EXHIBIT D

Dairy Farm Operating Trends

December 31, 2012

FRAZER, LLP
Certified Public Accountants and Consultants

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, 2012.

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 6.7 billion pounds and more than 318,000 head of mature cows for the year ended December 31, 2012.

This report includes a comparison of the results in the regions listed above for the year ended December 31, 2012 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,

Frazer LLP

FRAZER, LLP
Certified Public Accountants and Consultants

May 2013

DAIRY FARM OPERATING TRENDS

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2012 IN REVIEW

Comparative Net Income (Loss) By Region:

As milk prices dropped in 2012 below the 2011 prices, major input costs during 2012 continued to rise throughout the year. This devastated bottom lines in each region, as the cost of acquiring feed inventories leveraged producers even further during 2012. This trend is continuing through the first half of 2013 as milk prices continue to drop. Domestic and international demand along with supply issues will dictate what producers will see in milk prices for the second half of 2013. Reports of tighter international dairy supply levels will 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
2012	$ (341)	$ (287)	$ (283)	$ (55)	$ 201	$ (294)	$ (12)	$ 131
2011	6	346	627	421	408	364	566	$ 644
Change	$ (347)	$ (633)	$ (910)	$ (476)	$ (207)	$ (658)	$ (578)	$ (513)

Comparative Feed Cost By Region:

Feed costs rose dramatically in most regions, with the smallest increase occurring in Idaho and the Pacific Northwest. All regions have suffered the effects of the drought the entire nation has faced, 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 2013 looks more promising for feed costs as increased rain in the Midwest and record corn yields may bring relief in feed costs for the latter half of this year.

Feed cost per head:	Southern California	San Joaquin Valley	Kern County	Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest
2012	$ 2,627	$ 2,503	$ 2,567	$ 2,490	$ 2,261	$ 2,437	$ 2,507	$ 2,126
2011	$ 2,383	$ 2,266	$ 2,040	$ 2,180	$ 2,167	$ 2,106	$ 2,020	$ 2,102
Change	$ 244	$ 237	$ 527	$ 310	$ 94	$ 331	$ 487	$ 24

Comparative Production By Region:

As the entire nation's milk production was up over 2% in 2012 compared to 2011, most regions in the West were down, although not enough to affect milk prices for the good of producers. Once again, in 2012 compared to 2011, most regions had milder weather conditions conducive to increased production.

Lbs. per milk cow per day:	Southern California	San Joaquin Valley	Kern County	Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest
2012	71.3	72.6	70.0	69.4	69.6	67.1	67.4	68.1
2011	65.0	72.7	71.3	66.4	70.0	67.8	65.1	69.1
Change	6.3	(0.1)	(1.3)	3.0	(0.4)	(0.7)	2.3	(1.0)

Herd Turnover Rate By Region:

Herd turnover rates were up dramatically, even more so than 2011's increase in turnover. Beef prices continued to march higher, which was one positive factor for producers last year. Increased feed costs and lower milk prices forced producers to raise the cull rate in each region or face continued losses on each animal carried in their inventory. This trend was true of most of the nation in general. As feed costs potentially soften for 2013, this increased turnover trend may cease.

	Southern California	San Joaquin Valley	Kern County	Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest
2012	39.6%	49.7%	37.1%	37.5%	37.4%	38.7%	39.6%	32.3%
2011	34.5%	41.3%	34.4%	31.3%	37.3%	34.3%	33.4%	33.2%
Change	5.1%	8.4%	2.7%	6.2%	0.1%	4.4%	6.2%	-0.9%

Average Cost of Replacement Per Head By Region:

The costs of replacement purchases definitely trended lower this year across all regions. Even though feed costs were high, the cost of carrying animals, more than eclipsed the milk income received, which drove prices down. Increased dairy herd and heifer inventories, and multiple herd sales throughout the west also put pressure on replacement costs.

	Southern California	San Joaquin Valley	Kern County	Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest
2012	$ 1,501	$ 1,140	$ 1,486	$ 1,433	$ 1,276	$ 1,401	$ 1,411	$ 1,239
2011	1,507	1,378	1,495	1,486	1,271	1,643	1,384	$ 1,345
Change	$ (6)	$ (238)	$ (9)	$ (53)	$ 5	$ (242)	$ 27	$ (106)

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

COMPARISON BY AREA
FOR THE YEAR ENDED DECEMBER 31, 2012
(BASED ON AVERAGE AMOUNTS PER HEAD)

	Southern California	San Joaquin Valley	Kern County
Income:			
Milk sales	$ 3,708	$ 3,627	$ 3,585
Calves and other	57	73	51
Total income	$ 3,765	$ 3,700	$ 3,636
Cost of operations:			
Feed:			
Grain	$ 1,785	$ 1,826	$ 1,647
Hay and other	842	677	920
Total feed	$ 2,627	$ 2,503	$ 2,567
Labor, (including fringe costs)	$ 366	$ 316	$ 265
Herd replacement costs	$ 316	$ 250	$ 253
Other costs:			
Milk hauling	$ 89	$ 72	$ 74
State and association charges	32	46	40
Veterinary, breeding, testing, etc.	97	96	65
Supplies	75	102	93
Repairs and maintenance	141	85	95
Utilities	57	57	76
Occupancy costs	114	110	111
Depreciation - equipment	26	70	65
Interest	58	127	95
Miscellaneous	108	153	120
Total other costs	$ 797	$ 918	$ 834
Total cost of operations	$ 4,106	$ 3,987	$ 3,919
Net income (loss)	$ (341)	$ (287)	$ (283)

See accompanying explanation of income and cost factors.

Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest	Your December 31, 2012 Amounts
$ 4,001	$ 3,976	$ 3,560	$ 3,943	$ 3,746	$
67	93	80	100	166	
$ 4,068	$ 4,069	$ 3,640	$ 4,043	$ 3,912	$
$ 1,734	$ 1,572	$ 1,723	$ 1,729	$ 1,444	$
756	689	714	778	682	
$ 2,490	$ 2,261	$ 2,437	$ 2,507	$ 2,126	$
$ 411	$ 360	$ 328	$ 341	$ 345	$
$ 221	$ 220	$ 159	$ 230	$ 260	$
$ 93	$ 69	$ 170	$ 135	$ 133	$
55	46	70	62	59	
55	74	102	91	127	
140	214	100	134	111	
117	135	100	86	104	
83	49	64	43	42	
95	79	83	131	142	
50	82	57	57	70	
124	99	95	81	95	
189	180	169	157	167	
$ 1,001	$ 1,027	$ 1,010	$ 977	$ 1,050	$
$ 4,123	$ 3,868	$ 3,934	$ 4,055	$ 3,781	$
$ (55)	$ 201	$ (294)	$ (12)	$ 131	$

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

COMPARISON BY AREA
FOR THE YEAR ENDED DECEMBER 31, 2012
(BASED ON AVERAGE AMOUNTS
PER HUNDREDWEIGHT OF MILK)

	Southern California	San Joaquin Valley	Kern County
Income:			
Milk sales	$ 16.91	$ 16.66	$ 16.97
Calves and other	0.26	0.34	0.25
Total income	$ 17.17	$ 17.00	$ 17.22
Cost of operations:			
Feed:			
Grain	$ 8.14	$ 8.39	$ 7.80
Hay and other	3.85	3.11	4.35
Total feed	$ 11.99	$ 11.50	$ 12.15
Labor, (including fringe costs)	$ 1.67	$ 1.43	$ 1.25
Herd replacement costs	$ 1.44	$ 1.15	$ 1.20
Other costs:			
Milk hauling	$ 0.41	$ 0.33	$ 0.35
State and association charges	0.15	0.20	0.19
Veterinary, breeding, testing, etc.	0.44	0.43	0.30
Supplies	0.34	0.46	0.44
Repairs and maintenance	0.65	0.37	0.45
Utilities	0.26	0.26	0.36
Occupancy costs	0.52	0.50	0.52
Depreciation - equipment	0.12	0.32	0.31
Interest	0.27	0.58	0.45
Miscellaneous	0.49	0.63	0.55
Total other costs	$ 3.65	$ 4.08	$ 3.92
Total cost of operations	$ 18.75	$ 18.16	$ 18.52
Net income (loss)	$ (1.58)	$ (1.16)	$ (1.30)

See accompanying explanation of income and cost factors.

Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest	Your December 31, 2012 Amounts
$ 18.48	$ 18.07	$ 18.31	$ 19.05	$ 18.56	$
0.32	0.43	0.39	0.49	0.83	
$ 18.80	$ 18.50	$ 18.70	$ 19.54	$ 19.39	$
$ 8.01	$ 7.15	$ 8.86	$ 8.36	$ 7.15	$
3.48	3.14	3.68	3.76	3.38	
$ 11.49	$ 10.29	$ 12.54	$ 12.12	$ 10.53	$
$ 1.89	$ 1.64	$ 1.70	$ 1.65	$ 1.70	$
$ 1.02	$ 1.00	$ 0.82	$ 1.11	$ 1.29	$
$ 0.43	$ 0.32	$ 0.87	$ 0.65	$ 0.66	$
0.26	0.21	0.36	0.30	0.29	
0.26	0.34	0.52	0.44	0.63	
0.65	0.97	0.51	0.65	0.55	
0.54	0.62	0.52	0.42	0.52	
0.38	0.22	0.33	0.21	0.21	
0.44	0.36	0.43	0.64	0.70	
0.23	0.37	0.29	0.28	0.35	
0.57	0.45	0.49	0.40	0.47	
0.88	0.81	0.88	0.76	0.80	
$ 4.64	$ 4.67	$ 5.20	$ 4.75	$ 5.18	$
$ 19.04	$ 17.60	$ 20.26	$ 19.63	$ 18.70	$
$ (0.24)	$ 0.90	$ (1.56)	$ (0.09)	$ 0.69	$

SUMMARY OF FINANCIAL STATISTICS

COMPARISON BY AREA
FOR THE YEAR ENDED DECEMBER 31, 2012

	Southern California	San Joaquin Valley	Kern County
1. Current Ratio	0.42 : 1	0.88 : 1	1.15 : 1
2. Herd Line Debt Per Cow	$ 800	$ 994	$ 1,005
3. Total Debt Per Cow	$ 1,994	$ 3,192	$ 3,029
4. Debt to Equity Ratio	1.58 : 1	2.45 : 1	1.26 : 1
5. Return on Total Assets	-8.9%	-4.2%	-3.6%
6. Income (loss) per milking cow per month	$ (31.10)	$ (11.93)	$ (8.21)

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, 2012 Results
0.46 : 1	0.68 : 1	0.61 : 1	0.68 : 1	0.95 : 1	
$ 987	$ 586	$ 728	$ 729	$ 793	$
$ 3,272	$ 2,487	$ 2,414	$ 2,604	$ 2,594	$
2.40 : 1	1.38 : 1	1.72 : 1	1.88 : 1	1.50 : 1	
-0.8%	3.2%	-5.5%	-0.2%	2.2%	
$ (4.28)	$ 32.95	$ (15.48)	$ (1.12)	$ 19.67	$

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED
DECEMBER 31, 2012, 2011, AND 2010
SOUTHERN CALIFORNIA
(BASED ON AVERAGE AMOUNTS)

	PER HEAD		
	2012	2011	2010
Income:			
Milk sales	$ 3,708	$ 3,863	$ 3,271
Calves and other	57	96	58
Total income	$ 3,765	$ 3,959	$ 3,329
Cost of operations:			
Feed:			
Grain	$ 1,785	$ 1,487	$ 1,117
Hay and other	842	896	482
Total feed	$ 2,627	$ 2,383	$ 1,599
Labor, (including fringe costs)	$ 366	$ 352	$ 371
Herd replacement costs	$ 316	$ 316	$ 371
Other costs:			
Milk hauling	$ 89	$ 85	$ 88
State and association charges	32	32	31
Veterinary, breeding, testing, etc.	97	93	72
Supplies	75	101	105
Repairs and maintenance	141	159	126
Utilities	57	59	63
Occupancy costs	114	119	128
Depreciation - equipment	26	29	40
Interest	58	97	112
Miscellaneous	108	128	134
Total other costs	$ 797	$ 902	$ 899
Total cost of operations	$ 4,106	$ 3,953	$ 3,240
Net income (loss)	$ (341)	$ 6	$ 89

See accompanying explanation of income and cost factors.

