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Dairy Farm Operating Trends

December 31, 2013



To Our Valued Clients and Other Friends in the Dairy Industry

The following pages contain the Frazer, LLP's Dairy Farm Operating Trends for the year ended December 31, 2013.

The data is compiled from dairy operations in Southern California, the San Joaquin Valley, Kern County, Arizona, Idaho, New Mexico, Panhandle, and the Pacific Northwest, which consists of Washington and Oregon operating collectively, with a combined milk production of over 7.5 billion pounds and more than 345,000 head of mature cows for the year ended December 31, 2013.

This report includes a comparison of the results in the regions listed above for the year ended December 31, 2013 both on a "per hundredweight of milk" basis and on a "per head" basis. Also included are selected financial ratios and other information for the year.

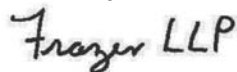
This publication is designed as a reference tool and a management aid for dairy farm managers and advisors. Frazer, LLP believes the information to be reliable, but is not responsible for errors in reported source information.

Our publication continues to be recognized as the top industry source for relevant dairy statistics. This report is provided to and widely utilized by dairy farmers, lending institutions, universities, colleges and other agribusiness industries.

We appreciate all of your past and present support and thank you for your continued reliance on Frazer, LLP. If you have any comments or questions, please contact our Agribusiness partners, Ralph Lizardo, Tim Gulling or Sharon A. Davis at our Brea office at (714) 990-1040 and David Bekedam, Mike Edwards or Bob Matlick at our Visalia office at (559) 732-4135.

For more information regarding our firm, our Agribusiness department and our publication, please visit our website at www.frazerllp.com.

Sincerely,

A handwritten signature in dark ink that reads "Frazer LLP". The signature is written in a cursive, flowing style.

FRAZER, LLP

Certified Public Accountants and Consultants

May 2014

DAIRY FARM OPERATING TRENDS

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Comparative Net Income (Loss) By Region:

Milk prices trended higher during all of 2013 compared to 2012 prices with the largest gains in the 4th quarter of the year. But major input costs during 2013 continued to rise again which tightened margins further. This trend is continuing during 2014 although net margins will be solid due to the higher milk prices through at least to the end of May. Domestic and international demand along with supply issues will dictate what producers will see in milk prices for the second half of 2014. Exports of our dairy products were strong all throughout 2013 and the forecasts remain solid for the remainder of 2014 for export markets. This will continue to be welcome news for our nations’ producers.

Net income (loss) per head:	Southern California	San Joaquin Valley	Kern County	Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest
2013	\$ 104	\$ 35	\$ 100	\$ 207	\$ 330	\$ 33	\$ 90	\$ 202
2012	\$ (341)	\$ (287)	\$ (283)	\$ (55)	\$ 201	\$ (294)	\$ (12)	\$ 131
Change	\$ 445	\$ 322	\$ 383	\$ 262	\$ 129	\$ 327	\$ 102	\$ 71

Comparative Feed Cost By Region:

Feed costs rose yet again during 2013 in most regions. Although corn dropped dramatically in price during the 4th quarter of 2013, most other feeds rose in price which put a damper on more profitable bottomlines. All regions are still suffering the effects of the drought the entire nation is facing, which is in multiple years now and all regions have water shortage issues regardless of where they are. International demand and the strength or weakness of the U.S. dollar also continues to pressure feed prices for producers. The second half of 2014 appears as corn on the CME will be similar in price as it was at the end of 2013, but most other feeds remain expensive or are going up further, and if milk prices drop dramatically from what they are at the date of these reports, net profit margins will quickly evaporate.

Feed cost per head:	Southern California	San Joaquin Valley	Kern County	Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest
2013	\$ 2,638	\$ 2,737	\$ 2,664	\$ 2,527	\$ 2,520	\$ 2,391	\$ 2,620	\$ 2,555
2012	\$ 2,627	\$ 2,503	\$ 2,567	\$ 2,490	\$ 2,261	\$ 2,437	\$ 2,507	\$ 2,126
Change	\$ 11	\$ 234	\$ 97	\$ 37	\$ 259	\$ (46)	\$ 113	\$ 429

Comparative Production By Region:

The entire nation’s milk production was up 0.3% in 2013 compared to 2012, and most of our regions in the West were up during the year. 2014 is already up dramatically as strong milk prices are promoting herd expansion not only in the West, but throughout the nation.

Lbs. per milk cow per day:	Southern California	San Joaquin Valley	Kern County	Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest
2013	71.7	75.0	70.5	68.0	72.9	67.8	66.3	69.8
2012	71.3	72.6	70.0	69.4	69.6	67.1	67.4	68.1
Change	0.4	2.4	0.5	(1.4)	3.3	0.7	(1.1)	1.7

Herd Turnover Rate By Region:

Herd turnover rates were up again in most regions during 2013. Beef prices continued to stay strong and marched higher during 2013, and the prices should remain strong for 2014 as good demand for beef continues both here and abroad. Higher milk prices which began last year and remain strong right now have slowed culling at this point for most producers. This trend was true in the West, and of most of the nation in general. The milk - feed cost ratio will dictate future culling levels as we move through the remainder of 2014.

Herd turnover rate by region:	Southern California	San Joaquin Valley	Kern County	Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest
2013	38.7%	45.3%	38.1%	38.0%	44.8%	41.1%	41.0%	32.9%
2012	39.6%	49.7%	37.1%	37.5%	37.4%	38.7%	39.6%	32.3%
Change	-0.9%	-4.4%	1.0%	0.5%	7.4%	2.4%	1.4%	0.6%

Average Cost of Replacement Per Head By Region:

The costs of replacement purchases trended lower or stayed mostly neutral in 2013 compared to 2012. But in 2014 the costs of replacement animals have skyrocketed due to strong milk and beef prices. Heifer replacements of all ages have also dramatically risen in prices that have not been seen in recent history. Again what the milk - feed cost ratio does going forward will affect replacement costs in this nation and abroad.

Average cost of replacement per head by region:	Southern California	San Joaquin Valley	Kern County	Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest
2013	\$ 1,367	\$ 1,252	\$ 1,251	\$ 1,493	\$ 1,367	\$ 1,335	\$ 1,442	\$ 1,322
2012	\$ 1,501	\$ 1,140	\$ 1,486	\$ 1,433	\$ 1,276	\$ 1,401	\$ 1,411	\$ 1,239
Change	\$ (134)	\$ 112	\$ (235)	\$ 60	\$ 91	\$ (66)	\$ 31	\$ 83

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

COMPARISON BY AREA
FOR THE YEAR ENDED DECEMBER 31, 2013
(BASED ON AVERAGE AMOUNTS PER HEAD)

	Southern California	San Joaquin Valley	Kern County	Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest	Your December 31, 2013 Amounts
Income:									
Milk sales	\$ 4,228	\$ 4,251	\$ 4,066	\$ 4,351	\$ 4,469	\$ 3,839	\$ 4,213	\$ 4,418	\$
Calves and other	60	72	50	80	98	85	87	73	
Total income	\$ 4,288	\$ 4,323	\$ 4,116	\$ 4,431	\$ 4,567	\$ 3,924	\$ 4,300	\$ 4,491	\$
Cost of operations:									
Feed:									
Grain	\$ 1,804	\$ 2,001	\$ 1,663	\$ 1,741	\$ 1,658	\$ 1,673	\$ 1,765	\$ 1,549	\$
Hay and other	834	736	1,001	786	862	718	855	1,006	
Total feed	\$ 2,638	\$ 2,737	\$ 2,664	\$ 2,527	\$ 2,520	\$ 2,391	\$ 2,620	\$ 2,555	\$
Labor, (including fringe costs)	\$ 382	\$ 323	\$ 276	\$ 408	\$ 382	\$ 318	\$ 335	\$ 373	\$
Herd replacement costs	\$ 290	\$ 262	\$ 254	\$ 221	\$ 258	\$ 162	\$ 236	\$ 248	\$
Other costs:									
Milk hauling	\$ 93	\$ 78	\$ 77	\$ 97	\$ 70	\$ 178	\$ 144	\$ 146	\$
State and association charges	44	43	40	55	46	73	61	65	
Veterinary, breeding, testing, etc.	105	101	59	52	93	97	91	128	
Supplies	72	111	105	140	184	88	117	124	
Repairs and maintenance	149	90	108	121	185	105	105	121	
Utilities	68	72	80	84	48	67	51	42	
Occupancy costs	99	127	89	97	98	71	133	182	
Depreciation - equipment	27	64	60	61	79	56	63	68	
Interest	95	110	86	148	92	92	85	85	
Miscellaneous	122	170	118	213	182	193	169	152	
Total other costs	\$ 874	\$ 966	\$ 822	\$ 1,068	\$ 1,077	\$ 1,020	\$ 1,019	\$ 1,113	\$
Total cost of operations	\$ 4,184	\$ 4,288	\$ 4,016	\$ 4,224	\$ 4,237	\$ 3,891	\$ 4,210	\$ 4,289	\$
Net income	\$ 104	\$ 35	\$ 100	\$ 207	\$ 330	\$ 33	\$ 90	\$ 202	\$

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

COMPARISON BY AREA
FOR THE YEAR ENDED DECEMBER 31, 2013
(BASED ON AVERAGE AMOUNTS
PER HUNDREDWEIGHT OF MILK)

Southern California San Joaquin Valley Kern County

Income:			
Milk sales	\$ 18.90	\$ 18.86	\$ 19.13
Calves and other	0.27	0.31	0.23
Total income	\$ 19.17	\$ 19.17	\$ 19.36
Cost of operations:			
Feed:			
Grain	\$ 8.07	\$ 8.87	\$ 7.82
Hay and other	3.73	3.26	4.70
Total feed	\$ 11.80	\$ 12.13	\$ 12.52
Labor, (including fringe costs)	\$ 1.71	\$ 1.41	\$ 1.29
Herd replacement costs	\$ 1.30	\$ 1.16	\$ 1.20
Other costs:			
Milk hauling	\$ 0.41	\$ 0.34	\$ 0.36
State and association charges	0.20	0.19	0.19
Veterinary, breeding, testing, etc.	0.47	0.44	0.27
Supplies	0.32	0.49	0.49
Repairs and maintenance	0.67	0.39	0.51
Utilities	0.30	0.31	0.38
Occupancy costs	0.45	0.56	0.42
Depreciation - equipment	0.12	0.28	0.28
Interest	0.42	0.48	0.40
Miscellaneous	0.54	0.64	0.55
Total other costs	\$ 3.90	\$ 4.12	\$ 3.85
Total cost of operations	\$ 18.71	\$ 18.82	\$ 18.86
Net income	\$ 0.46	\$ 0.35	\$ 0.50

Arizona Idaho New Mexico Panhandle Pacific Northwest Your December 31, 2013 Amounts

\$ 20.10	\$ 19.05	\$ 19.53	\$ 20.65	\$ 20.48	\$
0.35	0.40	0.43	0.44	0.34	
\$ 20.45	\$ 19.45	\$ 19.96	\$ 21.09	\$ 20.82	\$
\$ 8.05	\$ 7.06	\$ 8.51	\$ 8.66	\$ 7.18	\$
3.63	3.67	3.65	4.20	4.65	
\$ 11.68	\$ 10.73	\$ 12.16	\$ 12.86	\$ 11.83	\$
\$ 1.89	\$ 1.63	\$ 1.62	\$ 1.65	\$ 1.73	\$
\$ 1.02	\$ 1.10	\$ 0.82	\$ 1.16	\$ 1.15	\$
\$ 0.45	\$ 0.30	\$ 0.91	\$ 0.71	\$ 0.68	\$
0.26	0.20	0.37	0.30	0.30	
0.24	0.40	0.49	0.45	0.59	
0.65	0.78	0.45	0.56	0.58	
0.56	0.79	0.53	0.51	0.56	
0.39	0.21	0.34	0.25	0.19	
0.45	0.41	0.36	0.64	0.85	
0.28	0.34	0.29	0.31	0.32	
0.69	0.39	0.47	0.43	0.40	
0.99	0.77	0.99	0.85	0.70	
\$ 4.96	\$ 4.59	\$ 5.20	\$ 5.01	\$ 5.17	\$
\$ 19.55	\$ 18.05	\$ 19.80	\$ 20.68	\$ 19.88	\$
\$ 0.90	\$ 1.40	\$ 0.16	\$ 0.41	\$ 0.94	\$

SUMMARY OF FINANCIAL STATISTICS

COMPARISON BY AREA
FOR THE YEAR ENDED DECEMBER 31, 2013

	Southern California	San Joaquin Valley	Kern County
1. Current Ratio	0.32 : 1	1.02 : 1	1.29 : 1
2. Herd Line Debt Per Cow	\$ 1,048	\$ 1,025	\$ 841
3. Total Debt Per Cow	\$ 2,648	\$ 3,175	\$ 3,001
4. Debt to Equity Ratio	2.49 : 1	2.22 : 1	1.19 : 1
5. Return on Total Assets	2.3%	0.5%	1.3%
6. Income (loss) per milking cow per month	\$ 9.54	\$ 20.13	\$ 36.88

1. The current ratio represents current assets divided by current liabilities.
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
4. Debt to equity ratio represents total debt divided by total equity.
5. The return on total assets represents the net income divided by the total assets, stated at cost.
6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.

Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest	Your December 31, 2013 Results
0.56 : 1	1.01 : 1	1.12 : 1	0.77 : 1	0.98 : 1	
\$ 1,102	\$ 603	\$ 749	\$ 848	\$ 786	\$
\$ 3,271	\$ 2,468	\$ 2,493	\$ 2,757	\$ 2,791	\$
2.29 : 1	1.06 : 1	1.37 : 1	1.74 : 1	1.50 : 1	
3.0%	4.8%	0.5%	1.4%	3.1%	
\$ 25.32	\$ 40.28	\$ 23.28	\$ 17.31	\$ 32.97	\$

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED
DECEMBER 31, 2013, 2012, AND 2011
SOUTHERN CALIFORNIA
(BASED ON AVERAGE AMOUNTS)

PER HEAD

2013 2012 2011

Income:			
Milk sales	\$ 4,228	\$ 3,708	\$ 3,863
Calves and other	60	57	96
Total income	\$ 4,288	\$ 3,765	\$ 3,959
Cost of operations:			
Feed:			
Grain	\$ 1,804	\$ 1,785	\$ 1,487
Hay and other	834	842	896
Total feed	\$ 2,638	\$ 2,627	\$ 2,383
Labor, (including fringe costs)	\$ 382	\$ 366	\$ 352
Herd replacement costs	\$ 290	\$ 316	\$ 316
Other costs:			
Milk hauling	\$ 93	\$ 89	\$ 85
State and association charges	44	32	32
Veterinary, breeding, testing, etc.	105	97	93
Supplies	72	75	101
Repairs and maintenance	149	141	159
Utilities	68	57	59
Occupancy costs	99	114	119
Depreciation - equipment	27	26	29
Interest	95	58	97
Miscellaneous	122	108	128
Total other costs	\$ 874	\$ 797	\$ 902
Total cost of operations	\$ 4,184	\$ 4,106	\$ 3,953
Net income (loss)	\$ 104	\$ (341)	\$ 6

PER CWT. OF MILK

2013 2012 2011

\$ 18.90	\$ 16.91	\$ 18.85		
0.27	0.26	0.44		
\$ 19.17	\$ 17.17	\$ 19.29		
\$ 8.07	\$ 8.14	\$ 7.26		
3.73	3.85	4.38		
\$ 11.80	\$ 11.99	\$ 11.64		
\$ 1.71	\$ 1.67	\$ 1.72		
\$ 1.30	\$ 1.44	\$ 1.54		
\$ 0.41	\$ 0.41	\$ 0.41		
0.20	0.15	0.16		
0.47	0.44	0.45		
0.32	0.34	0.49		
0.67	0.65	0.78		
0.30	0.26	0.29		
0.45	0.52	0.58		
0.12	0.12	0.14		
0.42	0.27	0.47		
0.54	0.49	0.62		
\$ 3.90	\$ 3.65	\$ 4.39		
\$ 18.71	\$ 18.75	\$ 19.29		
\$ 0.46	\$ (1.58)	\$ 0.00		

YOUR 2013
RESULTS

PER HEAD PER CWT.
OF MILK

SUMMARY OF FINANCIAL STATISTICS

SOUTHERN CALIFORNIA

	December 31, 2013	December 31, 2012	December 31, 2011
1. Current Ratio	0.32 : 1	0.42 : 1	0.34 : 1
2. Herd Line Debt Per Cow	\$ 1,048	\$ 800	\$ 915
3. Total Debt Per Cow	\$ 2,648	\$ 1,994	\$ 2,098
4. Debt to Equity Ratio	2.49 : 1	1.58 : 1	2.09 : 1
5. Return on Total Assets	2.3%	-8.9%	0.2%
6. Income (loss) per milking cow per month	\$ 9.54	\$ (31.10)	\$ 0.24
1. The current ratio represents current assets divided by current liabilities.			
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.			
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.			
4. Debt to equity represents the total debt divided by the total equity.			
5. The return on total assets represents the net income divided by the total assets, stated at cost.			
6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.			

SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

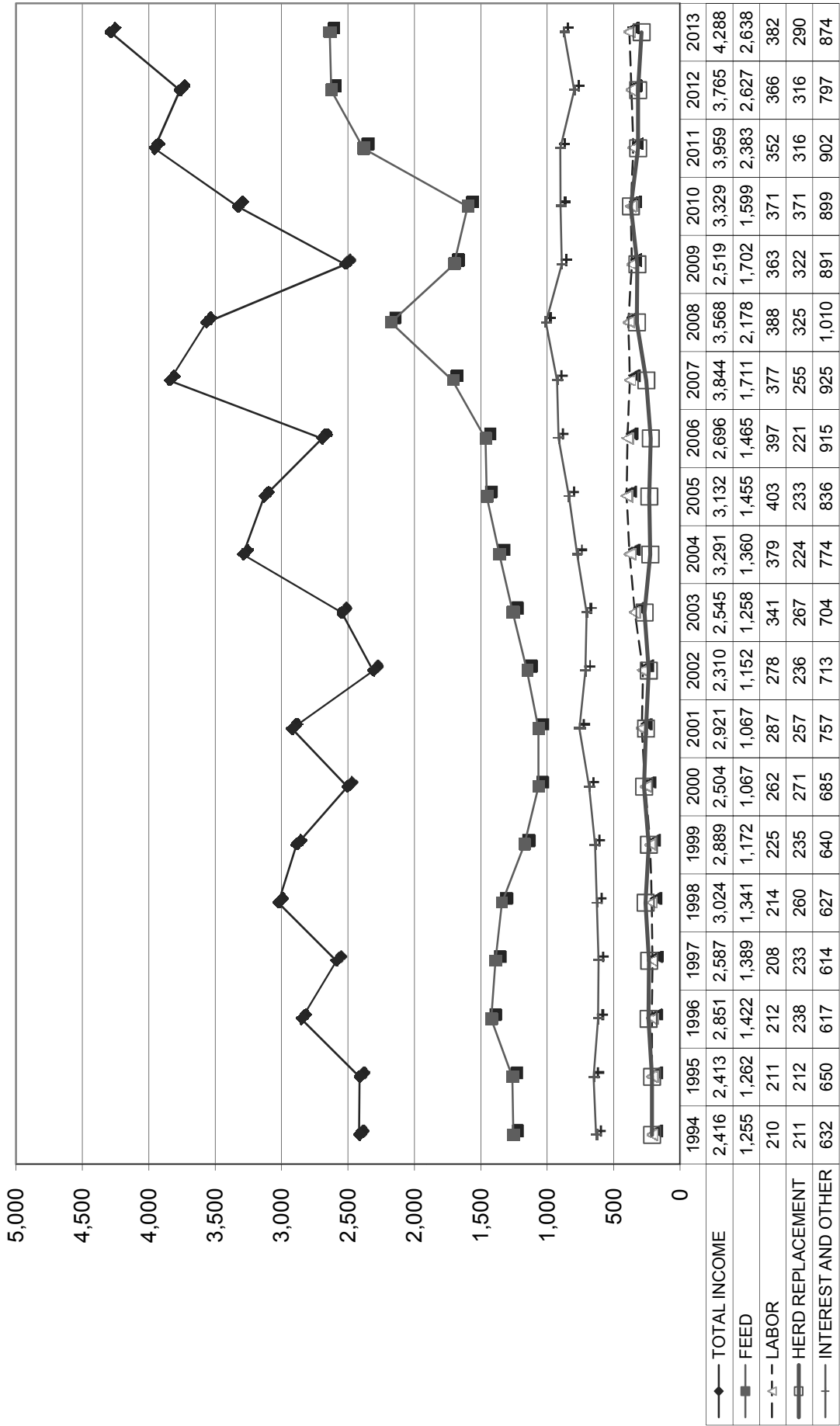
FOR THE YEARS ENDED
DECEMBER 31, 2013, 2012, AND 2011
SOUTHERN CALIFORNIA
(BASED ON AVERAGE AMOUNTS)

	2013	2012	2011
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	22,367	21,927	20,496
Daily pounds of milk, per milking cow	71.7	71.3	65.0
Butterfat test	3.50 %	3.47 %	3.49 %
Solids-non-fat test	8.86 %	8.83 %	8.78 %
Blend price per hundredweight	\$ 18.90	\$ 16.91	\$ 18.85
Milk receipts, per milking cow	\$ 4,288	\$ 3,766	\$ 3,863
HERD INFORMATION:			
Herd size - total	1,899	1,944	1,577
Percent of dry cows	14.5 %	15.7 %	13.6 %
Herd turnover rate	38.7 %	39.6 %	34.5 %
Composition of herd:			
Purchased cows	51 %	43 %	35 %
Self-raised cows	49 %	57 %	65 %
Cost of purchased cows	\$ 1,367	\$ 1,501	\$ 1,507
Beef price received	\$ 862	\$ 817	\$ 777
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	42.7 %	48.1 %	38.5 %
Hay and other	19.7 %	22.8 %	23.2 %
Totals	62.4 %	70.9 %	61.7 %

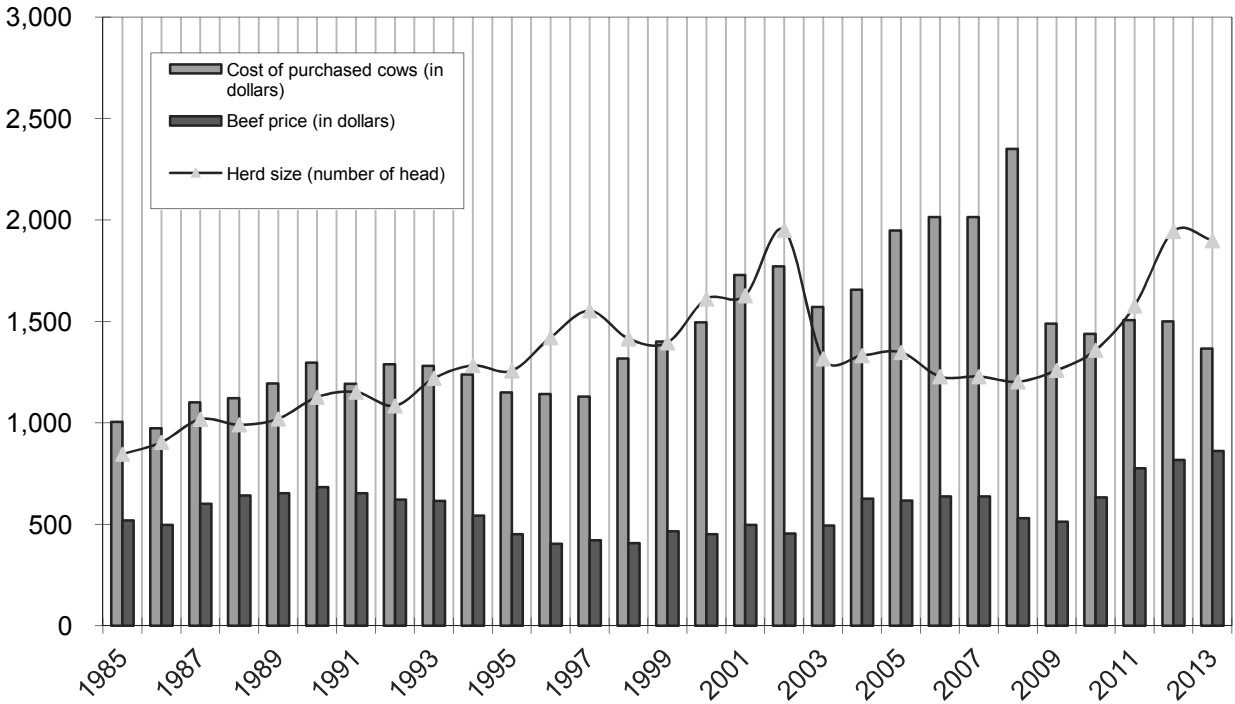
INCOME AND COST OF OPERATIONS				
	SOUTHERN CALIFORNIA			
	(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)			
	December 31, 2013	December 31, 2012	December 31, 2011	
Income:				
Milk Sales	\$ 18.90	\$ 16.91	\$ 18.85	
Calves and other	0.27	0.26	0.44	
Total income	\$ 19.17	\$ 17.17	\$ 19.29	
Total cost of operations:				
Feed	\$ 11.80	\$ 11.99	\$ 11.64	
Labor	1.71	1.67	1.72	
Herd replacement costs	1.30	1.44	1.54	
Other costs	3.90	3.65	4.39	
Total costs of operations	\$ 18.71	\$ 18.75	\$ 19.29	
Net income (loss)	\$ 0.46	\$ (1.58)	\$ 0	
Cost of operations as a percentage of income	97.60%	109.20%	100.00%	
Feed costs as a percentage of milk sales	62.43%	70.90%	61.75%	
Net income (loss) per milking cow per month	\$ 9.54	\$ (31.10)	\$ 0.24	
Cumulative net loss per cwt. from 2007 to 2013	\$ (3.53)			

	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007
\$ 15.68	\$ 12.42	\$ 17.22	\$ 18.46	
0.23	0.46	0.28	0.23	
\$ 15.91	\$ 12.88	\$ 17.50	\$ 18.69	
\$ 7.66	\$ 8.74	\$ 10.69	\$ 8.31	
1.78	1.86	1.90	1.83	
1.78	1.65	1.60	1.24	
4.33	4.56	4.95	4.51	
\$ 15.55	\$ 16.81	\$ 19.14	\$ 15.89	
\$ 0.36	\$ (3.93)	\$ (1.64)	\$ 2.80	
97.74%	130.51%	109.37%	85.02%	
48.85%	70.37%	62.08%	45.02%	
\$ 9.87	\$ (74.43)	\$ (34.34)	\$ 53.99	

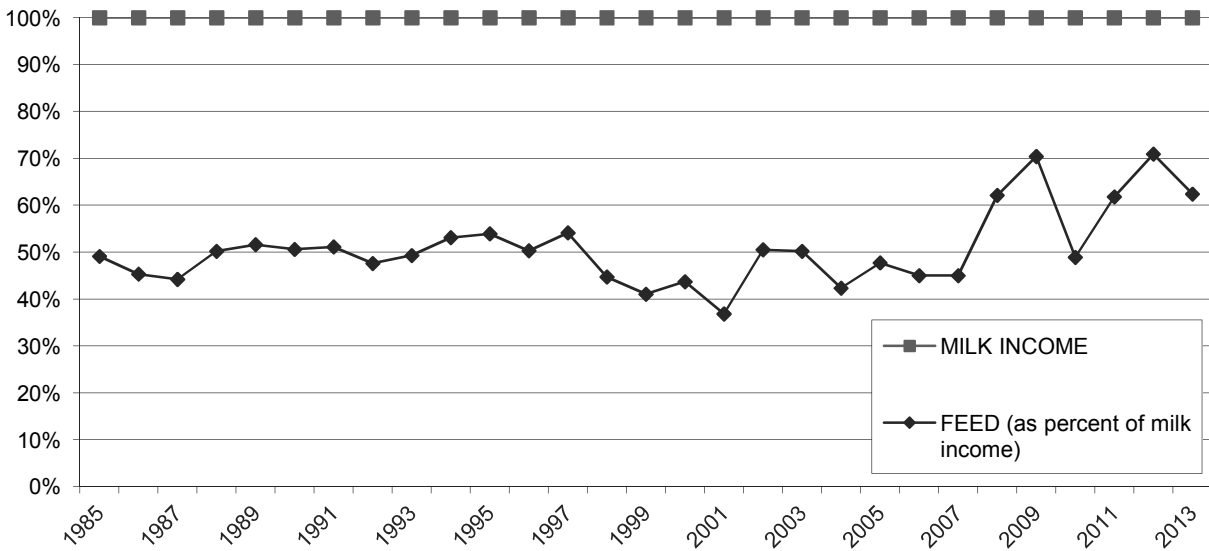
LONG-TERM TREND - ON A "PER HEAD" BASIS
SOUTHERN CALIFORNIA
INCOME AND OPERATING COSTS
1994 - 2013



LONG TERM TREND - COST OF PURCHASED COWS, BEEF PRICE, AND
HERD SIZE
SOUTHERN CALIFORNIA



FEED COST vs. MILK INCOME
SOUTHERN CALIFORNIA



CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED
DECEMBER 31, 2013, 2012, AND 2011
SAN JOAQUIN VALLEY
(BASED ON AVERAGE AMOUNTS)

PER HEAD

2013 2012 2011

Income:			
Milk sales	\$ 4,251	\$ 3,627	\$ 4,080
Calves and other	72	73	68
Total income	\$ 4,323	\$ 3,700	\$ 4,148
Cost of operations:			
Feed:			
Grain	\$ 2,001	\$ 1,826	\$ 1,660
Hay and other	736	677	606
Total feed	\$ 2,737	\$ 2,503	\$ 2,266
Labor, (including fringe costs)	\$ 323	\$ 316	\$ 315
Herd replacement costs	\$ 262	\$ 250	\$ 259
Other costs:			
Milk hauling	\$ 78	\$ 72	\$ 74
State and association charges	43	46	43
Veterinary, breeding, testing, etc.	101	96	98
Supplies	111	102	109
Repairs and maintenance	90	85	105
Utilities	72	57	66
Occupancy costs	127	110	122
Depreciation - equipment	64	70	68
Interest	110	127	132
Miscellaneous	170	153	145
Total other costs	\$ 966	\$ 918	\$ 962
Total cost of operations	\$ 4,288	\$ 3,987	\$ 3,802
Net income (loss)	\$ 35	\$ (287)	\$ 346

PER CWT. OF MILK

2013 2012 2011

\$ 18.86	\$ 16.66	\$ 18.68		
0.31	0.34	0.32		
\$ 19.17	\$ 17.00	\$ 19.00		
\$ 8.87	\$ 8.39	\$ 7.60		
3.26	3.11	2.77		
\$ 12.13	\$ 11.50	\$ 10.37		
\$ 1.41	\$ 1.43	\$ 1.45		
\$ 1.16	\$ 1.15	\$ 1.18		
\$ 0.34	\$ 0.33	\$ 0.34		
0.19	0.20	0.20		
0.44	0.43	0.45		
0.49	0.46	0.50		
0.39	0.37	0.48		
0.31	0.26	0.30		
0.56	0.50	0.55		
0.28	0.32	0.31		
0.48	0.58	0.61		
0.64	0.63	0.65		
\$ 4.12	\$ 4.08	\$ 4.39		
\$ 18.82	\$ 18.16	\$ 17.39		
\$ 0.35	\$ (1.16)	\$ 1.61		

YOUR 2013
RESULTS

PER HEAD PER CWT.
OF MILK

SUMMARY OF FINANCIAL STATISTICS

SAN JOAQUIN VALLEY

	December 31, 2013	December 31, 2012	December 31, 2011
1. Current Ratio	1.02 : 1	0.88 : 1	0.84 : 1
2. Herd Line Debt Per Cow	\$ 1,025	\$ 994	\$ 953
3. Total Debt Per Cow	\$ 3,175	\$ 3,192	\$ 3,047
4. Debt to Equity Ratio	2.22 : 1	2.45 : 1	2.02 : 1
5. Return on Total Assets	0.5%	-4.2%	5.0%
6. Income (loss) per milking cow per month	\$ 20.13	\$ (11.93)	\$ 59.07
1. The current ratio represents current assets divided by current liabilities.			
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.			
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.			
4. Debt to equity represents the total debt divided by the total equity.			
5. The return on total assets represents the net income divided by the total assets, stated at cost.			
6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.			

SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

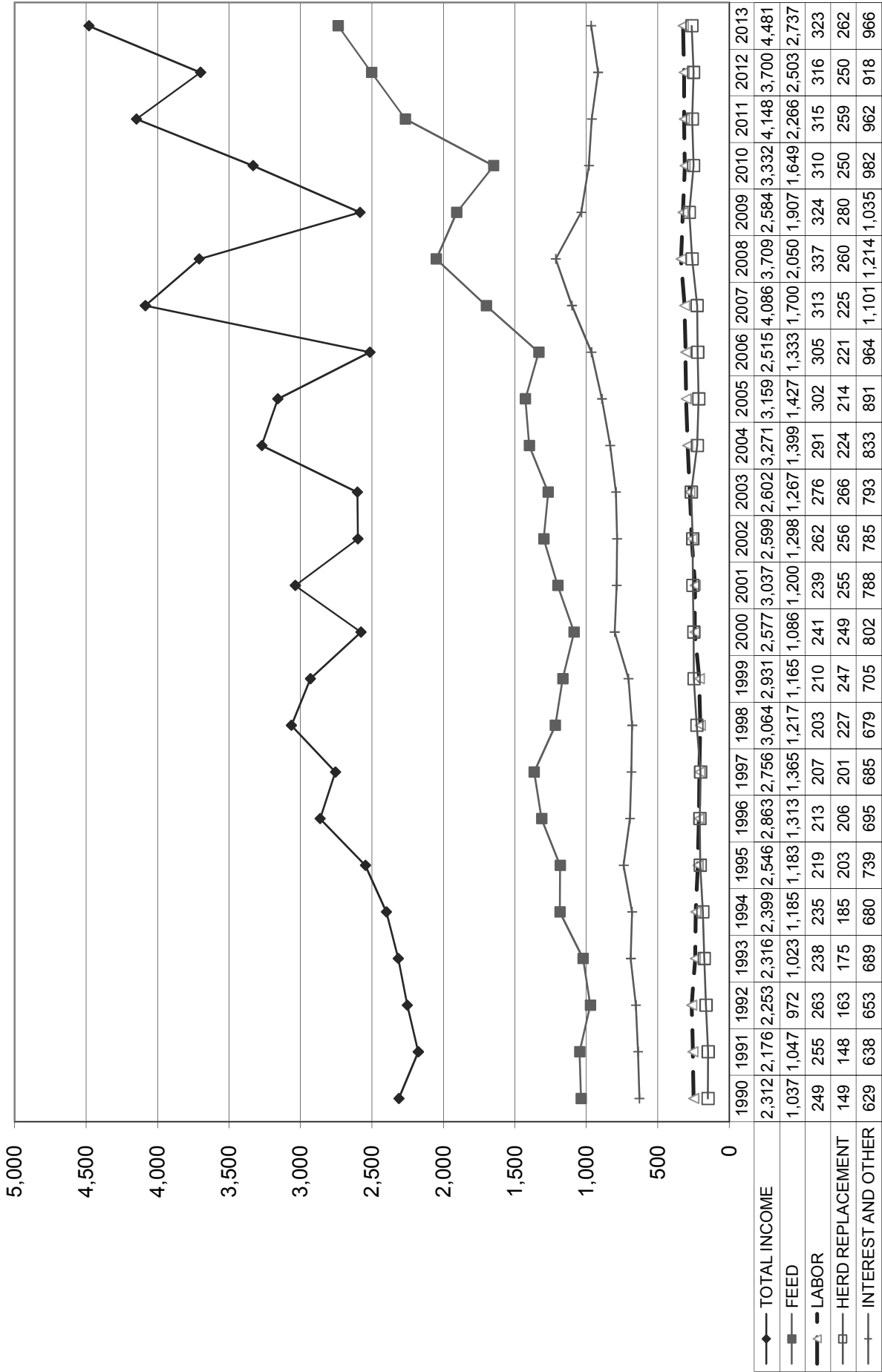
FOR THE YEARS ENDED
DECEMBER 31, 2013, 2012, AND 2011
SAN JOAQUIN VALLEY
(BASED ON AVERAGE AMOUNTS)

	2013	2012	2011
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	22,526	21,765	21,848
Daily pounds of milk, per milking cow	75.0	72.6	72.7
Butterfat test	3.70 %	3.66 %	3.64 %
Solids-non-fat test	8.90 %	8.84 %	8.82 %
Blend price per hundredweight	\$ 18.86	\$ 16.66	\$ 18.68
Milk receipts, per milking cow	\$ 5,165	\$ 4,416	\$ 4,080
HERD INFORMATION:			
Herd size - total	3,493	3,587	3,686
Percent of dry cows	14.9 %	17.9 %	17.6 %
Herd turnover rate	45.3 %	49.7 %	41.3 %
Composition of herd:			
Purchased cows	8 %	11 %	12 %
Self-raised cows	92 %	89 %	88 %
Cost of purchased cows	\$ 1,252	\$ 1,140	\$ 1,378
Beef price received	\$ 863	\$ 814	\$ 838
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	47.0 %	50.4 %	40.7 %
Hay and other	17.3 %	18.7 %	14.8 %
Totals	64.3 %	69.0 %	55.5 %

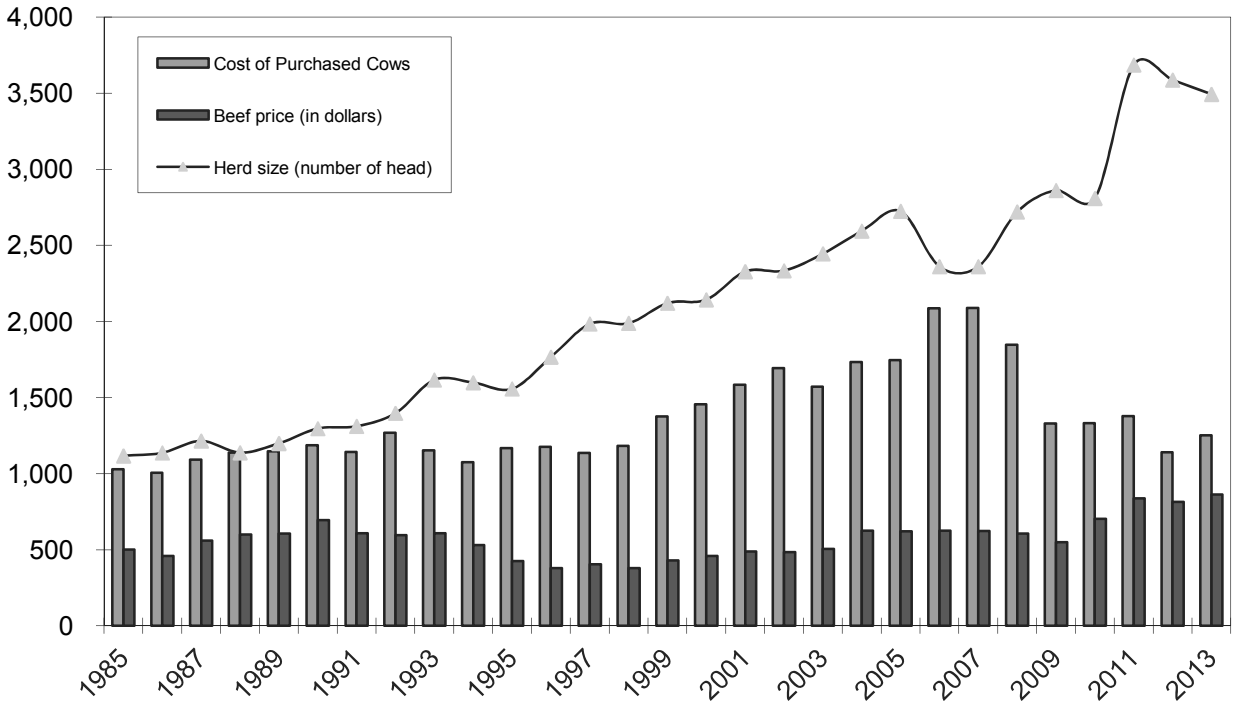
INCOME AND COST OF OPERATIONS				
	SAN JOAQUIN VALLEY			
	(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)			
	December 31, 2013	December 31, 2012	December 31, 2011	
Income:				
Milk Sales	\$ 18.86	\$ 16.66	\$ 18.68	
Calves and other	0.31	0.34	0.32	
Total income	\$ 19.17	\$ 17.00	\$ 19.00	
Total cost of operations:				
Feed	\$ 12.13	\$ 11.50	\$ 10.37	
Labor	1.41	1.43	1.45	
Herd replacement costs	1.16	1.15	1.18	
Other costs	4.12	4.08	4.39	
Total costs of operations	\$ 18.82	\$ 18.16	\$ 17.39	
Net income (loss)	\$ 0.35	\$ (1.16)	\$ 1.61	
Cost of operations as a percentage of income	98.17%	106.82%	91.53%	
Feed costs as a percentage of milk sales	64.32%	69.03%	55.51%	
Net income (loss) per milking cow per month	\$ 20.13	\$ (11.93)	\$ 59.07	
Cumulative net income per cwt. from 2007 to 2013	\$ (0.17)			

December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007
\$ 14.94	\$ 11.71	\$ 16.84	\$ 18.48
0.10	0.23	0.14	0.35
\$ 15.04	\$ 11.94	\$ 16.98	\$ 18.83
\$ 7.46	\$ 8.81	\$ 9.38	\$ 7.84
1.40	1.48	1.54	1.44
1.13	1.30	1.19	1.04
4.42	4.78	5.52	5.03
\$ 14.41	\$ 16.37	\$ 17.63	\$ 15.35
\$ 0.63	\$ (4.43)	\$ (0.65)	\$ 3.48
95.81%	137.10%	103.83%	81.52%
49.93%	75.23%	55.70%	42.42%
\$ 20.60	\$ (91.89)	\$ (1.40)	\$ 88.56

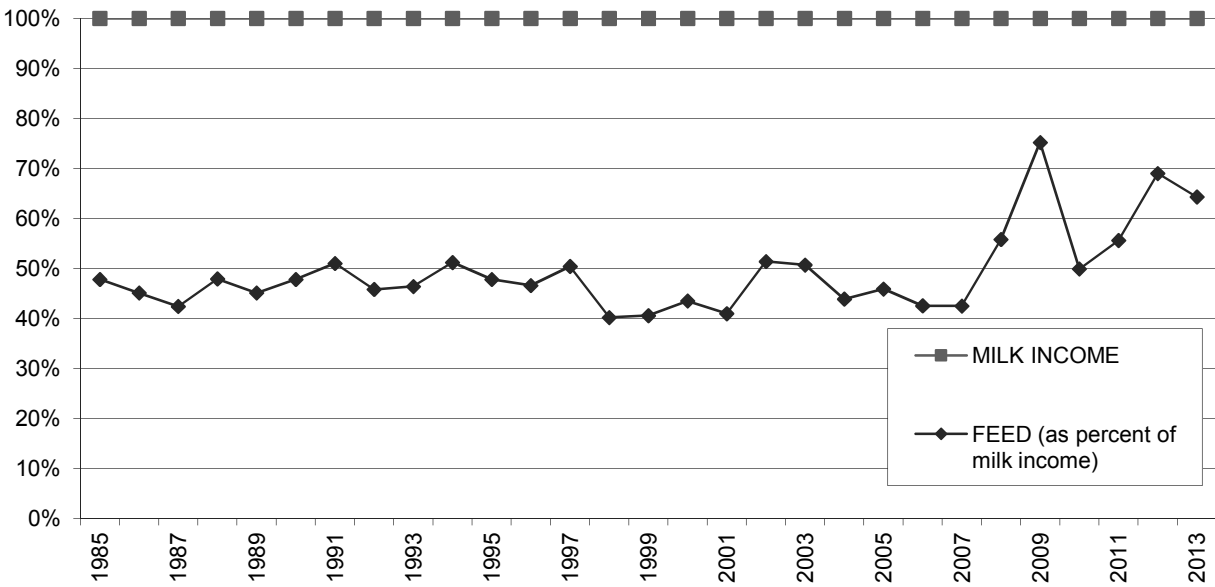
LONG-TERM TREND - ON A "PER HEAD" BASIS
SAN JOAQUIN VALLEY
INCOME AND OPERATING COSTS
1990 - 2013



LONG TERM TREND - COST OF PURCHASED COWS, BEEF PRICE, AND HERD SIZE
SAN JOAQUIN VALLEY



FEED COST vs. MILK INCOME
SAN JOAQUIN VALLEY



CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED
DECEMBER 31, 2013, 2012, AND 2011
KERN COUNTY
(BASED ON AVERAGE AMOUNTS)

PER HEAD

2013 2012 2011

Income:			
Milk sales	\$ 4,066	\$ 3,585	\$ 3,966
Calves and other	50	51	38
Total income	\$ 4,116	\$ 3,636	\$ 4,004
Cost of operations:			
Feed:			
Grain	\$ 1,663	\$ 1,647	\$ 1,483
Hay and other	1,001	920	557
Total feed	\$ 2,664	\$ 2,567	\$ 2,040
Labor, (including fringe costs)	\$ 276	\$ 265	\$ 272
Herd replacement costs	\$ 254	\$ 253	\$ 259
Other costs:			
Milk hauling	\$ 77	\$ 74	\$ 72
State and association charges	40	40	39
Veterinary, breeding, testing, etc.	59	65	60
Supplies	105	93	97
Repairs and maintenance	108	95	92
Utilities	80	76	74
Occupancy costs	89	111	104
Depreciation - equipment	60	65	59
Interest	86	95	103
Miscellaneous	118	120	106
Total other costs	\$ 822	\$ 834	\$ 806
Total cost of operations	\$ 4,016	\$ 3,919	\$ 3,377
Net income (loss)	\$ 100	\$ (283)	\$ 627

PER CWT. OF MILK

2013 2012 2011

\$ 19.13	\$ 16.97	\$ 19.02	\$	\$
0.23	0.25	0.19		
\$ 19.36	\$ 17.22	\$ 19.21	\$	\$
\$ 7.82	\$ 7.80	\$ 7.11	\$	\$
4.70	4.35	2.67		
\$ 12.52	\$ 12.15	\$ 9.78	\$	\$
\$ 1.29	\$ 1.25	\$ 1.31	\$	\$
\$ 1.20	\$ 1.20	\$ 1.24	\$	\$
\$ 0.36	\$ 0.35	\$ 0.34	\$	\$
0.19	0.19	0.19		
0.27	0.30	0.29		
0.49	0.44	0.47		
0.51	0.45	0.44		
0.38	0.36	0.35		
0.42	0.52	0.51		
0.28	0.31	0.28		
0.40	0.45	0.49		
0.55	0.55	0.50		
\$ 3.85	\$ 3.92	\$ 3.86	\$	\$
\$ 18.86	\$ 18.52	\$ 16.19	\$	\$
\$ 0.50	\$ (1.30)	\$ 3.02	\$	\$

YOUR 2013
RESULTS

PER HEAD PER CWT.
OF MILK

See accompanying explanation of income and cost factors.

SUMMARY OF FINANCIAL STATISTICS

KERN COUNTY

December 31, 2013 December 31, 2012 December 31, 2011

1. Current Ratio	1.29 : 1	1.15 : 1	0.15 : 1
2. Herd Line Debt Per Cow	\$ 841	\$ 1,005	\$ 1,124
3. Total Debt Per Cow	\$ 3,001	\$ 3,029	\$ 3,225
4. Debt to Equity Ratio	1.19 : 1	1.26 : 1	1.28 : 1
5. Return on Total Assets	1.3%	-3.6%	7.7%
6. Income (loss) per milking cow per month	\$ 36.88	\$ (8.21)	\$ 82.44
1. The current ratio represents current assets divided by current liabilities.			
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.			
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.			
4. Debt to equity represents the total debt divided by the total equity.			
5. The return on total assets represents the net income divided by the total assets, stated at cost.			
6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.			

SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED
DECEMBER 31, 2013, 2012, AND 2011
KERN COUNTY
(BASED ON AVERAGE AMOUNTS)

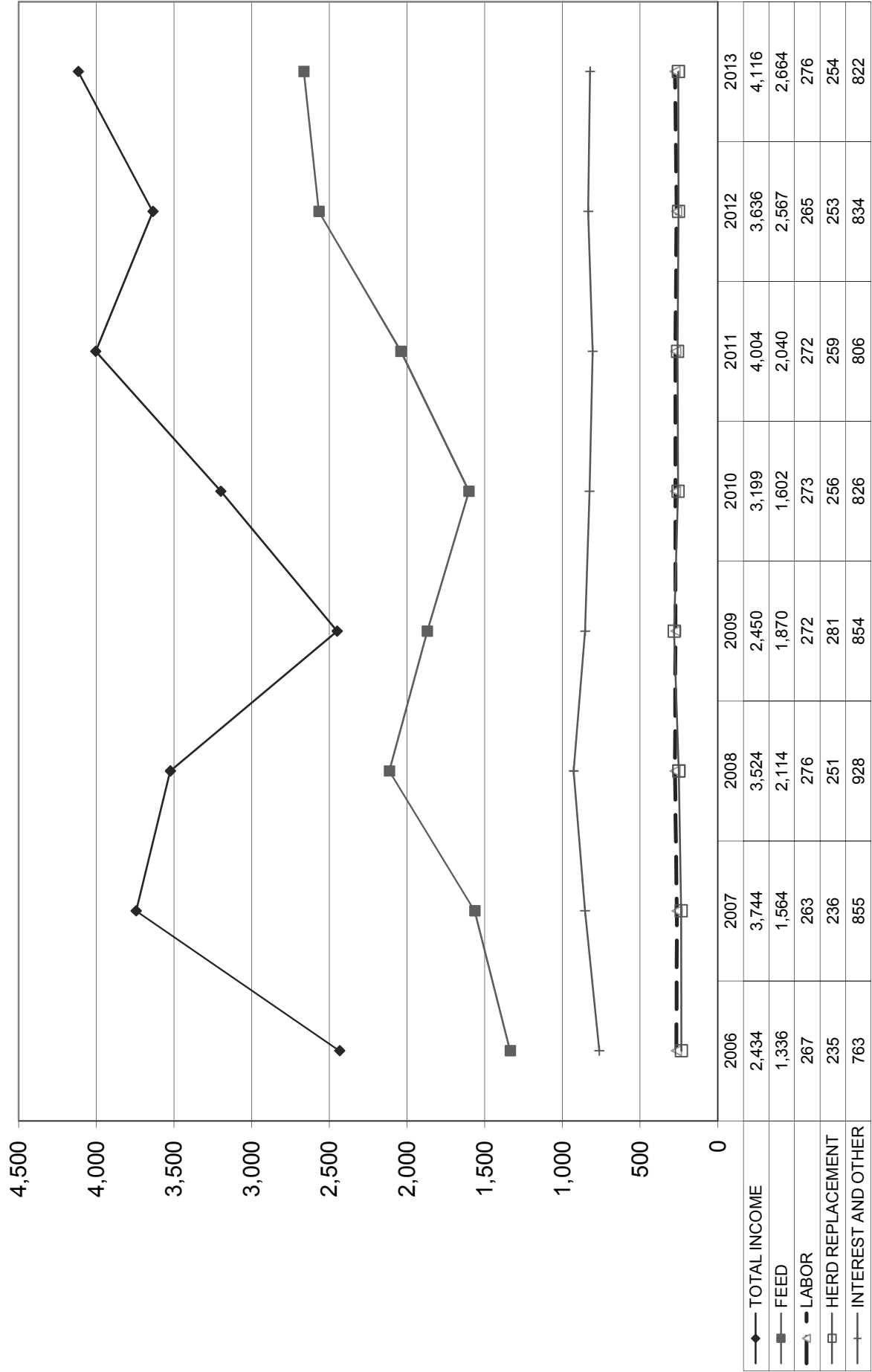
2013 2012 2011

PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	21,264	21,120	20,855
Daily pounds of milk, per milking cow	70.5	70.0	71.3
Butterfat test	3.73 %	3.57 %	3.65 %
Solids-non-fat test	8.88 %	8.80 %	8.80 %
Blend price per hundredweight	\$ 19.13	\$ 16.97	\$ 19.02
Milk receipts, per milking cow	\$ 4,920	\$ 3,585	\$ 3,966
HERD INFORMATION:			
Herd size - total	3,413	3,355	3,498
Percent of dry cows	17.4 %	17.3 %	19.9 %
Herd turnover rate	38.1 %	37.1 %	34.4 %
Composition of herd:			
Purchased cows	4 %	2 %	6 %
Self-raised cows	96 %	98 %	94 %
Cost of purchased cows	\$ 1,251	\$ 1,486	\$ 1,495
Beef price received	\$ 808	\$ 797	\$ 750
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	40.9 %	46.0 %	37.4 %
Hay and other	24.6 %	25.6 %	14.0 %
Totals	65.5 %	71.6 %	51.4 %

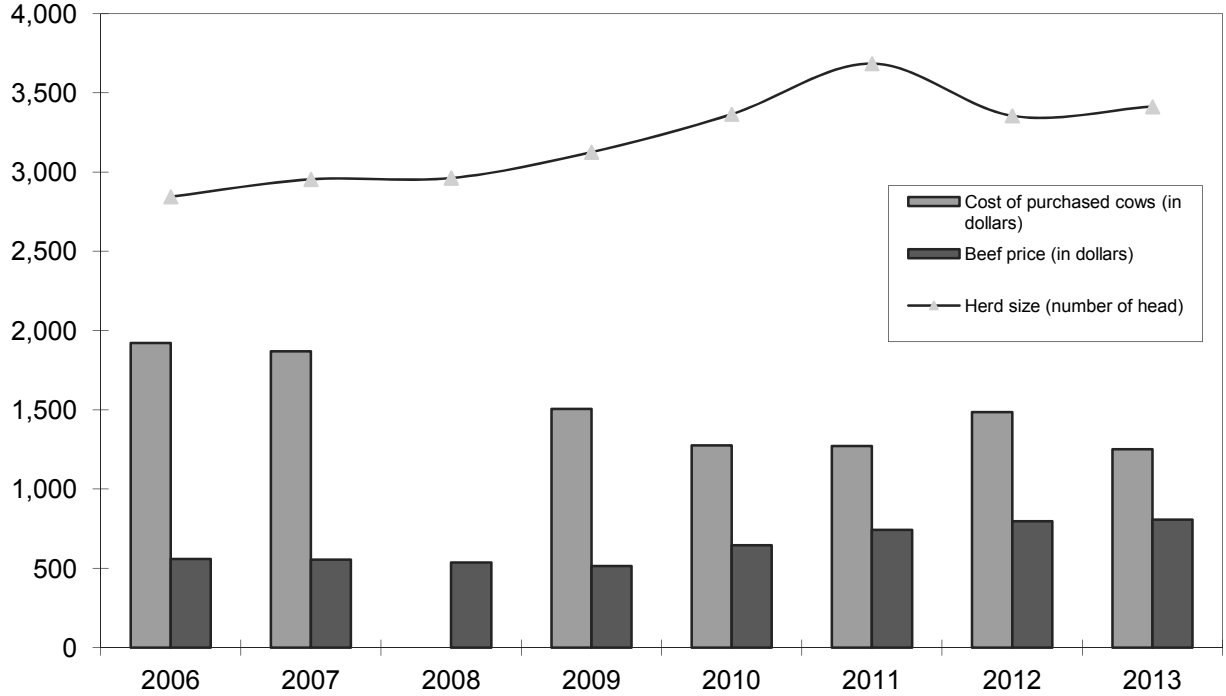
INCOME AND COST OF OPERATIONS				
	KERN COUNTY			
	(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)			
	December 31, 2013	December 31, 2012	December 31, 2011	
Income:				
Milk Sales	\$ 19.13	\$ 16.97	\$ 19.02	
Calves and other	0.23	0.25	0.19	
Total income	\$ 19.36	\$ 17.22	\$ 19.21	
Total cost of operations:				
Feed	\$ 12.52	\$ 12.15	\$ 9.78	
Labor	1.29	1.25	1.31	
Herd replacement costs	1.20	1.20	1.24	
Other costs	3.85	3.92	3.86	
Total costs of operations	\$ 18.86	\$ 18.52	\$ 16.19	
Net income (loss)	\$ 0.50	\$ (1.30)	\$ 3.02	
Cost of operations as a percentage of income	97.42%	107.55%	84.28%	
Feed costs as a percentage of milk sales	65.45%	71.60%	51.42%	
Net income (loss) per milking cow per month	\$ 36.88	\$ (8.21)	\$ 82.44	
Cumulative net income per cwt. from 2007 to 2013	\$ 3.17			

December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007
\$ 15.31	\$ 12.27	\$ 17.37	\$ 18.53
0.15	0.10	0.14	0.35
\$ 15.46	\$ 12.37	\$ 17.51	\$ 18.88
\$ 7.75	\$ 9.45	\$ 10.50	\$ 7.89
1.31	1.38	1.36	1.33
1.24	1.42	1.25	1.19
3.97	4.32	4.60	4.31
\$ 14.27	\$ 16.57	\$ 17.71	\$ 14.72
\$ 1.19	\$ (4.20)	\$ (0.20)	\$ 4.16
92.30%	133.95%	101.14%	77.97%
50.62%	77.02%	60.45%	42.58%
\$ 20.47	\$ (88.01)	\$ (1.22)	\$ 84.69

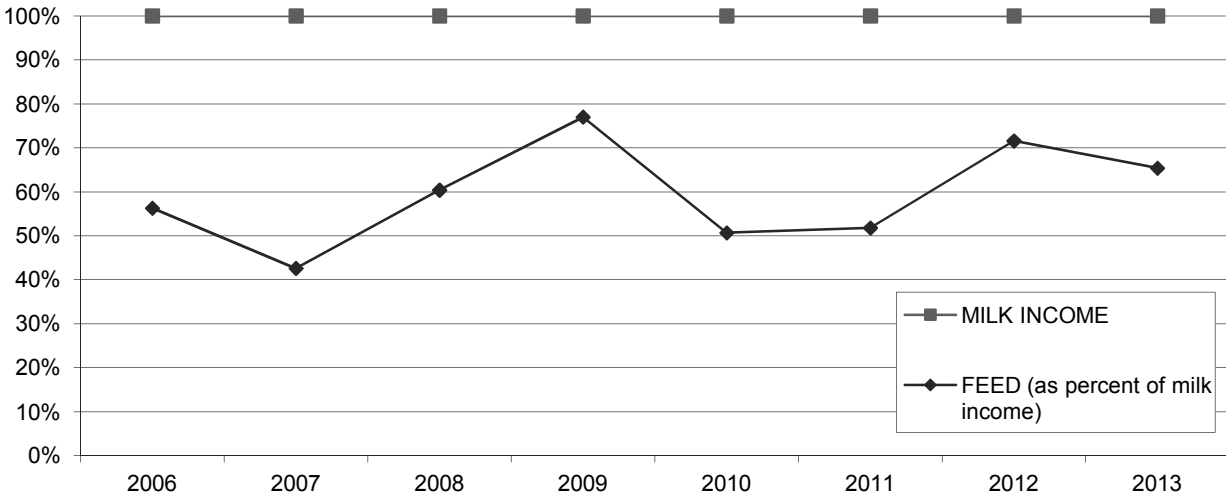
LONG-TERM TREND - ON A "PER HEAD" BASIS
KERN COUNTY
INCOME AND OPERATING COSTS
2006 - 2013



LONG TERM TREND - COST OF PURCHASED COWS, BEEF PRICE, AND HERD SIZE
KERN COUNTY



FEED COST vs. MILK INCOME
KERN COUNTY



CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED
DECEMBER 31, 2013, 2012, AND 2011
ARIZONA
(BASED ON AVERAGE AMOUNTS)

PER HEAD

2013 2012 2011

Income:			
Milk sales	\$ 4,351	\$ 4,001	\$ 4,253
Calves and other	80	67	54
Total income	\$ 4,431	\$ 4,068	\$ 4,307
Cost of operations:			
Feed:			
Grain	\$ 1,741	\$ 1,734	\$ 1,462
Hay and other	786	756	718
Total feed	\$ 2,527	\$ 2,490	\$ 2,180
Labor, (including fringe costs)	\$ 408	\$ 411	\$ 343
Herd replacement costs	\$ 221	\$ 221	\$ 265
Other costs:			
Milk hauling	\$ 97	\$ 93	\$ 100
State and association charges	55	55	53
Veterinary, breeding, testing, etc.	52	55	95
Supplies	140	140	134
Repairs and maintenance	121	117	118
Utilities	84	83	86
Occupancy costs	97	95	124
Depreciation - equipment	61	50	48
Interest	148	124	175
Miscellaneous	213	189	165
Total other costs	\$ 1,068	\$ 1,001	\$ 1,098
Total cost of operations	\$ 4,224	\$ 4,123	\$ 3,886
Net income (loss)	\$ 207	\$ (55)	\$ 421

See accompanying explanation of income and cost factors.

PER CWT. OF MILK

2013 2012 2011

\$ 20.10	\$ 18.48	\$ 20.74	\$	\$
0.35	0.32	0.28		
\$ 20.45	\$ 18.80	\$ 21.02	\$	\$
\$ 8.05	\$ 8.01	\$ 7.13	\$	\$
3.63	3.48	3.48		
\$ 11.68	\$ 11.49	\$ 10.61	\$	\$
\$ 1.89	\$ 1.89	\$ 1.67	\$	\$
\$ 1.02	\$ 1.02	\$ 1.29	\$	\$
\$ 0.45	\$ 0.43	\$ 0.49	\$	\$
0.26	0.26	0.26		
0.24	0.26	0.47		
0.65	0.65	0.66		
0.56	0.54	0.58		
0.39	0.38	0.42		
0.45	0.44	0.61		
0.28	0.23	0.23		
0.69	0.57	0.85		
0.99	0.88	0.82		
\$ 4.96	\$ 4.64	\$ 5.39	\$	\$
\$ 19.55	\$ 19.04	\$ 18.96	\$	\$
\$ 0.90	\$ (0.24)	\$ 2.06	\$	\$

YOUR 2013
RESULTS

PER HEAD PER CWT.
OF MILK

SUMMARY OF FINANCIAL STATISTICS

ARIZONA			
	December 31, 2013	December 31, 2012	December 31, 2011
1. Current Ratio	0.56 : 1	0.46 : 1	0.50 : 1
2. Herd Line Debt Per Cow	\$ 1,102	\$ 987	\$ 1,074
3. Total Debt Per Cow	\$ 3,271	\$ 3,272	\$ 3,370
4. Debt to Equity Ratio	2.29 : 1	2.40 : 1	2.87 : 1
5. Return on Total Assets	3.0%	-0.8%	6.6%
6. Income (loss) per milking cow per month	\$ 25.32	\$ (4.28)	\$ 42.84
1. The current ratio represents current assets divided by current liabilities.			
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.			
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.			
4. Debt to equity represents the total debt divided by the total equity.			
5. The return on total assets represents the net income divided by the total assets, stated at cost.			
6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.			

