

**Testimony of
Dean Foods Company by Evan Kinser
Milk Marketing Order Hearing
Docket No. AO-166-A72; DA-05-01
Wooster, Ohio
March 9, 2005**

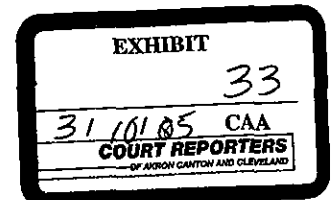
Introduction

My name is Evan Kinser. I am employed by Dean Foods Company as Manager of Dairy Risk Management and Commodity Procurement. My business address is 2515 McKinney Avenue, Suite 1200, Dallas, TX 75201.

Dean Foods owns and operates 12 distributing plants regulated by Mideast Milk Marketing Federal Order.

Definition of the Problem

This is now the third time that I have sat in front of a very similar group of people to talk about the same problems. Continued discussion has yet to change the situation, so the discussion continues. There are two problems: 1) The provisions of adequate incentives to attract an adequate and reliable supply of milk to the pool, and 2) the provisions of adequate incentives to attract pooled milk to pool distributing plants. The current Order provisions fall short in solving either of these problems. The current provisions of the Mideast Order promote inequity among handlers and dairy farmers. These inequities arise from depooling and do not allow for equal treatment of all milk with respects to the distribution of the pool value. The ability to depool and repool at will amplifies the challenge of getting milk to the market.



Purpose of the Federal Order System

Understanding the correct purpose of the Federal order system is key to this hearing being successful. Distractions from the intent in the past have led to tweaks or small patches, when more concise and meaningful action was needed. The focus always needs to be on the original intent, and what changes should be made today to ensure the original intent is carried out.

Today, we can and should take different actions than in the past. This includes the Secretary continuing in the direction that was only started in the 2001 hearing process. Today's actions must address a now greater array of market conditions and resulting opportunistic behaviors.

The Agricultural Marketing Agreement Act (AMAA) of 1937 states as a declaration of policy the following:

“(4) Through the exercise of the powers conferred upon the Secretary of Agriculture under this title, to establish and maintain such orderly marketing conditions for any agricultural commodity enumerated in section 8c(2) [which includes milk] of this title as will provide, in the interest of producers and consumers, an orderly flow of the supply thereof to market throughout its normal marketing seasons to avoid unreasonable fluctuations in supplies and prices.”

The Federal order system strives to provide a stable supply of milk, routinely construed to mean for packaged fluid milk only, with minimal fluctuation recognizing there is some unavoidable seasonality. The current provisions are failing to accomplish the purpose of supply stability.

Mideast Order Provisions

The purpose of the Federal order has been confused and misapplied in developing regulations that govern the Federal orders. Some would lead the Secretary to believe the Federal order's purpose is to ensure all plants have a sufficient supply of milk. The AMAA and action by the secretary simply does not support this; it is clear that the concern of an adequate and stable milk

supply applies to distributing plants. The track record and structure of this order makes this clear. There are many key sections from the order language to substantiate the only milk supply of concern to the order is that available to distributing plants. By absence and extension, the milk supply of other plants is a residual concern of the order, and only to the extent it is necessary to ensure that reserve producers – those standing ready to serve the fluid market – have outlets for their milk.

A dissection of Section 1033.7, the definition of a Pool Plant, clearly illustrates the only plants mandated to be regulated by the order are distributing plants. All other plants are allowed to participate based on defined service to a distributing plant. Specifically, the importance of distributing plants' milk supply is clearly illustrated in Section 1033.7 (g). This provision gives the market administrator the authority to change shipping percentages of pool plants to distributing plants. There is no statement about the need for milk in a manufacturing supply plant, or a supply plant system. The purpose of these plants being part of the order is to meet the needs of the distributing plants. In the event current requirements are ineffective, the market administrator can make a change.

Section 1033.7 demonstrates the Order's main concern must be with distributing plants' milk supply. However, the Order also provides a pricing mechanism for all the Order's milk. The pricing system is built around price discrimination based on the milk's use. This serves as an attraction for milk to be in the pool. The largest contributor to the pool is the Class I price. This is clear from studying the pricing formulas found in Sec. 1000.50 that Class I is structured to be the highest price in the pool.

Summary of Federal Order Logic

The system is designed for classified pricing while maintaining certain relationships between the prices. It was thought the manufacturing supply plants and producers shipping to them would want access to the dollars generated by the distributing plants. Therefore this system regulates those plants (distributing plants), requiring them to contribute to the pool, and relies on economic incentives to drive regulation for the balance (supply plants). This is based on the assumption that the revenues generated by distributing plants would always provide sufficient incentives to attract a milk supply to the pool. In the absence of forced regulation, the contributing plants would have left the Order rather than contribute. Without their contribution to the pool, the incentive would be lost to draw other milk to the pool. Having locked in the contributing plants to regulation, it was thought would-be unregulated handlers (supply plants) would voluntarily submit to regulation in order to capture the benefits of the higher Class I price.

Inequity

The fact remains this system requires proper economic incentive and properly defined regulation. Missing these two key ingredients allows handlers to associate milk with the order and draw money out of the order, while not providing any meaningful service to distributing plants. However, the problem is not limited to these handlers merely being free riders, drawing from the pool for no service. It extends beyond that, when there are costs incurred by those servicing the market, these costs are not shared, instead they are left with the handlers who have continued to do the right thing and serve the market. When the free riders leave, the costs do not go away, these costs are forced upon a smaller pool of handlers. More correctly said, they are at least in

part forced upon a smaller contingent of dairy farmers. It is like going out with a group of friends and sharing a great meal, eating as much as you can, but when the server comes with the check you simply get up from the table and leave the bill to be divided among those who didn't do the same.

Among Handlers

Current regulations allow handlers who may or may not choose to be pooled to enjoy the benefits of the pool, so long as they meet the requirements of the order for that month. Furthermore, when there is a cost to serve the market, they are allowed to excuse themselves from the table, until the next meal is being served. This idea of excusing themselves has been termed depooling. A more technical definition of depooling was provided in prior testimony. The result of this structure is, when there is no economic incentive (reward) to stay pooled, and no economic disincentive (cost) for leaving the pool, this milk withdraws from the pool. Handlers operating non-pool Class III, hard cheese, operations are in prime position for exercising this option.

Nothing demonstrates this exact situation any more clearly than recent history. A quick glance back, a little over a year, clearly demonstrates that in today's marketplace this system is broken. Undeniably, there is insufficient economic incentive and poorly defined regulation, resulting in failure of the order to achieve its intent. Furthermore it is producing disorderly marketing, a result it was intended to prevent.

There would not be a problem if all handlers had equal access to the pool, equal access to depool, and equal access to provide paper pooling. If such were the case, all handlers would be equally advantaged or disadvantaged relative to one another. However, that is not the case. Some

handlers, as discussed above are unable to choose to be in or out of the pool. Some handlers have chosen to provide paper pooling options to others. The result of these inequities creates price inequity. However, if perfect equity had existed there would be not need for the pool. With perfect equity for the handlers all would have the same dollars available without regulation provided by the Federal order.

