Background Materials for the Class 4a and 4b Hearing

In Preparation for the June 20, 2011 Hearing

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Summary Analysis of Estimated Impacts of the
Petitions and Alternative Proposals on California Class and Pool Prices

For the June 20, 2011 Workshop
In Preparation for the June 30 and July 1, 2011 Hearing

Executive Summary

Using historic commodity prices, estimates assume that the current and alternative formulas had been in effect from May 2006 through April 2011

When a change is a "minus," the proposal would have decreased the price.
When a change has no sign next to it, the proposal would have increased the price.

Table 1 - Estimated Impact of Proposals
(Proposed less Current Class and Pool Prices)
60-Month Averages: May 2006 - April 2011
(Dollars per Hundredweight)

	Class 4a	Class 4b	Quota & Overbase
CDI	-$0.43	$0.00	-$0.17
LOL	$0.00	$0.75	$0.34
WUD	$0.00	$0.85	$0.40
Institute [1/]	$0.00	$0.12	$0.06

1/ Estimated impacts were calculated using the weekly weighted average dry whey price as reported by NASS, first published beginning the 26th day of the previous month and concluding the 25th day of the current month.

Please Note: Historic price comparisons are not necessarily a good predictor of future prices.

Comprehensive Findings

Using historic commodity prices, the following tables estimate the impacts of the proposals assuming that the current California and alternative formulas had been in effect from May 2006 through April 2011. The same assumptions are made for comparisons to federal pricing formulas in the following tables.

Estimated Relationships of Manufacturing Cost Allowances

Table 2 estimates the relationships of alternative manufacturing cost allowances to:

- Weighted average manufacturing costs (WAC) from the 2009 cost summaries
- Volume of product covered based on the 2009 cost summaries **including** a 7.30% ROI

Table 2 - Comparisons of Alternative Proposals for New Manufacturing Cost Allowances

	MCA	MCA / WAC	Volume [1/]
Butter			
Current	$0.1560	0.86	0%
CDI	$0.1811	1.00	92%
NFDM			
Current	$0.1698	0.86	38%
CDI	$0.1984	1.00	53%
Cheese			
Current	$0.1988	1.01	83%
LOL	$0.1966	1.00	79%
WUD	$0.1966	1.00	79%

1/ Volume covered calculation **includes** a 7.30% ROI

Estimated Impacts of the Petitions and Alternative Proposals on California Class and Pool Prices

- Table 3 shows the impacts of the petition and alternative proposals on class and pool prices relative to current prices, from May 2006 through April 2011.
- The analysis assumes that the petition, alternative proposals and current formulas were in effect throughout that analysis period.
- Commodity prices used are historic prices in effect from May 2006 through April 2011.

Table 3 - Estimates of Proposals less Current Class and Pool Prices

12-Month Averages: May-April and 5-Year Averages: May 2006 - April 2011

(Dollars per Hundredweight)

CLASS 4a	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Average
CDI	-$0.43	-$0.43	-$0.43	-$0.43	-$0.43	-$0.43
CLASS 4b						
LOL	$0.80	$0.83	$0.32	$0.79	$0.98	$0.75
WUD	$1.09	$1.38	$0.08	$0.72	$0.99	$0.85
Institute	$0.15	$0.27	$0.00	$0.04	$0.14	$0.12
POOL PRICES: QUOTA & OVERBASE						
CDI	-$0.15	-$0.16	-$0.18	-$0.19	-$0.18	-$0.17
LOL	$0.40	$0.40	$0.14	$0.33	$0.43	$0.34
WUD	$0.55	$0.68	$0.04	$0.30	$0.44	$0.40
Institute	$0.07	$0.13	$0.00	$0.02	$0.06	$0.06

Estimated Impacts of the Various Components of the Petitions and Alternative Proposals on California Class 4a and 4b Prices

Tables 4 and 5 show the impact of changes to individual factors in the pricing formulas, using historic commodity prices, assuming that the current and alternative formulas had been in effect from May 2006 through April 2011, including:

- Changes to manufacturing cost allowances (MCA)
- Changes to f.o.b. California price adjusters
- Changes to the whey factor

Class 4a

Table 4 - Estimates of Impact of Proposals (Proposed less Current Class Prices) by Factors in the Formulas

12-Month Averages: May-April and 5-Year Averages: May 2006 - April 2011 1/

(Dollars per Hundredweight)

CDI	Butter MCA	NFDM MCA	Butter f.o.b. Adjuster	TOTAL
2006-07	-$0.11	-$0.25	-$0.07	-$0.43
2007-08	-$0.11	-$0.25	-$0.07	-$0.43
2008-09	-$0.11	-$0.25	-$0.07	-$0.43
2009-10	-$0.11	-$0.25	-$0.07	-$0.43
2010-11	-$0.11	-$0.25	-$0.07	-$0.43
5-Year Average	**-$0.11**	**-$0.25**	**-$0.07**	**-$0.43**

1/ LOL, WUD, and Institute did not propose changes to the Class 4a price formula.

Class 4b

Table 5 - Estimates of Impact of Proposals (Proposed less Current Class Prices) by Factors in the Formulas

12-Month Averages: May-April and 5-Year Averages: May 2006 - April 2011 [1/]

(Dollars per Hundredweight)

LOL	Cheese MCA	Cheese f.o.b. Adjuster	Whey Factor	TOTAL
2006-07	$0.02	$0.24	$0.54	$0.80
2007-08	$0.02	$0.24	$0.57	$0.83
2008-09	$0.02	$0.24	$0.07	$0.32
2009-10	$0.02	$0.24	$0.53	$0.79
2010-11	$0.02	$0.24	$0.73	$0.98
5-Year Average	**$0.02**	**$0.24**	**$0.49**	**$0.75**
WUD				
2006-07	$0.02	$0.24	$0.83	$1.09
2007-08	$0.02	$0.24	$1.12	$1.38
2008-09	$0.02	$0.24	-$0.18	$0.08
2009-10	$0.02	$0.24	$0.46	$0.72
2010-11	$0.02	$0.24	$0.74	$0.99
5-Year Average	**$0.02**	**$0.24**	**$0.59**	**$0.85**
Institute				
2006-07			$0.15	$0.15
2007-08			$0.27	$0.27
2008-09			$0.00	$0.00
2009-10			$0.04	$0.04
2010-11			$0.14	$0.14
5-Year Average			**$0.12**	**$0.12**

1/ CDI did not propose changes to the Class 4b price formula.

