

STANDARDIZED MILK PRICE CALCULATIONS for MARCH 2012 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		30.60	0.42	33.64
Alois Müller	DE	0.51			32.95	0.23	34.80
Humana Milchunion eG	DE				32.04	-0.12	34.00
Nordmilch	DE		0.15		32.19	0.00	33.82
Arla Foods	DK	0.63			32.08	1.50	35.19
Hämeenlinnan Osuusmeijeri	FI			-1.94	39.35	2.82	43.76
Bongrain CLE (Basse Normandie)	FR	0.74			34.02	none	34.73
Danone (Pas de Calais)	FR				34.45	none	34.93
Lactalis (Pays de la Loire)	FR				34.73	none	34.53
Sodiaal	FR	0.58			32.81	none	34.42
Dairy Crest (Davidstow)	GB	0.12	0.35		34.44	0.00	32.70
First Milk	GB	0.58	2.18		31.10	0.00	29.83
Glanbia	IE				33.91	0.00	34.29
Kerry	IE				33.82	none	33.82
Granarolo (North)	IT	1.15	3.42		41.64	none	40.91
DOC Kaas	NL	0.05	0.34		32.05	2.03	36.72
Friesland Campina	NL	0.05	0.75	-2.30	30.96	1.73	37.14
AVERAGE MILK PRICE THIS MONTH (2)					33,71		35,25
Fonterra (5)	NZ				31.47	0.00	30.41
United States of America (3)	US	0.13			29.24	none	32.74

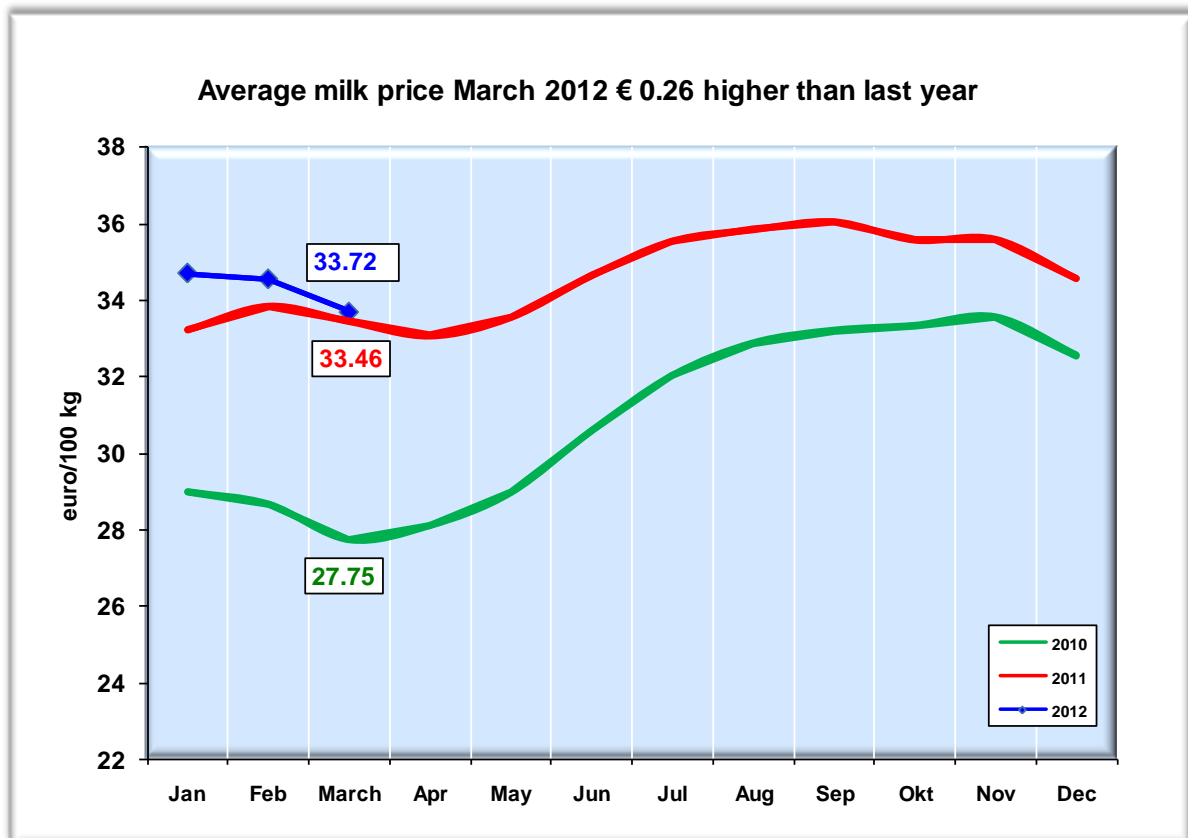
Remarks:

