/A	N/A	N/A	N/A	963	40	40	N/A	54
1980	406	224	483	147	124	187	737	38	37	27	62
1990	250	159	298	151	108	179	516	31	32	23	51
1991	230	148	275	144	106	167	472	32	29	23	50
1992	227	145	258	143	99	166	464	33	33	22	55
1993	219	143	252	133	103	161	464	35	32	23	56
1994	217	138	242	128	100	158	449	36	32	22	55
1995	207	141	233	132	97	158	432	35	30	20	57
1996	203	130	226	129	92	157	423	33	28	20	56
1997	189	127	215	133	92	156	412	33	28	22	54
1998	179	122	202	124	96	152	398	33	28	22	55
1999	180	122	198	126	95	153	398	29	29	22	52
2000	174	119	197	121	89	153	402	30	28	20	51
2001	170	115	189	122	89	151	407	30	29	21	53
2002	167	114	183	116	91	146	404	30	30	19	51
2003	160	110	177	122	93	152	401	33	28	18	54
2004 ^r	159	113	178	120	90	148	402	31	28	18	51
2005 ^p	168	115	188	118	90	150	410	28	28	15	46

^rRevised. ^pPreliminary. ¹Excluding cottage cheese. ²Includes Colby and Monterey Jack. ³Includes Ricotta, Provolone, Romano, Parmesan, and all similar types as well as all other soft and hard Italian cheese. N/A = Not Available.
Source: USDA, National Agricultural Statistics Service.

PRODUCTION

Commercial and Total Stocks of Natural Cheeses¹; 1970-2005

	American		Other Natural		Total	
	Commercial	Total	Commercial	Total	Commercial	Total
(Million Pounds)						
1970	252.7	255.5	N/A	N/A	252.7	255.5
1980	422.8	479.6	99.3	211.1	522.1	690.7
1990	339.2	347.2	110.6	110.8	449.8	458.0
1991	295.6	317.8	103.6	104.5	399.2	422.3
1992	333.1	341.1	120.9	129.4	454.0	470.5
1993	356.6	358.1	107.0	107.7	463.6	465.8
1994	309.5	310.0	126.8	128.9	436.3	438.9
1995	306.6	306.8	105.2	105.3	411.8	412.0
1996	379.6	379.7	107.3	107.3	486.9	487.0
1997	410.3	410.4	70.0	70.0	480.3	480.4
1998	407.6	407.7	109.5	109.5	517.1	517.2
1999	458.0	458.0	154.3	163.3	621.3	621.3
2000	521.1	522.6	184.2	185.2	706.3	707.8
2001	448.3	449.1	210.9	238.2	659.2	660.0
2002	493.1	493.3	236.8	236.8	729.9	730.1
2003	481.8	491.4	230.0	233.0	714.8	724.4
2004	476.0	481.1	224.7	224.7	700.7	705.8
2005	536.7	536.9	221.3	221.3	758.0	758.2

¹Stock level ending December 31st. N/A = Not Available.
Source: National Agricultural Statistics Service

U.S. Production of Other Selected Dairy Products; 1950-2005

	Yogurt ¹	Butter	Nonfat Dry Milk ²	Evaporated & Condensed				Bulk				Sour Cream ³
				Whole Milk	Skim Milk	Whole Milk	Skim Milk	Whole Milk	Skim Milk	Whole Milk	Skim Milk	
Million Pounds												
1950	N/A	1,386.4	881.5	2,882.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1960	44.0	1,372.9	1,818.4	2,177.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1970	172.0	1,137.0	1,444.4	1,268.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1980	570.0	1,145.3	1,160.7	724.7	15.8	220.2	731.6	40.0	N/A	N/A	N/A	N/A
1990	1,055.0	1,302.2	879.2	602.6	12.5	249.8	1,176.0	37.2	N/A	N/A	N/A	N/A
1991	1,109.0	1,335.8	877.5	543.1	17.0	282.6	1,247.2	39.6	N/A	N/A	N/A	N/A
1992	1,154.0	1,365.2	872.1	582.1	16.5	292.6	1,322.5	46.0	N/A	N/A	N/A	N/A
1993	1,286.0	1,315.2	954.5	534.5	22.2	238.2	1,367.2	46.5	N/A	N/A	N/A	N/A
1994	1,392.0	1,295.9	1,230.9	537.9	26.7	203.6	1,389.9	34.1	N/A	N/A	N/A	N/A
1995	1,646.0	1,264.5	1,233.0	476.7	26.1	202.2	1,169.6	37.0	N/A	N/A	N/A	N/A
1996	1,588.0	1,174.5	1,061.8	463.6	28.7	215.3	1,054.5	32.1	N/A	N/A	N/A	N/A
1997	1,574.0	1,151.2	1,217.6	549.1	29.8	228.5	1,046.5	30.9	N/A	N/A	N/A	N/A
1998	1,639.0	1,168.0	1,135.4	461.5	28.7	171.0	1,091.6	29.8	N/A	N/A	N/A	N/A
1999	1,717.0	1,277.1	1,359.8	470.2	27.8	163.4	1,201.3	26.4	N/A	N/A	N/A	N/A
2000	1,837.0	1,256.0	1,451.8	442.0	23.5	145.6	1,056.5	20.0	N/A	N/A	N/A	N/A
2001	2,003.0	1,231.8	1,413.8	452.8	15.0	140.3	969.6	35.1	N/A	N/A	N/A	N/A
2002	2,310.6	1,355.1	1,595.9	573.2	19.7	132.9	1,057.9	55.9	N/A	N/A	N/A	N/A
2003	2,506.6	1,242.4	1,589.0	577.8	17.5	204.3	942.0	41.1	935.4	986.8	1,029.8	1,029.8
2004^f	2,707.3	1,246.7	1,412.4	529.9	19.1	193.0	934.5	49.6	986.8	986.8	1,029.8	1,029.8
2005^g	2,989.8	1,347.2	1,508.8	527.0	20.4	179.2	1,056.8	78.0	986.8	986.8	1,029.8	1,029.8

¹Revised. ²Preliminary. Includes plain and fruit flavored. ³For human use. ⁴Sour cream was not reported until 2003. N/A = Not Available. Source: USDA, Agricultural Marketing Service.

PRODUCTION

Whey and Modified Whey Production; 1970-2005

PRODUCTION

	Dry Whey Products			Modified Whey Products			Total Whey Products ²
	Dry Whey ¹	Condensed Sweet Whey (Human) ¹	Reduced Lactose & Minerals (Human) ²	Whey Protein Concentrate	Lactose	Whey Solids in Wet Blends (Animal)	
	(Million Pounds)						
1970	621.0	N/A	N/A	N/A	N/A	N/A	621.0
1980	689.7	81.4	192.9	N/A	140.2	144.1	1,248.2
1990	1,143.3	58.7	94.9	168.1	192.6	107.1	1,764.6
1991	1,167.4	33.4	107.8	185.1	196.9	103.0	1,793.5
1992	1,237.3	41.4	118.9	178.4	246.9	118.5	1,941.3
1993	1,196.4	49.7	109.5	174.2	236.4	113.4	1,879.4
1994	1,211.8	85.4	95.8	181.8	253.3	99.8	1,927.9
1995	1,147.3	152.3	108.6	294.4	365.3	78.3	2,146.1
1996	1,116.5	171.7	101.3	250.2	389.8	67.0	2,096.5
1997	1,136.8	165.5	89.4	264.0	434.7	63.3	2,153.7
1998	1,095.4	121.9	105.1	265.9	467.6	37.3	2,093.3
1999	1,067.0	122.4	120.3	315.7	471.4	36.1	2,132.9
2000	1,105.1	115.2	114.0	290.5	490.1	36.2	2,151.0
2001	978.8	81.5	129.2	290.1	519.2	39.9	2,038.7
2002	1,115.3	108.2	124.7	274.2	563.1	37.7	2,223.2
2003	1,085.2	114.7	43.4	305.6	614.0	³	2,162.7
2004^r	1,034.9	91.2	40.2	298.5	665.5	³	2,130.4
2005^p	1,045.8	79.2	44.0	323.9	668.1	³	2,161.0

¹Revised. ²Preliminary. ³Final marketable products only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified dry whey products. ⁴For human food and animal feed. ⁵Not shown when fewer than three plants reported or individual plant operations could be disclosed. N/A = Not Available. Source: USDA, National Agricultural Statistics Service.

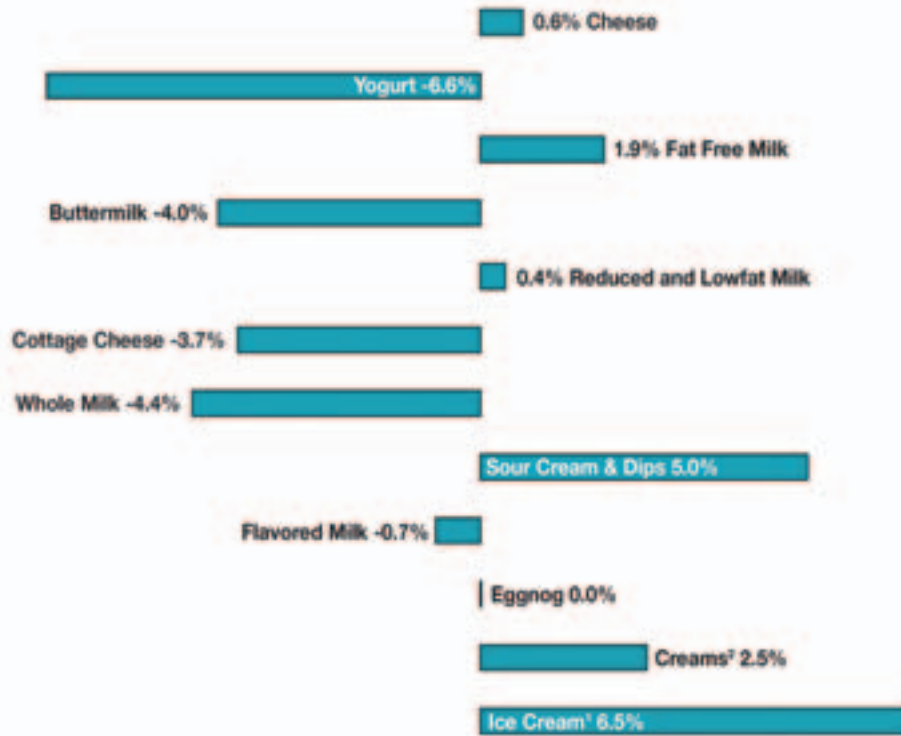
III. SALES & CONSUMPTION

A. DEMOGRAPHICS & POPULATION

Pounds Per Capita and Percent Change of Selected Dairy Products; 2004-2005

	2004	2005	% Change
	(Pounds)		
Cheese	31.2	31.4	0.6
Yogurt	9.2	8.6	-6.6
Fat Free Milk	26.5	27.0	1.9
Buttermilk	1.8	1.7	-4.0
Reduced and Lowfat Milk	80.4	80.7	0.4
Cottage Cheese	2.7	2.6	-3.7
Whole Milk	59.2	56.6	-4.4
Sour Cream & Dips	4.2	4.4	5.0
Flavored Milk	14.6	14.5	-0.7
Eggnog	0.4	0.4	0.0
Creams¹	7.9	8.1	2.5
Ice Cream²	24.6	26.2	6.5

¹Includes Half & Half, and Light & Heavy Creams. ²Includes reduced fat.
Source: USDA, Economic Research Services.



¹Includes Half & Half, and Light & Heavy Creams. ²Includes reduced fat.
Source: USDA, Economic Research Services.

SALES & CONSUMPTION

SALES & CONSUMPTION

Per Capita Sales of Selected Manufactured Dairy Products; 1980-2005

	Butter ¹	American Cheese ¹	Other Cheese	Cottage Cheese ²	Dry Whole Milk	Nonfat Dry Milk ¹	Dry Whey ³	Evap. & Condensed Whole Milk	Evap. & Condensed Skim Milk	Regular Ice Cream	Lowfat Ice Cream
1980	4.5	9.6	7.9	4.5	0.3	3.0	2.7	3.8	3.3	17.5	7.1
1990	4.4	11.1	13.5	3.4	0.6	2.9	3.7	3.2	4.8	15.8	7.7
1991	4.3	11.0	13.9	3.3	0.4	2.6	3.6	3.1	5.0	16.3	7.4
1992	4.3	11.3	14.6	3.1	0.5	2.8	3.8	3.2	5.2	16.2	7.0
1993	4.6	11.3	14.7	2.9	0.4	2.4	3.8	3.0	5.1	16.0	6.9
1994	4.8	11.4	15.1	2.8	0.4	3.5	3.8	2.6	5.5	16.0	7.5
1995	4.4	11.7	15.2	2.7	0.4	3.4	3.3	2.3	4.5	15.5	7.4
1996	4.3	11.8	15.5	2.6	0.4	3.7	3.3	2.3	4.0	15.6	7.5
1997	4.1	11.8	15.7	2.6	0.4	3.3	3.2	2.5	3.9	16.1	7.8
1998	4.4	11.9	15.9	2.7	0.4	3.2	3.3	2.0	4.1	16.3	8.1
1999	4.7	12.6	16.4	2.6	0.4	2.8	3.2	2.1	4.4	16.7	7.5
2000	4.5	12.7	17.1	2.6	0.3	2.6	3.8	2.0	3.8	16.6	7.3
2001	4.4	12.8	17.2	2.6	0.2	3.2	3.4	2.0	3.4	16.3	7.3
2002	4.4	12.8	17.6	2.6	0.2	3.1	3.4	2.3	3.7	16.7	6.5
2003	4.5	12.5	17.9	2.7	0.1	3.4	3.4	2.6	3.3	16.4	7.5
2004^f	4.6	12.9	18.3	2.7	0.1	4.3	3.2	2.9	3.2	13.8	7.2
2005^p	4.6	12.7	18.7	2.6	0.1	3.0	2.9	2.1	3.6	14.4	5.9

¹Revised. ²Preliminary. ³Includes government donations. ⁴Does not include curd. ⁵Includes modified whey.
Source: USDA, Economic Research Service.

Private Label Share of U.S. Dairy Supermarket Sales¹; 2004-2005

Product	Dollar Share Percent			Volume Share Percent		
	2004	2005	Point Change	2004	2005	Point Change
Total Fluid Milk	62.3 ^f	62.1	-0.3	68.2 ^f	68.7	0.3
White Milk	65.1 ^f	64.7	-0.5	69.8 ^f	70.2	0.3
Flavored Milk	24.7 ^f	26.9	2.0	35.6 ^f	38.2	2.4
Cream Cheese	27.6	27.3	-0.3	33.2	33.2	0.0
Non-Cream Cheese	31.6	31.2	-0.4	36.5	36.6	0.1
Yogurt	13.7	14.2	0.5	20.5	21.1	0.6
Sour Cream	29.3	29.0	-0.3	34.6	34.8	0.2
Dips	17.6	18.6	1.0	20.9	21.7	0.8
Cottage Cheese	36.1	35.9	-0.2	42.9	43.2	0.3
Ice Cream	20.6	20.2	-0.4	29.4	29.0	-0.4
Frozen Novelties	14.7	14.8	0.1	22.4	22.3	-0.1

^fRevised. ¹Supermarkets totaling more than \$2 million ACV.
Data Source: Information Resources Inc., 2006.

Average Annual Expenditures per Household for Food, Dairy Products and Selected Other Items; 2000-2005

	2000	2001	2002	2003	2004	2005
	(Dollars)					
Total Household Expenditures¹	38,045	39,518	40,677	40,817	43,395	46,409
% of Income before taxes²	85%	83%	82%	80%	80%	80%
Food	5,158	5,321	5,375	5,340	5,781	5,931
Food at Home	3,021	3,086	3,099	3,129	3,347	3,297
Dairy Products	325	332	328	328	371	378
Fresh Milk and Cream	131	136	127	127	144	146
Other dairy Products	193	196	201	201	226	232
Housing	12,319	13,011	13,283	13,432	13,918	15,167
Apparel & Services	1,856	1,743	1,749	1,640	1,816	1,886
Transportation	7,417	7,633	7,759	7,781	7,801	8,344
Health Care	2,066	2,182	2,350	2,416	2,576	2,664
Entertainment	1,863	1,953	2,079	2,060	2,218	2,388

¹Total expenditures as reported. ²Income values derived from "Complete Income Reporters" only. This is not the complete list and will not add to total expenditures.
Source: Bureau of Labor Statistics.

Annual Expenditures Per Household on Food & Dairy Products by Demographic; 2005

	Average Annual Expenditures	Food Away from Home	Food at Home	Dairy Products	Fresh Milk and Cream	Other Dairy Products
(Dollars)						
All	43,395	2,434	3,347	371	144	326
Race						
White & Other	46,163	2,632	3,367	382	143	239
Black	30,286	1,505	2,725	245	98	147
Hispanic ¹	37,578	2,028	3,883	425	201	224
Non-Hispanic ¹	44,084	2,483	3,281	364	137	227
Household Size						
1	25,423	1,414	1,681	183	69	114
2	45,855	2,708	3,288	358	127	231
3	51,503	2,923	4,007	442	177	265
4	57,866	3,362	4,809	548	218	330
5+	55,468	3,100	5,416	608	273	335
Region						
Northeast	46,115	2,734	3,634	417	156	261
Midwest	43,371	2,403	3,189	358	137	221
South	39,174	2,199	3,119	329	133	197
West	47,922	2,590	3,634	411	161	249
Rural vs. Urban						
Rural	38,088	2,081	3,181	373	143	230
Urban	44,172	2,484	3,370	356	157	199

¹This distinction independent of white/other/black.
Source: Bureau of Labor Statistics.

Food Expenditures as a Share of Disposable Personal Income; 1930-2005

	Disposable Personal Income	Expenditures for Food			Proportion of Income Spent for Food		
		At Home ¹	Away from Home	Total ²	At Home ¹	Away from Home	Total ²
		(Billion Dollars)			(Percent)		
1930	74.7	15.8	2.3	18.1	21.2	3.1	24.2
1940	76.8	13.5	2.4	15.9	17.6	3.1	20.7
1950	210.1	35.7	7.6	43.3	17.0	3.6	20.6
1960	365.4	51.5	12.6	64.1	14.1	3.4	17.5
1970	735.7	75.5	26.4	101.9	10.3	3.6	13.9
1980	2,009.0	180.8	85.2	266.0	9.0	4.2	13.2
1990^r	4,285.8	299.7	178.0	477.7	7.0	4.2	11.1
1991^r	4,464.3	313.5	186.9	500.4	7.0	4.2	11.2
1992^r	4,751.4	313.6	191.1	504.7	6.6	4.0	10.6
1993^r	4,911.9	323.0	205.3	528.3	6.6	4.2	10.8
1994^r	5,151.8	337.0	216.0	553.0	6.5	4.2	10.7
1995^r	5,408.2	345.6	225.8	571.4	6.4	4.2	10.6
1996^r	5,688.5	361.0	232.9	593.9	6.3	4.1	10.4
1997^r	5,988.8	377.6	246.2	623.8	6.3	4.1	10.4
1998^r	6,395.9	387.5	259.3	646.8	6.1	4.1	10.1
1999^r	6,695.0	409.2	271.2	680.8	6.1	4.1	10.2
2000^r	7,194.0	420.0	290.1	710.1	5.8	4.0	9.9
2001^r	7,486.8	442.0	299.3	741.3	5.9	4.0	9.9
2002^r	7,830.1	454.6	312.2	801.0	5.8	4.0	9.8
2003^r	8,169.2	472.7	328.2	801.0	5.8	4.0	9.8
2004^r	8,664.2	493.5	348.0	841.5	5.7	4.0	9.7
2005^p	9,038.6	524.3	369.8	894.1	5.8	4.1	9.9

^rRevised. ^pPreliminary. ¹Food purchased from grocery stores and other retail outlets, including food purchased with food stamps and food consumed on farms. Excludes government-donated foods. Excludes donated foods to schools, meals in prisons, other institutions, and expense account meals. ²Totals may not add due to rounding.

Source: USDA, Economic Research Service.

B.FLUID MILK SALES & CONSUMPTION

Fluid Milk Sales and Consumption Overview

While total sales of fluid milk products in the United States have changed little over the past 20 years, there has been a definite recent trend away from whole milk and to lower-fat milks. According to USDA's Economic Research Service, total per capita consumption of all fluid milk products was 181 pounds in 2005, or about 21 gallons per capita.

