

## Monthly BFP at Test Prices versus the Final Decision's Class III Values using the BFP tests

In the following comparison, 100,000 pounds of milk was valued using both the old multiple component prices and using the multiple component prices that would have existed had the Final Decision been implemented for this time period. The figures reflect Class III values comprised using monthly Basic Formula component tests. For purposes of the Final Decision's pricing, True Protein was adjusted to reflect 6% NPN and thus reflected an increase in pounds other solids.

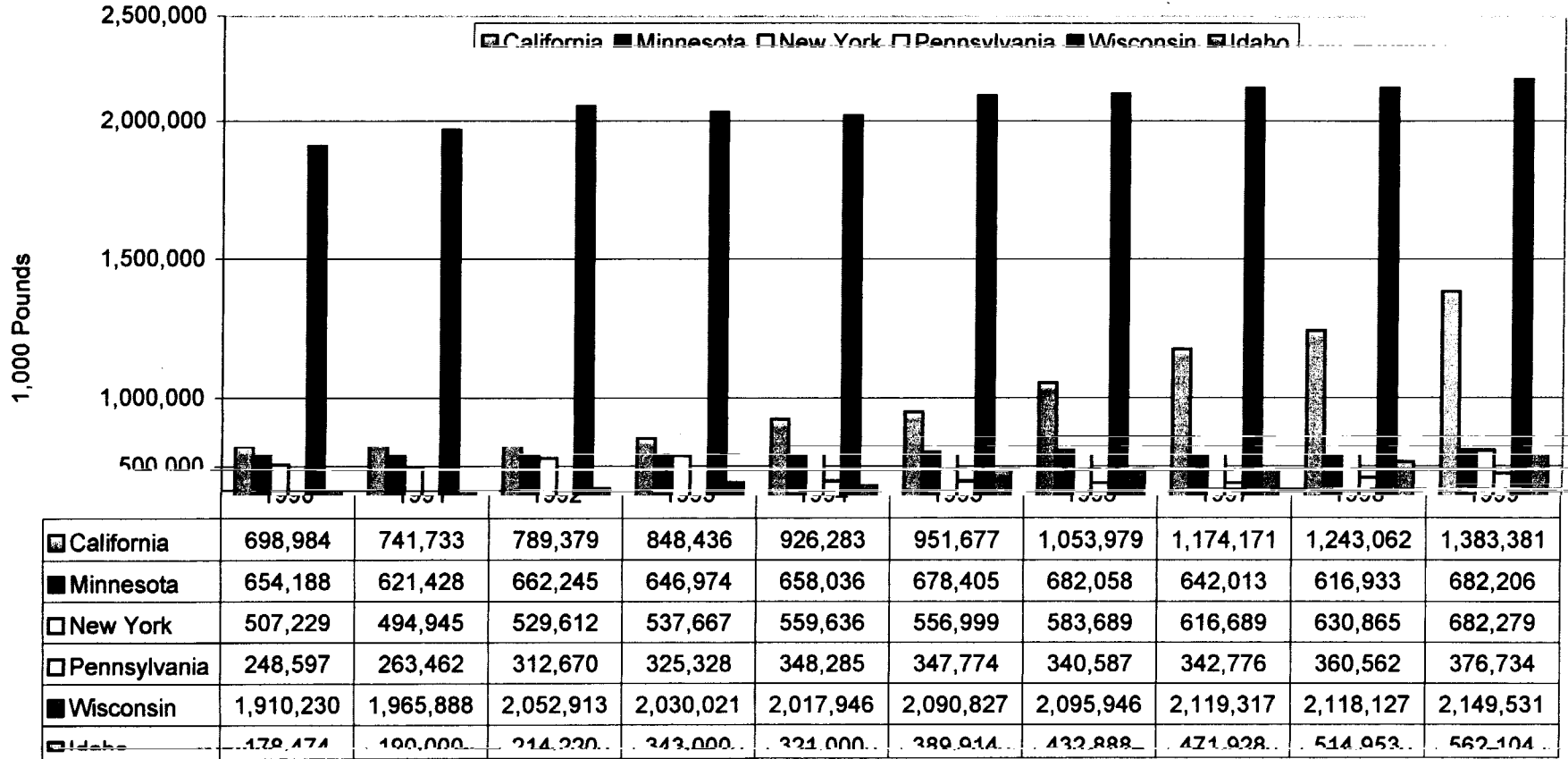
Month	Values Reflect Current Component Pricing & BFP @ Test (Crude Protein)	Values Reflect Final Decision's Pricing & BFP @ Test (TP @ 6% NPN)	Value of Difference	Difference per Cwt.	Simple monthly average difference starting with October 1998	Simple monthly average difference starting with January 1999
October-98	\$16,910.08	\$17,146.01	235.93	0.24	\$0.24	
November-98	\$17,689.93	\$18,265.37	575.45	0.58	\$0.41	
December-98	\$17,930.26	\$18,606.19	675.93	0.68	\$0.50	
January-99	\$16,790.10	\$16,689.99	(100.11)	(0.10)	\$0.35	(\$0.10)
February-99	\$10,779.92	\$11,968.35	1,188.43	1.19	\$0.52	\$0.54
March-99	\$12,079.92	\$12,020.64	(59.27)	(0.06)	\$0.42	\$0.34
April-99	\$12,129.75	\$12,004.56	(125.19)	(0.13)	\$0.34	\$0.23
May-99	\$11,549.97	\$11,165.63	(384.34)	(0.38)	\$0.25	\$0.10
June-99	\$11,659.91	\$11,241.31	(418.60)	(0.42)	\$0.18	\$0.02
July-99	\$13,749.93	\$12,839.97	(909.96)	(0.91)	\$0.07	(\$0.12)
August-99	\$15,940.07	\$15,512.62	(427.45)	(0.43)	\$0.02	(\$0.15)
September-99	\$16,600.03	\$16,208.02	(392.01)	(0.39)	(\$0.01)	(\$0.18)
October-99	\$11,940.10	\$13,415.63	1,475.53	1.48	\$0.10	(\$0.02)
November-99	\$10,330.07	\$11,425.76	1,095.69	1.10	\$0.17	\$0.09
December-99	\$10,000.06	\$10,526.26	526.21	0.53	\$0.20	\$0.12

