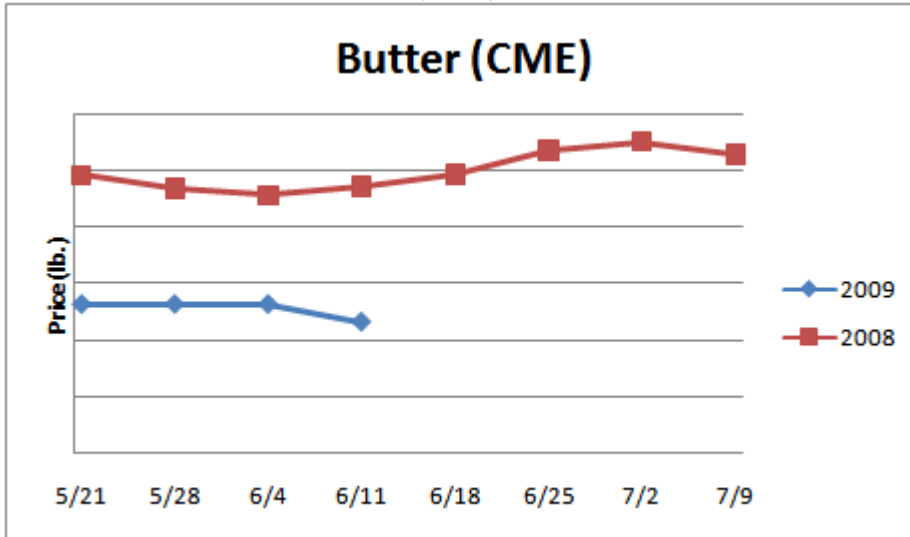


Dairy Report

Dairy- April US butter (85%), cheddar cheese (75%) and nonfat dry milk (50%) exports were all considerably less than the same month a year ago. New Zealand, the world's largest butter exporter, has been selling butter as of late well under \$1 a pound. Assuming depressed New Zealand butter prices persist, US butter exports will likely remain well below 2008 levels. Thus, a tighter US milk supply impact on butter prices may be mitigated in the coming months. The CME cheese markets are fairly steady.



| | <u>Market Trend</u> | <u>Supplies</u> | <u>Price vs. Last Year</u> |
|-------------------------------------|---------------------|-----------------|----------------------------|
| Cheese Barrels- CME | Decreasing | Good | Lower |
| Cheese 40 lb Blocks- CME | Increasing | Good | Lower |
| American Cheese | Increasing | Good | Lower |
| Cheddar Cheese | Steady | Good | Lower |
| Mozzarella Cheese | Increasing | Good | Lower |
| Provolone Cheese | Increasing | Good | Lower |
| Parmesan Cheese | Increasing | Good | Lower |
| Butter- One lb Solids | Decreasing | Good | Lower |
| Nonfat Dry Milk | Decreasing | Good | Lower |
| Whey, Dry | Decreasing | Good | Lower |
| Class I Milk Base | Steady | Good | Lower |
| Class II Cream (Heavy Cream) | Increasing | Good | Lower |
| Class III Milk- CME | Decreasing | Good | Lower |
| Class IV Milk- CME | Steady | Good | Lower |

*This data and these comments are provided for information purposes only and are not intended to be used for specific trading strategies. Past financial results are not necessarily indicative of future performance. Any examples given are strictly hypothetical and no representation is being made that a person will or is likely to achieve profits or losses similar to those examples. Neither the information, nor any opinion expressed constitutes a solicitation to buy or sell futures or options on futures contracts or OTC products. Covered parties (as defined below) shall not be liable for any direct, indirect, incidental, special or consequential damages of any kind, whatsoever (including attorney's fees and lost profits or savings) in any way due to, resulting from, or arising in connection with the Market Trends Report, including its content, regardless of any negligence of the covered party including but not limited to technical inaccuracies and typographical errors. "Covered Parties" is defined as American Restaurant Association Inc., ARA Trading and the employees of both companies. Commodity trading involves risks, and you should fully understand those risks before trading. © 2007 American Restaurant Association Inc. This publication is protected under U.S. copyright law. Please do not redistribute without permission. Thank you.