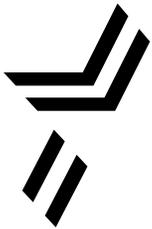


Dairy Farm Operating Trends

June 30, 2009



MOORE STEPHENS WURTH FRAZER AND TORBET, LLP

Certified Public Accountants and Consultants

Creating New Horizons By Building Relationships and Exceeding Expectations

To Our Valued Clients and Other Friends in the Dairy Industry

The following pages contain the Moore Stephens Wurth Frazer and Torbet, LLP's Dairy Farm Operating Trends for the six months ended June 30, 2009.

The data is compiled from dairy operations in Southern California, the San Joaquin Valley, Kern County, Arizona, Idaho, New Mexico and the Panhandle with a combined milk production of over 1.7 billion pounds and more than 164,000 head of mature cows for the first six months of 2009.

This report includes a comparison of the results in the regions listed above for the six months ended June 30, 2009 both on a "per hundredweight of milk" basis and on a "per head" basis. Also included are selected financial ratios and other information for the period.

This publication is designed as a reference tool and a management aid for dairy farm managers and advisors. Moore Stephens Wurth Frazer and Torbet, LLP believes the information to be reliable, but is not responsible for errors in reported source information.

Our publication continues to be recognized as the top industry source for relevant dairy statistics. This report is provided to and widely utilized by dairy farmers, lending institutions, universities, colleges and other agribusiness industries.

We appreciate all of your past and present support and thank you for your continued reliance on Moore Stephens Wurth Frazer and Torbet, LLP. If you have any comments or questions, please contact Sharon A. Davis or Tim Gulling at our Brea office at (714) 990-1040 and Bob Matlick or Mike Edwards at our Visalia office at (559) 732-4135.

For more information regarding our firm, our Agribusiness department and our publication, please visit our website at www.mswft.com.

Sincerely,

Moore Stephens Wurth Frazer and Torbet LLP

MOORE STEPHENS WURTH FRAZER AND TORBET, LLP
Certified Public Accountants and Consultants

October 2009

DAIRY FARM OPERATING TRENDS

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CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

COMPARISON BY AREA
FOR THE SIX MONTHS ENDED JUNE 30, 2009
(BASED ON AVERAGE AMOUNTS PER HEAD)

	Southern California	San Joaquin Valley	Kern County
Income:			
Milk sales	\$ 1,205	\$ 1,145	\$ 1,124
Calves and other	35	32	15
Total income	\$ 1,240	\$ 1,177	\$ 1,139
Cost of operations:			
Feed:			
Grain	\$ 628	\$ 696	\$ 636
Hay and other	240	354	349
Total feed	\$ 868	\$ 1,050	\$ 985
Labor, (including fringe costs)	\$ 186	\$ 158	\$ 134
Herd replacement costs	\$ 219	\$ 139	\$ 140
Other costs:			
Milk hauling	\$ 48	\$ 35	\$ 33
State and association charges	21	24	21
Veterinary, breeding, testing, etc.	32	39	31
Supplies	66	58	50
Repairs and maintenance	41	46	55
Utilities	32	30	25
Occupancy costs	53	82	44
Depreciation - equipment	24	25	37
Interest	75	46	59
Miscellaneous	86	92	61
Total other costs	\$ 478	\$ 477	\$ 416
Total cost of operations	\$ 1,751	\$ 1,824	\$ 1,675
Net loss	\$ (511)	\$ (647)	\$ (536)

**Your
June 30, 2009
Amounts**

Arizona	Idaho	New Mexico	Panhandle	
\$ 1,263 26	\$ 1,175 25	\$ 1,220 22	\$ 1,147 11	\$
\$ 1,289	\$ 1,200	\$ 1,242	\$ 1,158	\$
\$ 575 380	\$ 643 427	\$ 677 236	\$ 600 235	\$
\$ 955	\$ 1,070	\$ 913	\$ 835	\$
\$ 158	\$ 173	\$ 157	\$ 162	\$
\$ 164	\$ 154	\$ 124	\$ 173	\$
\$ 44 44 33 78 37 35 85 17 54 71	\$ 25 22 43 86 63 21 44 42 57 77	\$ 65 49 31 61 52 25 37 30 36 91	\$ 55 27 34 56 37 28 49 40 62 63	\$
\$ 498	\$ 480	\$ 477	\$ 451	\$
\$ 1,775	\$ 1,877	\$ 1,671	\$ 1,621	\$
\$ (486)	\$ (677)	\$ (429)	\$ (463)	\$

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

COMPARISON BY AREA
FOR THE SIX MONTHS ENDED JUNE 30, 2009
(BASED ON AVERAGE AMOUNTS
PER HUNDREDWEIGHT OF MILK)

