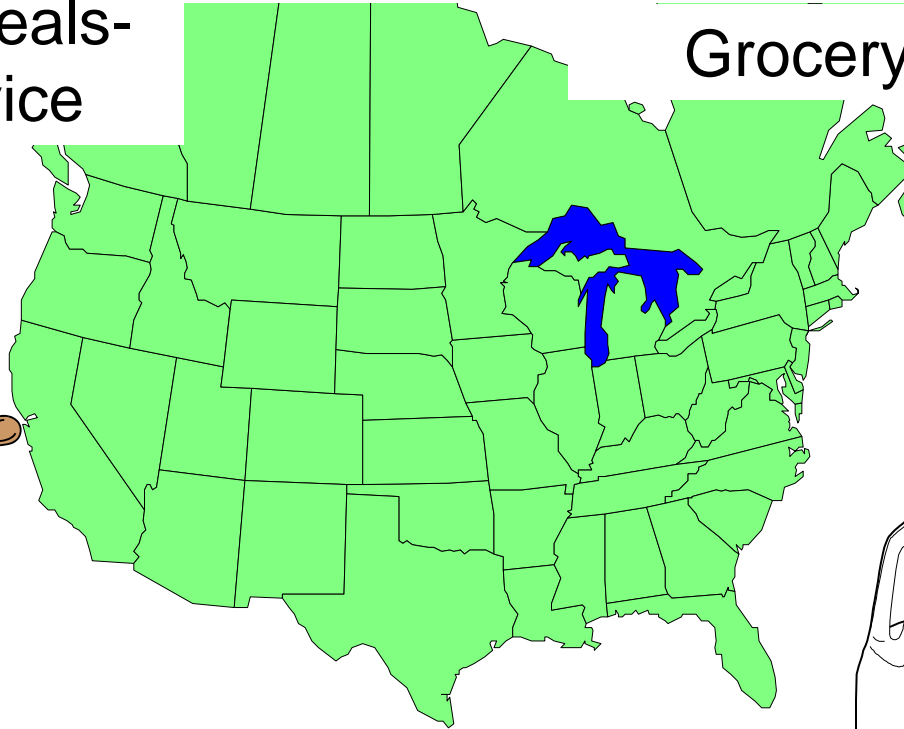




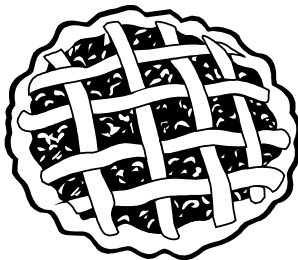
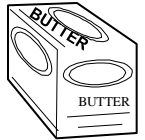
**CREATIVE
EDGE™**

Where Is It Going?

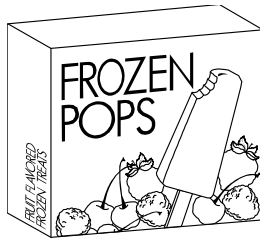
Prepared Meals-
Food Service



Grocery Retail



Internet



Don't predict the Future..... Create it!

How Consumers View Dairy Products....



1. Point Of Differentiation
2. Better Economics
3. Value Added-Beauty is in Eyes of Beholder

Future Dairy Plant Design Requirements :

1. End-user or consumer requirements must be elevated to new levels (From Quality to Functionality)
2. If it doesn't add value, eliminate it
3. Flexible to change with a fast pace changing marketplace
4. Better Economics-Reduce the fingerprints throughout the whole Supply Chain
5. Consumer marketing is elevated to new levels
6. Reverse the Trends

National Press Release

Plastic milk jug has a new look

Design for easier handling by kids is introduced after testing in Ohio

By Phillip Brasher
Associated Press

WASHINGTON: Hoping to juice up its sales, the dairy industry is making big changes in the looks of the plastic jug, created half a century ago.

New on the market are a pitcherlike jug so easy to pour from that a 4-year-old can use it - without spilling - and jazzy single-serving bottles of flavored milk aimed at teen-age boys that would replace the half-pint cartons that are the staple of school cafeterias.

"The milk industry realized some years ago that it had to perk up its act a bit, or appear more relevant to consumers, especially young consumers," said John Sicher, editor of Beverage Digest.

For years, milk has been steadily losing market share to soft drinks, juice, bottled water and other beverages. Milk consumption dropped from 19.4 gallons per person in 1988 to 18.2 gallons in 1998.

