

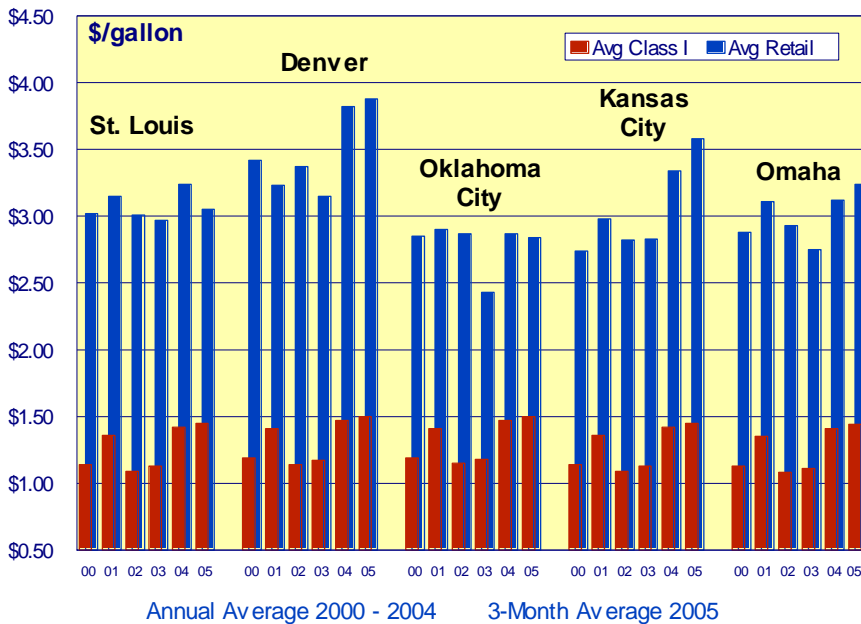
MARKETING SERVICE

BULLETIN

Federal Milk Order Class I Prices From 25-Year Lows to Record Highs . . . Retail Milk Price Update

Dynamic federal order price changes -- from lows to highs -- have occurred during the five years since congressionally mandated federal milk order reform became effective in January 2000.

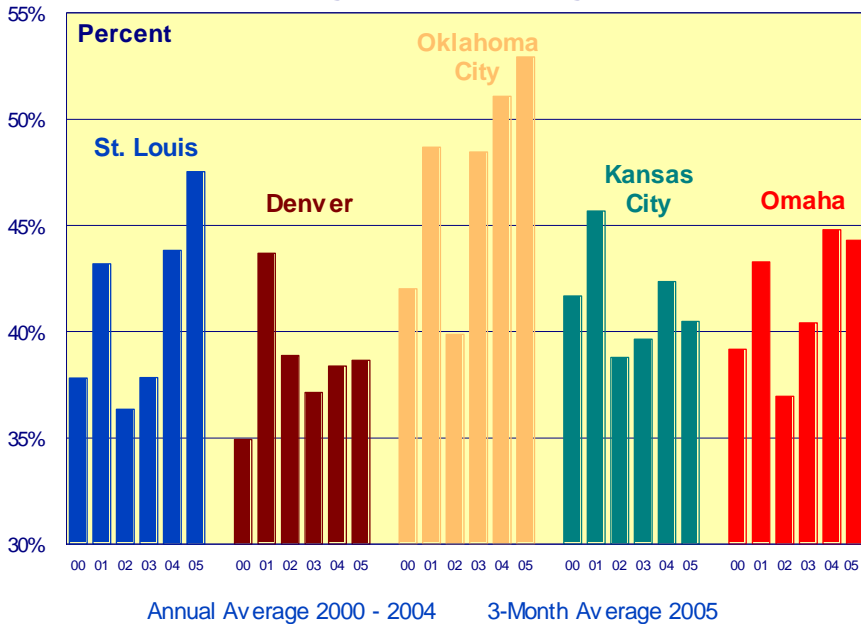
**Average: Minimum Federal Order Class I Prices
& Retail Homogenized Milk Prices @ 3.25% BF**



"Seasonal fluctuations in milk prices" may not adequately describe the \$11.49 range (between the high and low Class I price mover) noted during this post reform period.