Producer Prices

Like my illustration of leaving before the bill is covered at dinner; there are costs currently not equitably shared among producers. Let's look at an example of two different dairy cooperatives. We will compare to similar cooperatives with the only exception being the percentage of their milk that they sell to a distributing plant. Distributing plants are the only plants that are forced into regulation under the Federal order. All other plants can choose to be pooled or not to be pooled. The degree you service a disturbing plant, by definition, lessens your ability to depool milk. The inability to depool milk lessens your competitiveness in the marketplace when others can. Let's suppose there is a cooperative shipping 50% its milk to a distributing plant, we'll call this Coop A. 50% of Coop A's milk supply must be pooled by definition; there is no choice. The balance of the milk could be depooled. Now, let's contrast that with Coop B, which is shipping 30%. That is enough milk so that if they wanted to fully pool, they could pool all their milk receipts regardless of the month, but it does not force them to pool any more than the 30%. Now, focusing on the worst-case scenario we will look at April 2004. Here Coop A had to pool 50% of their milk with a negative \$3.78 PPD (Exhibit 6 Table 4). This means that Coop A's blended PPD is negative \$1.98 ($\$3.78 * 50\%$). Suppose Coop B pooled 30% at the same PPD and has a blended PPD of a negative \$1.134 ($\$3.78 * 30\%$). The Class III price was announced at \$19.66/cwt; with the negative \$3.78 PPD resulting in a blend of \$15.88. If we assume that the

remaining milk of each went to cheese production, both co-ops are able to overpay the blend, because neither had the negative PPD on all their milk. But they are not both able to pay the same price. Coop A would be able to pay \$17.68 (\$19.66 - \$1.98). Coop B would be able to pay \$18.826 (\$19.66 - \$1.134). Let's say that Coop B wants to be profit maximizing, yet competitive. They would pay at Coop A's price level allowing them to make \$1.146/cwt (\$18.826 - \$17.68) in profit. In reality, Coop B might see a chance to expand their procurement, so they decide to pay \$18.00. If Coop A believes that Coop B is going to overpay the blend and pay more than Coop A, Coop A will have to lose money to match Coop B. If Coop A guessed that they needed to pay \$17.95 to be competitive, it would mean that Coop A paid \$0.27 more than their ability to pay. In this example, I make no provisions for the operational efficiencies or inefficiencies of Coop A versus Coop B, they are assumed to have the same cost structure. This is merely an illustration of how different shipping percentages to a distributing plant affects a handler's ability to pay for milk.

Hidden Costs

A cost that often gets overlooked by the marketplace, but is not overlooked by the market administrator is the cost of operating the Order. In the current system, which allows for depooling, the administrative assessment is imposed only on those pooling. It is a tax on those who remain in the pool, even though everybody, including those who depooled, obtains the benefits of having announced minimum prices.

Summary of Inequities

I hope at this point it is clear to the Secretary that there are three fatal flaws in the system. First, it forces regulation on distributing plants, but allows all others voluntary participation. Secondly,

these plants choose to participate when they can siphon funds out of the system for their betterment, but when the reverse is true, they bail with no cost to them. Third, the reality is that when milk leaves the pool the costs of administration must be born by a smaller few. This creates a heavier burden for those remaining in the pool that is not rewarded when the market improves, because the free riders will return. If all handlers had equal opportunity to do the above there would be no inequity, but there would also be no need for the Order.

Philosophy of our Proposed Solutions

Something must be done to change the order to rectify the shortcomings I discussed above. We appreciate the Secretary's recognition of the need to change in requesting proposals and subsequently having this hearing. We further appreciate that the Secretary recognized two proposals submitted by Dean Foods. Our proposals are aimed at current pooling abuses. The first most glaring and important pooling abuse is depooling. To the degree the Secretary does not solve this obvious error, action on any other proposal is hardly a band-aid to a gushing wound. Thus, I will introduce the proposals with modifications. Our support for proposals can be divided into two categories.

Proposal # 4

We support proposal 4 which would propose establishing a *dairy farmer for other markets* provision, much like the same titled provision included in Northeast Milk Marketing Order, Sec 1001.12 (b)(5) & (6). We would like to modify the language that was proposed by Ohio Dairy Producers and the Ohio Farmers Union for the hearing and published in the official hearing notice to ensure minimizing any loopholes. Our proposal would read as follows:

Amend § 1033.12 by adding a new paragraph (b)(5) to read as follows:

§ 1033.12 Producer.

(b) * * *

(5) For any month, any dairy farmer whose milk is received at a pool plant or by a cooperative association handler described in § 1000.9(c) if ~~the~~any pool plant operator or ~~the~~any cooperative association caused milk from the same farm to be delivered to any plant as other than producer milk, as defined under the order in this part or any other Federal milk order, during the same month or any of the preceding 11 months, unless the equivalent of at least ten days milk production has been physically received otherwise as producer milk at a distributing plant during the month.

Effect of Northeast Order

Similar language exists in the Northeast Order. A major difference is milk can get into the pool “free” in July. If milk leaves in the spring, it is out until July. This year, this provision played well into the hands of a handler(s) in the Northeast. To illustrate this I have included Exhibit ____ (A-F). These are the Pool Price Announcements for the Northeast Order for February through July. Notice the drop in Class III pounds of 223 million pounds from March into April (the PPD also went from \$1.07 to a negative \$2.38 at the same time). The pool lost another 37 million pounds of Class III milk in May, likely because of negative PPD. Then the provision worked. The milk could not “repool” on the Northeast Order in June. The overall system shortcoming was that the Mideast Milk Marketing Order does not contain the same or any similar language. Some savvy handler(s) moved milk to qualify for pooling on the Mideast Order for June. These handler(s) repooled their milk back on the Northeast Order in July, as is allowed. Exhibit ____ (A-F) illustrates this point. Notice that from June to July the Class III pounds increased 176 million pounds, close to the level in March.

To illustrate this point I will turn to two exhibits; 1) Exhibit 7 Table 1(a) 2) Exhibit 11 Table 24 C. Looking first at Table 1(a) in Exhibit 7, focusing specifically on New York and Vermont. Vermont is the stand out case showing in excess of 10 million pounds of producer milk pooled on the order. This is the first time producer milk from Vermont has pooled on the order. Then turning to New York, while it has been a consistent supply since creation of the order the pounds of producer milk pooled from New York and (recognizing the footnote) New Jersey is 54% higher than the highest prior month. Between the three states there was an additional 64 million pounds pooled compared to the higher prior total.

Exhibit 11 prepared for Mr. Vetne helps provide a more detailed account of the situation. Table 24C of Exhibit 11 indicates there were nine states with 1,044 producers pooled on the market in June 2004 that were not pooled the prior two Decembers. Looking at milk that would typically be associated with the Northeast order, not being pooled the prior two Decembers would provide a total of 81 million pounds of milk added to the pool from Vermont, New York and New Jersey.

It would seem almost obvious that this isn't milk that suddenly appeared. It is milk that was most likely left homeless because of an earlier month's pooling decision. These exhibits help to illustrate how Northeast handler(s) took advantage of the pooling provisions of the Mideast Order in June. This clearly demonstrates a very similar proposal at work in the Northeast Order. The New York, Vermont and New Jersey milk could not pool in its "home" order. Having lost its home it needed another market, and the next best option was the Mideast order. Here we find what appears to be, in simple terms, an additional 80 plus million pounds of milk on the Mideast

Order because it was unable to pool on Northeast order, because of pooling decisions made in the two prior months.

This milk is not milk that was forced out of a pool. It was milk that a handler took advantage of a depooling opportunity to save paying into the pool. However, the regulation in the Northeast order did not provide any door to return to the pool, except to wait until July. Thus, the handler(s) began looking and found a wide-open door in the Mideast order. The handler(s) belied up to the table for a quick meal, before returning home in July for yet another feast. The implication is that they were not shut out of a marketplace, rather they were looking for another door because they had taken action that had implications they wanted a way around.

Think ahead for a moment and consider if a correction were implemented in all orders. Milk would either stay pooled, or ship to a distributing plant to return to the pool. In practice, this can't happen overnight. Such a change would require additional hearings. So, if this were to begin which Order would be the right place to start? It should be the Order with the most generous pooling provisions, the Upper Midwest Order. A hearing has been held in that Order in which we asked for this same provision. We believe that is the right Order for the Secretary to initiate a new policy and begin righting the existing wrongs. Then the Central Order becomes the next vulnerable point, so we were at that hearing asking the Secretary take immediate action to fix this glaring error in the order. Here we are today at a hearing for the Mideast order, the next most critical Order, and again we submit this similar language and urge the Secretary to quickly adopt Proposal 4. This would complete the core part of the Federal order system that desperately needs this language change.