- (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 MARCH 2012

MILK PRICES

The average calculated milk price for the March 2012 deliveries is € 33.72 per 100 kg standard milk. This is an increase of 0.8% compared to March 2011 (+ € 0.26).



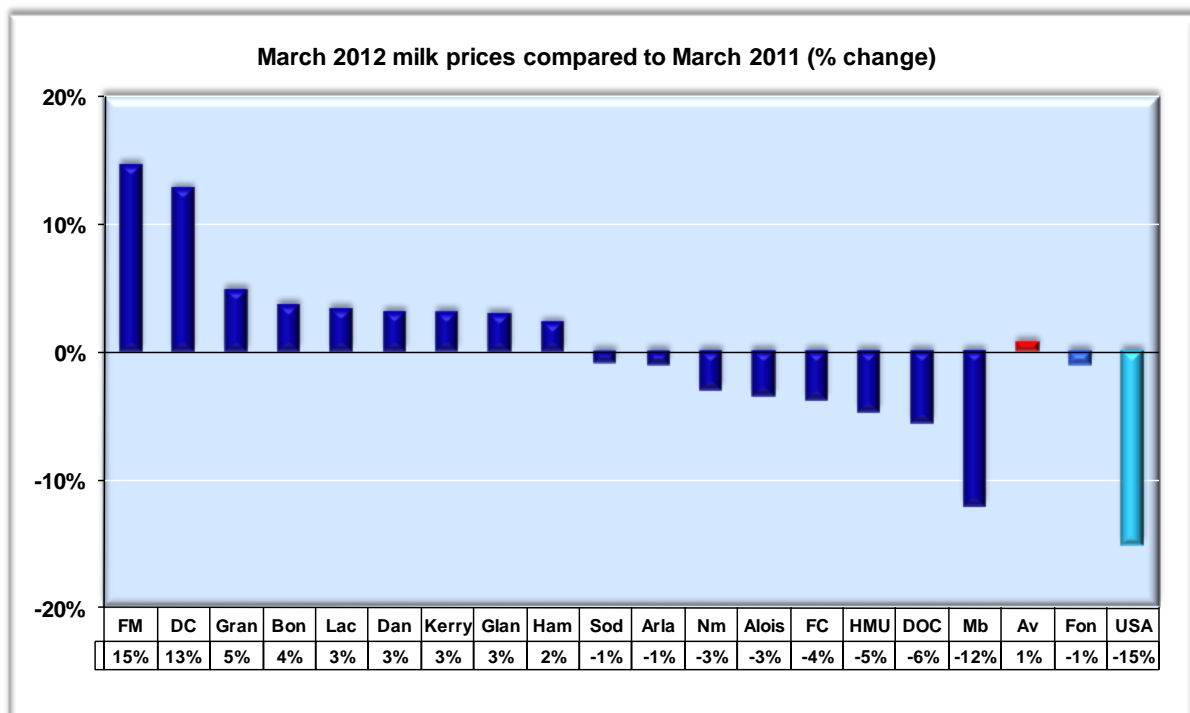
Compared to February 2012, the calculated milk prices of all French dairies decreased, varying from € 0.93 to € 1.42.

Regarding the German milk prices, only the milk price of Alois Müller decreased (- € 0.50), all milk prices of the other German dairies remained unchanged.