The following detail compares the BFP at test with the per hundredweight component value as computed for the Final Decision above. The "BFP at Test" prices are directly reflected in the values shown above:

Month	Announced Price BFP at Test (crude protein)	Final Decision Component Value (true protein)	Difference per Cwt.	Simple monthly average difference starting with October 1998	Simple monthly average difference starting with January 1999
October-98	\$16.91	\$17.15	0.24	\$0.24	
November-98	\$17.69	\$18.27	0.58	\$0.41	
December-98	\$17.93	\$18.61	0.68	\$0.50	
January-99	\$16.79	\$16.69	(0.10)	\$0.35	(\$0.10)
February-99	\$10.78	\$11.97	1.19	\$0.52	\$0.54
March-99	\$12.08	\$12.02	(0.06)	\$0.42	\$0.34
April-99	\$12.13	\$12.00	(0.13)	\$0.34	\$0.23
May-99	\$11.55	\$11.17	(0.38)	\$0.25	\$0.10
June-99	\$11.66	\$11.24	(0.42)	\$0.18	\$0.02
July-99	\$13.75	\$12.84	(0.91)	\$0.07	(\$0.12)
August-99	\$15.94	\$15.51	(0.43)	\$0.02	(\$0.15)
September-99	\$16.60	\$16.21	(0.39)	(\$0.01)	(\$0.18)
October-99	\$11.94	\$13.42	1.48	\$0.10	(\$0.02)
November-99	\$10.33	\$11.43	1.10	\$0.17	\$0.09
December-99	\$10.00	\$10.53	0.53	\$0.20	\$0.12

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### These are the main cheese producing states



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### CME Block & Barrel Price Analysis

**Assumptions**

Milk Fat 3.67  
 Milk Protein 3.18  
 Yield Formula Cheddar  $((\text{Milk fat} * .91) + (\text{Crude Protein} * .75 - .1)) * 1.09 / (100 - \text{cheese moisture})$   
 Barrel Price Formula  $\text{Barrel Market} * (100 - \text{barrel moisture}) / (100 - 39 \text{ legal max moisture for cheddar})$

Typical Business			
	Block	Barrel	Block - Barrel
Typical Moisture	38.00%	0.35	
Cheese Yield	9.89	9.4322	
Market	1.3	1.27	0.03
Market + moisture for barrel	1.3	1.353279	
Gross Return = Yield * price	12.8552	12.7644	
Block Vs Barrel			
\$/cwt	0.0908	<b>0.0092</b>	

Block moisture to make Block return = Barrel			
At Block - Barrel = .03			
	Block	Barrel	Block - Barrel
Typical Moisture	<b>37.56%</b>	0.35	
Cheese Yield	9.82	9.4322	
Market	1.3	1.27	0.03
Market + moisture for barrel	1.3	1.353279	
Gross Return = Yield * price	12.7645	12.7644	
Block Vs Barrel			
\$/cwt	0.0001	<b>0.0000</b>	

If Block make is \$.01 > Barrel			
Subtract -.01 from Block Price			
	Block	Barrel	Block - Barrel
Typical Moisture	0.38	0.35	
Cheese Yield	9.89	9.43	
Market	1.3	1.27	0.03
Market + moisture for barrel	1.3	1.353279	
Gross Return = Yield * price	12.7563	12.7644	
Block Vs Barrel			
\$/cwt	(0.0081)	<b>-0.0008</b>	

Spread to make Block return = Barrel			
At Block = .38 moisture			
	Block	Barrel	Block - Barrel
Typical Moisture	0.38	0.35	
Cheese Yield	10.12	9.65	
Market	1.29082	1.27	<b>0.02082</b>
Market + moisture for barrel	1.29082	1.353279	
Gross Return = Yield * price	13.0642	13.0642	
Block Vs Barrel			
\$/cwt	-	<b>0.0000</b>	