While more moderate retail prices probably helped sales in the latter part of the year (following 2004's record-breaking high prices), prices still did not fall in 2005 to the range of previous years. The Bureau of Labor and Statistics reports that the average annual price of a gallon of milk in 2005 was \$3.19 – even higher than in 2004 (\$3.16). And milk's prices rose higher and faster than most other groceries – and more than soft drinks, for which pricing stayed relatively stable.

The milk sales landscape continues to evolve. Flavored milk remains important to overall milk category growth. Also, the Milk Processor Education Program has been putting special emphasis on promoting milk in school programs with increasingly positive results. School milk sales in 2005 jumped nearly 6% over the previous year.

Organic milk is another growing category. There's been a great deal of focus in the media on organic milk, leading USDA to begin tracking sales of organic milk products through all channels in 2006. For the first 10 months of 2006, organic milk represented 1.9% of total fluid sales. (No charts are included in this year's section.)

Meanwhile, sales of most cream and cultured dairy products increased in 2005, continuing a general trend that began in the 1990s. Sour cream and dips reached another year of record sales in 2005, climbing to 1.311 billion pounds. Yogurt sales have slowed somewhat, although the product category continues to experience strong demand based on health benefits, new flavors and increased variety in packaged servings.

As for 2006, the USDA's Agricultural Marketing Service reports that total fluid milk sales climbed slightly in the first half of 2006, increasing by 327 million pounds (38 million gallons) or 1.4% over the same period last year. From January to June 2006, the average retail price of a gallon of whole milk, \$3.12, dropped considerably from the 2005 price of \$3.19. Flavored milk and drinks dropped slightly by 0.3% during the first half of 2006.

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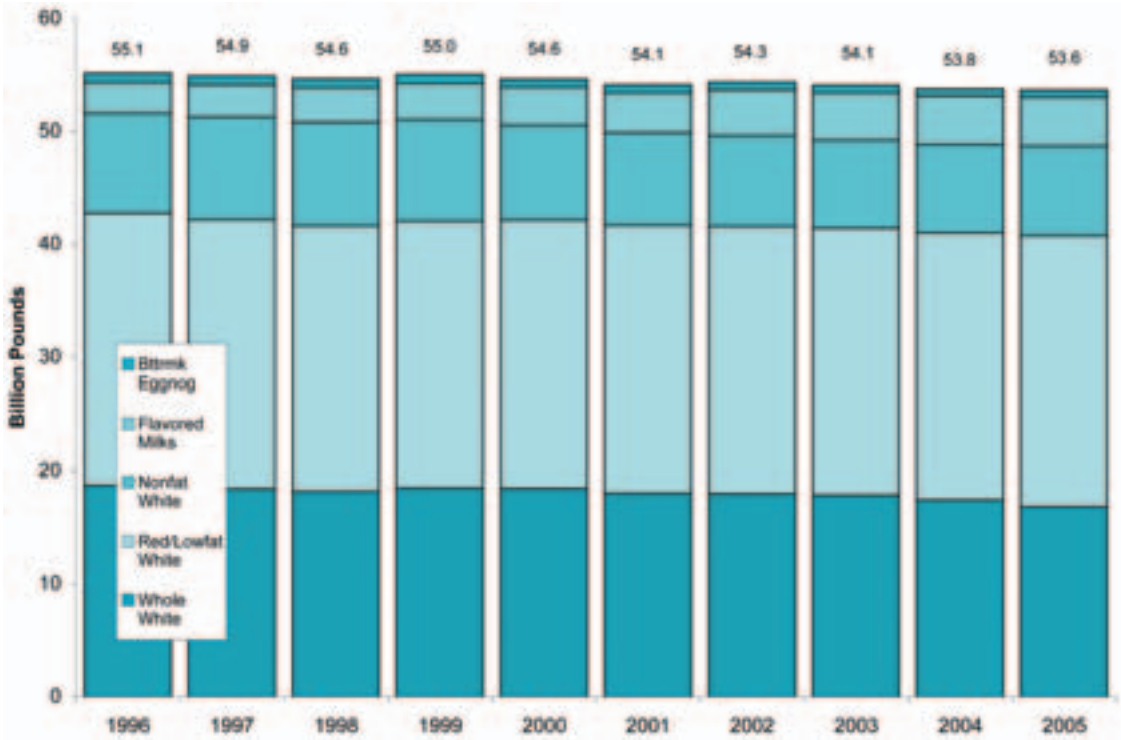
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Fluid Milk Product Sales; 1960-2005

	Whole White Milk	Reduced & Lowfat White Milk	Nonfat White Milk	Flavored Milk and Drinks	Buttermilk	Eggnog	Total
(Million Lbs.)							
1960	47,360	4,080	¹	1,200	1,140	46	53,826
1970	45,875	11,525	¹	1,763	1,135	61	60,359
1980	31,253	15,918	2,636	2,272	927	95	53,101
1990	21,333	24,509	5,702	2,348	879	123	54,894
1991	20,769	25,039	6,000	2,391	855	111	55,165
1992	20,196	25,225	6,357	2,434	808	115	55,135
1993	19,460	24,825	6,844	2,466	780	107	54,482
1994	19,223	24,735	7,414	2,544	760	108	54,784
1995	18,662	24,202	8,359	2,618	739	112	54,692
1996	18,698	24,011	8,871	2,737	711	103	55,131
1997	18,413	23,709	9,139	2,830	691	102	54,884
1998	18,147	23,449	9,203	3,044	676	102	54,621
1999	18,467	23,571	8,985	3,216	668	109	55,016
2000	18,448	23,649	8,435	3,336	622	93	54,583
2001	18,007	23,630	8,225	3,526	592	105	54,085
2002	17,960	23,610	8,030	4,040	576	127	54,343
2003	17,832	23,559	7,789	4,190	547	134	54,051
2004	17,395	23,611	7,794	4,297	527	129	53,753
2005^p	16,781	23,913	7,994	4,308	512	130	53,638

^pPreliminary. ¹Prior to 1975 there was no break out of Reduced/Lowfat and Nonfat White Milk.
Source: USDA, Economic Research Service.

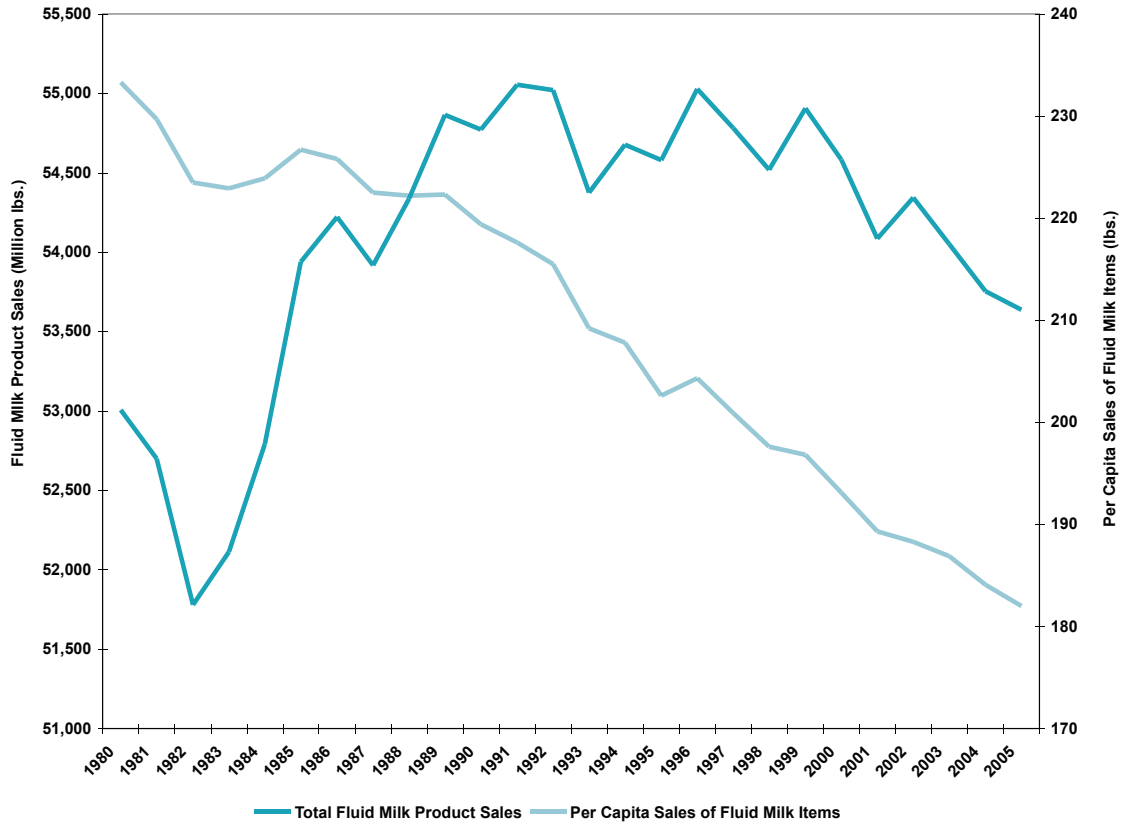
Fluid Milk Product Sales by Product; 1996-2005



Source: USDA, Economic Research Service.

SALES & CONSUMPTION

Total Fluid Milk Product Sales and Per Capita Sales of Fluid Milk Items; 1980-2005



Source: USDA, Economic Research Service.

SALES & CONSUMPTION

Per Capita Consumption of Fluid Milk Items; 1950-2005

	Whole White Milk	Reduced White Milk	Lowfat White Milk	Nonfat White Milk	Flavored Milk Drinks	Buttermilk	Eggnog	Total
(Pounds)								
1950	291.1	0.0	0.0	2.8	6.5	4.1	N/A	304.5
1960	263.9	2.2	0.0	10.2	6.7	6.3	0.3	289.6
1970	213.5	28.0	1.8	11.6	8.6	5.5	0.3	269.3
1980	141.7	54.7	15.3	11.6	10.0	4.1	0.4	237.8
1990	87.5	78.4	19.8	22.8	9.4	3.5	0.5	221.9
1991	84.0	78.4	20.6	23.7	9.5	3.4	0.4	220.0
1992	80.5	77.4	21.0	24.8	9.5	3.1	0.4	216.7
1993	76.5	75.1	20.4	26.3	9.5	3.0	0.4	211.2
1994	74.6	73.4	20.6	28.2	9.7	2.9	0.4	209.8
1995	71.4	69.3	21.6	31.4	9.8	2.8	0.4	206.7
1996	70.5	67.5	21.6	32.9	10.2	2.6	0.4	205.7
1997	68.5	65.0	21.9	22.5	10.4	2.5	0.4	191.2
1998	66.6	62.8	22.2	33.4	11.0	2.5	0.4	198.9
1999	67.0	62.7	21.8	32.2	11.5	2.4	0.4	198.0
2000	66.1	61.3	22.5	29.9	11.8	2.2	0.3	194.1
2001	63.8	60.6	22.3	28.9	12.4	2.1	0.4	190.5
2002	62.9	60.1	21.8	27.9	14.0	2.0	0.4	189.1
2003	61.9	59.7	21.3	26.8	14.4	1.9	0.5	186.5
2004[†]	59.2	59.3	21.1	26.5	14.6	1.8	0.4	182.9
2005^{†,1}	56.6	59.2	21.5	27.0	14.5	1.7	0.4	181.0

[†]Revised. [†]Preliminary. ¹Calculated with population numbers and fluid sales data from USDA, Economic Research Service. N/A=Not Available.
Source: USDA, Economic Research Service.

Per Capita Fluid Milk Sales by Product; 1975-2005

	Total Beverage Milk Per Capita (Gallons)
1975	28.73
1976	28.62
1977	28.36
1978	27.99
1979	27.67
<hr/>	
1980	27.16
1981	26.71
1982	25.99
1983	25.92
1984	26.03
1985	26.36
1986	26.26
1987	25.88
1988	25.84
1989	25.85
<hr/>	
1990	25.57
1991	25.36
1992	25.00
1993	24.37
1994	24.22
1995	23.88
1996	23.79
1997	23.38
1998	23.05
1999	22.93
<hr/>	
2000	22.50
2001	22.07
2002	21.94
2003	21.62
2004	21.27
2005	21.03

SALES & CONSUMPTION

Cream and Specialty Dairy Product Sales; 1980-2005

	Fluid Cream ¹	Sour Cream and Dips	Yogurt	Cottage Cheese
	(Million Pounds)			
1980	765	408	570	1,023
1990	1,151	625	1,055	849
1991	2,011	659	1,109	835
1992	1,227	692	1,154	795
1993	1,261	694	1,286	754
1994	1,268	710	1,392	737
1995	1,328	767	1,646	719
1996	1,431	762	1,588	700
1997	1,506	794	1,574	709
1998	1,544	817	1,639	745
1999	1,683	841	1,717	726
2000	1,751 ¹	914	1,837	734
2001	1,943 ¹	990	2,003	741
2002	1,860	1,031	2,135	749
2003	2,151	1,156	2,387	785
2004^r	2,280	1,236	2,709	764
2005^p	2,395	1,311	2,556	771

¹Revised, ^pPreliminary.

¹Includes Half and Half, Heavy Cream and Light Cream.

Source: USDA, Economic Research Service.

Per Capita Consumption of Cream and Specialty Products; 1950-2005

	Fluid Cream ³	Sour Cream	Yogurt	Cottage Cheese
	(Pounds)			
1950	2.8	1	1	3.1
1960	6.8	0.9	0.2	4.7
1970	3.8	1.1	0.8	5.2
1980	3.3	1.8	2.5	4.5
1990	4.1	2.5	4.2	3.4
1991	4.6	2.6	4.4	3.3
1992	4.7	2.7	4.5	3.1
1993	4.9	2.7	4.9	2.9
1994	4.8	2.7	5.3	2.8
1995	5.0	2.9	6.2	2.7
1996	5.4	2.8	5.9	2.6
1997	5.4	2.9	5.8	2.6
1998	5.6	3.0	5.9	2.7
1999	6.0	3.0	6.2	2.6
2000	6.2	3.2	6.5	2.6
2001	6.8	3.5	7.0	2.6
2002	6.5	3.6	7.4	2.6
2003	7.4	4.0	8.2	2.7
2004^{r,2}	7.9	4.2	9.2	2.7
2005^p	8.1	4.4	8.6	2.6

¹Revised. ²Preliminary. ³Eggnog was included in cream before 1954. ²Calculated with population numbers and fluid sales data from USDA, Economic Research Service. ³Includes Half and Half, Heavy Cream and Light Cream.

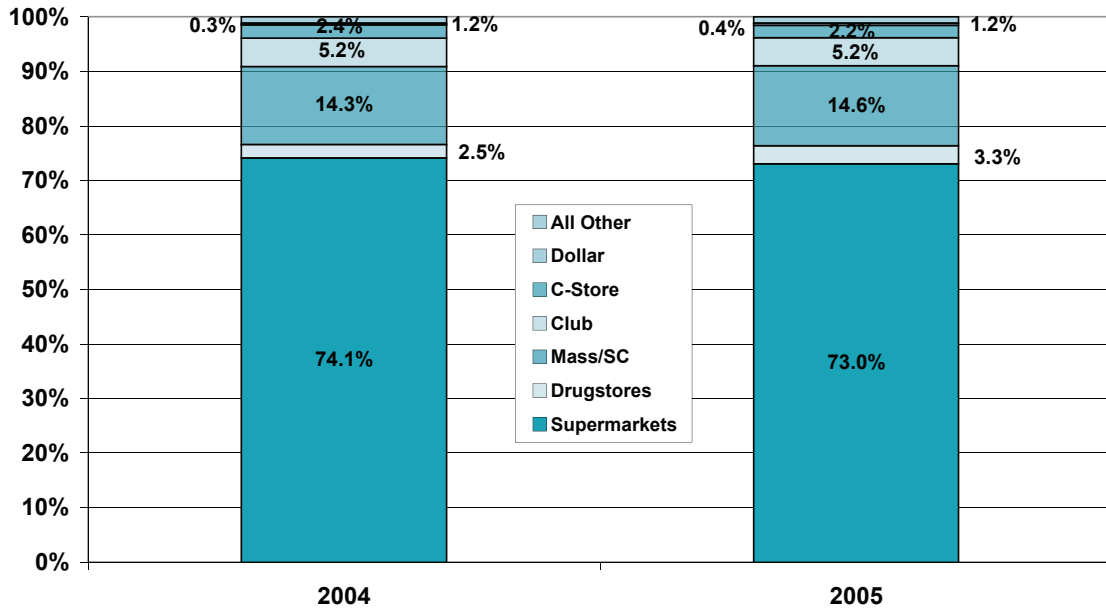
Source: USDA, Economic Research Service.

Percent of Fluid Milk Sold by Container Sizes, Types and Outlets in Federal Order Markets; November¹; 1985-2003

	1985	1987	1989	1991	1993	1995	1997	1999	2001	2003
	(Percent)									
Distribution Method:										
Home Delivered	1	1	1	1	1	²	1	1	²	²
Wholesale	98	99	99	99	99	99	100	100	100	100
Supermarkets	53	51	54	55	57	57	58	57	53	50
Dairy/Convenience	9	11	10	10	11	10	10	10	10	11
Military	1	1	1	1	1	1	1	1	1	1
Schools	7	7	7	7	7	7	6	7	7	6
All Other ³	28	29	27	26	23	25	24	25	28	32
Type of Container:										
Glass	²	²	²	²	²	²	²	²	²	²
Paper	34	33	31	28	25	24	21	19	17	16
Plastic	65	67	69	72	75	76	79	81	82	84
Size of Container:										
Gallon	60	60	61	64	64	64	66	65	65	65
Half Gallon	22	21	21	19	19	18	18	18	18	18
Quart	5	5	4	4	4	4	4	4	4	4
Pint	2	2	2	1	1	2	2	2	2	2
Half-Pint	9	10	10	9	9	10	9	10	9	9
Bulk - Over 5 Qts. ⁴	2	2	2	2	2	2	1	1	1	1
Total	100	100	100	100	100	100	100	100	100	100

Note: Total may not add due to rounding. Latest data available. ¹November is considered representative of the annual average. ²Less than 0.5 percent. ³Wholesale deliveries to places that are not supermarket, C-stores, military, or schools. ⁴Metal cans and plastic bag-in box containers.
Source: USDA, Agricultural Marketing Service.

