

Memorandum

To: Licensed processors, distributors, retailers and other interested parties

From: The Virginia State Milk Commission

Date: September 13, 2005

Re: State Milk Commission published presumed processing, platform and delivered costs.

The State Milk Commission has received several inquiries regarding published presumed processing, platform and delivered costs schedules. These questions relate to the current run up in resin and fuel costs and whether the published presumed cost schedules will reflect these significant increases. The answer is no.

The presumed cost schedule published by the Virginia State Milk Commission is an accumulation of costs updated periodically as cost studies are completed. Any cost factors experiencing daily volatile increases or decreases will not be reflected in the presumed costs. By design, the presumed cost schedule reflects a rolling average presumed cost. Therefore, the presumed cost schedule cannot be relied on to reflect volatile changes to costs.

Should there be any questions, please contact our office at 804-786-2013.