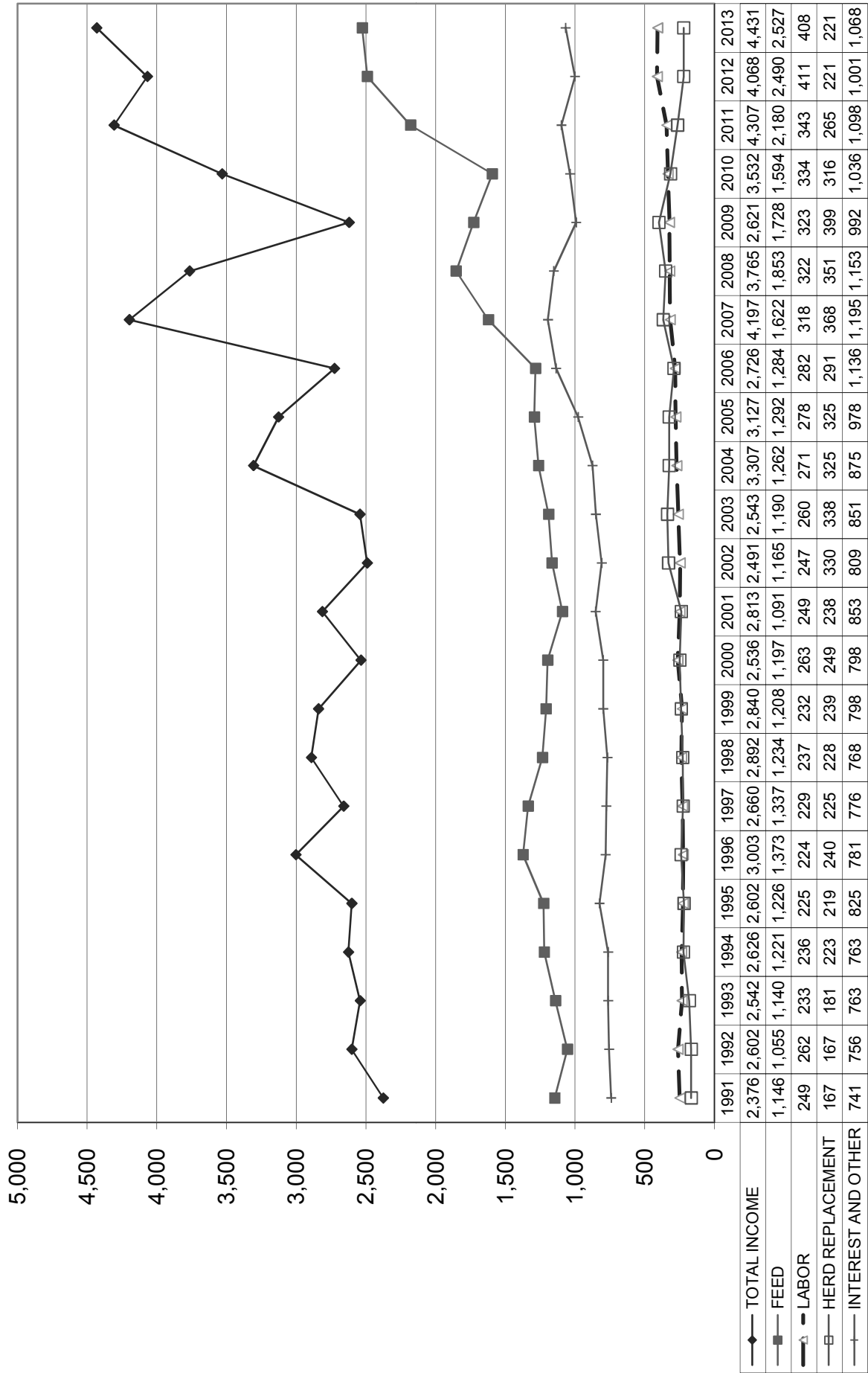
SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012, AND 2011 ARIZONA (BASED ON AVERAGE AMOUNTS)			
	2013	2012	2011
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	21,648	21,639	20,504
Daily pounds of milk, per milking cow	68.0	69.4	66.4
Butterfat test	3.37 %	3.40 %	3.43 %
Blend price per hundredweight	\$ 20.10	\$ 18.48	\$ 20.74
Milk receipts, per milking cow	\$ 4,990	\$ 4,001	\$ 4,307
HERD INFORMATION:			
Herd size - total	3,980	4,059	3,818
Percent of dry cows	12.8 %	14.5 %	15.3 %
Herd turnover rate	38.0 %	37.5 %	31.3 %
Composition of herd:			
Purchased cows	26 %	22 %	47 %
Self-raised cows	74 %	78 %	53 %
Cost of purchased cows	\$ 1,493	\$ 1,433	\$ 1,486
Beef price received	\$ 868	\$ 824	\$ 754
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	40.0 %	43.3 %	34.4 %
Hay and other	18.1 %	18.8 %	16.8 %
Totals	58.1 %	62.1 %	51.2 %

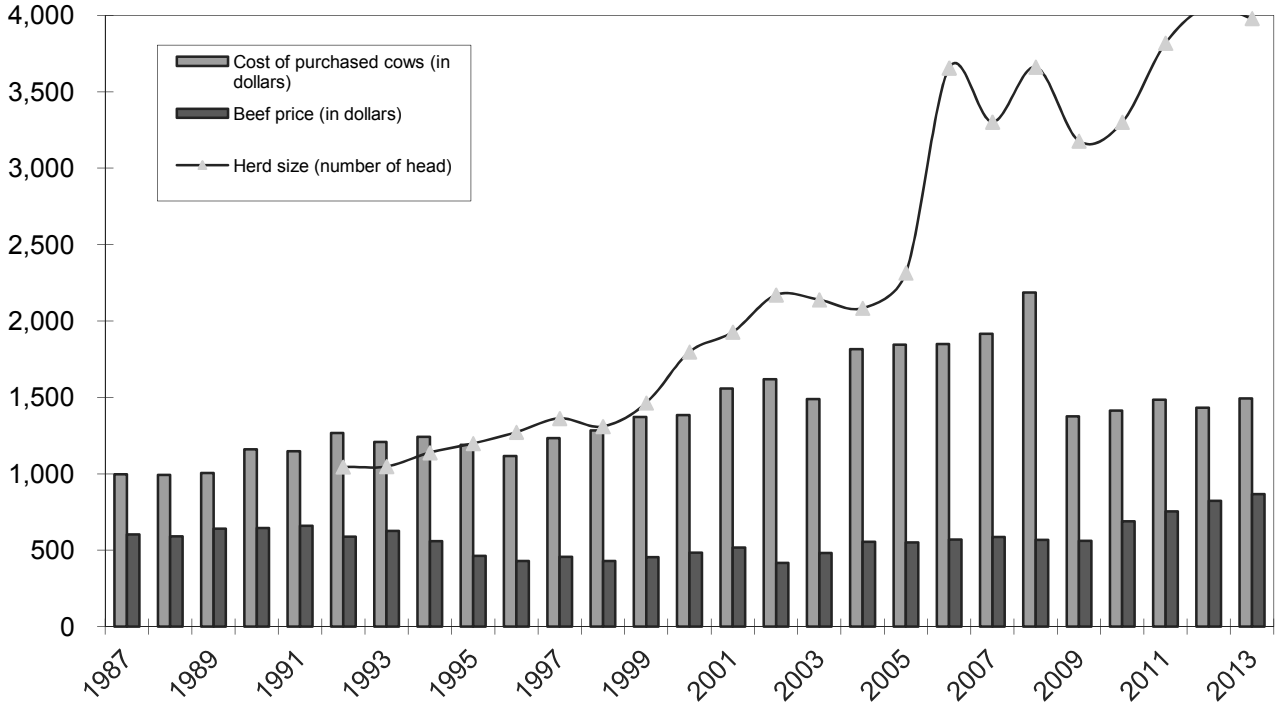
INCOME AND COST OF OPERATIONS				
	ARIZONA			
	(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)			
	December 31, 2013	December 31, 2012	December 31, 2011	
Income:				
Milk Sales	\$ 20.10	\$ 18.48	\$ 20.74	
Calves and other	0.35	0.32	0.28	
Total income	\$ 20.45	\$ 18.80	\$ 21.02	
Total cost of operations:				
Feed	\$ 11.68	\$ 11.49	\$ 10.61	
Labor	1.89	1.89	1.67	
Herd replacement costs	1.02	1.02	1.29	
Other costs	4.96	4.64	5.39	
Total costs of operations	\$ 19.55	\$ 19.04	\$ 18.96	
Net income (loss)	\$ 0.90	\$ (0.24)	\$ 2.06	
Cost of operations as a percentage of income	95.60%	101.28%	90.20%	
Feed costs as a percentage of milk sales	58.11%	62.18%	51.16%	
Net income (loss) per milking cow per month	\$ 25.32	\$ (4.28)	\$ 42.84	
Cumulative net income per cwt. from 2007 to 2013	\$ 3.56			

December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007
\$ 16.47	\$ 12.58	\$ 18.11	\$ 19.87
0.11	0.25	0.30	0.40
\$ 16.58	\$ 12.83	\$ 18.41	\$ 20.27
\$ 7.49	\$ 8.46	\$ 9.07	\$ 7.85
1.58	1.60	1.59	1.54
1.49	1.95	1.72	1.78
4.88	4.88	5.64	5.73
\$ 15.44	\$ 16.89	\$ 18.02	\$ 16.90
\$ 1.14	\$ (4.06)	\$ 0.39	\$ 3.37
93.12%	131.64%	97.88%	83.37%
45.48%	67.25%	50.08%	39.51%
\$ 28.71	\$ (84.26)	\$ 5.99	\$ 64.56

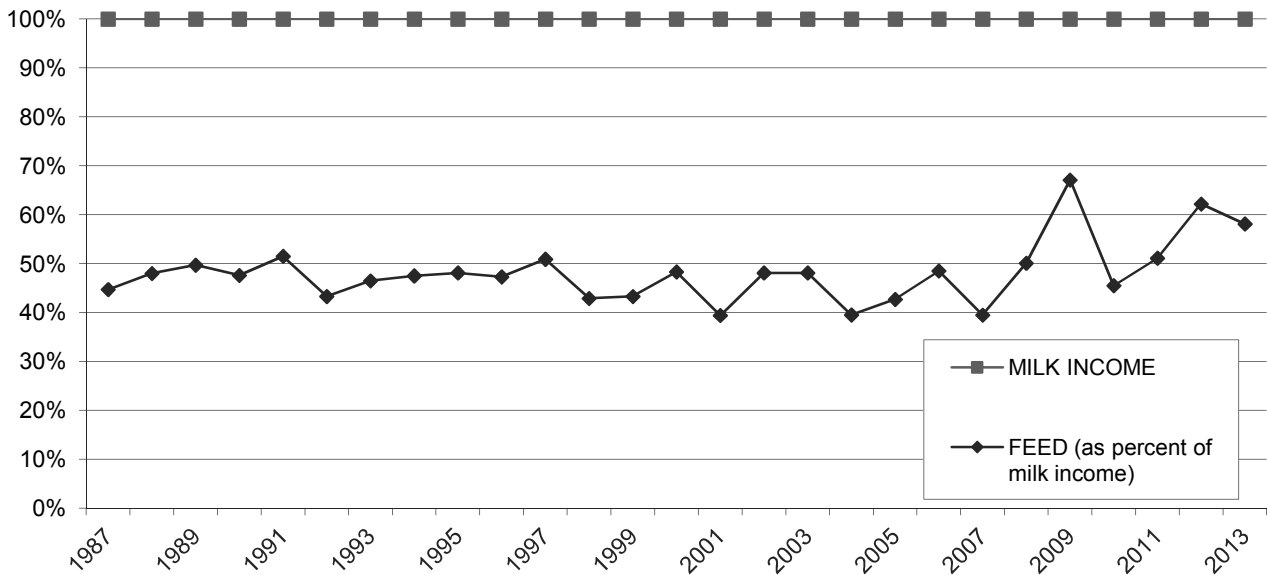
LONG-TERM TREND - ON A "PER HEAD" BASIS
ARIZONA
INCOME AND OPERATING COSTS
1991 - 2013



LONG TERM TREND - COST OF PURCHASED COWS, BEEF PRICE, AND HERD SIZE
ARIZONA



FEED COST vs. MILK INCOME
ARIZONA



CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED
DECEMBER 31, 2013, 2012, AND 2011
IDAHO
(BASED ON AVERAGE AMOUNTS)

PER HEAD

2013 2012 2011

Income:			
Milk sales	\$ 4,469	\$ 3,976	\$ 4,185
Calves and other	98	93	44
Total income	\$ 4,567	\$ 4,069	\$ 4,229
Cost of operations:			
Feed:			
Grain	\$ 1,658	\$ 1,572	\$ 1,468
Hay and other	862	689	699
Total feed	\$ 2,520	\$ 2,261	\$ 2,167
Labor, (including fringe costs)	\$ 382	\$ 360	\$ 361
Herd replacement costs	\$ 258	\$ 220	\$ 226
Other costs:			
Milk hauling	\$ 70	\$ 69	\$ 67
State and association charges	46	46	45
Veterinary, breeding, testing, etc.	93	74	73
Supplies	184	214	203
Repairs and maintenance	185	135	157
Utilities	48	49	47
Occupancy costs	98	79	91
Depreciation - equipment	79	82	82
Interest	92	99	118
Miscellaneous	182	180	184
Total other costs	\$ 1,077	\$ 1,027	\$ 1,067
Total cost of operations	\$ 4,237	\$ 3,868	\$ 3,821
Net income	\$ 330	\$ 201	\$ 408

PER CWT. OF MILK

2013 2012 2011

\$ 19.05	\$ 18.07	\$ 18.88
0.40	0.43	0.20
\$ 19.45	\$ 18.50	\$ 19.08
\$ 7.06	\$ 7.15	\$ 6.62
3.67	3.14	3.16
\$ 10.73	\$ 10.29	\$ 9.78
\$ 1.63	\$ 1.64	\$ 1.63
\$ 1.10	\$ 1.00	\$ 1.02
\$ 0.30	\$ 0.32	\$ 0.30
0.20	0.21	0.20
0.40	0.34	0.33
0.78	0.97	0.91
0.79	0.62	0.70
0.21	0.22	0.21
0.41	0.36	0.40
0.34	0.37	0.37
0.39	0.45	0.53
0.77	0.81	0.82
\$ 4.59	\$ 4.67	\$ 4.77
\$ 18.05	\$ 17.60	\$ 17.20
\$ 1.40	\$ 0.90	\$ 1.88

YOUR 2013
RESULTS

PER HEAD PER CWT.
OF MILK

\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
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\$	\$
\$	\$
\$	\$
\$	\$
\$	\$

SUMMARY OF FINANCIAL STATISTICS

IDAHO			
	December 31, 2013	December 31, 2012	December 31, 2011
1. Current Ratio	1.01 : 1	0.68 : 1	0.83 : 1
2. Herd Line Debt Per Cow	\$ 603	\$ 586	\$ 657
3. Total Debt Per Cow	\$ 2,468	\$ 2,487	\$ 2,568
4. Debt to Equity Ratio	1.06 : 1	1.38 : 1	1.56 : 1
5. Return on Total Assets	4.8%	3.2%	6.7%
6. Income (loss) per milking cow per month	\$ 40.28	\$ 32.95	\$ 56.87
1. The current ratio represents current assets divided by current liabilities.			
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.			
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.			
4. Debt to equity represents the total debt divided by the total equity.			
5. The return on total assets represents the net income divided by the total assets, stated at cost.			
6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.			