	PER CWT. OF MILK			YOUR 2012 RESULTS	
	2012	2011	2010	PER HEAD	PER CWT. OF MILK
	$ 16.91	$ 18.85	$ 15.68	$	$
	0.26	0.44	0.23		
	$ 17.17	$ 19.29	$ 15.91	$	$
	$ 8.14	$ 7.26	$ 5.36	$	$
	3.85	4.38	2.30		
	$ 11.99	$ 11.64	$ 7.66	$	$
	$ 1.67	$ 1.72	$ 1.78	$	$
	$ 1.44	$ 1.54	$ 1.78	$	$
	$ 0.41	$ 0.41	$ 0.42	$	$
	0.15	0.16	0.15		
	0.44	0.45	0.35		
	0.34	0.49	0.51		
	0.65	0.78	0.61		
	0.26	0.29	0.30		
	0.52	0.58	0.61		
	0.12	0.14	0.19		
	0.27	0.47	0.54		
	0.49	0.62	0.65		
	$ 3.65	$ 4.39	$ 4.33	$	$
	$ 18.75	$ 19.29	$ 15.55	$	$
	$ (1.58)	$ 0.00	$ 0.36	$	$

SUMMARY OF FINANCIAL STATISTICS

SOUTHERN CALIFORNIA

		December 31, 2012	December 31, 2011	December 31, 2010
1.	Current Ratio	0.42 : 1	0.34 : 1	0.33 : 1
2.	Herd Line Debt Per Cow	$ 800	$ 915	$ 1,138
3.	Total Debt Per Cow	$ 1,994	$ 2,098	$ 2,082
4.	Debt to Equity Ratio	1.58 : 1	2.09 : 1	1.09 : 1
5.	Return on Total Assets	-8.9%	0.2%	1.9%
6.	Income (loss) per milking cow per month	$ (31.10)	$ 0.24	$ 9.87

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, 2012, 2011, AND 2010
SOUTHERN CALIFORNIA
(BASED ON AVERAGE AMOUNTS)

	2012	2011	2010
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	21,927	20,496	20,834
Daily pounds of milk, per milking cow	71.3	65.0	67.8
Butterfat test	3.47 %	3.49 %	3.44 %
Solids-non-fat test	8.83 %	8.78 %	8.78 %
Blend price per hundredweight	$ 16.91	$ 18.85	$ 15.68
Milk receipts, per milking cow	$ 3,766	$ 3,863	$ 3,884
HERD INFORMATION:			
Herd size - total	1,944	1,577	1,359
Percent of dry cows	15.7 %	13.6 %	15.8 %
Herd turnover rate	39.6 %	34.5 %	35.8 %
Composition of herd:			
Purchased cows	43 %	35 %	29 %
Self-raised cows	57 %	65 %	71 %
Cost of purchased cows	$ 1,501	$ 1,507	$ 1,439
Beef price received	$ 817	$ 777	$ 633
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	48.1 %	38.5 %	34.2 %
Hay and other	22.8 %	23.2 %	14.7 %
Totals	70.9 %	61.7 %	48.9 %

INCOME AND COST OF OPERATIONS

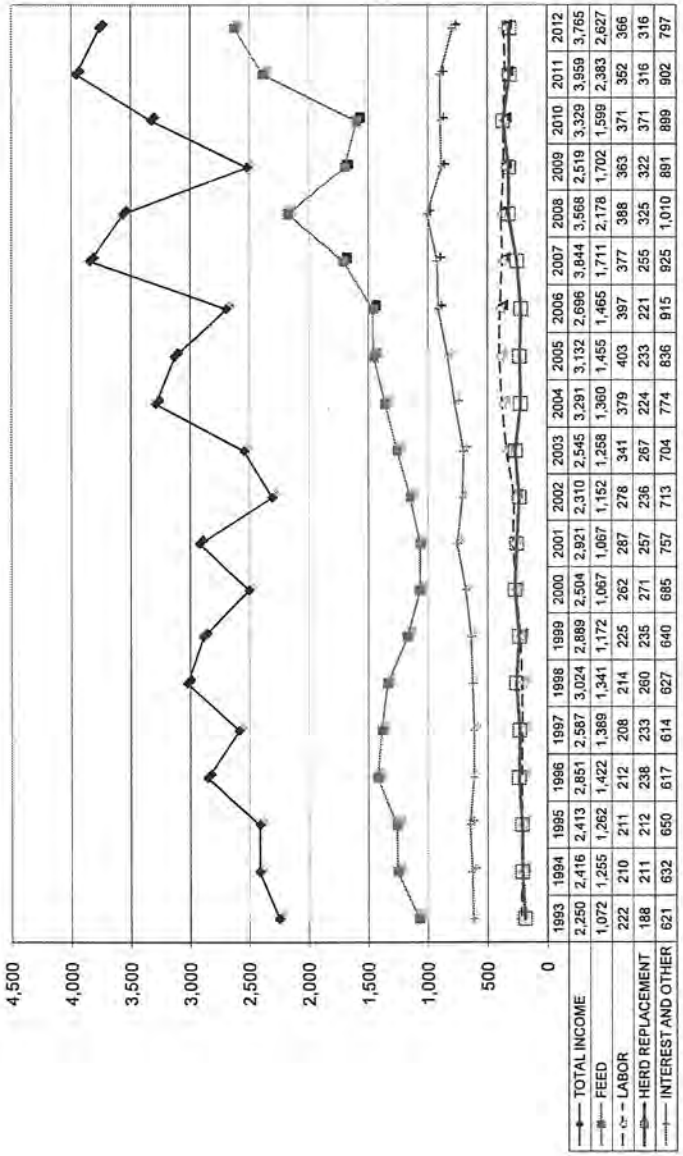
SOUTHERN CALIFORNIA

(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

	December 31, 2012	December 31, 2011	December 31, 2010
Income:			
Milk Sales	$ 16.91	$ 18.85	$ 15.68
Calves and other	0.26	0.44	0.23
Total income	$ 17.17	$ 19.29	$ 15.91
Total cost of operations:			
Feed	$ 11.99	$ 11.64	$ 7.66
Labor	1.67	1.72	1.78
Herd replacement costs	1.44	1.54	1.78
Other costs	3.65	4.39	4.33
Total costs of operations	$ 18.75	$ 19.29	$ 15.55
Net income (loss)	$ (1.58)	$ 0	$ 0.36
Cost of operations as a percentage of income	109.20%	100.00%	97.74%
Feed costs as a percentage of milk sales	70.90%	61.75%	48.85%
Net income (loss) per milking cow per month	$ (31.10)	$ 0.24	$ 9.87
Cumulative net loss per cwt. from 2006 to 2012	$ (5.37)		

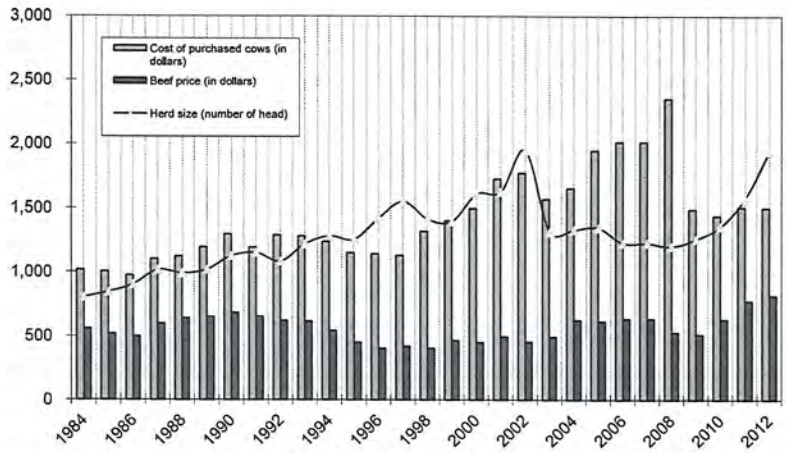
December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
$ 12.42	$ 17.22	$ 18.46	$ 12.25
0.46	0.28	0.23	0.48
$ 12.88	$ 17.50	$ 18.69	$ 12.73
$ 8.74	$ 10.69	$ 8.31	$ 6.90
1.86	1.90	1.83	1.86
1.65	1.60	1.24	1.05
4.56	4.95	4.51	4.30
$ 16.81	$ 19.14	$ 15.89	$ 14.11
$ (3.93)	$ (1.64)	$ 2.80	$ (1.38)
130.51%	109.37%	85.02%	110.84%
70.37%	62.08%	45.02%	56.33%
$ (74.43)	$ (34.34)	$ 53.99	$ (33.82)

LONG-TERM TREND - ON A "PER HEAD" BASIS
SOUTHERN CALIFORNIA
INCOME AND OPERATING COSTS
1993 - 2012

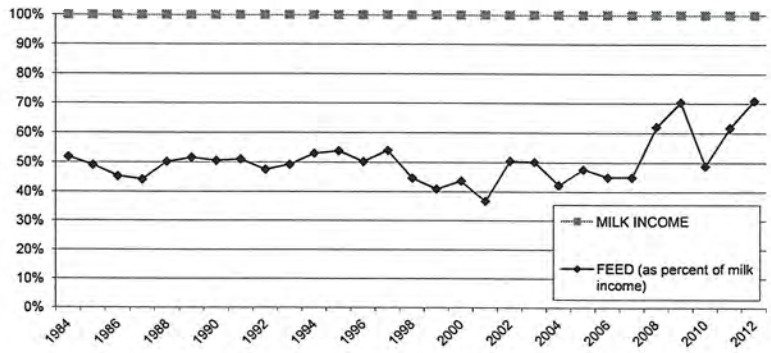


	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
TOTAL INCOME	2,250	2,416	2,413	2,851	2,587	3,024	2,889	2,504	2,921	2,310	2,545	3,291	3,132	2,696	3,844	3,568	2,519	3,329	3,959	3,765
FEED	1,072	1,255	1,262	1,422	1,369	1,341	1,172	1,067	1,067	1,152	1,258	1,360	1,455	1,465	1,711	2,178	1,702	1,599	2,383	2,627
LABOR	222	210	211	212	208	214	225	262	287	278	341	379	403	397	377	388	363	371	352	366
HERD REPLACEMENT	188	211	212	238	233	260	235	271	257	236	267	224	233	221	255	325	322	371	316	316
INTEREST AND OTHER	621	632	650	617	614	627	640	685	757	713	704	774	836	915	925	1,010	891	899	902	797

