

STANDARDIZED MILK PRICE CALCULATIONS for JUNE 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		32.18	0.67	28.95
Alois Müller	DE	0.51			31.56	0.46	27.30
Humana Milchunion eG	DE				29.81	-0.16	26.35
Nordmilch	DE		0.15		29.81	0.00	26.06
Arla Foods	DK	0.59			30.07	2.04	28.66
Hämeenlinnan Osuusmeijeri	FI	2.14		-1.62	31.84	1.17	36.45
Bongrain CLE (Basse Normandie)	FR	0.74			30.54	none	29.41
Danone (Pas de Calais)	FR				32.10	none	30.09
Lactalis (Pays de la Loire)	FR				31.38	none	29.18
Sodiaal	FR	0.58			32.47	none	30.15
Dairy Crest (Davidstow)	GB	-0.23	0.35	-2.64	26.48	0.00	27.34
First Milk	GB	0.59	2.20		24.83	0.00	23.68
Glanbia	IE				29.95	0.00	26.20
Kerry	IE				29.84	none	25.49
DOC Kaas	NL	0.05	0.34		30.77	1.53	26.86
Friesland Campina	NL	0.05	0.75	-2.30	30.09	0.86	28.21
AVERAGE MILK PRICE THIS MONTH (2)					30,23		28,15
Granarolo (North)	IT	1.15	3.42		33.98	none	34.21
Fonterra (5)	NZ				30.14	0.00	24.19
United States of America (3)	US	0.13			27.87	none	23.45

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 JUNE 2010

MILK PRICE

Additional remarks milk prices June 2010

The average milk price calculated for June 2010 deliveries is **€ 30.23** per 100 kg standard milk. The European milk prices are above the level of last year (**+ € 5.49**), representing an increase of **22.2%**.

The milk price of June last year increased **€ 1.62** per 100 kg compared to the previous month.

The Netherlands

The Dutch dairies FrieslandCampina and DOC Kaas have changed their fat- and protein prices. Because of the changes milk prices of June increased compared to previous month by respectively € 2.72 and € 2.40 per 100 kg milk.

FrieslandCampina has announced to decrease the July milk price a little and will remain the guaranteed milk price of August unchanged.

Milcobel

This month the milk price of Milcobel increased, compared to the milk price of May, by approximately 1 euro.

Germany

The German dairy Alois Müller increased the basic milk price with 2 euros to € 30.00 per 100 kg milk. Nordmilch and Humana Milchunion both increased their basic milk prices by 1 euro to € 29.00 per 100 kg milk.

France

Milk prices of Danone, Lactalis and Sodiaal increased by 2 to 3 euros in June, mainly because of seasonality adjustments. The milk price of Bongrain is provisional.

Scandinavia

The milk price of the Swedish/Danish dairy Arla this month increased, by approximately 1 euro, due to changes in the fat- and protein prices.

The milk price of Hämeenlinnan Osuusmeijeri increased in June due to seasonal adjustments. Striking is the declining milk price of the Finnish Hämeenlinnan Osuusmeijeri compared to last year's June milk price (-14%).

Ireland

The Irish dairies Glanbia and Kerry kept their milk prices unchanged compared to previous month.

United Kingdom

The milk prices of the British dairies Dairy Crest and First Milk increased in June due to seasonal adjustments.

Granarolo

The Italian dairy Granarolo did not change its milk price in June. For the third quarter of 2010 the milk price will be set again.

New Zealand

Fonterra may cut its forecast payout to farmers this season following the fourth consecutive month of lower prices on its internet auctions. Prices have fallen 24% since a 21-month high at the April auction, when the average price for whole milkpowder was \$US 3969/tonne, compared to recent's \$US 2974 in August, which was down 7.7% on a month ago. Fonterra said the auction result reflected a rebalancing of the market as supplies increased amid uncertainty over the economic outlook.

In May, Fonterra announced an impressive milk payment forecast of \$6.90-\$7.10/kg milksolids for the new season, and said that the season's total payout could be "well over \$8" if current international prices and exchange rates held.

The high exchange rate for the New Zealand dollar was also hurting the returns from dairy products.

USA

May revised production was up 1.5 percent from May 2009. While milk cow numbers were 1.2% less than a year ago, milk per cow was 3.7% higher. Milk cow numbers have been increasing month to month with numbers up by 40,000 head or 0.4% since the end of last year.

For the April through June quarter milk production was 1.7% higher than a year ago. The increased output per cow will more than offset reduced herd size this year, resulting in more milk. Production in 2010 is forecast at 191.2 billion pounds. Next year, the forecast decline in cow numbers is expected to slow even further and production per cow is expected to be closer to trend, rising 1.6 percent year-over-year. The result is an estimated 193.5 billion pounds of milk in 2011.