Proposal #8

Amend § 1033.12 by adding a new paragraph (b)(5) and (6) as follows:

§ 1033.12 Producer.

(b) * * *

(5) For any month of February through June, any dairy farmer whose milk is received at a pool plant or by a cooperative association handler described in § 1000.9(c) if ~~the any pool plant operator or the any cooperative association~~ caused milk from the same farm to be delivered to any plant as other than producer milk, as defined under the order in this part or any other Federal milk order, during the same month, any of the 3 preceding months, or during any of the preceding months of July through January, unless the equivalent of least ten days' milk production has been physically received otherwise as producer milk at a pool distributing plant during the month; and

(6) For any month of July through January, any dairy farmer whose milk is received at ~~the any pool plant or by the any cooperative association handler~~ described in § 1000.9(c) if any pool plant operator or any cooperative association caused milk from the same farm to be delivered to any plant as other than producer milk, as defined under the order in this part or any other Federal milk order, during the month or the preceding month, unless the equivalent of least ten days' milk production has been physically received otherwise as producer milk at a pool distributing plant during the month.

Illustration of Dairy Farmer for Other Markets Effectiveness

As pointed out earlier in my testimony this type of provision exists in the Northeast Order. In fact it is just like Proposal #8 with different months. Earlier I illustrated how the absence of this provision had a negative effect on the Mideast Order. I would like to contrast the pool consistency of the Northeast with other markets with significant cheese manufacturing (i.e. Upper Midwest, Central, Pacific Northwest, Western (when it existed) and Mideast). I believe from this illustration it will be clear that the provision is effective and accomplishes the intent – pool stability.

In creating in Exhibit ____ G, I summarized Federal Order Statistical Overview (All orders) Jan 2000 – current. Page 1 of Exhibit ____ G is a summary of the following 4 pages. This exhibit illustrates the volatility of the Class III percentage of the Northwest, Upper Midwest, Central, Mideast and Pacific Northwest. For example, examine August 2003. Each market has a negative PPD at the base zone (meaning it would be a larger negative any place there is a negative location adjustment) of the order. Notice that in all orders but the Northeast, the percent Class III utilization is noticeably less than what would be deemed “normal.” If you only saw the Class III utilization for the Northeast Order in 2003, you would be hard-pressed to pick which months handlers would have desired to depool, given the different rules. To examine the situation on a more macro level, look at the first page of Exhibit ____ G. This just looks at the variance in Class III utilization by month and annually. Notice the variance on the Northeast order is less than one-quarter of one percent. The variance in each of the other orders is greater than one percent, with the Upper Midwest topping five percent. The Mideast order is close to 1.4 percent. What is it that makes the Northeast unique? It is the “dairy farmer for other markets” provision. When this provision exists handlers have to evaluate more than the current month’s economic impact. This requirement causes them to behave differently than handlers pooling milk on this order, who only have to consider the immediate implications. They do not have to consider any possible future missed opportunities. Such consideration is currently required by the Northeast Order’s “dairy farmer for other markets” provision.

Dean Foods prefers Proposal #4 (as presented) to Proposal #8 because the ramifications are longer and thus more significant. As I illustrated earlier, the Northeast order is not perfect. If it

and the Mideast order were worded like Proposal # 4, the Mideast order would not have been extremely affected this year. However, when you create a limitation on handler reentry due to voluntary depooling, a re-entry point must be provided. The Northeast allows that point to be July. Instead of a set month, both of these proposals allow handlers to serve the fluid market to return to the pool. This provides the handlers greater flexibility than in the Northeast order, but also helps to reinforce the purpose of the Federal order system. In Proposal #8 the standards are more lenient and they can return via the calendar, like the Northeast order. But handlers still have the option of serving the market to return earlier.

We believe the summary Federal Order Statistical Overview (All orders) Jan 2000 – current in Exhibit ___ G page 1 – 5 clearly illustrates the effectiveness of the dairy farmers for other markets provisions. Dean Foods urges the Secretary to adopt this provision, with the most effective version provided in Proposal #4. However, if the Secretary feels handlers still need a greater degree of latitude to play games in the marketplace we feel the weaker standards offered in Proposal #8 represents a significant improvement over the current standards and any other proposals offered at this hearing.

Proposal #3

Dean Foods supports the definition of “temporary” offered in Proposal #3 as a technical change that supports proposal 4 and 8. We would like to modify Proposal 3 to read as follows:

1. Amend Sec. 1033.13 by revising (d)(1) through (d)(3), to read as follows:

Sec. 1033.13 Producer milk.

* * * * *
(d) * * *

- (1) Milk of a dairy farmer shall not be eligible for diversion until milk of such dairy farmer has been physically received as producer milk at a pool plant and the dairy farmer has continuously retained producer status since that time. If a dairy farmer loses producer status under the order in this part (except as a result of a loss of Grade A approval not to exceed 21 days in a calendar year, unless it is determined by the market administrator to be unavoidable circumstances beyond the control of the dairy farmer such as a natural disaster (ice storm, wind storm, flood or fire in which case the market administrator may determine the time of extension granted to the effect farm(s)) the dairy farmer's milk shall not be eligible for diversion until milk of the dairy farmer has been physically received as producer milk at a pool plant

Supporting this language is not meant to harm dairy farmers who have had a disaster occur. This is meant to close a loophole that might otherwise allow for depooling, while avoiding the ramifications intended in this (and other) proposals. It is focused to give the market administrator clear definition, as well as the latitude to intervene when there is good reason.

Alternative Depooling Solutions (5, 6, 7)

Dean Foods supports the other parties, Ohio Dairy Producers, Ohio Farmers Union, Dairy Farmers of America, Inc., Michigan Milk Producers Association, National Farmers Organization, DairyLea, and Continental Dairy Products, Inc. who have offered alternative depooling solutions in Proposal 5, 6, and 7. Our preferred order of support of the depooling solutions would be Proposal 4 (as presented), 8 (as presented), 7, 6, 5. We have chosen this prioritization based on our estimation of the effectiveness of each proposal. Dean Foods is for the most effective remedy to depooling, which we believe is found in proposal 4.

Non-Depooling Issues

Before turning to the remaining proposals, I want to make it clear that the most important action that could be taken by the Secretary at this hearing is implementing a solution for depooling.

Any of the other proposals that Dean Foods or any other participant in this hearing could present pales in importance for the health and viability of the order system than to eliminating depooling from our Federal order vocabulary. With it clearly understood that depooling must be addressed by the Secretary, we offer our thoughts on the remaining proposals.

Pooling Abuses

We believe there are many pooling abuses that allow significant amounts of milk to ride the pool and not serve the market. The exhibits prepared by the market administrators contain numerous illustrations. Clear examples can be found by looking at Exhibit #9. Here you can see the milk attached from four states providing minimal service to the marketplace.

Proposal 1

Dean Foods supports Proposal 1. This is a point of exposure and has been addressed in other Orders. Understanding the Secretary has implemented such a change in other Orders, Dean Foods supports the same change being made in this Order, although we support the language adopted in Order 30, which is somewhat different from that proposed here.

Proposal 2

Dean Foods supports any action that tightens the pooling provisions of the order and lessens pooling abuse. This Order's current pooling provisions have been exploited. The minimal shipments of milk from Iowa, Illinois, Minnesota and Wisconsin shown in Exhibit 9 make this clear. It is out of our concern for curbing this abuse that we support tightening the provisions at least as much as provided for in Proposal 2.