The Class I price hit a 25-year low in April 2003 when the federal milk order Class I price mover dipped to \$9.64 per hundredweight. The previous low occurred in September 1978 when the Class I mover was \$9.33. However, dairy producers experienced a record federal milk order Class I price mover of \$21.13 in June 2004. The March 2005 Class I mover of \$14.43 is still the 13th highest during the 63 months since order reform.

**Minimum Federal Order Class I Price @ 3.25% BF
As % Of Average Retail Homogenized Milk Price**



The federal order price for Class I milk affects both dairy producers and dairy processors. The graphics contained in this bulletin illustrate retail homogenized milk prices for five cities in the Central federal order and the corresponding federal order Class I price for each city from January 2000 through March 2005.

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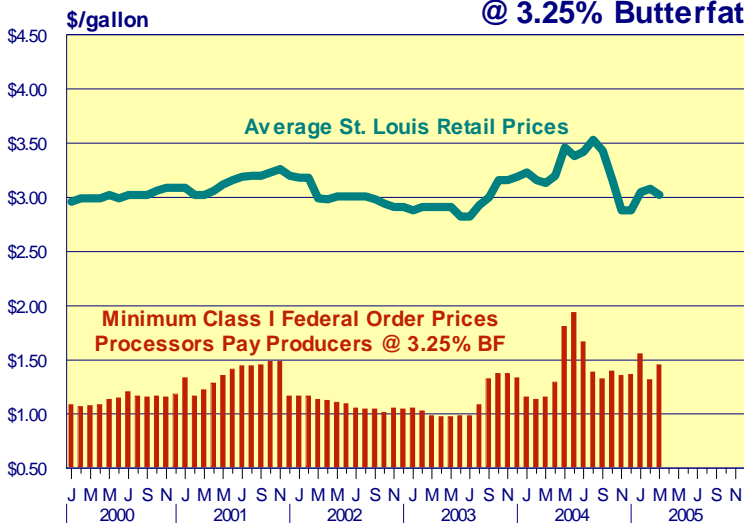


Retail fluid dairy prices are surveyed monthly in St. Louis (MO), Denver (CO), Kansas City (MO), Oklahoma City (OK), and Omaha (NE). The retail prices used are averages at the two largest retail grocery stores and the largest convenience store. Prices are obtained between the 1st and the 10th of the month, excluding Fridays and weekends, and represent the most common brand in the store.

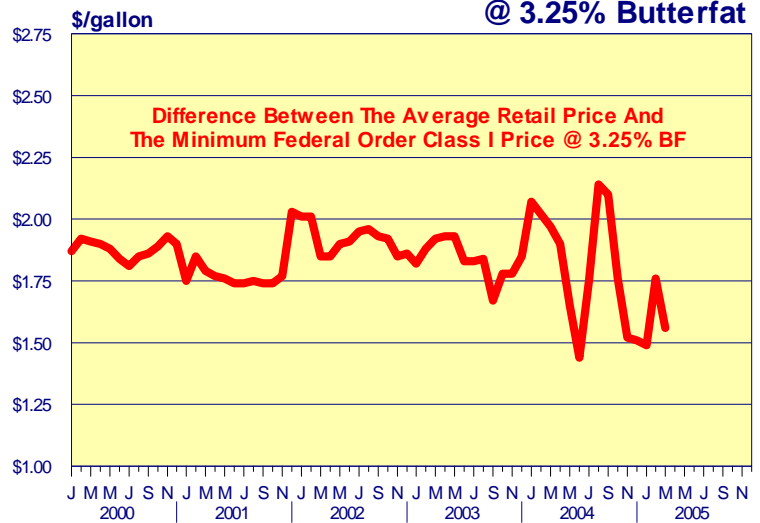
The federal milk order Class I price represents the minimum dairy producers' share of the retail price. The Class I price in all federal milk orders is the minimum amount processors must pay for milk utilized in fluid bottling. Class I prices have been adjusted to a 3.25% butterfat content to correspond with the average butterfat content of homogenized (whole) milk.

