

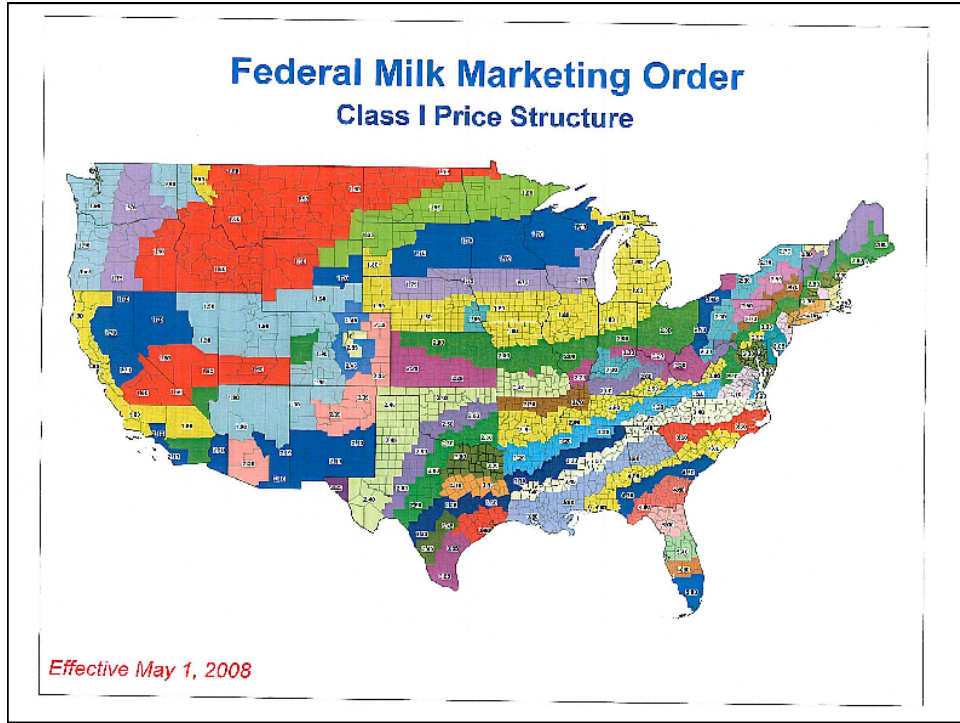


Class 1 Differential Analysis
May 5, 2011
Wisconsin Dairy Policy Conference

Topics for Discussion

Issues impacting Class 1 Differential

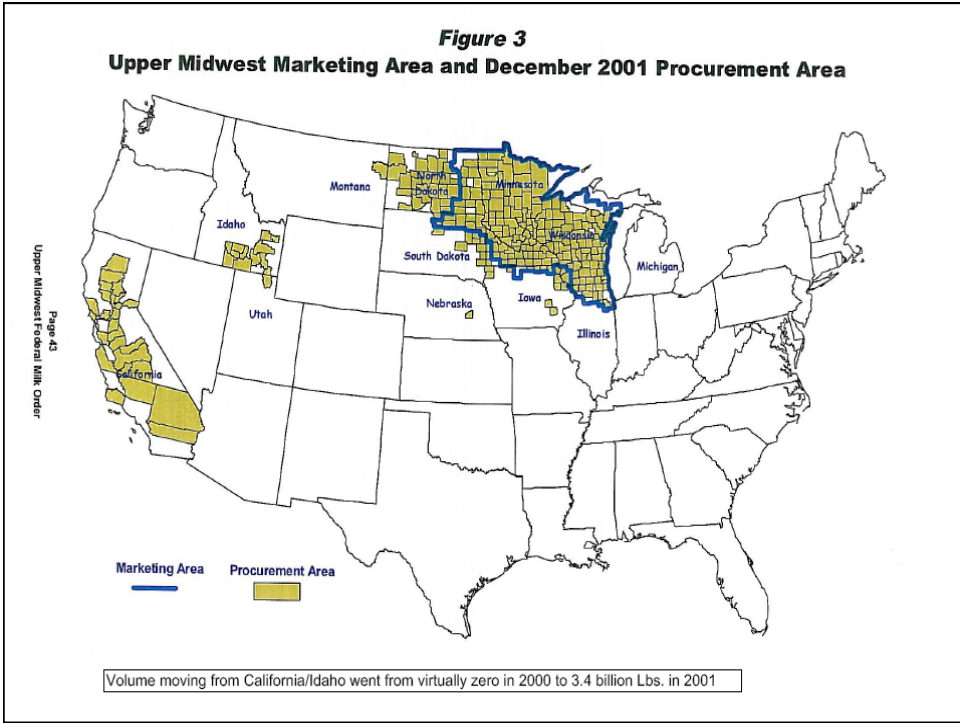
- Federal Order Regulations
- Qualification / Pooling
- Diversions – Capability / Limitations
- Transportation Credits