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, 2012, 2011, AND 2010
SAN JOAQUIN VALLEY
(BASED ON AVERAGE AMOUNTS)

	PER HEAD		
	2012	2011	2010
Income:			
Milk sales	$ 3,627	$ 4,080	$ 3,311
Calves and other	73	68	21
Total income	$ 3,700	$ 4,148	$ 3,332
Cost of operations:			
Feed:			
Grain	$ 1,826	$ 1,660	$ 1,262
Hay and other	677	606	387
Total feed	$ 2,503	$ 2,266	$ 1,649
Labor, (including fringe costs)	$ 316	$ 315	$ 310
Herd replacement costs	$ 250	$ 259	$ 250
Other costs:			
Milk hauling	$ 72	$ 74	$ 73
State and association charges	46	43	46
Veterinary, breeding, testing, etc.	96	98	92
Supplies	102	109	124
Repairs and maintenance	85	105	97
Utilities	57	66	75
Occupancy costs	110	122	139
Depreciation - equipment	70	68	61
Interest	127	132	137
Miscellaneous	153	145	138
Total other costs	$ 918	$ 962	$ 982
Total cost of operations	$ 3,987	$ 3,802	$ 3,191
Net income (loss)	$ (287)	$ 346	$ 141

See accompanying explanation of income and cost factors.

PER CWT. OF MILK			YOUR 2012 RESULTS	
2012	2011	2010	PER HEAD	PER CWT. OF MILK
$ 16.66	$ 18.68	$ 14.94	$	$
0.34	0.32	0.10		
$ 17.00	$ 19.00	$ 15.04	$	$
$ 8.39	$ 7.60	$ 5.70	$	$
3.11	2.77	1.76		
$ 11.50	$ 10.37	$ 7.46	$	$
$ 1.43	$ 1.45	$ 1.40	$	$
$ 1.15	$ 1.18	$ 1.13	$	$
$ 0.33	$ 0.34	$ 0.33	$	$
0.20	0.20	0.21		
0.43	0.45	0.42		
0.46	0.50	0.56		
0.37	0.48	0.44		
0.26	0.30	0.34		
0.50	0.55	0.62		
0.32	0.31	0.27		
0.58	0.61	0.62		
0.63	0.65	0.61		
$ 4.08	$ 4.39	$ 4.42	$	$
$ 18.16	$ 17.39	$ 14.41	$	$
$ (1.16)	$ 1.61	$ 0.63	$	$

SUMMARY OF FINANCIAL STATISTICS

	SAN JOAQUIN VALLEY		
	December 31, 2012	December 31, 2011	December 31, 2010
1. Current Ratio	0.88 : 1	0.84 : 1	0.62 : 1
2. Herd Line Debt Per Cow	$ 994	$ 953	$ 1,129
3. Total Debt Per Cow	$ 3,192	$ 3,047	$ 2,724
4. Debt to Equity Ratio	2.45 : 1	2.02 : 1	2.10 : 1
5. Return on Total Assets	-4.2%	5.0%	2.4%
6. Income (loss) per milking cow per month	$ (11.93)	$ 59.07	$ 20.60

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, 2012, 2011, AND 2010
SAN JOAQUIN VALLEY
(BASED ON AVERAGE AMOUNTS)

	2012	2011	2010
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	21,765	21,848	22,134
Daily pounds of milk, per milking cow	72.6	72.7	71.6
Butterfat test	3.66 %	3.64 %	3.58 %
Solids-non-fat test	8.84 %	8.82 %	8.73 %
Blend price per hundredweight	$ 16.66	$ 18.68	$ 14.94
Milk receipts, per milking cow	$ 4,416	$ 4,080	$ 3,910
HERD INFORMATION:			
Herd size - total	3,587	3,686	2,809
Percent of dry cows	17.9 %	17.6 %	15.3 %
Herd turnover rate	49.7 %	41.3 %	37.4 %
Composition of herd:			
Purchased cows	11 %	12 %	5 %
Self-raised cows	89 %	88 %	95 %
Cost of purchased cows	$ 1,140	$ 1,378	$ 1,332
Beef price received	$ 814	$ 838	$ 702
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	50.4 %	40.7 %	38.2 %
Hay and other	18.7 %	14.8 %	11.8 %
Totals	69.0 %	55.5 %	50.0 %

INCOME AND COST OF OPERATIONS

SAN JOAQUIN VALLEY

(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

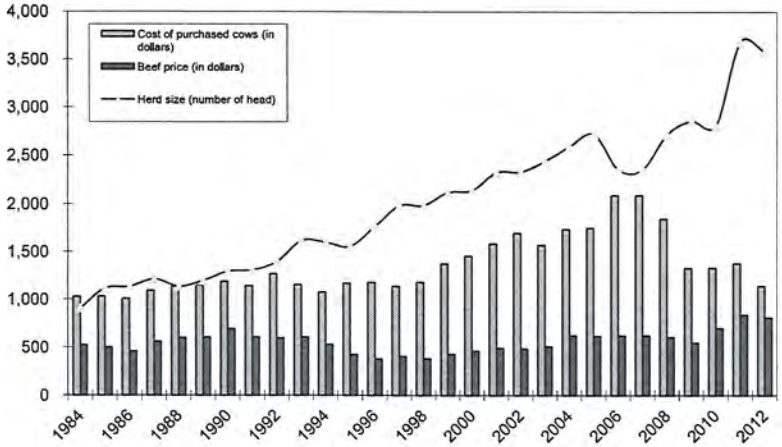
	December 31, 2012	December 31, 2011	December 31, 2010
Income:			
Milk Sales	$ 16.66	$ 18.68	$ 14.94
Calves and other	0.34	0.32	0.10
Total income	$ 17.00	$ 19.00	$ 15.04
Total cost of operations:			
Feed	$ 11.50	$ 10.37	$ 7.46
Labor	1.43	1.45	1.40
Herd replacement costs	1.15	1.18	1.13
Other costs	4.08	4.39	4.42
Total costs of operations	$ 18.16	$ 17.39	$ 14.41
Net income (loss)	$ (1.16)	$ 1.61	$ 0.63
Cost of operations as a percentage of income	106.82%	91.53%	95.81%
Feed costs as a percentage of milk sales	69.03%	55.51%	49.93%
Net income (loss) per milking cow per month	$ (11.93)	$ 59.07	$ 20.60
Cumulative net income per cwt. from 2006 to 2012	$ (2.02)		

	December 31, 2009		December 31, 2008		December 31, 2007		December 31, 2006
	$ 11.71	$	16.84	$	18.48	$	11.82
	0.23		0.14		0.35		0.38
	$ 11.94	$	16.98	$	18.83	$	12.20
	$ 8.81	$	9.38	$	7.84	$	6.47
	1.48		1.54		1.44		1.48
	1.30		1.19		1.04		1.07
	4.78		5.52		5.03		4.68
	$ 16.37	$	17.63	$	15.35	$	13.70
	$ (4.43)	$	(0.65)	$	3.48	$	(1.50)
	137.10%		103.83%		81.52%		112.30%
	75.23%		55.70%		42.42%		54.74%
	$ (91.89)	$	(1.40)	$	88.56	$	(27.19)

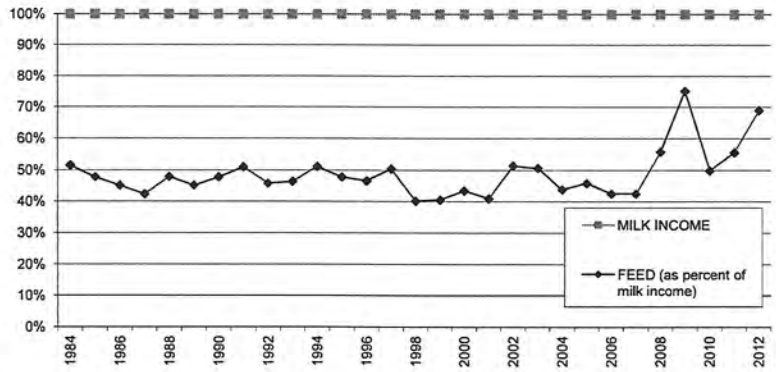
LONG-TERM TREND - ON A "PER HEAD" BASIS
SAN JOAQUIN VALLEY
INCOME AND OPERATING COSTS
1990 - 2012

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
TOTAL INCOME	2,312	2,176	2,253	2,316	2,399	2,546	2,863	2,756	3,064	2,931	2,577	3,037	2,599	2,602	3,271	3,159	2,515	4,086	3,709	2,584	3,332	4,148	3,700
FEED	1,037	1,047	972	1,023	1,185	1,183	1,313	1,365	1,217	1,165	1,086	1,200	1,298	1,267	1,399	1,427	1,333	1,700	2,050	1,907	1,649	2,266	2,503
LABOR	249	255	263	238	235	219	213	207	203	210	241	239	262	276	291	302	305	313	337	324	310	315	316
HERD REPLACEMENT	149	148	163	175	185	203	206	201	227	247	249	255	256	266	224	214	221	225	260	280	260	259	250
INTEREST AND OTHER	629	638	653	689	680	739	695	685	679	705	802	788	785	793	833	891	964	1,101	1,214	1,035	982	962	918

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, 2012, 2011, AND 2010
KERN COUNTY
(BASED ON AVERAGE AMOUNTS)

	PER HEAD		
	2012	2011	2010
Income:			
Milk sales	$ 3,585	$ 3,966	$ 3,169
Calves and other	51	38	30
Total income	$ 3,636	$ 4,004	$ 3,199
Cost of operations:			
Feed:			
Grain	$ 1,647	$ 1,483	$ 1,135
Hay and other	920	557	467
Total feed	$ 2,567	$ 2,040	$ 1,602
Labor, (including fringe costs)	$ 265	$ 272	$ 273
Herd replacement costs	$ 253	$ 259	$ 256
Other costs:			
Milk hauling	$ 74	$ 72	$ 70
State and association charges	40	39	39
Veterinary, breeding, testing, etc.	65	60	59
Supplies	93	97	91
Repairs and maintenance	95	92	91
Utilities	76	74	77
Occupancy costs	111	104	108
Depreciation - equipment	65	59	62
Interest	95	103	130
Miscellaneous	120	106	99
Total other costs	$ 834	$ 806	$ 826
Total cost of operations	$ 3,919	$ 3,377	$ 2,957
Net income (loss)	$ (283)	$ 627	$ 242

See accompanying explanation of income and cost factors.

