

**UNITED STATES DEPARTMENT OF AGRICULTURE
 AGRICULTURAL MARKETING SERVICE
 DAIRY PROGRAMS
 MILK MARKET ADMINISTRATOR**

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**ANNOUNCEMENT OF ADVANCED CLASS PRICES AND PRICING FACTORS
 FOR OCTOBER 2006**

| | PRICE @ 3.5% BF <i>(per cwt.)</i> | SKIM MILK PRICE <i>(per cwt.)</i> | BUTTERFAT PRICE <i>(per lb.)</i> |
|--------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| CLASS I PRICE * | \$15.52 | \$10.82 * | \$1.4517 |
| Transportation Credit | 0.095 | 0.095 | 0.00095 |
| <u>Processor Assessment **</u> | <u>0.20</u> | <u>0.20</u> | <u>0.0020</u> |
| Total | \$15.815 | \$11.115 | \$1.45465 |
| CLASS II PRICE | | \$7.06 | |

FACTORS USED IN PRICES FOR OCTOBER 2006

Advanced Pricing Factors *:

| | |
|---|----------|
| Advanced Class III Skim Milk Pricing Factor <i>(per cwt.)</i> | \$7.72 |
| Advanced Class IV Skim Milk Pricing Factor <i>(per cwt.)</i> | \$6.36 |
| Advanced Butterfat Pricing Factor <i>(per lb.)</i> | \$1.4207 |

NASS Product Price Averages for the Two Most Recent Weeks Ending September 16, 2006:

| | |
|----------------------------------|----------|
| Cheese <i>(per lb.)</i> | \$1.3063 |
| Butter <i>(per lb.)</i> | \$1.2989 |
| Nonfat Dry Milk <i>(per lb.)</i> | \$0.8542 |
| Dry Whey <i>(per lb.)</i> | \$0.3162 |

* Class I skim milk price is announced at the higher of the advanced Class III or IV skim milk pricing factors plus the base zone (Mecklenburg County, NC) differential of \$3.10 and is subject to location adjustments.

** The processor assessment is an obligation under the Fluid Milk Promotion Order (7 CFR § 1160.101 *et seq.*). The Order requires that all persons who process and market commercially more than 3,000,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia on a monthly basis, excluding those fluid milk products delivered to the residence of a consumer, be assessed 20 cents per hundredweight on all marketings of such packaged fluid milk products during the month.