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**AVERAGE OF OUR DAIRY CLIENTS**  
**AVERAGE INCOME AND EXPENSE REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	SOUTH OF BAKERSFIELD CALIFORNIA			BAKERSFIELD TO FRESNO CALIFORNIA			NORTH OF FRESNO CALIFORNIA			TOTAL CALIFORNIA		
	PER CWT	PER COW	PER-CENT	PER CWT	PER COW	PER-CENT	PER CWT	PER COW	PER-CENT	PER CWT	PER COW	PER-CENT
<b>INCOME:</b>												
Milk	\$ 14.79	\$ 3,509	98.0 %	\$ 14.79	\$ 3,518	96.7 %	\$ 15.27	\$ 3,757	96.6 %	\$ 15.05	\$ 3,645	96.7 %
Cooperative inventory loss allocation	-	-	-	-	-	-	-	-	-	-	-	-
Milk futures	-	-	-	0.01	2	-	(0.02)	(4)	(0.1)	(0.01)	(2)	-
Calves and heifers	0.21	50	1.4	0.23	56	1.5	0.17	42	1.1	0.20	48	1.3
Patronage dividend	0.05	12	0.3	0.18	43	1.2	0.11	28	0.7	0.14	34	0.9
Other	0.04	11	0.3	0.08	19	0.5	0.28	68	1.7	0.18	45	1.2
<b>Total income</b>	<b>15.09</b>	<b>3,582</b>	<b>100.0 %</b>	<b>15.29</b>	<b>3,638</b>	<b>99.9 %</b>	<b>15.81</b>	<b>3,891</b>	<b>100.0 %</b>	<b>15.56</b>	<b>3,770</b>	<b>100.1 %</b>
<b>EXPENSES:</b>												
<b>Feed:</b>												
Hay, silage and farming	5.00	1,187	33.1 %	5.36	1,274	35.0 %	5.24	1,289	33.1 %	5.28	1,279	33.9 %
Grain	5.39	1,278	35.7	6.46	1,537	42.2	6.32	1,555	40.0	6.35	1,537	40.8
Less cost of feeding heifers	(1.31)	(310)	(8.6)	(2.58)	(613)	(16.9)	(2.47)	(608)	(15.6)	(2.47)	(599)	(15.9)
<b>Total feed</b>	<b>9.08</b>	<b>2,155</b>	<b>60.2 %</b>	<b>9.24</b>	<b>2,198</b>	<b>60.3 %</b>	<b>9.09</b>	<b>2,236</b>	<b>57.5 %</b>	<b>9.16</b>	<b>2,217</b>	<b>58.8 %</b>
<b>Herd replacement cost:</b>												
Depreciation - dairy cows	1.78	422	11.8 %	1.02	242	6.7 %	1.16	285	7.3 %	1.12	271	7.2 %
Loss on sale of cows	0.49	116	3.2	0.60	144	3.9	0.37	90	2.3	0.47	114	3.0
<b>Total herd replacement cost</b>	<b>2.27</b>	<b>538</b>	<b>15.0 %</b>	<b>1.62</b>	<b>386</b>	<b>10.6 %</b>	<b>1.53</b>	<b>375</b>	<b>9.6 %</b>	<b>1.59</b>	<b>385</b>	<b>10.2 %</b>
<b>Other operating expenses:</b>												
Interest and rent	0.40	96	2.7 %	0.85	201	5.5 %	0.68	168	4.3 %	0.74	180	4.8 %
Equipment lease	-	-	-	0.01	2	-	0.01	3	0.1	0.01	2	0.1
Labor	1.24	294	8.2	1.31	313	8.6	1.59	391	10.0	1.46	354	9.4
Depreciation - other	0.26	61	1.7	0.47	111	3.1	0.50	123	3.2	0.48	115	3.1
Milk hauling	0.26	62	1.7	0.33	78	2.1	0.35	87	2.2	0.34	82	2.2
Industry assessments	0.17	40	1.1	0.21	50	1.4	0.20	50	1.3	0.21	50	1.3
Supplies	0.57	134	3.8	0.63	149	4.1	0.69	171	4.4	0.66	160	4.2
BST	-	-	-	0.09	22	0.6	0.06	16	0.4	0.07	18	0.5
Manure management and environmental costs	0.04	9	0.3	0.07	16	0.4	0.06	16	0.4	0.07	16	0.4