	PER CWT. OF MILK			YOUR 2012 RESULTS	
	2012	2011	2010	PER HEAD	PER CWT. OF MILK
	$ 16.97	$ 19.02	$ 15.31	$	$
	0.25	0.19	0.15		
	$ 17.22	$ 19.21	$ 15.46	$	$
	$ 7.80	$ 7.11	$ 5.49	$	$
	4.35	2.67	2.26		
	$ 12.15	$ 9.78	$ 7.75	$	$
	$ 1.25	$ 1.31	$ 1.31	$	$
	$ 1.20	$ 1.24	$ 1.24	$	$
	$ 0.35	$ 0.34	$ 0.34	$	$
	0.19	0.19	0.19		
	0.30	0.29	0.28		
	0.44	0.47	0.44		
	0.45	0.44	0.43		
	0.36	0.35	0.37		
	0.52	0.51	0.52		
	0.31	0.28	0.30		
	0.45	0.49	0.63		
	0.55	0.50	0.47		
	$ 3.92	$ 3.86	$ 3.97	$	$
	$ 18.52	$ 16.19	$ 14.27	$	$
	$ (1.30)	$ 3.02	$ 1.19	$	$

SUMMARY OF FINANCIAL STATISTICS

		KERN COUNTY		
		December 31, 2012	December 31, 2011	December 31, 2010
1.	Current Ratio	1.15 : 1	0.15 : 1	0.79 : 1
2.	Herd Line Debt Per Cow	$ 1,005	$ 1,124	$ 1,313
3.	Total Debt Per Cow	$ 3,029	$ 3,225	$ 3,390
4.	Debt to Equity Ratio	1.26 : 1	1.28 : 1	1.65 : 1
5.	Return on Total Assets	-3.6%	7.7%	1.6%
6.	Income (loss) per milking cow per month	$ (8.21)	$ 82.44	$ 20.47

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, 2012, 2011, AND 2010
KERN COUNTY
(BASED ON AVERAGE AMOUNTS)

	2012	2011	2010
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	21,120	20,855	20,700
Daily pounds of milk, per milking cow	70.0	71.3	68.2
Butterfat test	3.57 %	3.65 %	3.64 %
Solids-non-fat test	8.80 %	8.80 %	8.77 %
Blend price per hundredweight	$ 16.97	$ 19.02	$ 15.31
Milk receipts, per milking cow	$ 3,585	$ 3,966	$ 3,809
HERD INFORMATION:			
Herd size - total	3,355	3,498	3,365
Percent of dry cows	17.3 %	19.9 %	16.8 %
Herd turnover rate	37.1 %	34.4 %	34.4 %
Composition of herd:			
Purchased cows	2 %	6 %	7 %
Self-raised cows	98 %	94 %	93 %
Cost of purchased cows	$ 1,486	$ 1,495	$ 1,275
Beef price received	$ 797	$ 750	$ 645
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	46.0 %	37.4 %	35.9 %
Hay and other	25.6 %	14.0 %	14.8 %
Totals	71.6 %	51.4 %	50.7 %

INCOME AND COST OF OPERATIONS

KERN COUNTY

(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

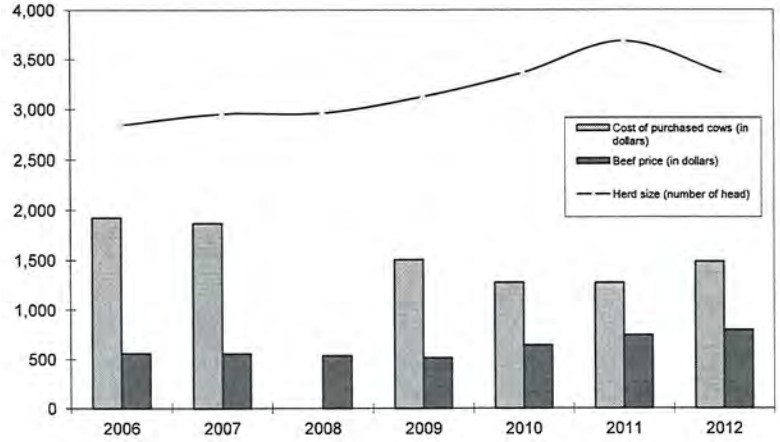
	December 31, 2012	December 31, 2011	December 31, 2010
Income:			
Milk Sales	$ 16.97	$ 19.02	$ 15.31
Calves and other	0.25	0.19	0.15
Total income	$ 17.22	$ 19.21	$ 15.46
Total cost of operations:			
Feed	$ 12.15	$ 9.78	$ 7.75
Labor	1.25	1.31	1.31
Herd replacement costs	1.20	1.24	1.24
Other costs	3.92	3.86	3.97
Total costs of operations	$ 18.52	$ 16.19	$ 14.27
Net income (loss)	$ (1.30)	$ 3.02	$ 1.19
Cost of operations as a percentage of income	107.55%	84.28%	92.30%
Feed costs as a percentage of milk sales	71.60%	51.42%	50.62%
Net income (loss) per milking cow per month	$ (8.21)	$ 82.44	$ 20.47
Cumulative net income per cwt. from 2006 to 2012	$ 2.67		

December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
$ 12.27	$ 17.37	$ 18.53	$ 12.21
0.10	0.14	0.35	0.31
$ 12.37	$ 17.51	$ 18.88	$ 12.52
$ 9.45	$ 10.50	$ 7.89	$ 6.89
1.38	1.36	1.33	1.37
1.42	1.25	1.19	1.21
4.32	4.60	4.31	3.92
$ 16.57	$ 17.71	$ 14.72	$ 13.39
$ (4.20)	$ (0.20)	$ 4.16	$ (0.87)
133.95%	101.14%	77.97%	106.95%
77.02%	60.45%	42.58%	56.43%
$ (88.01)	$ (1.22)	$ 84.69	$ (21.76)

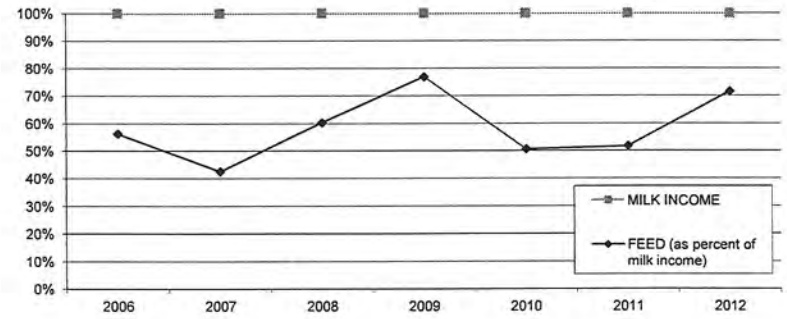
LONG-TERM TREND - ON A "PER HEAD" BASIS
KERN COUNTY
INCOME AND OPERATING COSTS
2006 - 2012

	2006	2007	2008	2009	2010	2011	2012
TOTAL INCOME	2,434	3,744	3,524	2,450	3,199	4,004	3,636
FEED	1,336	1,564	2,114	1,870	1,602	2,040	2,567
LABOR	267	263	276	272	273	272	266
HERD REPLACEMENT	235	236	251	281	256	259	253
INTEREST AND OTHER	763	855	928	854	826	806	834

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, 2012, 2011, AND 2010
ARIZONA
(BASED ON AVERAGE AMOUNTS)

	PER HEAD		
	2012	2011	2010
Income:			
Milk sales	$ 4,001	$ 4,253	$ 3,510
Calves and other	67	54	22
Total income	$ 4,068	$ 4,307	$ 3,532
Cost of operations:			
Feed:			
Grain	$ 1,734	$ 1,462	$ 1,032
Hay and other	756	718	562
Total feed	$ 2,490	$ 2,180	$ 1,594
Labor, (including fringe costs)	$ 411	$ 343	$ 334
Herd replacement costs	$ 221	$ 265	$ 316
Other costs:			
Milk hauling	$ 93	$ 100	$ 80
State and association charges	55	53	101
Veterinary, breeding, testing, etc.	55	95	50
Supplies	140	134	146
Repairs and maintenance	117	118	94
Utilities	83	86	86
Occupancy costs	95	124	143
Depreciation - equipment	50	48	33
Interest	124	175	159
Miscellaneous	189	165	144
Total other costs	$ 1,001	$ 1,098	$ 1,036
Total cost of operations	$ 4,123	$ 3,886	$ 3,280
Net income (loss)	$ (55)	$ 421	$ 252

See accompanying explanation of income and cost factors.

	PER CWT. OF MILK			YOUR 2012 RESULTS	
	2012	2011	2010	PER HEAD	PER CWT. OF MILK
	$ 18.48	$ 20.74	$ 16.47	$	$
	0.32	0.28	0.11		
	$ 18.80	$ 21.02	$ 16.58	$	$
	$ 8.01	$ 7.13	$ 4.85	$	$
	3.48	3.48	2.64		
	$ 11.49	$ 10.61	$ 7.49	$	$
	$ 1.89	$ 1.67	$ 1.58	$	$
	$ 1.02	$ 1.29	$ 1.49	$	$
	$ 0.43	$ 0.49	$ 0.38	$	$
	0.26	0.26	0.48		
	0.26	0.47	0.24		
	0.65	0.66	0.69		
	0.54	0.58	0.44		
	0.38	0.42	0.40		
	0.44	0.61	0.68		
	0.23	0.23	0.16		
	0.57	0.85	0.73		
	0.88	0.82	0.69		
	$ 4.64	$ 5.39	$ 4.89	$	$
	$ 19.04	$ 18.96	$ 15.45	$	$
	$ (0.24)	$ 2.06	$ 1.13	$	$

SUMMARY OF FINANCIAL STATISTICS

ARIZONA

		December 31, 2012	December 31, 2011	December 31, 2010
1.	Current Ratio	0.46 : 1	0.50 : 1	0.57 : 1
2.	Herd Line Debt Per Cow	$ 987	$ 1,074	$ 1,118
3.	Total Debt Per Cow	$ 3,272	$ 3,370	$ 2,964
4.	Debt to Equity Ratio	2.40 : 1	2.87 : 1	5.15 : 1
5.	Return on Total Assets	-0.8%	6.6%	5.3%
6.	Income (loss) per milking cow per month	$ (4.28)	$ 42.84	$ 28.71

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, 2012, 2011, AND 2010
ARIZONA
(BASED ON AVERAGE AMOUNTS)

	2012	2011	2010
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	21,639	20,504	21,303
Daily pounds of milk, per milking cow	69.4	66.4	66.4
Butterfat test	3.40 %	3.43 %	3.41 %
Blend price per hundredweight	$ 18.48	$ 20.74	$ 16.47
Milk receipts, per milking cow	$ 4,001	$ 4,307	$ 4,492
HERD INFORMATION:			
Herd size - total	4,059	3,818	3,301
Percent of dry cows	14.5 %	15.3 %	12.1 %
Herd turnover rate	37.5 %	31.3 %	31.2 %
Composition of herd:			
Purchased cows	22 %	47 %	44 %
Self-raised cows	78 %	53 %	56 %
Cost of purchased cows	$ 1,433	$ 1,486	$ 1,413
Beef price received	$ 824	$ 754	$ 690
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	43.3 %	34.4 %	29.4 %
Hay and other	18.8 %	16.8 %	16.0 %
Totals	62.2 %	51.2 %	45.4 %

