

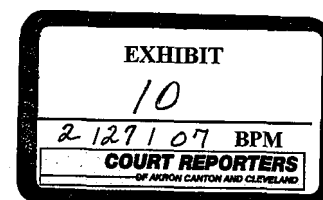
Summary of Weighted Average Manufacturing Costs
Butter, Nonfat Powder, Cheddar Cheese, and Skim Whey Powder

Costs include processing labor, non-labor processing, packaging, other ingredients (for butter and Cheddar cheese only), general and administrative, and return on investments.

Study Period	Release Date	BUTTER		NONFAT POWDER		CHEDDAR CHEESE		SKIM WHEY POWDER	
		Cost Per Pound	Number of Plants	Cost Per Pound	Number of Plants	Cost Per Pound	Number of Plants	Cost Per Pound	Number of Plants
Study Periods Varied	Feb-00	\$0.0957	8	\$0.1356	10	\$0.1693	9	--	--
July 2000-Dec 2001	Nov-02	\$0.1208	7	\$0.1619	11	\$0.1775	9	--	--
Jan-Dec 2002	Nov-03	\$0.1235	7	\$0.1464	10	\$0.1632	9	--	--
Jan-Dec 2003	Nov-04	\$0.1299	7	\$0.1560	10	\$0.1706	9	\$0.2675	4
Jan-Dec 2004	Nov-05	\$0.1368	8	\$0.1543	10	\$0.1769	7	\$0.2673	3
Jan-Dec 2005	Nov-06	\$0.1408	8	\$0.1659	9	\$0.1914	7	\$0.2851	3

Notes:

- Since 1996, the Cheddar cheese cost studies have included costs associated with Cheddar cheese plants producing 500-pound barrels and 640-pound blocks. However, costs for packaging labor and packaging expenses were replaced with the average of those costs associated with 40-lb. block plants.
- The cost studies for Skim Whey Powder originated with the study period January-December 2003.



BUTTER MANUFACTURING COSTS

CURRENT Study Period: January through December 2005
With Comparison to the same time period PRIOR YEAR (2004)

- Manufacturing cost data were collected and summarized from eight California butter plants. The eight plants processed 396.6 million pounds of butter during the 12-month study period, January through December 2005, representing 97.2% of the butter processed in California.
- The volume total includes both bulk butter and cut butter, but the costs reflect only costs for bulk butter (25 kg and 68 lb. blocks).
- To obtain the weighted average, individual plant costs were weighted by their butter processing volume relative to the total volume of butter processed by all plants included in the cost study.
- For this study period, approximately 64% of the butter was processed at a cost less than the current manufacturing cost allowance for butter of \$0.156 per pound.

Breakdown of Butter Manufacturing Costs - January through December 2005

Categories	Low Cost Group	High Cost Group	Range of Costs		CURRENT Weighted Average Cost All Plants Jan-Dec 2005	PRIOR YEAR Weighted Average Cost All Plants Jan-Dec 2004	Actual Difference Current Less Prior Year
			Minimum	Maximum			
	Dollars Per Pound of Buifer						
Number of Plants	4	4	8	8	8	8	--
Processing Labor	\$0.0504	\$0.0571	\$0.0428	\$0.0973	\$0.0528	\$0.0507	\$0.0021
Processing Non-Labor	\$0.0465	\$0.0604	\$0.0407	\$0.0706	\$0.0514	\$0.0504	\$0.0010
Packaging	\$0.0103	\$0.0105	\$0.0089	\$0.0113	\$0.0104	\$0.0100	\$0.0004
Other Ingredients	\$0.0026	\$0.0068	\$0.0013	\$0.0086	\$0.0041	\$0.0040	\$0.0001
General & Administrative	\$0.0138	\$0.0162	\$0.0050	\$0.0248	\$0.0147	\$0.0151	-\$0.0004
Return on Investment	\$0.0063	\$0.0092	\$0.0019	\$0.0101	\$0.0074	\$0.0066	\$0.0008
Average Total Cost	\$0.1299	\$0.1602	--	--	\$0.1408	\$0.1368	\$0.0040
Volumn in Group (Lbs.)	255,130,195	141,497,753	--	--	396,627,948	382,931,344	--
% Volume by Group	64.3%	35.7%	--	--	100.0%	100.0%	--

Processing Labor: Labor costs associated with processing of product, including wages, payroll taxes and fringe benefits.-

Processing Non-Labor: Includes costs such as utilities, repairs and maintenance, laundry, supplies, depreciation, plant insurance, and rent.

Packaging: Includes all non-reusable items used in the packaging of the product, such as boxes, bags, cartons, liners, tape, glue and stretch wrap.

Other Ingredients: Includes salt, color.

General & Administrative: Includes expenses in the management of the company, such as: office supplies, short-term interest, dues and subscriptions, accounting fees, headquarter charges, office clerical wages and executive salaries.