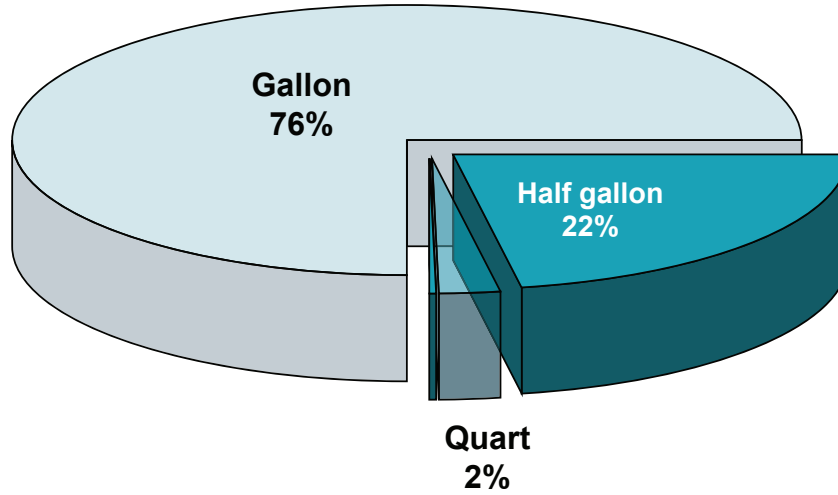
Percent of Milk Sales by Retail Outlet; 2004-2005



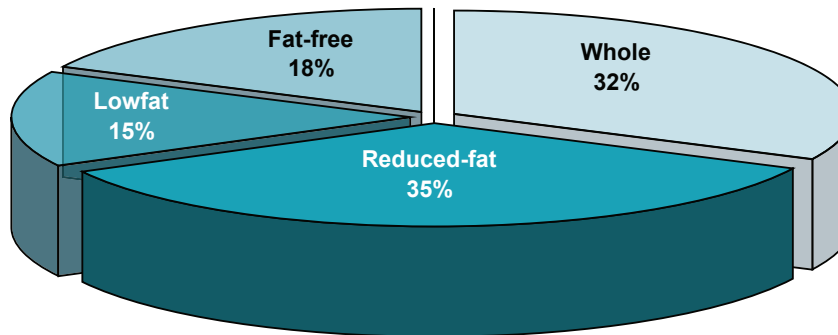
Source: Information Resources Inc.,

SALES & CONSUMPTION

Supermarket Sales of Fluid White Milk by Container Size, 2005

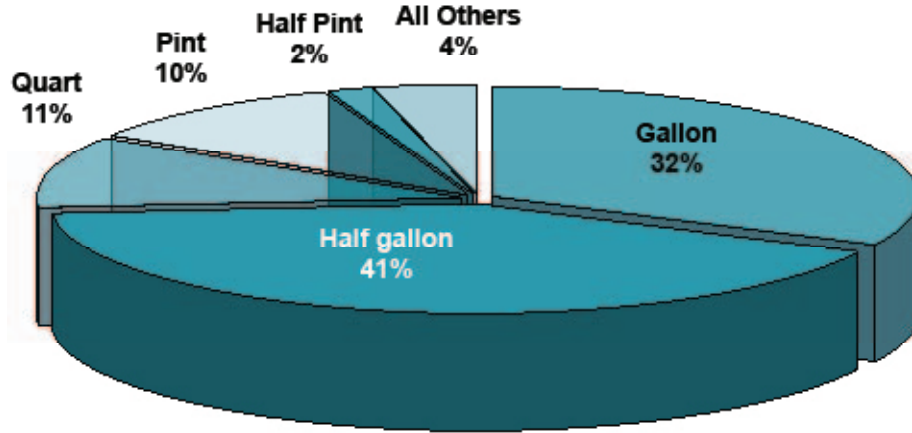


Supermarket Sales of Fluid White Milk by Fat Level, 2005



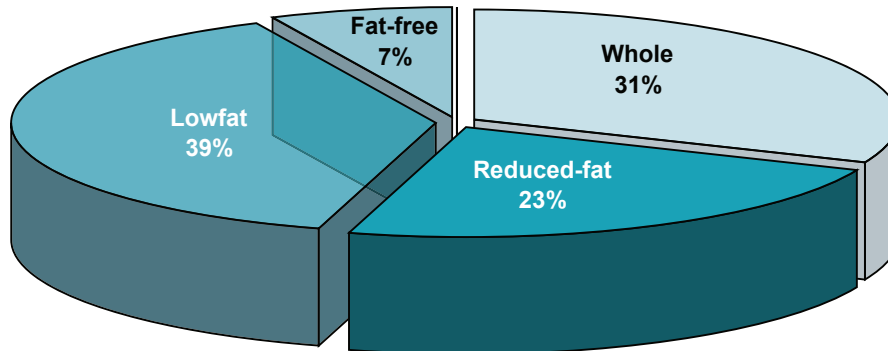
Source: Information Resources Inc.,

Supermarket Sales of Fluid Flavored Milk by Container Size, 2005



Source: Information Resources Inc.,

Supermarket Sales of Fluid Flavored Milk by Fat Level, 2005



Source: Information Resources Inc.,

Milk Consumed Through Federal School Programs; 1990-2005

	School Lunch Program (half pints)	School Breakfast Program (half pints)	Special Milk Program (half pints)	Total Half Pints Served	Total Gallons	% of U.S. Fluid Milk Sales
(Millions)						
1990	3,407.7	594.3	181.2	4,183.2	261.5	4.1
1991	3,443.3	648.6	177.0	4,268.8	266.8	4.1
1992	3,486.6	716.2	174.4	4,377.2	273.6	4.3
1993	3,517.0	775.8	167.3	4,460.2	278.8	4.3
1994	3,571.5	841.3	158.8	4,571.7	285.7	4.5
1995	3,615.4	906.3	151.4	4,673.1	292.1	4.5
1996	3,666.2	945.6	144.3	4,756.1	297.3	4.5
1997	3,747.7	1,000.6	140.6	4,888.9	305.6	4.6
1998	3,761.2	1,025.6	133.6	4,920.4	307.5	4.8
1999	3,836.2	1,064.8	126.9	5,027.9	314.2	4.9
2000	3,888.8	1,094.9	120.1	5,103.8	319.0	5.0
2001	3,896.9	1,121.0	116.3	5,134.2	320.9	5.0
2002^r	4,009.2	1,179.9	112.6	5,301.7	331.4	5.2
2003^r	4,048.6	1,216.2	107.7	5,372.5	335.8	5.3
2004^r	4,116.0	1,280.8	103.4	5,410.2	338.1	5.3
2005	4,229.1	1,346.9	100.0	5,675.9	354.7	5.6

^rRevised.

Source: USDA, National Agricultural Statistics Service; Food and Nutrition Service.

Vending Machine Sales of Milk¹; 1990-2004

	Total Dollar Value	Total Unit Volume	Weekly Unit Volume per Machine	Machines on Location
	(Thousand \$)	(Thousand)		(Thousand)
1990	471,000	943,500	193	94
1992	481,650	953,000	195	95
1998	474,000	867,000	195	85
1999	408,000	852,000	195	84
2000	404,000	842,000	195	83
2001	457,000	832,000	195	82
2002	446,000	811,000	195	80
2003	493,000	822,000	197	80
2004	619,000	848,000	196	83

¹Selected years.
Source: Vending Times, 2005 Census of the Industry.

Dairy Sales in Convenience Stores; 2004-2005

Fluid Milk Products	Average Store Sales (\$)			Industry Total Sales (Million \$)		
	2004	2005	% chg	2004	2005	% chg
Whole	7,568	7,565	0.0	1,046	1,057	1.1
Reduced Fat	5,816	6,482	11.5	804	906	12.7
Lowfat	889	277	-68.8	123	39	-68.3
Fat Free	1,685	856	-49.2	233	120	-48.5
Flavored Milk	7,040	5,083	-27.8	973	710	-27.0
All Other	356	3,279	821.1	49	457	832.7
TOTAL*	23,896	24,123	0.9	3,303	3,370	2.0

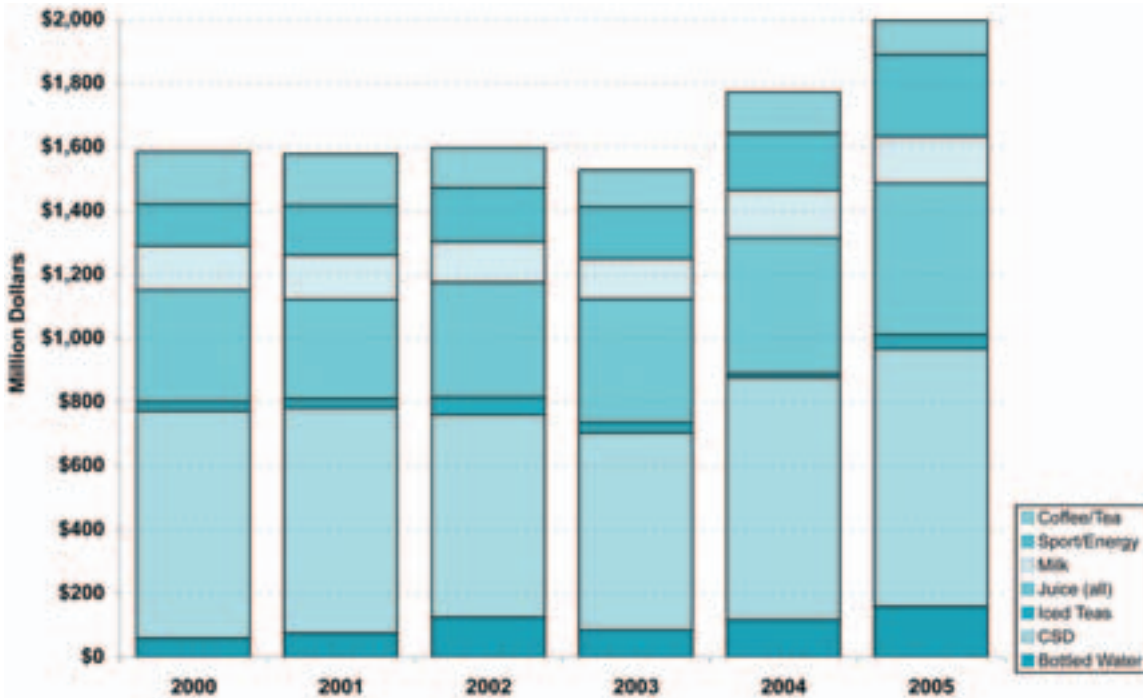
*Includes cream products
Source: 2005 National Association of Convenience Stores/CSNews Industry Databank.

Fluid Milk Consumer Purchasing Trends (Supermarkets Only); 2004-2005

	52 Weeks Ending January 2, 2005	52 Weeks Ending January 1, 2006
% Households Buying		
Total Fluid Milk	93.2	92.9
White Milk	91.9	91.4
Whole White	42.5	40.6
Reduced Fat White	56.2	56.1
Lowfat White	33.6	32.9
Fat Free White	35.3	34.7
Flavored	31.5	30.0
Purchase Occasions per Buyer¹		
Total Fluid Milk	19.2	19.0
White Milk	18.3	18.2
Whole White	9.9	9.6
Reduced Fat White	11.2	11.3
Lowfat White	9.5	10.0
Fat Free White	12.1	12.4
Flavored	4.5	4.6
Volume per Buyer (Gallons)		
Total Fluid Milk	20.7	20.7
White Milk	19.8	19.9
Whole White	9.2	9.8
Reduced Fat White	12.0	11.7
Lowfat White	10.6	9.9
Fat Free White	21.2	11.7
Flavored	2.8	2.6

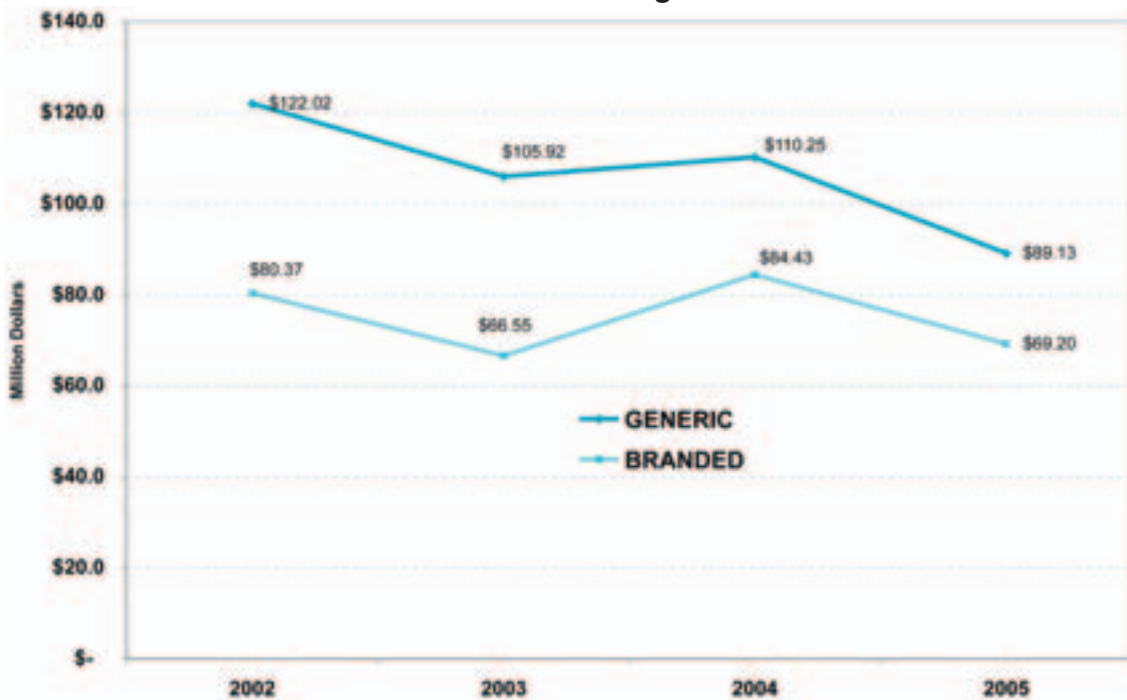
¹Number of times the product was bought this year.
Source: Information Resources Inc., 2006.

Annual Advertising Spending - Milk and Competitors 2000-2005



Source: Ad*Views/Nielson Media Research, courtesy of Lowe Worldwide, May 2006

Branded and Generic Advertising for Milk 2002-2005



Source: Information Resources Inc., 2006

SALES & CONSUMPTION

C. ICE CREAM & FROZEN DESSERT SALES & CONSUMPTION

Ice Cream & Frozen Dessert Sales Overview

In 2005, frozen dessert consumption was down slightly, with total per capita sales decreasing to 20.3 quarts from 20.5 quarts in 2004. More than 90% of American households purchase ice cream, so manufacturers closely monitor and react to changes in consumer preferences in order to keep and grow their shares in this relatively mature market. The annual market value of the frozen desserts industry is estimated at more than \$21 billion.

The frozen dessert market is predominantly one of ice cream, which comprises 87% of total volume; the rest of the category includes mostly frozen yogurt, water ices and sherbet. The U.S. Department of Agriculture divides ice cream into two categories: "regular" and "lowfat/nonfat"; as well as by hard and soft varieties. Regular ice cream represents 63% of the total hard and soft ice cream market, about 12.7 quarts per capita. Regular hard ice cream had been declining for several years, with a significant drop in 2004, but the category rebounded in 2005, lifting the total category. Regular soft ice cream consumption dropped, meanwhile, continuing a two-year trend.

With 26% of the market, vanilla remains the most popular flavor of ice cream eaten at home, according to a database of in-home eating trends. Chocolate is the next most popular flavor, at 13%. In fact, even when all the chocolate-related flavors are combined, they do not match vanilla, coming to only 25%.

In the first half of 2006, overall ice cream sales in supermarkets were down 4.3%, with sales down in most categories. However, the reduced-fat segment showed significant growth, increasing 15% from January to June 2006.

Note: The government provides figures on total frozen dessert consumption in per capita only; no total volume numbers are available. See the production chapter for total volume production numbers.

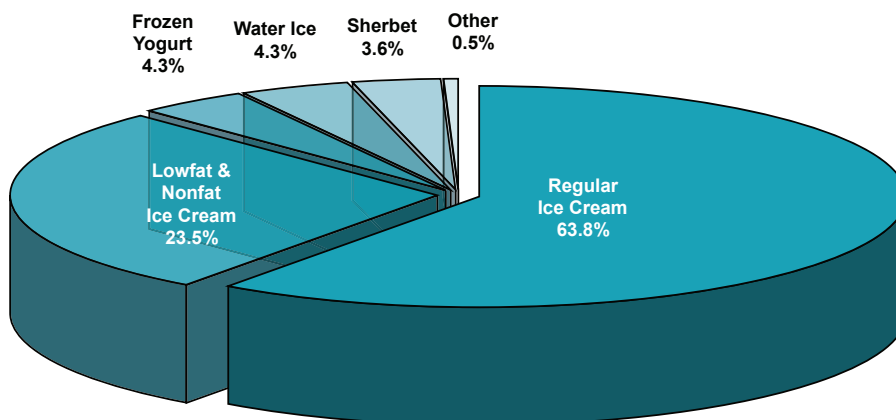
Total Retail Value of the Ice Cream Industry; 2004-2005

	2005		
	At Home	Away From Home	Total ¹
	(Billion \$)		
Hard Ice Cream	4.8	4.7	9.5
Soft Ice Cream	0.0	4.4	4.4
Hard Frozen Yogurt	0.2	0.2	0.4
Soft Frozen Yogurt	0.0	1.0	1.0
Frozen Novelties	2.8	2.5	5.3
Other	0.4	0.6	1.0
Total¹	8.2	13.5¹	21.6¹

	2004 ¹		
	At Home	Away From Home	Total ¹
	(Billion \$)		
Hard Ice Cream	4.8	3.5	8.3
Soft Ice Cream	0.0	4.7	4.7
Hard Frozen Yogurt	0.2	0.2	0.4
Soft Frozen Yogurt	0.0	0.9	0.9
Frozen Novelties	2.8	2.5	5.3
Other	0.4	0.6	1.0
Total¹	8.2	12.4	20.6

¹Revised. ¹May not add due to rounding.
Calculations by IDFA based on various industry sources.

2005 Share of Frozen Dessert Market by Product



Source: USDA, National Agricultural Statistics Service.

Supermarket Sales of Frozen Dairy; 2004-2005

	2005	2006	% Change
	(Millions)		
Dollars			
ICE CREAM/SHERBET	4,218.51	4,229.56	0.26
Ice Cream	3,852.85	3,862.89	0.26
Frozen Yogurt/Tofu	177.61	178.18	0.32
Sherbet/Sorbet/Ices	188.05	188.49	0.23
FROZEN NOVELTIES	2,349.06	2,359.40	0.44
Frozen Novelties	2,177.16	2,285.02	4.95
Frozen Ice Cream/Ice Milk Dessert	122.74	131.36	7.03
Frozen Ice Pop	49.16	53.08	7.98
Volume¹			
ICE CREAM/SHERBET	4,593.42	4,681.56	1.92
Ice Cream	4,251.78	4,386.58	3.17
Frozen Yogurt/Tofu	156.97	162.72	3.67
Sherbet/Sorbet/Ices	184.67	191.56	3.73
FROZEN NOVELTIES	1,240.46	1,259.86	1.56
Frozen Novelties	1,111.19	1,112.86	0.15
Frozen Ice Cream/Ice Milk Dessert	29.06	31.40	8.05
Frozen Ice Pop	100.21	115.59	15.35
Units			
ICE CREAM/SHERBET	1,296.05	1,304.23	0.63
Ice Cream	1,171.88	1,187.52	1.33
Frozen Yogurt/Tofu	53.36	53.85	0.91
Sherbet/Sorbet/Ices	70.81	74.12	4.67
FROZEN NOVELTIES	777.32	778.44	0.14
Frozen Novelties	733.60	756.25	3.09
Frozen Ice Cream/Ice Milk Dessert	10.61	10.83	2.11
Frozen Ice Pop	33.11	34.12	3.06

¹Ice cream volume is equalized to pints. Frozen novelties equalized to 16oz. totals may not add due to rounding.
Source: Information Resources Inc., 2006.