	Southern California	San Joaquin Valley	Kern County
Income:			
Milk sales	\$ 11.06	\$ 10.66	\$ 11.26
Calves and other	0.30	0.30	0.15
Total income	\$ 11.36	\$ 10.96	\$ 11.41
Cost of operations:			
Feed:			
Grain	\$ 5.77	\$ 6.47	\$ 6.38
Hay and other	2.21	3.31	3.49
Total feed	\$ 7.98	\$ 9.78	\$ 9.87
Labor, (including fringe costs)	\$ 1.71	\$ 1.47	\$ 1.35
Herd replacement costs	\$ 2.01	\$ 1.30	\$ 1.41
Other costs:			
Milk hauling	\$ 0.44	\$ 0.32	\$ 0.33
State and association charges	0.19	0.23	0.21
Veterinary, breeding, testing, etc.	0.29	0.37	0.32
Supplies	0.61	0.54	0.50
Repairs and maintenance	0.39	0.43	0.55
Utilities	0.29	0.28	0.25
Occupancy costs	0.49	0.76	0.44
Depreciation - equipment	0.22	0.23	0.37
Interest	0.69	0.43	0.58
Miscellaneous	0.78	0.85	0.61
Total other costs	\$ 4.39	\$ 4.44	\$ 4.16
Total cost of operations	\$ 16.09	\$ 16.99	\$ 16.79
Net loss	\$ (4.73)	\$ (6.03)	\$ (5.38)

**Your
June 30, 2009
Amounts**

Arizona	Idaho	New Mexico	Panhandle	
\$ 11.38	\$ 11.18	\$ 12.39	\$ 12.64	\$
0.22	0.25	0.22	0.11	
\$ 11.60	\$ 11.43	\$ 12.61	\$ 12.75	\$
\$ 5.18	\$ 6.12	\$ 6.88	\$ 6.61	\$
3.41	4.06	2.40	2.59	
\$ 8.59	\$ 10.18	\$ 9.28	\$ 9.20	\$
\$ 1.43	\$ 1.64	\$ 1.59	\$ 1.78	\$
\$ 1.48	\$ 1.47	\$ 1.26	\$ 1.90	\$
\$ 0.40	\$ 0.24	\$ 0.66	\$ 0.61	\$
0.40	0.20	0.50	0.30	
0.30	0.41	0.31	0.36	
0.70	0.82	0.62	0.62	
0.33	0.60	0.53	0.40	
0.31	0.20	0.26	0.31	
0.77	0.41	0.37	0.54	
0.16	0.40	0.31	0.44	
0.47	0.54	0.36	0.68	
0.63	0.75	0.94	0.67	
\$ 4.47	\$ 4.57	\$ 4.86	\$ 4.93	\$
\$ 15.97	\$ 17.86	\$ 16.99	\$ 17.81	\$
\$ (4.37)	\$ (6.43)	\$ (4.38)	\$ (5.06)	\$

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 2009
AND YEAR ENDED DECEMBER 31, 2008
SOUTHERN CALIFORNIA
(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2009	December 31, 2008
Income:		
Milk sales	\$ 11.06	\$ 17.22
Calves and other	0.30	0.28
Total income	\$ 11.36	\$ 17.50
Cost of operations:		
Feed:		
Grain	\$ 5.77	\$ 7.33
Hay and other	2.21	3.36
Total feed	\$ 7.98	\$ 10.69
Labor, (including fringe costs)	\$ 1.71	\$ 1.90
Herd replacement costs	\$ 2.01	\$ 1.60
Other costs:		
Milk hauling	\$ 0.44	\$ 0.43
State and association charges	0.19	0.19
Veterinary, breeding, testing, etc.	0.29	0.35
Supplies	0.61	0.60
Repairs and maintenance	0.39	0.72
Utilities	0.29	0.35
Occupancy costs	0.49	0.58
Depreciation - equipment	0.22	0.17
Interest	0.69	0.63
Miscellaneous	0.78	0.93
Total other costs	\$ 4.39	\$ 4.95
Total cost of operations	\$ 16.09	\$ 19.14
Net loss	\$ (4.73)	\$ (1.64)

SUMMARY OF FINANCIAL STATISTICS

SOUTHERN CALIFORNIA

	June 30, 2009	December 31, 2008
1. Current Ratio	0.20 : 1	0.60 : 1
2. Debt Per Cow	\$ 1,964	\$ 1,291
3. Debt to Equity Ratio	10.58 : 1	1.98 : 1
4. Return on Total Assets	-11.1%	-6.9%
5. Loss per milking cow per month	\$ (101.35)	\$ (34.34)

1. The current ratio represents current assets divided by current liabilities.
2. Debt per cow equals the total long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Debt to equity represents the total debt divided by the total equity.
4. The return on total assets represents the net income divided by the total assets, stated at cost.
5. The loss per milking cow per month represents the net loss for the six months and year ended divided by the total milking cows.