Estimated Impact on the Relationship between California Class Prices and Federal Order Prices

- Table 6 shows the estimated impact on the relationship between California Class prices and Federal Order prices from May 2006 through April 2011, using historical prices and assuming that the current and alternative formulas had been in effect for that period.
  - **Please note: plants in federal orders can avoid the minimum Class III and IV prices by depooling; plants in California are always subject to the minimum Class 4a and 4b prices.**

Table 6 - Estimates of Impact of Proposals (Proposed less Current Class Prices)
12-Month Averages: May-April and 5-Year Averages: May 2006 - April 2011
(Dollars per Hundredweight)

California Class 4a less Federal Class IV	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Average
Current	-$0.31	-$0.55	-$0.03	-$0.17	-$0.34	-$0.28
CDI	-$0.74	-$0.98	-$0.46	-$0.60	-$0.77	-$0.71

California Class 4b less Federal Class III	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Average
Current	-$1.30	-$1.29	-$0.31	-$0.67	-$1.31	-$0.97
LOL	-$0.49	-$0.46	$0.02	$0.12	-$0.33	-$0.23
WUD	-$0.21	$0.09	-$0.23	$0.05	-$0.32	-$0.12
Institute	-$1.15	-$1.01	-$0.31	-$0.63	-$1.17	-$0.85

Frequency of Occurrence of the Dry Whey Price Floor and Ceiling in the LOL and Institute Proposals

Table 7 - Months in which the Whey Factor reached its minimum or maximum values for the proposed sliding scales during the 60-Month period, May 2006 to April 2011

	Minimum Whey Value		Maximum Whey Value	
Proponent	**Number of Months**	**Percent of Months**	**Number of Months**	**Percent of Months**
LOL 1/	9	15%	28	47%
Institute 2/	28	47%	6	10%

1/ The LOL proposal uses the simple average of the weekly Dry Whey-West Mostly prices as published in Dairy Market News.
2/ The Institute proposal uses the weighted average of the weekly dry whey prices reported by NASS.

VOLUME

APPROXIMATE PERCENT VOLUME OF BUTTER, NONFAT DRY MILK, AND CHEDDAR CHEESE COVERED BY VARIOUS POSSIBLE MANUFACTURING COST ALLOWANCES
Uses cost studies for calendar year 2009, released November 2010

Manufacturing Cost Allowance ($/lb)	Percent Volume Covered for this Allowance			Manufacturing Cost Allowance ($/lb)
	Butter	Nonfat Dry Milk	Cheese	
$0.12				$0.12
$0.14	0% ← **$0.156** **0%**	0%		$0.14
$0.16	0%	20% ← **$0.1698** **38%**	0%	$0.16
$0.18	91%	38%	4% ← **$0.1988** **83%**	$0.18
$0.20	91%	52%	83%	$0.20
$0.22	91%	56%	83%	$0.22
$0.24	91%	98%	90%	$0.24
$0.26	94%	98%	100%	$0.26
$0.28	94%	98%		$0.28
$0.30	99%	98%		$0.30
$0.32	99%	99%		$0.32
$0.34	100%	100%		$0.34
$0.36				$0.36

cdfa CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE
Karen Ross, Secretary

Dairy Marketing Branch, June 2011

PRODUCTION OF CHEESE, WHEY PROTEIN CONCENTRATE AND DRY WHEY
WITH NUMBER OF DRY WHEY PLANTS IN CALIFORNIA [1/]
Annual Totals, 2000 to 2010, and 2011 year to date

YEAR	PRODUCTION ALL CHEESE USA (lb)	PRODUCTION ALL CHEESE CA (lb)	PRODUCTION ALL CHEESE CA (%)	PRODUCTION WHEY PROTEIN CONCENTRATE FOR HUMANS (25.0-89.9%) USA (lb)	PRODUCTION WHEY PROTEIN CONCENTRATE FOR HUMANS (25.0-89.9%) CA (lb)	PRODUCTION WHEY PROTEIN CONCENTRATE FOR HUMANS (25.0-89.9%) CA (%)	PRODUCTION DRY WHEY FOR HUMANS USA (lb)	PRODUCTION DRY WHEY FOR HUMANS CA (lb)	PRODUCTION DRY WHEY FOR HUMANS CA (%)	DRY WHEY PLANTS CA (number)
2000	8,257,998,000	1,498,681,749	18%	290,462,000	95,250,377	33%	1,105,057,000	125,841,982	11%	6
2001	8,129,094,000	1,643,333,996	20%	275,112,000	93,813,009	34%	978,853,000	130,550,306	13%	6
2002	8,547,267,000	1,723,262,272	20%	274,180,000	102,589,785	37%	1,040,977,000	150,879,484	14%	6
2003	8,597,976,000	1,831,679,444	21%	305,558,000	116,995,716	38%	992,480,000	123,977,598	12%	7
2004	8,848,786,000	1,992,818,341	23%	299,189,000	118,615,615	40%	948,915,000	118,329,083	12%	5
2005	9,149,322,000	2,136,698,734	23%	343,462,000	122,196,081	36%	958,586,000	119,216,266	12%	5
2006	9,534,331,000	2,207,739,773	23%	378,618,000	140,281,615	37%	1,049,139,000	107,062,816	10%	4
2007	9,776,785,000	2,287,250,312	23%	357,376,000	125,974,061	35%	1,072,553,000	89,510,745	8%	4
2008	9,912,828,000	2,113,238,203	21%	404,352,000	128,010,404	32%	1,024,252,000	[2/]		2
2009	10,074,199,000	2,057,518,336	20%	375,336,000	105,341,249	28%	950,654,000	[2/]		2
2010	10,435,941,000	2,197,929,619	21%	393,246,000	98,723,532	25%	960,710,000	[2/]		2
10 Year Avg. Change	*2.4%*	*3.9%*		*3.1%*	*0.4%*		*-1.4%*			
First Four Months										
2010	3,378,936,000	704,889,000	21%	121,854,000	33,832,381	28%	302,759,000			2
2011	3,492,150,000	737,710,000	21%	128,337,000	30,931,760	24%	334,864,000			2
Change	*3.4%*	*4.7%*		*5.3%*	*-8.6%*		*10.6%*			

[1/] All California data are from CDFA and all US data are from USDA-NASS

[2/] Data not released due to confidentiality. Starting in 2008, there were only 2 CA plants making dry whey for humans. In 2011, there will only be 1 CA plant making dry whey for humans.

