

PREMIER PRESS

FEBRUARY 2011



PMI Annual Meeting

Our annual meeting is set for Wednesday, April 6 at 11:00am in Gainesville, FL. It will be held at the Gateway Grand Best Western just off I-75 at Exit 390. A luncheon will follow the meeting and everything should be completed by 2:00 pm.

This is the time to ask questions and learn more about your cooperative, milk marketing and all related finances for your cooperative. Make plans to join us!

Florida Dairy Production Conference

The 47th annual conference will be held Wednesday March 30, 2011 at the Best Western Gateway Grand in Gainesville, Florida. The Best Western is just off I-75 at Exit 390.

For more information, including registration information, visit <http://dairy.ifas.ufl.edu/index.shtml>.

Quality Reminder

Just a reminder that PMI's new somatic cell program starts March 1. The maximum premium was raised from \$0.25/CWT to \$0.30/CWT.

As before, deductions will occur if SCC levels rise above 400,000 and the penalty cap has been increased to \$1.20/CWT.

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Potential Energy Savings

USDA has announced a program to assist agricultural producers in identifying and implementing energy efficiency measures on their farms. The On-Farm Energy Audit/Implementation Initiative is offered through USDA's Natural Resources Conservation Service (NRCS), which provides technical and financial assistance through the Environmental Quality Incentives Program (EQIP). Through the program, EQIP-eligible producers can obtain detailed energy audits for free and assistance to implement audit recommendations.

The average dairy farm uses 504 kilowatt hours of electricity per cow each year. Energy audits allow farm operators to assess their farms' energy use and find opportunities for savings by

analyzing milk cooling, lighting, irrigation pumping, heating and cooling of livestock production facilities, manure collection/transfer, and other on-farm activities. On average, an energy audit identifies \$3,500 in on-farm annual savings with an average payback of one to three years. With incentives from the USDA and some state programs, the average payback for energy efficiency improvements often falls to one year or less.

To apply for this program, call or visit your local NRCS service center and fill out a brief application for an Agricultural Energy Management Plan by February 25, 2011. NRCS Service Center contact information is available at <http://offices.sc.gov.usda.gov/locator/>.

Milk Spill Exemption

The U.S. Environmental Protection Agency will exempt bulk milk tanks from oil spill regulations, agency officials told Rep. William L. Owens, D-Plattsburgh. Rep. Owens was assured in a meeting with EPA Region 2 officials that the agency will exempt milk tanks on

farms when final rules are issued this spring. An exemption would put to rest dairy groups' complaints that even modest-sized farms could be forced to create spill response plans. Fuel tanks on the farm will still come under the EPA regulations.

FDA Dairy Cull Cow Residue Testing Update

FDA has temporarily shelved their testing program that they originally wanted to implement back in January. After hearing many complaints from the industry on the procedure they developed, they have reconsidered their approach and are in the process of revising the procedure. It is anticipated that they will have a testing program implemented in first half of

2011. State regulatory agencies and industry stake holders are working with FDA on the new procedures, so that perfectly good milk will not have to be dumped.

Premier
MILK INC.
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Premier Milk MARKET MINUTE

