## Production Cost Comparison

### Fourth Quarter 2013

<table>
<thead>
<tr>
<th></th>
<th>4th Quarter 2012 Average /1</th>
<th>North Coast</th>
<th>North Valley</th>
<th>South Valley</th>
<th>Southern California</th>
<th>4th Quarter 2013 Average /1</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feed Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Dry Roughage</td>
<td>$49.45</td>
<td>$70.29</td>
<td>$43.22</td>
<td>$48.07</td>
<td>$46.89</td>
<td>$46.66</td>
<td>-5.6%</td>
</tr>
<tr>
<td>b. Wet Feed &amp; Wet Roughage</td>
<td>$46.12</td>
<td>$22.29</td>
<td>$50.97</td>
<td>$43.37</td>
<td>$42.33</td>
<td>$45.71</td>
<td>-0.9%</td>
</tr>
<tr>
<td>c. Concentrates</td>
<td>$116.37</td>
<td>$97.11</td>
<td>$100.59</td>
<td>$112.35</td>
<td>$112.40</td>
<td>$107.66</td>
<td>-7.5%</td>
</tr>
<tr>
<td>d. Minerals &amp; Supplements</td>
<td>$8.83</td>
<td>$1.44</td>
<td>$10.04</td>
<td>$7.58</td>
<td>$3.89</td>
<td>$8.16</td>
<td>-7.6%</td>
</tr>
<tr>
<td>e. Pasture</td>
<td>$0.70</td>
<td>$26.81</td>
<td>$0.85</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.87</td>
<td>23.7%</td>
</tr>
<tr>
<td><strong>Total Feed Costs</strong></td>
<td>$221.47</td>
<td>$217.94</td>
<td>$205.67</td>
<td>$211.37</td>
<td>$205.51</td>
<td>$209.05</td>
<td>-5.6%</td>
</tr>
<tr>
<td><strong>Total Feed Costs ($/cwt.)</strong></td>
<td>$12.24</td>
<td>$16.71</td>
<td>$10.98</td>
<td>$11.26</td>
<td>$11.04</td>
<td>$11.25</td>
<td>-8.1%</td>
</tr>
<tr>
<td><strong>Total Feed Costs (% of total Cost)</strong></td>
<td>66.0%</td>
<td>67.5%</td>
<td>62.3%</td>
<td>66.0%</td>
<td>67.9%</td>
<td>64.8%</td>
<td></td>
</tr>
<tr>
<td>Operating Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Utilities</td>
<td>$5.42</td>
<td>$8.86</td>
<td>$5.86</td>
<td>$5.05</td>
<td>$6.90</td>
<td>$5.53</td>
<td>2.1%</td>
</tr>
<tr>
<td>b. Supplies</td>
<td>$10.09</td>
<td>$11.96</td>
<td>$11.46</td>
<td>$9.48</td>
<td>$7.13</td>
<td>$10.13</td>
<td>0.4%</td>
</tr>
<tr>
<td>c. Veterinary &amp; Medicine</td>
<td>$7.35</td>
<td>$3.63</td>
<td>$7.99</td>
<td>$7.39</td>
<td>$5.72</td>
<td>$7.44</td>
<td>1.2%</td>
</tr>
<tr>
<td>d. Outside Services</td>
<td>$3.74</td>
<td>$1.40</td>
<td>$4.36</td>
<td>$3.05</td>
<td>$3.41</td>
<td>$3.52</td>
<td>-5.9%</td>
</tr>
<tr>
<td>e. Repairs &amp; Maintenance</td>
<td>$6.10</td>
<td>$6.42</td>
<td>$8.12</td>
<td>$5.17</td>
<td>$7.38</td>
<td>$6.42</td>
<td>5.2%</td>
</tr>
<tr>
<td>f. Miscellaneous</td>
<td>$1.68</td>
<td>$2.00</td>
<td>$2.06</td>
<td>$2.11</td>
<td>$1.49</td>
<td>$2.05</td>
<td>22.5%</td>
</tr>
<tr>
<td>g. Bedding &amp; Manure Haul</td>
<td>$1.11</td>
<td>$2.22</td>
<td>$1.50</td>
<td>$0.81</td>
<td>$2.84</td>
<td>$1.21</td>
<td>9.2%</td>
</tr>
<tr>
<td>h. Fuel &amp; Oil</td>
<td>$3.92</td>
<td>$5.41</td>
<td>$4.09</td>
<td>$3.67</td>
<td>$1.85</td>
<td>$3.76</td>
<td>-4.1%</td>
</tr>
<tr>
<td>i. Interest Expense</td>
<td>$1.33</td>
<td>$0.23</td>
<td>$0.84</td>
<td>$1.84</td>
<td>$1.29</td>
<td>$1.40</td>
<td>5.4%</td>
</tr>
<tr>
<td>j. R E Lease Expense</td>
<td>$4.84</td>
<td>$1.22</td>
<td>$5.28</td>
<td>$5.48</td>
<td>$5.32</td>
<td>$5.32</td>
<td>9.9%</td>
</tr>
<tr>
<td>k. Depreciation</td>
<td>$5.30</td>
<td>$5.21</td>
<td>$6.05</td>
<td>$4.41</td>
<td>$0.98</td>
<td>$4.84</td>
<td>-8.6%</td>
</tr>
<tr>
<td>l. Taxes &amp; Insurance</td>
<td>$2.08</td>
<td>$1.57</td>
<td>$2.25</td>
<td>$2.25</td>
<td>$1.86</td>
<td>$2.22</td>
<td>6.4%</td>
</tr>
<tr>
<td><strong>Total Operating Costs</strong></td>
<td>$52.97</td>
<td>$50.13</td>
<td>$59.86</td>
<td>$50.71</td>
<td>$46.33</td>
<td>$53.85</td>
<td>1.67%</td>