Per Capita Production¹ of Frozen Desserts; 1985-2005

	Regular Ice Cream						Low-Fat and Nonfat Ice Cream ²						Sherbet						Other Frozen Products ³						Total Products															
	Hard			Soft			Hard			Soft			Hard			Soft			Hard			Soft			Hard			Soft												
	(Quarts)																																							
1985	14.49	0.67	1.04	4.03	0.77	0.04	0.12	4.00	16.42	4.74	14.49	0.67	1.04	4.03	0.77	0.04	0.12	4.00	16.42	4.74	14.49	0.67	1.04	4.03	0.77	0.04	0.12	4.00	16.42	4.74	14.49	0.67	1.04	4.03	0.77	0.04	0.12	4.00	16.42	4.74
1986	14.77	0.61	1.13	4.11	0.79	0.04	0.13	4.00	16.82	4.76	14.77	0.61	1.13	4.11	0.79	0.04	0.13	4.00	16.82	4.76	14.77	0.61	1.13	4.11	0.79	0.04	0.13	4.00	16.82	4.76	14.77	0.61	1.13	4.11	0.79	0.04	0.13	4.00	16.82	4.76
1987	14.64	0.69	1.22	4.19	0.78	0.05	0.13	4.00	16.77	4.93	14.64	0.69	1.22	4.19	0.78	0.05	0.13	4.00	16.77	4.93	14.64	0.69	1.22	4.19	0.78	0.05	0.13	4.00	16.77	4.93	14.64	0.69	1.22	4.19	0.78	0.05	0.13	4.00	16.77	4.93
1988	13.81	0.62	1.55	4.25	0.80	0.05	0.14	4.00	16.30	4.92	13.81	0.62	1.55	4.25	0.80	0.05	0.14	4.00	16.30	4.92	13.81	0.62	1.55	4.25	0.80	0.05	0.14	4.00	16.30	4.92	13.81	0.62	1.55	4.25	0.80	0.05	0.14	4.00	16.30	4.92
1989	12.79	0.68	1.95	4.15	0.79	0.06	0.46	1.06	15.99	5.95	12.79	0.68	1.95	4.15	0.79	0.06	0.46	1.06	15.99	5.95	12.79	0.68	1.95	4.15	0.79	0.06	0.46	1.06	15.99	5.95	12.79	0.68	1.95	4.15	0.79	0.06	0.46	1.06	15.99	5.95
1990	12.42	0.78	1.97	3.67	0.81	0.05	3.22	0.93	18.41	5.43	12.42	0.78	1.97	3.67	0.81	0.05	3.22	0.93	18.41	5.43	12.42	0.78	1.97	3.67	0.81	0.05	3.22	0.93	18.41	5.43	12.42	0.78	1.97	3.67	0.81	0.05	3.22	0.93	18.41	5.43
1991	12.92	0.72	1.97	3.44	0.75	0.05	3.78	1.18	19.41	5.39	12.92	0.72	1.97	3.44	0.75	0.05	3.78	1.18	19.41	5.39	12.92	0.72	1.97	3.44	0.75	0.05	3.78	1.18	19.41	5.39	12.92	0.72	1.97	3.44	0.75	0.05	3.78	1.18	19.41	5.39
1992	12.81	0.69	1.81	3.30	0.78	0.06	3.72	0.86	19.13	4.92	12.81	0.69	1.81	3.30	0.78	0.06	3.72	0.86	19.13	4.92	12.81	0.69	1.81	3.30	0.78	0.06	3.72	0.86	19.13	4.92	12.81	0.69	1.81	3.30	0.78	0.06	3.72	0.86	19.13	4.92
1993	12.71	0.62	1.69	3.31	0.78	0.06	2.93	0.94	18.11	4.93	12.71	0.62	1.69	3.31	0.78	0.06	2.93	0.94	18.11	4.93	12.71	0.62	1.69	3.31	0.78	0.06	2.93	0.94	18.11	4.93	12.71	0.62	1.69	3.31	0.78	0.06	2.93	0.94	18.11	4.93
1994	12.70	0.61	1.85	3.60	0.74	0.09	2.56	0.93	17.85	5.23	12.70	0.61	1.85	3.60	0.74	0.09	2.56	0.93	17.85	5.23	12.70	0.61	1.85	3.60	0.74	0.09	2.56	0.93	17.85	5.23	12.70	0.61	1.85	3.60	0.74	0.09	2.56	0.93	17.85	5.23
1995	12.36	0.60	2.23	3.68	0.75	0.05	2.76	0.88	18.10	5.21	12.36	0.60	2.23	3.68	0.75	0.05	2.76	0.88	18.10	5.21	12.36	0.60	2.23	3.68	0.75	0.05	2.76	0.88	18.10	5.21	12.36	0.60	2.23	3.68	0.75	0.05	2.76	0.88	18.10	5.21
1996	12.25	0.79	2.13	3.83	0.73	0.05	2.30	0.59	17.42	5.26	12.25	0.79	2.13	3.83	0.73	0.05	2.30	0.59	17.42	5.26	12.25	0.79	2.13	3.83	0.73	0.05	2.30	0.59	17.42	5.26	12.25	0.79	2.13	3.83	0.73	0.05	2.30	0.59	17.42	5.26
1997	12.53	0.88	2.08	4.11	0.74	0.04	2.17	0.41	17.52	5.44	12.53	0.88	2.08	4.11	0.74	0.04	2.17	0.41	17.52	5.44	12.53	0.88	2.08	4.11	0.74	0.04	2.17	0.41	17.52	5.44	12.53	0.88	2.08	4.11	0.74	0.04	2.17	0.41	17.52	5.44
1998	12.56	1.00	2.02	4.43	0.74	0.04	2.06	0.62	17.39	6.10	12.56	1.00	2.02	4.43	0.74	0.04	2.06	0.62	17.39	6.10	12.56	1.00	2.02	4.43	0.74	0.04	2.06	0.62	17.39	6.10	12.56	1.00	2.02	4.43	0.74	0.04	2.06	0.62	17.39	6.10
1999	12.45	1.49	1.89	4.07	0.74	0.04	1.89	0.62	16.97	6.22	12.45	1.49	1.89	4.07	0.74	0.04	1.89	0.62	16.97	6.22	12.45	1.49	1.89	4.07	0.74	0.04	1.89	0.62	16.97	6.22	12.45	1.49	1.89	4.07	0.74	0.04	1.89	0.62	16.97	6.22
2000	12.50	1.38	1.62	4.04	0.70	0.04	1.70	0.74	16.52	6.19	12.50	1.38	1.62	4.04	0.70	0.04	1.70	0.74	16.52	6.19	12.50	1.38	1.62	4.04	0.70	0.04	1.70	0.74	16.52	6.19	12.50	1.38	1.62	4.04	0.70	0.04	1.70	0.74	16.52	6.19
2001	12.21	1.40	1.51	4.09	0.70	0.04	1.57	0.48	15.99	6.01	12.21	1.40	1.51	4.09	0.70	0.04	1.57	0.48	15.99	6.01	12.21	1.40	1.51	4.09	0.70	0.04	1.57	0.48	15.99	6.01	12.21	1.40	1.51	4.09	0.70	0.04	1.57	0.48	15.99	6.01
2002	12.12	1.84	1.68	3.28	0.74	0.05	1.57	0.47	16.11	5.64	12.12	1.84	1.68	3.28	0.74	0.05	1.57	0.47	16.11	5.64	12.12	1.84	1.68	3.28	0.74	0.05	1.57	0.47	16.11	5.64	12.12	1.84	1.68	3.28	0.74	0.05	1.57	0.47	16.11	5.64
2003	12.04	1.62	1.65	4.08	0.70	0.02	1.40	0.56	15.79	6.28	12.04	1.62	1.65	4.08	0.70	0.02	1.40	0.56	15.79	6.28	12.04	1.62	1.65	4.08	0.70	0.02	1.40	0.56	15.79	6.28	12.04	1.62	1.65	4.08	0.70	0.02	1.40	0.56	15.79	6.28
2004 ^r	11.53	1.01	1.55	3.77	0.70	0.05	1.40	0.46	15.18	5.28	11.53	1.01	1.55	3.77	0.70	0.05	1.40	0.46	15.18	5.28	11.53	1.01	1.55	3.77	0.70	0.05	1.40	0.46	15.18	5.28	11.53	1.01	1.55	3.77	0.70	0.05	1.40	0.46	15.18	5.28
2005 ^p	11.92	0.86	1.47	3.42	0.74	0.05	1.39	0.48	15.52	4.81	11.92	0.86	1.47	3.42	0.74	0.05	1.39	0.48	15.52	4.81	11.92	0.86	1.47	3.42	0.74	0.05	1.39	0.48	15.52	4.81	11.92	0.86	1.47	3.42	0.74	0.05	1.39	0.48	15.52	4.81

¹Revised. ²Preliminary. ³Closely approximates per capita consumption, due to little or no change in stocks during the year and few imports or exports. ⁴Includes freezer-made milkshake. ⁵Includes hard frozen yogurt, other frozen dairy products. Does not include water ices. ⁶USDA began reporting production of soft serve frozen yogurt in 1989. Source: Prepared by the International Ice Cream Association from data released by USDA.

SALES & CONSUMPTION

Total U.S. Supermarket Sales of Ice Cream, by Container Shape; 2004-2005

	52 Weeks Ending Apr 17, 2005	52 Weeks Ending March 26, 2006	% Chg Year Ago
Dollar Sales (Millions \$)			
Square-Round	\$855.6	\$899.5	4.9
Pail/Tub	\$120.5	\$108.7	-10.8
Round	\$1,713.1	\$7,288.5	76.5
Square	\$381.0	\$330.9	-15.2
Volume Sales (Millions Quarts)			
Square-Round	924.2	999.6	7.5
Pail/Tub	220.9	194.0	-13.8
Round	1,355.4	1,349.9	-0.4
Square	488.9	425.2	-15.0
Unit Sales (Millions Units)			
Square-Round	240.9	265.5	9.3
Pail/Tub	23.4	21.1	-11.3
Round	514.5	530.9	3.1
Square	122.5	108.0	-13.4

Source: IDFA Cultured Dairy and Ice Cream Products Report.

Vending Machine Sales of Frozen Novelties; 1992-2004

	Total Dollar Volume	Total Unit Volume	Weekly Unit Volume per Machine	Machines on Location
	(Millions \$)	(Million Lbs.)		(Thousands)
1992	193	298	116	49
1993	218	321	120	50
1994	257	343	122	54
1995	306	393	126	60
1996	352	439	128	66
1997	369	439	130	65
1998	454	477	135	68
1999	470	546	140	75
2000	564	641	145	85
2001	665	765	152	98
2002	825	927	155	115
2003	860	951	157	116
2004	896	992	156	122

Source: Vending Times, Census of the Industry 2005.

SALES & CONSUMPTION

Ice Cream Consumption by Flavors			
	%		%
Vanilla	26.0	Banana Split	0.2
Chocolate	12.9	Caramel with Nuts	0.2
Neopolitan	4.8	Maple	0.2
Strawberry	4.3	Orange	0.2
Cookie N' Cream	4.0	Peach	0.2
Chocolate Chip	3.8	Pistachio	0.2
Butter-Pecan	3.2	Strawberries and Cream	0.2
Chocolate Mint	3.2	Strawberry Vanilla	0.2
Vanilla and Chocolate	1.9	Chocolate Malt	0.2
Rocky Road	1.6	Banana	0.1
French Vanilla	1.1	Banana/Nuts	0.1
Cherry-Triple Cherry	0.8	Butter Brickle	0.1
Fudge Twirl/Royal	0.7	Butterscotch	0.1
Peanut Butter	0.7	Cappucino	0.1
Coffee	0.6	Carmel Praline	0.1
Chocolate Marshmallow	0.6	Fudgesicle	0.1
Cherry Vanilla	0.5	Lemon	0.1
Mint	0.5	S'Mores	0.1
Peppermint	0.5	Strawberry Cheesecake	0.1
Chocolate Fudge	0.5	Vanilla/Nuts	0.1
Peanut Butter & Milk Chocolate	0.5	Walnut	0.1
Black Cherry	0.4	Chocolate/Nuts	0.1
Carmel-Cream Carmel	0.4	Peanut Butter & Chocolate Chip	0.1
Pecan	0.4	White Chocolate Raspberry	0.1
Raspberry-Red Raspberry	0.4		
Chocolate Cherry	0.4	All Other Ice Cream	13.8
Praline	0.3	All Other Chocolate Flavors	0.8
Spumoni	0.3		
Toffee	0.3	Not Reported	6.3

Source: NPD Group's National Eatings Trends In-Home Database.

D. CHEESE SALES & CONSUMPTION

Cheese Sales & Consumption Overview

Cheese consumption continues to rise, sustaining its three-decade march forward. As consumers and foodservice outlets find novel uses for old favorites and experiment with new varieties, 2005 cheese consumption reached a record high of 31.4 pounds per capita, a 0.6% increase over the record level set in 2004.

The industry estimates that there are now more than 300 varieties of cheese available in the U.S. marketplace. By far the two most popular single varieties of cheese in the United States are cheddar and mozzarella. Cheddar accounts for 10.11 pounds per capita, or more than three-quarters of all American-style cheese. Similarly, mozzarella accounts for 10.18 pounds per capita, more than three-quarters of all Italian-style cheese sales. Hispanic cheese continued its 10-year upward climb in 2005, with consumption increasing by nearly 17% over 2004, but levels remain modest at only 0.56 pounds per capita.

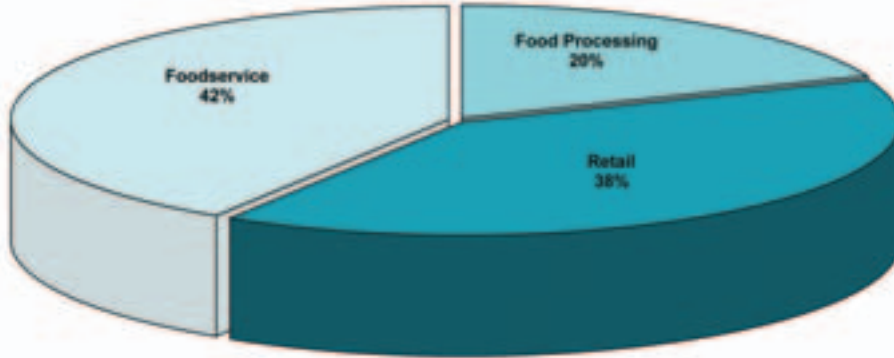
Together, American and Italian-style cheeses represent about 83% of all U.S. cheese sales. Per capita consumption of Italian-type cheeses grew by 3.2% in 2005 to 13.3 pounds, while consumption of American-style cheese fell slightly (-1.2%) to 12.7 pounds. Per capita consumption of mozzarella led the total category in 2005, growing by 2.6%. Parmesan and similar cheeses were the fastest growing of the Italian types, increasing 13.7%, but they represent a small share of the market — less than one pound per capita.

In the American-style category, cheddar still led in overall per capita consumption in 2005, while consumption of other American varieties remained the same.

In supermarkets, cheddar, mozzarella and processed American (primarily processed cheddar cheese) led volume sales in 2005. Processed American was the leader with nearly 536.3 million pounds sold, followed by cheddar at 526.9 million. Mozzarella was third at just over 264 million pounds. The American palate has also been branching out into specialty and artisan cheeses, shown by the substantial growth in supermarket sales of many smaller categories, led by havarti (up nearly 13%), goat cheese (up 7.7%) and gorgonzola (up 5.5%).

Note: The government provides figures on total cheese consumption in per capita only; no total volume numbers are available. See the production chapter for total volume production numbers.

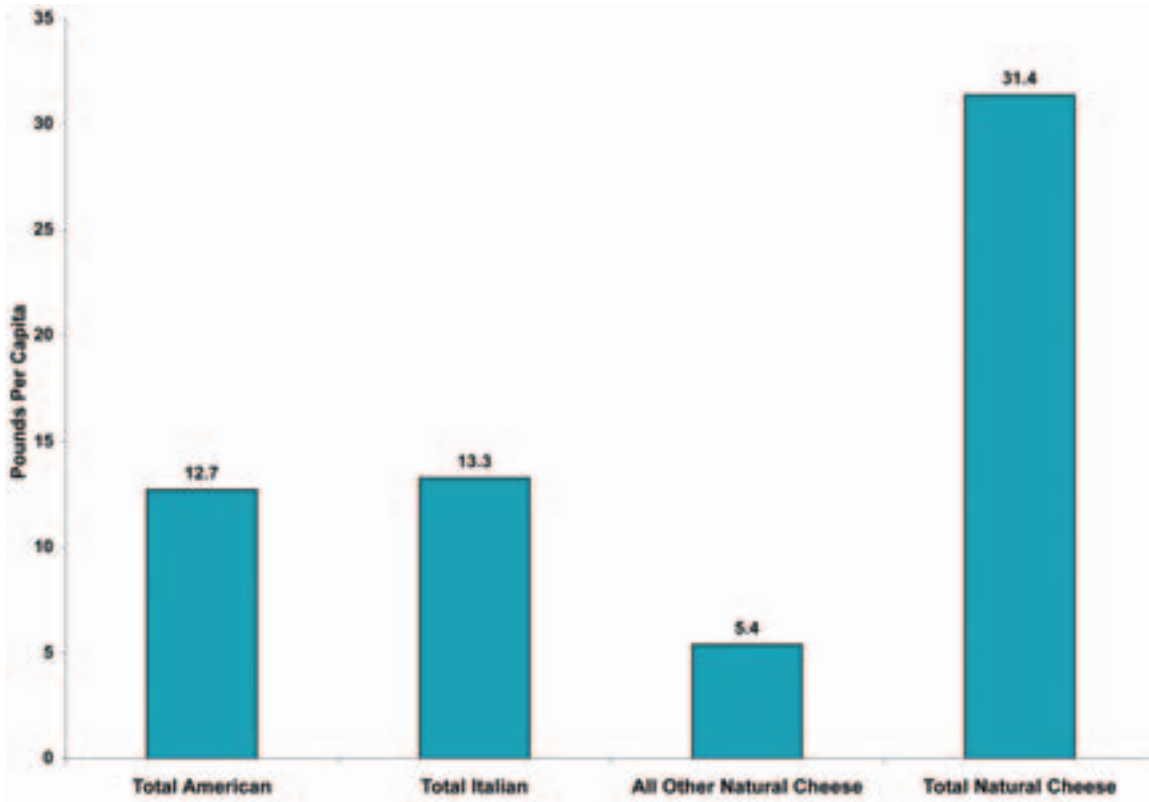
Cheese Sales by Outlet; 2005



Source: Wisconsin Milk Marketing Board, 2006.

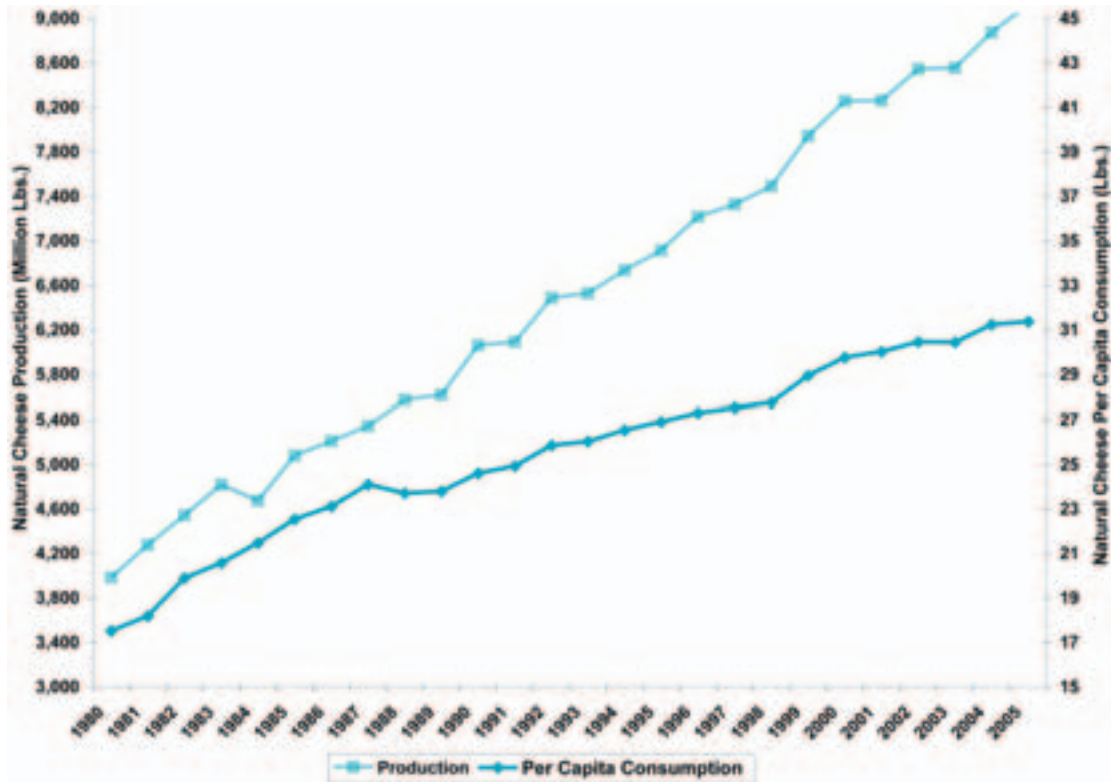
SALES & CONSUMPTION

U.S. Natural Cheese Per Capita Consumption; 2005



Source: USDA Economic Research Service.

U. S. Natural Cheese Per Capita Consumption vs. Total Production; 1980-2005



Source: USDA Economic Research Service.

SALES & CONSUMPTION

SALES & CONSUMPTION

U.S. Natural Cheese Per Capita Consumption; 1970-2005

	Total American	Total Italian	All Other Natural Cheese ¹	Total Natural Cheese
	(Pounds)			
1970	7.02	2.06	2.29	11.37
1980	9.65	4.44	3.44	17.53
1990	11.13	8.97	4.51	24.61
1991	11.03	9.34	4.57	24.94
1992	11.26	9.91	4.69	25.86
1993	11.31	9.74	4.98	26.03
1994	11.42	10.18	4.95	26.55
1995	11.68	10.27	4.96	26.91
1996	11.80	10.62	4.89	27.31
1997	11.82	10.76	4.94	27.52
1998	11.90	11.11	4.74	27.75
1999	12.56	11.55	4.85	28.95
2000 ^r	12.68	12.09	5.00	29.78
2001 ^r	12.80	12.44	4.77	30.01
2002 ^r	12.83	12.48	5.15	30.47
2003 ^r	12.51	12.59	5.36	30.46
2004 ^r	12.88	12.88	5.43	31.19
2005 ^p	12.72	13.29	5.38	31.38

¹Revised. ^rPreliminary. ^pIncludes Blue, Brick, Cream, Gorgonzola, Limburger, Muenster, Neufchatel, Swiss, Part Skim, Full Skim and all other. Source: USDA, Economic Research Service.