AVERAGE BLEND PRICES											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Northeast #1	\$13.04	\$15.67	\$12.64	\$12.99	\$16.49	\$15.64	\$13.53	\$20.05	\$18.63	\$13.01	\$16.92
Appalachian #5	\$13.97	\$16.34	\$13.24	\$13.55	\$17.01	\$16.23	\$13.99	\$20.49	\$19.90	\$14.00	\$17.94
Florida #6	\$15.25	\$17.82	\$14.60	\$14.79	\$18.40	\$17.57	\$15.23	\$21.52	\$21.87	\$16.12	\$20.12
Southeast #7	\$13.63	\$16.13	\$13.02	\$13.46	\$16.94	\$16.14	\$13.90	\$20.40	\$20.17	\$14.25	\$18.07
Upper Midwest #30	\$10.57	\$13.74	\$10.96	\$11.37	\$15.05	\$14.32	\$12.18	\$18.34	\$17.63	\$11.62	\$14.84
Central #32	\$11.27	\$14.16	\$11.26	\$11.75	\$15.20	\$14.47	\$12.31	\$18.64	\$17.37	\$11.77	\$15.46
Midwest #33	\$12.08	\$14.52	\$11.57	\$12.10	\$15.44	\$14.70	\$12.53	\$18.83	\$17.86	\$12.11	\$15.84
Pacific-Northwest #124	\$11.70	\$14.26	\$11.25	\$11.32	\$14.82	\$14.20	\$12.07	\$18.67	\$16.87	\$11.76	\$15.42
Southwest #126	\$12.60	\$15.47	\$12.34	\$12.58	\$16.00	\$15.50	\$13.16	\$19.47	\$18.26	\$12.82	\$16.48
Arizona-Las Vegas #131	\$11.84	\$14.49	\$11.52	\$11.89	\$15.52	\$14.66	\$12.60	\$19.05	\$17.46	\$12.10	\$15.86

AVERAGE PRODUCER PRICE DIFFERENTIALS (PPD)											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Northeast #1	\$3.30	\$2.57	\$2.22	\$1.57	\$1.10	\$1.60	\$1.64	\$1.81	\$1.18	\$1.65	\$2.51
Appalachian #5	\$4.23	\$3.23	\$2.82	\$2.13	\$1.62	\$2.19	\$2.11	\$2.45	\$2.47	\$2.64	\$3.53
Florida #6	\$5.51	\$4.72	\$4.18	\$3.37	\$3.01	\$3.52	\$3.34	\$3.48	\$4.43	\$4.76	\$5.71
Southeast #7	\$3.88	\$3.03	\$2.60	\$2.04	\$1.55	\$2.10	\$2.01	\$2.36	\$2.74	\$2.90	\$3.66
Upper Midwest #30	\$0.83	\$0.64	\$0.55	(\$0.05)	(\$0.35)	\$0.27	\$0.29	\$0.29	\$0.19	\$0.26	\$0.43
Central #32	\$1.53	\$1.06	\$0.87	\$0.33	(\$0.20)	\$0.42	\$0.42	\$0.60	(\$0.07)	\$0.41	\$1.05
Midwest #33	\$2.34	\$1.42	\$1.15	\$0.54	\$0.05	\$0.66	\$0.64	\$0.79	\$0.43	\$0.75	\$1.43
Pacific-Northwest #124	\$1.96	\$1.16	\$0.83	(\$0.10)	(\$0.58)	\$0.15	\$0.19	\$0.63	(\$0.57)	\$0.41	\$1.02
Southwest #126	\$2.86	\$2.36	\$1.92	\$1.16	\$0.61	\$1.33	\$1.27	\$1.43	\$0.83	\$1.46	\$2.08
Arizona-Las Vegas #131	\$2.10	\$1.39	\$1.10	\$0.47	\$0.13	\$0.62	\$0.71	\$1.01	\$0.03	\$0.75	\$1.45

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Class I Price Mover	\$11.55	\$14.27	\$11.01	\$11.39	\$14.98	\$14.40	\$11.88	\$18.14	\$18.00	\$11.48	\$15.35
Class II Price	\$12.53	\$14.53	\$11.55	\$11.06	\$13.86	\$13.50	\$11.76	\$18.36	\$16.24	\$11.26	\$16.02
Class III Price	\$9.74	\$13.10	\$10.42	\$11.12	\$15.39	\$13.98	\$11.89	\$18.04	\$17.44	\$11.36	\$14.41
Class IV Price	\$11.83	\$13.76	\$10.81	\$10.00	\$13.20	\$12.90	\$11.06	\$18.36	\$14.65	\$10.89	\$15.09

