

STANDARDIZED MILK PRICE CALCULATIONS for MAY 2009 deliveries

(for standardized milk (1) and based on payment systems of the companies; all prices in euro / 100kg)

Company		Quality adjustment	Quantity adjustment	Seasonal adjustment	MILK PRICE this month	Most recent supplementary payment	Rolling average last 12 month (4)
Milcobel	BE	0.73	1.37		21.68	0.00	26.47
Alois Müller	DE	0.51			21.66	0.00	28.71
Humana Milchunion eG	DE				22.88	-0.18	30.13
Nordmilch	DE		0.15		21.89	-0.15	26.89
Arla Foods	DK	0.49			24.52	0.71	31.89
Hämeenlinnan Osuusmeijeri	FI	2.14		1.58	35.05	2.91	45.10
Bongrain CLE (Basse Normandie)	FR	0.74			27.99	none	32.78
Danone (Pas de Calais)	FR				26.90	none	33.01
Lactalis (Pays de la Loire)	FR				26.52	none	32.57
Sodiaal	FR	0.58			26.06	none	32.53
Dairy Crest (Davidstow)	GB	-0.22	0.33	-2.75	25.07	0.00	31.03
First Milk	GB	0.55	2.06		21.36	0.00	28.49
Glanbia	IE				21.06	0.00	28.36
Kerry	IE				22.87	none	28.26
DOC Kaas	NL	0.05	0.27	-1.60	18.61	1.04	25.80
Friesland Campina	NL	0.05	0.75	-2.30	21.45	1.04	30.13
AVERAGE MILK PRICE THIS MONTH (2)					24,10		30,76
Granarolo (North)	IT	1.15	3.42		32.52	none	38.50
Fonterra (5)	NZ				17.46	0.00	17.24
United States of America (3)	US	0.09			18.11	none	25.34

Remarks:

- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA announcement, adjusted for 4.2% fat, 3.4% protein and somatic cell count 249,999 per ml.
- (4) Including most recent supplementary payment.
- (5) Based on payout forecast, adjusted for 4.2% fat and 3.4% protein.

ADDITIONAL REMARKS MILK PRICES MAY 2009

MILK PRICE

Additional remarks milk prices April 2009

The average milk price calculated for May 2009 deliveries is € **24.10** per 100 kg standard milk. This is compared with the same month last year € **8.63** lower (minus 26.4%)¹. In comparison to April 2009 the average milk price is € **0.36** higher. Most companies however, have reduced their milk prices. Thanks to price recommendations made in France, French milk prices showed an increase and were as such responsible for the higher EU-average.

Milcobel

Milcobel lowered the fat- and protein price, so the milk price is this month lower than last month. The company has announced not to make any supplementary payments over 2008.

Germany

The German dairies Alois Müller, Humana Milch Union and Nord Milch lower the May basic price for milk with € 1.00 per 100 kg milk compared to the previous month.

Hämeenlinnan Osuusmeijeri

It is expected that the milk price of the Finnish Hämeenlinnan Osuusmeijeri will decrease in the next couple of months. Reason is that Valio has announced to reduce its milk price by July. The Finnish market leader said they are forced to do so because of fierced competition from cheap imports.

France

The price recommendations made in France lead to an increase in the basic price, paid by French companies and contributed to milk prices well above the EU-average. Bongrain paid a higher basic price and a premium of 60 cents per 100 liters, which made a milk price of € 27.99. By increasing its basic price Danone paid € 26.90 per 100 kg milk. Sodiaal has increased the basic price and fixed its milk price at € 26.06 per 100 kg milk. Dairy co-operation Lactalis increased the basic price and paid € 26.52 per 100 kg milk.

¹ Revised version July 14, 2009: compared with the same month 2008 € 6.71 lower per 100 kg milk or 21.8%.
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United Kingdom

Dairy Crest lowered its milk price by 0.50 pence per liter. This month the seasonality levy is higher compared to April which made its milk price fall further. The dairy company has announced to make no change to the basic price of Davidstow in June and to lower the basic price in July by an extra 0.50 pence per liter. However, dairy farmers received a guarantee that no further reductions will occur until October.

First Milk has lowered its milk price in May by 1.00 ppl.

Ireland

The Irish dairy Glanbia has announced to pay no end-of-year bonus over 2008.

The Netherlands

Friesland Campina kept its guaranteed price unchanged. They announced however that in June the basic price will be reduced by € 1.00 per 100 kg milk.

DOC kaas has announced that the company will lower its fat and protein price in June. No seasonality fee will be paid in June, which leads to a higher milk price compared to the previous month of May.

Oceania

Recent projections suppose a rise in milk supplies for both New Zealand and Australia of 1-2% in the current marketing year 2009/10.

Export

New Zealand export (whey included) over the last 12 months to April 2009 was with an export value of NZ\$ 9.905 billion, 5% more than over the same period up to April 2008. Total export tonnage of 1.690 million was 1.8% less. However during the latter part of this period there was a continuing slide in export values due to falling world market prices since last year's peak levels. In the month of April 2009 total export value was NZ\$ 769.4 million against an export tonnage of 197.600, which was 43% more than April 2008. Prices are still under pressure. So to sustain its returns in NZ dollars New Zealand has to export much more tonnage. Moreover the export position is threatened by a rising NZ\$ against its main competitors.