U.S. American Cheese Per Capita Consumption; 1970-2005

	Cheddar	Other ¹	Total American
	(Pounds)		
1970	5.79	1.22	7.02
1980	6.85	2.80	9.65
1990	9.03	2.09	11.13
1991	9.02	2.01	11.03
1992	9.15	2.11	11.26
1993	9.05	2.26	11.31
1994	9.01	2.41	11.42
1995	8.97	2.71	11.68
1996	9.04	2.76	11.80
1997	9.43	2.39	11.82
1998	9.41	2.49	11.90
1999	9.76	2.80	12.56
2000	9.71	2.98	12.68
2001	9.86	2.94	12.80
2002	9.63	3.21	12.83
2003 ^r	9.21	3.29	12.51
2004 ^r	10.26	2.62	12.88
2005 ^p	10.11	2.61	12.72

¹Revised. ^rPreliminary. ^pIncludes Colby, Washed or Stirred Curd, and Monterey Jack. Note: Includes both civilian and military consumption. Source: USDA, Economic Research Service.

U.S. Italian Cheese Per Capita Consumption; 1970-2005

	Mozzarella & Similar	Ricotta & Similar	Provolone & Similar	Romano & Similar	Parmesan & Similar	Other Italian	Total Italian
(Natural Equivalent-Pounds)							
1970	1.19	0.24	0.23	0.15	0.17	0.08	2.06
1980	3.02	0.47	0.42	0.15	0.28	0.10	4.44
1990	6.92	0.79	0.63	0.14	0.43	0.06	8.97
1991	7.20	0.84	0.62	0.17	0.46	0.06	9.34
1992	7.67	0.88	0.64	0.14	0.53	0.05	9.91
1993	7.48	0.88	0.68	0.13	0.50	0.08	9.74
1994	7.85	0.90	0.70	0.14	0.45	0.13	10.18
1995	7.97	0.90	0.69	0.16	0.39	0.16	10.27
1996	8.34	0.93	0.77	0.16	0.28	0.13	10.62
1997	8.23	0.87	0.74	0.17	0.61	0.15	10.76
1998	8.57	0.87	0.81	0.15	0.52	0.19	11.11
1999	9.03	0.90	0.80	0.17	0.41	0.24	11.55
2000	9.33	0.87	0.88	0.17	0.44	0.39	12.09
2001¹	9.69	0.83	0.89	0.19	0.45	0.39	12.44
2002¹	9.66	0.82	0.91	0.20	0.50	0.39	12.48
2003¹	9.65	0.81	0.98	0.23	0.50	0.43	12.59
2004¹	9.92	0.83	1.01	0.21	0.51	0.39	12.88
2005²	10.18	0.80	1.03	0.22	0.58	0.47	13.29

¹Revised, ²Preliminary.

Source: USDA, Economic Research Service.

SALES & CONSUMPTION

Selected Natural Cheeses, U.S. Per Capita Consumption; 1970-2005

	Cream & Neufchatel	Swiss ¹	Muenster	Blue ²	Brick	Hispanic ³	Other	Total
(Natural Equivalent - Pounds)								
1970	0.61	0.89	0.17	0.15	0.10	N/A	0.37	2.29
1980	1.00	1.33	0.31	0.17	0.07	N/A	0.57	3.44
1990	1.72	1.35	0.40	0.17	0.07	N/A	0.80	4.52
1991	1.76	1.22	0.42	0.16	0.06	N/A	0.95	4.56
1992	2.01	1.19	0.45	0.15	0.06	N/A	0.83	4.69
1993	2.07	1.19	0.45	0.15	0.05	N/A	1.06	4.97
1994	2.18	1.15	0.43	0.16	0.05	N/A	0.99	4.95
1995	2.04	1.11	0.41	0.16	0.04	N/A	1.20	4.96
1996^r	2.13	1.08	0.40	0.17	0.04	0.25	0.82	4.89
1997^r	2.25	1.00	0.37	0.18	0.03	0.25	0.84	4.94
1998^r	2.25	1.03	0.34	0.19	0.03	0.28	0.59	4.74
1999^r	2.29	1.06	0.29	0.21	0.03	0.31	0.59	4.85
2000	2.43	1.03	0.30	0.20	0.03	0.34	0.66	5.00
2001^r	2.26	1.15	0.29	0.20	0.03	0.38	0.46	4.77
2002	2.38	1.12	0.28	0.20	0.03	0.43	0.70	5.15
2003^r	2.33	1.19	0.27	0.20	0.03	0.46	0.87	5.36
2004^r	2.38	1.23	0.25	0.20	0.03	0.48	0.86	5.43
2005^p	2.33	1.24	0.26	0.20	0.03	0.56	0.75	5.38

^rRevised. ^pPreliminary. ¹Includes imports of Gruyere and Emmenthaler. ²Includes Gorgonzola. ³Included in "Other" until 1996. Note: Totals may not add exactly due to rounding. N/A=Not Available.

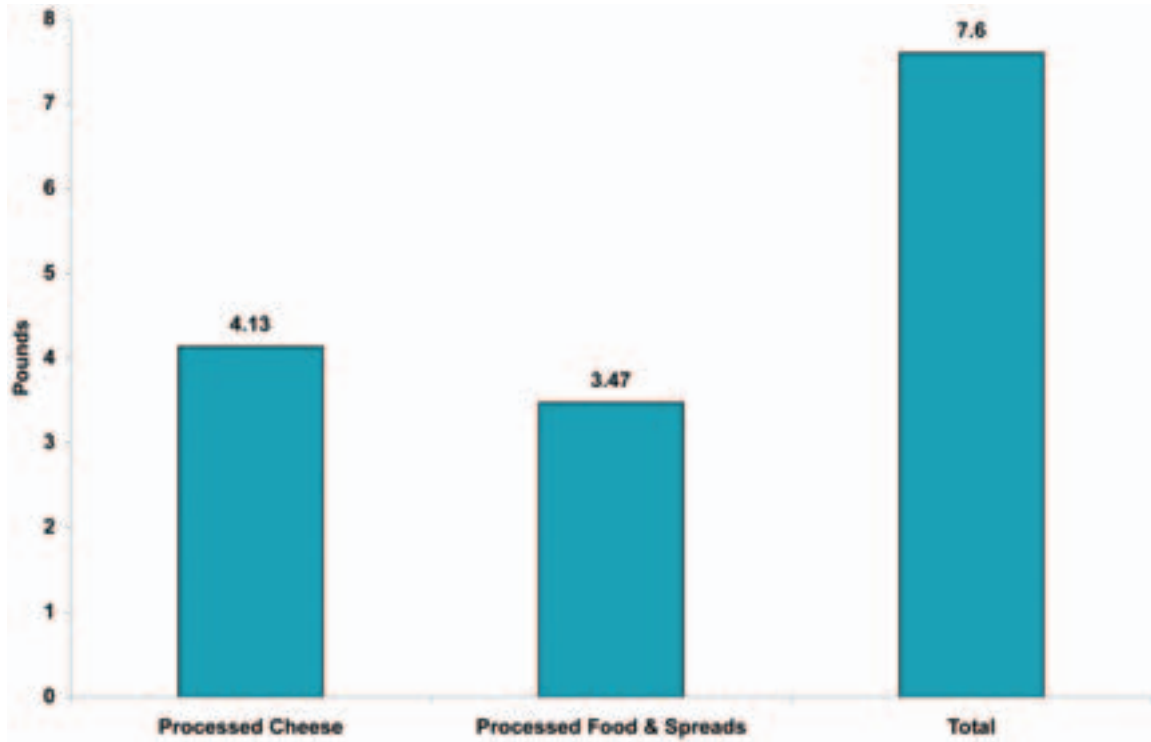
Source: USDA, Economic Research Service.

U.S. Processed Cheese Per Capita Consumption; 1970-2005

	Processed Cheese	Processed Cheese Food & Spreads	Total ¹	Cheese Content	Consumed As Natural
(Pounds)					
1970	3.32	2.20	5.53	4.42	6.95
1980	3.96	3.09	7.05	5.52	12.01
1990	4.79	3.84	8.63	6.81	17.80
1991	4.88	3.75	8.63	6.82	18.11
1992	5.19	3.33	8.52	6.84	19.02
1993	5.20	3.44	8.64	6.91	19.12
1994	5.27	3.44	8.71	6.98	19.57
1995	5.45	3.25	8.70	7.01	19.90
1996	5.44	3.32	8.76	7.04	20.27
1997	4.92	3.05	7.97	6.40	21.13
1998	4.44	3.70	8.14	6.38	21.37
1999	4.65	3.98	8.62	6.76	22.19
2000^r	4.85	3.19	8.04	6.44	23.35
2001^r	4.24	3.46	7.71	6.06	23.95
2002^r	4.66	3.41	8.06	6.40	24.07
2003^r	4.60	3.61	8.21	6.48	23.98
2004^r	4.12	3.55	7.67	6.02	25.17
2005^p	4.13	3.47	7.60	5.97	25.41

^rRevised. ^pPreliminary. ¹Totals may not add due to rounding.
Source: USDA, Economic Research Service.

U.S. Processed Cheese Per Capita Consumption; 2005



Source: USDA, Economic Research Service.

SALES & CONSUMPTION

Supermarket Sales of Cheese by Type¹; 2005

	Millions Pounds	% Change '04 - '05	Millions Dollars	% Change '04 - '05
Total Cheese²	2,232.7	-1.5	8,872.7	-3.0
Total Non-Cream Cheese	1,990.4	-1.0	8,078.5	-0.5
American (Process)	536.3	-5.3	1,610.5	-4.9
Asiago	1.3	3.2	10.3	2.8
Blue Cheese	4.9	-1.3	56.8	1.6
Brick	0.2	1.3	0.8	2.0
Brie	4.1	-0.4	43.7	0.9
Camembert	0.6	-2.9	6.4	0.5
Cheddar	526.9	-1.8	2,181.7	-1.3
Colby	25.4	-6.0	95.1	-6.7
Colby Jack	78.1	2.2	317.1	1.6
Edam	0.5	-1.1	4.1	5.0
Feta	14.0	2.0	116.9	4.6
Goat Cheese	3.1	7.7	44.2	10.4
Gorgonzola	1.6	5.5	17.3	7.5
Gouda	2.4	4.8	21.3	9.2
Gruyere	0.7	-30.0	7.4	5.1
Havarti	2.9	12.6	24.3	17.1
Hispanic	26.6	6.7	126.8	8.3
Italian (Process)	9.2	5.4	39.0	3.1
Limburger	0.4	-6.9	2.8	-5.6
Monterey Jack	63.6	-2.4	251.9	-2.8
Mozzarella	264.3	1.1	1,131.1	1.8
Nuenster	11.0	3.4	60.0	4.5
Parmesan	50.1	1.2	953.0	1.8
Pepper Jack	13.4	5.7	61.5	5.5
Provolone	15.0	6.9	91.6	9.3
Ricotta	83.2	-3.6	173.1	-2.3
Romano	2.5	-3.2	20.5	-1.4
Swiss	59.6	-70.0	322.1	1.3
All Other	169.4	2.7	752.1	2.4

SALES & CONSUMPTION

¹U.S. supermarkets totaling more than \$2 million ACV. ²Natural, Processed and Imitation cream and non-cream cheeses. Source: IRI data provided courtesy of National Cheese Institute's Cheese Market Research Project, 2005.

Supermarket Sales¹ of Cheese by Category; 2005

	Volume Sales		Dollar Sales	
	Million Pounds	% Change '04 - '05	Million Dollars	% Change '04 - '05
Non-Cream Cheese	1,990.4	-1.5	8,078.5	-0.3
Cream Cheese	242.3	-1.0	794.2	-0.5
Natural	1,372.0	0.4	6,115.5	1.4
Processed	579.5	-5.3	1,862.7	-4.9
Imitation	38.9	-10.2	100.3	-9.8
Regular Fat²	1,566.7	-2.0	6,287.9	-0.9
Reduced Fat²	379.8	1.4	1,592.4	2.8
Lowfat²	93.5	-10.8	42.3	-7.3
Fat Free²	34.6	-6.8	155.8	-5.2
NATURAL	1,372.0	0.4	6,115.5	1.4
Natural Regular Fat	1,018.7	0.1	4,609.4	0.9
Natural Reduced Fat	333.9	1.9	1,426.1	3.1
Natural Lowfat/Light	5.0	-9.3	16.2	-5.1
Natural Fat Free	14.4	-4.5	63.8	-1.5
Natural Chunk/Loaf	496.1	-1.8	2,070.4	-0.8
Natural Sliced	104.2	7.4	622.8	9.6
Natural Grated	60.0	4.4	441.5	4.3
Natural Shredded	476.2	1.9	1,962.8	0.5
Natural Spread	37.9	-6.9	249.8	-0.3
Natural Cubed	10.6	-8.9	50.9	-8.7
Natural All Other Forms	187.1	0.2	717.5	2.9

¹Supermarket totaling more than \$2 million ACV. Refers to natural, processed and imitation non-cream cheese. ²Does not include cream cheese. Source: IRI 2006.

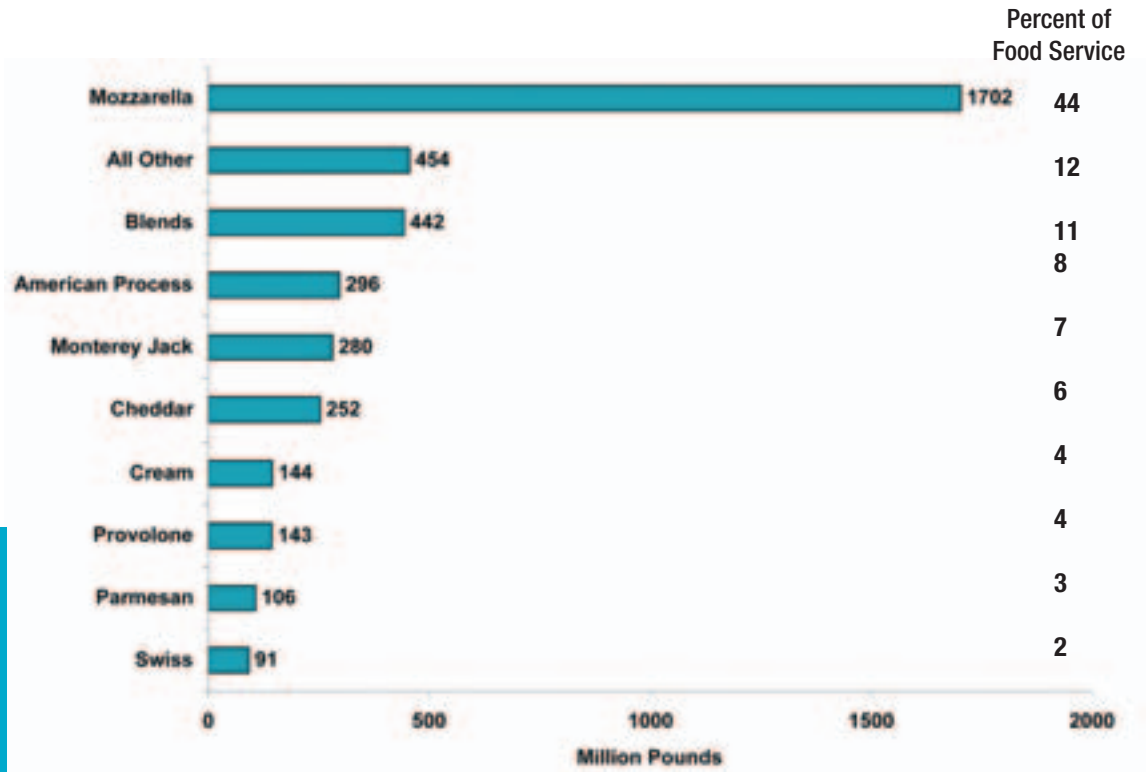
Supermarket Sales¹ of Cheese by Category; 2005 (cont.)

	Volume Sales		Dollar Sales	
	Million Pounds	% change '04 - '05	Million Dollars	% change '04 - '05
PROCESSED	579.5	-5.3	1,862.7	-4.9
Processed Regular Fat	514.9	-5.5	1,611.2	-540.0
Processed Reduced Fat	45.8	-1.8	166.0	80.0
Processed Lowfat/Light	0.2	22.3	1.5	43.4
Processed Fat Free	18.6	-7.9	84.0	-7.3
Processed Chunk/Loaf	116.0	-2.5	304.3	-3.7
Processed Sliced	428.9	-6.2	1,387.2	-5.4
Processed Grated	0.3	0.6	2.3	0.1
Processed Shredded	6.0	-12.4	27.9	-11.9
Processed Spread	25.8	2.3	127.6	2.2
Processed Cubed	1.6	-20.6	10.0	-12.6
Processed All Other Forms	0.8	-36.9	3.4	-41.3
IMITATION	38.9	-10.2	100.3	-9.8
Imitation Regular Fat	33.1	-9.6	67.3	-9.5
Imitation Reduced Fat	0.1	-23.3	0.4	-23.1
Imitation Lowfat/Light	4.2	-13.6	24.6	-10.5
Imitation Fat Free	1.6	-12.3	8.0	-9.9
Imitation Chunk/Loaf	0.6	-27.2	3.2	-21.1
Imitation Sliced	30.3	-10.6	74.1	-10.1
Imitation Grated	0.2	8.0	1.2	2.5
Imitation Shredded	7.9	-7.0	21.6	-6.2
Imitation Cubed	0.0	-62.7	0.0	-61.3
Imitation All Other Forms	0.0	-73.6	0.1	-73.5

¹Supermarket totaling more than \$2 million ACV. Refers to natural, processed and imitation non-cream cheese. ²Does not include cream cheese. Source: IRI 2006.

SALES & CONSUMPTION

U.S. Cheese Used in Foodservice; 2005



Note: Latest data available.
Source: USDA, and Wisconsin Milk Marketing Board.

SALES & CONSUMPTION

Cheese Consumer Purchasing Trends; 2005-2006

	52 Weeks Ending January 2, 2005	52 Weeks Ending January 1, 2006
	Penetration (% Household Buying)	
Cheese Excl. Cream Cheese	93.3	92.7
By Category		
Natural	89.0	88.3
Processed	71.5	70.3
By Form		
Chunk/Loaf	70.0	68.6
Shredded	69.2	68.9
Sliced	73.0	72.4
String/Stick	23.2	23.7
	Frequency of Purchase (Occasions per Buyer Household) ¹	
Cheese Excl. Cream Cheese	12.5	12.5
By Category		
Natural	10.0	10.1
Processed	5.2	5.1
By Form		
Chunk/Loaf	5.3	5.3
Shredded	5.7	5.7
Sliced	5.7	5.6
String/Stick	3.2	3.2
	Volume per Buyer (pounds)	
Cheese Excl. Cream Cheese	15.8	16.0
By Category		
Natural	11.3	11.6
Processed	6.2	6.1
By Form		
Chunk/Loaf	6.4	6.5
Shredded	5.4	5.6
Sliced	5.8	5.7
String/Stick	2.7	2.9

¹Number of times the product was purchased this year.
Source: Information Resources Inc., 2006.

PRICES

IV. PRICES

Dairy Pricing Overview

Farm milk prices in 2005 averaged nearly \$1.00 lower than the record level set in 2004, but the all-milk price of \$15.20 was the third highest on record. The past two calendar years saw the highest two-year average farm milk price period on record.

A key indicator of dairy farm profitability is the Milk-Feed Price Ratio, relating the value of milk to the cost of dairy feed; the higher the ratio, the higher the relative value of milk is to the cost of feed. The decrease in the farm milk price between 2004 and 2005 was more than offset by lower dairy feed costs. As a result, the 2005 average Milk-Feed Price Ratio increased to 3.22 from the level seen in the record farm milk price year of 2004.