The Class I price does not represent a processor's total milk cost. Additional costs such as over-order premiums charged by raw milk suppliers, processing, packaging, marketing, sales costs, profit margins, etc., must also be considered.

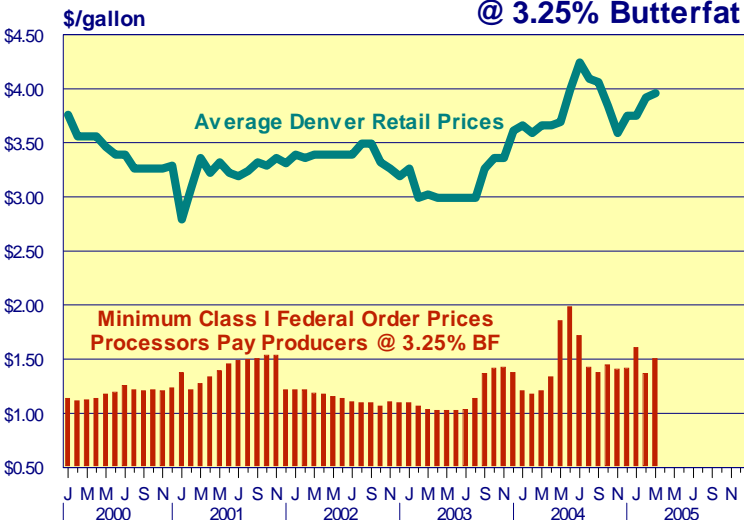
St. Louis Homogenized Milk Prices @ 3.25% Butterfat



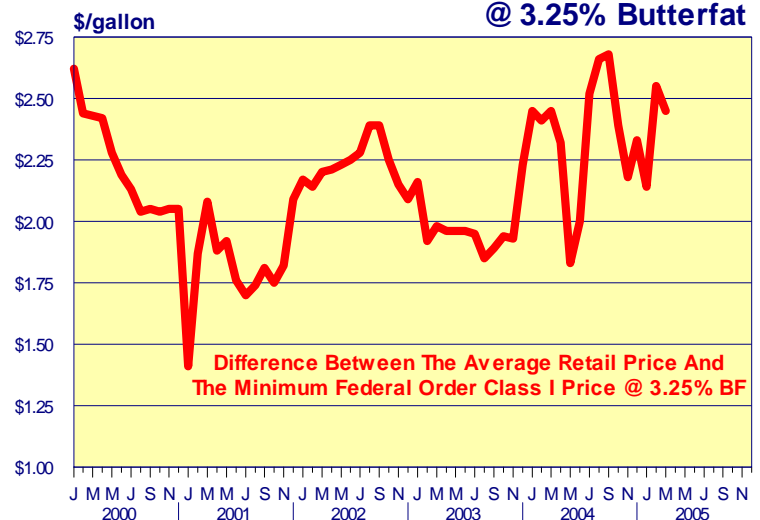
St. Louis Homogenized Milk Prices @ 3.25% Butterfat



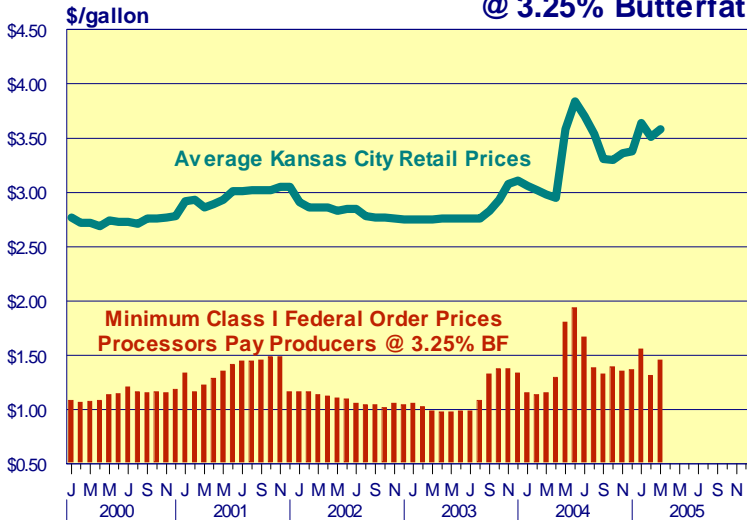
Denver Homogenized Milk Prices @ 3.25% Butterfat



