Central Federal Milk Market
Administrator Office

Dairy Marketing Class

October 26, 2005
Federal Orders

YEAR 62 66 70 74 78 82 86 90 94 98 '02 '04

FREQUENCY 80 70 60 50 40 30 20 10 0
Average Daily Milk Per Producer

Year:
- 1962
- 1970
- 1974
- 1978
- 1982
- 1986
- 1990
- 1994
- 1998
- 2002
- 2004

Milk Production:
- 0
- 1,000
- 2,000
- 3,000
- 4,000
- 5,000
- 6,000

Note: The chart shows an increase in average daily milk production per producer from 1962 to 2004.
Class I Utilization In Federal Orders

Percent

62 66 70 74 78 82 86 90 94 98 '02 '04

60 70
Milk Sold To Plants & Dealers

- 98% Grade "A"
- 69% Grade "A"

Billion Lbs.

Years: 62, 66, 70, 74, 78, 82, 86, 90, 94, 98, '02
Federal Order Producer Milk & Producer Milk In Class I

Billion

Producer Milk
Class I

Classified Pricing
Pricing Milk Components
Producer Pay Price

Butterfat
Skim

CP

Butterfat
Producer Price Differential
Other Solids
Protein

MCP
80% of Federal Order Milk Under MCP

52% Under Somatic Cell Count

20% Skim & Butterfat Only
Central Order “MCP” Pricing
NASS Survey Prices Used

Butterfat Price
AA Butter Price

Nonfat Solids Price
Nonfat Dry Milk Price

Protein Price
40# Block & 500# Barrel Cheese Price

Other Solids Price
Dry Whey Price

All Adjusted By Make Allowances & Yield Factors
Class I “True” Forward Pricing

Class I Prices Will Be Announced On Or Before The 23rd Of Each Month Applicable To The Next Month

Prices Based On Weighted Average Of The NASS U.S. Average Weekly Survey Prices Announced On The 2 Fridays Preceding The 24th Day Of The Month

Uses The Higher Of An Advanced Class III Or IV Price As The Mover
Classified Pricing

Advanced Pricing

Central Federal Milk Order #32
Announcement Of “Advanced” Class Prices For August 2005
Released On July 22, 2005

<table>
<thead>
<tr>
<th>Class</th>
<th>Price @ 3.5% Butterfat</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2.00 Location Adjustment @ Jackson County (MO)</td>
</tr>
<tr>
<td></td>
<td>Fluid Milk Promotion Order Processor Assessment</td>
</tr>
<tr>
<td></td>
<td>$16.64 /cwt</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Class</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>I Butterfat</td>
<td>$1.8596 /lb</td>
</tr>
<tr>
<td>I Skim</td>
<td>$10.29 /cwt</td>
</tr>
<tr>
<td>II Skim</td>
<td>$7.81 /cwt</td>
</tr>
<tr>
<td>II Nonfat Solids</td>
<td>$0.8678 /lb</td>
</tr>
</tbody>
</table>

Central Federal Milk Order #32
Announcement Of “Advanced” Class Prices For August 2005
Released On September 2, 2005

<table>
<thead>
<tr>
<th>Class</th>
<th>Price @ 3.5% BF</th>
</tr>
</thead>
<tbody>
<tr>
<td>II</td>
<td>$16.44 /cwt</td>
</tr>
<tr>
<td>Butterfat</td>
<td>+0.20</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Class</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>I Skim</td>
<td>$1.8596 /lb</td>
</tr>
<tr>
<td>IV Skim</td>
<td>$7.81 /cwt</td>
</tr>
<tr>
<td>Nonfat Solids</td>
<td>$0.8678 /lb</td>
</tr>
<tr>
<td>Protein</td>
<td>$5.00</td>
</tr>
<tr>
<td>Other Solids</td>
<td>$10.00</td>
</tr>
<tr>
<td>Somatic Cell Adjustment Rate</td>
<td>$0.00 Per 1,000 Somatic Cell Count</td>
</tr>
</tbody>
</table>

Released: September 2, 2005 by Robert Vanders Lind, Market Administrator
## Central Federal Milk Order #32
### Announcement Of "Advanced" Class Prices For August 2005
#### Released On July 22, 2005

**Class I Price @ 3.5% Butterfat**
- Location Adjustment @ Cass County (MO)
- Fluid Milk Promotion Order Assessment
- $2.00
- $12.21

**Class II Price**
- $1.6316 /lb

**Class III Price @ 3.5% BF**
- $13.60 /cwt

**Class IV Price @ 3.5% BF**
- $13.44 /cwt

**Butterfat Price**
- $1.8246 /lb

**Nonfat Solids Price**
- $0.8119 /lb

**Protein Price**
- $2.1619 /lb

**Other Solids Price**
- $0.1317 /lb

**Somatic Cell Adjustment Rate**
- $0.00072 /cwt

Released: September 2, 2005 by Robert Vander Linden, Market Administrator
Product Classification

Class I
- Bottled Milk
- Cultured Buttermilk
- Eggnog

Class II
- Ice Cream
- Cottage Cheese
- Yogurt
- Pkg. Cream
- Hermetically-Sealed Containers
- Pkg. Cream