INCOME AND COST OF OPERATIONS

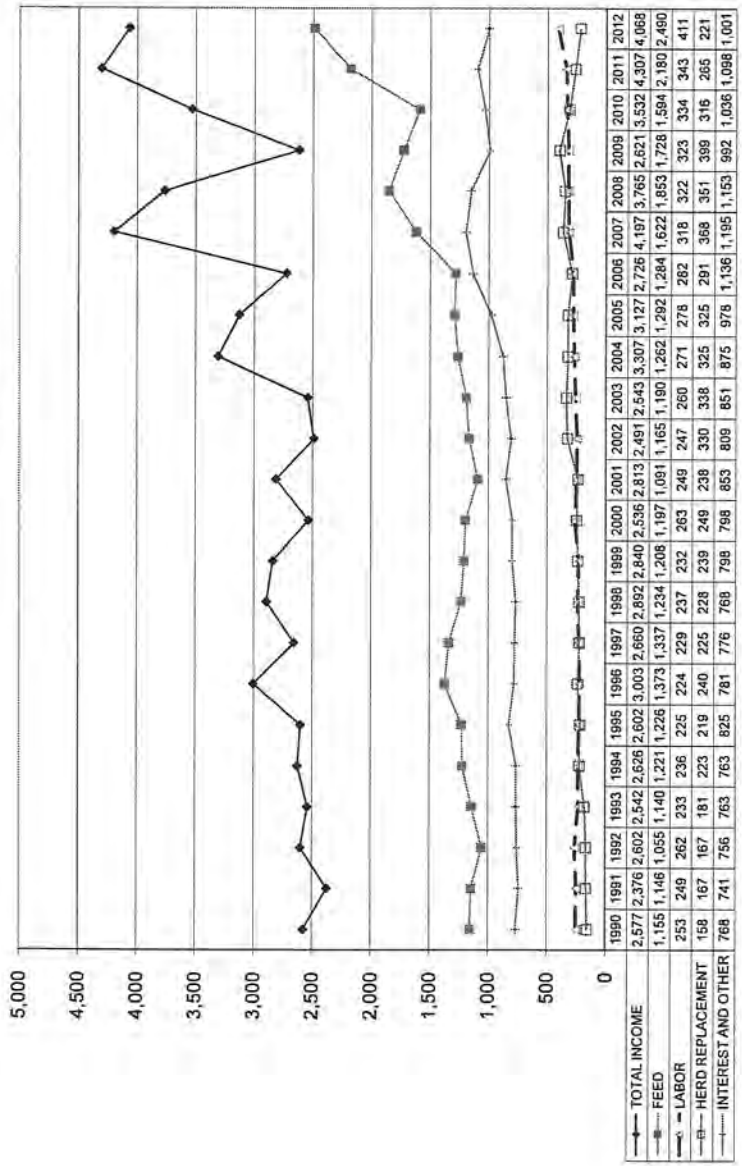
ARIZONA

(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

	December 31, 2012	December 31, 2011	December 31, 2010
Income:			
Milk Sales	$ 18.48	$ 20.74	$ 16.47
Calves and other	0.32	0.28	0.11
Total income	$ 18.80	$ 21.02	$ 16.58
Total cost of operations:			
Feed	$ 11.49	$ 10.61	$ 7.49
Labor	1.89	1.67	1.58
Herd replacement costs	1.02	1.29	1.49
Other costs	4.64	5.39	4.88
Total costs of operations	$ 19.04	$ 18.96	$ 15.44
Net income (loss)	$ (0.24)	$ 2.06	$ 1.14
Cost of operations as a percentage of income	101.28%	90.20%	93.12%
Feed costs as a percentage of milk sales	62.18%	51.16%	45.48%
Net income (loss) per milking cow per month	$ (4.28)	$ 42.84	$ 28.71
Cumulative net income per cwt. from 2006 to 2012	$ 1.33		

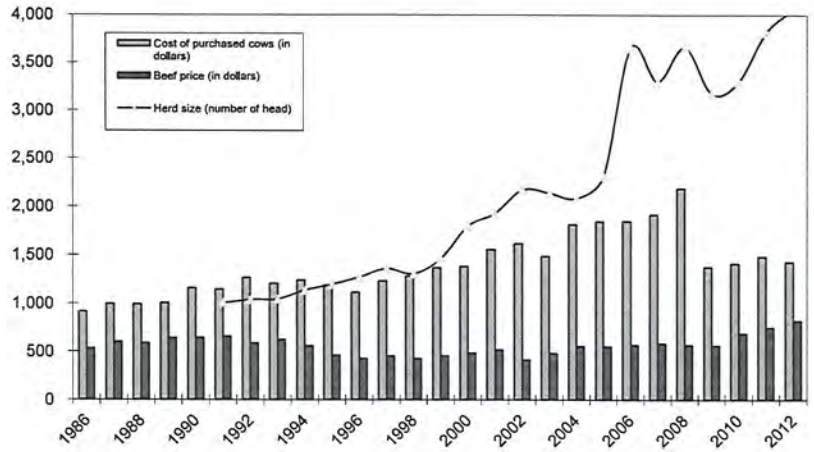
December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
$ 12.58	$ 18.11	$ 19.87	$ 12.92
0.25	0.30	0.40	0.40
$ 12.83	$ 18.41	$ 20.27	$ 13.32
$ 8.46	$ 9.07	$ 7.85	$ 6.28
1.60	1.59	1.54	1.39
1.95	1.72	1.78	1.42
4.88	5.64	5.73	5.56
$ 16.89	$ 18.02	$ 16.90	$ 14.65
$ (4.06)	$ 0.39	$ 3.37	$ (1.33)
131.64%	97.88%	83.37%	109.98%
67.25%	50.08%	39.51%	48.61%
$ (84.26)	$ 5.99	$ 64.56	$ (22.53)

LONG-TERM TREND - ON A "PER HEAD" BASIS
ARIZONA
INCOME AND OPERATING COSTS
1990 - 2012

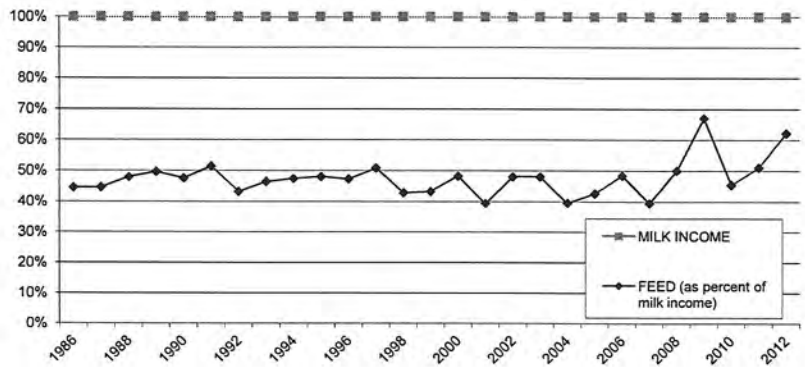


	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
TOTAL INCOME	2,577	2,376	2,602	2,542	2,626	2,602	3,003	2,660	2,892	2,840	2,535	2,813	2,491	2,543	3,307	3,127	2,726	4,197	3,765	2,621	3,532	4,307	4,068
FEED	1,155	1,146	1,055	1,140	1,221	1,226	1,373	1,337	1,234	1,208	1,197	1,091	1,165	1,190	1,262	1,292	1,284	1,622	1,853	1,728	1,594	2,180	2,490
LABOR	253	249	262	233	236	225	224	229	237	232	263	249	247	260	271	278	282	318	322	323	334	343	411
HERD REPLACEMENT	158	167	167	181	223	219	240	225	228	239	249	238	330	338	325	325	291	368	351	399	316	265	221
INTEREST AND OTHER	768	741	756	763	763	825	781	776	768	798	798	853	809	851	875	976	1,136	1,195	1,153	992	1,036	1,098	1,001

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, 2012, 2011, AND 2010
IDAHO
(BASED ON AVERAGE AMOUNTS)

	PER HEAD		
	2012	2011	2010
Income:			
Milk sales	$ 3,976	$ 4,185	$ 3,307
Calves and other	93	44	37
Total income	$ 4,069	$ 4,229	$ 3,344
Cost of operations:			
Feed:			
Grain	$ 1,572	$ 1,468	$ 1,125
Hay and other	689	699	546
Total feed	$ 2,261	$ 2,167	$ 1,671
Labor, (including fringe costs)	$ 360	$ 361	$ 352
Herd replacement costs	$ 220	$ 226	$ 243
Other costs:			
Milk hauling	$ 69	$ 67	$ 60
State and association charges	46	45	47
Veterinary, breeding, testing, etc.	74	73	71
Supplies	214	203	166
Repairs and maintenance	135	157	142
Utilities	49	47	47
Occupancy costs	79	91	90
Depreciation - equipment	82	82	83
Interest	99	118	123
Miscellaneous	180	184	159
Total other costs	$ 1,027	$ 1,067	$ 988
Total cost of operations	$ 3,868	$ 3,821	$ 3,254
Net income (loss)	$ 201	$ 408	$ 90

See accompanying explanations of income and cost factors.