COSTS AND VOLUMES FOR BUTTER, NONFAT DRY MILK AND CHEDDAR CHEESE: 2007, 2008 & 2009 WITH ABSOLUTE AND RELATIVE CHANGES

	BUTTER			NONFAT DRY MILK			CHEDDAR CHEESE		
	Cost Per Pound	Volume in Pounds	Number of Plants	Cost Per Pound	Volume in Pounds	Number of Plants	Cost Per Pound	Volume in Pounds	Number of Plants
Study Periods									
2007	$0.1316	492,471,306	7	$0.1568	701,322,354	8	$0.2003	645,199,735	6
2008	$0.1553	550,697,392	8	$0.1931	774,458,542	9	$0.2099	603,278,420	6
2009	$0.1811	512,544,105	8	$0.1984	815,148,443	9	$0.1966	614,680,488	6
Absolute Change									
2007 to 2008	$0.0237	58,226,086	+1	$0.0363	73,136,188	+1	$0.0096	-41,921,315	0
2008 to 2009	$0.0258	-38,153,287	0	$0.0053	40,689,901	0	-$0.0133	11,402,068	0
2007 to 2009	$0.0495	20,072,799	+1	$0.0416	113,826,089	+1	-$0.0037	-30,519,247	0
Relative Change									
2007 to 2008	18.0%	11.8%		23.2%	10.4%		4.8%	-6.5%	
2008 to 2009	16.6%	-6.9%		2.7%	5.3%		-6.3%	1.9%	
2007 to 2009	37.6%	4.1%		26.5%	16.2%		-1.8%	-4.7%	

California Dry Products Production
For the Years 2004-2010
(In Pounds of Product)

Year	Dry Whey (Human)	Dry Whey (Animal)	WPC (Human) 25.0-49.9% Protein	WPC (Human) 50.0-100.0% Protein (Includes Isolates)	WPC (Animal) 0-100% Protein	Lactose Powder (Human & Animal)
2004	118,329,083	16,378,438	43,285,783	63,950,280	11,793,595	215,862,904
2005	119,216,266	11,650,960	47,521,981	74,674,100	11,550,559	224,204,421
2006	107,062,816	9,795,310	59,969,919	83,587,461	2,435,789	239,923,439
2007	89,510,745	11,791,328	42,277,851	87,877,622	2,271,428	228,430,659
2008	*	*	52,958,434	82,180,000	2,717,660	224,078,941
2009	*	*	35,705,203	76,222,914	3,203,074	212,059,287
2010	*	*	21,627,799	84,920,706	2,294,573	297,596,018

* Data cannot be published due to confidentiality rules.

COMMODITY PRICES USED IN CALIFORNIA CLASS 4a AND FEDERAL CLASS IV PRICING FORMULAS

		BUTTER PRICES					NFDM PRICES				
		USDA SPP BUTTER	USDA NASS BUTTER	USDA NASS BUTTER	CME BUTTER GRADE AA	CME BUTTER GRADE AA	USDA SPP NFDM	USDA NASS NFDM	USDA NASS NFDM	CALIFORNIA PLANTS NFDM	CALIFORNIA PLANTS NFDM
YEAR	MONTH	26th-25th ($/lb.)	4/5 Week ($/lb.)	Two Week ($/lb.)	26th-25th ($/lb.)	26th-10th ($/lb.)	26th-25th ($/lb.)	4/5 Week ($/lb.)	Two Week ($/lb.)	26th-25th ($/lb.)	26th-10th ($/lb.)
2006	January	1.0500	1.3387	1.3459	1.3553	1.3771	0.8000	0.9614	0.9782	0.9359	0.9801
	February	1.0500	1.2374	1.2623	1.2092	1.2398	0.8000	0.8833	0.9053	0.8737	0.8980
	March	1.0500	1.1647	1.1746	1.1690	1.1753	0.8000	0.8697	0.8789	0.8480	0.8533
	April	1.0500	1.1436	1.1426	1.1580	1.1573	0.8000	0.8429	0.8400	0.8363	0.8395
	May	1.0500	1.1635	1.1658	1.1767	1.1786	0.8000	0.8288	0.8309	0.8173	0.8304
	June	1.0500	1.1513	1.1508	1.1698	1.1730	0.8000	0.8221	0.8205	0.8063	0.8075
	July	1.0500	1.1340	1.1278	1.1516	1.1508	0.8000	0.8300	0.8268	0.8149	0.8077
	August	1.0500	1.1990	1.1736	1.2742	1.2513	0.8000	0.8484	0.8463	0.8329	0.8273
	September	1.0500	1.2976	1.2989	1.3319	1.3525	0.8000	0.8537	0.8542	0.8383	0.8368
	October	1.0500	1.2941	1.2820	1.3265	1.3139	0.8000	0.9027	0.8891	0.8676	0.8555
	November	1.0500	1.2693	1.2625	1.2900	1.2863	0.8000	0.9837	0.9691	0.9224	0.8913
	December	1.0500	1.2384	1.2439	1.2558	1.2595	0.8000	1.0225	1.0233	0.9762	0.9572
2007	January	1.0500	1.1991	1.1905	1.2153	1.2015	0.8000	1.0677	1.0461	1.0266	0.9993
	February	1.0500	1.2129	1.2148	1.2250	1.2357	0.8000	1.1021	1.0960	1.0702	1.0472
	March	1.0500	1.2676	1.2782	1.3048	1.2948	0.8000	1.1902	1.1655	1.1353	1.1078
	April	1.0500	1.3416	1.3193	1.3580	1.3368	0.8000	1.4354	1.3692	1.2574	1.2023
	May	1.0500	1.4290	1.4090	1.4657	1.4359	0.8000	1.6670	1.6024	1.3753	1.3448
	June	1.0500	1.4916	1.5125	1.5088	1.5389	0.8000	1.9012	1.9084	1.4727	1.4203
	July	1.0500	1.4627	1.4544	1.4871	1.4800	0.8000	2.0180	2.0358	1.8065	1.5936
	August	1.0500	1.4429	1.4854	1.4618	1.5013	0.8000	2.0545	2.0383	1.9753	1.9327
	September	1.0500	1.3786	1.3876	1.3996	1.4250	0.8000	2.0557	2.0494	2.0533	2.0528
	October	1.0500	1.2945	1.3134	1.3045	1.3159	0.8000	2.0615	2.0699	2.0639	2.0614
	November	1.0500	1.2933	1.2969	1.3471	1.3255	0.8000	1.9562	1.9131	1.9680	2.0370
	December	1.0500	1.3159	1.3146	1.3351	1.3384	0.8000	1.8031	1.8304	1.8151	1.8407
2008	January	1.0500	1.2301	1.2585	1.2320	1.2390	0.8000	1.5090	1.6931	1.5505	1.7009
	February	1.0500	1.2044	1.2150	1.2080	1.2223	0.8000	1.3331	1.3398	1.3188	1.4868
	March	1.0500	1.2539	1.2438	1.3188	1.2803	0.8000	1.2512	1.2537	1.2738	1.2482
	April	1.0500	1.3492	1.3421	1.3811	1.3679	0.8000	1.2506	1.2456	1.2387	1.2498
	May	1.0500	1.4170	1.4223	1.4670	1.4425	0.8000	1.2985	1.3006	1.2973	1.2614
	June	1.0500	1.4669	1.4607	1.4892	1.4820	0.8000	1.3508	1.3479	1.3351	1.3421
	July	1.0500	1.5180	1.5205	1.5394	1.5418	0.8000	1.4053	1.3957	1.3647	1.3528
	August	1.0500	1.5713	1.5711	1.6148	1.5993	0.8000	1.3840	1.3790	1.3477	1.3585
	September	1.0500	1.6365	1.6125	1.6727	1.6427	0.8000	1.2131	1.2628	1.2357	1.3301
	October	1.0500	1.6997	1.6899	1.7389	1.7298	0.8000	0.9987	1.0452	0.9769	1.1214
	November	1.0500	1.6356	1.6517	1.6451	1.6791	0.8000	0.8701	0.8617	0.8684	0.9174
	December	1.0500	1.2448	1.3262	1.2266	1.2939	0.8000	0.8425	0.8460	0.8349	0.8639
2009	January	1.0500	1.0868	1.0914	1.1165	1.1275	0.8000	0.8318	0.8333	0.8161	0.8146
	February	1.0500	1.0750	1.0731	1.1047	1.1008	0.8000	0.8215	0.8195	0.8074	0.8106
	March	1.0500	1.1289	1.1211	1.1728	1.1594	0.8000	0.8166	0.8152	0.8058	0.8036
	April	1.0500	1.1665	1.1640	1.1961	1.1870	0.8000	0.8195	0.8181	0.8082	0.8069
	May	1.0500	1.2159	1.2051	1.2449	1.2313	0.8000	0.8318	0.8314	0.8124	0.8084