Class III
- Cheese
- Cream Cheese

Class IV
- Butter
- NFDM
Central Order “MCP” Pricing

Class I “Moover”

Protein Price

Other Solids Price

Nonfat Solids Price

Butterfat Price

Class I Cmpts

Class II Cmpts

Class III Cmpts

Class IV Cmpts

Pool Value

Butterfat

Price

NFDM
Producer PPD
On Or Before 11th
Final Producer Price
PPD

Handler Use Value
- Protein Paid To Producers
- OS Paid To Producers
- Butterfat Paid To Producers
+- Somatic Cell Paid To Producers
- Location Adjustment

$ / 100 = PPD / cwt

<table>
<thead>
<tr>
<th>Class</th>
<th>Producer Milk</th>
<th>1,293,549,040</th>
<th>44,901,017.72</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I</td>
<td>25.69</td>
<td>332,260,074</td>
<td>44,901,017.72</td>
</tr>
<tr>
<td>Class II</td>
<td>12.47</td>
<td>161,345,118</td>
<td>2,327,198.29</td>
</tr>
<tr>
<td>Class III</td>
<td>49.44</td>
<td>639,576,655</td>
<td>10,613.98</td>
</tr>
<tr>
<td>Class IV</td>
<td>12.40</td>
<td>160,360,010</td>
<td>2,327,198.29</td>
</tr>
<tr>
<td>Class V</td>
<td>100.00</td>
<td>1,293,549,040</td>
<td>5,303,551.08</td>
</tr>
</tbody>
</table>

Overages, Inventory Reclassification & Adjustment $9,221,711.19
Class I Receipts From Unregistered Producers $9,221,788.83
Somatic Cell Adjustment - Class I $1,372,738.02
Somatic Cell Adjustment - Class II $304,555.72
Add Producer Cost - Adjustment $1,313.676.62

Add 1% of Preliminary Processor Settlement Fund Balance $450,180.72
Subtract Processor Settlement Fund Reserve $657,929.95

Total Pounds & Value Of Pool Computation 1,293,549,040 $5,303,551.08

Producer Price Differential @ Jackson County, MO (cwt) $0.41

Released: August 10, 2005 by Robert Vander Linden, Market Administrator
Central Order Component Values
January 2000 - July 2005

- Somatic Cell Value (per cwt)
- Protein (per lb)
- Butterfat (per lb)
- Other Solids (per lb)
- PPD (per cwt)
Component Values As A Percent Of 100 Lbs. Producer Milk
At 3.67% BF - 3.10% Protein - 5.70% OS - 330,000 SCC
Central Federal Order

Butterfat Protein Other Slds PPD SSC

January 2000 - July 2005
3,111 Counties
A significant volume of milk from selected areas is not included in this map data due to: (1) the termination of the Western Order No. 135, and (2) the depooling of milk normally associated with federal orders due to price.
59 Counties Marketed 50% Of CA + FO Milk During May 2004

* A significant volume of milk from selected areas is not included in this map data due to: (1) the termination of the Western Order No. 135, and (2) the depooling of milk normally associated with federal orders due to price.

Compiled By:
Market Administrator Office
Kansas City 913-495-9336
Based On Data Provided By All Milk Market Administrator Offices

In Comparison....
5/96 = 119 Counties
5/97 = 88 Counties
5/98 = 85 Counties
5/99 = 81 Counties
5/00 = 79 Counties
5/01 = 79 Counties
5/02 = 76 Counties
5/03 = 74 Counties
5/04 = 59 Counties *
No Federal Order Marketings
May 2004

Compiled By:
Market Administrator Office
Kansas City 913-495-9336
Based On Data Provided By All Milk Market Administrator Offices

CA + Federal Order Milk Marketings - May 2004
No Milk Marketings (1150)
Per Capita Consumption
Class I vs. Fluid Equivalent Of Cheese

Behold The Power Of Cheese
2004 Regional Cheese Production
As A Percent Of Total US Cheese Production

Total US Change +12%
2004 Regional Cheese Production

Milk Used In Cheese Production Increased 9.420 Billion Lbs From 1999

MN 8.102 Billion Lbs 2004

41% +35%
2005 First Half Per Capita Milk Production

Per Capita Milk Production
U.S. Average = 303 Lbs.

- Less Than 150 Lbs. (22)
- 150 To 300 Lbs. (8)
- Greater Than 300 Lbs. (18)
Change In Per Capita Production (%)
First Half: 2005 vs 2000

Percentage Changes
- Decreasing (37)
- Increasing (11)
First Half 2005 Milk Production Ranking

Map showing the ranking of milk production for different states in the United States.
2005 First Half Milk Production Per Cow
Largest Production Increases
First Half: 2005 vs 2000
Largest Production Decreases
First Half: 2005 vs 2000
Central FO Hearing
December 6-8, 2004

Increased Shipping Requirements
Touch Base
Limit Diversions

If Milk Is Depooled
Limits Next Month’s Poolings

Provide For Assembly &
Transportation Credits
Define Class I Milk

Remove or Change the 6.5% NFMS Standard

What to Include as NFMS

Should Yogurt & Meal Replacements be Class I?
Prepared By

Market Administrator's Office
Lenexa, Kansas
913-495-9300

Bob Vander Linden
Market Administrator