INCOME AND COST OF OPERATIONS

SOUTHERN CALIFORNIA

(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2009	December 31, 2008	December 31, 2007
Income:			
Milk Sales	\$ 11.06	\$ 17.22	\$ 18.46
Calves and other	0.30	0.28	0.23
Total income	\$ 11.36	\$ 17.50	\$ 18.69
Total cost of operations:			
Feed	\$ 7.98	\$ 10.69	\$ 8.31
Labor	1.71	1.90	1.83
Herd replacement costs	2.01	1.60	1.24
Other costs	4.39	4.95	4.51
Total costs of operations	\$ 16.09	\$ 19.14	\$ 15.89
Net income (loss)	\$ (4.73)	\$ (1.64)	\$ 2.80
Cost of operations as a percentage of income	141.64%	109.37%	85.02%
Feed costs as a percentage of milk sales	72.15%	62.08%	45.02%
Net income (loss) per milking cow per month	\$ (101.35)	\$ (34.34)	\$ 53.99

December 31, 2006		December 31, 2005		December 31, 2004		December 31, 2003	
\$	12.25	\$	14.75	\$	15.48	\$	12.17
	0.48		0.42		0.38		0.17
\$	12.73	\$	15.17	\$	15.86	\$	12.34
\$	6.90	\$	7.05	\$	6.56	\$	6.11
	1.86		1.95		1.83		1.66
	1.05		1.13		1.08		1.30
	4.30		4.04		3.75		3.41
\$	14.11	\$	14.17	\$	13.22	\$	12.48
\$	(1.38)	\$	1.00	\$	2.64	\$	(0.14)
	110.84%		93.41%		83.35%		101.13%
	56.33%		47.80%		42.38%		50.21%
\$	(33.82)	\$	18.33	\$	48.78	\$	(7.34)

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 2009
AND YEAR ENDED DECEMBER 31, 2008
SAN JOAQUIN VALLEY
(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2009	December 31, 2008
Income:		
Milk sales	\$ 10.66	\$ 16.84
Calves and other	0.30	0.14
Total income	\$ 10.96	\$ 16.98
Cost of operations:		
Feed:		
Grain	\$ 6.47	\$ 6.83
Hay and other	3.31	2.55
Total feed	\$ 9.78	\$ 9.38
Labor, (including fringe costs)	\$ 1.47	\$ 1.54
Herd replacement costs	\$ 1.30	\$ 1.19
Other costs:		
Milk hauling	\$ 0.32	\$ 0.31
State and association charges	0.23	0.30
Veterinary, breeding, testing, etc.	0.37	0.56
Supplies	0.54	0.61
Repairs and maintenance	0.43	0.61
Utilities	0.28	0.36
Occupancy costs	0.76	0.64
Depreciation - equipment	0.23	0.35
Interest	0.43	0.69
Miscellaneous	0.85	1.09
Total other costs	\$ 4.44	\$ 5.52
Total cost of operations	\$ 16.99	\$ 17.63
Net loss	\$ (6.03)	\$ (0.65)

SUMMARY OF FINANCIAL STATISTICS

SAN JOAQUIN VALLEY

	June 30, 2009	December 31, 2008
1. Current Ratio	1.04:1	1.25 : 1
2. Debt Per Cow	\$ 1,530	\$ 1,581
3. Debt to Equity Ratio	1.76 : 1	1.30 : 1
4. Return on Total Assets	-13.2%	-2.4%
5. Loss per milking cow per month	\$ (133.83)	\$ (1.40)

1. The current ratio represents current assets divided by current liabilities.

2. Debt per cow equals the total long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.

3. Debt to equity represents the total debt divided by the total equity.

4. The return on total assets represents the net income divided by the total assets, stated at cost.

5. The loss per milking cow per month represents the net loss for the six months and year ended divided by the total milking cows.

INCOME AND COST OF OPERATIONS

SAN JOAQUIN VALLEY

(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2009	December 31, 2008	December 31, 2007
Income:			
Milk Sales	\$ 10.66	\$ 16.84	\$ 18.48
Calves and other	0.30	0.14	0.35
Total income	\$ 10.96	\$ 16.98	\$ 18.83
Total cost of operations:			
Feed	\$ 9.78	\$ 9.38	\$ 7.84
Labor	1.47	1.54	1.44
Herd replacement costs	1.30	1.19	1.04
Other costs	4.44	5.52	5.03
Total costs of operations	\$ 16.99	\$ 17.63	\$ 15.35
Net income (loss)	\$ (6.03)	\$ (0.65)	\$ 3.48
Cost of operations as a percentage of income	155.02%	103.83%	81.52%
Feed costs as a percentage of milk sales	91.74%	55.70%	42.42%
Net income (loss) per milking cow per month	\$ (133.83)	\$ (1.40)	\$ 88.56