Exports of various dairy products for 12 month period May 2008-April 2009:

Product	Quantity (tons)	% change	Total value (million NZ\$)	% change	Total value (US\$ per ton)
Skimmed milk powder.	286.545	+ 12.6	1254.6	- 4.6	2626
Cheese	187.357	- 11.4	1153.9	+ 10.4	3695
Butter	232.077	- 2.8	1029.7	+ 9.6	2660
Butteroil	122.458	+ 11.2	649.0	+ 33.2	3180

WMP	602.492	- 6.6	3177.3	- 3.3	3164
Lactose	28.562	+ 49.9	68.4	- 11.8	1436
Casein	42.513	- 16.0	603.8	+ 15.3	8520
Caseinates	28.353	- 9.2	425.7	+ 16.1	9008

NZ\$ = US\$ 0,60 (may 2009)

USA

Market

Very low milk prices and relatively high feed costs have meant unfavorable returns over feed costs for dairy farmers. Dairy farmers have responded by increasing the slaughter of dairy cows and feeding less grain and concentrate. As of May, milk cow numbers have fallen 60,000 head from the beginning of the year and are now 0.5% below a year ago. Milk per cow in May was up just 0.6%, slightly offsetting fewer cows. CWT is now in operation and will remove about 103,000 cows between now and the end of July. In the first half of 2009 the All-in milk price was 37% lower than a year ago.

More domestic interest and some improved exports have increased dry whey prices to the \$0.29 to \$0.31 per pound range. (= ± **€475 per ton**) Earlier in the year dry whey was selling for around \$0.15/lb. This increase adds appr.\$0.85 per hundredweight (= \$0,018/kg) to the Class III price offsetting only partially the effect of low cheese prices.

With these prices the June Class III price will be around \$9.90,(= **€15,60/kg**), not much improvement from \$9.82 in May.

The weak domestic economy and loss of export sales has led to more than enough milk and dairy products for current needs. Stocks of most dairy products have been building month to month.

The loss of export markets is a major factor for depressed dairy product prices.

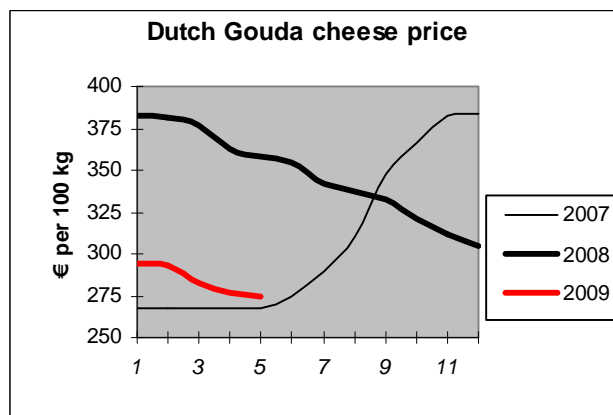
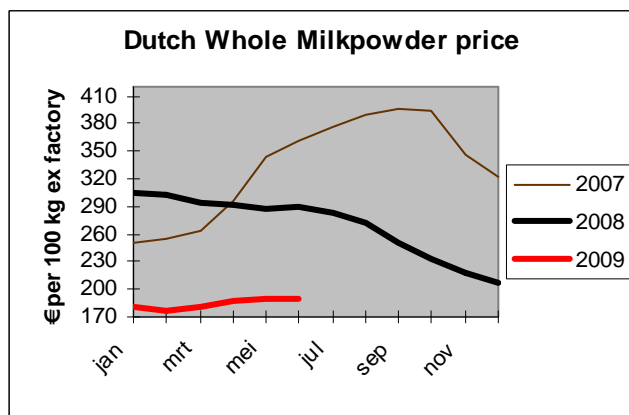
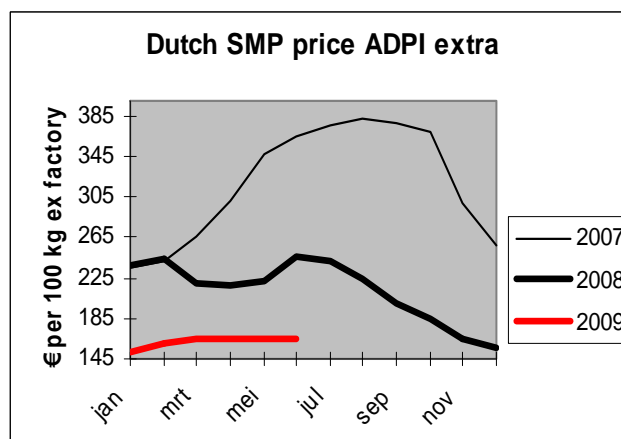
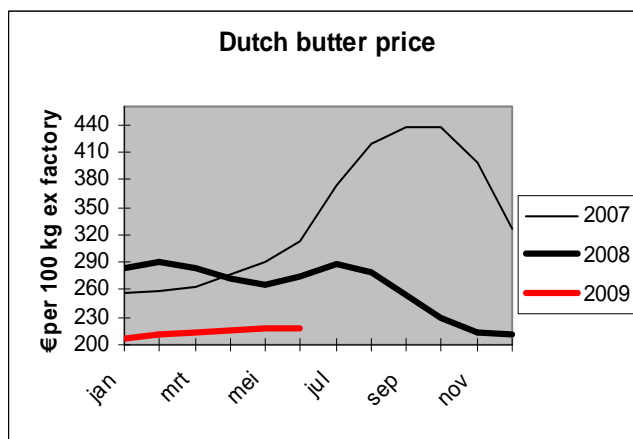
USDA estimates dairy exports for the year will be down 57% on a fat-basis from last year or 25% on a skim-solids basis. This is the equivalent of 3 to 4% more milk on the domestic market.