In the wholesale dairy product markets, prices for butter and cheese were lower in 2005 than in 2004. The U.S. Department of Agriculture (USDA) reported the average wholesale price of Grade AA butter fell 18 cents per pound to \$1.54, while the price of cheddar cheese in 40-pound blocks and 500-pound barrels fell 15 and 16 cents, respectively, to an average of \$1.48 and \$1.46 per pound. However, the average wholesale prices for dry products increased in 2005 over 2004; the average nonfat dry milk price increased 10 cents per pound to \$0.94, and the average price of dry whey increased 5 cents per pound to \$0.28.

In most of the United States, the federal government regulates the minimum prices milk processors and dairy product manufacturers must pay for farm milk. These regulated minimum prices are directly linked to the prices of manufactured dairy products in the wholesale market. These federal order minimum prices are calculated for four classes of milk based on the products made from the farm milk. The minimum price for all four federal order classes of milk fell in 2005, with the biggest drop seen for Class III (milk used to make cheeses), which decreased from \$15.39 to \$14.05 per hundredweight of milk.

International dairy product prices, which increased significantly in 2004, continued to increase in 2005. For nonfat dry milk, the average world price of US\$1.01 reported by USDA was the highest average on record, as was the world average price for cheddar cheese of US\$1.33. The world average price for butter of US\$0.93 nearly matched the record level seen in 1995.

USDA Announced Federal Order Minimum Prices By Month; 2002-2006

(\$ / cwt)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Class I'												
2002	14.65	14.64	14.31	14.16	13.95	13.73	13.31	13.61	13.14	12.82	13.28	13.21
2003	13.25	12.92	12.50	12.33	12.40	12.43	12.46	13.66	16.39	16.95	17.05	16.53
2004	14.54	14.28	14.62	16.35	22.36	23.84	20.66	17.32	16.63	17.48	16.99	17.13
2005	16.65	13.79	15.43	14.13	14.80	13.62	13.89	14.44	13.70	14.27	14.56	13.57
2006	13.38	13.38	12.49	11.22	10.97							

Class II												
2002	12.69	12.28	12.19	11.88	11.29	11.19	11.14	11.07	10.91	11.12	11.26	11.62
2003	11.29	10.66	10.54	10.44	10.43	10.46	10.63	10.81	10.76	10.84	10.99	11.30
2004	11.67	12.90	14.79	15.21	15.03	14.31	14.00	13.13	13.66	13.57	14.09	13.86
2005	13.04	13.36	13.25	13.24	12.78	13.06	13.79	13.95	14.35	14.25	13.49	13.22
2006	13.25	12.62	11.69	11.37	11.13							

Class III												
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37
2006	13.39	12.20	11.11	10.93	10.83							

Class IV												
2002	11.93	11.54	11.42	11.09	10.57	10.52	10.45	10.41	10.22	10.50	10.58	10.49
2003	10.07	9.81	9.79	9.73	9.74	9.76	9.95	10.14	10.05	10.16	10.30	10.52
2004	10.97	12.21	14.10	14.57	14.50	13.72	13.31	12.46	13.00	12.81	13.34	13.42
2005	12.52	12.74	12.66	12.61	12.20	12.33	13.17	13.44	13.75	13.61	12.90	12.57
2006	12.20	11.10	10.68	10.36	10.33							

¹All market average published by USDA.
Source: USDA, Agricultural Marketing Service.

PRICES

Annual Average Federal Order Minimum Prices; 1980-2005

	Class I ¹	Class II	Class III	Class III-a ²	Class IV
1980	13.77	N/A	11.88	N/A	N/A
1990	15.55	13.27	12.21	N/A	N/A
1991	13.30	11.01	11.05	N/A	N/A
1992	14.57	12.92	11.88	N/A	N/A
1993	14.19	12.47	11.80	10.73	N/A
1994	14.75	12.91	12.00	10.27	N/A
1995	14.19	13.93	11.83	10.25	N/A
1996	16.19	12.07	13.39	12.96	N/A
1997	14.36	12.07	12.05	12.34	N/A
1998	16.14	13.84	14.20	14.85	N/A
1999	16.24	13.96	12.43	12.13	N/A
2000	14.24	12.53	9.74	N/A	11.83
2001	16.96	14.53	13.09	N/A	13.76
2002	13.69	11.55	10.42	N/A	10.81
2003	14.10	10.76	11.42	N/A	10.00
2004	17.56	13.86	15.39	N/A	13.20
2005	17.13	13.48	14.05	N/A	12.88

¹All market average published by USDA. ²The Class III-a price took effect in many orders in December 1993 and remained in effect through December 1999. N/A = Not Applicable.
Source: USDA, Agricultural Marketing Service.

Class I Differential and Average Over-Order Premium, Selected Cities; 2001-2005

	Differential	Over-Order Premium				
		2001	2002	2003	2004	2005
		(\$/cwt)				
Atlanta, GA	\$3.10	0.94	1.75	1.87	1.32	1.71
Baltimore, MD	\$3.00	1.65	1.75	1.77	1.78	1.80
Boston, MA	\$3.25	1.01	1.52	1.55	1.70	1.64
Charlotte, NC	\$3.10	0.94	1.75	1.87	1.32	1.71
Chicago, IL	\$1.80	1.78	1.99	2.11	2.79	2.72
Cincinnati, OH	\$2.20	1.77	1.60	1.75	1.75	1.79
Cleveland, OH	\$2.00	1.77	1.60	1.75	1.75	1.79
Dallas, TX	\$3.00	0.34	1.33	1.15	0.79	0.81
Denver, CO	\$2.55	0.71	0.85	0.85	0.85	0.85
Des Moines, IA	\$1.80	1.19	1.30	1.38	1.64	1.75
Detroit, MI	\$1.80	1.04	1.24	1.43	1.67	1.76
Hartford, CT	\$3.15	1.01	1.52	1.55	1.70	1.64
Houston, TX	\$3.60	0.34	1.33	1.15	0.79	0.81
Indianapolis, IN	\$2.00	1.77	1.60	1.75	1.75	1.79
Kansas City, MO	\$2.00	1.06	1.61	1.61	1.24	1.24
Louisville, KY	\$2.20	1.02	1.07	1.52	1.62	1.75
Memphis, TN	\$2.80	0.69	1.55	1.67	1.12	1.51
Miami, FL	\$4.30	2.24	3.05	2.89	2.39	2.80
Milwaukee, WI	\$1.75	1.93	2.14	2.26	2.81	2.72
Minneapolis, MN	\$1.70	1.33	1.61	1.66	2.55	2.70
New Orleans, LA	\$3.60	0.57	1.40	1.52	1.09	1.51
Oklahoma City, OK	\$2.60	0.84	1.50	1.40	0.84	0.86
Omaha, NE	\$1.85	1.19	1.30	1.38	1.40	1.45
Philadelphia, PA	\$3.05	1.77	1.87	1.78	1.84	2.07
Phoenix, AZ	\$2.35	0.15	0.15	0.15	0.15	0.15
Pittsburgh, PA	\$2.10	2.10	1.99	1.90	1.95	2.02
St. Louis, MO	\$2.00	1.71	1.25	1.25	1.48	1.57
Salt Lake City, UT	\$1.90	0.26	0.30	0.30	N/A	N/A
Seattle, WA	\$1.90	0.44	0.52	0.42	0.42	0.42
Springfield, MO	\$2.20	0.82	1.46	1.40	0.84	0.85
Washington, DC	\$3.00	1.65	1.75	1.77	1.78	1.80
Selected City Average		1.15	1.44	1.47	1.50	1.58

N/A = Not Available.
Source: USDA, Agricultural Marketing Service.

PRICES

Milk-Feed Price Ratio, All Milk Price, and Mailbox Price; 1980-2005

	M/F Price Ratio ¹	All Milk Price ²	Mailbox Price ³
1980	2.70	13.05	N/A
1990	2.82	13.74	N/A
1991	2.74	12.27	N/A
1992	3.01	13.15	N/A
1993	2.80	12.84	N/A
1994	2.65	13.01	N/A
1995	2.59	12.78	12.12
1996	2.45	14.75	14.32
1997	2.38	13.36	12.94
1998	3.34	15.46	15.06
1999	3.59	14.38	14.03
2000	3.05	12.40	12.17
2001	3.38	15.04	14.78
2002	2.60	12.18	11.91
2003	2.61	12.55	12.28
2004	3.10	16.13	15.90
2005^p	4.40	15.20	14.98

^pPreliminary. ¹Number of pounds of 16% mixed dairy feed (51 lbs. corn, 8 lbs. soybeans and 41 lbs. alfalfa hay) equal in value to one gallon of whole milk. ²All Milk price published at test. ³Net pay price received by dairy farmers for milk in Federal Orders. Adjusted for all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average by reporting area and is reported at the average butterfat test. N/A =Not Available.

Source: USDA, National Agricultural Statistics Service and Agricultural Marketing Service.

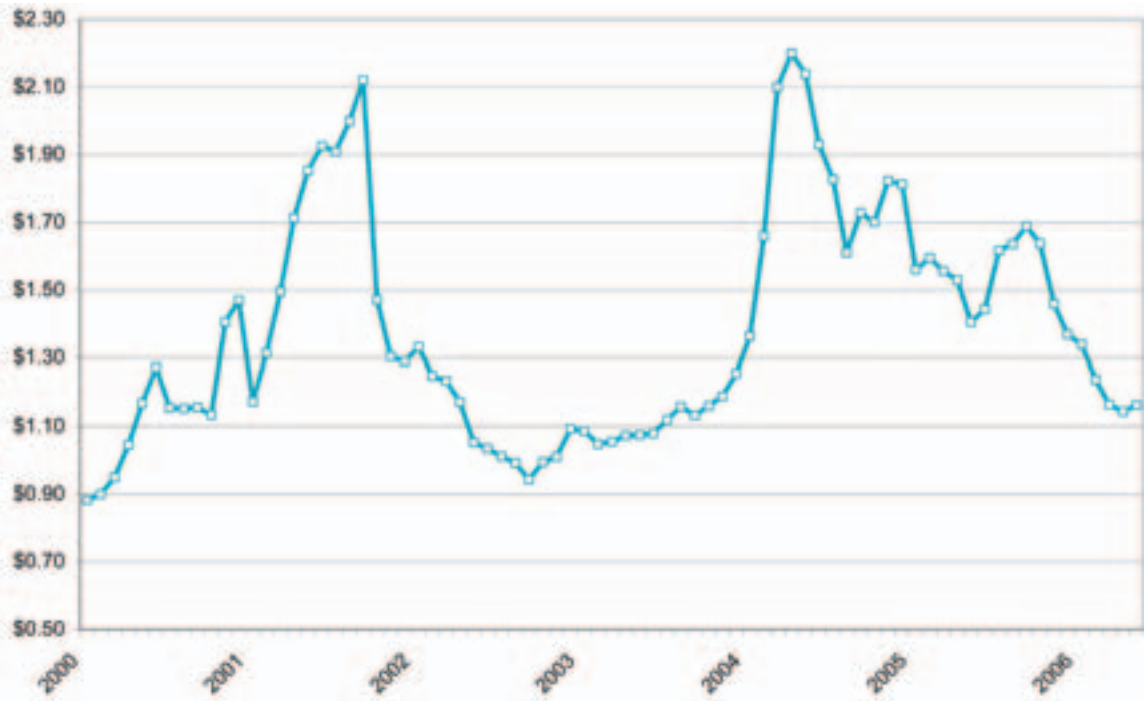
Milk Price Support Program; 1990-2005

	Support Price ¹ (\$ per 100 Lbs.)	Government Net Removals of Cheese ²	Government Net Removals of Nonfat Dry Milk ²	Government Net Removals of Butter ²	Total Government Net Removals (Milk Equivalent) Milkfat Basis ²	Total Government Net Removals (Milk Equivalent) SNF Basis ²
		(Million Lbs.)	(Million Lbs.)	(Million Lbs.)	(Billion Lbs.)	(Billion Lbs.)
1990	10.10	21.5	117.8	400.9	8.5	1.7
1991	10.10	76.9	269.5	442.9	10.4	4.0
1992	10.10	14.4	136.7	439.5	9.9	2.0
1993	10.10	8.3	304.3	287.8	6.6	3.9
1994	10.10	6.9	290.0	204.3	4.8	3.7
1995	10.10	6.1	343.8	77.8	2.1	4.4
1996	10.35	4.6	57.2	0.1	0.1	0.7
1997	10.20	11.3	298.0	38.4	1.1	3.7
1998	10.05	8.2	326.4	12.6	0.4	4.0
1999	9.90	4.6	540.6	3.7	0.3	6.5
2000	9.90	28.0	692.6	8.9	0.8	8.6
2001	9.90	3.9	495.9	0.0	0.1	5.8
2002	9.90	16.1	828.0	0.0	0.3	9.8
2003	9.90	41.6	706.3	29.1	1.2	8.6
2004	9.90	2.2	50.2	-6.1 ³	-0.1 ³	0.6
2005	9.90	0.0	81.5	0.0	0.2	0.9

¹At national average milkfat of 3.67%. ²Includes contracts for export under the DEIP. ³Negative number indicates unrestricted sales where greater than the sum of the net purchases for price support program and DEIP removals.
Source: USDA, Economic Research Service.

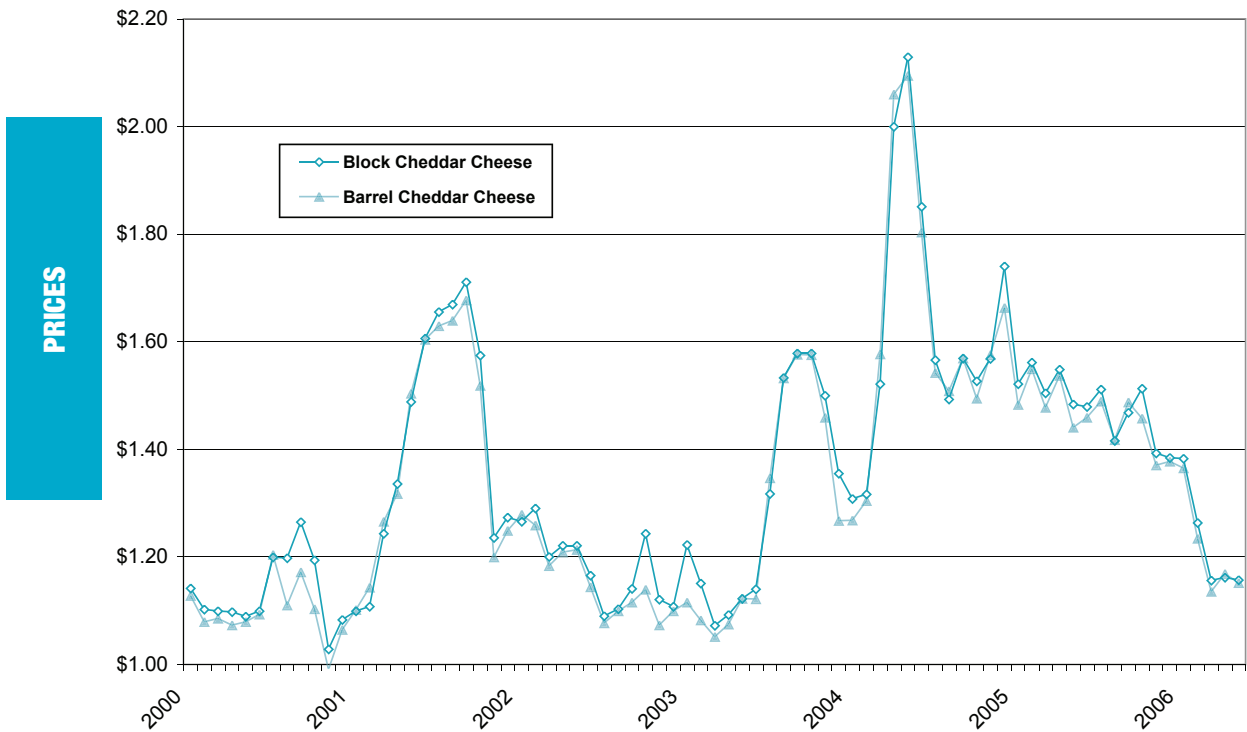
PRICES

U.S. Selected Dairy Product Prices, Grade AA Butter; 2000-2006



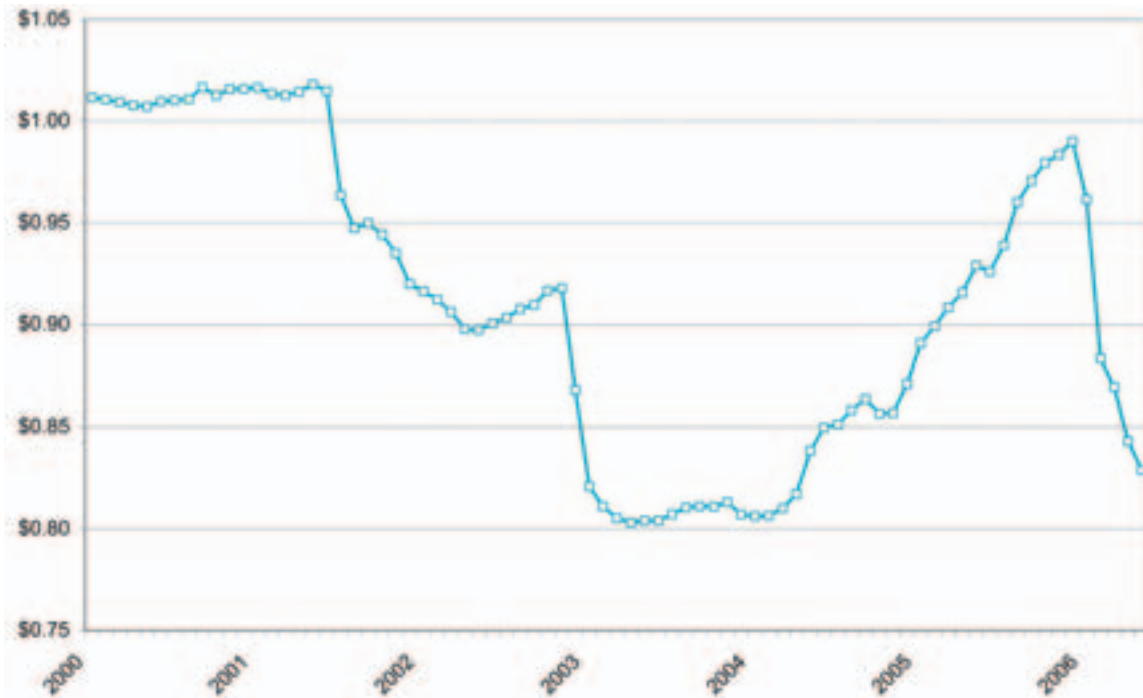
Source: USDA, National Agricultural Statistics Service and Agricultural Marketing Service; and Chicago Mercantile Exchange

U.S. Selected Dairy Product Prices, Block Cheddar Cheese & Barrel Cheddar Cheese; 2000-2006



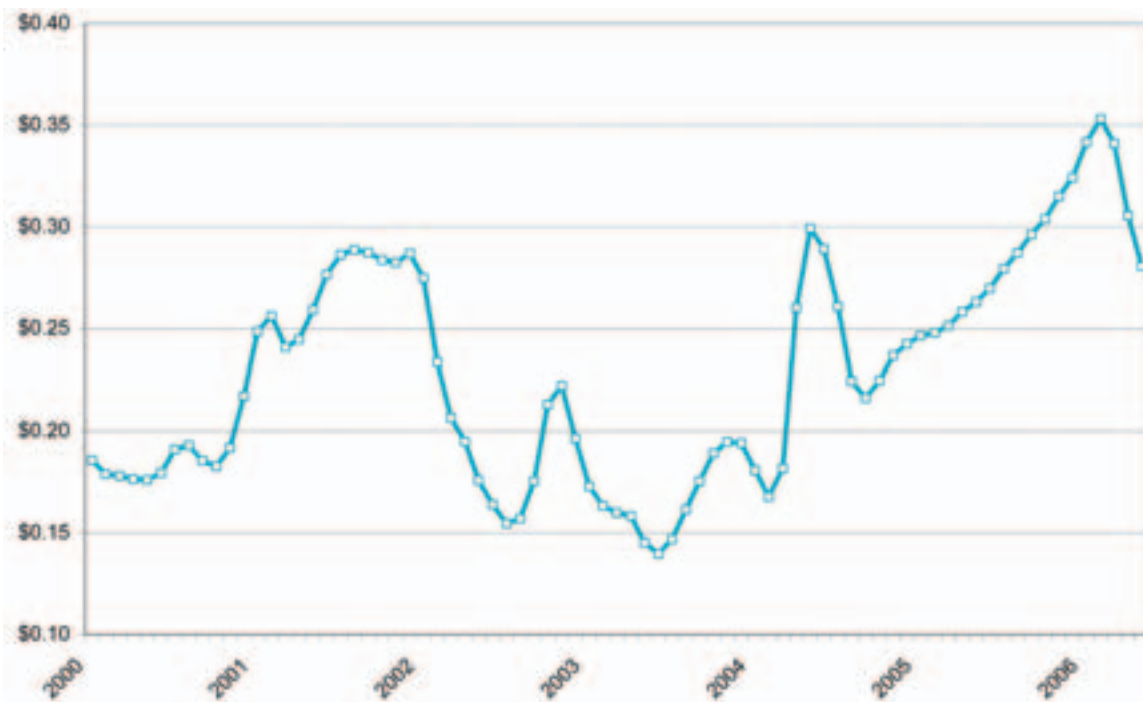
Source: USDA, National Agricultural Statistics Service and Agricultural Marketing Service; and Chicago Mercantile Exchange