December 31, 2006		December 31, 2005		December 31, 2004		December 31, 2003	
\$	11.82	\$	14.45	\$	15.30	\$	11.97
	0.38		0.25		0.42		0.48
\$	12.20	\$	14.70	\$	15.72	\$	12.45
\$	6.47	\$	6.64	\$	6.72	\$	6.05
	1.48		1.41		1.40		1.32
	1.07		1.00		1.08		1.27
	4.68		4.13		4.00		3.79
\$	13.70	\$	13.18	\$	13.20	\$	12.43
\$	(1.50)	\$	1.52	\$	2.52	\$	0.02
	112.30%		89.66%		83.97%		99.84%
	54.74%		45.95%		43.92%		50.54%
\$	(27.19)	\$	31.96	\$	82.13	\$	3.94

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 2009
AND YEAR ENDED DECEMBER 31, 2008
KERN COUNTY
(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2009	December 31, 2008
Income:		
Milk sales	\$ 11.26	\$ 17.37
Calves and other	0.15	0.14
Total income	\$ 11.41	\$ 17.51
Cost of operations:		
Feed:		
Grain	\$ 6.38	\$ 7.01
Hay and other	3.49	3.49
Total feed	\$ 9.87	\$ 10.50
Labor, (including fringe costs)	\$ 1.35	\$ 1.36
Herd replacement costs	\$ 1.41	\$ 1.25
Other costs:		
Milk hauling	\$ 0.33	\$ 0.35
State and association charges	0.21	0.25
Veterinary, breeding, testing, etc.	0.32	0.29
Supplies	0.50	0.50
Repairs and maintenance	0.55	0.51
Utilities	0.25	0.36
Occupancy costs	0.44	0.55
Depreciation - equipment	0.37	0.34
Interest	0.58	0.52
Miscellaneous	0.61	0.93
Total other costs	\$ 4.16	\$ 4.60
Total cost of operations	\$ 16.79	\$ 17.71
Net loss	\$ (5.38)	\$ (0.20)

See accompanying explanation of income and cost factors.

SUMMARY OF FINANCIAL STATISTICS

KERN COUNTY

	June 30, 2009	December 31, 2008
1. Current Ratio	1.48 : 1	1.84 : 1
2. Debt Per Cow	\$ 2,037	\$ 1,966
3. Debt to Equity Ratio	0.95 : 1	1.01 : 1
4. Return on Total Assets	-7.3%	-0.6%
5. Loss per milking cow per month	\$ (117.89)	\$ (1.22)

1. The current ratio represents current assets divided by current liabilities.
2. Debt per cow equals the total long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Debt to equity represents the total debt divided by the total equity.
4. The return on total assets represents the net income divided by the total assets, stated at cost.
5. The loss per milking cow per month represents the net loss for the six months and year ended divided by the total milking cows.

INCOME AND COST OF OPERATIONS

KERN COUNTY

(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2009	December 31, 2008	December 31, 2007
Income:			
Milk Sales	\$ 11.26	\$ 17.37	\$ 18.53
Calves and other	0.15	0.14	0.35
Total income	\$ 11.41	\$ 17.51	\$ 18.88
Total cost of operations:			
Feed	\$ 9.87	\$ 10.50	\$ 7.89
Labor	1.35	1.36	1.33
Herd replacement costs	1.41	1.25	1.19
Other costs	4.16	4.60	4.31
Total costs of operations	\$ 16.79	\$ 17.71	\$ 14.72
Net income (loss)	\$ (5.38)	\$ (0.20)	\$ 4.16
Cost of operations as a percentage of income	147.15%	101.14%	77.97%
Feed costs as a percentage of milk sales	87.66%	60.45%	42.58%
Net income (loss) per milking cow per month	\$ (117.89)	\$ (1.22)	\$ 84.69

December 31,
2006

\$	12.21
	0.31
<hr/>	
\$	12.52
<hr/>	
\$	6.89
	1.37
	1.21
	3.92
<hr/>	
\$	13.39
<hr/>	
\$	(0.87)
<hr/>	
	106.95%
<hr/>	
	56.43%
<hr/>	
\$	(21.76)
<hr/>	

