

Mozzarella Fresca

Family of Fresh Italian Cheeses



October 16, 2007

Mr. David Ikari, Chief
Dairy Marketing Branch
California Department of Food and Agriculture
560 J Street, Suite 150
Sacramento, CA 95814

RE: October 10-11, 2007 Class 2, 3, 4a, and 4b Hearing -- Post Hearing Brief

Ms. Hearing Officer and Members of the Panel:

Mozzarella Fresca appreciates the opportunity to submit the following post-hearing brief to amplify portions of our testimony presented in Sacramento on October 10, 2007. The paragraphs that follow build on the discussions we put forth in our testimony.

Transfer of Product Manufacturing to Nampa, ID

We testified at the hearing that almost 6% of our Tipton, CA cheese production has been transferred to our facility in Nampa, ID. Our facility in Nampa has recently secured roughly a \$.65/hwt reduction from their producers and is looking at a further reduction of as much as \$1.20 to \$1.60/hwt. Because Idaho is not in the federal order system, we have been able to negotiate these price reductions, thereby making it more economically viable to increase our throughput at that facility. Our Idaho facility and their producers are currently looking at moving to pricing based on a "cheese yield formula" as they believe this would more equitably represent the milk revenue stream.

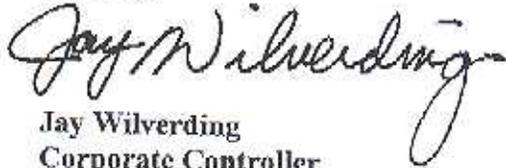
Turlock Plant Closure

The Lactalis (our parent company) plant in Turlock, CA was closed in June 2007, and the related production volume was relocated to our facility in Belmont. In reviewing manufacturing costs, we note that utility costs, taxes, environmental regulations and general business operations are more conducive to cheese manufacturing in Wisconsin.

In the past we have relied upon a lower milk cost structure as it relates to Federal Order milk to counteract these business climate advantages. As has become obvious both in action and in fact, this raw material advantage no longer counteracts the other factors; hence the Turlock closure.

Thank you for the opportunity to submit this post-hearing brief.

Sincerely,

A handwritten signature in cursive script that reads "Jay Wilverding". The signature is written in black ink and is positioned above the typed name.

Jay Wilverding
Corporate Controller
Mozzarella Fresca, Inc.