

**FOR IMMEDIATE RELEASE**

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**Dairy Farmers of Britain (in receivership) – Milk Link offers new home for remaining farmers' milk**

PricewaterhouseCoopers LLP (PwC), receivers and managers of Dairy Farmers of Britain (DFB), the milk cooperative that went into receivership on 3 June 2009, have reached an agreement with Milk Link who will provide a contract with a three-month notice period for the remaining DFB farmer members. This option applies to the 143 members still with the co-operative and those that sign up will receive, in the first instance, over 18ppl for an industry standard litre. These farmers are principally based in the North East and North Yorkshire, Cumbria and Lancashire, south of Manchester and a smaller number in South Wales.

PwC's meeting with Defra, the Welsh Assembly, Dairy UK, the DFB Member Council, the NFU, the Welsh Union of Farmers, plus other representative bodies, on 17 June 2009 concluded the best solution for the remaining 200 members was to try to find alternative milk buyers. The receivers and managers have since been working towards that objective and all other parties have made advice packages available.

Since the meeting, around 60 of the 200 farmers in question have found alternate buyers, but there remain 143 farmers who continue to have their milk collected by the receivers at a wholly uneconomic 10p minimum base price. This low price is due to high haulage costs and the need to sell the collected milk at commodity prices. Milk Link, who acquired the DFB-owned Llandyrnog Creamery earlier this month, can offer a better price due to their improved efficiencies and a larger milk field.

Stephen Oldfield, PwC's agribusiness leader and joint receiver, said:

"The PwC team, the DFB Milk Supply team and the Member Council have been working hard to solve the problem of the remaining DFB Milk Field. In the first three weeks of the receivership, 1,600 of the 1,800 farmers were able to find alternate buyers for their milk but there remained a rump of farmers that could not - mainly due to the remoteness of their location or the size of their herd. It is very good news that we have been able to find an alternative for those remaining farmers less than a month into the receivership and at a much improved price than we were able to offer. Farmers need to take independent advice before signing up but this is a real step forward to sorting out the remaining DFB milk field and finding a safe home for farmers' milk."

Will Sanderson, Milk Link corporate affairs director, said:

"The provision of this contract, we believe, will provide those DFB farmers without an alternative buyer, a much needed period of stability and a secure outlet for their milk. It will also allow them time to assess how they want to move forward in dairy farming."

The Milk Link contract, which is effective 1 July 2009, has been posted and emailed to remaining farmers today. Those members who do not sign up will continue to have their milk collected by PwC but at the lower minimum base price of 10p.

For NFU members the helpline is available on 0870 845 8458 to assist the remaining farmers with any legal queries.

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### **Notes to editor:**

Stephen Oldfield, David Kelly and Ian Green were appointed joint receivers and managers of Dairy Farmers of Britain (DFOB) on 3 June 2009.

### **Background on Dairy Farmers of Britain**

DFOB is an agricultural milk cooperative that employs 2,200 at its sites in the South West, the Midlands and the North East. It has 1,800 farmer members across Great Britain who supply over 1 billion litres to the food and drink industry, comprising 10% of UK milk production.

DFOB suffered significant losses in its liquids division and therefore in November 2008 it announced the closure of its Fole and Portsmouth dairies to achieve a return to profitability in this division. During the following months, DFOB was not able to pay its farmer members a competitive milk price, which resulted in members tendering their resignations in large numbers. These members are currently serving their 12 months notice period to terminate their contracts with DFOB.

Since the closure of the 2 dairies, the liquids division has suffered the further loss of the Co-Operative supermarket contract, which comes into effect on 1 August 2009. This made the restructure insufficient to turnaround the liquids division.

In March 2009, DFOB completed a transfer of member debt to equity, but was unsuccessful in achieving the agreement of its loan note holders to transfer their debt to equity.

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