National Dairy FARM Program[™]. **2014 Year in Review**

The U.S. dairy farming community is committed to ensuring the well-being of the animals in our care. The National Dairy FARM Program: Farmers Assuring Responsible Management™ (FARM Program) provides consistency and uniformity to best practices in on-farm animal care and quality assurance through a nation-wide, verifiable program. Third-Party Verification of the program's content and execution helps ensure its validity and integrity to our customers and consumers.

In 2014, FARM Program participation expanded with additional enrollment of cooperatives, proprietary processors and individual producers, which proactively demonstrates the dairy industry's continued commitment to providing high-level care to dairy animals. Participation increased to more than 75 percent of the U.S. milk supply.

The strength, scope and science-basis of the animal care program has been critical to help shape international initiatives on animal welfare. The broadly-accepted animal care program for the U.S. dairy industry has enabled the U.S. government and dairy industry representatives to provide consistent, constructive feedback during the public comment process to both the World Animal Health Organization (OIE) and the International

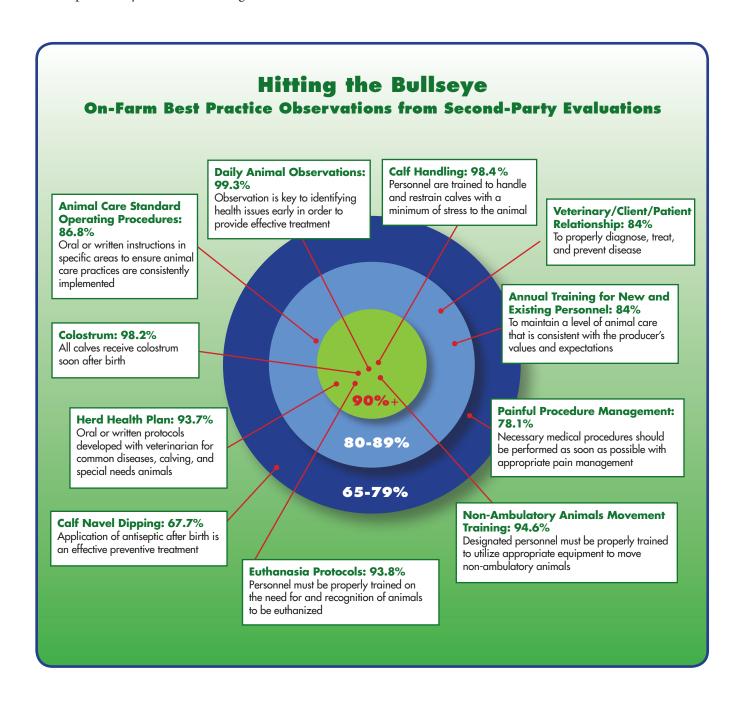
Standards Organization (ISO), which have been working to develop international standards on animal welfare. Through NMPF representation, the FARM Program participates in the standards-setting process to represent the best interests of the U.S. dairy industry. The program is also utilized in animal welfare discussions at the Food and Agriculture Organization (FAO) and the International Dairy Federation (IDF).



2014 Second-Party Evaluation Highlights

In March 2014, data collected through the Second-Party Evaluations on participating were analyzed and compared to the third-party verified data. This is the last analysis of the previous version of the FARM survey and completes the three-year continuous improvement cycle. As shown previously, the analysis demonstrated that producers take very seriously the responsibility for the well-being of animals under

their care. In many areas of the country, near universal adoption of the best practices from the FARM Animal Care Manual by participating farms was observed. Adoption of some other best practices is not nearly as universal and demonstrates the importance of continuous improvement advocated by the FARM Program. The following figure shows the percentage adoption of select best practices as of December 2013, some with near universal adoption and others with room for improvement.



2013 Third-Party Verification Highlights

The main goal of verification of the FARM program is to determine whether the Second-Party Evaluator data is consistent with the Third-Party Verification data. The annual Third-Party Verification of the FARM animal care program was conducted with on-farm visits in 2013 and statistical analysis in 2014. The Third-Party Verification findings (discussed below) confirmed the validity and integrity of the FARM Program.

How was the Third-Party Verification conducted?

