



Break-even Price Calculation for Milk

	Cash Needs	Example	Your Farm
1	Cash Production Expenses (excluding interest)	\$300,000	
2	Principal and Interest Payments	30,000	
3	Capital Replacement	10,000	
4	Income Taxes	20,000	
5	Family Living	35,000	
6			
7			
8			
9	Total Cash Needs (sum lines 1-8)	\$395,000	

	Income Adjustments		
10	Cull Cow and Heifer Sales	\$20,000	
11	Bull Calf Sales	6,000	
12			
13			
14			
15	Total Income Adjustments (sum lines 10-14)	\$26,000	

	Final Calculation		
16	Dollars Needed From Milk Sales (Line 9 - Line 15)	\$369,000	
17	Annual Milk Production (hundredweights)	30,000	
18	Breakeven Price (Line 16 divided by Line 17)	\$12.30	