| Commodity Prices | July | August | Sept. | October | Nov. | Dec | Jan | Feb | Current |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|-----------|
| Cheese - World Market | \$ 1.7900 | \$ 1.7922 | \$ 1.8030 | \$ 1.8489 | \$ 1.8937 | \$ 1.8937 | \$ 1.9845 | | \$ 1.9958 |
| Cheese - CME Block | \$ 1.3941 | \$ 1.5549 | \$ 1.7374 | \$ 1.7246 | \$ 1.4619 | \$ 1.3825 | \$ 1.5140 | | \$ 1.9550 |
| Cheese - CME Barrel | \$ 1.3647 | \$ 1.5161 | \$ 1.7114 | \$ 1.7119 | \$ 1.4520 | \$ 1.3768 | \$ 1.4868 | | \$ 1.9175 |
| Cheese - NASS | \$ 1.4475 | \$ 1.4567 | \$ 1.7016 | \$ 1.7666 | \$ 1.6152 | \$ 1.4606 | \$ 1.4076 | | \$ 1.6899 |
| Butter - World Market | \$ 1.9363 | \$ 1.9850 | \$ 2.0922 | \$ 2.1933 | \$ 2.1957 | \$ 2.1376 | \$ 2.1702 | | \$ 2.3303 |
| Butter - CME Cash | \$ 1.6380 | \$ 1.7787 | \$ 2.2262 | \$ 2.1895 | \$ 1.9595 | \$ 1.6310 | \$ 2.0345 | | \$ 2.0050 |
| Butter - NASS | \$ 1.5946 | \$ 1.7375 | \$ 2.1570 | \$ 2.1893 | \$ 2.0230 | \$ 1.6539 | \$ 1.8428 | | \$ 2.0862 |
| NFDM - World Market | \$ 1.3863 | \$ 1.3796 | \$ 1.4374 | \$ 1.4081 | \$ 1.3324 | \$ 1.3580 | \$ 1.5309 | | \$ 1.7747 |
| NFDM - Central A.O.M. | \$ 1.3150 | \$ 1.2563 | \$ 1.2325 | \$ 1.2450 | \$ 1.2350 | \$ 1.2625 | \$ 1.4038 | | \$ 1.6000 |
| NFDM - NASS | \$ 1.2631 | \$ 1.2277 | \$ 1.1383 | \$ 1.1674 | \$ 1.1953 | \$ 1.1848 | \$ 1.2530 | | \$ 1.3614 |
| Whey - Central A.O.M. | \$ 0.3450 | \$ 0.3425 | \$ 0.3444 | \$ 0.3519 | \$ 0.3550 | \$ 0.3575 | \$ 0.3800 | | \$ 0.3938 |
| Whey - NASS | \$ 0.3688 | \$ 0.3641 | \$ 0.3615 | \$ 0.3676 | \$ 0.3736 | \$ 0.3789 | \$ 0.3935 | | \$ 0.4201 |
| F. O. 6 Class I @ Tampa | \$ 21.06 | \$ 21.17 | \$ 20.90 | \$ 21.98 | \$ 22.64 | \$ 22.36 | \$ 20.60 | \$ 21.29 | \$ 23.63 |
| Net Cl. I Prem. @ Tampa | \$ 3.04 | \$ 3.04 | \$ 3.04 | \$ 3.04 | \$ 3.04 | \$ 3.12 | \$ 2.93 | \$ 3.01 | \$ 3.01 |
| F.O. 6 Class I Utilization | 89.5% | 86.6% | 87.9% | 85.6% | 86.6% | 85.7% | 83.9% | | |
| F. O. 6 Blend @ Tampa | \$ 20.87 | \$ 20.74 | \$ 21.04 | \$ 21.46 | \$ 21.61 | \$ 20.69 | \$ 20.32 | | |
| PMI - Average SCC | 314,049 | 313,372 | 280,257 | 230,461 | 225,325 | 217,235 | 215,135 | | |
| PMI - Average SPC | 11,759 | 9,843 | 9,206 | 9,077 | 8,272 | 5,984 | 8,494 | | |
| PMI - Average PIC | 11,358 | 9,676 | 15,202 | 9,972 | 21,863 | 17,180 | 16,906 | | |
| Premiums Paid - PMI | \$ 0.42 | \$ 0.38 | \$ 0.45 | \$ 0.48 | \$ 0.42 | \$ 0.49 | \$ 0.51 | | |
| PMI Cen FL Price (with rBST-free premium) | \$ 21.59 | \$ 21.78 | \$ 21.91 | \$ 22.33 | \$ 22.34 | \$ 21.40 | \$ 20.68 | | |

| Price Forecasts | Feb | Mar | April | May | June | July | August | Sept | Oct |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| PMI Cen FL Price (with rBST-free premium) | \$ 21.15 | \$ 23.63 | \$ 24.97 | \$ 25.52 | \$ 26.24 | \$ 26.24 | \$ 26.41 | \$ 25.99 | \$ 24.95 |

| Class III Milk Futures | Sept. | October | Nov. | Dec | Jan | Current |
|------------------------|----------|----------|----------|----------|----------|----------|
| Feb-11 | \$ 13.86 | \$ 13.92 | \$ 13.77 | \$ 13.82 | \$ 16.70 | \$ 17.00 |
| Mar-11 | \$ 13.79 | \$ 14.08 | \$ 14.02 | \$ 14.13 | \$ 18.19 | \$ 18.60 |
| Apr-11 | \$ 13.84 | \$ 14.12 | \$ 14.16 | \$ 14.55 | \$ 17.69 | \$ 18.12 |
| May-11 | \$ 13.94 | \$ 14.04 | \$ 14.20 | \$ 14.78 | \$ 17.25 | \$ 17.90 |
| Jun-11 | \$ 14.02 | \$ 14.25 | \$ 14.48 | \$ 15.00 | \$ 16.74 | \$ 17.58 |
| Jul-11 | \$ 14.47 | \$ 14.71 | \$ 15.10 | \$ 15.45 | \$ 16.70 | \$ 17.48 |
| Aug-11 | \$ 14.87 | \$ 15.00 | \$ 15.33 | \$ 15.56 | \$ 16.70 | \$ 17.45 |
| Sep-11 | \$ 15.05 | \$ 15.46 | \$ 15.42 | \$ 15.66 | \$ 16.74 | \$ 17.33 |
| Oct-11 | | \$ 15.46 | \$ 15.53 | \$ 15.73 | \$ 16.66 | \$ 17.02 |
| Nov-11 | | | \$ 15.51 | \$ 15.66 | \$ 16.46 | \$ 16.57 |
| Dec-11 | | | | \$ 15.55 | \$ 16.48 | \$ 16.47 |
| Jan-12 | | | | | \$ 15.73 | \$ 16.08 |

| MILC Projections | |
|------------------|---------|
| Jan-11 | \$ 0.11 |
| Feb-11 | \$ 0.69 |
| Mar-11 | \$ - |
| Apr-11 | \$ - |
| May-11 | \$ - |
| Jun-11 | \$ - |
| Jul-11 | \$ - |
| Aug-11 | \$ - |
| Sep-11 | \$ - |
| Oct-11 | \$ - |
| Nov-11 | \$ - |
| Dec-11 | 0 |

Note: Class III milk futures prices are quoted at the close on the last day of the month.