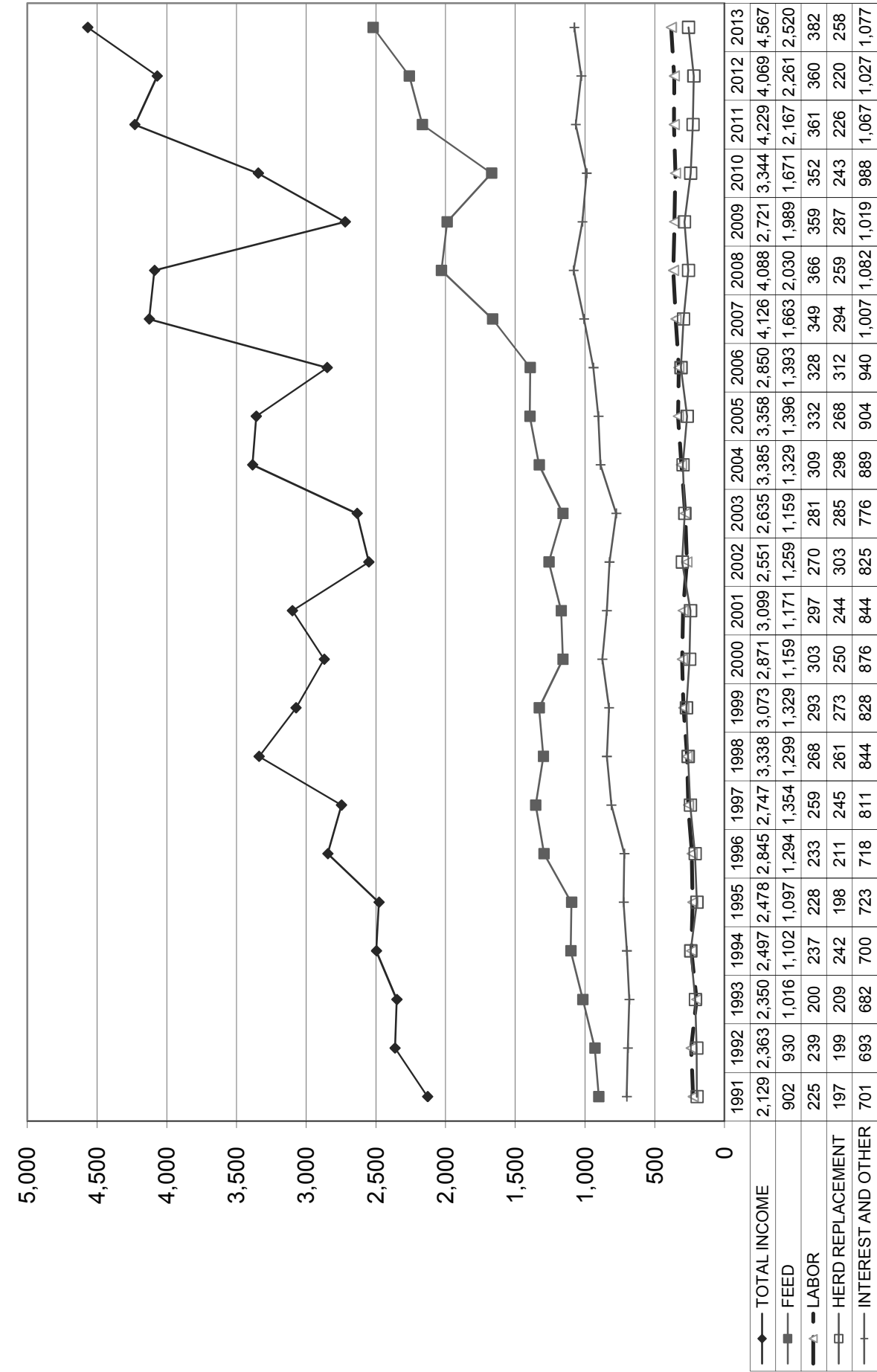
SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012, AND 2011 IDAHO (BASED ON AVERAGE AMOUNTS)			
	2013	2012	2011
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	23,462	21,992	22,174
Daily pounds of milk, per milking cow	72.9	69.6	70.0
Butterfat test	3.72 %	3.65 %	3.59 %
Blend price per hundredweight	\$ 19.05	\$ 18.07	\$ 18.88
Milk receipts, per milking cow	\$ 5,067	\$ 3,976	\$ 4,185
HERD INFORMATION:			
Herd size - total	3,929	4,050	3,684
Percent of dry cows	11.8 %	13.4 %	13.2 %
Herd turnover rate	44.8 %	37.4 %	37.3 %
Composition of herd:			
Purchased cows	4 %	6 %	6 %
Self-raised cows	96 %	94 %	94 %
Cost of purchased cows	\$ 1,367	\$ 1,276	\$ 1,271
Beef price received	\$ 783	\$ 805	\$ 743
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	37.1 %	39.6 %	35.1 %
Hay and other	19.3 %	17.4 %	16.7 %
Totals	56.4 %	57.0 %	51.8 %

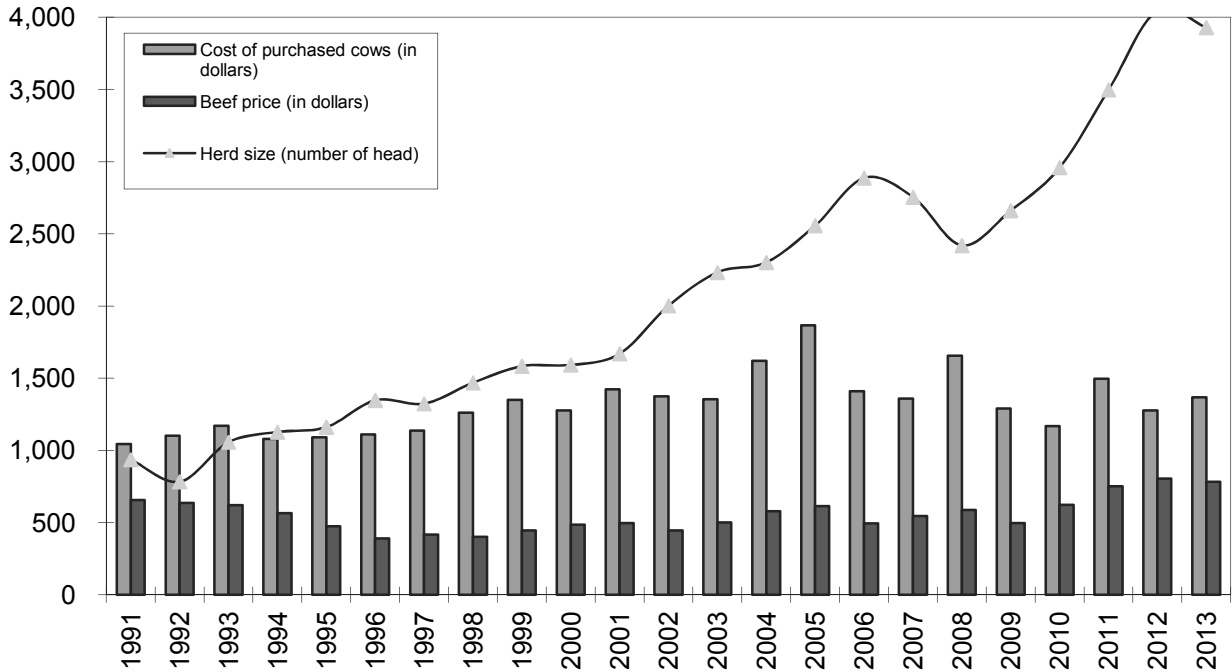
INCOME AND COST OF OPERATIONS				
	IDAHO			
	(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)			
	December 31, 2013	December 31, 2012	December 31, 2011	
Income:				
Milk Sales	\$ 19.05	\$ 18.07	\$ 18.88	
Calves and other	0.40	0.43	0.20	
Total income	\$ 19.45	\$ 18.50	\$ 19.08	
Total cost of operations:				
Feed	\$ 10.73	\$ 10.29	\$ 9.78	
Labor	1.63	1.64	1.63	
Herd replacement costs	1.10	1.00	1.02	
Other costs	4.59	4.67	4.77	
Total costs of operations	\$ 18.05	\$ 17.60	\$ 17.20	
Net income (loss)	\$ 1.40	\$ 0.90	\$ 1.88	
Cost of operations as a percentage of income	92.80%	95.14%	90.15%	
Feed costs as a percentage of milk sales	56.33%	56.95%	51.80%	
Net income (loss) per milking cow per month	\$ 40.28	\$ 32.95	\$ 56.87	
Cumulative net income per cwt. from 2007 to 2013	\$ 5.70			

December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007
\$ 15.15	\$ 12.27	\$ 18.15	\$ 18.07
0.16	0.25	0.18	0.43
\$ 15.31	\$ 12.52	\$ 18.33	\$ 18.50
\$ 7.66	\$ 9.14	\$ 9.09	\$ 7.37
1.62	1.65	1.65	1.55
1.12	1.32	1.16	1.31
4.49	4.70	4.85	4.46
\$ 14.89	\$ 16.81	\$ 16.75	\$ 14.69
\$ 0.42	\$ (4.29)	\$ 1.58	\$ 3.81
97.26%	134.27%	91.38%	79.41%
50.56%	74.49%	50.08%	40.79%
\$ 18.16	\$ (81.62)	\$ 42.46	\$ 95.04

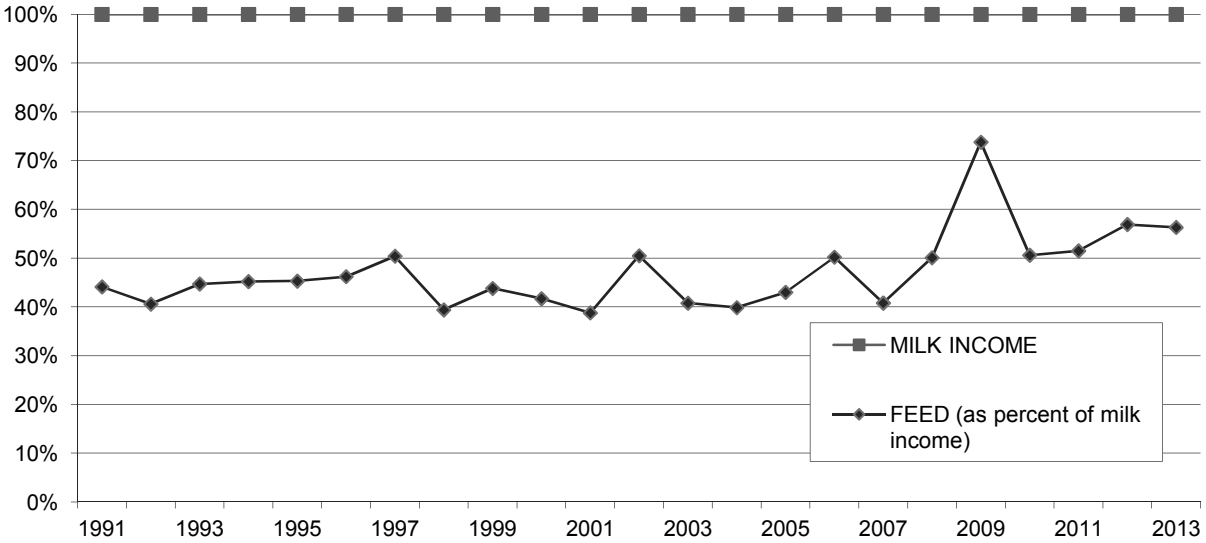
LONG-TERM TREND - ON A "PER HEAD" BASIS
IDAHO
INCOME AND OPERATING COSTS
1991 - 2013



LONG TERM TREND - COST OF PURCHASED COWS, BEEF PRICE,
AND HERD SIZE
IDAHO



FEED COST vs. MILK INCOME
IDAHO



CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS				
	FOR THE YEARS ENDED DECEMBER 31, 2013, 2012, AND 2011 NEW MEXICO (BASED ON AVERAGE AMOUNTS)			
	PER HEAD			
	2013	2012	2011	
Income:				
Milk sales	\$ 3,839	\$ 3,560	\$ 3,948	
Calves and other	85	80	60	
Total income	\$ 3,924	\$ 3,640	\$ 4,008	
Cost of operations:				
Feed:				
Grain	\$ 1,673	\$ 1,723	\$ 1,443	
Hay and other	718	714	663	
Total feed	\$ 2,391	\$ 2,437	\$ 2,106	
Labor, (including fringe costs)	\$ 318	\$ 328	\$ 319	
Herd replacement costs	\$ 162	\$ 159	\$ 222	
Other costs:				
Milk hauling	\$ 178	\$ 170	\$ 152	
State and association charges	73	70	77	
Veterinary, breeding, testing, etc.	97	102	80	
Supplies	88	100	108	
Repairs and maintenance	105	100	99	
Utilities	67	64	70	
Occupancy costs	71	83	83	
Depreciation - equipment	56	57	58	
Interest	92	95	110	
Miscellaneous	193	169	160	
Total other costs	\$ 1,020	\$ 1,010	\$ 997	
Total cost of operations	\$ 3,891	\$ 3,934	\$ 3,644	
Net income (loss)	\$ 33	\$ (294)	\$ 364	

PER CWT. OF MILK			YOUR 2013 RESULTS	
2013	2012	2011	PER HEAD	PER CWT. OF MILK
\$ 19.53	\$ 18.31	\$ 19.89	\$	\$
0.43	0.39	0.29		
\$ 19.96	\$ 18.70	\$ 20.18	\$	\$
\$ 8.51	\$ 8.86	\$ 7.27	\$	\$
3.65	3.68	3.35		
\$ 12.16	\$ 12.54	\$ 10.62	\$	\$
\$ 1.62	\$ 1.70	\$ 1.62	\$	\$
\$ 0.82	\$ 0.82	\$ 1.12	\$	\$
\$ 0.91	\$ 0.87	\$ 0.77	\$	\$
0.37	0.36	0.39		
0.49	0.52	0.39		
0.45	0.51	0.55		
0.53	0.52	0.50		
0.34	0.33	0.35		
0.36	0.43	0.42		
0.29	0.29	0.29		
0.47	0.49	0.56		
0.99	0.88	0.81		
\$ 5.20	\$ 5.20	\$ 5.03	\$	\$
\$ 19.80	\$ 20.26	\$ 18.39	\$	\$
\$ 0.16	\$ (1.56)	\$ 1.79	\$	\$

SUMMARY OF FINANCIAL STATISTICS

NEW MEXICO			
	December 31, 2013	December 31, 2012	December 31, 2011
1. Current Ratio	1.12 : 1	0.61 : 1	0.86 : 1
2. Herd Line Debt Per Cow	\$ 749	\$ 728	\$ 774
3. Total Debt Per Cow	\$ 2,493	\$ 2,414	\$ 2,273
4. Debt to Equity Ratio	1.37 : 1	1.72 : 1	1.63 : 1
5. Return on Total Assets	0.5%	-5.5%	6.8%
6. Income (loss) per milking cow per month	\$ 23.28	\$ (15.48)	\$ 49.14
1. The current ratio represents current assets divided by current liabilities.			
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.			
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.			
4. Debt to equity represents the total debt divided by the total equity.			
5. The return on total assets represents the net income divided by the total assets, stated at cost.			
6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.			

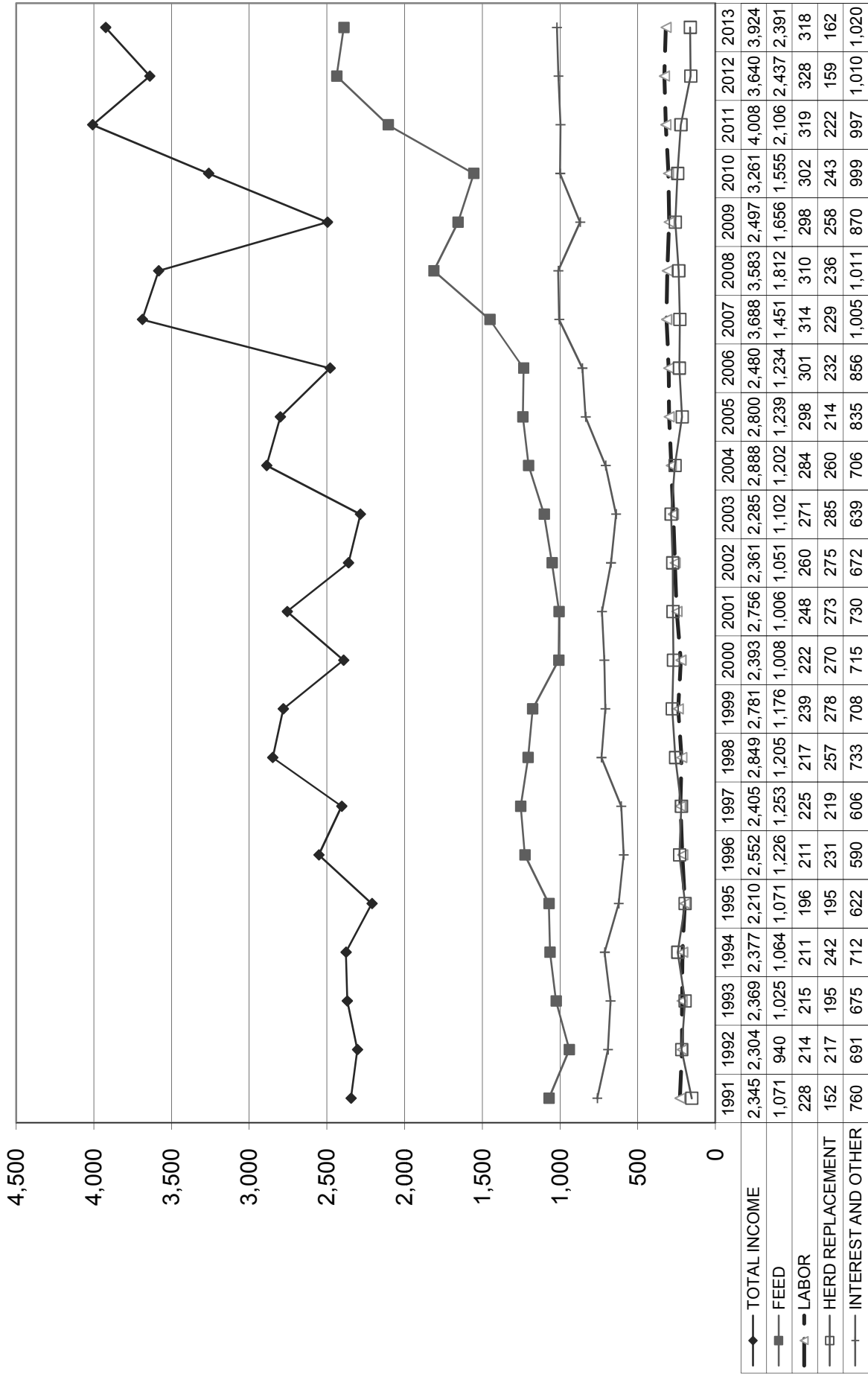
SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012, AND 2011 NEW MEXICO (BASED ON AVERAGE AMOUNTS)			
	2013	2012	2011
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	19,652	19,452	19,855
Daily pounds of milk, per milking cow	67.8	67.1	67.8
Butterfat test	3.52 %	3.55 %	3.51 %
Blend price per hundredweight	\$ 19.53	\$ 18.31	\$ 19.89
Milk receipts, per milking cow	\$ 4,833	\$ 3,560	\$ 4,920
HERD INFORMATION:			
Herd size - total	5,186	3,716	3,801
Percent of dry cows	20.6 %	20.5 %	19.8 %
Herd turnover rate	41.1 %	38.7 %	34.3 %
Composition of herd:			
Purchased cows	19 %	18 %	13 %
Self-raised cows	81 %	82 %	87 %
Cost of purchased cows	\$ 1,335	\$ 1,401	\$ 1,643
Beef price received	\$ 926	\$ 897	\$ 749
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	43.6 %	48.4 %	36.6 %
Hay and other	18.7 %	20.1 %	16.8 %
Totals	62.3 %	68.5 %	53.4 %

