

STANDARDIZED MILK PRICE CALCULATIONS for NOVEMBER 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		29.55	0.00	24.39
Alois Müller	DE	0.51			27.10	0.00	24.06
Humana Milchunion eG	DE				27.83	-0.18	25.29
Nordmilch	DE		0.15		26.84	-0.15	23.20
Arla Foods	DK	0.52			25.84	0.71	26.61
Hämeenlinnan Osuusmeijeri	FI	2.14		4.98	38.47	2.91	41.95
Bongrain CLE (Basse Normandie)	FR	0.74			27.23	none	30.04
Danone (Pas de Calais)	FR				28.75	none	30.21
Lactalis (Pays de la Loire)	FR				27.56	none	29.83
Sodiaal	FR	0.58			27.03	none	29.73
Dairy Crest (Davidstow)	GB	-0.22	0.32	2.16	28.98	0.00	28.16
First Milk	GB	0.54	2.02		24.08	0.00	24.69
Glanbia	IE				25.15	0.00	22.00
Kerry	IE				23.87	none	22.85
DOC Kaas	NL	0.05	0.34		27.01	1.04	22.65
Friesland Campina	NL	0.05	0.75	3.65	31.66	1.30	26.63
AVERAGE MILK PRICE THIS MONTH (2)					27,93		27,02
Granarolo (North)	IT	1.15	3.42		34.95	none	35.27
Fonterra (5)	NZ				22.49	0.00	19.29
United States of America (3)	US	0.11			23.39	none	20.45

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 NOVEMBER 2009

MILK PRICE

Additional remarks milk prices November 2009

The average milk price calculated for November 2009 deliveries is €27.93 per 100 kg standard milk. This is compared with the same month last year €4.59 lower (minus 14.1%). In comparison to October 2009 the average milk price is €0.87 higher. While milk prices are climbing out of the valley the average October milk price is still far below the level of last year.

For the first time in 2009 calculated milk prices of several dairies, namely Milcobel and DOC Kaas, appear to be higher in November than in the same month last year.

Advanced milk prices 2009

Now the milk prices till November and for some dairies until December are calculated, an estimate of the advanced average milk price can be made for the calendar year 2009.

The advance average milk price of 16 European companies in 2009 is expected to be approximately €26.50 per 100 kg standard milk. This is almost 8 euro or 23% lower than last year.

Milcobel

The fat - and protein prices of Milcobel were higher. The milk price is, compared to the previous month, €1.57 higher per 100 kg standard milk.

Germany

The German dairies Nordmilch and Alois Müller increased the basic price in November by €2.00. Nordmilch paid the same milk price as in December last year. The basic price of Humana Milchunion increased €2.35 compared to previous month and the company paid retroactively €0.65 back over the months January to November 2009.

France

The milk prices of Bongrain, Danone and Sodiaal decreased and the milk price of Lactalis increased in November.

United Kingdom

For the sixth month in a row the British Dairy Crest kept its paid milk price unchanged. First Milk decreased its milk price.

Ireland

Glanbia increased its milk price in November and Kerry kept the milk price unchanged.

The Netherlands

The milk price of FrieslandCampina increased in November by € 3.07 per 100 kg milk. FrieslandCampina has announced a further price increase in December. Due to the lower winter bonus in December the calculated milk price is still higher at € 31.89, compared to November.

The milk price paid in November by DOC Kaas increased € 2.84 per 100 kg milk. The company announced in December that milk prices will continue to increase.

Compared to December last year the paid milk price will be in December 2009 € 3.79 higher per 100 kg milk.

The calculated advanced milk price of FrieslandCampina and DOC Kaas for calendar year 2009 will be approximately 25% lower than in 2008. In December for the first time, the milk price of FrieslandCampina will be higher than the same month last year.

Granarolo

The Italian basic price was set last month for the last quarter of this year. Therefore the paid milk price remains unchanged in November.

Scandinavia

The milk price of Danish Arla remained unchanged.

The milk price paid by the Finnish Hämeenlinnan Osuusmeijeri decreased € 0.97 compared to previous month.

Oceania

Production

With North Island producing less, dragging total production down by nearly 1.5% and South Island consistently producing more, total NZ-dairy production is predicted to be in a current range of 0 - 0.5% up on last season. If a normal weather pattern prevails for the remainder of the season estimates are that New Zealand's 2009/10 production will be appr. 1 -1.5% above the previous season.

Australia's production figures for the first 3 months of the season showed a decline of appr. 4% compared to last year. In September milk production was 7.2% lower, compared to same month last year, extending the year-on-year decline. Production for the whole current 2009/10 year is estimated at 9.0 billion litres or a reduction of 4% on last year.

Milkprice

Calculated milk price of Fonterra decreased by € 0.44 compared to previous month because of the currency rate effects.

USA

US milk production in November was estimated down 1% from a year ago. The drop in cow numbers continued in November, while productivity nationwide remained above last year's levels.

