

MIG/Shamrock Exhibit 23B



SHAMROCK FARMS





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FRESH CONVENTIONAL AND VALUE ADDED CLASS I HTST MILK PORTFOLIO

TRADITIONAL MILK



TRADITIONAL GALLONS &
HALF GALLONS

SCHOOL MILK



WHITE & FLAVORED
8 OZ

VALUE ADDED ORGANIC & LACTOSE FREE



96 OZ MILK

SPECIALTY MILK



HALF GALLONS & QUARTS



INNOVATIVE EXTENDED SHELF LIFE (ESL) PORTFOLIO

CLASS I MILK AND PROTEIN BEVERAGES

MILK-BASED PROTEIN



ROCKIN' PROTEIN

READY TO DRINK (RTD) MILK



RTD MILK – 8, 12, 20 OZ

MULTI-SERVE & SEASONAL



MULTI-SERVE – 32 & 64 OZ



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CLASS II ESL & HTST PORTFOLIO

MILK, CREAMS, SOUR CREAM, AND COTTAGE CHEESE

ESL CREAMS



HALF & HALF AND
HEAVY CREAM - 16, 32 AND 64 OZ

HTST CREAMS



HALF & HALF,
HEAVY CREAM, SOFT SERVE MIX -

CULTURES



COTTAGE CHEESE AND
SOUR CREAM - 16-24 OZ, 3 LB 5 LB, 32LB



ARIZONA DAIRY

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VIRGINIA DAIRY

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SHAMROCK DAIRY **OPPOSES PROPOSALS 1 AND 2**

- Shamrock's dairy's fluid plants are in "butterfat/skim" market orders
- Proposals 1 and 2 would increase Shamrock's Class I cost between \$0.60 and \$0.75 per cwt.
- Shamrock fails to receive those solids
- Market will not pay us for solids we do not receive and would not pay us if we did
- Consumer and thus drive down the demand of fluid milk. As such, Shamrock foods company cannot support this proposed change



SHAMROCK DAIRY **OPPOSES PROPOSALS 13, 16, 17, AND 18**

- Price stability needed by all
- We have lost millions of dollars managing price volatility
- USDA must reject proposals that decrease ability for retailers and processors to hedge
- Shamrock supports advanced pricing as it is difficult to manage price volatility if cost received after you sell product



SHAMROCK DAIRY **OPPOSES PROPOSALS 19 AND 21**

- Shamrock pays increasing over order premiums
- Class I and II differentials cover the same costs as over order premiums
- Proposal 19 would increase Class I differentials 28% in Phoenix, AZ and 62% in Verona, Va
- NMPF results inconsistent with USDSS Model – See Table 1



Table 1
Class I Differential Comparison for Arizona and Virginia Counties with Fluid Milk Plants (\$/cwt)

Fluid Plant(s)	County	State	Current	Model Minimum	Model Average	NMPF #19	#19 – Current	#19 – Model Avg.
Danzeisen, fairlife, Kroger, Safeway, Shamrock	Maricopa	AZ	\$2.35	\$2.30	\$2.40	\$3.00	\$0.65	\$0.60
GH, Sarah Farms	Yuma	AZ	\$2.10	\$2.10	\$2.15	\$2.90	\$0.80	\$0.75
Shamrock	Augusta	VA	\$2.90	\$4.50	\$4.70	\$4.70	\$1.80	\$0.00
Homestead	Caroline	VA	\$3.10	\$4.90	\$5.10	\$5.00	\$1.90	-\$0.10
Kroger Westover	Lynchburg City	VA	\$3.20	\$4.80	\$5.05	\$5.00	\$1.80	-\$0.05
MD-VA Marva Maid	Newport News City	VA	\$3.20	\$5.30	\$5.55	\$5.00	\$1.80	-\$0.55
Danone	Rockingham	VA	\$2.90	\$4.40	\$4.60	\$4.70	\$1.80	\$0.10
HP Hood	Winchester City	VA	\$2.80	\$4.30	\$4.50	\$4.50	\$1.70	\$0.00

Source: Hearing Exhibit 443 (MIG 64C)



PROPOSAL 19 OPPOSITION

NMPF'S CLASS I DIFFERENTIAL

- If Proposal 19 is accepted, location differentials will increase
 - FMMO 131, the amount will go from \$2.35 to \$3.00 per cwt (28%)
 - FMMO 5, the differential will increase from \$2.90 to \$4.70 per cwt (62%)
- Shamrock Dairy pays increasing amounts within the Over Order Premiums (OOP)
 - The suppliers justify the OOP as needed to cover increases in fuel, balancing and marketing of raw milk supply
- Increasing location differentials covers the same costs Shamrock already pays for in the OOP
- No need to add to the differential as these costs are already being captured through co-op specific contracts through the OOP



SHAMROCK DAIRY **OPPOSES AFBF PROPOSAL 21**

- Shamrock opposes AFBF 21 which would more than double the Class II differential to \$1.56 per cwt.
- This substantial and significant increase especially harms Shamrock with fully regulated plants
- Shamrock Class II is mostly fluid creams and we cannot avoid by reformulating
- Higher prices will drive down consumer demand



PROPOSAL 20

MIG CLASS I DIFFERENTIAL

1. Grade A

- Shamrock's processing plants are required to receive Grade A milk
- Shamrock is not aware of any farmer that has or is producing Grade B milk
- \$.40/cwt should be removed from the base Class I differential



PROPOSAL 20

MIG CLASS I DIFFERENTIAL

2. Balancing

- Shamrock pays twice – as part of the over order premium paid to Co-op Suppliers and as a balancing charge (\$.60 cents/cwt) under the FMMO
- Ex. Co-op agreement Shamrock provided a rolling forecast and can be assessed a charge if demand is higher or lower
 - Charge (up to \$.75 per cwt) is for co-op to be able to manage milk shed and reduce any further costs
- Expense of balancing goes back and forth between the supplier and Shamrock Foods Company



PROPOSAL 20

MIG CLASS I DIFFERENTIAL

3. Incentive

- Sourcing milk has historically not been an issue
- Future investment in innovation in the industry is critical in stimulating demand for Class I products
- Milk is at a disadvantage - raw product costs for milk are substantially higher than other competitive beverages
- Increasing Class I prices will raise the price to consumers at the shelf, reduce milk consumption and hinder processor's ability to innovate



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- I have seen that when we work together, we can accomplish great things
- The entire dairy industry would benefit from a concerted effort towards the collective good
- Let's join together with shared solutions that grow demand for class I fluid milk and make our industry stronger for the future