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 2009
AND YEAR ENDED DECEMBER 31, 2008
ARIZONA
(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2009	December 31, 2008
Income:		
Milk sales	\$ 11.38	\$ 18.11
Calves and other	0.22	0.30
Total income	\$ 11.60	\$ 18.41
Cost of operations:		
Feed:		
Grain	\$ 5.18	\$ 6.31
Hay and other	3.41	2.76
Total feed	\$ 8.59	\$ 9.07
Labor, (including fringe costs)	\$ 1.43	\$ 1.59
Herd replacement costs	\$ 1.48	\$ 1.72
Other costs:		
Milk hauling	\$ 0.40	\$ 0.38
State and association charges	0.40	0.59
Veterinary, breeding, testing, etc.	0.30	0.40
Supplies	0.70	0.72
Repairs and maintenance	0.33	0.56
Utilities	0.31	0.40
Occupancy costs	0.77	0.53
Depreciation - equipment	0.16	0.28
Interest	0.47	0.98
Miscellaneous	0.63	0.80
Total other costs	\$ 4.47	\$ 5.64
Total cost of operations	\$ 15.97	\$ 18.02
Net income (loss)	\$ (4.37)	\$ 0.39

See accompanying explanation of income and cost factors.

SUMMARY OF FINANCIAL STATISTICS

ARIZONA

	June 30, 2009	December 31, 2008
1. Current Ratio	0.44 : 1	0.48 : 1
2. Debt Per Cow	\$ 1,857	\$ 2,476
3. Debt to Equity Ratio	3.81 : 1	2.44 : 1
4. Return on Total Assets	-11.5%	0.9%
5. Income (loss) per milking cow per month	\$ (102.04)	\$ 5.99

1. The current ratio represents current assets divided by current liabilities.
2. Debt per cow equals the total long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Debt to equity represents the total debt divided by the total equity.
4. The return on total assets represents the net income divided by the total assets, stated at cost.
5. The income (loss) per milking cow per month represents the net loss for the six months and year ended divided by the total milking cows.

INCOME AND COST OF OPERATIONS

ARIZONA

(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2009	December 31, 2008	December 31, 2007
Income:			
Milk Sales	\$ 11.38	\$ 18.11	\$ 19.87
Calves and other	0.22	0.30	0.40
Total income	\$ 11.60	\$ 18.41	\$ 20.27
Total cost of operations:			
Feed	\$ 8.59	\$ 9.07	\$ 7.85
Labor	1.43	1.59	1.54
Herd replacement costs	1.48	1.72	1.78
Other costs	4.47	5.64	5.73
Total costs of operations	\$ 15.97	\$ 18.02	\$ 16.90
Net income (loss)	\$ (4.37)	\$ 0.39	\$ 3.37
Cost of operations as a percentage of income	137.67%	97.88%	83.37%
Feed costs as a percentage of milk sales	75.48%	50.08%	39.51%
Net income (loss) per milking cow per month	\$ (102.04)	\$ 5.99	\$ 64.56

December 31, 2006		December 31, 2005		December 31, 2004		December 31, 2003	
\$	12.92	\$	15.25	\$	16.06	\$	12.30
	0.40		0.50		0.55		0.33
\$	13.32	\$	15.75	\$	16.61	\$	12.63
\$	6.28	\$	6.51	\$	6.35	\$	5.91
	1.39		1.40		1.36		1.29
	1.42		1.64		1.63		1.68
	5.56		4.93		4.41		4.24
\$	14.65	\$	14.48	\$	13.75	\$	13.12
\$	(1.33)	\$	1.27	\$	2.86	\$	(0.49)
	109.98%		91.94%		82.78%		103.88%
	48.61%		42.69%		39.54%		48.05%
\$	(22.53)	\$	37.37	\$	65.39	\$	(1.06)

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 2009
AND YEAR ENDED DECEMBER 31, 2008
IDAHO
(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2009	December 31, 2008
Income:		
Milk sales	\$ 11.18	\$ 18.15
Calves and other	0.25	0.18
Total income	\$ 11.43	\$ 18.33
Cost of operations:		
Feed:		
Grain	\$ 6.12	\$ 5.87
Hay and other	4.06	3.22
Total feed	\$ 10.18	\$ 9.09
Labor, (including fringe costs)	\$ 1.64	\$ 1.65
Herd replacement costs	\$ 1.47	\$ 1.16
Other costs:		
Milk hauling	\$ 0.24	\$ 0.31
State and association charges	0.20	0.28
Veterinary, breeding, testing, etc.	0.41	0.39
Supplies	0.82	0.75
Repairs and maintenance	0.60	0.67
Utilities	0.20	0.23
Occupancy costs	0.41	0.44
Depreciation - equipment	0.40	0.37
Interest	0.54	0.60
Miscellaneous	0.75	0.81
Total other costs	\$ 4.57	\$ 4.85
Total cost of operations	\$ 17.86	\$ 16.75
Net income (loss)	\$ (6.43)	\$ 1.58

SUMMARY OF FINANCIAL STATISTICS

IDAHO

	June 30, 2009	December 31, 2008
1. Current Ratio	0.66 : 1	1.45 : 1
2. Debt Per Cow	\$ 2,000	\$ 1,792
3. Debt to Equity Ratio	2.26 : 1	1.34 : 1
4. Return on Total Assets	-11.8%	5.5%
5. Income (loss) per milking cow per month	\$ (130.35)	\$ 42.46

1. The current ratio represents current assets divided by current liabilities.
2. Debt per cow equals the total long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Debt to equity represents the total debt divided by the total equity.
4. The return on total assets represents the net income divided by the total assets, stated at cost.
5. The income (loss) per milking cow per month represents the net income (loss) for the six months and year ended divided by the total milking cows.