Total cow herd is expected to average about 3% smaller compared to 2008. This will continue in 2010.

Recently USDA revised its milk production forecasts for 2009 and 2010 because dairy cow liquidation has been slower than expected and improving milk prices in 2010 are expected to reduce the rate of decline in milk cow numbers. Their latest estimate was a fall of 0.8% for 2009, and a further 0.9% to 187.7 billion lbs. in 2010.

Declining feed prices and higher milk prices will further improve the so called milk to feed profitability price ratio, but not to a level that will cause further expansion.

Although milk production is forecast higher than last month, improving demand is expected to support prices for most products. Prices for cheese, nonfat dry milk, and whey are forecast higher, but butter prices are forecast slightly lower.

The all milk price is forecast at \$12.70 to \$12.80 per cwt for 2009 and **\$16.35 to \$17.15 per cwt (=± €25,50/100 kg on average)** for 2010.

In December the cheese market appears to be under pressure ; end november total cheese stocks were 17% higher than a year ago and Cheddar 40-pound block prices were gradually coming down from \$ 1.70 to \$ 1.48 per pound (**=± \$ 3260/ton**) The current (intervention) support price on blocks is \$1.13. Last year in December cheese price was app. \$ 1.865 per pound or 20% higher.

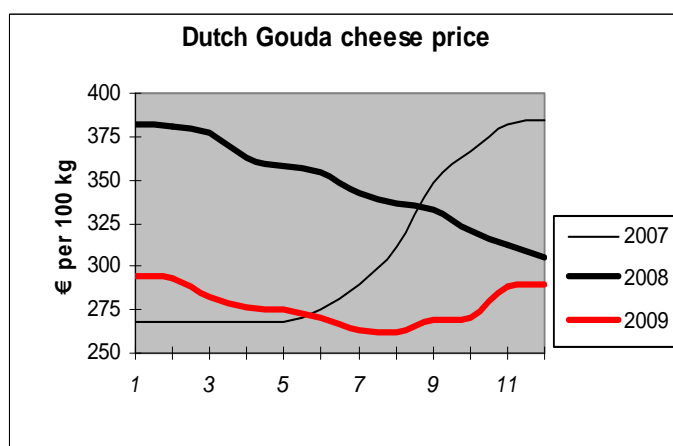
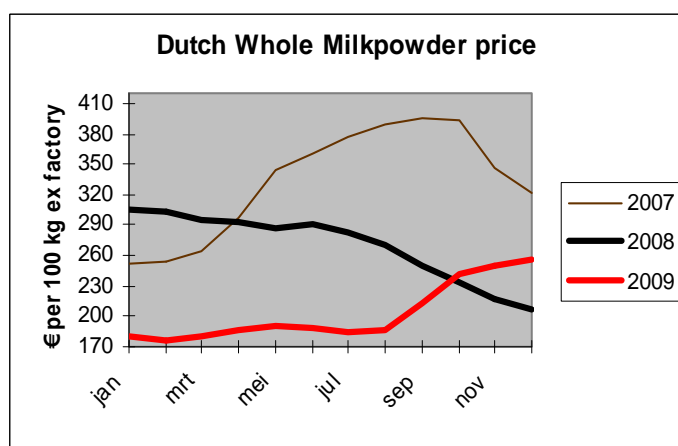
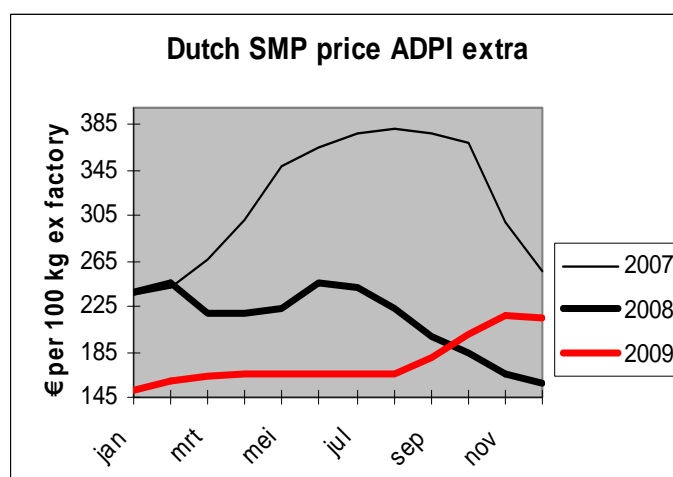
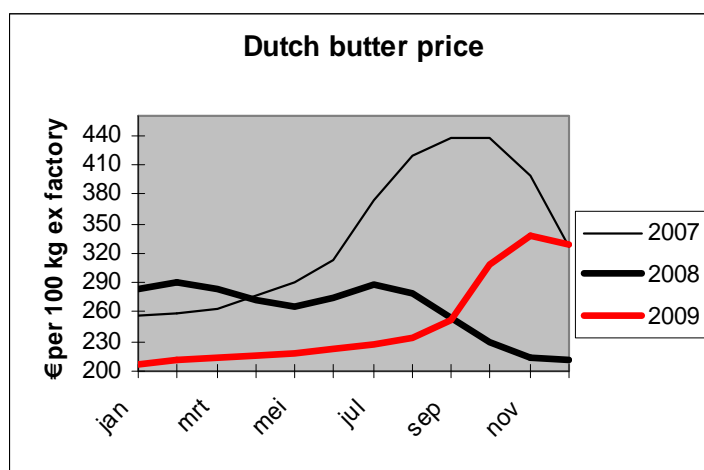
Butter prices declined from \$1.52 end November to \$1.3275 (**=± \$ 2925/ton**) end December . The current support price on butter is \$1.05. Last year in December butter price was app. \$ 1.14 per pound or 14% lower. End november total butter stocks were 19% higher than a year ago

