

MSC Business Services
Key Dairy Benchmarks per CWT

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Avg |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Income | | | | | | | | | |
| Milk | \$19.77 | \$21.40 | \$25.57 | \$18.14 | \$16.97 | \$18.66 | \$17.10 | \$19.34 | \$19.62 |
| Livestock Income* | \$1.50 | \$1.48 | \$1.87 | \$2.27 | \$1.61 | \$1.46 | \$1.02 | \$1.23 | \$1.56 |
| Other | \$2.06 | \$1.59 | \$1.28 | \$1.25 | \$1.55 | \$1.31 | \$1.94 | \$2.26 | \$1.66 |
| Total Income | \$23.33 | \$24.47 | \$28.72 | \$21.66 | \$20.13 | \$21.43 | \$20.06 | \$22.83 | \$22.83 |
| Expenses | | | | | | | | | |
| Management Labor | \$2.20 | \$2.10 | \$2.19 | \$1.92 | \$1.84 | \$1.86 | \$1.77 | \$1.75 | \$1.95 |
| Feed* | \$6.60 | \$6.20 | \$6.97 | \$6.17 | \$6.02 | \$5.40 | \$6.09 | \$6.23 | \$6.21 |
| Hired Labor | \$1.84 | \$1.97 | \$2.06 | \$1.99 | \$2.03 | \$2.00 | \$2.11 | \$2.11 | \$2.01 |
| Interest | \$0.69 | \$0.63 | \$0.63 | \$0.55 | \$0.59 | \$0.58 | \$0.68 | \$0.71 | \$0.63 |
| Rent | \$0.69 | \$0.77 | \$0.84 | \$0.84 | \$0.91 | \$0.90 | \$0.91 | \$1.06 | \$0.87 |
| Milk Marketing | \$1.09 | \$1.11 | \$1.14 | \$1.22 | \$1.24 | \$1.27 | \$1.31 | \$1.31 | \$1.21 |
| Dairy Expenses | \$2.30 | \$2.23 | \$2.47 | \$2.10 | \$2.11 | \$2.07 | \$2.01 | \$2.05 | \$2.17 |
| Crops (Seed, Chem, Fert, Fuel) | \$2.85 | \$2.74 | \$2.89 | \$2.22 | \$1.95 | \$2.05 | \$2.04 | \$2.29 | \$2.38 |
| Depreciation | \$1.63 | \$1.55 | \$1.62 | \$1.63 | \$1.69 | \$1.67 | \$1.65 | \$1.67 | \$1.64 |
| Other | \$3.43 | \$3.77 | \$4.33 | \$3.86 | \$3.43 | \$3.67 | \$3.66 | \$3.75 | \$3.74 |
| Total Expenses | \$23.32 | \$23.07 | \$25.14 | \$22.50 | \$21.81 | \$21.47 | \$22.23 | \$22.93 | \$22.81 |
| Net Margin | \$0.01 | \$1.40 | \$3.58 | -\$0.84 | -\$1.68 | -\$0.04 | -\$2.17 | -\$0.10 | \$0.02 |

*Adjusted for Inventory Change (Livestock Inventory for Livestock Income and Crop Inventory for Feed)

| | | | | | | | | | |
|--------------------------|--------|----------|-----------|-----------|-----------|--------|-----------|----------|---------------------------|
| Avg # Cows | 134 | 149 | 164 | 161 | 160 | 169 | 180 | 210 | |
| Milk Sold per Cow | 20,036 | 20,466 | 20,909 | 20,970 | 21,236 | 21,248 | 21,095 | 21,163 | |
| Yearly Net Margin | \$268 | \$42,997 | \$122,761 | -\$30,321 | -\$61,802 | -\$515 | -\$89,442 | -\$4,062 | Total -\$20,116 |
| | | | | | | | | | Avg. -\$2,515 |