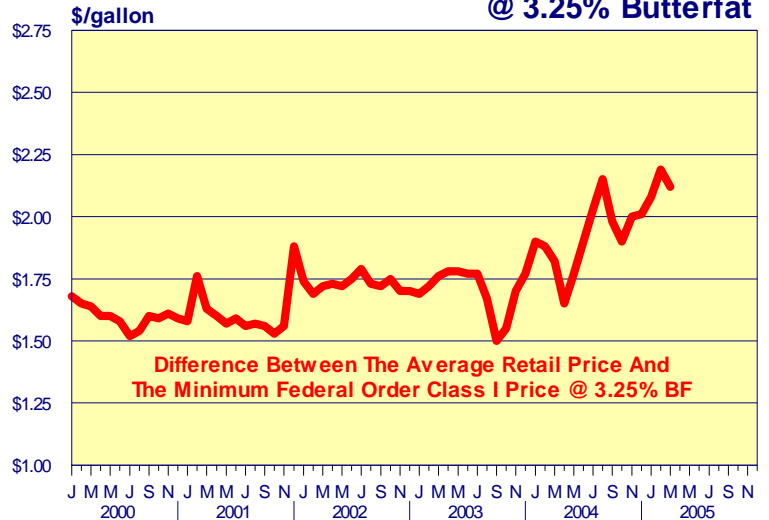
Denver Homogenized Milk Prices @ 3.25% Butterfat



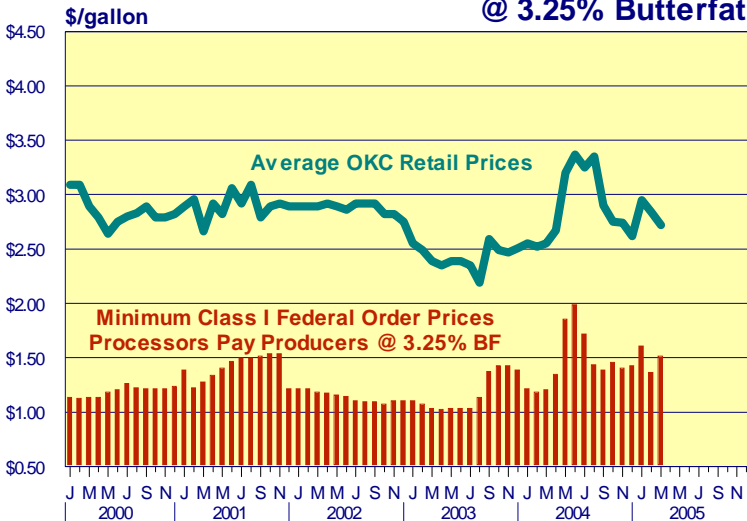
Kansas City Homogenized Milk Prices @ 3.25% Butterfat



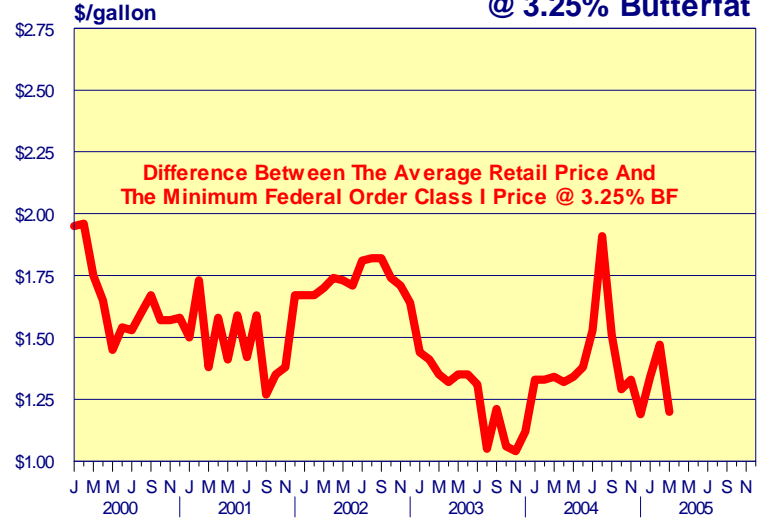
Kansas City Homogenized Milk Prices @ 3.25% Butterfat