The 10th round of CWT will remove more than 34,000 cows which will help to reduce cow numbers. But, the more than ample supply of dairy replacements and cow slaughter running as much as 15% lower than a year ago in recent weeks does not help to reduce the cow herd.

Cheese prices have continued to increase the past couple of weeks. Spot prices of 40-pound cheddar blocks which were \$1.43 per pound the start of July improved to \$1.5775 as of July 19th.

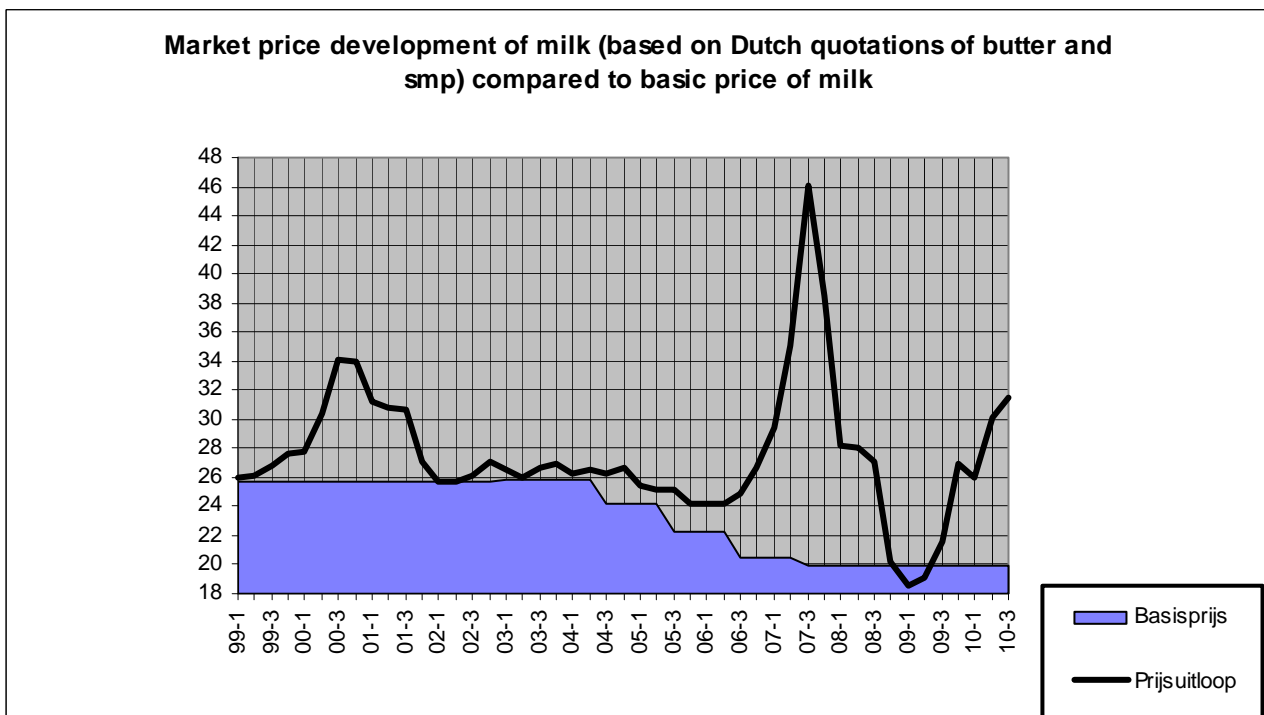
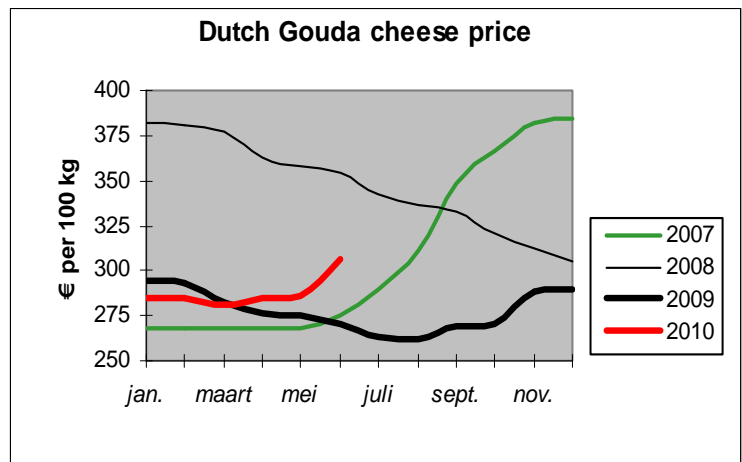
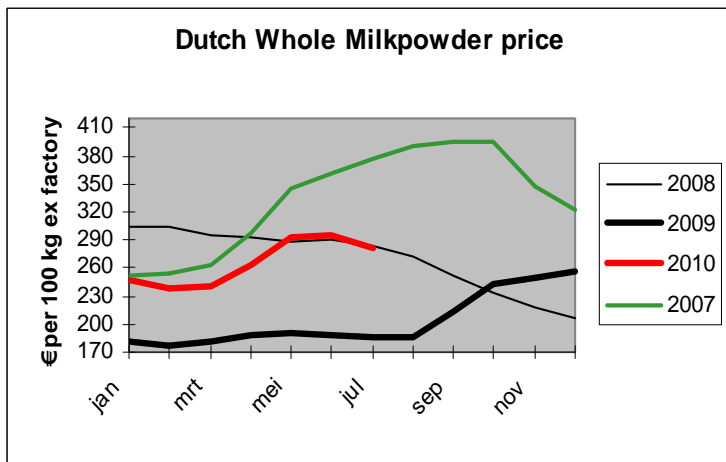
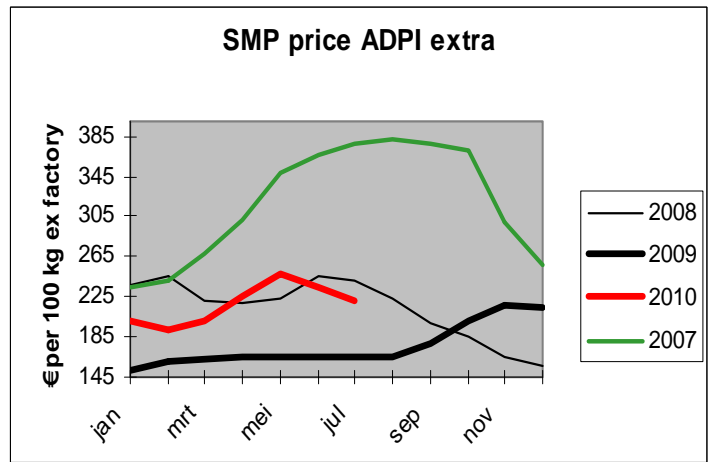
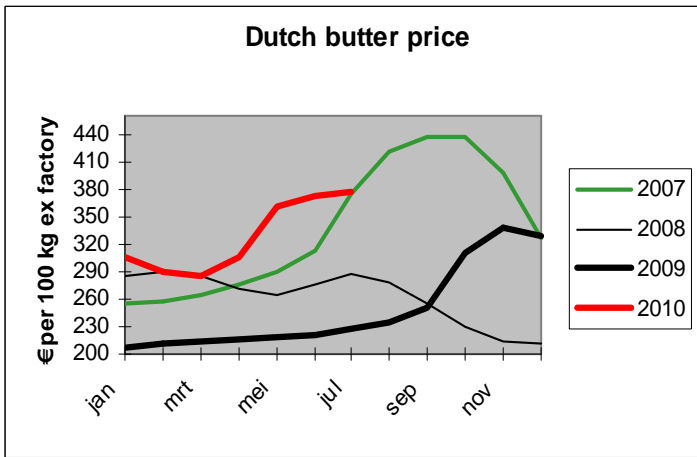
May 31st total cheese stocks were 5.0% higher and the most for May since 1984. Tight butterfat supplies both domestically and globally have pushed US butter prices to \$1.80/lb above their highest level since 2004. Tightness is attributed to lower production (-6%) and stock levels (-16%), lower component levels in milk and more cream usage for ice cream manufacturing and improved exports so far. Nonfat dry milk prices are showing some softness as world prices weaken.