COMMODITY PRICES USED IN CALIFORNIA CLASS 4a AND FEDERAL CLASS IV PRICING FORMULAS

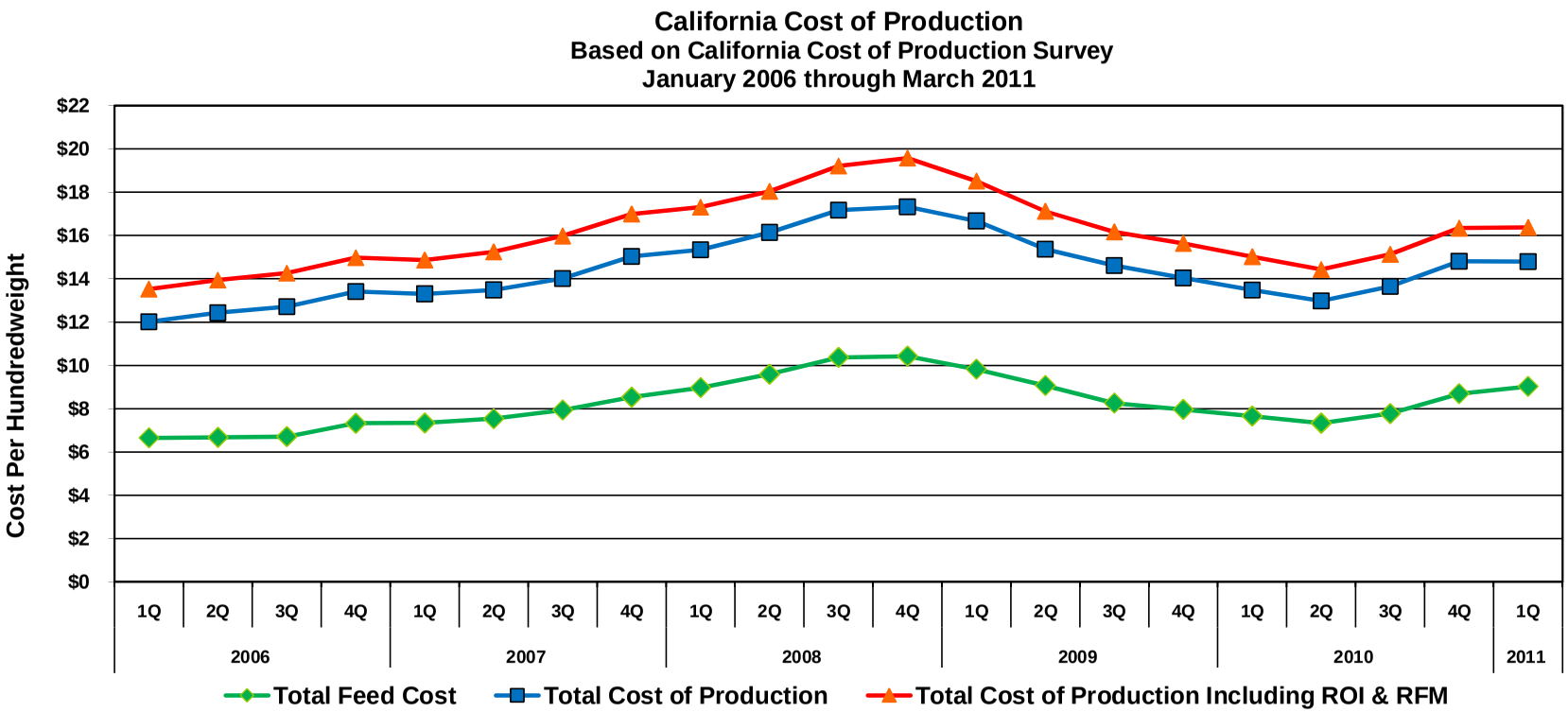
		BUTTER PRICES					NFDM PRICES				
		USDA SPP BUTTER	USDA NASS BUTTER	USDA NASS BUTTER	CME BUTTER GRADE AA	CME BUTTER GRADE AA	USDA SPP NFDM	USDA NASS NFDM	USDA NASS NFDM	CALIFORNIA PLANTS NFDM	CALIFORNIA PLANTS NFDM
YEAR	MONTH	26th-25th ($/lb.)	4/5 Week ($/lb.)	Two Week ($/lb.)	26th-25th ($/lb.)	26th-10th ($/lb.)	26th-25th ($/lb.)	4/5 Week ($/lb.)	Two Week ($/lb.)	26th-25th ($/lb.)	26th-10th ($/lb.)
	June	1.0500	1.2073	1.2187	1.2337	1.2550	0.8000	0.8461	0.8443	0.8203	0.8212
	July	1.0500	1.1986	1.1747	1.2263	1.1965	0.8000	0.8422	0.8416	0.8198	0.8152
	August	1.0500	1.2030	1.2158	1.2172	1.2414	0.9200	0.8666	0.8695	0.8458	0.8296
	September	1.0500	1.1811	1.1658	1.2068	1.1698	0.9200	0.9664	0.9541	0.9514	0.9355
	October	1.0500	1.2245	1.2245	1.2575	1.2405	0.9200	1.0270	1.0299	0.9793	0.9577
	November	1.0500	1.3817	1.3532	1.4700	1.4196	0.8000	1.1120	1.1147	1.0627	0.9980
	December	1.0500	1.4459	1.4823	1.4182	1.4683	0.8000	1.2858	1.2701	1.2718	1.2271
2010	January	1.0500	1.3610	1.3350	1.3871	1.3303	0.8000	1.1929	1.3201	1.1598	1.2775
	February	1.0500	1.3609	1.3701	1.3555	1.3446	0.8000	1.0812	1.1431	1.0697	1.0757
	March	1.0500	1.4388	1.4249	1.4559	1.4453	0.8000	1.0454	1.0459	1.0213	1.0192
	April	1.0500	1.4773	1.4861	1.5239	1.4943	0.8000	1.1208	1.1250	1.0750	1.0409
	May	1.0500	1.5801	1.5881	1.5947	1.6009	0.8000	1.2520	1.2459	1.0936	1.0952
	June	1.0500	1.5946	1.5620	1.6139	1.5711	0.8000	1.2631	1.3037	1.2345	1.2792
	July	1.0500	1.7375	1.7321	1.7643	1.7447	0.8000	1.2277	1.2333	1.2041	1.2165
	August	1.0500	1.8508	1.8269	1.9153	1.8346	0.8000	1.1557	1.1542	1.1387	1.1520
	September	1.0500	2.1570	2.1198	2.2170	2.2107	0.8000	1.1383	1.1351	1.0984	1.1183
	October	1.0500	2.1893	2.1942	2.1990	2.2145	0.8000	1.1674	1.1755	1.1118	1.1103
	November	1.0500	2.0230	2.0995	2.0123	2.1075	0.8000	1.1953	1.1903	1.1662	1.1501
	December	1.0500	1.6539	1.6328	1.6154	1.5848	0.8000	1.1848	1.2148	1.1667	1.1924
2011	January	1.0500	1.8428	1.7407	1.9323	1.7798	0.8000	1.2530	1.2423	1.2221	1.1470
	February	1.0500	2.0680	2.0820	2.0710	2.1000	0.8000	1.3728	1.3467	1.3149	1.2648
	March	1.0500	2.0591	2.0363	2.0930	2.0967	0.8000	1.4945	1.4733	1.4409	1.3875
	April	1.0500	1.9975	1.9869	1.9971	1.9993	0.8000	1.5680	1.5698	1.5320	1.5067
	May-06 to Apr-07 Avg.	1.0500	1.2307	1.2257	1.2566	1.2529	0.8000	0.9906	0.9781	0.9471	0.9309
	May-07 to Apr-08 Avg.	1.0500	1.3455	1.3528	1.3708	1.3725	0.8000	1.7384	1.7483	1.6593	1.6641
	May-08 to Apr-09 Avg.	1.0500	1.3873	1.3920	1.4153	1.4155	0.8000	1.0544	1.0604	1.0415	1.0653
	May-09 to Apr-10 Avg.	1.0500	1.3080	1.3047	1.3331	1.3197	0.8300	1.0182	1.0325	0.9908	0.9838
	May-10 to Apr-11 Avg.	1.0500	1.8961	1.8834	1.9188	1.9037	0.8000	1.2727	1.2737	1.2270	1.2183