	PER CWT. OF MILK			YOUR 2012 RESULTS	
	2012	2011	2010	PER HEAD	PER CWT. OF MILK
$	18.07	$ 18.88	$ 15.15	$	$
	0.43	0.20	0.16		
$	18.50	$ 19.08	$ 15.31	$	$
$	7.15	$ 6.62	$ 5.16	$	$
	3.14	3.16	2.50		
$	10.29	$ 9.78	$ 7.66	$	$
$	1.64	$ 1.63	$ 1.62	$	$
$	1.00	$ 1.02	$ 1.12	$	$
$	0.32	$ 0.30	$ 0.27	$	$
	0.21	0.20	0.21		
	0.34	0.33	0.32		
	0.97	0.91	0.76		
	0.62	0.70	0.65		
	0.22	0.21	0.22		
	0.36	0.40	0.41		
	0.37	0.37	0.38		
	0.45	0.53	0.56		
	0.81	0.82	0.70		
$	4.67	$ 4.77	$ 4.48	$	$
$	17.60	$ 17.20	$ 14.88	$	$
$	0.90	$ 1.88	$ 0.43	$	$

SUMMARY OF FINANCIAL STATISTICS

	IDAHO		
	December 31, 2012	December 31, 2011	December 31, 2010
1. Current Ratio	0.68 : 1	0.83 : 1	0.64 : 1
2. Herd Line Debt Per Cow	$ 586	$ 657	$ 825
3. Total Debt Per Cow	$ 2,487	$ 2,568	$ 2,635
4. Debt to Equity Ratio	1.38 : 1	1.56 : 1	1.94 : 1
5. Return on Total Assets	3.2%	6.7%	1.6%
6. Income (loss) per milking cow per month	$ 32.95	$ 56.87	$ 18.16

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, 2012, 2011, AND 2010
IDAHO
(BASED ON AVERAGE AMOUNTS)

	2012	2011	2010
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	21,992	22,174	21,829
Daily pounds of milk, per milking cow	69.6	70.0	68.9
Butterfat test	3.65 %	3.59 %	3.61 %
Blend price per hundredweight	$ 18.07	$ 18.88	$ 15.15
Milk receipts, per milking cow	$ 3,976	$ 4,185	$ 3,810
HERD INFORMATION:			
Herd size - total	4,050	3,684	2,959
Percent of dry cows	13.4 %	13.2 %	13.2 %
Herd turnover rate	37.4 %	37.3 %	34.3 %
Composition of herd:			
Purchased cows	6 %	6 %	7 %
Self-raised cows	94 %	94 %	93 %
Cost of purchased cows	$ 1,276	$ 1,271	$ 1,167
Beef price received	$ 805	$ 743	$ 622
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	39.6 %	35.1 %	34.1 %
Hay and other	17.4 %	16.7 %	16.5 %
Totals	56.9 %	51.8 %	50.6 %

INCOME AND COST OF OPERATIONS

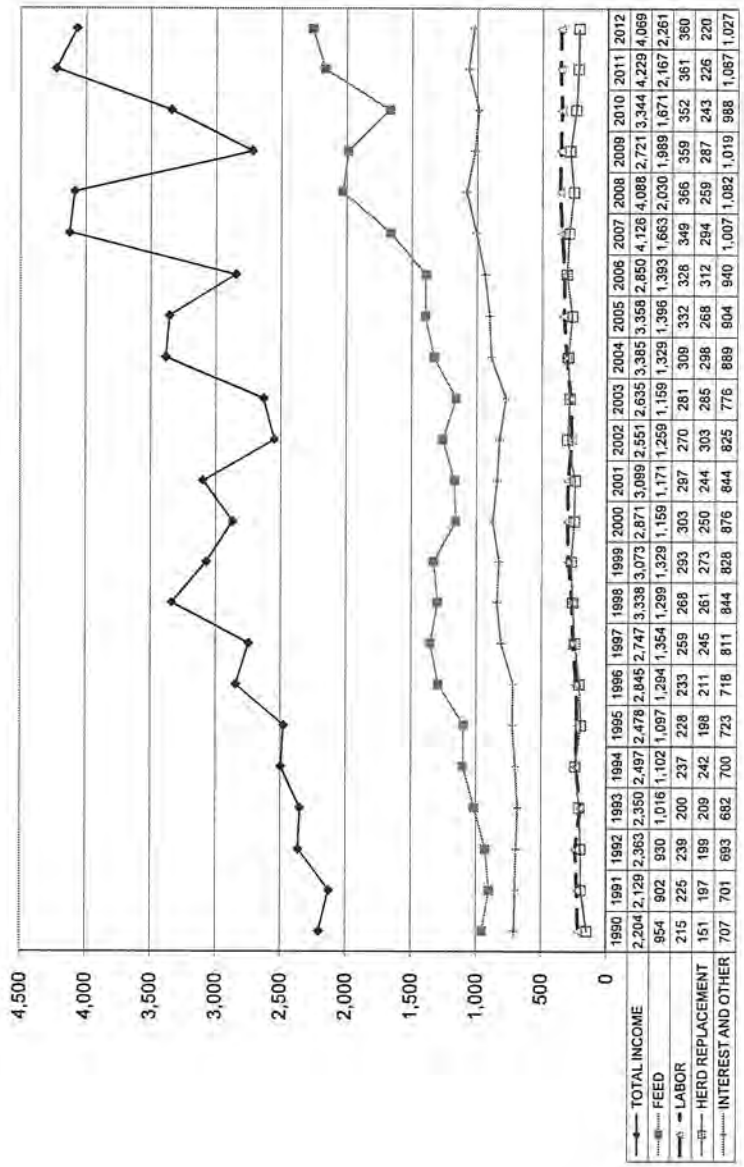
IDAHO

(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

	December 31, 2012	December 31, 2011	December 31, 2010
Income:			
Milk Sales	$ 18.07	$ 18.88	$ 15.15
Calves and other	0.43	0.20	0.16
Total income	$ 18.50	$ 19.08	$ 15.31
Total cost of operations:			
Feed	$ 10.29	$ 9.78	$ 7.66
Labor	1.64	1.63	1.62
Herd replacement costs	1.00	1.02	1.12
Other costs	4.67	4.77	4.49
Total costs of operations	$ 17.60	$ 17.20	$ 14.89
Net income (loss)	$ 0.90	$ 1.88	$ 0.42
Cost of operations as a percentage of income	95.14%	90.15%	97.26%
Feed costs as a percentage of milk sales	56.95%	51.80%	50.56%
Net income (loss) per milking cow per month	$ 32.95	$ 56.87	$ 18.16
Cumulative net income per cwt. from 2006 to 2012	$ 3.78		

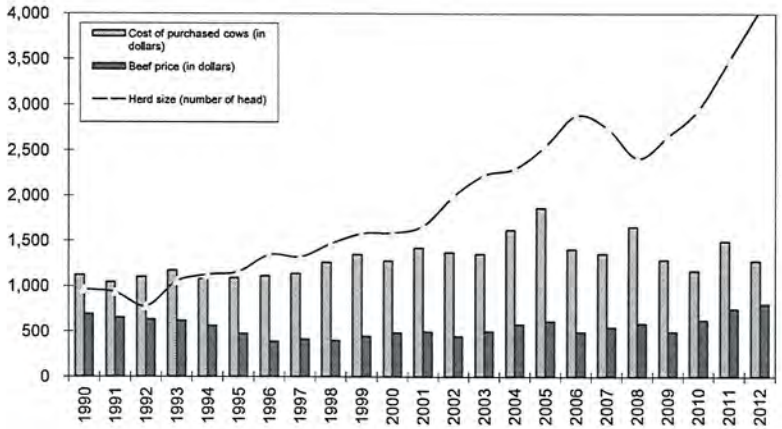
December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
$ 12.27	$ 18.15	$ 18.07	$ 12.15
0.25	0.18	0.43	0.35
$ 12.52	$ 18.33	$ 18.50	$ 12.50
$ 9.14	$ 9.09	$ 7.37	$ 6.11
1.65	1.65	1.55	1.43
1.32	1.16	1.31	1.37
4.70	4.85	4.46	4.11
$ 16.81	$ 16.75	$ 14.69	$ 13.02
$ (4.29)	$ 1.58	$ 3.81	$ (0.52)
134.27%	91.38%	79.41%	104.16%
74.49%	50.08%	40.79%	50.29%
$ (81.62)	$ 42.46	$ 95.04	$ (11.16)

LONG-TERM TREND - ON A "PER HEAD" BASIS
IDAHO
INCOME AND OPERATING COSTS
1990 - 2012

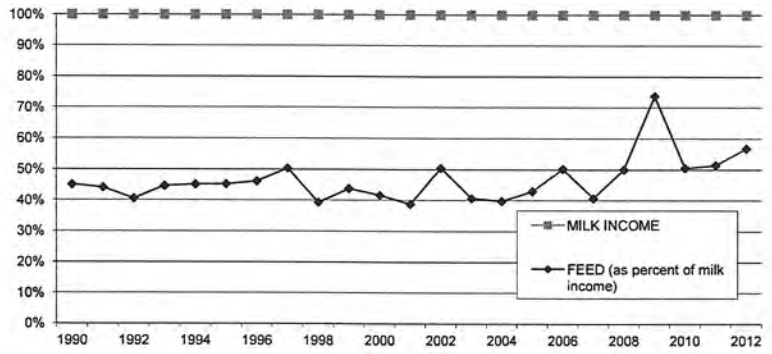


	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
TOTAL INCOME	2,204	2,129	2,363	2,350	2,497	2,478	2,845	2,747	3,338	3,073	2,871	3,099	2,551	2,635	3,385	3,358	2,850	4,126	4,088	2,721	3,344	4,229	4,069
FEED	954	902	930	1,016	1,102	1,097	1,294	1,354	1,299	1,329	1,159	1,171	1,259	1,159	1,329	1,396	1,393	1,663	2,030	1,989	1,671	2,167	2,261
LABOR	215	225	239	200	237	228	233	259	268	293	303	297	270	281	309	332	328	349	366	359	352	361	360
HERD REPLACEMENT	151	197	199	209	242	198	211	245	261	273	250	244	303	285	298	268	312	294	259	287	243	226	220
INTEREST AND OTHER	707	701	693	682	700	723	718	811	844	828	876	844	825	776	889	804	940	1,007	1,082	1,019	988	1,087	1,027

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, 2012, 2011, AND 2010
NEW MEXICO
(BASED ON AVERAGE AMOUNTS)

	PER HEAD		
	2012	2011	2010
Income:			
Milk sales	$ 3,560	$ 3,948	$ 3,219
Calves and other	80	60	42
Total income	$ 3,640	$ 4,008	$ 3,261
Cost of operations:			
Feed:			
Grain	$ 1,723	$ 1,443	$ 1,098
Hay and other	714	663	457
Total feed	$ 2,437	$ 2,106	$ 1,555
Labor, (including fringe costs)	$ 328	$ 319	$ 302
Herd replacement costs	$ 159	$ 222	$ 243
Other costs:			
Milk hauling	$ 170	$ 152	$ 155
State and association charges	70	77	83
Veterinary, breeding, testing, etc.	102	80	73
Supplies	100	108	119
Repairs and maintenance	100	99	103
Utilities	64	70	54
Occupancy costs	83	83	81
Depreciation - equipment	57	58	57
Interest	95	110	101
Miscellaneous	169	160	173
Total other costs	$ 1,010	$ 997	$ 999
Total cost of operations	$ 3,934	$ 3,644	$ 3,099
Net income (loss)	$ (294)	$ 364	$ 162

See accompanying explanation of income and cost factors.