INCOME AND COST OF OPERATIONS

IDAHO

(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2009	December 31, 2008	December 31, 2007
Income:			
Milk Sales	\$ 11.18	\$ 18.15	\$ 18.07
Calves and other	0.25	0.18	0.43
Total income	\$ 11.43	\$ 18.33	\$ 18.50
Total cost of operations:			
Feed	\$ 10.18	\$ 9.09	\$ 7.37
Labor	1.64	1.65	1.55
Herd replacement costs	1.47	1.16	1.31
Other costs	4.57	4.85	4.46
Total costs of operations	\$ 17.86	\$ 16.75	\$ 14.69
Net income (loss)	\$ (6.43)	\$ 1.58	\$ 3.81
Cost of operations as a percentage of income	156.26%	91.38%	79.41%
Feed costs as a percentage of milk sales	91.06%	50.08%	40.79%
Net income (loss) per milking cow per month	\$ (130.35)	\$ 42.46	\$ 95.04

December 31, 2006		December 31, 2005		December 31, 2004		December 31, 2003	
\$	12.15	\$	14.18	\$	15.09	\$	12.04
	0.35		0.48		0.22		0.18
\$	12.50	\$	14.66	\$	15.31	\$	12.22
\$	6.11	\$	6.09	\$	6.01	\$	5.38
	1.43		1.45		1.40		1.30
	1.37		1.17		1.35		1.32
	4.11		3.94		4.05		3.58
\$	13.02	\$	12.65	\$	12.81	\$	11.58
\$	(0.52)	\$	2.01	\$	2.50	\$	0.64
	104.16%		86.29%		83.67%		94.76%
	50.29%		42.95%		39.83%		44.68%
\$	(11.16)	\$	42.08	\$	56.97	\$	13.48

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 2009
AND YEAR ENDED DECEMBER 31, 2008
NEW MEXICO
(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2009	December 31, 2008
Income:		
Milk sales	\$ 12.39	\$ 17.92
Calves and other	0.22	0.29
Total income	\$ 12.61	\$ 18.21
Cost of operations:		
Feed:		
Grain	\$ 6.88	\$ 6.76
Hay and other	2.40	2.46
Total feed	\$ 9.28	\$ 9.22
Labor, (including fringe costs)	\$ 1.59	\$ 1.58
Herd replacement costs	\$ 1.26	\$ 1.20
Other costs:		
Milk hauling	\$ 0.66	\$ 0.75
State and association charges	0.50	0.38
Veterinary, breeding, testing, etc.	0.31	0.39
Supplies	0.62	0.52
Repairs and maintenance	0.53	0.59
Utilities	0.26	0.30
Occupancy costs	0.37	0.40
Depreciation - equipment	0.31	0.29
Interest	0.36	0.50
Miscellaneous	0.94	0.99
Total other costs	\$ 4.86	\$ 5.11
Total cost of operations	\$ 16.99	\$ 17.11
Net income (loss)	\$ (4.38)	\$ 1.10

SUMMARY OF FINANCIAL STATISTICS

NEW MEXICO

	June 30, 2009	December 31, 2008
1. Current Ratio	0.78 : 1	1.22 : 1
2. Debt Per Cow	\$ 1,115	\$ 1,027
3. Debt to Equity Ratio	0.91 : 1	1.08 : 1
4. Return on Total Assets	-8.1%	4.0%
5. Net income (loss) per milking cow per month	\$ (92.70)	\$ 41.90

1. The current ratio represents current assets divided by current liabilities.
2. Debt per cow equals the total long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Debt to equity represents the total debt divided by the total equity.
4. The return on total assets represents the net income divided by the total assets, stated at cost.
5. The income (loss) per milking cow per month represents the net income (loss) for the six months and year ended divided by the total milking cows.