Alexandria Jansen, 4, pours milk from the dairy industry's new pitcherlike plastic jug at home in Gaithersburg, Md. The containers are designed to cause fewer spills.



Associated Press

Enter the Milk Chug, single-serve bottles of flavored milk introduced by the nation's second biggest dairy processor, Dean Foods Co. of Franklin Park, Ill. Sales totaled \$100 million in 1999 and are projected to double this year as the product is intro-

duced nationwide, thanks to a new technology that the company says triples the shelf life of milk to six weeks or more.

Now mostly in convenience stores and supermarkets, Milk

Please see Milk, C2

RETAIL PACKAGING COMPARISON



New Gallon



New 3-Liter



New Half Gallon



Traditional Gallon



Traditional Half Gallon

SMALL FAMILY



New Pint



School Milk



New Half Pint

Ingredient - 4-1/2 Gallon



Milk - 5 Gallon



**Half Pint
6-Pack**



Pint - 6 Pack



4 Pack Gallons



6 Pack Half Gallons



Bag in a Box

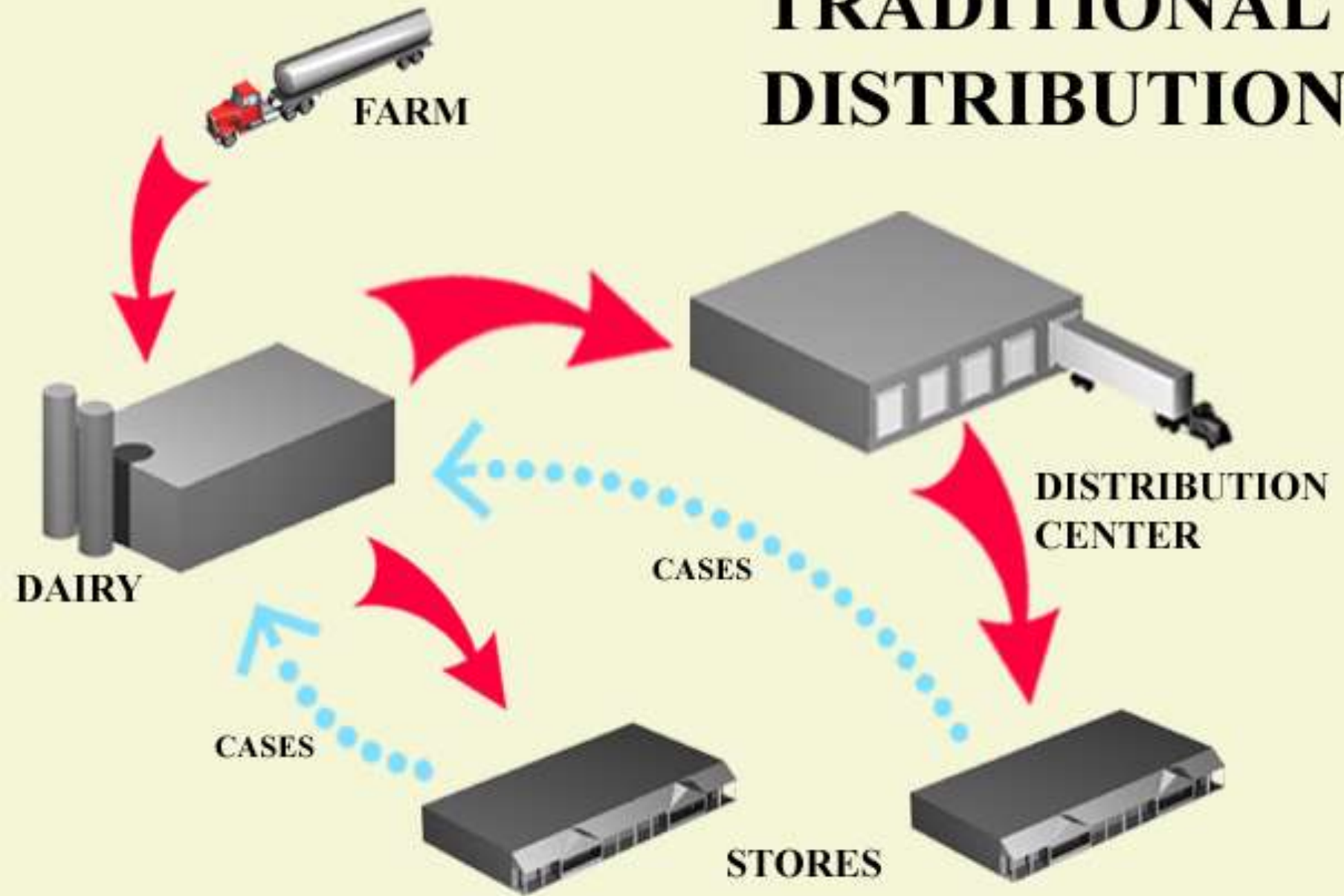


**5 Gallon Boxed
for Food Service**



Case

TRADITIONAL DISTRIBUTION



Gallon Pallet



5 Gallon Pallet



Mix Pallet



Case Pallet



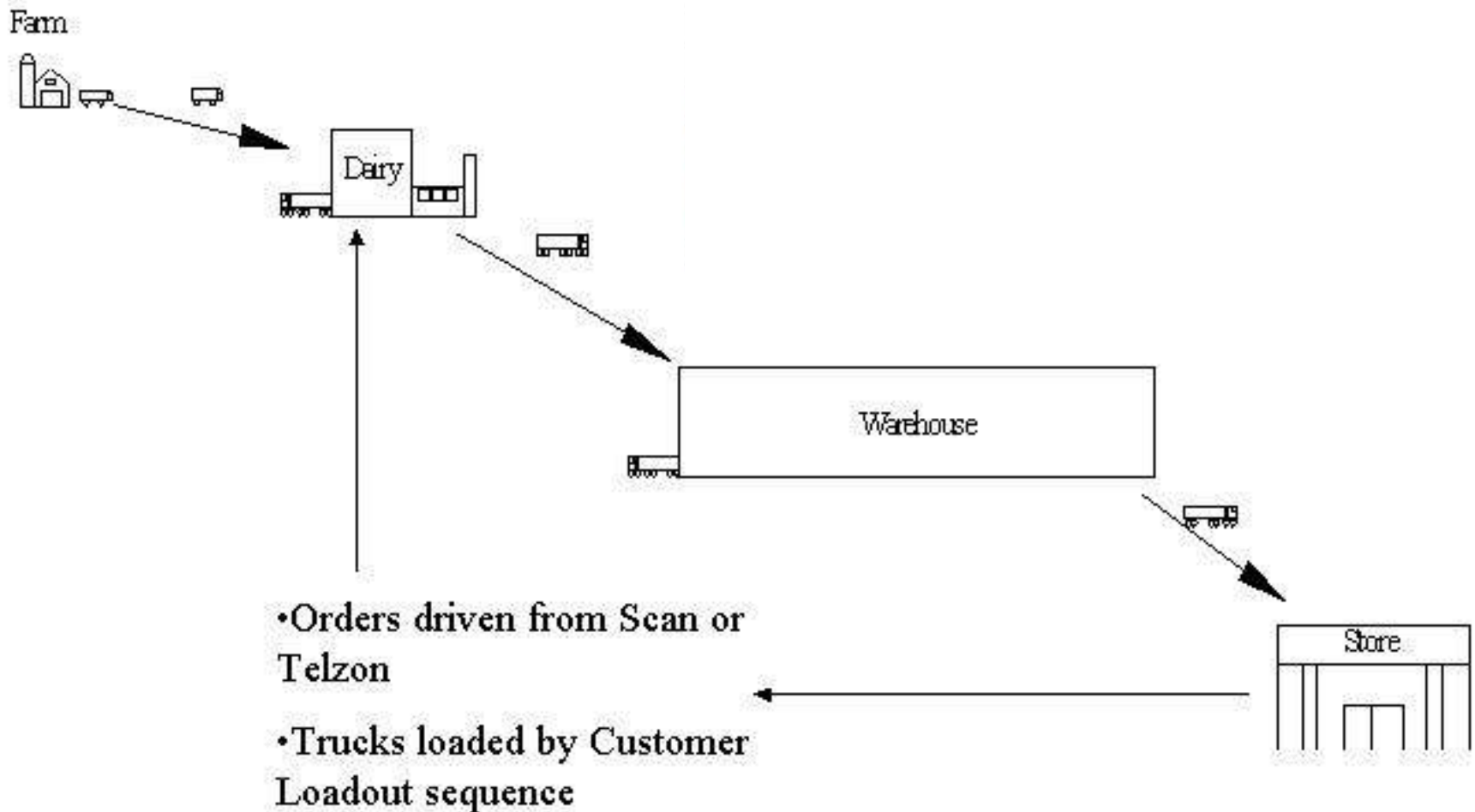
Corrugated Pallet



Example-Better Package economics



Cross Dock Scenario