U.S. Selected Dairy Product Prices, Nonfat Dry Milk; 2000-2006



Source: USDA, National Agricultural Statistics Service and Agricultural Marketing Service; and Chicago Mercantile Exchange

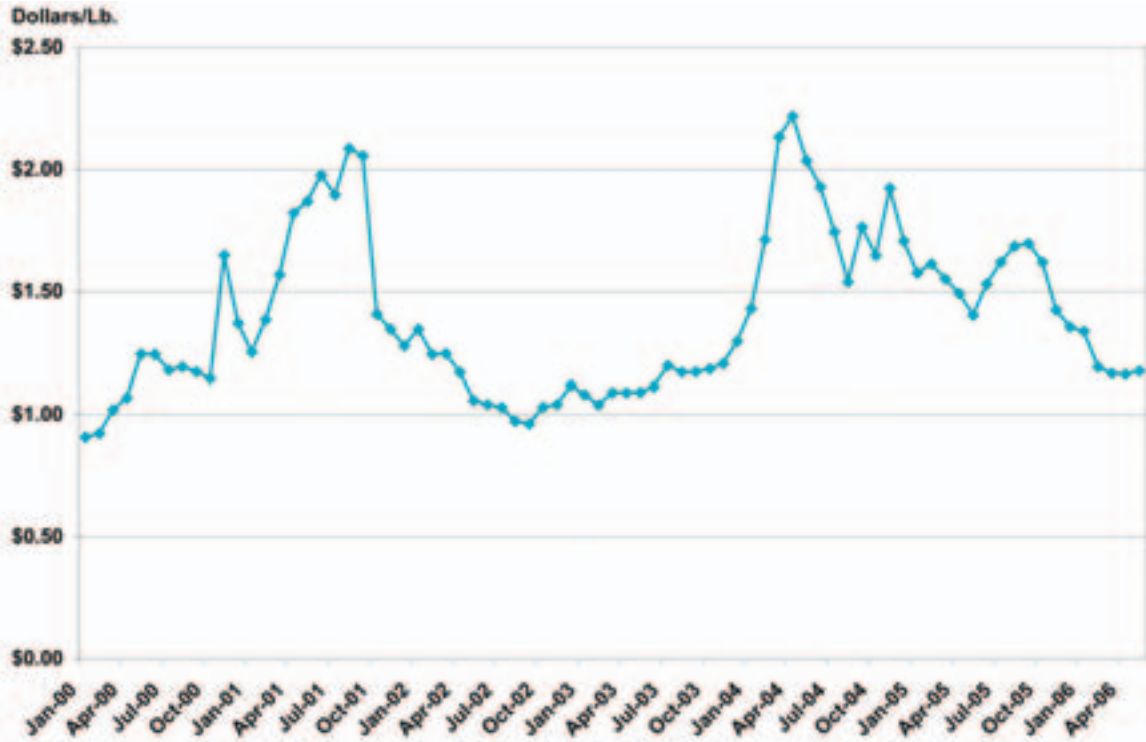
U.S. Selected Dairy Product Prices, Dry Whey; 2000-2006



PRICES

Source: USDA, National Agricultural Statistics Service and Agricultural Marketing Service; and Chicago Mercantile Exchange

Grade AA Butter Prices by Month; 2000-2006



Source: USDA, Chicago Mercantile Exchange.

PRICES

V. INTERNATIONAL

International Dairy Trade Overview

As world dairy markets tightened and world prices climbed higher, the U.S. dairy industry recorded its best year ever for exports in 2005, with export value rising 10.9% to over \$1.5 billion. Exports in 2005 represented 8.3% of U.S. milk solids output by volume, also an all-time high and more than double the percentage of a decade ago, according to the U.S. Dairy Export Council.

Looking at volume in metric tons, the total volume of U.S. dairy exports rose 8.8% to 987.3 thousand metric tons in 2005, with most of the increase driven by overseas demand for dry milk products. Specifically, nonfat dry milk exports grew nearly 20% from 231.6 thousand metric tons in 2004 to more than 277.1 thousand metric tons in 2005, while whey exports increased 33.3% to 268.4 thousand metric tons.

The United States exported more than 40% of its domestic nonfat dry milk production, almost 40% of all dry whey production, and just over 60% of the lactose produced. The strength of world dairy markets was proven by the fact that the 12-month period ending June 30, 2005, was the first in which the U.S. Department of Agriculture did not provide any export subsidies for nonfat dry milk under its Dairy Export Incentive Program (DEIP) since the program was first used in 1991. In fact, the only subsidy provided under this program was for 6.7 million pounds of cheese, which is the limit allowed by the United States under World Trade Organization commitments.

In the first six months of 2006, the total volume of U.S. dairy exports continued to rise, growing 5.3%, along with the total value of U.S. dairy exports, which climbed about 8% when compared with the same period last year.

Looking at imports, the volume of dairy products coming into the United States also grew in 2005, but at a more modest pace than that of exports. Dairy imports rose 8.2% in 2005 compared to 2004, reaching 802.3 thousand metric tons. Due to the generally higher value of cheeses and other commonly imported products, the total value of U.S. dairy imports in 2005 increased 12.6% to \$2.56 billion. Cheese imports — which account for about 40% of the total value of U.S. dairy imports — actually declined in volume slightly while rising in value by 2.5%.

The largest single category of imports for the second year was butter and related products, where imports equaled 6.4% of total U.S. butter production. Cheese imports equaled 5.1% of U.S. production.

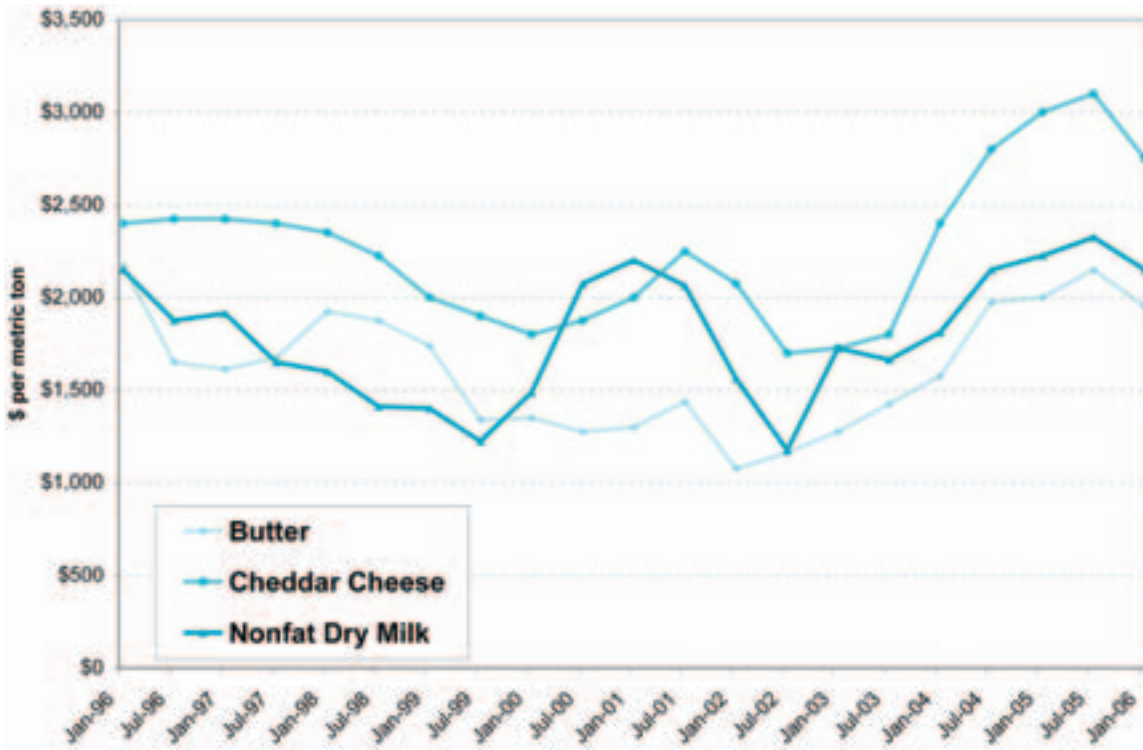
The total volume and value of imports dropped during the first half of 2006; total volume dropped by 4.9% while value dropped 3.2%.

International Dairy Prices; 1996-2006 (fob N. Europe, Mid-point of Range)

		Butter	Cheese	Nonfat Dry Milk
		(\$/MT)	(\$/MT)	(\$/MT)
1996	January	2,175	2,400	2,150
	July	1,650	2,425	1,875
1997	January	1,613	2,425	1,913
	July	1,675	2,400	1,650
1998	January	1,925	2,350	1,600
	July	1,875	2,225	1,413
1999	January	1,738	2,000	1,400
	July	1,338	1,900	1,225
2000	January	1,350	1,800	1,488
	July	1,275	1,875	2,075
2001	January	1,300	2,000	2,200
	July	1,438	2,250	2,063
2002	January	1,075	2,075	1,563
	July	1,163	1,700	1,175
2003	January	1,275	1,725	1,725
	July	1,425	1,800	1,663
2004	January	1,575	2,400	1,813
	July	1,975	2,800	2,150
2005	January	2,000	3,000	2,225
	July	2,150	3,100	2,325
2006	January	1,950	2,750	2,150

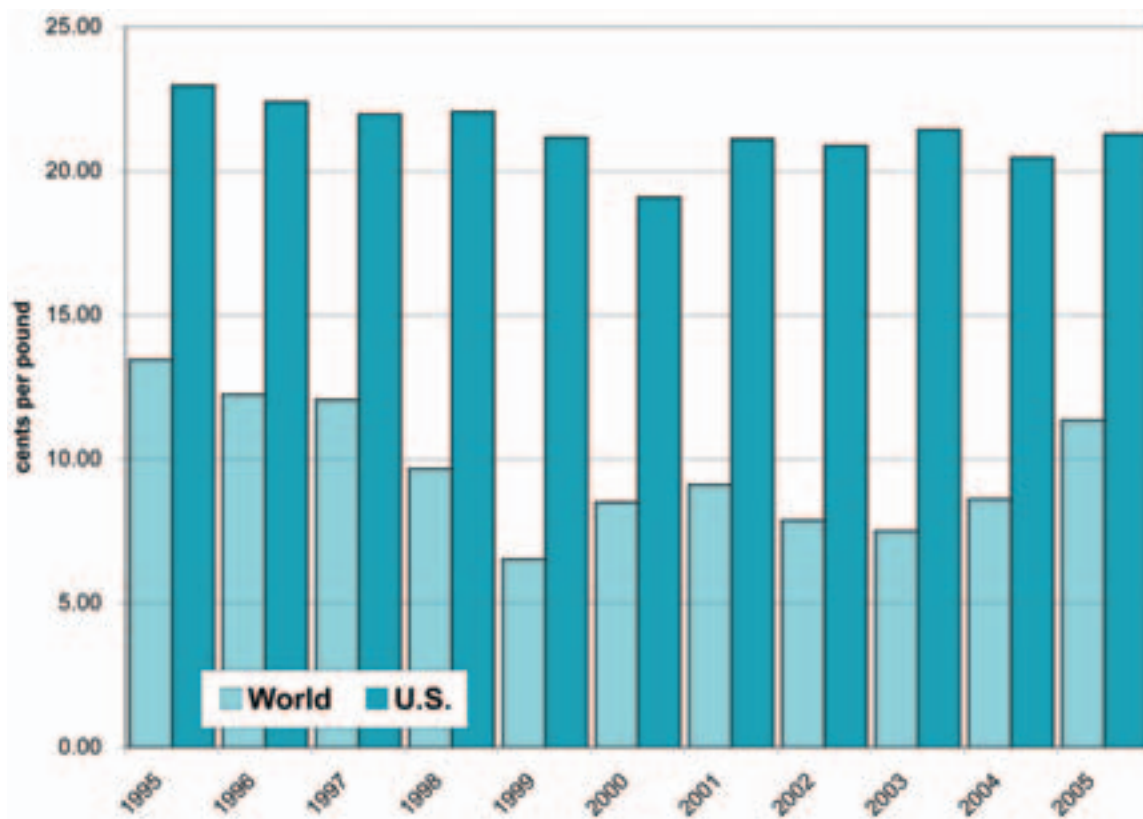
Note: MT = Metric ton equal to 2204.6 lbs
Source: USDA, Foreign Agricultural Service.

International Dairy Prices (fob N. Europe, Mid-point of Range); 2000-2006



Source: USDA, Foreign Agricultural Service

U.S. and World Raw Sugar Prices; 1995-2005



Source: USDA, Foreign Agricultural Service, Economic Research Service

U.S. Imports and Exports of Selected Dairy Products as a Percent of U.S. Production; 2005

	U.S. Production	Imports	Percent of Production	Exports	Percent of Production
	(Million Pounds)		(%)	(Million Pounds)	(%)
Fluid Milk and Cream	53,961	33	0.1	47	0.1
Yogurt	2,990	15	0.5	7	0.2
Frozen Dairy Products	6,908	216	3.1	57	0.8
Cheese and Related Products	9,127	470	5.1	127	1.4
Butter and Related Products	1,347	87	6.4	19	1.4
Nonfat Dry Milk¹	1,509	3	0.2	611	40.5
Dry Whey Products	1,493	15	1.0	592	39.6
Lactose	668	13	2.0	406	60.7

¹Includes skim milk powders.

Source: IDFA calculations based on USDA, Foreign Agricultural Service and National Agricultural Statistics Service data.

Selected World Ingredient Prices; 2004-2006

	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Annual Average
World Raw Sugar Prices (cents per pound)													
2004	6.42	7.01	8.23	8.21	8.08	8.41	9.19	8.99	9.10	9.84	9.65	10.19	8.61
2005	10.33	10.51	10.57	10.19	10.23	10.45	10.89	11.09	11.59	12.40	12.89	15.09	11.35
2006	17.27	18.93	18.01	18.21									
U.S. Raw Sugar Prices (cents per pound)													
2004	20.54	20.57	20.86	20.88	20.69	20.03	20.14	20.10	20.47	20.31	20.40	20.55	20.46
2005	20.57	20.36	20.54	21.21	21.96	21.89	21.94	20.49	21.10	21.71	21.83	21.74	21.28
2006	23.61	24.05	23.10	23.56									
World Cocoa Bean Price (cents per pound)													
2004	73.68	71.17	68.24	65.2	64.13	63.86	70.74	78.44	69.87	67.35	75.40	74.78	70.24
2005	70.27	74.14	79.72	71.94	68.56	69.81	67.54	67.22	68.23	65.89	65.04	68.84	69.77
2006	71.57	70.08	70.04	70.42	72.32								
High Fructose Corn Syrup (cents per pound)													
2004	13.20	13.20	13.20	13.20	13.20	13.20	13.20	13.20	13.20	13.20	13.20	13.20	13.20
2005	13.20	13.20	13.20	13.20	13.20	13.20	13.20	13.20	13.20	13.20	14.70	16.20	14.70
2006	16.20	16.20	16.20	16.20									

Source: USDA, Foreign Agricultural Service, Economic Research Service, International Cocoa Organization.

U.S. Exports of Dairy Products; 2004-2005

	2004	2005	% Change
BY DOLLARS	(Thousand Dollars)		
Fluid Milk & Cream	22,855	15,835	-30.7
Condensed & Evaporated Milk	32,888	18,449	-43.9
Butter & Milkfat	15,214	16,829	10.6
Cheese & Curd	197,512	201,076	1.8
Nonfat Dry Milk	445,603	556,556	24.9
Dry Whole Milk & Cream	76,026	21,564	-71.6
Whey	160,596	220,986	37.6
Whey, Fluid	1,298	2,022	55.8
Ice Cream and Related Products	50,018	57,165	14.3
Yogurt & Other Fermented Milk Products	8,989	15,972	77.7
Lactose	105,590	115,049	9.0
Milk-based Drinks	19,081	13,656	-28.4
Casein and Casein Products	22,093	34,920	58.1
Food Preparations Containing Milk	183,235	218,341	19.2
Other	63,270	48,603	-23.2
Total	1,404,268	1,557,023	10.9
BY VOLUME	(Metric Tons)		
Fluid Milk & Cream ¹	29,528	21,182	-28.3
Condensed & Evaporated Milk	32,515	20,071	-38.3
Butter & Milkfat	8,981	8,596	-4.3
Cheese & Curd	61,357	57,510	-6.3
Nonfat Dry Milk	231,614	277,057	19.6
Dry Whole Milk & Cream	43,680	17,074	-60.9
Whey	201,401	268,436	33.3
Whey, Fluid ¹	803	1,230	53.2
Ice Cream and Related Products	23,898	26,078	9.1
Yogurt & Other Fermented Milk Products	3,982	3,332	-16.3
Lactose	181,031	183,941	1.6
Milk-Based Drinks ¹	11,982	8,953	-25.3
Casein and Casein Products	4,016	5,273	31.3
Food Preparations Containing Milk	93,869	107,187	14.2
Other	21,329	12,752	-40.2
Total Volume of Liquid Dairy Product Exports¹	42,313	31,365	-25.9
Total Volume of Non-Liquid Exports¹	907,672	987,306	8.8

¹Kiloliters.

Source: IDFA calculations based on data from USDA, Foreign Agriculture Service

U.S. Imports of Dairy Products; 2004-2005

	2004	2005	% Change
DOLLAR VALUE	(Thousand Dollars)		
Fluid Milk and Cream	8,464	14,277	68.7
Concentrated and Evaporated Milk	39,467	63,123	59.9
Yogurt and other non-liquid cultured products	11,347	16,089	41.8
Buttermilk and other liquid cultured products	25	2	-92.0
Milk-based drinks	1,277	2,707	112.0
Ice Cream and related products	111,635	166,767	49.4
Cheese and curd	981,751	1,006,656	2.5
Butter and milkfat products	89,095	88,970	-0.1
Nonfat dry milk	1,867	14,277	664.7
Dry whole milk	0	0	N/A
Dry whey and whey protein products	12,451	14,552	16.9
Liquid whey	0	0	N/A
Casein and caseinates	580,701	668,760	15.2
Milk protein concentrates	147,836	181,373	22.7
Lactose and related products	7,076	7,266	2.7
Processed foods and food preparations containing milk	282,586	318,398	12.7
Total Value of Dairy Imports	2,275,578	2,563,217	12.6
VOLUME	(Metric Tons)		
Fluid Milk and Cream ¹	9,960	14,890	49.5
Concentrated and Evaporated Milk	27,201	39,972	47.0
Yogurt and other non-liquid cultured products	4,575	6,623	44.8
Buttermilk and other liquid cultured products ¹	38	0	-99.2
Milk-based drinks ¹	1,846	2,973	61.0
Ice Cream and related products	80,604	98,203	21.8
Cheese and curd	215,256	213,054	-1.0
Butter and milkfat products	41,267	39,265	-4.9
Nonfat dry milk	637	1,312	105.8
Dry whole milk	0	0	N/A
Dry whey and whey protein products	7,665	6,747	-12.0
Liquid whey ¹	0	0	N/A
Casein and caseinates	122,013	117,518	-3.7
Milk protein concentrates	46,573	73,182	57.1
Lactose and related products	5,355	5,923	10.6
Processed foods and food preparations containing milk	190,339	200,530	5.4
Total Volume of Liquid Dairy Product Imports¹	11,844	17,863	50.8
Total Volume of Non-Liquid Dairy Imports	741,483	802,328	8.2

¹Kiloliters. N/A = Not Available.

