

STANDARDIZED MILK PRICE CALCULATIONS for APRIL 2010 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		30.08	0.67	27.26
Alois Müller	DE	0.51			28.09	0.46	25.68
Humana Milchunion eG	DE				27.83	-0.18	25.34
Nordmilch	DE		0.15		27.83	-0.15	24.65
Arla Foods	DK	0.54			27.09	2.04	27.87
Hämeenlinnan Osuusmeijeri	FI	2.14		-2.59	30.86	1.17	37.33
Bongrain CLE (Basse Normandie)	FR	0.74			29.45	none	28.92
Danone (Pas de Calais)	FR				29.38	none	29.49
Lactalis (Pays de la Loire)	FR				28.47	none	28.58
Sodiaal	FR	0.58			29.36	none	29.59
Dairy Crest (Davidstow)	GB	-0.22	0.33	-2.50	25.05	0.00	27.29
First Milk	GB	0.56	2.08		21.97	0.00	23.49
Glanbia	IE				27.96	0.00	23.62
Kerry	IE				27.85	none	23.56
DOC Kaas	NL	0.05	0.34		26.53	1.53	25.09
Friesland Campina	NL	0.05	0.75	-2.30	25.19	0.86	26.90
AVERAGE MILK PRICE THIS MONTH (2)					27,69		27,17
Granarolo (North)	IT	1.15	3.42		33.98	none	33.96
Fonterra (5)	NZ				26.26	0.00	24.47
United States of America (3)	US	0.11			24.03	none	21.85

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 APRIL 2010

MILK PRICE

Additional remarks milk prices April 2010

The average milk price calculated for April 2010 deliveries is **€ 27.69** per 100 kg standard milk. Nevertheless, the European milk prices are for the first time this year above the level of last year (**+ € 0.37**), representing an increase of **16.2%**. April last year milk prices declined €2.75 per 100 kg compared to the previous month. This year the milk price of April increased even above 2007 level.

The Netherlands

Dutch dairies FrieslandCampina and DOC Kaas have changed their fat- and protein prices, that is why in April the milk prices increased compared to previous month. Both companies increased the May milk price further with approximately 2 euro per 100 kg.

Milcobel

This month the milk price of Milcobel increased, compared to the milk price of March.

Germany

Alois Müller increased the April basic price with 50 eurocent up to €26.50 per 100 kg milk. Nordmilch and Humana Milchunion increased the basic price with 1 euro up to €27.00 per 100 kg. Alois Müller paid a 2009 end-of-year-bonus of €0.46 per 100 kg.

France

Milk prices of Bongrain, Danone and Sodiaal increased in April because changes of the basic prices and quality bonuses. In April the milk price of Lactalis decreased due to seasonal changes.

Scandinavia

The milk price of the Swedish/Danish dairy Arla remained the same, but the calculated milk price decreased by the fall of the euro. Arla announced to increase the milk price from 31th of May, converted around 1 euro per 100 kg.

Hämeenlinnan Osuusmeijeri remains their milk price the same in April.

Ireland

Glanbia and Kerry increased the fat- and protein prices in April. Therefore the milk prices increased compared to previous month.

United Kingdom

The milk prices of the British dairies Dairy Crest and First Milk (provisional) decreased in April due to seasonal changes.

Oceania

Fonterra today announced an opening forecast payout before retentions for the 2010/11 season of \$6.90-\$7.10. (**=± €31,50/100 liter melk***)

This payout combines a forecast Milk Price of \$6.60 per kilogram of milksolids (kgMS) and forecast Distributable Profit of 30-50 cents per share. It is up \$0.50 on the current season's payout of \$6.10.

Herewith the calculated milk price of next season will be approximately €28.00 per 100 kg standard milk. This will be the second highest milk price over the last decade.

The advance rate for 2010/11 will start at \$4.30/kg, rising to \$4.60 in February next year, \$4.95 in April, \$5.30 in June, \$5.60 in July, \$5.95 in August, \$6.25 in September and \$6.60 in October 2011.

Company said if international dairy prices and foreign exchange rates were to hold to current levels for most of the coming year, then it is possible that the 2010/11 payout could be well over \$8.00. However, the forecast payout has been set at \$6.90-7.10 reflecting a more cautious outlook given the high degree of volatility in the market. "That's what the market looks like right now, but we know that there is substantial volatility in the market. The reality is that we are seeing big swings in foreign currencies and turmoil in some economies. These factors could have a big impact on demand for dairy products and the prices we ultimately realise.