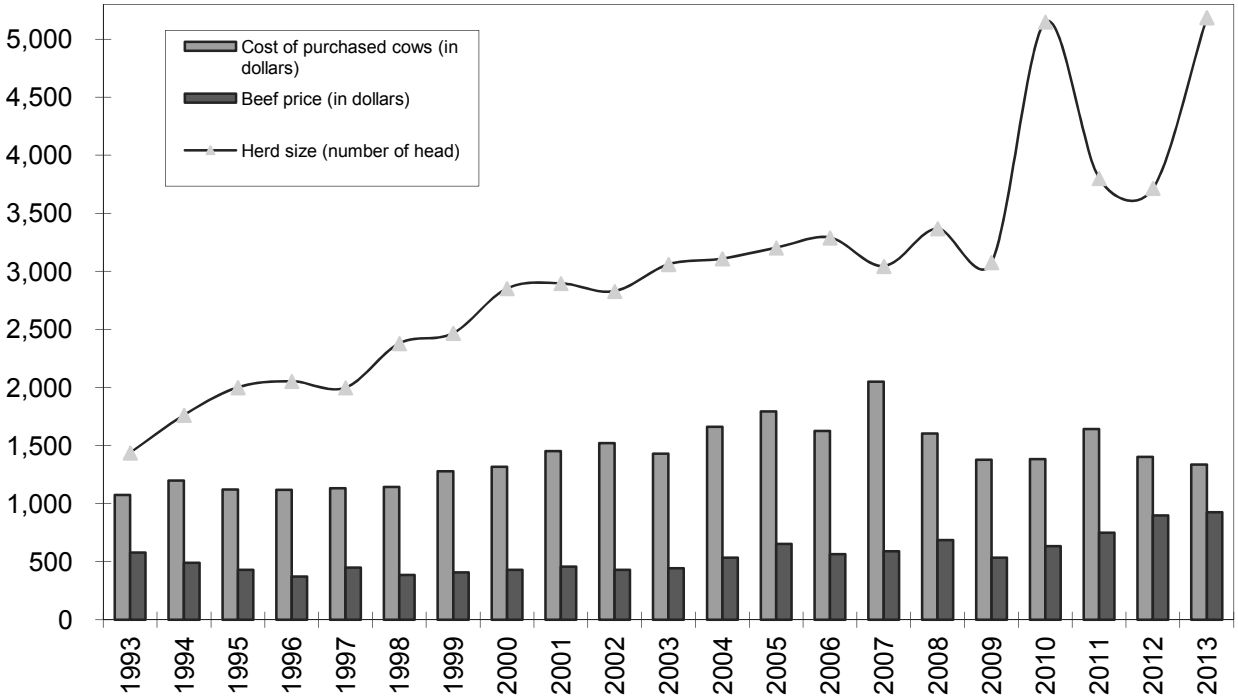
INCOME AND COST OF OPERATIONS				
	NEW MEXICO			
	(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)			
	December 31, 2013	December 31, 2012	December 31, 2011	
Income:				
Milk Sales	\$ 19.53	\$ 18.31	\$ 19.89	
Calves and other	0.43	0.39	0.29	
Total income	\$ 19.96	\$ 18.70	\$ 20.18	
Total cost of operations:				
Feed	\$ 12.16	\$ 12.54	\$ 10.62	
Labor	1.62	1.70	1.62	
Herd replacement costs	0.82	0.82	1.12	
Other costs	5.20	5.20	5.03	
Total costs of operations	\$ 19.80	\$ 20.26	\$ 18.39	
Net income (loss)	\$ 0.16	\$ (1.56)	\$ 1.79	
Cost of operations as a percentage of income	99.20%	108.34%	91.13%	
Feed costs as a percentage of milk sales	62.26%	68.49%	53.39%	
Net income (loss) per milking cow per month	\$ 23.28	\$ (15.48)	\$ 49.14	
Cumulative net income per cwt. from 2007 to 2013	\$ 2.95			

December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007
\$ 17.02	\$ 12.83	\$ 17.92	\$ 18.62
0.18	0.25	0.29	0.60
\$ 17.20	\$ 13.08	\$ 18.21	\$ 19.22
\$ 8.23	\$ 8.68	\$ 9.22	\$ 7.57
1.60	1.56	1.58	1.63
1.28	1.35	1.20	1.19
5.22	4.53	5.11	5.20
\$ 16.33	\$ 16.12	\$ 17.11	\$ 15.59
\$ 0.87	\$ (3.04)	\$ 1.10	\$ 3.63
94.94%	123.24%	93.96%	81.11%
48.35%	67.65%	51.45%	40.66%
\$ 27.80	\$ (55.60)	\$ 41.90	\$ 93.36

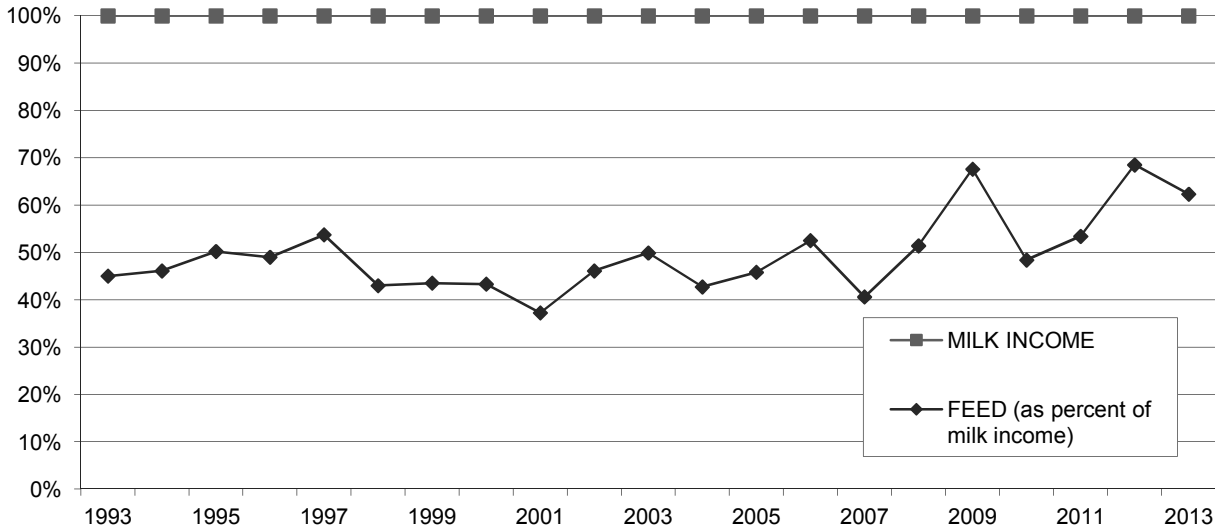
LONG-TERM TREND - ON A "PER HEAD" BASIS
NEW MEXICO
INCOME AND OPERATING COSTS
1991 - 2013



LONG TERM TREND - COST OF PURCHASED COWS, BEEF PRICE, AND
HERD SIZE
NEW MEXICO



FEED COST vs. MILK INCOME
NEW MEXICO



CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED
DECEMBER 31, 2013, 2012 AND 2011
PANHANDLE
(BASED ON AVERAGE AMOUNTS)

PER HEAD

2013 2012 2011

Income:			
Milk sales	\$ 4,213	\$ 3,943	\$ 4,116
Calves and other	87	100	51
Total income	\$ 4,300	\$ 4,043	\$ 4,167
Cost of operations:			
Feed:			
Grain	\$ 1,765	\$ 1,729	\$ 1,370
Hay and other	855	778	650
Total feed	\$ 2,620	\$ 2,507	\$ 2,020
Labor, (including fringe costs)	\$ 335	\$ 341	\$ 354
Herd replacement costs	\$ 236	\$ 230	\$ 269
Other costs:			
Milk hauling	\$ 144	\$ 135	\$ 136
State and association charges	61	62	50
Veterinary, breeding, testing, etc.	91	91	86
Supplies	117	134	118
Repairs and maintenance	105	86	80
Utilities	51	43	48
Occupancy costs	133	131	126
Depreciation - equipment	63	57	54
Interest	85	81	101
Miscellaneous	169	157	159
Total other costs	\$ 1,019	\$ 977	\$ 958
Total cost of operations	\$ 4,210	\$ 4,055	\$ 3,601
Net income (loss)	\$ 90	\$ (12)	\$ 566

PER CWT. OF MILK

2013 2012 2011

\$ 20.65	\$ 19.05	\$ 20.57		
0.44	0.49	0.26		
\$ 21.09	\$ 19.54	\$ 20.83		
\$ 8.66	\$ 8.36	\$ 6.85		
4.20	3.76	3.25		
\$ 12.86	\$ 12.12	\$ 10.10		
\$ 1.65	\$ 1.65	\$ 1.76		
\$ 1.16	\$ 1.11	\$ 1.35		
\$ 0.71	\$ 0.65	\$ 0.68		
0.30	0.30	0.25		
0.45	0.44	0.43		
0.56	0.65	0.59		
0.51	0.42	0.40		
0.25	0.21	0.24		
0.64	0.64	0.64		
0.31	0.28	0.27		
0.43	0.40	0.51		
0.85	0.76	0.80		
\$ 5.01	\$ 4.75	\$ 4.81		
\$ 20.68	\$ 19.63	\$ 18.02		
\$ 0.41	\$ (0.09)	\$ 2.81		

YOUR 2013
RESULTS

PER HEAD PER CWT.
OF MILK

SUMMARY OF FINANCIAL STATISTICS

PANHANDLE

	December 31, 2013	December 31, 2012	December 31, 2011
1. Current Ratio	0.77 : 1	0.68 : 1	0.67 : 1
2. Herd Line Debt Per Cow	\$ 848	\$ 729	\$ 875
3. Total Debt Per Cow	\$ 2,757	\$ 2,604	\$ 2,355
4. Debt to Equity Ratio	1.74 : 1	1.88 : 1	1.99 : 1
5. Return on Total Assets	1.4%	-0.2%	10.7%
6. Income (loss) per milking cow per month	\$ 17.31	\$ (1.12)	\$ 53.28

1. The current ratio represents current assets divided by current liabilities.
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
4. Debt to equity represents the total debt divided by the total equity.
5. The return on total assets represents the net income divided by the total assets, stated at cost.
6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.

SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

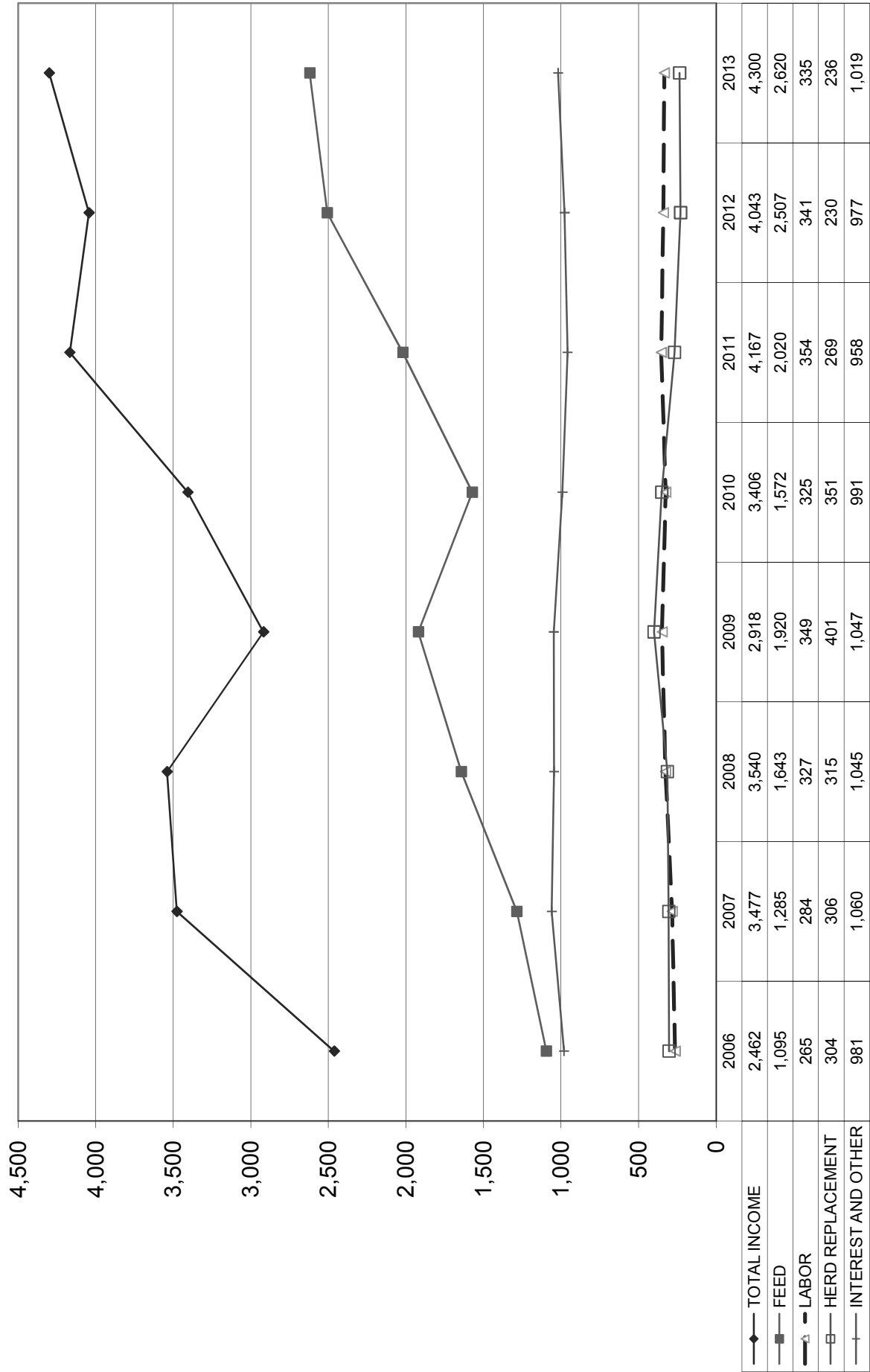
FOR THE YEARS ENDED
DECEMBER 31, 2013, 2012, AND 2011
PANHANDLE
(BASED ON AVERAGE AMOUNTS)

	2013	2012	2011
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	20,388	20,677	20,005
Daily pounds of milk, per milking cow	66.3	67.4	65.1
Butterfat test	3.82 %	3.73 %	3.83 %
Blend price per hundredweight	\$ 20.65	\$ 19.05	\$ 20.57
Milk receipts, per milking cow	\$ 4,998	\$ 3,943	\$ 4,887
HERD INFORMATION:			
Herd size - total	2,930	3,181	3,988
Percent of dry cows	15.7 %	15.9 %	15.8 %
Herd turnover rate	41.0 %	39.6 %	33.4 %
Composition of herd:			
Purchased cows	11 %	8 %	8 %
Self-raised cows	89 %	92 %	92 %
Cost of purchased cows	\$ 1,442	\$ 1,411	\$ 1,384
Beef price received	\$ 835	\$ 832	\$ 719
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	41.9 %	43.9 %	33.3 %
Hay and other	20.3 %	19.7 %	15.8 %
Totals	62.2 %	63.6 %	49.1 %