The FARM Program contracted with the same statistician utilizing the same statistical-sampling strategy proven valid in last year's verification. The FARM Program kept the same third-party vendor, Validus Services, an ISO 9001:2008 Certified company, based in Des Moines, IA. On-farm Third-Party Verification was conducted on 89 randomly selected farms from July through December 2013.

What does Third-Party Verification show?

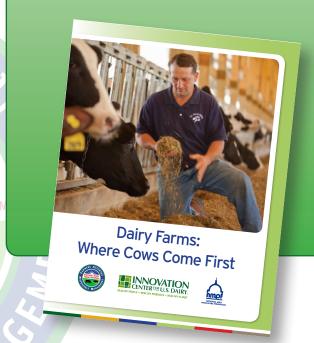
Results of the 2013 Third-Party Verification help to determine consistency of the evaluators, clarity of the individual questions, changes attributable to participating farm improvements, as well as to pinpoint areas where program improvements can be made.

Is the Second-Party Evaluator data consistent with the Third-Party Verification data?

Results of the 2013 Third-Party Verification once again demonstrated the integrity of the data collected during on-farm evaluations. This "check the checkers" analysis means that the Second-Party Evaluators are consistently implementing evaluations across all dairy farm participants. Additionally the "check the checkers" analysis demonstrates the validity of the aggregate data of the Second-Party Evaluations.

Retailer Outreach

Building on the endorsement of the FARM Program by the Innovation Center for U.S. Dairy in 2013, an outreach strategy to convey the purpose of the program and to answer frequently asked questions posed by both customers, and consumers was developed and is being implemented by interested parties across the dairy industry. Industry commitment to the FARM program conitnues to grow.



Participation

The National Dairy FARM Program would like to thank the many cooperatives, proprietary processors and individual producers who participate in the program through third-party verification. The time, energy and effort that are put into the program by the participants are appreciated. As of October 1, 2014 the FARM Program has 61 cooperatives and proprietary processors, and dozens of individual dairy producer participants.

Agropur Inc. USA Agri-Mark, Inc.

Associated Milk Producers, Inc.

BelGioioso Inc.

Bongards Creameries Borden Dairy Company

Calhoun Cooperative Creamery

California Dairies, Inc. Clarco Farmers Cooperative Cloverland Farms Dairy

Cooperative Milk Producers Association (VA)

Crystal Creamery

Dairy Farmers of America

Dassel Cooperative Dairy Association

Elmdale Creamery

Ellsworth Cooperative Creamery
Erie Cooperative Association
FarmFirst Dairy Cooperative

Farmer's Co-op Creamery Co. (MN)

First District Association Foremost Farms USA

Gilman Cooperative Creamery

Glanbia Foods, Inc. Grande Cheese Company Grassland Dairy Products, Inc. Hilmar Cheese Company

Hoard's Dairyman Farm HP Hood Booth Brothers Innovative Food Solutions

Land O'Lakes, Inc.

Lanco-Pennland Quality Milk Producers Co-op

Lone Star Milk Producers

Maryland & Viginia Milk Producers

Co-op Association

Michigan Milk Producers Association

Midwest Dairymen's Co. National Farmers Organization Nelson Creamery Association Northwest Dairy Association Osakis Creamery Association

Piedmont Milk Sales

Plainview Milk Products Cooperative

Prairie Farms Dairy, Inc. Premier Milk, Inc.

Pro-Ag Farmers Cooperative Queensboro Farm Products, Inc.

Rutter's Dairy inc. Saputo Cheese USA

Sartori

Sorrento Lactalis, Inc.

South New Berlin Milk Cooperative, Inc. Springfield Co-op Creamery Association St. Albans Cooperative Creamery, Inc.

Stockton Cheese Sunrise Ag Cooperative

Swiss Valley Farms Company United Dairymen of Arizona

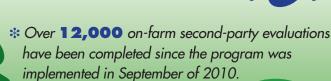
Upstate Niagara Cooperative, Inc. Valley Creamery Association

Valley Queen Cheese Factory, Inc.

Wells Enterprises, Inc. White Eagle Cooperative



* FARM Program participants produce more than **75%** of the U.S. milk supply.



* **650** evaluators have been trained since 2010.

www.nationaldairyfarm.com