Repairs and maintenance	0.55	130	3.6	0.54	128	3.5	0.60	149	3.8	0.57	139	3.7
Utilities	0.21	51	1.4	0.29	68	1.9	0.34	83	2.1	0.31	75	2.0
Taxes and licenses	0.15	35	1.0	0.19	46	1.3	0.23	57	1.5	0.21	51	1.4
Insurance	0.31	74	2.1	0.19	46	1.3	0.23	57	1.5	0.22	53	1.4
Fuel and oil	0.13	30	0.8	0.11	26	0.7	0.14	34	0.9	0.13	30	0.8
Professional services	0.09	22	0.6	0.06	14	0.4	0.07	17	0.4	0.07	16	0.4
Employee benefits	0.03	8	0.2	0.10	23	0.6	0.13	31	0.8	0.11	27	0.7
Veterinary and breeding	0.19	44	1.2	0.28	66	1.8	0.37	91	2.3	0.33	79	2.1
Testing and trimming	0.09	22	0.6	0.09	21	0.6	0.08	20	0.5	0.08	20	0.5
Hauling livestock	0.05	13	0.3	0.03	6	0.2	0.01	3	0.1	0.02	5	0.1
Miscellaneous	-	1	-	0.01	3	0.1	0.04	11	0.3	0.03	7	0.2
Less cost of raising heifers	(0.08)	(20)	(0.6)	(0.54)	(129)	(3.6)	(0.37)	(91)	(2.3)	(0.43)	(105)	(2.8)
<b>Total other operating expenses</b>	<b>4.66</b>	<b>1,106</b>	<b>30.7 %</b>	<b>5.32</b>	<b>1,260</b>	<b>34.6 %</b>	<b>6.01</b>	<b>1,487</b>	<b>38.2 %</b>	<b>5.69</b>	<b>1,374</b>	<b>36.5 %</b>
<b>Total expenses</b>	<b>16.01</b>	<b>3,799</b>	<b>105.9 %</b>	<b>16.18</b>	<b>3,844</b>	<b>105.5 %</b>	<b>16.63</b>	<b>4,098</b>	<b>105.3 %</b>	<b>16.44</b>	<b>3,976</b>	<b>105.5 %</b>
<b>NET LOSS BEFORE DEBT AND DRAWS</b>	<b>(0.92)</b>	<b>(217)</b>	<b>(5.9)</b>	<b>(0.89)</b>	<b>(206)</b>	<b>(5.6)</b>	<b>(0.82)</b>	<b>(207)</b>	<b>(5.3)</b>	<b>(0.88)</b>	<b>(206)</b>	<b>(5.4)</b>
Current debt repayment and owners' draws	2.21	524	14.6	1.43	341	9.4	1.95	481	12.4	1.74	422	11.2
<b>NET LOSS AFTER DEBT AND DRAWS</b>	<b>\$ (3.13)</b>	<b>\$ (741)</b>	<b>(20.5) %</b>	<b>\$ (2.32)</b>	<b>\$ (547)</b>	<b>(15.0) %</b>	<b>\$ (2.77)</b>	<b>\$ (688)</b>	<b>(17.7) %</b>	<b>\$ (2.62)</b>	<b>\$ (628)</b>	<b>(16.6) %</b>
<b>AVERAGE DAIRY STATISTICAL DATA:</b>												
Average number of milking cows	1,128			2,426			2,084			2,150		
Average daily production per cow	78			74			78			76		
Average butterfat test	3.55 %			3.71 %			3.76 %			3.73 %		
Average solids-non-fat test	8.85 %			8.72 %			8.91 %			8.84 %		
Herd turnover rate	36.47 %			41.51 %			43.00 %			42.39 %		
Average cost of production	\$ 16.01			\$ 16.18			\$ 16.63			\$ 16.44		
Net mailbox price	\$ 14.36			\$ 14.25			\$ 14.72			\$ 14.50		

NOTE: This report is intended for use by our clients to benchmark their operation against the financial averages of most of our clients in this region. It does not include the effects of deferred costs or necessary capital expenditures. This report is not intended for use by those not familiar with its contents or preparation.