COMMODITY PRICES USED IN CALIFORNIA CLASS 4b AND FEDERAL CLASS III PRICING FORMULAS

		CHEESE PRICES					DRY WHEY PRICES					OTHER WHEY STREAM PRICES	
											(proposed for use in 4b whey factor)		
		USDA SPP BLOCK CHED. CHEESE	USDA NASS 40# & BARREL 38% CHEDDAR	USDA NASS 40# & BARREL 38% CHEDDAR	CME BLOCK 40# CHEDDAR	CME BLOCK 40# CHEDDAR	USDA NASS DRY WHEY	USDA NASS DRY WHEY	WESTERN DRY WHEY	WESTERN DRY WHEY	USDA NASS DRY WHEY	CENTRAL & WESTERN WPC-34% MOSTLY	CENTRAL & WESTERN LACTOSE MOSTLY
YEAR	MONTH	26th-25th ($/lb.)	4/5 Week ($/lb.)	Two Week ($/lb.)	26th-25th ($/lb.)	26th-10th ($/lb.)	4/5 Week ($/lb.)	Two Week ($/lb.)	26th-25th ($/lb.)	26th-10th ($/lb.)	26th-25th ($/lb)	($/lb)	($/lb)
2006	January	1.1314	1.3895	1.3895	1.3581	1.3678	0.3416	0.3394	0.3466	0.3450	0.3344	0.7943	0.2363
	February	1.1314	1.2637	1.2923	1.2146	1.2410	0.3531	0.3532	0.3515	0.3525	0.3522	0.7482	0.2425
	March	1.1314	1.1612	1.1686	1.1586	1.1350	0.3409	0.3478	0.3381	0.3450	0.3461	0.6864	0.2430
	April	1.1314	1.1654	1.1698	1.1667	1.1727	0.3054	0.3056	0.3125	0.3175	0.3146	0.6200	0.2600
	May	1.1314	1.1694	1.1602	1.1775	1.1605	0.2805	0.2811	0.3031	0.3050	0.2899	0.5953	0.2705
	June	1.1314	1.2166	1.2218	1.2011	1.2080	0.2808	0.2817	0.2910	0.2900	0.2801	0.5800	0.2847
	July	1.1314	1.1793	1.1858	1.1643	1.1694	0.2810	0.2796	0.2906	0.2900	0.2804	0.5858	0.3290
	August	1.1314	1.1813	1.1633	1.2091	1.1858	0.2965	0.2925	0.3018	0.2956	0.2894	0.6100	0.3389
	September	1.1314	1.2912	1.3063	1.3041	1.3308	0.3191	0.3162	0.3213	0.3125	0.3117	0.6626	0.3620
	October	1.1314	1.2721	1.2846	1.2383	1.2384	0.3557	0.3500	0.3550	0.3488	0.3440	0.7453	0.4188
	November	1.1314	1.3123	1.2745	1.3490	1.3083	0.3800	0.3740	0.3938	0.3863	0.3761	0.8182	0.4295
	December	1.1314	1.3624	1.3758	1.3318	1.3410	0.4079	0.4051	0.4331	0.4263	0.3974	0.8698	0.4350
2007	January	1.1314	1.3366	1.3279	1.3161	1.3330	0.4680	0.4539	0.4781	0.4675	0.4357	0.9958	0.5505
	February	1.1314	1.3454	1.3529	1.3376	1.3418	0.6005	0.5986	0.5680	0.5625	0.5393	1.1751	0.5934
	March	1.1314	1.3732	1.3656	1.3715	1.3663	0.7060	0.7021	0.6700	0.6375	0.6790	1.3380	0.7272
	April	1.1314	1.4296	1.4177	1.4381	1.4132	0.7789	0.7709	0.7388	0.7300	0.7599	1.4706	0.9232
	May	1.1314	1.5946	1.5333	1.6835	1.6393	0.7578	0.7623	0.8038	0.7863	0.7704	1.5353	0.9300
	June	1.1314	1.8505	1.8555	1.9824	1.9178	0.7617	0.7595	0.8238	0.8238	0.7591	1.6146	0.9300
	July	1.1314	2.0002	2.0188	1.9427	1.9788	0.7329	0.7428	0.7809	0.8106	0.7535	1.6343	1.0117
	August	1.1314	1.9100	1.9014	1.9242	1.8960	0.6197	0.6429	0.6175	0.6375	0.6616	1.5838	0.9496
	September	1.1314	2.0250	2.0214	2.0170	2.0753	0.4762	0.4885	0.4419	0.4713	0.5224	1.4521	0.7975
	October	1.1314	1.9227	1.9438	1.8724	1.8820	0.4175	0.4111	0.4025	0.3975	0.4253	1.3546	0.5382
	November	1.1314	1.9652	1.9648	2.0649	2.0170	0.4345	0.4385	0.4295	0.4250	0.4290	1.2808	0.4574
	December	1.1314	2.0976	2.1328	2.0381	2.1457	0.4516	0.4568	0.4406	0.4425	0.4534	1.2438	0.4195
2008	January	1.1314	1.9998	2.0126	1.8730	2.0308	0.3992	0.4380	0.3780	0.4275	0.4315	1.2032	0.2776
	February	1.1314	1.8403	1.8092	1.9350	1.8348	0.2736	0.2673	0.2588	0.2750	0.3001	1.1623	0.2600
	March	1.1314	1.9575	2.0190	1.8748	1.9605	0.2435	0.2454	0.2394	0.2350	0.2440	1.1300	0.2636
	April	1.1314	1.8164	1.8038	1.8598	1.8242	0.2560	0.2528	0.2730	0.2650	0.2505	1.1175	0.2682
	May	1.1314	1.9525	1.9527	2.0448	1.9595	0.2700	0.2686	0.2813	0.2825	0.2667	1.0955	0.2750
	June	1.1314	2.1609	2.2156	2.0900	2.1905	0.2758	0.2774	0.2800	0.2800	0.2754	0.9473	0.2775
	July	1.1314	1.9585	1.9792	1.9561	1.9140	0.2642	0.2690	0.2800	0.2800	0.2691	0.7367	0.2559
	August	1.1314	1.8699	1.9041	1.7943	1.8553	0.2470	0.2487	0.2756	0.2800	0.2550	0.5217	0.2415
	September	1.1314	1.7773	1.7279	1.8430	1.7489	0.2183	0.2241	0.2338	0.2488	0.2318	0.4098	0.2152
	October	1.1314	1.9065	1.9323	1.8418	1.8559	0.1945	0.1970	0.1860	0.1850	0.2019	0.3886	0.1825
	November	1.1314	1.7511	1.7420	1.6950	1.6467	0.1895	0.1896	0.1663	0.1700	0.1903	0.3968	0.1678
	December	1.1314	1.7544	1.7989	1.5788	1.7853	0.1730	0.1716	0.1588	0.1600	0.1785	0.4359	0.1650
2009	January	1.1300	1.2961	1.2895	1.0907	1.1178	0.1696	0.1701	0.1495	0.1500	0.1724	0.5241	0.1354
	February	1.1300	1.1518	1.1414	1.1992	1.1456	0.1567	0.1545	0.1519	0.1488	0.1583	0.5397	0.1275
	March	1.1300	1.2611	1.2545	1.2321	1.1900	0.1662	0.1632	0.1747	0.1644	0.1615	0.5435	0.1320
	April	1.1300	1.2771	1.3030	1.2279	1.2723	0.1949	0.1852	0.2200	0.2150	0.1834	0.5470	0.1437
	May	1.1300	1.1553	1.1562	1.1418	1.1503	0.2317	0.2323	0.2563	0.2488	0.2206	0.5543	0.1536

