



FOR IMMEDIATE RELEASE

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News

Agri-Mark dairy farmer co-op earns \$11.8 million

Methuen, Mass. -- Agri-Mark announced a profit after taxes of \$11.8 million for the year 2008. This is the second best year ever for the cooperative's 1,300 Northeast dairy farm families that own the cooperative and share in the year-end profits. Agri-Mark sales of member farm milk and manufactured dairy products for 2008 were \$881 million.

In addition, Agri-Mark farmers also received a record extra \$17.1 million in their bi-monthly milk checks throughout the year for overall milk quality and other incentives that the co-op was able to negotiate with its customers and return to members.

Agri-Mark's profit allocation to the co-op's 1,300 dairy farmers will be \$.25 per hundredweight for all of the milk each farm family shipped to the cooperative during the 2008 calendar year. This represents allocated earnings of roughly \$4,500 for the average Agri-Mark member milking 100 cows.

"Agri-Mark continues to generate substantial profits for dairy farmers," says Neal Rea, a dairy farmer from Cambridge, N.Y., who was elected to his third term as the co-op's Chairman of the Board in January. "I am pleased that the co-op can generate these earnings for members during a very difficult dairy marketing environment."

Officials at Agri-Mark say the continued strength of the cooperative's Cabot and McCadam branded businesses exceeded expectations in 2008. This brand demand, combined with steady sales of butter and whey proteins produced by the co-op, all worked to boost returns to farmers.

Rea says that although the cooperative business has done well, dairy farmers are still facing severe challenges on their farms. The past two years have seen record high production costs both on the farm and within the cooperative's plant operations. Farmers have been struggling with high energy and feed costs in particular. To compound problems, 2009 farm prices are expected to be the lowest in decades and the financial crisis has made loans and credit more difficult for farmers to attain.

Rea says the benefits of farmers owning added-value businesses were apparent in 2008. By being part of Agri-Mark, members assure themselves of secure markets with their investment in owning facilities to process their milk and support their branded products. Last year the Cabot and McCadam brands, both owned by the cooperative, maintained market share or grew in sales while sales for many other brands declined.

(more)

Agri-Mark Press Release on 2008 Year-end Profits
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Dairy farmer Robert Foster of Middlebury, Vt., has served on the Agri-Mark Board of Directors for almost 30 years. Foster milks 350 cows on Foster Brothers family farm with his wife Nancy, brother, two cousins and two uncles. He has experienced many good and bad years in the industry both on the farm and co-op side of the business. He says he is overall pleased with Agri-Mark's year-end results.

"The co-op does an excellent job representing our legislative interests and we believe in working together with other farmers. Agri-Mark's profitability is just one of the many reasons we are co-op members," says Foster.

Foster says Northeast consumers can make a significant difference in helping their neighboring dairy farms stay in business by buying Cabot or McCadam dairy products.

"Farm families like mine benefit from receiving 100% of Agri-Mark profits generated from the sale of our milk each year," he says. "I'm hoping that we can continue to grow the business and boost profits even further in the future."

Paul P. Johnston, Agri-Mark President and CEO, says he is satisfied with Agri-Mark's results given the impact of both high energy costs on the co-op's four manufacturing plants and a difficult economy. He says energy costs were \$4 million higher in 2008 than in 2007, but the co-op still managed to overcome this challenge. Johnston says he looks forward to continuing to generate more profits for the co-op's farmers.

"There is always going to be a place in the market for our award-winning cheeses and other dairy products," says Johnston. "We have two great brands and a good mix of wholesale business and that gives our farmers the opportunity to capture profit from both the consumer and wholesale markets."

Johnston says the co-op will continue to work to expand its branded sales further in 2009 and explore every national or state opportunity to stabilize farm milk prices at levels above the cost of production for its farmer-members.

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Agri-Mark, with \$881 million in 2008 sales, markets more than 300 million gallons of farm fresh milk each year for 1,300 dairy farm families in New England and New York. The cooperative is headquartered in Methuen, Mass., has been marketing milk for dairy farmers since 1916, and also actively represents their legislative interests in the Northeast and in Washington, D.C.

Agri-Mark owns the award-winning Cabot brand of Vermont Cheddar, butter and other dairy products in addition to the McCadam brand of New York Cheddar, Muenster and other cheeses. Cabot won the award of World's Best Cheddar in 2006 for the second time and McCadam won the award of America's Best Cheese in 2007. Agri-Mark has also invested in operations to manufacture and market valuable whey proteins globally and sells fluid milk from its farmers to the region's largest dairy processors. For more information about Agri-Mark, visit our web site at www.agrimark.net.