FrieslandCampina has decreased its milk price by € 1.50 in March, resulting in a calculated milk price of € 30.96. The Dutch dairy has announced to decrease its guaranteed milk price by € 0.50 in April.

The calculated milk price of the Swedish/Danish Arla decreased by € 0.38 to € 32.08. Arla has announced to increase its milk price slightly by € 0.11 in April.

The US Class III price has decreased by \$0.34 from \$ 16.06 in February to \$ 15.72 per cwt in March. Expressed in Euros, the calculated milk price for March 2012 is € 29.24 per 100 kg standard milk.



Additional comments milk prices March 2012

Milcobel

The milk price of the Belgian dairy Milcobel decreased by € 1.57. Milcobel's calculated milk price for March is € 30.60.

Germany

All milk prices of the German dairies remained unchanged, except for the milk price of Alois Müller, which decreased by € 0.50), resulting in a calculated milk price of € 32.95.

Scandinavia

The calculated milk price of the Swedish/Danish Arla decreased by € 0.38 to € 32.08. Arla has announced to increase its milk price slightly by € 0.11 in April.

The calculated milk price of the Finnish dairy Hämeenlinnan Osuusmeijeri for March is € 39.35. Hämeenlinnan paid out a supplementary payment of 2.9 cent per liter, or, € 2.82 per 100 kg over the year 2011.

France

The calculated milk prices of the French dairies Danone and Sodiaal decreased by € 0.99 and € 1.32 to a calculated milk price of € 34.45 and € 32.81 respectively. Also the milk prices of Lactalis and Bongrain decreased, resulting in a calculated price of € 34.73 and € 34.02 respectively.

United Kingdom

The calculated milk price for Dairy Crest for March increased slightly, resulting in € 34.44. Dairy Crest has announced not to change its milk price until April.

The milk price of First Milk decreased in March to a calculated milk price of € 31.14.

Ireland

The calculated milk price of Glanbia for March results in € 33.91. The calculated milk price of February has increased with a seasonality payment of € 5.58.

The milk price of Kerry remained stable in March. Kerry's milk price has not changed since April 2011.

The Netherlands

FrieslandCampina has decreased its milk price by € 1.50 in March, resulting in a calculated milk price of € 30.96. The Dutch dairy has announced to decrease its guaranteed milk price by € 0.50 in April. Anticipating on the definitive conclusion, a supplementary payment of € 1.73 over the year 2011 has been calculated in the calculated milk prices.

DOC Kaas has decreased its milk price by € 1.00 in March, resulting in a calculated milk price of € 32.05. DOC Kaas announced to decrease its milk price by €1.00 in April. The supplementary payment of € 2.03 has been processed in the calculated milk prices.

Granarolo

The calculated milk price of the Italian Granarolo for March is € 41.64.