ORDER FULFILLMENT SYSTEM



**RAW
SUPPLY**



**MICRO-DAIRY
ATTACHED TO
DISTRIBUTION
CENTER**

**STORE
SALES
DATA**



STORES

Order Fulfillment

Inventory

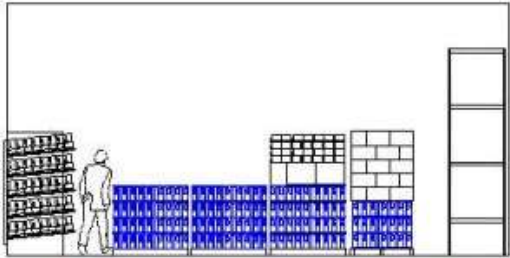
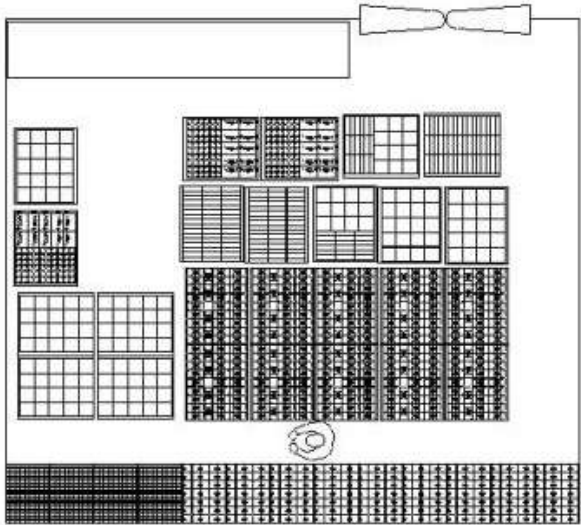
3.25% Display Inventory is 125 units
 2% Display Inventory is 250 units
 1% Display Inventory is 125 units
 Skim Display Inventory is 125 units

Cash Register Sales

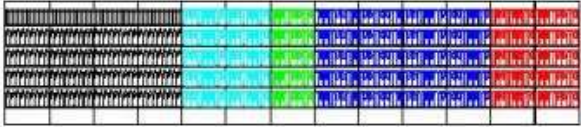
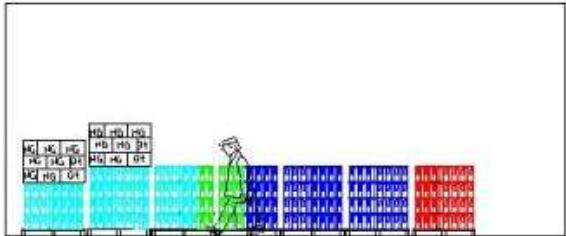
(Delivery Interval)

External Factors

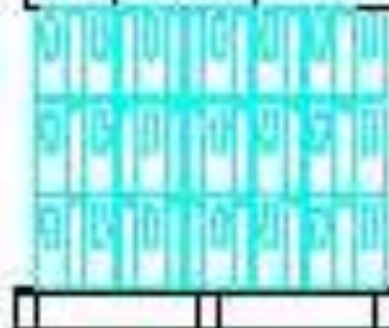
- a. Seasons
- b. Promotions
- c. External Market Factors
- d. Growth Trends