Table 3

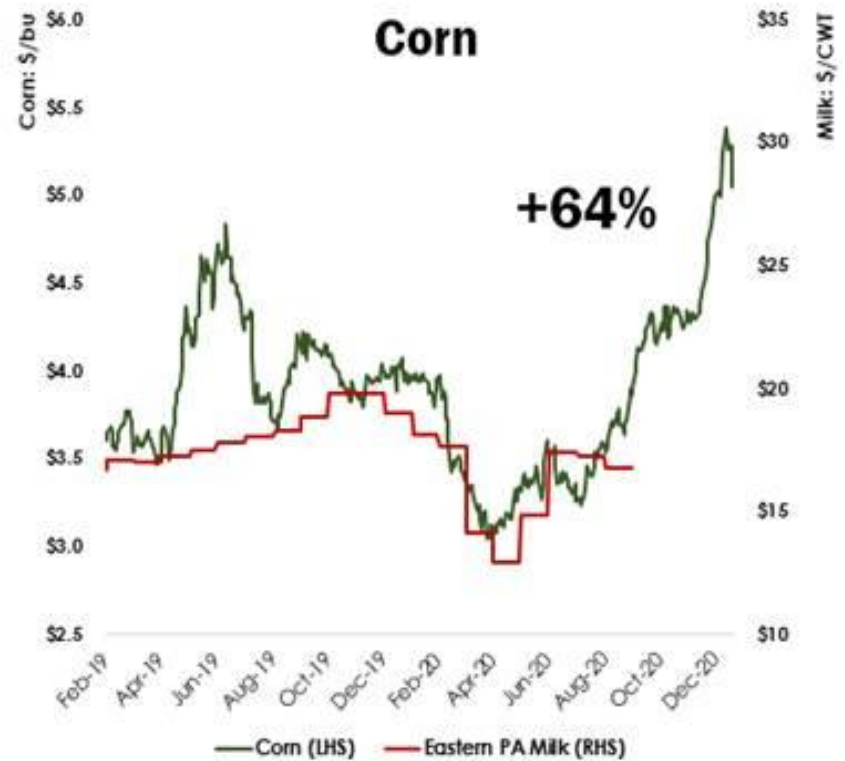
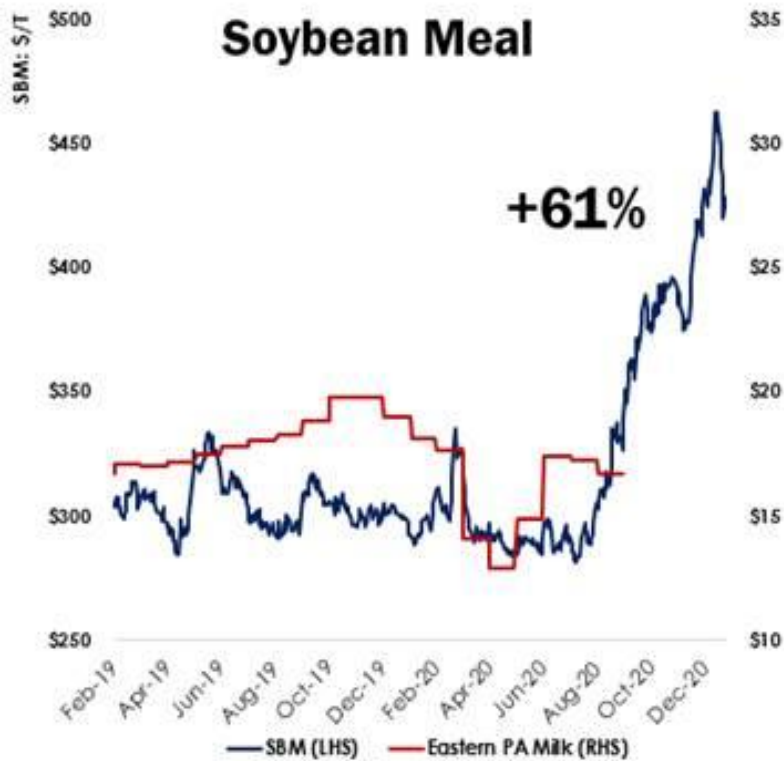
MSC Business Services

Key Dairy Benchmarks - Purchased Feed and Crop Expense to Milk Price

| Year | Purchased Feed & Crop Expense (Per CWT) | Avg. Milk Price (Per CWT) | Percent of Feed & Crop Expense to Milk Price |
|-------------|--|--------------------------------------|---|
| 2010 | \$7.69 | \$18.05 | 43% |
| 2011 | \$9.50 | \$21.87 | 43% |
| 2012 | \$9.45 | \$19.77 | 48% |
| 2013 | \$8.94 | \$21.40 | 42% |
| 2014 | \$9.86 | \$25.57 | 39% |
| 2015 | \$8.39 | \$18.14 | 46% |
| 2016 | \$7.97 | \$16.97 | 47% |
| 2017 | \$7.45 | \$18.66 | 40% |
| 2018 | \$8.13 | \$17.10 | 48% |
| 2019 | \$8.52 | \$19.34 | 44% |

Appendix 3 to Exhibit 1

Feed Prices Surge Milk Prices Unlikely to Follow



Source: Barchart, AMS, AFBF Analysis
Note: Mailbox Milk Prices Through Sept

Appendix 4 to Exhibit 1

**Wayne Brubaker, Consultant
MSC Business Services**

Wayne Brubaker has served PA Farm Bureau members since 1978. Beginning as an Account Supervisor in Bradford County, moving to Franklin County in 1980 and assuming the position of Consultant in 2008. He has worked extensively with over 200 farms helping with financial planning, farm management, tax planning and preparation, business planning and transition planning. During his tenure, he has helped numerous farms transition from one generation to the next. He has been around so long that he is now helping the third generation take over grandpa's farm.

Wayne has a BS degree in Business Administration with a minor in Accounting from Messiah College and is an IRS Enrolled Agent.

He is married, has three married children and nine grandchildren. He is actively involved in his church where he leads worship and teaches Sunday School.