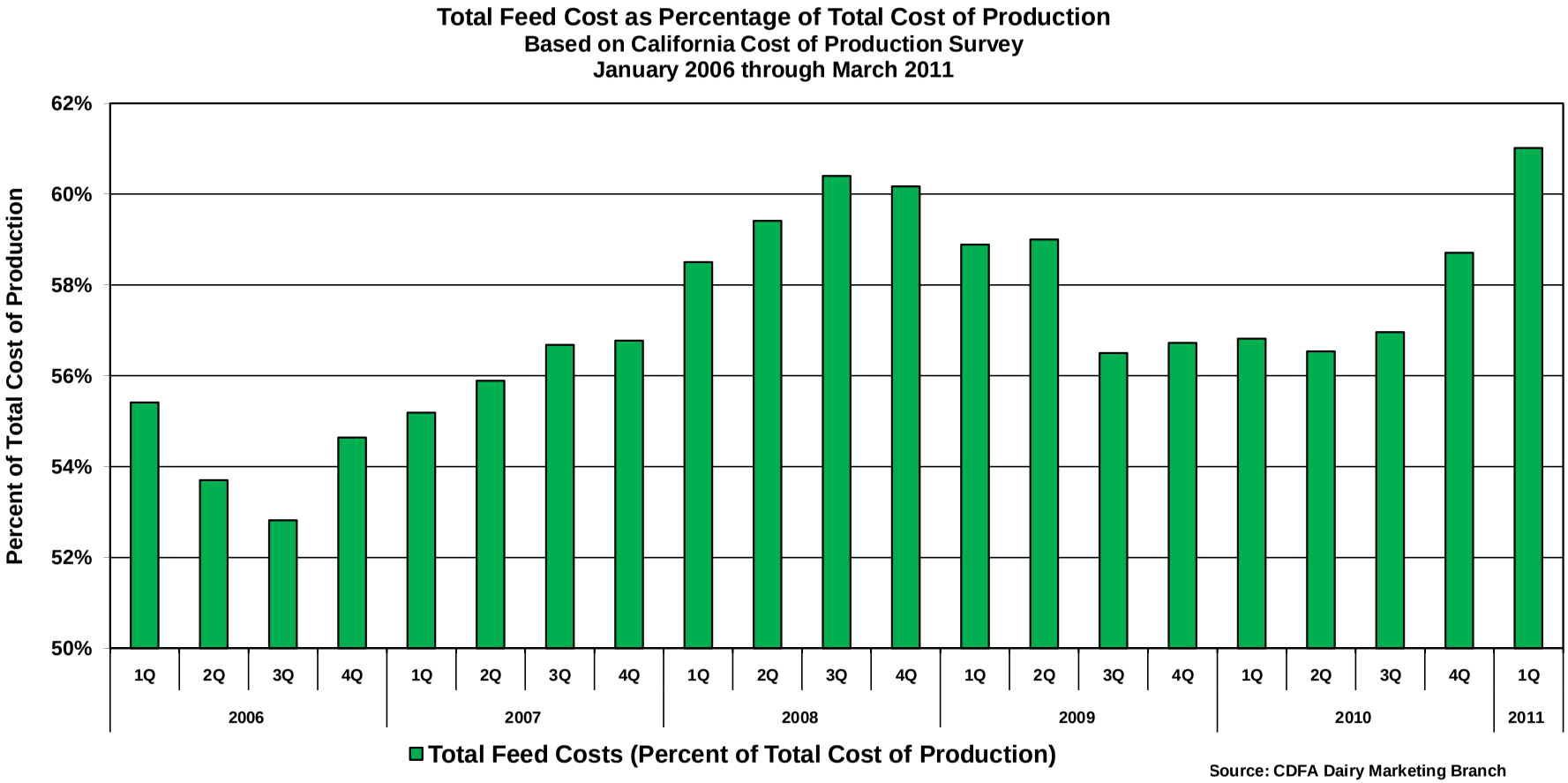
COMMODITY PRICES USED IN CALIFORNIA CLASS 4b AND FEDERAL CLASS III PRICING FORMULAS

YEAR	MONTH	CHEESE PRICES: USDA SPP BLOCK CHED. CHEESE 26th-25th ($/lb.)	USDA NASS 40# & BARREL 38% CHEDDAR 4/5 Week ($/lb.)	USDA NASS 40# & BARREL 38% CHEDDAR Two Week ($/lb.)	CME BLOCK 40# CHEDDAR 26th-25th ($/lb.)	CME BLOCK 40# CHEDDAR 26th-10th ($/lb.)	DRY WHEY PRICES: USDA NASS DRY WHEY 4/5 Week ($/lb.)	USDA NASS DRY WHEY Two Week ($/lb.)	WESTERN DRY WHEY 26th-25th ($/lb.)	WESTERN DRY WHEY 26th-10th ($/lb.)	*(proposed for use in 4b whey factor)* USDA NASS DRY WHEY 26th-25th ($/lb)	OTHER WHEY STREAM PRICES: CENTRAL & WESTERN WPC-34% MOSTLY ($/lb)	CENTRAL & WESTERN LACTOSE MOSTLY ($/lb)
	June	1.1300	1.1466	1.1459	1.1397	1.1483	0.2693	0.2649	0.2925	0.2825	0.2539	0.5684	0.1742
	July	1.1300	1.1334	1.1339	1.1268	1.1125	0.2912	0.2873	0.3170	0.3175	0.2832	0.6096	0.2008
	August	1.3100	1.2605	1.2311	1.3157	1.2623	0.2925	0.2938	0.3200	0.3200	0.2948	0.6374	0.2458
	September	1.3100	1.3522	1.3802	1.3261	1.3189	0.2979	0.2942	0.3210	0.3200	0.2938	0.6624	0.2652
	October	1.3100	1.4110	1.4155	1.4541	1.4428	0.3183	0.3186	0.3350	0.3313	0.3107	0.7395	0.3181
	November	1.1300	1.5169	1.5113	1.5588	1.5269	0.3471	0.3452	0.3581	0.3525	0.3389	0.8237	0.3370
	December	1.1300	1.5969	1.5764	1.6867	1.6986	0.3668	0.3629	0.3860	0.3756	0.3605	0.8605	0.3518
2010	January	1.1300	1.5374	1.5578	1.4462	1.4492	0.3880	0.3893	0.4059	0.4044	0.3845	0.9271	0.3568
	February	1.1300	1.5110	1.5174	1.4691	1.5033	0.3925	0.3928	0.4050	0.4050	0.3903	0.9307	0.3500
	March	1.1300	1.3632	1.4049	1.2883	1.3089	0.3761	0.3821	0.4041	0.4044	0.3870	0.9130	0.3484