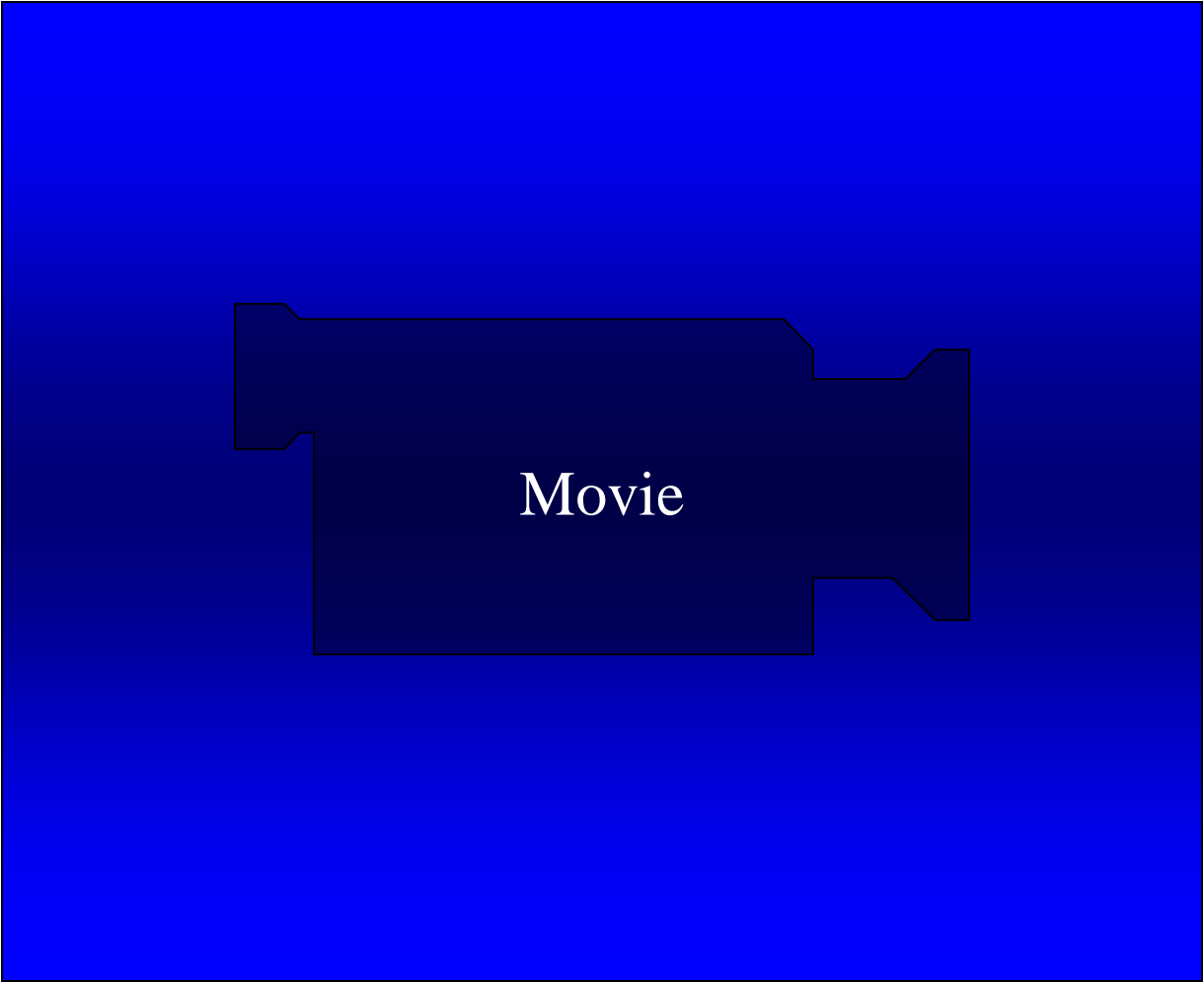


Note: 15 minutes at every fill event is dedicated to handling empty milk cases or bossies`



HG	HG	HG
HG	HG	Qt
HG	HG	Qt











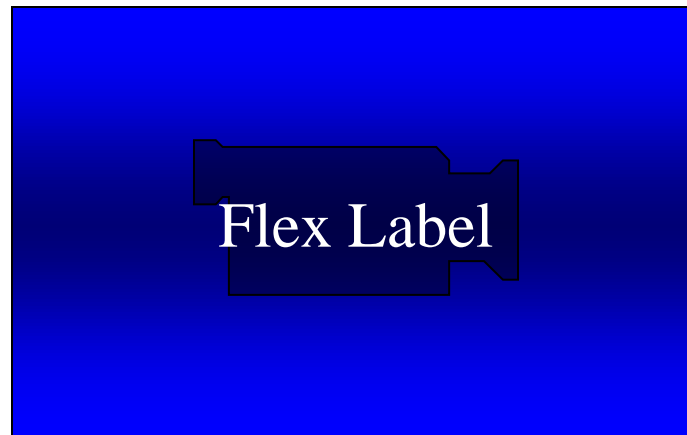




Order Fulfillment Application

1. School Milk
2. Food Service
3. Convenience Stores

Other Marketing Applications





Into Picking System



Delivered to Cooler



Ready for Placement



Unwrap Bottles



Loosen Cap to Release Vacuum



Thread Hose and Ready for Use