USA

USDA's milk production shows a rising trend. It is estimated that U.S. milk production was 1.5% higher than April a year ago. In fact, the estimated 16.383 billion pounds (= 7.4 million tons) is a record for the month of April. Contributing to this increase in milk production is more milk cows and a strong increase in milk per cow. While milkcow numbers were 2.0% below a year ago cow numbers are no longer declining month-to-month and have increased by 14,000 head since last December. The increase in milk per cow has more than offset fewer milk cows in several states. Production per cow is estimated to have increased by 3.5%.

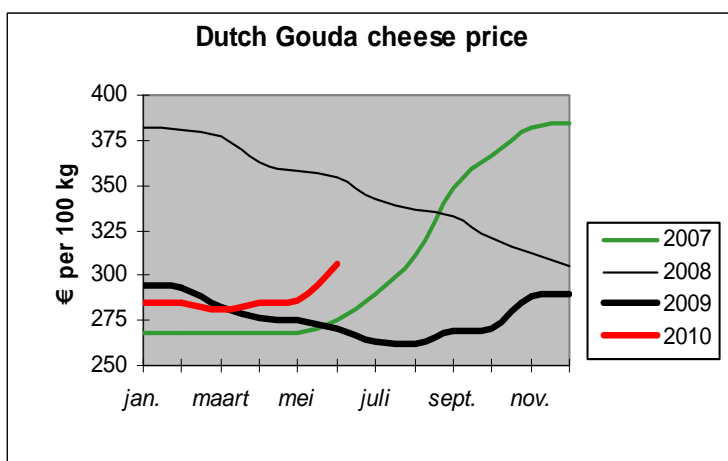
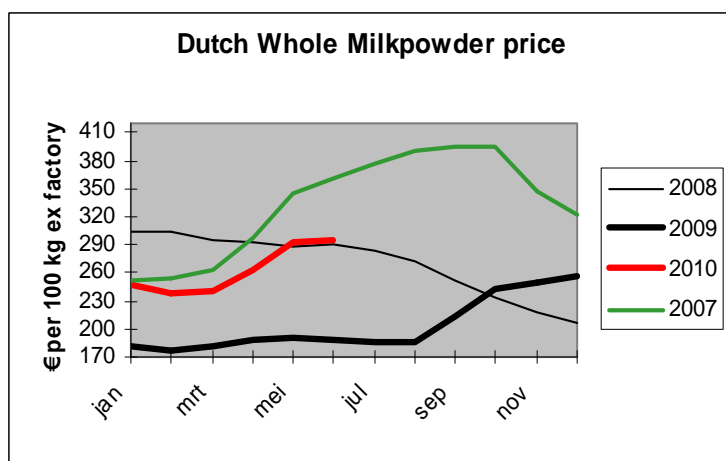
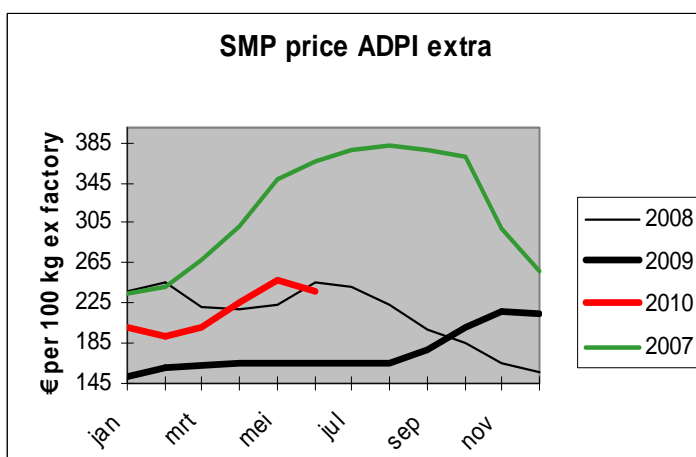
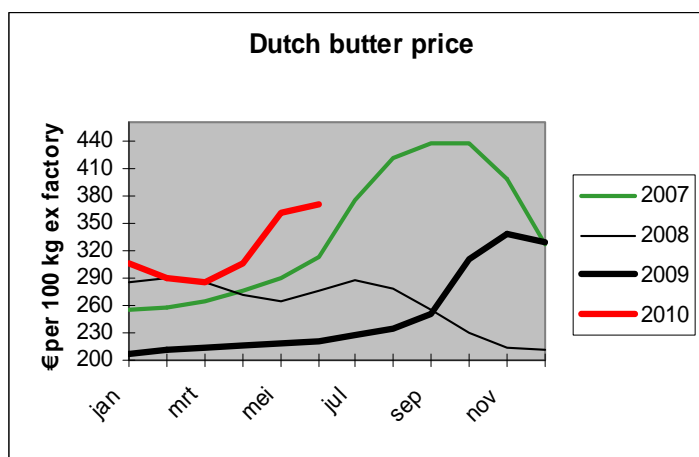
While milk prices have yet to recover from the lows of a year ago, prices have been about \$3.00 higher and with lower corn and hay prices than a year ago returns over feed costs have improved and, as a result, it appears producers are feeding for increased milk production.