	PER CWT. OF MILK			YOUR 2012 RESULTS	
	2012	2011	2010	PER HEAD	PER CWT. OF MILK
	$ 18.31	$ 19.89	$ 17.02	$	$
	0.39	0.29	0.18		
	$ 18.70	$ 20.18	$ 17.20	$	$
	$ 8.86	$ 7.27	$ 5.81	$	$
	3.68	3.35	2.42		
	$ 12.54	$ 10.62	$ 8.23	$	$
	$ 1.70	$ 1.62	$ 1.60	$	$
	$ 0.82	$ 1.12	$ 1.28	$	$
	$ 0.87	$ 0.77	$ 0.82	$	$
	0.36	0.39	0.44		
	0.52	0.39	0.39		
	0.51	0.55	0.63		
	0.52	0.50	0.54		
	0.33	0.35	0.29		
	0.43	0.42	0.43		
	0.29	0.29	0.30		
	0.49	0.56	0.53		
	0.88	0.81	0.85		
	$ 5.20	$ 5.03	$ 5.22	$	$
	$ 20.26	$ 18.39	$ 16.33	$	$
	$ (1.56)	$ 1.79	$ 0.87	$	$

SUMMARY OF FINANCIAL STATISTICS

NEW MEXICO

		December 31, 2012	December 31, 2011	December 31, 2010
1.	Current Ratio	0.61 : 1	0.86 : 1	0.85 : 1
2.	Herd Line Debt Per Cow	$ 728	$ 774	$ 795
3.	Total Debt Per Cow	$ 2,414	$ 2,273	$ 2,155
4.	Debt to Equity Ratio	1.72 : 1	1.63 : 1	1.53 : 1
5.	Return on Total Assets	-5.5%	6.8%	3.3%
6.	Income (loss) per milking cow per month	$ (15.48)	$ 49.14	$ 27.80

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, 2012, 2011, AND 2010
NEW MEXICO
(BASED ON AVERAGE AMOUNTS)

	2012	2011	2010
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	19,452	19,855	18,914
Daily pounds of milk, per milking cow	67.1	67.8	65.3
Butterfat test	3.55 %	3.51 %	3.49 %
Blend price per hundredweight	$ 18.31	$ 19.89	$ 17.02
Milk receipts, per milking cow	$ 3,560	$ 4,920	$ 4,055
HERD INFORMATION:			
Herd size - total	3,716	3,801	5,148
Percent of dry cows	20.5 %	19.8 %	20.6 %
Herd turnover rate	38.7 %	34.3 %	29.9 %
Composition of herd:			
Purchased cows	18 %	13 %	21 %
Self-raised cows	82 %	87 %	79 %
Cost of purchased cows	$ 1,401	$ 1,643	$ 1,384
Beef price received	$ 897	$ 749	$ 633
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	48.4 %	36.6 %	34.1 %
Hay and other	20.1 %	16.8 %	14.2 %
Totals	68.5 %	53.4 %	48.3 %

INCOME AND COST OF OPERATIONS

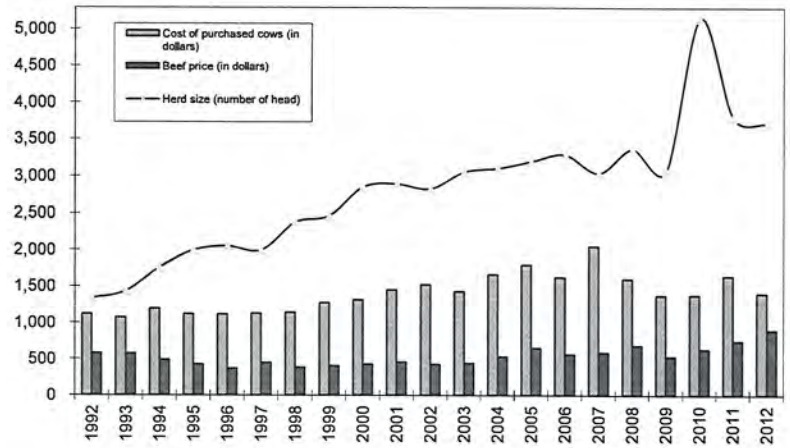
NEW MEXICO

(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

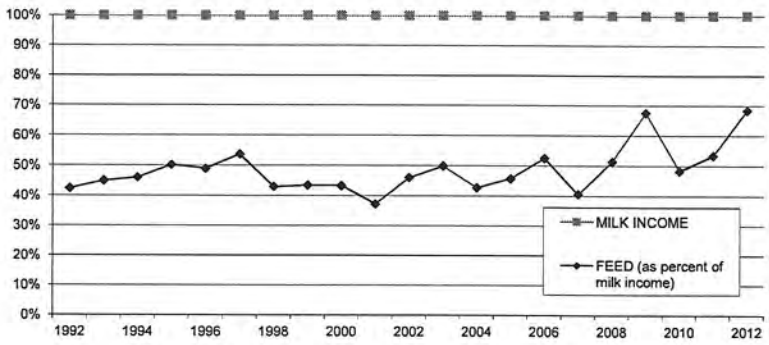
	December 31, 2012	December 31, 2011	December 31, 2010
Income:			
Milk Sales	$ 18.31	$ 19.89	$ 17.02
Calves and other	0.39	0.29	0.18
Total income	$ 18.70	$ 20.18	$ 17.20
Total cost of operations:			
Feed	$ 12.54	$ 10.62	$ 8.23
Labor	1.70	1.62	1.60
Herd replacement costs	0.82	1.12	1.28
Other costs	5.20	5.03	5.22
Total costs of operations	$ 20.26	$ 18.39	$ 16.33
Net income (loss)	$ (1.56)	$ 1.79	$ 0.87
Cost of operations as a percentage of income	108.34%	91.13%	94.94%
Feed costs as a percentage of milk sales	68.49%	53.39%	48.35%
Net income (loss) per milking cow per month	$ (15.48)	$ 49.14	$ 27.80
Cumulative net income per cwt. from 2006 to 2012	$ 2.07		

	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
	$ 12.83	$ 17.92	$ 18.62	$ 11.86
	0.25	0.29	0.60	0.65
	$ 13.08	$ 18.21	$ 19.22	$ 12.51
	$ 8.68	$ 9.22	$ 7.57	$ 6.24
	1.56	1.58	1.63	1.52
	1.35	1.20	1.19	1.17
	4.53	5.11	5.20	4.30
	$ 16.12	$ 17.11	$ 15.59	$ 13.23
	$ (3.04)	$ 1.10	$ 3.63	$ (0.72)
	123.24%	93.96%	81.11%	105.76%
	67.65%	51.45%	40.66%	52.61%
	$ (55.60)	$ 41.90	$ 93.36	$ (7.28)

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, 2012, 2011 AND 2010
PANHANDLE
(BASED ON AVERAGE AMOUNTS)

	PER HEAD		
	2012	2011	2010
Income:			
Milk sales	$ 3,943	$ 4,116	$ 3,376
Calves and other	100	51	30
Total income	$ 4,043	$ 4,167	$ 3,406
Cost of operations:			
Feed:			
Grain	$ 1,729	$ 1,370	$ 1,046
Hay and other	778	650	526
Total feed	$ 2,507	$ 2,020	$ 1,572
Labor, (including fringe costs)	$ 341	$ 354	$ 325
Herd replacement costs	$ 230	$ 269	$ 351
Other costs:			
Milk hauling	$ 135	$ 136	$ 153
State and association charges	62	50	64
Veterinary, breeding, testing, etc.	91	86	91
Supplies	134	118	126
Repairs and maintenance	86	80	79
Utilities	43	48	44
Occupancy costs	131	126	121
Depreciation - equipment	57	54	60
Interest	81	101	115
Miscellaneous	157	159	138
Total other costs	$ 977	$ 958	$ 991
Total cost of operations	$ 4,055	$ 3,601	$ 3,239
Net income (loss)	$ (12)	$ 566	$ 167

See accompanying explanation of income and cost factors.

PER CWT. OF MILK			YOUR 2012 RESULTS	
2012	2011	2010	PER HEAD	PER CWT. OF MILK
$ 19.05	$ 20.57	$ 16.89	$	$
0.49	0.26	0.14		
$ 19.54	$ 20.83	$ 17.03	$	$
$ 8.36	$ 6.85	$ 5.23	$	$
3.76	3.25	2.62		
$ 12.12	$ 10.10	$ 7.85	$	$
$ 1.65	$ 1.76	$ 1.62	$	$
$ 1.11	$ 1.35	$ 1.75	$	$
$ 0.65	$ 0.68	$ 0.76	$	$
0.30	0.25	0.32		
0.44	0.43	0.44		
0.65	0.59	0.63		
0.42	0.40	0.39		
0.21	0.24	0.22		
0.64	0.64	0.60		
0.28	0.27	0.30		
0.40	0.51	0.57		
0.76	0.80	0.69		
$ 4.75	$ 4.81	$ 4.92	$	$
$ 19.63	$ 18.02	$ 16.14	$	$
$ (0.09)	$ 2.81	$ 0.89	$	$

SUMMARY OF FINANCIAL STATISTICS

PANHANDLE

	December 31, 2012	December 31, 2011	December 31, 2010
1. Current Ratio	0.68 : 1	0.67 : 1	0.51 : 1
2. Herd Line Debt Per Cow	$ 729	$ 875	$ 1,000
3. Total Debt Per Cow	$ 2,604	$ 2,355	$ 2,551
4. Debt to Equity Ratio	1.88 : 1	1.99 : 1	2.89 : 1
5. Return on Total Assets	-0.2%	10.7%	4.8%
6. Income (loss) per milking cow per month	$ (1.12)	$ 53.28	$ 17.85

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, 2012, 2011, AND 2010
PANHANDLE
(BASED ON AVERAGE AMOUNTS)

	2012	2011	2010
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	20,677	20,005	20,412
Daily pounds of milk, per milking cow	67.4	65.1	64.7
Butterfat test	3.73 %	3.83 %	3.69 %
Blend price per hundredweight	$ 19.05	$ 20.57	$ 16.89
Milk receipts, per milking cow	$ 3,943	$ 4,887	$ 3,984
HERD INFORMATION:			
Herd size - total	3,181	3,988	3,918
Percent of dry cows	15.9 %	15.8 %	15.2 %
Herd turnover rate	39.6 %	33.4 %	33.1 %
Composition of herd:			
Purchased cows	8 %	8 %	19 %
Self-raised cows	92 %	92 %	81 %
Cost of purchased cows	$ 1,411	$ 1,384	$ 1,332
Beef price received	$ 832	$ 719	$ 569
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	43.9 %	33.3 %	31.0 %
Hay and other	19.7 %	15.8 %	15.5 %
Totals	63.6 %	49.1 %	46.5 %