The Class III price was \$13.62 for June and will be near \$13.80 for July. Class III futures are still settling below \$15.00 for the rest of this year. Cheese needs to reach at least \$1.60 per pound to get the Class III price over \$15.00 .

MARKET SITUATION

€ per 100 kg

Dutch Quotations				
	1 January 2010	August 6th 2010	index	trend
Butter	315	378	120,0	→
Whole milkpowder	252	274	108,7	↓
Skimmed milkpowder	203	218	107,3	↓
Wheypowder	70	62	88,6	→
Gouda cheese	± 290	± 310	106,9	↑



Market comments

In the Netherlands milk output during January-May 2010 was 4.81 billion kgs or appr. 2% higher, compared to the same period last year. The average milk fat and protein percentage during this period was 4.50% and 3.52% being a bit higher compared to last year.

According to recent provisional figures milk output in the EU-27 for the first five month period of 2010 declined and was 0.5% lower than the previous year.

The general market attitude is still wait and see. Supplies in the buttermarket remain tight and prices are consolidating around present levels. The released intervention stock of app. 25.000 is now physically coming into the market and exert some pressure on prices for fresh butter. However cream prices are holding up well.

The milk powder market is vulnerable, much more dependant on exports and has slowed down. Prices have fallen a little as manufacturers tried to offload their stock. However no skimmed milk powder was sold from intervention so far.

On the international markets buyers are wondering if current high prices could hold and are inclined to postpone their purchases for the time being. Also the latest results on the global dairy trade auction of Fonterra indicated lower prices to be expected in the latter half of the year.