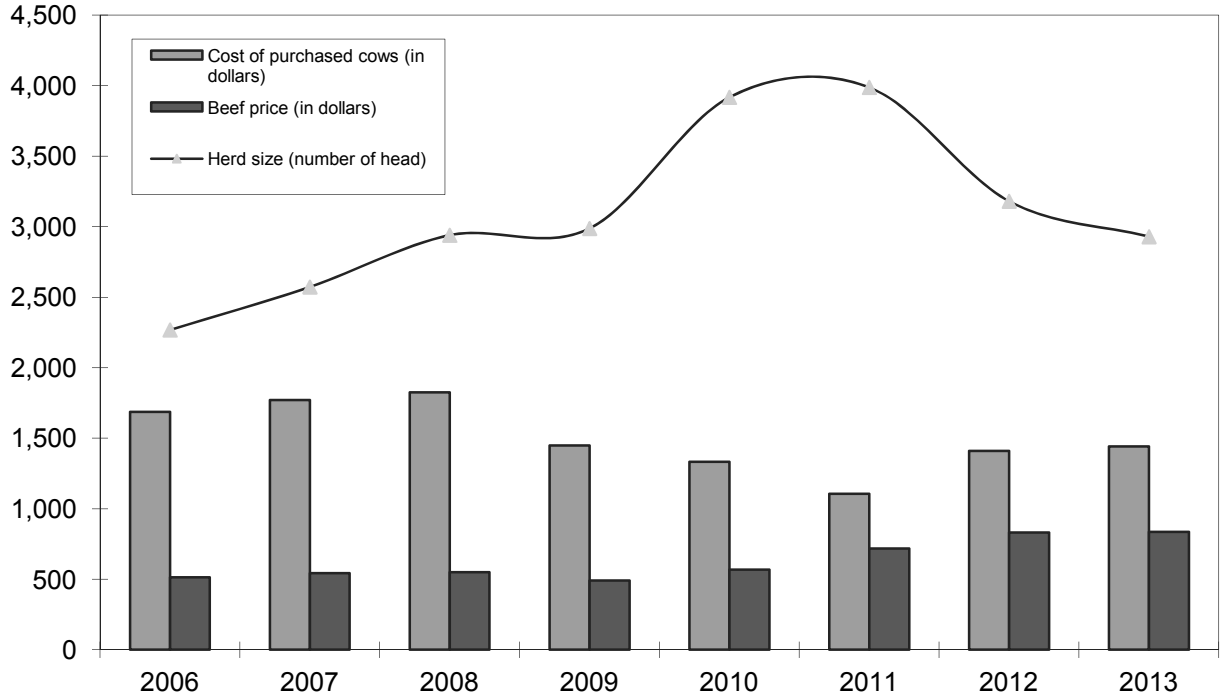
INCOME AND COST OF OPERATIONS				
	PANHANDLE			
	(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)			
	December 31, 2013	December 31, 2012	December 31, 2011	
Income:				
Milk Sales	\$ 20.65	\$ 19.05	\$ 20.57	
Calves and other	0.44	0.49	0.26	
Total income	\$ 21.09	\$ 19.54	\$ 20.83	
Total cost of operations:				
Feed	\$ 12.86	\$ 12.12	\$ 10.10	
Labor	1.65	1.65	1.76	
Herd replacement costs	1.16	1.11	1.35	
Other costs	5.01	4.75	4.81	
Total costs of operations	\$ 20.68	\$ 19.63	\$ 18.02	
Net income (loss)	\$ 0.41	\$ (0.09)	\$ 2.81	
Cost of operations as a percentage of income	98.06%	100.46%	86.51%	
Feed costs as a percentage of milk sales	62.28%	63.62%	49.10%	
Net income (loss) per milking cow per month	\$ 17.31	\$ (1.12)	\$ 53.28	
Cumulative net income per cwt. from 2007 to 2013	\$ 4.56			

December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007
\$ 16.89	\$ 13.63	\$ 19.11	\$ 20.01
0.14	0.20	0.09	0.27
\$ 17.03	\$ 13.83	\$ 19.20	\$ 20.28
\$ 7.85	\$ 9.09	\$ 8.91	\$ 7.50
1.62	1.65	1.77	1.66
1.75	1.90	1.71	1.79
4.92	4.92	5.69	6.18
\$ 16.14	\$ 17.56	\$ 18.08	\$ 17.13
\$ 0.89	\$ (3.73)	\$ 1.12	\$ 3.15
94.77%	126.97%	94.17%	84.47%
46.48%	66.69%	46.62%	37.48%
\$ 17.85	\$ (61.10)	\$ 19.04	\$ 82.81

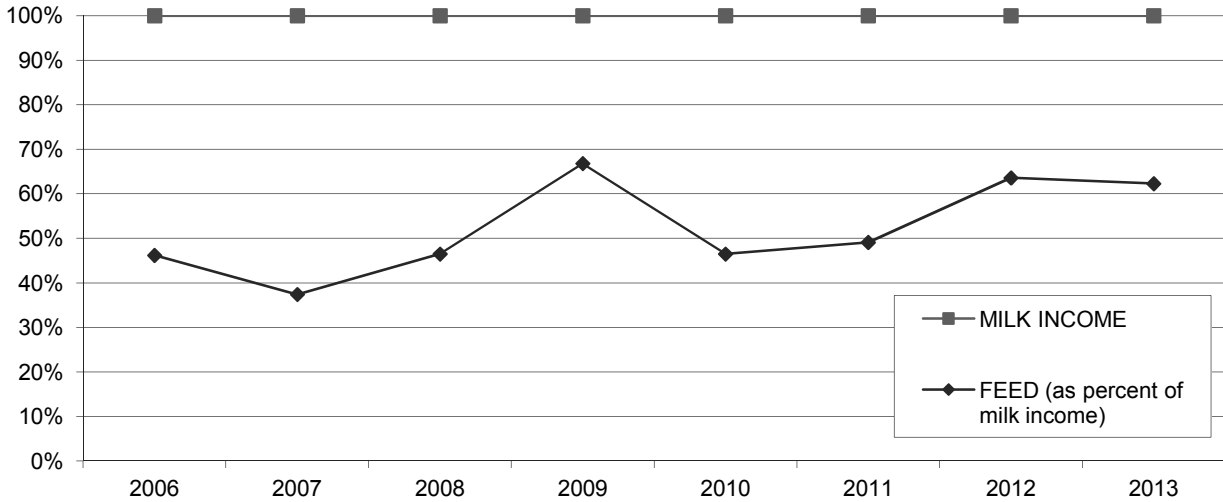
LONG-TERM TREND - ON A "PER HEAD" BASIS
PANHANDLE
INCOME AND OPERATING COSTS
2006 - 2013



LONG TERM TREND - COST OF PURCHASED COWS, BEEF PRICE, AND HERD SIZE
THE PANHANDLE



FEED COST vs. MILK INCOME
THE PANHANDLE



CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED
DECEMBER 31, 2013, 2012, AND 2011
PACIFIC NORTHWEST
(BASED ON AVERAGE AMOUNTS)

PER HEAD

2013 2012 2011

Income:			
Milk sales	\$ 4,418	\$ 3,746	\$ 4,397
Calves and other	73	166	119
Total income	\$ 4,491	\$ 3,912	\$ 4,516
Cost of operations:			
Feed:			
Grain	\$ 1,549	\$ 1,444	\$ 1,410
Hay and other	1,006	682	692
Total feed	\$ 2,555	\$ 2,126	\$ 2,102
Labor, (including fringe costs)	\$ 373	\$ 345	\$ 368
Herd replacement costs	\$ 248	\$ 260	\$ 291
Other costs:			
Milk hauling	\$ 146	\$ 133	\$ 145
State and association charges	65	59	60
Veterinary, breeding, testing, etc.	128	127	122
Supplies	124	111	104
Repairs and maintenance	121	104	134
Utilities	42	42	40
Occupancy costs	182	142	185
Depreciation - equipment	68	70	65
Interest	85	95	110
Miscellaneous	152	167	146
Total other costs	\$ 1,113	\$ 1,050	\$ 1,111
Total cost of operations	\$ 4,289	\$ 3,781	\$ 3,872
Net income	\$ 202	\$ 131	\$ 644

PER CWT. OF MILK

2013 2012 2011

\$ 20.48	\$ 18.56	\$ 20.58		
0.34	0.83	0.57		
\$ 20.82	\$ 19.39	\$ 21.15		
\$ 7.18	\$ 7.15	\$ 6.60		
4.65	3.38	3.27		
\$ 11.83	\$ 10.53	\$ 9.87		
\$ 1.73	\$ 1.70	\$ 1.71		
\$ 1.15	\$ 1.29	\$ 1.36		
\$ 0.68	\$ 0.66	\$ 0.68		
0.30	0.29	0.28		
0.59	0.63	0.57		
0.58	0.55	0.49		
0.56	0.52	0.63		
0.19	0.21	0.19		
0.85	0.70	0.87		
0.32	0.35	0.31		
0.40	0.47	0.53		
0.70	0.80	0.67		
\$ 5.17	\$ 5.18	\$ 5.22		
\$ 19.88	\$ 18.70	\$ 18.16		
\$ 0.94	\$ 0.69	\$ 2.99		

YOUR 2013
RESULTS

PER HEAD PER CWT.
OF MILK

SUMMARY OF FINANCIAL STATISTICS

PACIFIC NORTHWEST

December 31, 2013 December 31, 2012 December 31, 2011

1. Current Ratio	0.98 : 1	0.95 : 1	0.82 : 1
2. Herd Line Debt Per Cow	\$ 786	\$ 793	\$ 737
3. Total Debt Per Cow	\$ 2,791	\$ 2,594	\$ 2,229
4. Debt to Equity Ratio	1.50 : 1	1.50 : 1	1.19 : 1
5. Return on Total Assets	3.1%	2.2%	11.1%
6. Income per milking cow per month	\$ 32.97	\$ 19.67	\$ 74.13
1. The current ratio represents current assets divided by current liabilities.			
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.			
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.			
4. Debt to equity represents the total debt divided by the total equity.			
5. The return on total assets represents the net income divided by the total assets, stated at cost.			
6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.			

SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED
DECEMBER 31, 2013, 2012, AND 2011
PACIFIC NORTHWEST
(BASED ON AVERAGE AMOUNTS)

2013 2012 2011

PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	21,578	20,182	21,361
Daily pounds of milk, per milking cow	69.8	68.1	69.1
Butterfat test	3.80 %	3.75 %	3.75 %
Blend price per hundredweight	\$ 20.48	\$ 18.56	\$ 20.58
Milk receipts, per milking cow	\$ 5,214	\$ 3,746	\$ 4,397
HERD INFORMATION:			
Herd size - total	2,938	2,918	3,378
Percent of dry cows	15.2 %	18.8 %	15.4 %
Herd turnover rate	32.9 %	32.3 %	33.2 %
Composition of herd:			
Purchased cows	12 %	15 %	13 %
Self-raised cows	88 %	85 %	87 %
Cost of purchased cows	\$ 1,322	\$ 1,239	\$ 1,345
Beef price received	\$ 749	\$ 767	\$ 709
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	35.1 %	38.5 %	32.1 %
Hay and other	22.7 %	18.2 %	15.9 %
Totals	57.8 %	56.7 %	48.0 %

INCOME AND COST OF OPERATIONS

PACIFIC NORTHWEST

(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
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Income:				
Milk Sales	\$ 20.48	\$ 18.56	\$ 20.58	\$ 16.59
Calves and other	0.34	0.83	0.57	0.27
Total income	\$ 20.82	\$ 19.39	\$ 21.15	\$ 16.86
Total cost of operations:				
Feed	\$ 11.83	\$ 10.53	\$ 9.87	\$ 8.15
Labor	1.73	1.70	1.71	1.44
Herd replacement costs	1.15	1.29	1.36	1.68
Other costs	5.17	5.18	5.22	5.14
Total costs of operations	\$ 19.88	\$ 18.70	\$ 18.16	\$ 16.41
Net income	\$ 0.94	\$ 0.69	\$ 2.99	\$ 0.45
Cost of operations as a percentage of income	95.46%	96.44%	85.86%	97.33%
Feed costs as a percentage of milk sales	57.76%	56.73%	47.96%	49.13%
Net income per milking cow per month	\$ 32.97	\$ 19.67	\$ 74.13	\$ 16.80
Cumulative net income per cwt. from 2010 to 2013	\$ 5.07			

EXPLANATION OF INCOME AND COST FACTORS

Basis of presentation	Information is included both on a "per head" basis and a "per hundredweight of milk" basis. The "per head" statistics are based on the total average number of milking and dry cows in a herd for the period. The Panhandle region includes the triangle from Clovis, New Mexico, up to Amarillo Texas and down to Lubbock, Texas. The Pacific Northwest region includes the states of Washington and Oregon.
Milk sales	Includes milk income, quality and production bonuses, patronage dividends, USDA program payments, and gains and losses on milk futures.
Calves and other income	This is primarily composed of the sale of calves, heifers, other livestock and equipment, and miscellaneous other income.
Feed	Grain includes all minerals and supplements while "Hay and Other" represents alfalfa and all forage costs.
Labor	Includes wages and fringe costs such as payroll taxes, workers' compensation insurance, medical insurance, union benefits, etc. Compensation to owner-employees or partners is not included.
Herd replacement cost	Represents the difference between the actual price paid for purchased cows (or estimated cost of self-raised cows) at the time the cows were added to the milking herd less the sales price received for cows disposed of. This difference is amortized over the productive life of the cows.
Occupancy cost	Includes property taxes and depreciation of buildings on owner occupied facilities, rent paid and depreciation of improvements on leased facilities. It does not include interest paid on real property.
Miscellaneous cost	Includes auto, truck and fuel expenses, insurance, professional fees, quality penalties and other dairy expenses not specifically classified in another category.
Net income	Is stated before a provision for income taxes or a return on the dairy owner's investment.

OUR FIRM AND THE DAIRY INDUSTRY

Frazer, LLP has been associated with the dairy industry since the early 1950's. At that time, many immigrants from Europe were arriving in California's "Dairy Valley" and establishing their farming operations. These early dairies averaged 50 cows and the families provided most of the labor. Frazer, LLP's partners, situated in "Dairy Valley," were instrumental in the creation of federal and state laws to help dairymen. We have consistently supported pro-agricultural organizations in their efforts to help shape policy and better the living and working environments for dairy families.

As development expanded in the dairy farming area, our firm helped many dairies relocate throughout California, and other states throughout the West and Mid-West. Many families we are servicing now have their third generation stepping into the operation's management. We have grown with these families into their multiple operations, often totaling 10,000 cows or more. Today, Frazer, LLP has clients in California, Arizona, Texas, New Mexico, Colorado, Idaho, Nevada, Oregon, Washington, Nebraska, Kansas, Wisconsin, Iowa, and South Dakota. Also, we actively consult with many dairies throughout the United States.

As we look to the future, the trend towards efficiently operated dairies will continue. Along with this trend, the dairy industry is facing continued challenges in its operations, efficiency building efforts which are continuous, expansion and relocation activities including the ability to construct new dairies. The dairy industry brings many jobs to an area and allows associated businesses to grow and flourish. This creates further conflict between the local communities, governments and the environmentalists. Dairy producers face volatility in many facets of their business. Milk pricing and feed market updates can be monitored daily by producers via the CME website boards. Making the correct market decision with respect to milk and feed pricing are crucial to the successful operations of any facility. These decisions to contract any pricing of commodities often carry substantial risk/reward to the producers operation.

As we are well through 2014, bottom line results have improved when compared to 2013, but major issues loom for most producers in the nation. Milk and feed futures continue to react with volatility, and obtaining future credit has become increasingly difficult. Current borrowing base valuations have been reduced by most banks throughout the industry to comply with tougher lending standards. Milk production continues to rise and heifers are coming on line with incredible numbers as the impact of improved breeding, and continuous beefing of lower end producing cows, which started several years ago now translates into exploding heifer programs and first calf herds. All of these factors require that producers do as much as they can to conserve resources, reduce costs, improve efficiencies, and make the right decisions day to day for their operations in order to insure a viable future.

Frazer, LLP will be instrumental in providing the assistance needed to make these decisions.



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