Return on Investment: Calculated by subtracting accumulated depreciation from the original cost of assts, with the remaining book value multiplied by Moody's "BAA corporate bond index.

NONFAT POWDER MANUFACTURING COSTS
CURRENT Study Period: January through December 2005
 With Comparison to the same time period **PRIOR** YEAR (2004)

- Manufacturing cost data were collected and summarized from nine California nonfat powder plants. The nine plants processed 471.8 million pounds of nonfat powder during the 12-month study period, January through December 2005, representing 93.18% of the nonfat powder processed in California.
- The volume total includes all grades of nonfat powder packaged in any container size, but the costs reflect only costs for 25 kg and 50 lb. bags of nonfat powder.
- To obtain the weighted average, individual plant costs were weighted by their nonfat powder processing volume relative to the total volume of nonfat powder processed by all plants included in the cost study.
- For this study period, approximately 74% of the nonfat powder was processed at a cost less than the current manufacturing cost allowance for nonfat powder of \$0.160 per pound.

Breakdown of Nonfat Powder Manufacturing Costs - January through December 2005

Categories	Low Cost Group	Medium Cost Group	High Cost Group	Range of Costs		CURRENT Weighted Average Cost All Plants Jan-Dec 2005	PRIOR YEAR Weighted Average Cost All Plants Jan-Dec 2004	Actual Difference Current Less Prior Year
				Minimum	Maximum			
	Dollars Per Pound of Nonfat Powder							
Number of Plants	3	3	3	9	9	9	10	--
Processing Labor	\$0.0320	\$0.0433	\$0.0787	\$0.0289	\$0.1579	\$0.0377	\$0.0342	\$0.0035
Processing Non-Labor	\$0.0899	\$0.1078	\$0.1280	\$0.0815	\$0.3155	\$0.0961	\$0.0872	\$0.0089
Packaging	\$0.0148	\$0.0133	\$0.0115	\$0.0098	\$0.0158	\$0.0143	\$0.0143	\$0.0000
General & Administrative	\$0.0091	\$0.0119	\$0.0098	\$0.0071	\$0.0545	\$0.0096	\$0.0106	-\$0.0010
Return on Investment	\$0.0072	\$0.0109	\$0.0119	\$0.0042	\$0.0283	\$0.0082	\$0.0080	\$0.0002
Average Total Cost	\$0.1530	\$0.1872	\$0.2399	--	--	\$0.1659	\$0.1543	\$0.0116
Volume in Group (Lbs.)	349,852,650	84,374,618	37,667,191	--	--	471,894,459	745,398,915	--
% Volume by Group	74.1%	17.9%	8.0%	--	--	100.0%	100.0%	--

Processing Labor: Labor costs associated with processing of product, including wages, payroll taxes and fringe benefits.

Processing Non-Labor: Includes costs such as utilities, repairs and maintenance, laundry, supplies, depreciation, plant insurance, and rent.

Packaging: Includes all non-reusable items used in the packaging of the product, such as boxes, bags, cartons, liners, tape, glue and stretch wrap.

General & Administrative: Includes expenses in the management of the company, such as: office supplies, short-term interest, dues and subscriptions, accounting fees, headquarter charges, office clerical wages and executive salaries.

Return on Investment: Calculated by subtracting accumulated depreciation from the original cost of assets, with the remaining book value multiplied by Moody's "BAA" corporate bond index.

CHEESE MANUFACTURING COSTS

CURRENT Study Period: January through December 2005
With Comparison to the same time period PRIOR YEAR (2004)

- Manufacturing cost data were collected and summarized from seven California cheese plants. The seven plants processed 826 million pounds of cheese during the 12-month study period, January through December 2005, representing 96.7% of the Cheddar and Monterey Jack cheese processed in California.
- The volume total includes both Cheddar and Monterey Jack cheeses, but the costs reflect only costs for 40 lb. blocks of Cheddar.
- Three plants processed 500-lb. barrels or 640-lb. blocks. Packaging costs and packaging labor for 40-lb. blocks were substituted for these plants.
- To obtain the weighted average, individual plant costs were weighted by their cheese processing volume relative to the total volume of cheese processed by all plants included in the cost study.
- For all cheese: the weighted average yield was 11.89 lbs. of cheese per hundredweight of milk. The weighted average moisture was 37.22% and weighted average vat tests were 4.35% fat and 9.30% SNF.
 - For 40-lb. blocks: the weighted average yield was 12.20 lbs. of cheese per hundredweight of milk. The weighted average moisture was 38.04% and weighted average vat tests were 4.29% fat and 9.17% SNF.
- For this study period, approximately 0% of the cheese was processed at a cost less than the current manufacturing cost allowance for cheese of \$0.178 per pound.