INCOME AND COST OF OPERATIONS

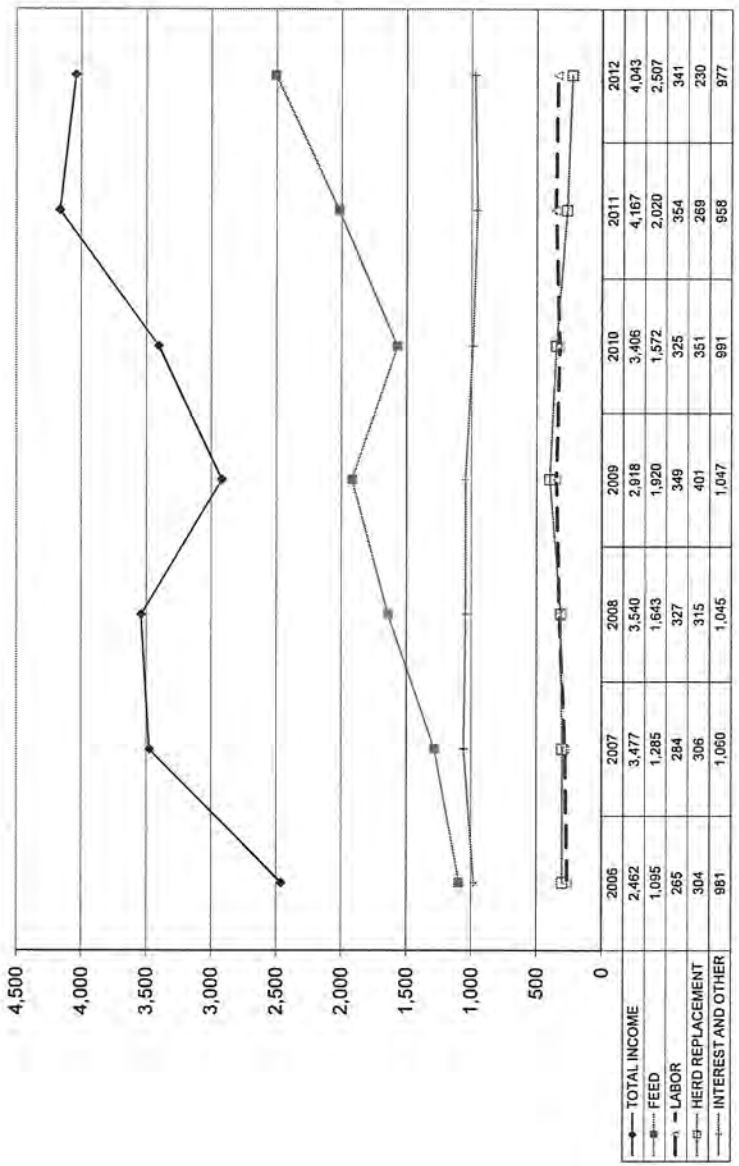
PANHANDLE

(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

	December 31, 2012	December 31, 2011	December 31, 2010
Income:			
Milk Sales	$ 19.05	$ 20.57	$ 16.89
Calves and other	0.49	0.26	0.14
Total income	$ 19.54	$ 20.83	$ 17.03
Total cost of operations:			
Feed	$ 12.12	$ 10.10	$ 7.85
Labor	1.65	1.76	1.62
Herd replacement costs	1.11	1.35	1.75
Other costs	4.75	4.81	4.92
Total costs of operations	$ 19.63	$ 18.02	$ 16.14
Net income (loss)	$ (0.09)	$ 2.81	$ 0.89
Cost of operations as a percentage of income	100.46%	86.51%	94.77%
Feed costs as a percentage of milk sales	63.62%	49.10%	46.48%
Net income (loss) per milking cow per month	$ (1.12)	$ 53.28	$ 17.85
Cumulative net income per cwt. from 2006 to 2012	$ 4.15		

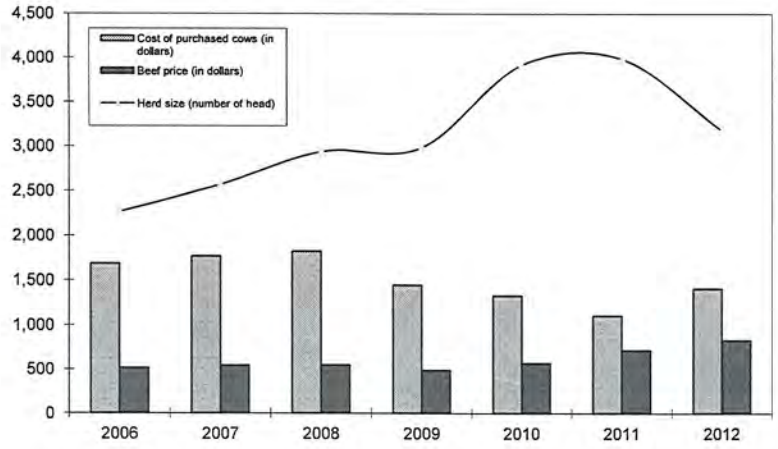
December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
$ 13.63	$ 19.11	$ 20.01	$ 12.63
0.20	0.09	0.27	0.49
$ 13.83	$ 19.20	$ 20.28	$ 13.12
$ 9.09	$ 8.91	$ 7.50	$ 5.84
1.65	1.77	1.66	1.41
1.90	1.71	1.79	1.62
4.92	5.69	6.18	5.24
$ 17.56	$ 18.08	$ 17.13	$ 14.11
$ (3.73)	$ 1.12	$ 3.15	$ (0.99)
126.97%	94.17%	84.47%	107.55%
66.69%	46.62%	37.48%	46.24%
$ (61.10)	$ 19.04	$ 82.81	$ (14.35)

LONG-TERM TREND - ON A "PER HEAD" BASIS
PANHANDLE
INCOME AND OPERATING COSTS
2006 - 2012

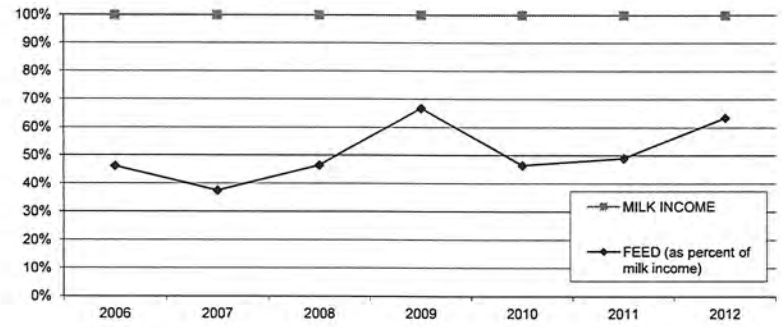


	2006	2007	2008	2009	2010	2011	2012
TOTAL INCOME	2,462	3,477	3,540	2,918	3,406	4,167	4,043
FEED	1,095	1,285	1,643	1,920	1,572	2,020	2,507
LABOR	265	284	327	349	325	354	341
HERD REPLACEMENT	304	306	315	401	351	269	230
INTEREST AND OTHER	981	1,060	1,045	1,047	991	958	977

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, 2012, 2011, AND 2010
PACIFIC NORTHWEST
(BASED ON AVERAGE AMOUNTS)

	PER HEAD		
	2012	2011	2010
Income:			
Milk sales	$ 3,746	$ 4,397	$ 3,606
Calves and other	166	119	59
Total income	$ 3,912	$ 4,516	$ 3,665
Cost of operations:			
Feed:			
Grain	$ 1,444	$ 1,410	$ 1,266
Hay and other	682	692	509
Total feed	$ 2,126	$ 2,102	$ 1,775
Labor, (including fringe costs)	$ 345	$ 368	$ 315
Herd replacement costs	$ 260	$ 291	$ 366
Other costs:			
Milk hauling	$ 133	$ 145	$ 137
State and association charges	59	60	64
Veterinary, breeding, testing, etc.	127	122	138
Supplies	111	104	90
Repairs and maintenance	104	134	97
Utilities	42	40	39
Occupancy costs	142	185	171
Depreciation - equipment	70	65	65
Interest	95	110	154
Miscellaneous	167	146	164
Total other costs	$ 1,050	$ 1,111	$ 1,119
Total cost of operations	$ 3,781	$ 3,872	$ 3,575
Net income	$ 131	$ 644	$ 90

See accompanying explanation of income and cost factors.

PER CWT. OF MILK			YOUR 2012 RESULTS	
2012	2011	2010	PER HEAD	PER CWT. OF MILK
$ 18.56	$ 20.58	$ 16.59	$	$
0.83	0.57	0.27		
$ 19.39	$ 21.15	$ 16.86	$	$
$ 7.15	$ 6.60	$ 5.82	$	$
3.38	3.27	2.33		
$ 10.53	$ 9.87	$ 8.15	$	$
$ 1.70	$ 1.71	$ 1.44	$	$
$ 1.29	$ 1.36	$ 1.68	$	$
$ 0.66	$ 0.68	$ 0.63	$	$
0.29	0.28	0.30		
0.63	0.57	0.62		
0.55	0.49	0.41		
0.52	0.63	0.45		
0.21	0.19	0.18		
0.70	0.87	0.79		
0.35	0.31	0.30		
0.47	0.53	0.71		
0.80	0.67	0.75		
$ 5.18	$ 5.22	$ 5.14	$	$
$ 18.70	$ 18.16	$ 16.41	$	$
$ 0.69	$ 2.99	$ 0.45	$	$

SUMMARY OF FINANCIAL STATISTICS

PACIFIC NORTHWEST

	December 31, 2012	December 31, 2011	December 31, 2010
1. Current Ratio	0.95 : 1	0.82 : 1	0.49 : 1
2. Herd Line Debt Per Cow	$ 793	$ 737	$ 841
3. Total Debt Per Cow	$ 2,594	$ 2,229	$ 2,292
4. Debt to Equity Ratio	1.50 : 1	1.19 : 1	2.23 : 1
5. Return on Total Assets	2.2%	11.1%	1.8%
6. Income per milking cow per month	$ 19.67	$ 74.13	$ 16.80

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, 2012, 2011, AND 2010
PACIFIC NORTHWEST
(BASED ON AVERAGE AMOUNTS)

	2012	2011	2010
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	20,182	21,361	21,746
Daily pounds of milk, per milking cow	68.1	69.1	68.6
Butterfat test	3.75 %	3.75 %	3.69 %
Blend price per hundredweight	$ 18.56	$ 20.58	$ 16.59
Milk receipts, per milking cow	$ 3,746	$ 4,397	$ 4,149
HERD INFORMATION:			
Herd size - total	2,918	3,378	2,146
Percent of dry cows	18.8 %	15.4 %	13.1 %
Herd turnover rate	32.3 %	33.2 %	34.0 %
Composition of herd:			
Purchased cows	15 %	13 %	16 %
Self-raised cows	85 %	87 %	84 %
Cost of purchased cows	$ 1,239	$ 1,345	$ 1,109
Beef price received	$ 767	$ 709	$ 616
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	38.5 %	32.1 %	35.1 %
Hay and other	18.2 %	15.9 %	14.0 %
Totals	56.7 %	48.0 %	49.1 %

INCOME AND COST OF OPERATIONS

PACIFIC NORTHWEST

(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

	December 31, 2012	December 31, 2011	December 31, 2010
Income:			
Milk Sales	$ 18.56	$ 20.58	$ 16.59
Calves and other	0.83	0.57	0.27
Total income	$ 19.39	$ 21.15	$ 16.86
Total cost of operations:			
Feed	$ 10.53	$ 9.87	$ 8.15
Labor	1.70	1.71	1.44
Herd replacement costs	1.29	1.36	1.68
Other costs	5.18	5.22	5.14
Total costs of operations	$ 18.70	$ 18.16	$ 16.41
Net income	$ 0.69	$ 2.99	$ 0.45
Cost of operations as a percentage of income	96.44%	85.86%	97.33%
Feed costs as a percentage of milk sales	56.73%	47.96%	49.13%
Net income per milking cow per month	$ 19.67	$ 74.13	$ 16.80
Cumulative net income per cwt. from 2010 to 2012	$ 3.68		

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 to Amarillo, Texas 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 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, supplements, and vitamins.
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 2013, bottom line results have not improved dramatically when compared to 2012, and 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 over a year ago translates now 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.

NOTES

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