INCOME AND COST OF OPERATIONS

NEW MEXICO

(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2009	December 31, 2008	December 31, 2007
Income:			
Milk Sales	\$ 12.39	\$ 17.92	\$ 18.62
Calves and other	0.22	0.29	0.60
Total income	\$ 12.61	\$ 18.21	\$ 19.22
Total cost of operations:			
Feed	\$ 9.28	\$ 9.22	\$ 7.57
Labor	1.59	1.58	1.63
Herd replacement costs	1.26	1.20	1.19
Other costs	4.86	5.11	5.20
Total costs of operations	\$ 16.99	\$ 17.11	\$ 15.59
Net income (loss)	\$ (4.38)	\$ 1.10	\$ 3.63
Cost of operations as a percentage of income	134.73%	93.96%	81.11%
Feed costs as a percentage of milk sales	74.90%	51.45%	40.66%
Net income (loss) per milking cow per month	\$ (92.70)	\$ 41.90	\$ 93.36

December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003
\$ 11.86 0.65	\$ 13.78 0.49	\$ 14.79 0.40	\$ 11.79 0.39
\$ 12.51	\$ 14.27	\$ 15.19	\$ 12.18
\$ 6.24 1.52 1.17 4.30	\$ 6.31 1.52 1.09 4.26	\$ 6.32 1.50 1.37 3.69	\$ 5.89 1.46 1.53 3.41
\$ 13.23	\$ 13.18	\$ 12.88	\$ 12.29
\$ (0.72)	\$ 1.09	\$ 2.31	\$ (0.11)
105.76%	92.36%	84.79%	100.90%
52.61%	45.79%	42.73%	49.96%
\$ (7.28)	\$ 25.79	\$ 55.56	\$ (1.40)

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 2009
AND YEAR ENDED DECEMBER 31, 2008
PANHANDLE
(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2009	December 31, 2008
Income:		
Milk sales	\$ 12.64	\$ 19.11
Calves and other	0.11	0.09
Total income	\$ 12.75	\$ 19.20
Cost of operations:		
Feed:		
Grain	\$ 6.61	\$ 6.24
Hay and other	2.59	2.67
Total feed	\$ 9.20	\$ 8.91
Labor, (including fringe costs)	\$ 1.78	\$ 1.77
Herd replacement costs	\$ 1.90	\$ 1.71
Other costs:		
Milk hauling	\$ 0.61	\$ 0.77
State and association charges	0.30	0.32
Veterinary, breeding, testing, etc.	0.36	0.41
Supplies	0.62	0.69
Repairs and maintenance	0.40	0.48
Utilities	0.31	0.27
Occupancy costs	0.54	0.66
Depreciation - equipment	0.44	0.34
Interest	0.68	0.85
Miscellaneous	0.67	0.90
Total other costs	\$ 4.93	\$ 5.69
Total cost of operations	\$ 17.81	\$ 18.08
Net income (loss)	\$ (5.06)	\$ 1.12

SUMMARY OF FINANCIAL STATISTICS

PANHANDLE

	June 30, 2009	December 31, 2008
1. Current Ratio	0.52 : 1	0.83 : 1
2. Debt Per Cow	\$ 2,256	\$ 1,930
3. Debt to Equity Ratio	2.80 : 1	2.13 : 1
4. Return on Total Assets	-8.1%	3.3%
5. Income (loss) per milking cow per month	\$ (92.91)	\$ 19.04

1. The current ratio represents current assets divided by current liabilities.
2. Debt per cow equals the total long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Debt to equity represents the total debt divided by the total equity.
4. The return on total assets represents the net income divided by the total assets, stated at cost.
5. The income (loss) per milking cow per month represents the net income (loss) for the six months and year ended divided by the total milking cows.

INCOME AND COST OF OPERATIONS

	PANHANDLE		
	(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)		
	June 30, 2009	December 31, 2008	December 31, 2007
Income:			
Milk Sales	\$ 12.64	\$ 19.11	\$ 20.01
Calves and other	0.11	0.09	0.27
Total income	\$ 12.75	\$ 19.20	\$ 20.28
Total cost of operations:			
Feed	\$ 9.20	\$ 8.91	\$ 7.50
Labor	1.78	1.77	1.66
Herd replacement costs	1.90	1.71	1.79
Other costs	4.93	5.69	6.18
Total costs of operations	\$ 17.81	\$ 18.08	\$ 17.13
Net income (loss)	\$ (5.06)	\$ 1.12	\$ 3.15
Cost of operations as a percentage of income	139.69%	94.17%	84.47%
Feed costs as a percentage of milk sales	72.78%	46.62%	37.48%
Net income (loss) per milking cow per month	\$ (92.91)	\$ 19.04	\$ 82.81

December 31,
2006

\$ 12.63
0.49

\$ 13.12

\$ 5.84
1.41
1.62
5.24

\$ 14.11

\$ (0.99)

107.55%

46.24%

\$ (14.35)