	April	1.1300	1.3827	1.3900	1.4144	1.4288	0.3643	0.3636	0.4000	0.4000	0.3699	0.9102	0.3358
	May	1.1300	1.4257	1.4115	1.4231	1.3834	0.3645	0.3631	0.3972	0.3981	0.3604	0.9238	0.3313
	June	1.1300	1.4475	1.4726	1.4065	1.4186	0.3688	0.3698	0.3915	0.3950	0.3688	0.9432	0.3295
	July	1.1300	1.4567	1.4497	1.5189	1.4564	0.3641	0.3618	0.3859	0.3863	0.3647	0.9444	0.3277
	August	1.1300	1.6031	1.6008	1.6191	1.6046	0.3590	0.3586	0.3775	0.3788	0.3608	0.9555	0.3249
	September	1.1300	1.7016	1.6747	1.7260	1.7123	0.3615	0.3607	0.3725	0.3725	0.3592	0.9662	0.3213
	October	1.1300	1.7666	1.7695	1.7436	1.7613	0.3676	0.3634	0.3828	0.3800	0.3636	0.9845	0.3343
	November	1.1300	1.6152	1.7063	1.4942	1.5406	0.3736	0.3716	0.3888	0.3875	0.3726	0.9950	0.3350
	December	1.1300	1.4606	1.4841	1.4058	1.4758	0.3789	0.3783	0.3925	0.3925	0.3770	0.9950	0.3350
2011	January	1.1300	1.4076	1.3757	1.4308	1.3434	0.3935	0.3915	0.4047	0.3988	0.3890	1.0233	0.3521
	February	1.1300	1.7449	1.6386	1.8689	1.7952	0.4234	0.4146	0.4425	0.4181	0.4113	1.0597	0.3603
	March	1.1300	1.9722	1.9735	1.8529	2.0081	0.4578	0.4618	0.4831	0.4775	0.4505	1.2404	0.3820
	April	1.1300	1.6983	1.6768	1.6136	1.6115	0.4808	0.4775	0.4859	0.4856	0.4751	1.3686	0.4464
	May-06 to Apr-07 Avg.	1.1314	1.2891	1.2864	1.2865	1.2830	0.4296	0.4255	0.4287	0.4210	0.4152	0.8705	0.4719
	May-07 to Apr-08 Avg.	1.1314	1.9150	1.9180	1.9223	1.9335	0.4854	0.4922	0.4908	0.4998	0.5001	1.3594	0.5919
	May-08 to Apr-09 Avg.	1.1309	1.6764	1.6868	1.6328	1.6402	0.2100	0.2099	0.2132	0.2137	0.2120	0.5906	0.1933
	May-09 to Apr-10 Avg.	1.1750	1.3639	1.3684	1.3640	1.3626	0.3280	0.3273	0.3501	0.3468	0.3240	0.7614	0.2865
	May-10 to Apr-11 Avg.	1.1300	1.6083	1.6028	1.5919	1.5926	0.3911	0.3894	0.4087	0.4059	0.3878	1.0333	0.3483

