

### PRODUCTS ON OFFER

As shown in the Product Information file, food-grade lactose will be available in three different mesh sizes: Mesh 40, Mesh 100 and Mesh 200 (also referred to as M40, M100 and M200). As a buyer, you will decide which of these mesh sizes suits your requirements. If needed, you can request samples for testing within your application.

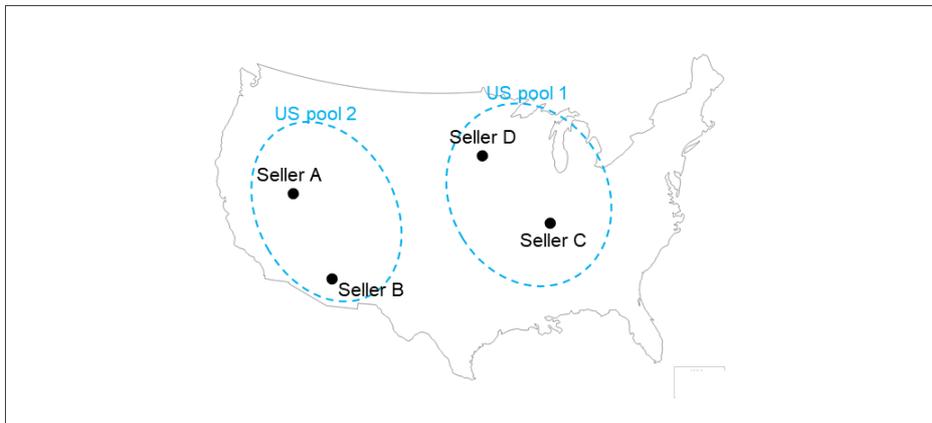
### SELLER POOLS

Due to the large geographic distances across the United States, we have grouped the sellers into two sub-groups, each of which will offer identical lactose products on GDT Events. These pools will simply be called:

- US Pool 1, and
- US Pool 2.

This is necessary to provide effective averaging of the domestic freight charges included in the FAS starting price that you will bid on. You will be able to bid on product from either US Pool 1 or 2, knowing that all products will meet the specification.

**Figure 1: Seller pools**



### PRICING LOCATIONS

To minimise freight charges to buyers located in different parts of the world, all products will be offered at the following three locations:

- West coast – Oakland
- East coast – Philadelphia
- Central - Minneapolis

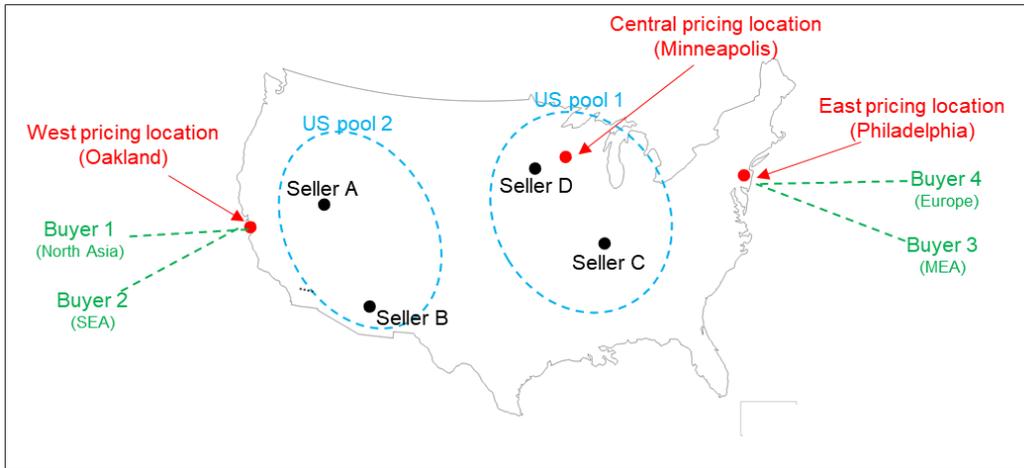
Buyers located near the Pacific Ocean in markets such as China, South East Asia, Oceania etc, will seek to minimise international shipping charges by bidding on product to be shipped from the West coast of the US.

Buyers located near the Atlantic Ocean in markets within Europe, Middle East or parts of Africa, will seek to bid on products to be shipped from the East coast.