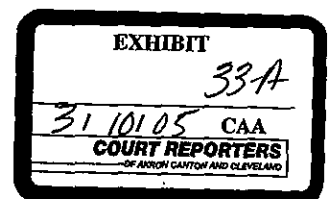
Conclusion

Ample evidence presented at this hearing provides strong support for the Secretary to take significant action to address the evils of depooling. Dairy farmers in their own words urged the Secretary to make changes quickly to help them survive. Dean Foods has offered proposals that have a track record of success as a solution for the problems of the Mideast Order. We urge the Secretary to use the provisions provided for in emergency proceedings to act expeditiously to implement change addressing depooling in this Order.

Having addressed depooling, the Secretary's further review of the record should recognize that paper pooling is an additional problem in this Order. As with depooling, dairy farmers urged action to be taken for the Order to cease providing their dollars to producers who were not serving their customers. Dean Foods supports these producers in urging the Secretary to take immediate action implementing paper pooling solutions.

**Exhibits of
Dean Foods Company by Evan Kinser
Milk Marketing Order Hearing
Docket No. AO-166-A72; DA-05-01
Wooster, Ohio
March 9, 2005**

Exhibits A - G





United States Department of Agriculture

Agricultural Marketing Service Dairy Programs

FEDERAL MILK ORDER No. 1 Northeast Marketing Area

89 South Street, Boston MA 02111-2671
Mailing Address:
P.O. Box 51478
Boston, MA 02205-1478
Tel.: (617) 737-7199 — Fax: (617) 737-8002
email: MABoston@fedmilk1.com
website: www.fmmone.com

A

Albany:
One Columbia Circle
Albany, NY 12203-6379
Tel.: (518) 452-4410
Fax: (518) 464-6468
email: MAAlbany@fedmilk1.com
Alexandria:
P.O. Box 25828
Alexandria, VA 22313-5828
Tel.: (703) 549-7000
Fax: (703) 549-7003
email: MAAlexandria@fedmilk1.com

FEBRUARY 2004 POOL PRICE ANNOUNCEMENT

Producer Milk	Percent	Pounds	Minimum Class Price
Class I	43.6	828,222,597	\$14.84
Class II	18.5	352,575,518	12.90
Class III	28.8	548,195,445	11.89
Class IV	9.1	172,360,626	12.21
Total Producer Milk	100.0	1,901,354,186	

Producer Price Differential	\$2.06 /cwt. @ Suffolk County, MA (Boston)
Statistical Uniform Price	\$13.95 /cwt. @ Suffolk County, MA (Boston)

Protein Price	\$1.7911 /lb.
Butterfat Price	1.8518 /lb.
Other Solids Price	0.0090 /lb.
Nonfat Solids Price	0.6597 /lb.

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	811,366,436	\$9.80	79,513,910.73	
Butterfat	16,856,161	1.5369	25,906,233.84	
Less: Location Adjustment to Handlers			(2,641,959.27)	\$102,778,185.35
Class II— Butterfat	24,993,292	1.8588	46,457,531.19	
Nonfat Solids	29,673,111	0.7367	21,860,180.86	68,317,712.05
Class III— Butterfat	20,967,097	1.8518	38,826,870.20	
Protein	16,796,372	1.7911	30,083,981.92	
Other Solids	30,965,027	0.0090	278,685.29	69,189,537.41
Class IV— Butterfat	8,267,215	1.8518	15,309,228.76	
Nonfat Solids	14,881,963	0.6597	9,817,630.96	25,126,859.72
Total Classified Value				\$265,412,294.53
Add: Overage—All Classes				103,475.80
Inventory Reclassification—All Classes				498,441.35
Other Source Receipts	47,286			1,910.36
Less: Producer Component Valuations				(237,235,620.54)
Subtotal				\$28,780,501.50
Add: Location Adjustment to Producers				9,398,797.92
One-half Unobligated Balance—Producer Settlement Fund				1,917,154.63
Total Pool Milk & Aggregate Value	1,901,401,472			40,096,454.05
Less: Producer Settlement Fund—Reserve				(927,583.69)
Producer Price Differential		\$2.06		39,168,870.36
Statistical Uniform Price		\$13.95		

(Selected pool and price statistics on reverse side)



United States Department of Agriculture

Agricultural Marketing Service Dairy Programs

FEDERAL MILK ORDER No. 1 Northeast Marketing Area

89 South Street, Boston MA 02111-2671
Mailing Address:
P.O. Box 51478
Boston, MA 02205-1478
Tel.: (617) 737-7199 — Fax: (617) 737-8002
email: MABoston@fedmilk1.com
website: www.fmmone.com

B

Albany:
One Columbia Circle
Albany, NY 12203-6379
Tel.: (518) 452-4410
Fax: (518) 464-6468
email: MAAAlbany@fedmilk1.com
Alexandria:
P.O. Box 25828
Alexandria, VA 22313-5828
Tel.: (703) 549-7000
Fax: (703) 549-7003
email: MAAlexandria@fedmilk1.com

MARCH 2004 POOL PRICE ANNOUNCEMENT

Producer Milk	Percent	Pounds	Minimum Class Price
Class I	44.6	930,661,315	\$15.19
Class II	20.1	418,798,482	14.79
Class III	28.0	584,531,204	14.49
Class IV	7.3	152,332,685	14.10
Total Producer Milk	100.0	2,086,323,686	

Producer Price Differential	\$1.07 /cwt. @ Suffolk County, MA (Boston)
Statistical Uniform Price	\$15.56 /cwt. @ Suffolk County, MA (Boston)

Protein Price	\$2.0133 /lb.
Butterfat Price	2.3813 /lb.
Other Solids Price	0.0234 /lb.
Nonfat Solids Price	0.6634 /lb.

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	911,744,116	\$9.21	83,971,633.08	
Butterfat	18,917,199	1.8000	34,050,958.20	
Less: Location Adjustment to Handlers			(2,924,038.50)	\$115,098,552.91
Class II— Butterfat	28,867,821	2.3883	68,945,016.86	
Nonfat Solids	35,362,817	0.7400	26,168,484.58	95,113,501.44
Class III— Butterfat	22,012,328	2.3813	52,417,956.67	
Protein	17,788,056	2.0133	35,812,693.14	
Other Solids	33,148,729	0.0234	775,680.24	89,006,330.05
Class IV— Butterfat	7,446,459	2.3813	17,732,252.82	
Nonfat Solids	13,117,541	0.6634	8,702,176.73	26,434,429.55
Total Classified Value				\$325,652,813.95
Add: Overage—All Classes				75,379.12
Inventory Reclassification—All Classes				779,243.24
Other Source Receipts	132,891			2,242.74
Less: Producer Component Valuations				(314,739,902.14)
Subtotal				\$11,769,776.91
Add: Location Adjustment to Producers				10,277,464.15
One-half Unobligated Balance—Producer Settlement Fund				1,200,248.02
Total Pool Milk & Aggregate Value	2,086,456,577			23,247,489.08
Less: Producer Settlement Fund—Reserve				(922,403.67)
Producer Price Differential		\$1.07		22,325,085.41
Statistical Uniform Price		\$15.56		

(Selected pool and price statistics on reverse side)



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APRIL 2004 POOL PRICE ANNOUNCEMENT

Producer Milk	Percent	Pounds	Minimum Class Price
Class I	48.5	892,302,398	\$16.89
Class II	19.8	365,276,077	15.21
Class III	19.6	361,298,375	19.66
Class IV	12.1	221,879,839	14.57
Total Producer Milk	100.0	1,840,756,689	

Producer Price Differential	(\$2.38) /cwt. @ Suffolk County, MA (Boston)
Statistical Uniform Price	\$17.28 /cwt. @ Suffolk County, MA (Boston)

Protein Price	\$3.4465 /lb.
Butterfat Price	2.5013 /lb.
Other Solids Price	0.1042 /lb.
Nonfat Solids Price	0.6703 /lb.