</tr>
<tr>
<td><strong>Total Operating Costs ($/cwt.)</strong></td>
<td>$2.92</td>
<td>$3.84</td>
<td>$3.19</td>
<td>$2.70</td>
<td>$2.49</td>
<td>$2.90</td>
<td>-1.0%</td>
</tr>
<tr>
<td><strong>Total Operating Costs (% of total costs)</strong></td>
<td>15.8%</td>
<td>15.5%</td>
<td>18.1%</td>
<td>15.8%</td>
<td>15.3%</td>
<td>16.7%</td>
<td></td>
</tr>
<tr>
<td>Milk Marketing Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Hauling</td>
<td>$6.48</td>
<td>$2.49</td>
<td>$6.36</td>
<td>$6.79</td>
<td>$7.26</td>
<td>$6.56</td>
<td>1.3%</td>
</tr>
<tr>
<td>b. State Assessments</td>
<td>$2.45</td>
<td>$2.26</td>
<td>$2.55</td>
<td>$2.49</td>
<td>$2.60</td>
<td>$2.52</td>
<td>2.7%</td>
</tr>
<tr>
<td>c. Federal Assessments &amp; Misc. Ded.</td>
<td>$0.92</td>
<td>$0.59</td>
<td>$0.94</td>
<td>$0.95</td>
<td>$0.93</td>
<td>$0.94</td>
<td>2.6%</td>
</tr>
<tr>
<td><strong>Total Milk Marketing Costs</strong></td>
<td>$9.84</td>
<td>$5.34</td>
<td>$9.85</td>
<td>$10.23</td>
<td>$10.79</td>
<td>$10.02</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Total Milk Marketing Costs ($/cwt.)</strong></td>
<td>$0.54</td>
<td>$0.41</td>
<td>$0.53</td>
<td>$0.53</td>
<td>$0.54</td>
<td>$0.54</td>
<td>-0.9%</td>
</tr>
<tr>
<td><strong>Total Milk Marketing Costs (% of total costs)</strong></td>
<td>2.9%</td>
<td>1.7%</td>
<td>3.0%</td>
<td>3.2%</td>
<td>3.6%</td>
<td>3.1%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost ($/Cow/Month)</strong></td>
<td>$335.82</td>
<td>$322.69</td>
<td>$329.98</td>
<td>$320.06</td>
<td>$302.87</td>
<td>$328.83</td>
<td>-3.9%</td>
</tr>
<tr>
<td><strong>Total Cost ($/cwt.)</strong></td>
<td>$18.55</td>
<td>$24.74</td>
<td>$17.61</td>
<td>$17.04</td>
<td>$16.27</td>
<td>$17.37</td>
<td>-6.4%</td>
</tr>
<tr>
<td>Return on Investment and Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>a. Allowance: Return on Investment ($/cwt.)</td>
<td>$0.75</td>
<td>$1.10</td>
<td>$0.81</td>
<td>$0.84</td>
<td>$0.62</td>
<td>$0.83</td>
<td>10.7%</td>
</tr>
<tr>
<td>b. Allowance: Return on Management ($/cwt.)</td>
<td>$0.78</td>
<td>$0.84</td>
<td>$0.81</td>
<td>$0.80</td>
<td>$0.81</td>
<td>$0.81</td>
<td>3.8%</td>
</tr>
<tr>
<td><strong>Total Costs and Allowances ($/cwt.)</strong></td>
<td>$20.08</td>
<td>$26.68</td>
<td>$19.23</td>
<td>$18.68</td>
<td>$17.70</td>
<td>$19.01</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Milk Production Data</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Milk Sold/Total Cow/Month/ (cwt.)</td>
<td>18.14</td>
<td>13.04</td>
<td>18.74</td>
<td>18.78</td>
<td>18.62</td>
<td>18.64</td>
<td>2.8%</td>
</tr>
<tr>
<td>b. Lbs Milk Sold/milk cow/day</td>
<td>69.37</td>
<td>49.46</td>
<td>71.40</td>
<td>71.26</td>
<td>70.95</td>
<td>70.85</td>
<td>2.1%</td>
</tr>
<tr>
<td>f. Income Over Feed Cost ($/cwt.)</td>
<td>$7.59</td>
<td>$10.70</td>
<td>$9.96</td>
<td>$8.64</td>
<td>$9.34</td>
<td>$9.21</td>
<td>21.4%</td>
</tr>
<tr>
<td>Related Data</td>
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<td></td>
</tr>
<tr>
<td>i. Total Cows</td>
<td>1,338</td>
<td>279</td>
<td>1,239</td>
<td>1,932</td>
<td>1,181</td>
<td>1,370</td>
<td>2.4%</td>
</tr>
<tr>
<td>m. Average Total Investment per Cow</td>
<td>$2,321</td>
<td>$2,176</td>
<td>$2,264</td>
<td>$2,099</td>
<td>$1,534</td>
<td>$2,130</td>
<td>-8.2%</td>
</tr>
<tr>
<td><strong>Milk Volume Percentages</strong></td>
<td>100.00%</td>
<td>2.06%</td>
<td>37.25%</td>
<td>54.99%</td>
<td>5.70%</td>
<td>100.00%</td>
<td></td>
</tr>
</tbody>
</table>

1/ Weighted average computed based on Fourth Quarter of 2013 milk volume percentages.