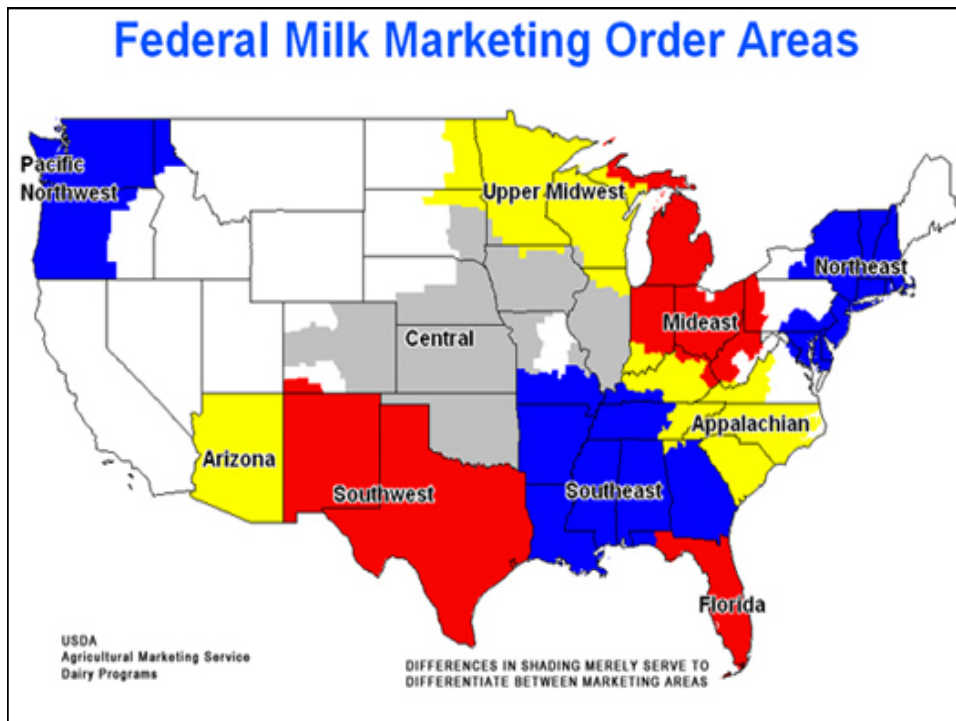


Diversion Limits / Qualifications

Federal Order #	Diversion Limits	Qualification Requirements
1	90% Jan-Aug + Dec / 80% Sep-Nov	One & done with continual association
5	25% Jul-Nov + Jan-Feb / 35% Dec + Mar-Jun	One days producer production every month
6	10% Jul-Nov / 15% Dec-Feb / 20% Mar-Jun	Ten days producer production every month
7	25% Jul-Nov + Jan-Feb / 35% Dec + Mar-Jun	One days producer production every month
30	90% every month	One and done with continual association
32	75% Aug-Feb / 80% Mar-Jul	One days producer production Aug-Nov + Jan-Feb
33	50% Aug-Feb / 60% Mar-Jul	Two days producer production Aug-Nov
124	80% every month	3 days producer production every month
126	50% every month	One days production or 40,000# whichever is less
131	50% every month	One days producer production every month

Impact on Class Utilization from Diversion Limit Flexibility

	Jul-10	Aug-10	Jul-10	Aug-10
Order	32	32	126	126
Total Lbs Pooled	1,120,241,565	1,154,736,020	999,942,753	867,704,830
Class 1 Lbs	354,444,431	377,136,784	342,280,404	365,911,127
Class 2 Lbs	135,549,229	148,268,105	45,797,378	51,194,585
Class 3 Lbs	564,937,821	505,081,535	460,173,655	417,799,876
Class 4 Lbs	65,198,059	124,249,596	151,691,316	32,886,013



Transportation Credit Analysis												
Producer	West Texas Del. to Atlanta, GA						Michigan Del. to Atlanta, GA					
Hauling(Including Fuel Sur.) Per Cwt	\$											
Blend Difference Per Cwt	\$											
Transportation Credit Per Cwt	\$											
Total Return / (Cost)	\$											
Historical %'s of T-Credit Fund Distribution												
	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec
2008	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	83.8%	29.3%	36.9%	38.9%	56.3%
2009	64.2%	73.6%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	59.7%	33.6%	36.7%	40.9%
2010	41.5%	51.3%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	88.5%	49.3%	50.1%	61.6%
2011	60.3%	74.1%	0.0%	0.0%	0.0%							
Average	66.5%	49.8%	0.0%	0.0%	0.0%	100.0%	100.0%	94.6%	59.2%	39.9%	41.9%	52.9%