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	874,140,181	\$9.21	80,508,310.67	
Butterfat	18,162,217	2.2850	41,500,665.85	
Less: Location Adjustment to Handlers			(2,809,276.91)	\$119,199,699.68
Class II— Butterfat	26,154,668	2.5083	65,603,753.75	
Nonfat Solids	30,641,956	0.7400	22,675,047.44	88,278,801.19
Class III— Butterfat	14,237,070	2.5013	35,611,183.20	
Protein	10,863,359	3.4465	37,440,566.81	
Other Solids	20,456,744	0.1042	2,131,592.74	75,183,342.75
Class IV— Butterfat	8,892,867	2.5013	22,243,728.23	
Nonfat Solids	19,270,147	0.6703	12,916,779.52	35,160,507.75
Total Classified Value				\$317,822,351.37
Add: Overage—All Classes				57,690.73
Inventory Reclassification—All Classes				442,604.23
Other Source Receipts	105,484			0.00
Less: Producer Component Valuations				(370,853,173.46)
Subtotal				(\$52,530,527.13)
Add: Location Adjustment to Producers				8,409,917.87
One-half Unobligated Balance—Producer Settlement Fund				1,083,368.98
Total Pool Milk & Aggregate Value	1,840,862,173			(43,037,240.28)
Less: Producer Settlement Fund—Reserve				(775,279.47)
Producer Price Differential		(\$2.38)		(43,812,519.75)
Statistical Uniform Price		\$17.28		

(Selected pool and price statistics on reverse side)



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MAY 2004 POOL PRICE ANNOUNCEMENT

Producer Milk	Percent	Pounds	Minimum Class Price
Class I	44.8	848,154,904	\$22.90
Class II	20.4	387,282,405	15.03
Class III	17.1	324,100,801	20.58
Class IV	17.7	335,506,618	14.50
Total Producer Milk	100.0	1,895,044,728	

Producer Price Differential	(\$0.74) /cwt. @ Suffolk County, MA (Boston)
Statistical Uniform Price	\$19.84 /cwt. @ Suffolk County, MA (Boston)

Protein Price	\$3.7639 /lb.
Butterfat Price	2.4282 /lb.
Other Solids Price	0.1444 /lb.
Nonfat Solids Price	0.6913 /lb.

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	831,146,399	\$14.75	122,594,093.85	
Butterfat	17,008,505	2.4762	42,116,460.08	
Less: Location Adjustment to Handlers			(2,649,271.66)	\$162,061,282.45
Class II— Butterfat	27,093,636	2.4352	65,978,422.38	
Nonfat Solids	32,373,720	0.7489	24,244,678.93	90,223,101.31
Class III— Butterfat	13,164,261	2.4282	31,965,458.58	
Protein	9,598,352	3.7639	36,127,237.10	
Other Solids	18,341,601	0.1444	2,648,527.18	70,741,222.86
Class IV— Butterfat	10,721,177	2.4282	26,033,162.00	
Nonfat Solids	29,204,689	0.6913	20,189,201.56	46,222,363.56
Total Classified Value				\$369,247,970.18
Add: Overage—All Classes				496,785.84
Inventory Reclassification—All Classes				265,053.36
Other Source Receipts	55,088			1,145.83
Less: Producer Component Valuations				(392,620,342.35)
Subtotal				(\$22,609,387.14)
Add: Location Adjustment to Producers				8,530,953.04
One-half Unobligated Balance—Producer Settlement Fund				904,455.58
Total Pool Milk & Aggregate Value	1,895,099,816			(13,173,978.52)
Less: Producer Settlement Fund—Reserve				(849,760.10)
Producer Price Differential		(\$0.74)		(14,023,738.62)
Statistical Uniform Price		\$19.84		

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JUNE 2004 POOL PRICE ANNOUNCEMENT

Producer Milk	Percent	Pounds	Minimum Class Price
Class I	45.8	818,054,434	\$24.38
Class II	22.2	396,137,170	14.31
Class III	18.1	322,430,376	17.68
Class IV	13.9	248,129,406	13.72
Total Producer Milk	100.0	1,784,751,386	

Producer Price Differential	\$2.02 /cwt. @ Suffolk County, MA (Boston)
Statistical Uniform Price	\$19.70 /cwt. @ Suffolk County, MA (Boston)

Protein Price	\$3.1086 /lb.
Butterfat Price	2.1768 /lb.
Other Solids Price	0.1339 /lb.
Nonfat Solids Price	0.7026 /lb.

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	801,407,999	\$16.23	130,068,518.24	
Butterfat	16,646,435	2.4905	41,457,946.37	
Less: Location Adjustment to Handlers			(2,546,480.66)	\$168,979,983.98
Class II— Butterfat	26,844,766	2.1838	58,623,600.00	
Nonfat Solids	33,087,367	0.7678	25,404,480.38	84,028,080.38
Class III— Butterfat	12,087,768	2.1768	26,312,653.38	
Protein	9,553,926	3.1086	29,699,334.40	
Other Solids	18,290,792	0.1339	2,449,137.08	58,461,124.86
Class IV— Butterfat	7,726,267	2.1768	16,818,537.98	
Nonfat Solids	21,530,332	0.7026	15,127,211.26	31,945,749.24
Total Classified Value				\$343,414,938.46
Add: Overage—All Classes				50,284.53
Inventory Reclassification—All Classes				(112,839.15)
Other Source Receipts	41,976			2,371.65
Less: Producer Component Valuations				(315,658,112.57)
Subtotal				\$27,696,642.92
Add: Location Adjustment to Producers				8,171,309.19
One-half Unobligated Balance—Producer Settlement Fund				906,112.11
Total Pool Milk & Aggregate Value	1,784,793,362			36,774,064.22
Less: Producer Settlement Fund—Reserve				(721,238.39)
Producer Price Differential		\$2.02		36,052,825.83
Statistical Uniform Price		\$19.70		

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JULY 2004 POOL PRICE ANNOUNCEMENT

Producer Milk	Percent	Pounds	Minimum Class Price
Class I	43.4	865,366,308	\$21.20
Class II	19.2	383,025,504	14.00
Class III	25.0	499,088,940	14.85
Class IV	12.4	248,513,606	13.31
Total Producer Milk	100.0	1,995,994,358	

Producer Price Differential	\$2.79 /cwt. @ Suffolk County, MA (Boston)
Statistical Uniform Price	\$17.64 /cwt. @ Suffolk County, MA (Boston)

Protein Price	\$2.3625 /lb.
Butterfat Price	2.0543 /lb.
Other Solids Price	0.1048 /lb.
Nonfat Solids Price	0.7042 /lb.

COMPUTATION OF PRODUCER PRICE DIFFERENTIAL

	Product Pounds	Price per cwt./lb.	Component Value	Total Value
Class I— Skim	847,638,573	\$14.20	120,364,677.37	
Butterfat	17,727,735	2.1413	37,960,398.96	
Less: Location Adjustment to Handlers			(2,676,183.63)	\$155,648,892.70
Class II— Butterfat	28,284,360	2.0613	58,302,551.22	
Nonfat Solids	31,722,526	0.7811	24,778,465.06	83,081,016.28
Class III— Butterfat	17,895,152	2.0543	36,762,010.75	
Protein	14,751,466	2.3625	34,850,338.47	
Other Solids	28,262,550	0.1048	2,961,915.24	74,574,264.46
Class IV— Butterfat	6,853,481	2.0543	14,079,105.99	
Nonfat Solids	21,636,522	0.7042	15,236,438.79	29,315,544.78
Total Classified Value				\$342,619,718.22
Add: Overage—All Classes				40,774.12
Inventory Reclassification—All Classes				80,982.59
Other Source Receipts	127,800			7,789.21
Less: Producer Component Valuations				(296,602,354.71)
Subtotal				\$46,146,909.43
Add: Location Adjustment to Producers				9,846,232.71
One-half Unobligated Balance—Producer Settlement Fund				579,922.10
Total Pool Milk & Aggregate Value	1,996,122,158			56,573,064.24
Less: Producer Settlement Fund—Reserve				(881,255.99)
Producer Price Differential		\$2.79		55,691,808.25
Statistical Uniform Price		\$17.64		

