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To: NYS Dairy Foods, Inc./ Northeast Dairy Association, Inc. Members  
From: Bruce W. Krupke, Executive Vice President Date: Wednesday, May 28, 2008

**1. June Price Retail Milk Threshold Announcement:** The NY State Dept. of Agriculture has released the June 1, 2008 retail milk price threshold announcement. Since January, the threshold price has been a roller coaster, prices are back up, close to \$4/gallon in NY City. Click here: <http://www.nysdfi.org/docs/0608THRSHOLD.DOC>

Oh yes, don't forget, **JUNE IS DAIRY MONTH AND JULY IS NATIONAL ICE CREAM MONTH!** What is your company doing to celebrate and promote your products to help increase sales? Are you looking for dairy clip art, if so call our office and we'll provide you with what we have in stock! At the very least, order a cold glass of milk instead of that soda next time for lunch or dinner! How about a scoop of ice cream for dessert at well! See if your local PTA or local library is having an Ice Cream Social, get involved to increase your sales!

In similar news, unfortunately the sales update as reported by USDA through February 2008 shows total fluid milk sales are down 1.4%.

Visit these sites to find out how to promote more: <http://www.milkpep.org/> <http://www.bodybymilk.com>

**2. Regional Legislation Update:** Legislation around the Northeast is coming to a crescendo as legislative sessions are close to ending for the summer in anticipation of the elections later this fall. As legislators try to pass bills to impress voters we notice a few that merit concern.

New York State Dairy Foods, Inc. is a member of the Business Council of New York. We provide support to the Business Council when oppressive legislation is proposed. One such piece that we are monitoring is the NY Business Council Lobbying Effort to Fend off Mandates for Businesses to Provide 12 Weeks Paid Family Leave of Absence. Our association opposes efforts that either add multi layers to the cost of businesses or replicate federal law. This legislation in New York meets both criteria. The Council has a Grass Roots Action Center effort that will help your business oppose the legislative effort. Click here to HELP TAKE ACTION:  
<http://www.votervoice.net/Core.aspx?AID=768&APP=GAC&IssueID=14383&SiteID=-1>

Other legislation we are lobbying on your behalf:

**New York:** Bottle Bill Expansion Update, the Assembly has debated the bill in committee. As it stands now, it does not look like the former Governor Spitzer initiated and supported legislation to expand the bottle bill will pass this year. All milk distributors and retailers need to be aware of this very costly piece of legislation. To get involved, find out more about the real facts of the issue, click here: <http://www.realrecyclingreform.com>

For a quick look at other bills that are not expected to pass this year in New York but get our attention, click here:  
<http://www.assembly.state.ny.us/leg/?by=k&q=milk>

**New Hampshire:** House Bill 1458 to transfer hauling costs from producer to buyer is "laid on the table" and now needs a 2/3rds vote of the Senate to move it out of committee. This is good news and will slow the progress of the bill. Unfortunately the bill has passed the Assembly. Our association continues to lobby against this bill, click here to read the full bill text: <http://www.gencourt.state.nh.us/legislation/2008/HB1458.html>

**Vermont:** The Vermont legislature has passed H865 as was signed into law on May 20<sup>th</sup>. The bill provides the Vermont Dairy Commission with broader powers to establish minimum prices and pass on costs such as hauling charges.

Fortunately the Commission is not mandated but directed to investigate and hold hearings prior to determinations. Our association will be present when and if the Commission actually decides to take up any of the bill's issues. Click here for a copy of the full bill's text: <http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2008/bills/passed/H-865.HTM>

**Pennsylvania:** Our counterparts from PA, The PA Association of Milk Dealers reports a hearing to continue the over-order premium expansion will be held on June 24-25 in Harrisburg. In addition, a rBST free hearing will be held September 4-5 in Harrisburg as well.

Both of these hearings pose threats for surrounding states if ever implemented. It is suggested that all it will take is one state to adopt these types of legislation to add fuel to other states looking for similar efforts. Our association is monitoring and providing key information when necessary to oppose such legislation or regulations.

**Nationally:** Congress last week passed a veto-proof Farm Bill. Included in the bill was a provision to continue the MILC - Milk Income Loss Contract for dairy producers. The 2007 Farm Bill provides significant increases to the MILC program repayment rate for dairy farmers, from 34 percent to 45 percent in cases where the price of milk falls below the target price, currently at \$16.94. It also includes a feed-cost adjuster so when farmer input costs spike, the target price of milk will increase accordingly. For instance, when the 2007 Farm Bill becomes law, the Class I target price in May will increase to \$19.13. The farm bill will also increase the amount of milk covered to 2.985 million pounds annually.

Click here to read more:

[http://www.nytimes.com/2008/05/23/washington/23farm.html?\\_r=3&ref=us&oref=slogin&oref=slogin&oref=slogin](http://www.nytimes.com/2008/05/23/washington/23farm.html?_r=3&ref=us&oref=slogin&oref=slogin&oref=slogin)

**3. Ethanol Effect?** There is increasingly more information being provided about the role ethanol production is having on food prices. The University of Nebraska has released a recent study suggesting there is little effect the ethanol industry is responsible for increased food prices. Click here to read the study: <http://digitalcommons.unl.edu/ageconfacpub/49/>

**4. Special Board Meeting Called:** The board of directors of New York State Dairy Foods, Inc. will hold a special board meeting on Tuesday, July 8<sup>th</sup> in Syracuse at the Doubletree Hotel, E. Syracuse, NY, at noon to address a recommendation to expand the geographic boundaries to include the New England area as part of their responsibilities. The board has discussed the expansion recommendation at the previous two spring meetings. Questions and concerns of the expansion by any member are welcome at this meeting. Please call our office if you have questions to raise or for more meeting details.

**5. Dairy Farmers of America Deny Price Fixing:** Recent reports have allegedly indicated price fixing by the nation's largest dairy cooperative, DFA. Local past cooperative leader Rick Smith, now DFA CEO denies reports, click here: <http://www.dairyreporter.com/news/ng.asp?n=85411-dairy-farmers-of-america-cheese-price-fixing>

**6. Hold the dates!** Come to the golf outings; The Clambake; The Convention; It is summertime and with it brings all types of dairy industry events for you to take part in. Visit our websites Events pages to find out all the details!

Members visit: <http://www.nysdfi.org>

Vendors/suppliers visit: <http://www.neastda.org>

**7. State Fair Dairy Product Competition:** Do you have an award winning dairy product? If so, why not enter it into the NY State Fair Dairy Products Competition, click here for rules and entry form: <http://www.nysfair.org/competitions#9>

**8. New Association Service:** Does your company provide medical training and support for employees and need services such as drug and alcohol testing? NY State Dairy Foods newest service provider is Easter Medical Support.(EMS) and will provide a 5% discount to all members. Click here for more information, tell them you are a member: <http://www.nysdfi.org/docs/DOC052808.pdf>

**9. GOT NEWS?** If you or your company has news you would like to share with our association and members, please drop us a note or line.