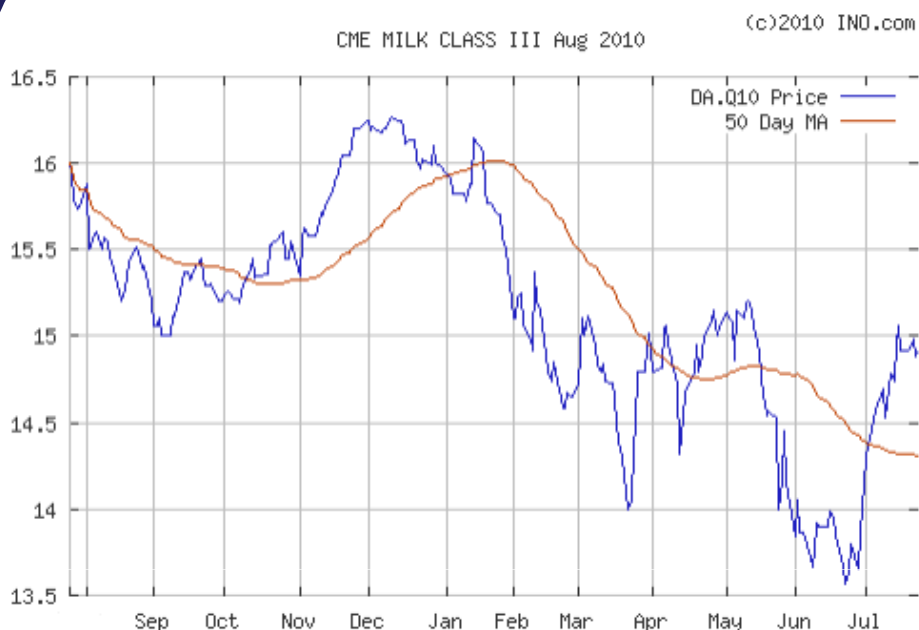


## Weather and Market Discussion



June 2010 demonstrated a healthy increase in year-over-year milk production (+2.4%) for the US herd, and per-cow output increased from 1,726 to 1,790 lbs. per cow. This was the fourth consecutive month for y/y increases; in addition, this was also the largest y/y percentage increase seen this year. However, we do not expect July numbers to reflect the same story once final numbers are in as the extended heat that moved into the central valley mid-month will likely curtail monthly yields. At this stage, we are projecting a 1.35% loss from plan for July production, which will only be a marginal increase over July 2009 output. Some of this has been priced in, but there still remains room for a little more short term support.

### Current global SST anomaly (& current SOI, inset)