Domestic buyers will choose either one of the coasts or Central depending on which location minimises their domestic freight charge.

The starting prices for products offered at each location may differ to reflect the different US domestic freight rates included in the FAS prices.

Figure 2: Pricing locations



## YOUR USER PREFERENCES

As you may know, the Bidding Website enables you to set user preferences to simplify the bidding screen by hiding products that you are not interested in.

When we launch the US Lactose pool, we will simplify the bidding screen for you by setting your user preferences to hide those pricing locations less relevant to you. If you wish to see all pricing locations, of course you may reset your user preferences and they will remain as you have set them.

## YOUR BIDDING SCREEN

The Bidding Website screens will not change. You will see the available lactose products listed as shown in Figure 2 below, sitting alongside lactose offered by other sellers (Arla Foods Ingredients). Initially, US lactose will only be offered in contract period 2.

Figure 3: US Lactose shown on the GDT Bidding Website (to be updated)

Sales Group Supply		Sep17 (Contract 1)	Oct17 (Contract 2)	Nov17 (Contract 3)	Dec17 (Contract 4)	Jan18 (Contract 5)	Feb18 (Contract 6)
		Minimum Supply (MT)	Maximum Supply (MT)	Minimum Supply (MT)	Maximum Supply (MT)	Minimum Supply (MT)	Maximum Supply (MT)
LAC Arla Foods Ing. - EU			280 400				
LAC US Pool 1 - US			50 250				
LAC US Pool 2 - US			175 225				

Product Supply		Sep17 (Contract 1)	Oct17 (Contract 2)	Nov17 (Contract 3)	Dec17 (Contract 4)	Jan18 (Contract 5)	Feb18 (Contract 6)
		Minimum Supply (MT)	Maximum Supply (MT)	Starting Price \$/MT FAS	Minimum Supply (MT)	Maximum Supply (MT)	Starting Price \$/MT FAS
LACFood-UM	Arla Foods Ing. - EU		0 400	\$745			
LACFood-M100	Arla Foods Ing. - EU		0 400	\$755			
LACFood-M200	Arla Foods Ing. - EU		0 400	\$795			
LACFood-M40	US Pool 1 - West		0 125	\$765			
LACFood-M100	US Pool 1 - West		0 175	\$780			
LACFood-M200	US Pool 1 - West		0 200	\$815			
LACFood-M40	US Pool 2 - West		0 100	\$745			
LACFood-M100	US Pool 2 - West		0 155	\$765			
LACFood-M200	US Pool 2 - West		0 175	\$795			

The view shown in Figure 3 assumes that you are located in a country where shipping from the West Coast would be your preference and so the other two pricing locations (Central and East) are hidden. The screen shows the three lactose specifications offered from both US Pool 1 and 2. Once you have decided which specification you wish to purchase, you will simply choose whichever pool is offering the most attractive price.

Assuming you are granted eligibility from both pools, you will be able to submit a bid on any of the specifications, following your assessment of which offering provides the best value to you. You will not know the identity of the seller when submitting your bid, but you will know that the lactose you win will be provided by one of the top US ingredients' producers, namely:

- Agropur Inc,
- Hilmar Ingredients, or
- Valley Queen Cheese.

## **CONFIRMING THE SELLER**

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Immediately after the trading event has closed, GDT will match winning bidders to sellers using an automated algorithm. The matching algorithm will seek to minimise overall freight charges and the number of instances where purchases are split between sellers, within the constraints of sellers' offer quantities and bidders' winning bids.

If you have been successful in bidding on US lactose, you will receive an email from GDT shortly after the trading event has closed, confirming the details of your purchase and the seller who will ship product to you. The email will include the following details:

- The specification you have purchased, along with winning price and quantity
- The identity of the seller/s you have been matched to
- The freight rates for international shipping (or domestic freight, if you are in the US) that will apply.

Shipments are then arranged directly with the seller as per current practice.

## **BUYER ASSISTANCE**

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If you need assistance at any stage, please email GDT at [help@globaldairytrade.com](mailto:help@globaldairytrade.com), and during the auction you can call the CRA Helpdesk using the telephone numbers provided on the Bidding site.