New Zealand

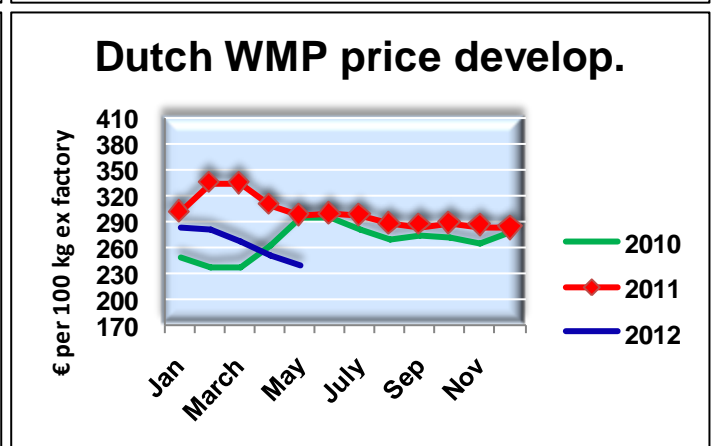
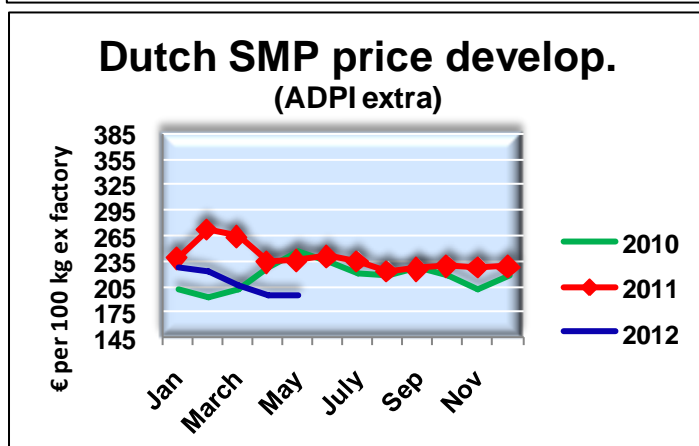
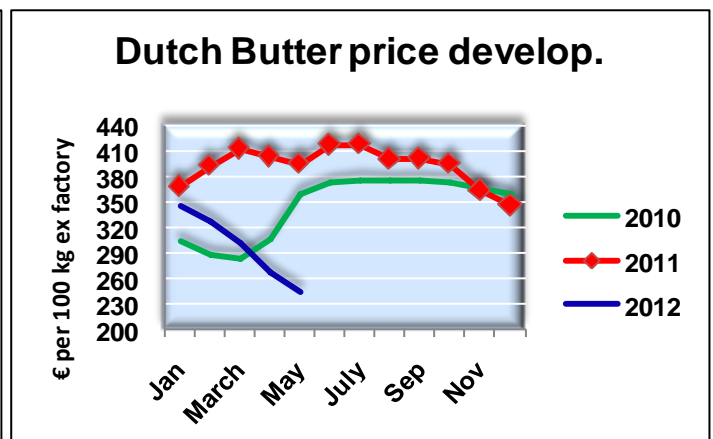
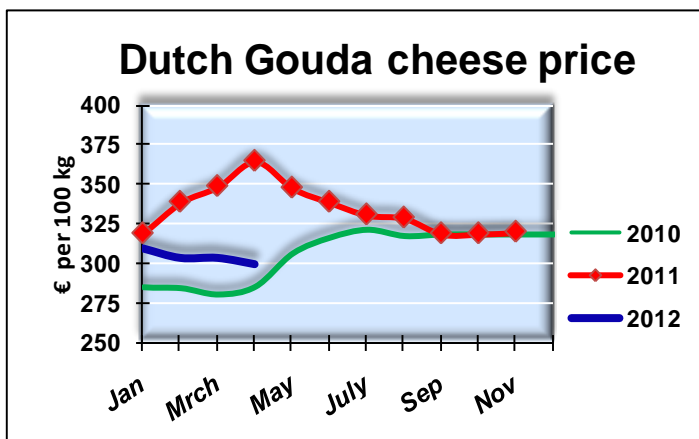
Fonterra's calculated milk price results in € 31.47 per 100 kg standard milk, which is a decrease compared to February because of a change in the exchange rate.