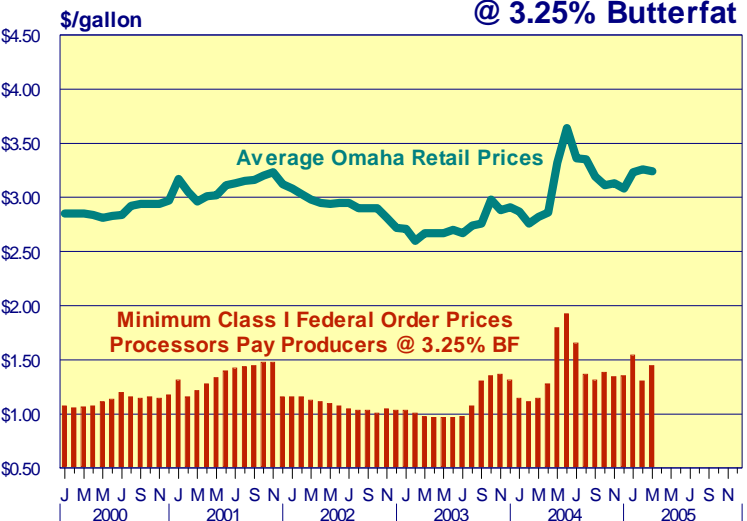
Oklahoma City Homogenized Milk Prices @ 3.25% Butterfat



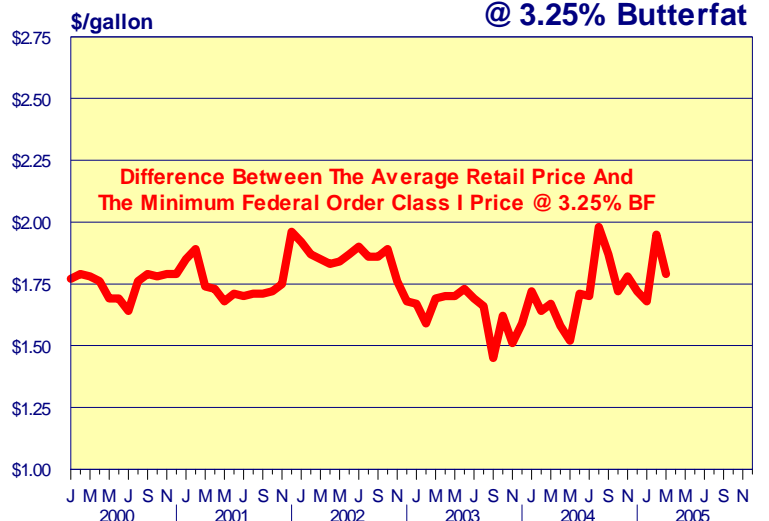
Oklahoma City Homogenized Milk Prices @ 3.25% Butterfat



Omaha Homogenized Milk Prices @ 3.25% Butterfat



Omaha Homogenized Milk Prices @ 3.25% Butterfat



	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Feb '05	Jan '05	Feb '05	Jan '05	Feb '05	Jan '05
Northeast	15.51	16.31	0.81	2.17	46.43	45.66
Appalachian	15.90	17.34	-----	-----	67.30	66.06
Florida	17.08	19.11	-----	-----	79.12	84.67
Southeast	15.80	17.16	-----	-----	61.01	61.83
Upper Midwest	14.52	14.53	-0.18	0.39	56.00	17.00
Central	14.50	14.95	-0.20	0.81	46.85	30.07
Mideast	14.71	15.22	0.01	1.08	42.97	35.45
Pacific Northwest	14.04	14.73	-0.66	0.59	41.73	32.43
Southwest	15.24	16.04	0.54	1.90	57.54	44.28
Arizona-Las Vegas	14.73	15.09	-----	-----	33.85	33.16

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