(Selected pool and price statistics on reverse side)

Class III % Variance Summary

	Northeast (#1)	Upper Midwest (#30)	Central (#32)	Mid-East (#33)	Pacific Northwest (#124)
January	0.04%	0.15%	0.64%	0.66%	0.02%
February	0.02%	0.06%	0.35%	0.72%	0.05%
March	0.03%	6.86%	2.56%	0.88%	0.05%
April	0.23%	9.16%	5.36%	2.92%	1.72%
May	0.32%	8.27%	5.69%	3.02%	1.74%
June	0.32%	0.09%	0.27%	0.58%	0.10%
July	0.09%	6.46%	3.38%	1.67%	1.85%
August	0.07%	6.99%	4.43%	1.30%	1.30%
September	0.07%	10.96%	3.89%	0.85%	1.96%
October	0.02%	7.26%	2.13%	0.74%	1.82%
November	0.01%	2.87%	0.34%	0.02%	0.90%
December	0.01%	0.13%	0.24%	0.00%	0.03%
Annual	0.12%	5.74%	2.73%	1.28%	1.10%

Northeast (#1)

Upper Midwest (#30)

Central (#32)

	Producer Price Differential	Producer Receipts	Class III Utilization	Producer Price Differential	Producer Receipts	Class III Utilization	Producer Price Differential	Producer Receipts	Class III Utilization
Jan-00	\$2.30	2,148,026,281	27.44%	\$0.43	2,432,631,877	80.90%	\$1.18	1,103,361,783	41.05%
Feb-00	\$2.67	2,034,365,303	27.42%	\$0.56	2,268,652,983	81.10%	\$1.46	1,038,565,671	45.91%
Mar-00	\$2.85	2,182,379,017	27.93%	\$0.64	2,260,589,375	79.50%	\$1.37	1,318,780,261	54.45%
Apr-00	\$3.05	2,091,375,434	30.19%	\$0.74	2,068,776,693	78.97%	\$1.43	1,340,640,915	60.23%
May-00	\$3.53	2,117,339,712	28.97%	\$0.90	2,084,936,796	78.60%	\$1.59	1,427,450,492	63.24%
Jun-00	\$3.79	1,948,959,188	30.15%	\$0.97	1,933,112,526	78.50%	\$1.70	1,371,692,729	63.32%
Jul-00	\$2.86	1,988,282,432	31.76%	\$0.70	1,917,181,710	79.00%	\$1.29	1,441,516,161	63.20%
Aug-00	\$3.26	1,918,227,822	30.36%	\$0.84	1,852,004,228	77.30%	\$1.48	1,418,648,542	61.24%
Sep-00	\$2.87	1,835,293,490	28.85%	\$0.70	1,708,010,895	75.70%	\$1.21	1,331,781,248	59.15%
Oct-00	\$3.30	1,894,883,458	27.30%	\$0.86	1,637,673,002	74.90%	\$1.38	1,454,089,082	61.27%
Nov-00	\$4.79	1,858,827,106	28.49%	\$1.43	1,593,957,163	74.30%	\$2.28	1,386,780,662	60.60%
Dec-00	\$4.35	1,954,445,579	29.44%	\$1.23	1,656,994,511	75.50%	\$2.01	1,402,889,095	61.81%
Jan-01	\$3.77	2,050,694,350	30.58%	\$1.03	1,728,736,411	76.78%	\$1.86	1,410,871,362	60.25%
Feb-01	\$3.35	1,898,387,547	31.32%	\$0.88	1,578,785,477	76.79%	\$1.55	1,293,012,353	61.75%
Mar-01	\$3.08	2,156,700,035	31.38%	\$0.78	1,725,679,015	76.51%	\$1.32	1,543,238,051	63.87%
Apr-01	\$3.18	2,048,908,967	33.50%	\$0.83	1,687,209,721	77.52%	\$1.36	1,516,723,915	65.62%
May-01	\$2.49	2,195,909,626	33.49%	\$0.67	1,599,966,911	75.47%	\$0.97	1,578,678,199	67.88%
Jun-01	\$2.06	2,066,568,432	34.00%	\$0.50	1,513,843,666	75.80%	\$0.77	1,572,056,252	65.37%
Jul-01	\$1.75	2,125,209,790	33.13%	\$0.45	1,500,617,822	74.46%	\$0.68	1,584,849,478	62.81%
Aug-01	\$1.98	2,036,666,188	31.63%	\$0.51	1,558,068,142	73.33%	\$0.74	1,528,859,223	60.58%
Sep-01	\$1.86	1,975,636,686	30.16%	\$0.38	1,786,596,598	75.05%	\$0.66	1,407,789,955	59.05%
Oct-01	\$1.44	1,987,619,382	27.71%	\$0.15	1,783,510,014	73.02%	\$0.32	1,441,911,045	56.89%
Nov-01	\$3.97	1,937,380,849	28.57%	\$1.14	1,765,760,577	76.20%	\$1.86	1,434,872,828	57.66%
Dec-01	\$1.92	2,077,552,972	29.32%	\$0.39	1,833,502,676	76.87%	\$0.66	1,522,956,093	59.81%
Jan-02	\$1.94	2,205,226,476	31.64%	\$0.43	1,945,439,428	77.37%	\$0.74	1,516,578,433	58.16%
Feb-02	\$1.85	2,008,416,769	29.80%	\$0.41	1,616,547,309	76.27%	\$0.69	1,387,985,439	58.21%
Mar-02	\$2.40	2,288,786,211	32.17%	\$0.60	1,827,579,616	77.60%	\$1.01	1,559,345,766	60.51%
Apr-02	\$2.09	2,241,080,935	31.66%	\$0.50	1,779,353,117	76.45%	\$0.83	1,557,881,837	60.00%
May-02	\$1.81	2,282,160,763	31.36%	\$0.48	1,621,191,690	73.52%	\$0.65	1,613,784,332	59.92%
Jun-02	\$2.29	2,134,644,482	32.29%	\$0.63	1,545,723,290	76.66%	\$0.91	1,587,255,814	63.35%
Jul-02	\$2.72	2,188,037,746	32.38%	\$0.80	1,512,635,339	74.93%	\$1.11	1,588,738,168	66.85%
Aug-02	\$2.62	2,047,898,110	30.87%	\$0.66	1,729,723,547	76.87%	\$1.04	1,561,311,884	65.57%
Sep-02	\$2.28	1,926,093,716	28.41%	\$0.54	1,650,666,302	75.57%	\$0.82	1,523,330,705	62.42%
Oct-02	\$1.68	1,973,574,814	26.94%	\$0.31	1,573,687,977	71.08%	\$0.46	1,623,134,602	61.39%
Nov-02	\$2.47	1,970,843,127	29.61%	\$0.59	1,679,119,210	75.25%	\$0.90	1,543,882,035	64.69%
Dec-02	\$2.50	2,091,664,047	30.58%	\$0.59	1,824,896,754	77.50%	\$0.93	1,636,608,661	66.79%
Jan-03	\$2.41	2,058,167,045	28.40%	\$0.58	1,845,755,097	76.02%	\$0.89	1,676,983,925	63.50%
Feb-03	\$2.13	1,901,333,685	28.18%	\$0.47	1,729,116,538	74.15%	\$0.75	1,594,634,263	61.42%

2

9

Northeast (#1)

Upper Midwest (#30)

Central (#32)