Dry whey has been trading up in the \$0.38 to \$0.41 per pound range and nonfat dry milk prices are staying around \$1.40 (**=± \$ 3100/ton**) per pound, which is 75% above the current (intervention) support price of \$0.80. End november total non fat dry milk stocks were ±123.000 ton or 37% lower than a year ago

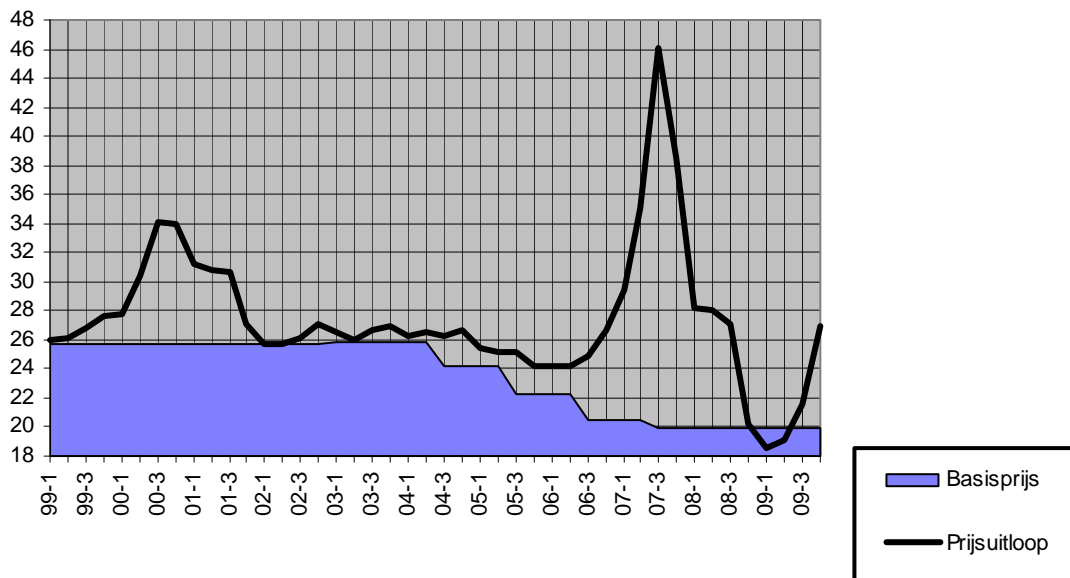
MARKET SITUATION

€ per 100 kg

Dutch Quotations				
	1 January 2009	31 December 2009	index	trend
Butter	210	315	150,0	↓
Whole milkpowder	195	252	129,2	↓
Skimmed milkpowder	150	205	136,6	↓
Wheypowder	39	69	177,0	→
Gouda cheese	± 310	± 290	93,5	↑



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 – November 2009 was 10.148 billion kgs or appr. 1.6% higher, compared to the same period last year. The average milk fat and protein percentage during this period was 4.36% and 3.48% being 0.01% higher, resp 0.01% lower compared to last year.

The milk output figure in the EU-27 for the period January-September 2009 declined and was 0.32% lower than the previous year. Despite this trend milkoutput in the April – September period did increased 0.4% compared to same months last year. However this picture is influenced by the German milk strike in the second quarter of 2008.

A general positive sentiment is noticeable. Rising prices for dairy commodities on the international and EU markets have turned the tide. Rising demand and a limited growth of milk production worldwide are now bringing markets more in balance. On the worldmarket many believe commodity prices are reaching their peak. Although prices are believed to remain relatively buoyant and may stabilise around current levels until the end of the first quarter of 2010, upward momentum is slowly fading away. Much will depend on how milk production will respond to the quick price rebound, especially in the EU and US.

At the latest Fonterra auction of January AMF prices were just 4% higher, while milkpowder prices were down appr. 7% on average.

Until now price recovery has the character of a supply driven development. If the recovery will continue or current price levels will be sustainable for the next couple of months depends on the return of a more structural increase of demand at the one side and a more contained supply growth at the other side.

For the moment milkpowder and butterprices are coming down in order to achieve a better supply/demand balance.