Due to above sluggish market conditions USDA sees little improvement this year and predicts an average Class III price of \$10.60 to \$11.00 for the year. (= ± **€16,80 - €17,40/100 kg**)

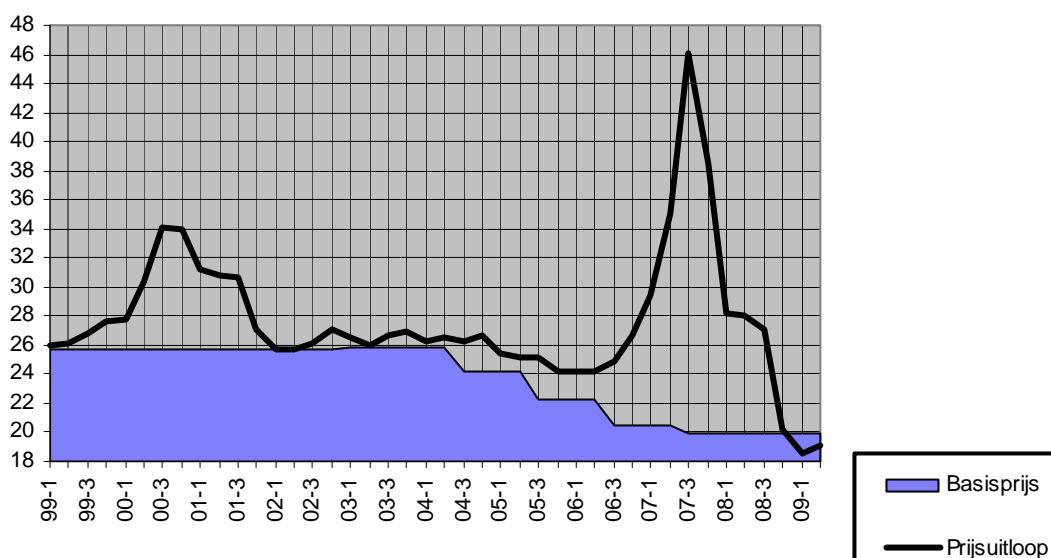
MARKET SITUATION

€ per 100 kg

Dutch Quotations				
	1 January 2009	5 July 2009	index	trend
Butter	210	226	107,6	↑
Whole milkpowder	195	187	95,8	→
Skimmed milkpowder	150	165	110,0	→
Wheypowder	39	43	102,5	→
Gouda cheese	± 310	± 275	88,7	↓



Market price development of milk (based on Dutch quotations of butter and smp) compared to basic price of milk



Market comments

In the Netherlands milk output during the period January - May 2009 was 4.704 billion kgs or appr. 1% higher, compared to the same months last year. The average milk fat and protein percentage during this period was 4.43% and 3.50% ,being unchanged compared to last year. Recent developments indicate that the average fat content of EU milk output is trending lower.

The milk output figure in the EU-27 for the period January-March 2009 declined and was appr. 1.2% lower than the previous year, and probably still trending lower.

Markets are stabilised and are consolidating current prices. Intervention still rules the market. Up to now some 185,000 tons of butter and 205,000 tons of skimmed milkpowder has been removed from the marketplace. Buying-in-prices are being maintained just below intervention levels. To reassure the market Brussel has expressed plans to extend intervention purchases beyond August.

Recently the butter market showed some strength, indicating a shift to a more balanced supply and demand picture may be expected in coming months. This in turn attracted more buying interest. However it looks like there is little room for more upward potential, given the ample intervention supplies available, so this market reaction could be shortlived.

There are no real signals yet, indicating a possible turnaround in the market is around the corner.

Positive factors are however : milk deliveries have peaked and are now falling ,probably pushed by continuing lower milk prices. And as the season in Oceania and South America winds down, the EU is the only major source of supply for the coming months.

Negative factors remain however: growing supplies everywhere, falling exports and still hesitating buyers on the world market. Furthermore the fast declining US dollar makes the EU export less competitive. and will be further threatened by the intention

of the USA to reactivate its Dairy Export Incentive Program in order to subsidize their exports again.

This could lead to new downward pressure on prices

A further improvement of market prices will only occur until either the supply of product will decline or buyers have confidence that the global economic situation will soon improve.

So matching supply and demand has still a long way to go.