Source: IDFA calculations based on data from USDA, Foreign Agricultural Service.

U.S. DEIP Bid Acceptances; 1991-2006

	Nonfat Dry Milk ¹	Whole Milk Powder ¹	Butter	Butteroil	Butterfat ²	Cheese ¹
(Million Pounds)						
1991 ³	45.9	3.0	0.4	24.3	0.0	8.8
1992 ³	249.5	34.7	5.9	45.7	0.0	7.0
1993 ³	258.3	35.7	15.3	29.7	0.0	6.7
1994 ³	261.6	31.3	52.2	32	0.0	7.5
1995 (Jan.-June)	217.7	25.4	0.0	38.5	0.0	1.9
1995-1996 ⁴	140.9	10.1	0.0	0.0	N/A	7.2
1996-1997 ⁴	154.1	4.8	0.0	0.0	20.5	6.7
1997-1998 ⁴	203.3	16.5	0.0	0.0	75.4	7.7
1998-1999 ⁴	286.2	11.8	0.0	0.0	0.9	6.9
1999-2000 ⁴	223.5	39.5	0.0	0.0	11.7	8.5
2000-2001 ⁴	150.4	0.0	0.0	0.0	0.0	6.7
2001-2002 ⁴	150.4	0.0	0.0	0.0	4.7	6.7
2002-2003 ⁴	150.4	0.0	0.4	0.0	26.4	6.7
2003-2004 ⁴	150.4	0.0	0.0	0.0	0.0	6.7
2004-2005 ⁴	0.0	0.0	0.0	0.0	0.0	6.7
2005-2006 ⁴	0.0	0.0	0.0	0.0	0.0	0.0

¹Includes all reallocated tons. ²Includes butter, butteroil, anhydrous milkfat and ghee on a butter equivalent basis. ³Calendar year. ⁴DEIP fiscal year July-June.
N/A = Not Available.
Source: USDA, Foreign Agricultural Service.

U.S. Exports of Cheese to 20 Largest Trading Partners¹; 2004-2005

	Quantity			Value		
	2004	2005	% Change '04-'05	2004	2005	% Change '04-'05
	(Metric Tons)			(Million Dollars)		
1 Mexico	21,353	17,512	-18	64.77	60.16	-7
2 Canada	5,968	8,268	39	25.07	32.52	30
3 Japan	9,432	8,156	-14	26.79	27.49	3
4 Republic of Korea	4,111	6,030	47	16.26	22.48	38
5 Taiwan	904	1,117	24	3.67	4.29	17
6 Bahamas, The	857	874	2	3.52	3.82	9
7 Hong Kong	837	858	3	3.09	3.31	7
8 Saudi Arabia	856	667	-22	2.92	2.80	-4
9 Dominican Republic	477	675	42	1.90	2.69	42
10 Honduras	812	781	-4	2.72	2.62	-4
11 Philippines	1,825	870	-52	6.08	2.54	-58
12 Israel	395	634	60	1.44	2.40	67
13 Peru	535	796	49	1.81	2.33	29
14 Trinidad and Tobago	756	792	5	2.26	2.29	1
15 Jamaica	548	513	-6	1.92	1.90	-1
16 Chile	691	584	-16	2.32	1.84	-20
17 Singapore	808	673	-17	2.02	1.78	-12
18 United Kingdom	492	607	23	0.99	1.52	53
19 Netherlands	991	777	-22	1.62	1.40	-13
20 El Salvador	343	272	-21	1.04	1.27	22
Total U.S. Exports	61,357	57,760	-6	197.51	201.99	2

¹By 2005 value.
Source: USDA, Foreign Agricultural Service.

U.S. Share of World Cheese Exports; 1980-2005

	U.S. (Thousand MT)	World ¹ (Thousand MT)	U.S. Percent of World Exports (%)
1980	6	932	0.64
1985	16	822	1.95
1990	12	755	1.59
1991	6	769	0.78
1992	15	743	2.02
1993	19	869	2.19
1994	25	912	2.74
1995	28	969	2.89
1996	32	847	3.78
1997	38	929	4.09
1998	37	870	4.25
1999	38	854	4.45
2000	47	982	4.79
2001^r	53	1,033	5.13
2002^r	54	1,103	4.90
2003^r	52	1,129	4.61
2004^r	61	1,180	5.17
2005^p	58	1,176	4.93

^rRevised. ^pPreliminary.
Source: USDA, Foreign Agricultural Service.

U.S. Imports of Cheese, by Type; 2004-2005

	Quantity			Value		
	2004	2005	% Change '04-'05	2004	2005	% Change '04-'05
	(Metric Pounds)			(Million Dollars)		
Cheese (Nonquota)						
Bryndza	0.026	0.004	-86.7	0.046	0.027	-0.4
Gammelost/Nokkelost	0.062	0.017	-72.8	0.210	0.053	-74.8
Gjetost	1.080	0.918	-15.1	3.051	3.029	-0.7
Pecorino	14.982	14.511	-3.1	35.528	37.420	5.3
Roquefort	0.876	0.574	-34.5	3.007	2.234	-25.7
Stilton	4.432	11.276	154.4	5.952	6.485	9.0
Other Cheese; Inc. Subs.	62.319	69.801	12.0	155.609	168.550	8.3
Total Cheese Non-quota	83.777	97.100	15.9	184.976	203.545	7.1
Cheese (Quota)						
American Type	70.918	46.267	-34.8	99.906	68.471	-31.5
Blue Mold	8.776	8.408	-4.2	25.745	25.592	-0.6
Edam/Gouda	14.934	13.636	-8.7	31.154	28.904	-7.2
Chongos	4.044	3.219	-20.4	7.757	7.089	-8.6
Gruyere	12.652	12.164	-3.9	17.533	18.228	4.0
Italian	69.480	86.019	23.8	162.464	185.204	14.0
Swiss/Emmenthaler	67.096	63.562	-5.3	129.966	131.855	1.5
Other Cheese and Subs.	142.879	139.327	-2.5	303.819	323.515	6.5
Total Cheese Quota	390.778	372.603	-4.7	697.254	778.756	1.4
Grand Total	474.555	469.703	-1.0	882.230	982.301	11.3

Source: Foreign Agricultural Service.

U.S. Exports of Ice Cream and Related Products to Top 20 Countries; 2004-2005

	Quantity			Value		
	2004	2005	% Change '04-'05	2004	2005	% Change '04-'05
	(Metric Tons)			(Thousand Dollars)		
1 Mexico	9,789	12,882	32	16,964	23,758	40
2 Canada	4,229	3,037	-28	6,635	5,647	-15
3 Japan	1,086	1,084	0	3,620	4,152	15
4 United Kingdom	1,170	1,236	6	3,448	3,602	4
5 Hong Kong	889	786	-12	3,160	2,784	-12
6 Bahamas, The	951	1,093	15	1,683	1,991	18
7 Russian Federation	92	485	425	282	1,611	471
8 Netherlands Antilles	446	538	21	1,310	1,601	22
9 Korea, Republic of	642	460	-28	1,878	1,304	-31
10 Jamaica	830	777	-6	1,176	1,286	9
11 Singapore	433	616	42	1,151	1,239	8
12 Bermuda	305	244	-20	904	843	-7
13 Chile	145	206	42	419	532	27
14 Taiwan	159	218	37	358	502	40
15 Israel	158	186	17	412	484	17
16 Trinidad and Tobago	117	150	29	283	474	67
17 Brazil	159	151	-5	441	443	0
18 Nigeria	98	103	4	229	387	69
19 Dominican Republic	93	121	29	324	375	16
20 Saudi Arabia	30	153	409	69	364	428
Total U.S. Exports	23,898	26,121	9	50,018	57,323	15

Source: USDA, Foreign Agricultural Service.

World and Selected Countries' Trade in Dairy Products (Exports); 1999-2004

	1999 ^r	2000 ^r	2001 ^r	2002 ^r	2003 ^r	2004 ^a
	(Thousand MT)					
Butter/Butteroil						
World	764	954	962	1,076	929	920
EU	159	175	172	208	301	346
U.S.	5	9	11	4	12	12
Australia	108	109	109	110	83	76
New Zealand	336	329	332	386	413	360
Other Countries	156	332	338	368	121	126
Nonfat Dry Milk (Skim Milk Powder)						
World	1,114	1,261	1,040	1,103	1,040	1,100
EU	272	357	142	160	222	279
Canada	41	32	46	49	36	16
U.S.	183	113	110	112	147	258
Argentina	29	27	19	22	16	17
Australia	253	218	244	217	161	147
New Zealand	172	251	245	345	344	310
Poland	83	86	108	94	99	N/A
Other Countries	80	177	127	104	65	135
Whole Milk Powder						
World	1,508	1,529	1,573	1,727	1,716	1,720
EU	576	575	477	495	481	504
U.S.	18	25	39	42	11	16
Argentina	149	104	83	135	110	181
Australia	169	183	218	200	159	152
New Zealand	393	474	476	540	657	580
Other Countries	204	168	280	315	299	287
Cheese						
World	1,181	1,368	1,290	1,347	1,430	1,450
EU	398	458	470	484	509	568
Switzerland	60	58	58	55	55	56
Australia	202	223	217	207	212	247
New Zealand	249	262	262	290	269	240
U.S.	38	48	52	54	52	61
Other Countries	234	319	231	258	333	277

^rRevised. ^aPreliminary. Latest data available.
Source: International Dairy Federation.

World and Selected Countries' Trade in Dairy Products (Imports); 1999 - 2004

	1999 ^a	2000 ^a	2001 ^a	2002 ^a	2003 ^a	2004 ^a
Butter/Butteroil	(Thousand MT)					
World	753	954	962	1,076	929	920
EU	105	104	114	116	115	90
Russia	53	54	109	120	133	101
Egypt	43	61	45	50	47	N/A
Morocco	20	27	29	34	35	N/A
Mexico	34	34	37	46	50	N/A
Brazil	11	13	3	11	2	N/A
Iran	11	20	13	26	28	N/A
Jordan	0	0	0	4	13	7
U.S.	15	19	50	31	27	43
Other Countries	461	622	562	638	479	679
Nonfat Dry Milk (Skim Milk Powder)						
World	1,115	1,261	1,040	1,103	1,040	1100
EU	73	78	57	69	94	22
Russia	109	51	65	50	60	N/A
China	N/A	N/A	N/A	35	45	55
Japan	57	52	53	44	43	37
Philippines	87	108	89	100	105	N/A
Brazil	46	30	30	11	10	N/A
Mexico	125	129	141	132	157	159
Algeria	71	70	97	114	100	N/A
Other Countries	547	743	508	548	426	827
Whole Milk Powder						
World	1,486	1,516	1,573	1,650	1,650	1600
Russia	35	25	15	16	20	N/A
Algeria	106	110	110	116	115	N/A
Brazil	147	108	43	95	33	23
Mexico	35	34	55	45	45	N/A
Venezuela	67	67	90	78	75	N/A
China	N/A	N/A	N/A	26	89	9
Saudi Arabia	97	81	79	80	120	N/A
Malaysia	54	76	80	71	75	N/A
Philippines	37	52	50	45	42	N/A
Other Countries	908	963	1,051	1,078	1,036	1,568
Cheese						
World	1,184	1,368	1,290	1,347	1,430	1450
EU	146	148	174	156	175	111
Switzerland	31	31	31	31	32	32
Russia	60	36	112	98	152	N/A
U.S.	198	189	215	216	216	215
Brazil	20	16	8	19	7	5
Mexico	45	54	66	72	78	74
Egypt	16	15	9	9	12	N/A
Japan	181	205	202	204	194	219
Korea	21	30	34	31	33	N/A
Saudi Arabia	77	73	67	75	79	N/A
Australia	31	33	38	42	45	49
Other Countries	358	538	334	394	407	745

^aRevise, ^bPreliminary, N/A = Not Available. Latest data available
Source: International Dairy Federation.

Milk Cows and Production by Selected Country; 2005

	Cow Numbers	Milk Production Per Cow	Total Production
	(Thousand)	(Thousand Lbs.)	(Million Lbs.)
Argentina	2,100	10,340	21,716
Australia	2,041	11,266	22,992
Canada	1,066	16,116	17,189
European Union	23,533	12,368	291,070
India	38,000	2,227	84,878
Mexico	6,850	3,175	21,727
New Zealand	3,970	8,047	31,967
Romania	1,587	7,650	12,125
Russia	10,400	6,790	70,548
Others¹	26,660	40,477	163,385
Total Foreign	116,207	118,454	737,596
United States	9,041	19,577	176,992
Total Selected Countries	125,248	138,031	914,588

Note: data for all selected countries are preliminary. ¹Includes; Brazil, Ukraine, China, & Japan.
Source: Foreign Agricultural Service/ CMP/ Dairy Livestock & Poultry Division.

Per Capita Consumption of Dairy Products by Selected Countries; 2005

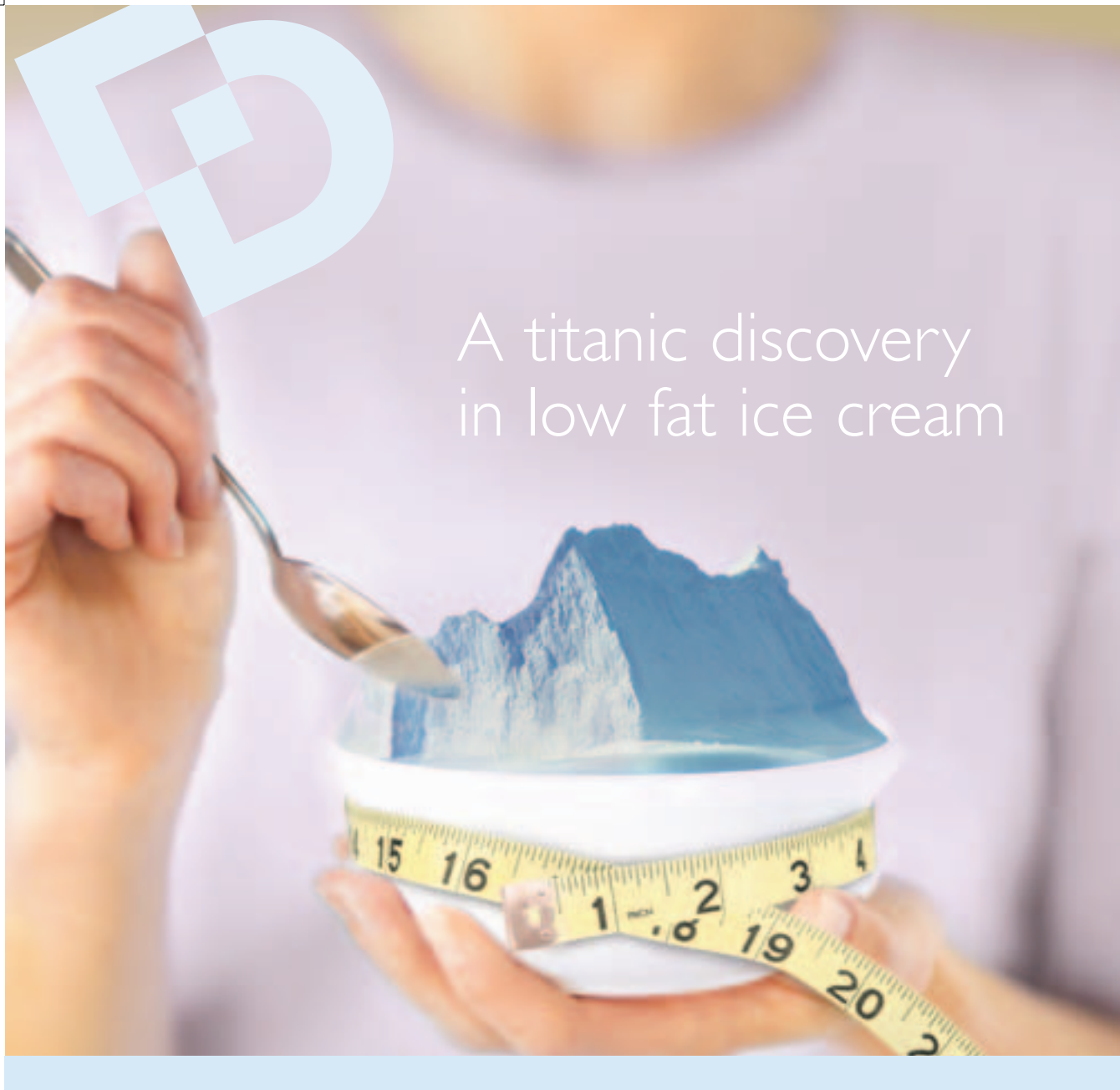
	Fluid Milk	Cheese	Butter	Nonfat Dry Milk	Whole Milk Powder
	(Pounds Per Capita)				
Algeria	N/A	N/A	1.00	6.69	10.71
Argentina	105.94	19.52	N/A	1.12	5.02
Australia	228.58	24.47	7.13	2.19	2.74
Brazil	156.07	5.64	0.91	1.36	5.25
Canada	191.26	24.53	5.58	5.11	N/A
Chile	N/A	N/A	N/A	2.07	7.31
China	21.94	N/A	N/A	0.19	1.61
Colombia	N/A	N/A	N/A	0.46	N/A
Egypt	N/A	13.20	1.17	0.65	N/A
European Union-25¹	164.17	29.45	9.40	4.69	1.70
India	77.62	N/A	5.74	0.50	N/A
Indonesia	N/A	N/A	N/A	1.17	0.72
Japan	82.62	4.29	1.49	3.93	N/A
Korea	N/A	2.03	N/A	0.99	N/A
Mexico	88.56	4.55	2.99	7.10	0.73
New Zealand	196.67	15.30	14.20	2.73	0.55
Peru	0.00	N/A	N/A	0.47	N/A
Philippines	N/A	N/A	N/A	2.81	0.45
Romania	365.30	2.57	0.99	N/A	N/A
Russia	198.42	9.50	5.94	2.55	1.70
Taiwan	N/A	N/A	1.16	1.44	3.08
Ukraine	202.81	7.61	5.16	0.70	0.47
United States	204.00	32.00	4.59	4.53	0.13

¹European Union includes: Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, United Kingdom. N/A = not available.
Source: USDA, Foreign Agricultural Service/ CMP/ Dairy Livestock & Poultry.

Canadian Production of Selected Dairy Products; 2004-2005

	2004 ^r	2005 ^p	% Change '04-'05
Thousand Litres			
Fluid Milks			
Whole	418,002	406,704	-2.70
Reduced Fat (2%)	1,280,960	1,251,774	-2.28
Lowfat (1%)	571,120	573,365	0.39
Fatfree	275,446	285,228	3.55
Chocolate	172,373	176,645	2.48
Other	23,325	23,050	-1.18
Fluid Creams	220,356	220,656	0.14
Sour Cream	43,070	42,855	-0.50
Litres			
Ice Cream Related Products			
Hard Ice Cream	284,350	310,304	9.13
Soft Ice Cream	16,812	17,516	4.19
Ice Cream Mix	154,778	169,742	9.67
Frozen Dairy Mix	38,078	36,034	-5.37
Sherbet/Sorbet/Water Ice	28,944	27,908	-3.58
Frozen Yogurt	6,704	7,846	17.03
Thousand Kilograms			
Butter	86,919	83,523	-3.91
Concentrated Milk ¹	51,162	46,884	-8.36
Skim Milk Powder	87,839	73,119	-16.76
Cottage Cheese ²	26,324	27,463	4.33
Yogurt	215,267	233,172	8.32
Thousand Pounds			
Cheese			
Cream Cheese	73,096	72,565	-0.73
Cheddar ³	278,693	290,728	4.32
Other American	21,025	20,803	-1.06
Mozzarella	264,952	266,856	0.72
All Other	123,851	124,687	0.67

^rRevised. ^pPreliminary. ¹Includes Whole, Skim, Partly Skimmed and Sweetened Skimmed. ²Cottage cheese with or without cream cheese added. ³Includes cheese used in the making of processed cheese.



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¹ Patent pending ² Research conducted by University of Wisconsin - Madison

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