Breakdown of Cheese Manufacturing Costs - January through December 2005

Categories	Low Cost Group	High Cost Group	Range of Costs		CURRENT Weighted Average Cost All Plants Jan-Dec 2005	PRIOR YEAR Weighted Average Cost All Plants Jan-Dec 2004	Actual Difference Current Less Prior Year
			Minimum	Maximum			
	Dollars Per Pound of Cheese						
Number of Plants	3	4	7	7	7	7	--
Processing Labor	\$0.0413	\$0.0621	\$0.0378	\$0.0739	\$0.0498	\$0.0469	\$0.0029
Processing Non-Labor	\$0.0887	\$0.0796	\$0.0570	\$0.0910	\$0.0850	\$0.0719	\$0.0131
Packaging	\$0.0215	\$0.0162	\$0.0126	\$0.0231	\$0.0193	\$0.0186	\$0.0007
Other Ingredients	\$0.0099	\$0.0143	\$0.0074	\$0.0287	\$0.0117	\$0.0110	\$0.0007
General & Administrative	\$0.0188	\$0.0154	\$0.0083	\$0.0303	\$0.0174	\$0.0203	-\$0.0029
Return on Investment	\$0.0077	\$0.0090	\$0.0028	\$0.0125	\$0.0082	\$0.0082	\$0.0000
Average Total Cost	\$0.1879	\$0.1966	--	--	\$0.1914	\$0.1769	\$0.0145
Volumn in Group (Lbs.)	488,770,657	337,812,843	--	--	826,583,500	817,068,328	--
% Volume by Group	59.1%	40.9%	--	--	100.0%	100.0%	--

Processing Labor: Labor costs associated with processing of product, including wages, payroll taxes and fringe benefits.

Processing Non-Labor: Includes costs such as utilities, repairs and maintenance, laundry, supplies, depreciation, plant insurance, and rent.

Packaging: Includes all non-reusable items used in the packaging of the product, such as boxes, bags, cartons, liners, tape, glue and stretch wrap.

Other Ingredients: Includes salt, color, and rennet.

General & Administrative: includes expenses in the management of the company, such as: office supplies, short-term interest, dues and subscriptions, accounting fees, headquarter charges, office clerical wages and executive salaries.

Return on Investment: Calculated by subtracting accumulated depreciation from the original cost of assts, with the remaining book value multiplied by Moody's "BAA corporate bond index.

SKIM WHEY POWDER MANUFACTURING COSTS

CURRENT Study Period: January through December 2005
 With Comparison to the same time period PRIOR YEAR (2004)

- Manufacturing cost data were collected and summarized from three California skim whey powder plants. The three plants processed 97.9 million pounds of skim whey powder during the 12-month study period, January through December 2005, representing 82% of the skim whey powder processed in California.
- The volume total includes skim whey powder packaged in container sizes of 25 kg and 50 lb. bags.
- To obtain the weighted average, individual plant costs were weighted by their skim whey powder processing volume relative to the total volume of skim whey powder processed by all plants included in the cost study.
- For this study period, one of the three plants processed skim whey powder at costs lower than the current manufacturing cost allowance for skim whey powder of \$0.267 per pound.

Breakdown of Skim Whey Powder Manufacturing Costs - January through December 2005

Categories	Cost Group	Range of Costs		CURRENT Weighted Average Cost All Plants Jan- Dec 2005	PRIOR YEAR Weighted Average Cost All Plants Jan- Dec 2004	Actual Difference Current Less Prior Year
		Minimum	Maximum			
	Dollars Per Pound of Skim Whey Powder					
Number of Plants	3	3	3	3	3	--
Processing Labor	\$0.0562	\$0.0437	\$0.0604	\$0.0562	\$0.0635	-\$0.0073
Processing Non-Labor	\$0.1735	\$0.1519	\$0.2081	\$0.1735	\$0.1488	\$0.0247
Packaging	\$0.0132	\$0.0103	\$0.0166	\$0.0132	\$0.0126	\$0.0006
General & Administrative	\$0.0029	\$0.0018	\$0.0032	\$0.0029	\$0.0026	\$0.0003
Return on Investment	\$0.0393	\$0.0307	\$0.0492	\$0.0393	\$0.0398	-\$0.0005
Average Total Cost	\$0.2851	--	--	\$0.2851	\$0.2673	\$0.0178
Volumn in Group (Lbs.)	97,953,043	--	--	97,953,043	93,271,893	--
% Volume by Group	100.0%	--	--	100.0%	100.0%	--

Processing Labor: All labor costs associated with processing of product.

Processing Non-Labor: Includes costs such as utilities, repairs and maintenance, laundry, supplies, depreciation, plant insurance, and rent.

Packaging: Includes all non-reusable items used in the packaging of the product, such as boxes, bags, cartons, liners, tape, glue and stretch wrap.

General & Administrative: Includes expenses in the management of the company, such as: office supplies, short-term interest, dues and subscriptions, accounting fees, headquarter charges, office clerical wages and executive salaries.

Return on Investment: Calculated by subtracting accumulated depreciation from the original cost of assts, with the remaining book value multiplied by Moody's "BAA" corporate bond index.