



Reconciliation of Proposal 2 (Dairy Institute) Class III & IV Impacts

Example using dry whey to value other solids

| | Current FMMO Factor | Proposal 2 Factor | Difference | Change per component | Change per cwt | Change per cwt |
|--|------------------------|----------------------|------------|-------------------------|-------------------|-------------------|
| Class IV | | | | | | |
| SNF | | | | | | |
| Make Allowance | \$0.1678 | \$0.2012 | (\$0.0334) | (\$0.0331) | (\$0.2872) | |
| <u>Price level</u> | | | (\$0.0244) | (\$0.0242) | (\$0.2098) | |
| Combined SNF Impact | | | | (\$0.0572) | | \$ (0.50) |
| Fat | | | | | | |
| Make Allowance | \$0.1715 | \$0.1739 | (\$0.0024) | (\$0.0029) | (\$0.0102) | |
| <u>Price level</u> | | | (\$0.0218) | (\$0.0264) | (\$0.0924) | |
| Combined Fat Impact | | | | (\$0.0293) | | \$ (0.10) |
| Total Class IV per cwt impact | | | | | | \$ (0.60) |
| Class III | | | | | | |
| Protein | | | | | | |
| Cheddar Value of Protein | | | | | | |
| Make | \$0.2003 | \$0.2306 | (\$0.0303) | (\$0.0419) | (\$0.1254) | |
| <u>Price level</u> | | | (\$0.0341) | (\$0.0472) | (\$0.1411) | |
| Combined Impact | | | | (\$0.0891) | (\$0.2664) | |
| Cheddar Value of Fat | | | | | | |
| Make | \$0.2003 | \$0.2306 | (\$0.0303) | (\$0.0557) | (\$0.1667) | |
| <u>Price level</u> | | | (\$0.0341) | (\$0.0627) | (\$0.1876) | |
| Combined Impact | | | | (\$0.1184) | (\$0.3543) | |
| Credit for Payment of Fat @ Butter Value | | | | \$0.0309 | \$0.0923 | |
| <u>Net Fat Adjustment in Protein Price</u> | | | | (\$0.0876) | (\$0.2620) | |
| Combined Impact | | | | (\$0.1767) | | \$ (0.53) |
| Fat | | | | | | |
| Make | \$0.1715 | \$0.1739 | (\$0.0024) | (\$0.0029) | (\$0.0102) | |
| <u>Price level</u> | | | (\$0.0218) | (\$0.0264) | (\$0.0924) | |
| Combined Impact | | | | (\$0.0293) | | \$ (0.10) |
| Other Solids | | | | | | |
| Make | \$0.1991 | \$0.2325 | (\$0.0334) | (\$0.0344) | (\$0.1959) | |
| <u>Price level (see note)</u> | | | (\$0.0063) | (\$0.0065) | (\$0.0369) | |
| Combined Impact | | | | (\$0.0409) | | \$ (0.23) |
| Total Class III per cwt impact | | | | | | \$ (0.86) |

Other Solids Note: Price level w/o recognition of snubbers