



**Murray Goulburn
Co-Operative Co.
Limited**
ABN 23 004 277 089

140 Dawson Street Brunswick Victoria 3056
PO Box 4307 Melbourne 3001 Australia
Telephone (03) 9389 6400
Facsimile (03) 9387 5741

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Media Release

Murray Goulburn Co-Operative continues to lead farmgate prices upwards

Australia's farmer-owned dairy company - Murray Goulburn Co-Operative today advised the co-operative's dairy farmer shareholders of a further increase in 2009/10 farmgate milk prices – as it continues to play its leadership role in improving farmgate returns. This is the third increase announcement this financial year.

In his statement to suppliers Managing Director Mr Stephen O'Rourke advised of a price increase of \$0.20/kg protein and \$0.08/kg butterfat for milk supplied across the entire year and a further \$0.50/kg protein and \$0.20/kg butterfat for milk to be supplied between 1 January 2010 to 30 June 2010.

"This increase in farmgate milk price represents the payment of approximately A\$60 million to our suppliers over the year. This flows on to rural communities and the Australian economy," Mr O'Rourke said.

"Market settings for major dairy products such as milk powders, cheese and butter have firmed and consolidated. When added to strong domestic sales via the Devondale brand the co-operative's position in this financial year has improved,

"As a co-operative we will pass these improved returns to dairy farmers. This has the effect of improving the prospects for all dairy farmers as others in the farmgate milk market consider their positions," Mr O'Rourke said.

"Even with this increase in farmgate price we realise farm margins are tight and we will continue to review the market outlook and company budgets with an eye to further increase prices this financial year if the market allows. As per usual, Murray Goulburn will carefully monitor the market and the currency before committing to further increases as we maintain caution about future market volatility on the back of the global financial crisis.

"With relatively lower input prices we encourage all our suppliers to review their budgets with our field services team. We believe there is now the opportunity to increase farm profits as the milk price / grain price ratio becomes more positive," Mr O'Rourke said.

Mr O'Rourke said that dairy farmers and their co-operative had "done it tough" through the global financial crisis.

"We have maintained the financial strength of the co-operative so that it could lead farmgate prices higher when better market conditions returned – this is now happening,

"Despite the dramatic downturn in dairy prices in late 2008 we remained confident in dairy food production in Australia and we hope that these better market conditions will remain and provide for a profitable second half of the current financial year and into 2010/11," Mr O'Rourke said.

Murray Goulburn Co-Operative is Australia's largest exporter of processed food, employs over 2,000 people in regional Australia and is wholly owned by dairy farmer shareholders. Its flagship Devondale brand is recognised nationally as a market leader.

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