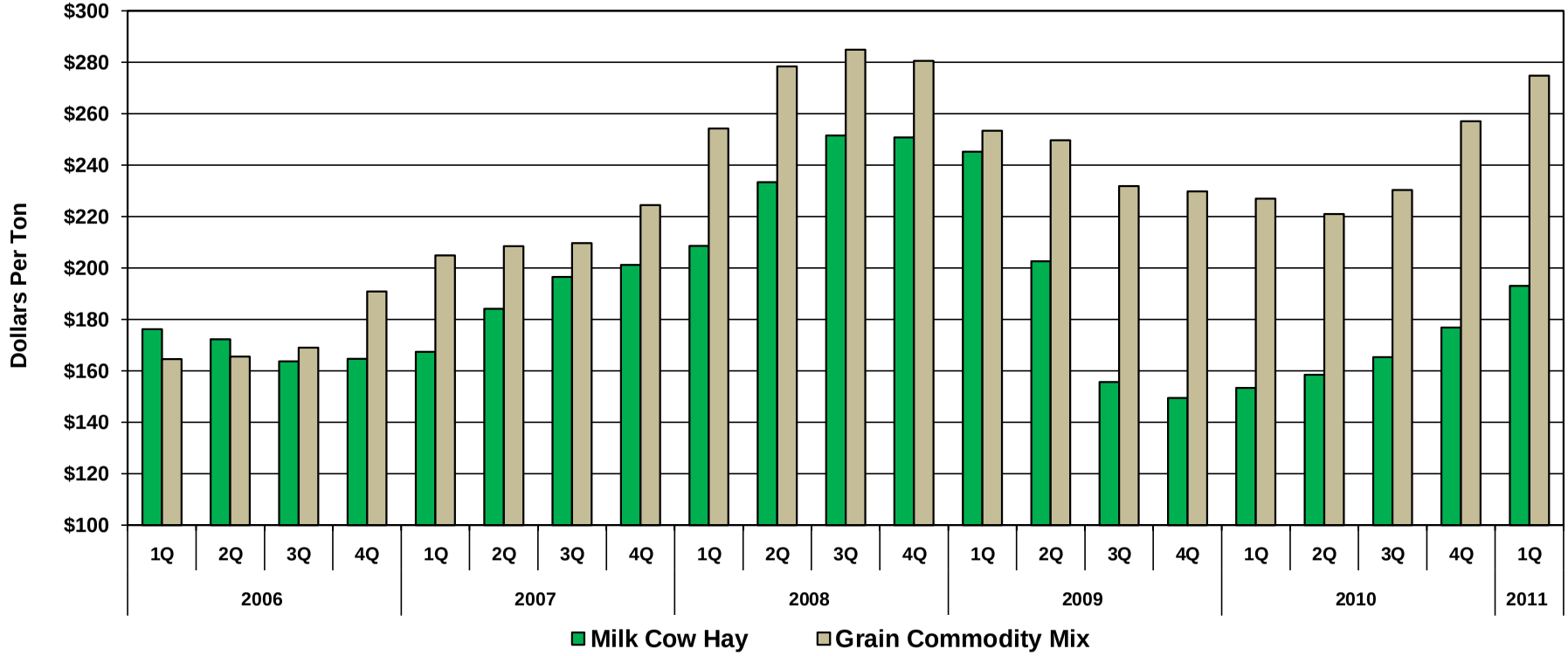


ROI - Return on Investment
RFM - Return For Management

Data Source: CDFA Dairy Marketing Branch


Total Feed Cost as Percentage of Total Cost of Production
Based on California Cost of Production Survey
January 2006 through March 2011
Percent of Total Cost of Production
62%
60%
58%
56%
54%
52%
50%
1Q
2Q
3Q
4Q
2006
2007
2008
2009
2010
2011
Total Feed Costs (Percent of Total Cost of Production)
Source: CDFA Dairy Marketing Branch

California Milk Cow Hay & Grain Mix Price[1]
Based on California Cost of Production Survey
January 2006 through March 2011



1/ Survey of average price for hay & grain mix fed by California producers.

Source: CDFA Dairy Marketing Branch