* with 8.3% milk solids
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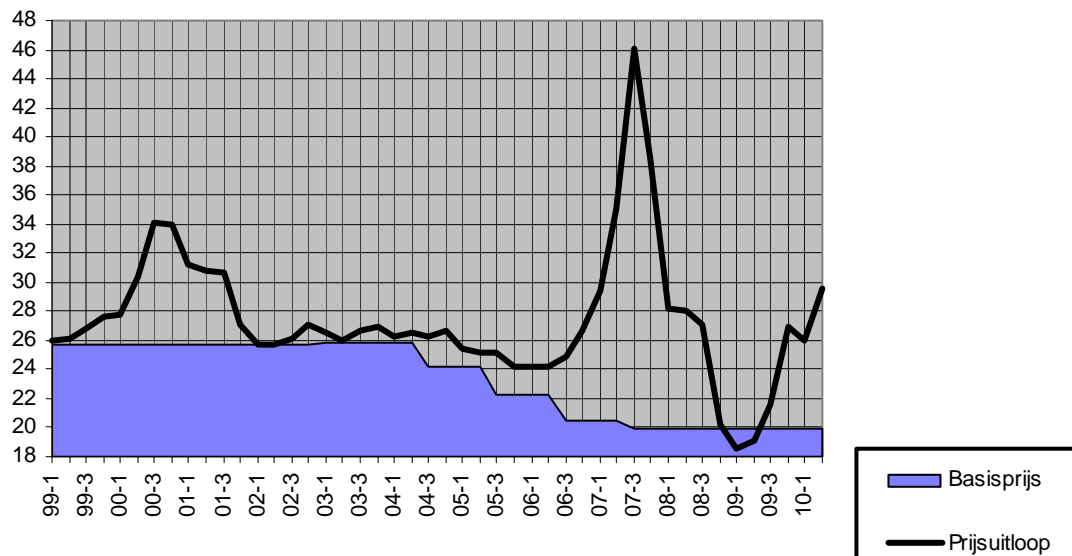
MARKET SITUATION

€ per 100 kg

Dutch Quotations				
	1 January 2010	June 3 2010	index	trend
Butter	315	370	117,5	→
Whole milkpowder	252	295	117,1	→
Skimmed milkpowder	203	237	116,7	↓
Wheypowder	70	63	90,0	↓
Gouda cheese	± 290	± 310	106,9	↑



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 January-April 2010 was 3.82 billion kgs or appr. 2% higher, compared to the same period last year. The average milk fat and protein percentage during this period was 4.53% and 3.52% being 0.06% higher, resp. unchanged compared to last year.

During the super levy period April – March milk output was 1.7% higher. In total quatum quantity was exceeded by 0,41% being 47 miljoen kg.

According to recent provisional figures milk output in the EU-27 for the first quarter of 2010 declined and was 1.4% lower than the previous year.

Milkoutput in the April – March period of the quota year was 0.5% less.

The big price rises for dairy commodities during the last couple of weeks has come to an sudden halt, now Brussels has spoken out the intention to release extra quantities of butter and milkpowder from intervention stock. Milkpowder prices showed their biggest decline in months and tumbled from a level of €2400 to app. €2000. Trading activity has slowed down and market participants are waiting for more price direction. Probably the first signals will come from the result of the first intervention tender next week.

Also June's Fonterra auction - considered as a credible reference point for the international dairy commodity market – will deliver signals in which direction prices will move.

International trade is recovering again, which is reflected in increasing export quantities.

Moreover important institutions like OESO and IMF have recently increased their growth expectations for the world economy. At the same time however the risks of a new economic setback is looming. The sustainability of the current economic recovery is questioned now that the euro zone is in danger. To adress the growing budget deficits a number of EU countries is forced to take austerity measures, which could hurt the recovery and may impede an upturn of consumption growth later on.

Biggest growth prospects are in China. That home market becomes more and more important. China is planning to loosen its export focus and is on his way to stimulate its internal demand. So the imports in China could accelerate in coming years. In which way and to what extent Europe can take advantage remains to be seen.