	Producer Price Differential	Producer Receipts	Class III Utilization
Mar-03	\$2.32	2,149,837,659	29.05%
Apr-03	\$2.04	2,109,293,336	28.47%
May-03	\$1.89	2,176,918,745	27.99%
Jun-03	\$1.91	2,002,384,113	30.69%
Jul-03	\$0.68	2,016,823,857	29.96%
Aug-03	(\$0.08)	1,943,357,322	28.30%
Sep-03	\$0.71	1,882,434,862	26.38%
Oct-03	\$0.82	1,922,808,745	25.92%
Nov-03	\$1.48	1,860,011,501	27.20%
Dec-03	\$2.52	2,014,829,516	28.00%
Jan-04	\$1.97	1,992,658,273	26.50%
Feb-04	\$2.06	1,901,354,186	28.83%
Mar-04	\$1.07	2,086,323,686	28.02%
Apr-04	(\$2.38)	1,840,756,689	19.63%
May-04	(\$0.74)	1,895,044,728	17.10%
Jun-04	\$2.02	1,784,751,386	18.07%
Jul-04	\$2.79	1,995,994,358	25.00%
Aug-04	\$1.53	1,890,546,463	24.16%
Sep-04	\$1.34	1,788,269,996	22.70%
Oct-04	\$1.91	1,829,732,009	23.50%

	Producer Price Differential	Producer Receipts	Class III Utilization
Mar-03	\$0.54	1,937,161,183	77.25%
Apr-03	\$0.46	1,862,757,065	76.81%
May-03	\$0.40	1,936,525,390	77.89%
Jun-03	\$0.38	1,933,173,669	77.37%
Jul-03	(\$0.41)	660,022,947	11.58%
Aug-03	(\$1.58)	644,121,697	8.35%
Sep-03	(\$1.07)	644,034,969	5.73%
Oct-03	(\$0.88)	657,354,331	4.76%
Nov-03	(\$0.07)	1,039,316,537	36.17%
Dec-03	\$0.54	2,128,405,383	68.53%
Jan-04	\$0.37	2,209,207,134	68.87%
Feb-04	\$0.47	1,944,216,880	74.44%
Mar-04	\$0.21	675,051,623	12.30%
Apr-04	(\$4.11)	608,028,839	1.81%
May-04	(\$1.97)	662,635,115	4.61%
Jun-04	\$0.30	2,113,701,569	69.79%
Jul-04	\$0.72	2,202,121,759	70.78%
Aug-04	\$0.22	2,001,525,668	68.15%
Sep-04	\$0.13	1,290,343,653	10.09%
Oct-04	\$0.31	1,977,452,011	68.60%

	Producer Price Differential	Producer Receipts	Class III Utilization
Mar-03	\$0.97	1,486,925,127	57.76%
Apr-03	\$0.81	1,462,781,366	57.23%
May-03	\$0.70	1,479,058,440	56.62%
Jun-03	\$0.69	1,405,942,584	58.37%
Jul-03	(\$0.29)	759,812,679	17.14%
Aug-03	(\$1.28)	653,469,208	8.28%
Sep-03	(\$0.38)	710,663,288	16.79%
Oct-03	(\$0.16)	781,643,074	22.44%
Nov-03	\$0.20	1,159,348,117	48.86%
Dec-03	\$1.04	1,240,148,177	53.13%
Jan-04	\$0.69	1,274,937,362	51.31%
Feb-04	\$0.77	1,163,472,469	54.04%
Mar-04	\$0.14	712,291,427	19.88%
Apr-04	(\$4.02)	612,334,670	3.31%
May-04	(\$2.18)	651,952,241	3.03%
Jun-04	\$0.55	1,234,643,605	50.90%
Jul-04	\$1.18	1,271,623,109	48.74%
Aug-04	\$0.42	1,230,790,992	49.66%
Sep-04	\$0.21	759,355,181	23.75%
Oct-04	\$0.54	1,204,175,137	50.40%

Variance

Jan	0.04%
Feb	0.02%
Mar	0.03%
Apr	0.23%
May	0.32%
Jun	0.32%
Jul	0.09%
Aug	0.07%
Sep	0.07%
Oct	0.02%
Nov	0.01%
Dec	0.01%
ALL	0.12%

Variance

Jan	0.15%
Feb	0.06%
Mar	6.86%
Apr	9.16%
May	8.27%
Jun	0.09%
Jul	6.46%
Aug	6.99%
Sep	10.96%
Oct	7.26%
Nov	2.87%
Dec	0.13%
ALL	5.74%

Variance

Jan	0.64%
Feb	0.35%
Mar	2.56%
Apr	5.36%
May	5.69%
Jun	0.27%
Jul	3.38%
Aug	4.43%
Sep	3.89%
Oct	2.13%
Nov	0.34%
Dec	0.24%
ALL	2.73%

3

6

Mid-East (#33)

Pacific Northwest (#124)

Western (#135)

	Producer Price Differential	Producer Receipts	Class III Utilization
Jan-00	\$1.57	1,123,688,063	22.50%
Feb-00	\$1.98	1,057,524,752	23.69%
Mar-00	\$2.14	1,165,677,993	23.83%
Apr-00	\$2.36	1,104,797,187	26.76%
May-00	\$2.84	1,133,688,352	27.19%
Jun-00	\$2.92	1,114,460,849	30.54%
Jul-00	\$2.02	1,213,318,539	31.86%
Aug-00	\$2.36	1,184,684,465	30.84%
Sep-00	\$1.77	1,259,412,458	33.54%
Oct-00	\$2.02	1,313,325,148	38.76%
Nov-00	\$3.34	1,264,415,828	39.75%
Dec-00	\$2.79	1,245,776,246	43.48%
Jan-01	\$2.55	1,385,170,073	41.75%
Feb-01	\$2.01	1,195,216,203	46.72%
Mar-01	\$1.82	1,338,060,577	46.75%
Apr-01	\$1.88	1,306,014,576	49.04%
May-01	\$1.29	1,473,337,807	52.87%
Jun-01	\$0.95	1,585,679,090	50.65%
Jul-01	\$0.78	1,651,285,026	48.01%
Aug-01	\$0.99	1,539,609,595	43.57%
Sep-01	\$0.97	1,322,875,136	38.25%
Oct-01	\$0.43	1,424,684,484	39.71%
Nov-01	\$2.48	1,448,079,744	43.40%
Dec-01	\$0.84	1,558,633,345	44.97%
Jan-02	\$1.01	1,425,615,401	40.99%
Feb-02	\$0.83	1,473,522,817	43.26%
Mar-02	\$1.28	1,575,860,733	49.18%
Apr-02	\$1.07	1,557,399,480	50.21%
May-02	\$0.81	1,735,209,311	48.87%
Jun-02	\$1.15	1,629,156,146	51.87%
Jul-02	\$1.52	1,430,119,939	54.52%
Aug-02	\$1.65	1,359,531,976	38.94%
Sep-02	\$1.17	1,398,730,094	41.95%
Oct-02	\$0.60	1,469,727,143	40.89%
Nov-02	\$1.33	1,320,780,001	42.48%
Dec-02	\$1.38	1,363,662,664	43.55%
Jan-03	\$1.27	1,462,858,327	44.52%
Feb-03	\$1.06	1,387,769,255	42.44%