EXPLANATION OF INCOME AND COST FACTORS

Basis of presentation	Information is included both on a "per head" basis and a "per hundredweight of milk" basis. The "per head" statistics are based on the total average number of milking and dry cows in a herd for the period. The Panhandle region includes the triangle from Clovis, New Mexico to Amarillo to Lubbock, Texas.
Milk sales	Includes milk income, quality and production bonuses, patronage dividends, USDA program payments, and milk futures.
Calves and other income	This is primarily composed of the sale of calves, heifers, other livestock and equipment, and miscellaneous other income.
Feed	Grain includes all minerals and BST expense.
Labor	Includes wages and fringe costs such as payroll taxes, workers' compensation insurance, medical insurance, union benefits, etc. Compensation to owner-employees or partners is not included.
Herd replacement cost	Represents the difference between the actual price paid for purchased cows (or estimated cost of self-raised cows) at the time the cows were added to the milking herd less the sales price received for cows disposed of. This difference is amortized over the productive life of the cows.
Occupancy cost	Includes property taxes and depreciation of buildings on owner occupied facilities, rent paid and depreciation of improvements on leased facilities. It does not include interest paid on real property.
Miscellaneous cost	Includes auto, truck and fuel expenses, insurance, professional fees, quality penalties and other dairy expenses not specifically classified in another category.
Net income	Is stated before a provision for income taxes or a return on the dairy owner's investment.

OUR FIRM AND THE DAIRY INDUSTRY

Moore Stephens Wurth Frazer and Torbet, LLP has been associated with the dairy industry since the early 1950's. At that time, many immigrants from Europe were arriving in California's "Dairy Valley" and establishing their farming operations. These early dairies averaged 50 cows and the families provided most of the labor.

Moore Stephens Wurth Frazer and Torbet, LLP's partners, situated in "Dairy Valley", were instrumental in the creation of federal and state laws to help dairymen. We have consistently supported pro-agricultural organizations in their efforts to help shape policy and better the living and working environments for dairy families.

As development expanded in the dairy farming area, our firm helped many dairies relocate throughout California and other Western states. Many families we are servicing now have their third generation stepping into the operation's management. We have grown with these families into their multiple operations, often totaling 10,000 cows or more. Today, Moore Stephens Wurth Frazer and Torbet, LLP has clients in California, Arizona, Texas, New Mexico, Colorado, Idaho, Nevada, Oregon, Washington, Nebraska, Kansas, Wisconsin, Iowa, and South Dakota. Also, we actively consult with many dairies throughout the United States.

As we look to the future, the trend towards more efficiently operated dairies will continue. Along with this trend, the dairy industry is facing continued challenges in its expansion and relocation activities including the ability to construct new dairies. The dairy industry brings many jobs to an area and allows associated businesses to grow and flourish. This creates further conflict between the local communities and the environmentalists.

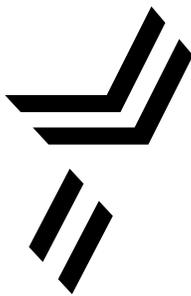
The environmental issues are extremely important and the dairies need to monitor and control the impact on the surrounding community including air quality, water quality and odor issues. The regulatory controls and enforcement will continue to impact the dairies in the future.

Dairy producers face volatility in many facets of their business. Milk pricing and feed market updates can be monitored daily by producers via the CME website boards. Making the correct market decision with respect to milk and feed pricing are crucial to the successful operations of any facility. These decisions to contract any pricing of commodities often carry substantial risk/reward to the producers operation.

As we are well into 2009, this year is turning out to be one of the worst years economically for the dairy industry in history. As milk prices are at or below support levels, input costs continue to exceed income levels creating financial hardship on all producers. This trend may unfortunately continue until milk supply and demand become more adequately aligned with one another, along with increased sales from exports, and decreased feed costs.

All of these factors culminate in a substantial amount of capital required to maintain a dairy farm and will put increasing pressure on dairy operators to make critical financial decisions. Moore Stephens Wurth Frazer and Torbet, LLP will be instrumental in providing the assistance needed to make these decisions.

We are proud of our dairy clients' social, political and charitable contributions to their communities.



MOORE STEPHENS WURTH FRAZER AND TORBET, LLP

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Information from Moore Stephens Wurth Frazer and Torbet, LLP

The heifer raising costs netted from feed in the cost study by area in California on a per head and a per cwt basis are as follows:

LESS ALLOCATION TO HEIFER						
RAISING PROGRAM						
				<u>PER HEAD</u>		<u>PER CWT</u>
SOUTHERN CA				315.81		2.90
KERN COUNTY				263.80		2.65
SAN JOAQUIN COUNTY				263.79		2.45

The total feed cost would be the amount shown on the cost study plus the above.

Our representation of California dairies is approximately 165,000 cows and 3.4 billion pounds of milk in a year.