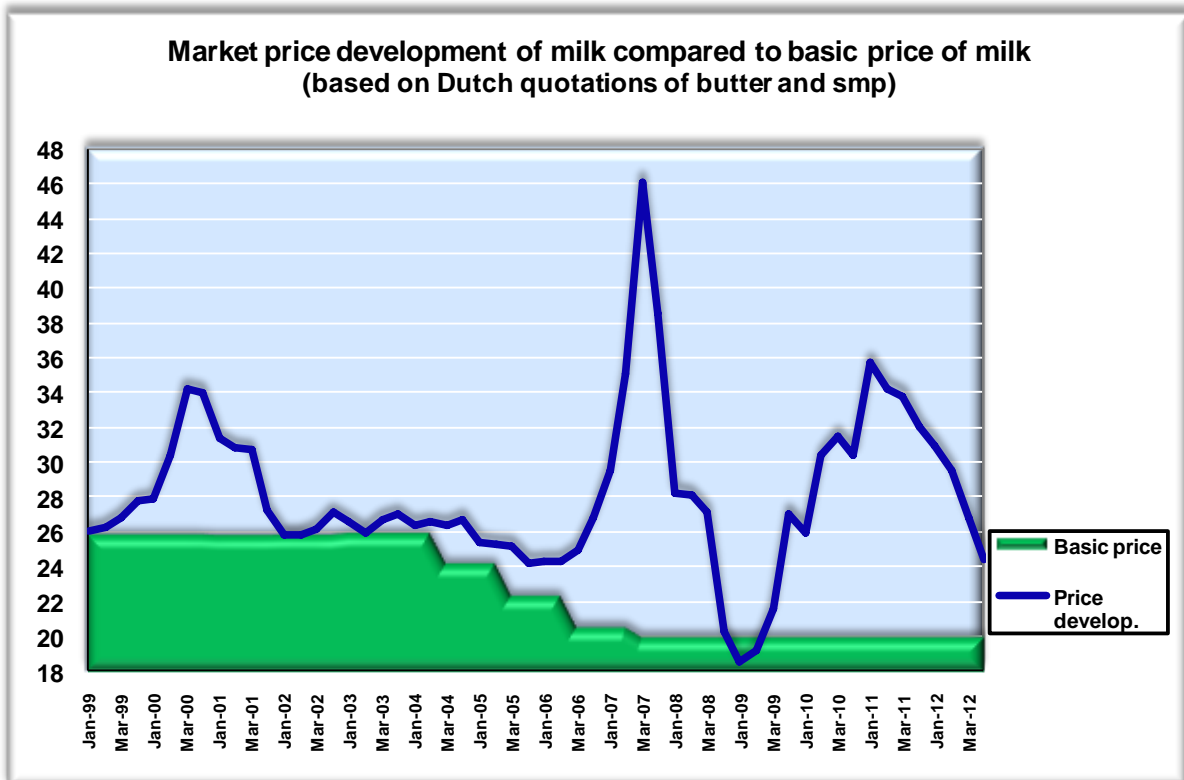
USA

The US Class III price has decreased by \$0.34 from \$ 16.06 in February to \$ 15.72 per cwt in March. Expressed in Euros, the calculated milk price for March 2012 is € 29.24 per 100 kg standard milk.

MARKET SITUATION

Dutch Quotations				€ per 100 kg
	1 January 2012	1 May 2012	index	trend
Butter	346	245	70.8	↓
Whole milk powder	283	239	84.5	↓
Skimmed milk powder	229	197	86.0	↓
Whey powder	94	80	85.1	↓
Gouda cheese	± 320	± 300	93.8	↓





Market comments

In general market sentiment remained negative over the last couple of weeks. The main factors responsible for the current direction of the market are increases in milk production exceeding expectations and lagging export demand to absorb these extra supplies. That is the main reason why prices are declining.

Dairy commodity markets have weakened further in proportion with the increased production volumes. From the start of 2012 butter prices have lost more than € 1/kg, while whole and skimmed milk powder declined € 0,45 and € 0,32 respectively. Demand for dairy products remains sound and is forecast to continue to grow especially in the developing nations. Consumption within the developed nations is a little flatter which means any additional milk produced in the EU and the US is likely to boost export volumes from these regions. Prices are expected to remain subdued until the surplus supplies are worked through. When this will occur is highly dependent on production volumes from the Northern Hemisphere regions in the coming months.

At the moment market watchers are more focused on supply figures. So the current price development will be more supply driven for the next months. In fact the market looks more sensitive to changes in production rather than demand. In general market is described as quiet and buyers have persisted a wait-and-see approach.

Also on the world market trade in dairy commodities has been relatively quiet and prices have begun to retreat over the last couple of weeks. This was also reflected in the prices paid at the GDT internet auctions of Fonterra, considered as an important benchmark for dairy commodity prices. Since start of 2012 the average price index decreased by another 20%.