	Producer Price Differential	Producer Receipts	Class III Utilization
Jan-00	\$1.06	581,199,990	32.41%
Feb-00	\$1.52	549,471,886	31.82%
Mar-00	\$1.63	594,152,814	31.65%
Apr-00	\$1.90	586,406,991	31.69%
May-00	\$2.33	494,184,014	38.40%
Jun-00	\$2.45	479,535,967	39.37%
Jul-00	\$1.53	614,029,807	33.76%
Aug-00	\$1.81	615,317,025	33.32%
Sep-00	\$1.35	598,367,378	35.60%
Oct-00	\$1.77	604,838,646	34.89%
Nov-00	\$3.23	525,949,881	37.40%
Dec-00	\$2.90	532,104,925	37.64%
Jan-01	\$2.35	601,072,510	33.72%
Feb-01	\$2.08	498,919,865	37.57%
Mar-01	\$1.92	540,851,627	36.48%
Apr-01	\$1.99	524,560,164	38.75%
May-01	\$1.29	630,634,512	33.99%
Jun-01	\$0.76	622,741,814	34.29%
Jul-01	\$0.34	643,972,386	34.09%
Aug-01	\$0.44	628,277,150	33.47%
Sep-01	\$0.44	610,209,311	34.30%
Oct-01	(\$0.22)	565,416,417	27.48%
Nov-01	\$1.99	600,607,087	34.77%
Dec-01	\$0.55	620,351,191	36.09%
Jan-02	\$0.66	628,482,107	35.80%
Feb-02	\$0.51	592,680,180	36.98%
Mar-02	\$1.08	663,171,807	36.52%
Apr-02	\$0.79	658,081,439	36.01%
May-02	\$0.53	690,360,130	35.67%
Jun-02	\$0.91	668,305,472	36.64%
Jul-02	\$1.33	677,456,351	36.42%
Aug-02	\$1.12	680,410,902	36.69%
Sep-02	\$0.74	644,236,287	36.77%
Oct-02	\$0.22	658,188,972	36.57%
Nov-02	\$1.00	608,377,932	35.31%
Dec-02	\$1.07	653,964,184	36.25%
Jan-03	\$0.98	620,224,370	31.69%
Feb-03	\$0.78	564,546,062	32.95%

	Producer Price Differential	Producer Receipts	Class III Utilization
Jan-00	\$1.06	322,551,577	43.02%
Feb-00	\$1.39	302,553,579	43.14%
Mar-00	\$1.48	367,224,598	43.45%
Apr-00	\$1.35	391,958,643	57.65%
May-00	\$1.47	388,082,261	63.87%
Jun-00	\$1.55	381,926,373	65.05%
Jul-00	\$1.07	392,873,015	65.89%
Aug-00	\$1.40	308,452,042	62.21%
Sep-00	\$1.18	290,936,625	58.49%
Oct-00	\$1.47	295,054,762	57.62%
Nov-00	\$2.11	306,125,265	61.64%
Dec-00	\$1.83	300,744,685	63.20%
Jan-01	\$1.71	327,449,974	62.74%
Feb-01	\$1.52	293,798,204	62.67%
Mar-01	\$1.47	300,209,737	60.27%
Apr-01	\$1.35	339,073,167	66.54%
May-01	\$0.91	394,382,475	67.47%
Jun-01	\$0.65	459,467,224	54.27%
Jul-01	\$0.44	447,362,300	48.54%
Aug-01	\$0.49	456,502,752	46.73%
Sep-01	\$0.42	447,492,060	46.23%
Oct-01	(\$0.25)	296,359,432	14.97%
Nov-01	\$1.56	453,390,508	47.14%
Dec-01	\$0.53	461,446,703	48.03%
Jan-02	\$0.57	476,831,743	48.75%
Feb-02	\$0.46	450,718,859	50.99%
Mar-02	\$0.91	349,020,202	64.29%
Apr-02	\$0.69	495,440,866	51.95%
May-02	\$0.49	485,866,624	51.11%
Jun-02	\$0.78	510,046,764	56.99%
Jul-02	\$0.93	436,056,006	71.76%
Aug-02	\$0.81	455,262,779	70.58%
Sep-02	\$0.63	540,017,718	55.23%
Oct-02	\$0.29	470,152,671	48.44%
Nov-02	\$0.81	434,775,366	67.05%
Dec-02	\$0.76	448,286,597	69.87%
Jan-03	\$0.71	507,836,998	60.78%
Feb-03	\$0.63	465,354,135	61.69%

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9

Mid-East (#33)

	Producer Price Differential	Producer Receipts	Class III Utilization
Mar-03	\$1.25	1,456,794,004	44.25%
Apr-03	\$1.06	1,473,347,133	43.31%
May-03	\$0.92	1,533,494,933	42.96%
Jun-03	\$0.88	1,430,012,110	44.72%
Jul-03	(\$0.10)	1,018,281,231	18.05%
Aug-03	(\$1.20)	1,008,111,701	13.70%
Sep-03	(\$0.37)	1,006,231,769	15.52%
Oct-03	(\$0.14)	1,080,180,335	19.80%
Nov-03	\$0.46	1,437,527,461	42.15%
Dec-03	\$1.39	1,455,682,452	43.38%
Jan-04	\$0.90	1,513,107,915	42.86%
Feb-04	\$0.98	1,407,841,795	45.64%
Mar-04	\$0.19	1,297,378,521	34.54%
Apr-04	(\$3.78)	873,281,637	5.13%
May-04	(\$1.59)	919,098,310	5.45%
Jun-04	\$0.88	1,552,299,810	46.89%
Jul-04	\$1.70	1,487,386,148	43.88%
Aug-04	\$0.57	1,546,147,073	44.61%
Sep-04	\$0.34	1,336,478,470	36.28%
Oct-04	\$0.73	1,545,776,665	44.11%

Variance

Jan	0.66%
Feb	0.72%
Mar	0.88%
Apr	2.92%
May	3.02%
Jun	0.58%
Jul	1.67%
Aug	1.30%
Sep	0.85%
Oct	0.74%
Nov	0.02%
Dec	0.00%
ALL	1.28%

Pacific Northwest (#124)

	Producer Price Differential	Producer Receipts	Class III Utilization
	\$1.02	644,063,865	34.13%
	\$0.80	625,726,509	33.95%
	\$0.67	642,190,976	33.74%
	\$0.62	620,181,306	34.11%
	(\$0.85)	411,485,487	0.40%
	(\$2.14)	415,182,551	6.14%
	(\$1.76)	371,686,360	0.79%
	(\$1.34)	376,914,747	0.92%
	(\$0.52)	428,862,717	14.02%
	\$0.60	615,390,840	33.17%
	\$0.46	614,176,073	34.33%
	\$0.78	580,717,007	34.83%
	\$0.06	600,834,267	31.20%
	(\$4.32)	414,368,058	2.87%
	(\$3.18)	439,531,111	2.78%
	(\$0.23)	593,694,655	29.56%
	\$0.89	647,997,621	33.01%
	\$0.11	619,800,378	34.26%
	(\$0.28)	481,232,360	17.59%
	\$0.24	617,207,024	35.59%

Variance

	0.02%
	0.05%
	0.05%
	1.72%
	1.74%
	0.10%
	1.85%
	1.30%
	1.96%
	1.82%
	0.90%
	0.03%
	1.10%

Western (#135)

	Producer Price Differential	Producer Receipts	Class III Utilization
	\$0.77	442,592,472	70.74%
	\$0.54	563,860,776	76.62%
	\$0.48	639,841,403	70.68%
	\$0.49	605,308,760	70.53%
	(\$0.34)	176,100,467	2.63%
	(\$1.70)	183,719,310	1.89%
	(\$0.90)	168,058,351	2.43%
	(\$0.63)	174,721,753	2.19%
	(\$0.06)	209,730,158	22.74%
	\$0.78	435,987,373	64.57%
	\$0.52	476,492,551	63.46%
	\$0.64	454,621,369	66.43%
	\$0.20	165,170,026	5.17%
		Order Terminated	
		Order Terminated	
		Order Terminated	
		Order Terminated	
		Order Terminated	
		Order Terminated	
		Order Terminated	

Variance

	0.69%
	0.74%
	5.57%
	0.87%
	0.55%
	0.42%
	7.35%
	7.03%
	5.06%
	5.25%
	2.94%
	0.66%
	3.95%

5

6