

STANDARDIZED MILK PRICE CALCULATIONS for DECEMBER 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		34.79	0.10	30.73
Alois Müller	DE	0.51			33.94	0.38	31.60
Humana Milchunion eG	DE		0.15		33.11	0.00	30.97
Nordmilch	DE		0.15		33.11	0.00	31.04
Arla Foods	DK	0.66			33.37	1.49	33.22
Hämeenlinnan Osuusmeijeri	FI			1.94	43.23	2.82	44.37
Bongrain CLE (Basse Normandie)	FR	0.74			31.50	none	33.48
Danone (Pas de Calais)	FR				32.57	none	33.79
Lactalis (Pays de la Loire)	FR				30.78	none	32.81
Sodiaal	FR	0.58			31.48	none	33.54
Dairy Crest (Davidstow)	GB	0.12	0.36	1.79	37.18	0.00	35.15
First Milk	GB	0.60	2.24		33.84	0.00	31.94
Glanbia	IE				31.93	0.00	30.89
Kerry	IE				31.00	none	30.45
Granarolo (North)	IT	1.15	3.42		40.24	none	40.73
DOC Kaas	NL	0.05	0.34		34.17	2.03	33.50
Friesland Campina	NL	0.05	0.75		35.78	1.79	34.66
AVERAGE MILK PRICE THIS MONTH (2)					34,24		33,70
Emmi A.G.	CH		2.90		46.99	none	46.64
Fonterra (5)	NZ				28.00	0.00	28.99
United States of America (3)	US	0.15			34.89	none	33.36

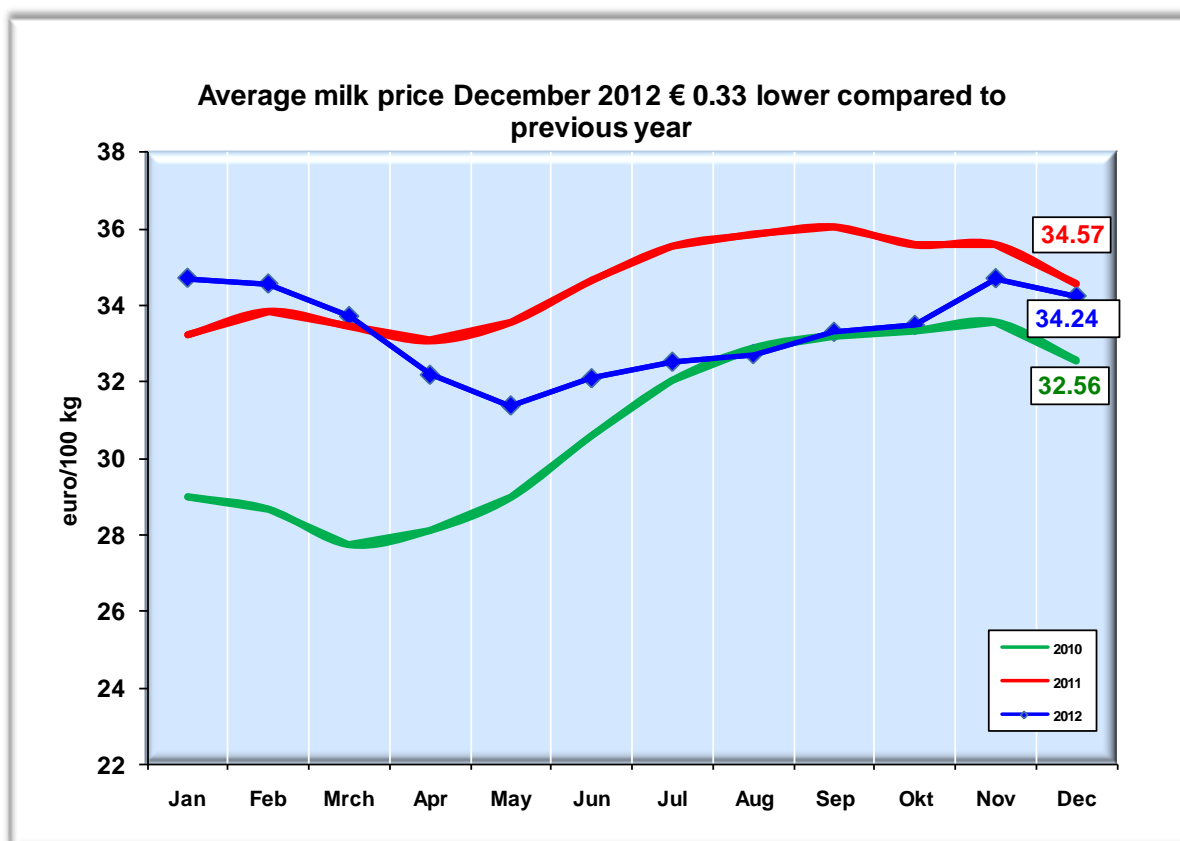
Remarks:

- (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 DECEMBER 2012

MILK PRICES

The average calculated milk price for the December 2012 deliveries is € 34.24 per 100 kg standard milk. This is a decrease of 1.0% compared to December 2011 (- € 0.33). Compared to previous month, milk prices have decreased by € 0.47.

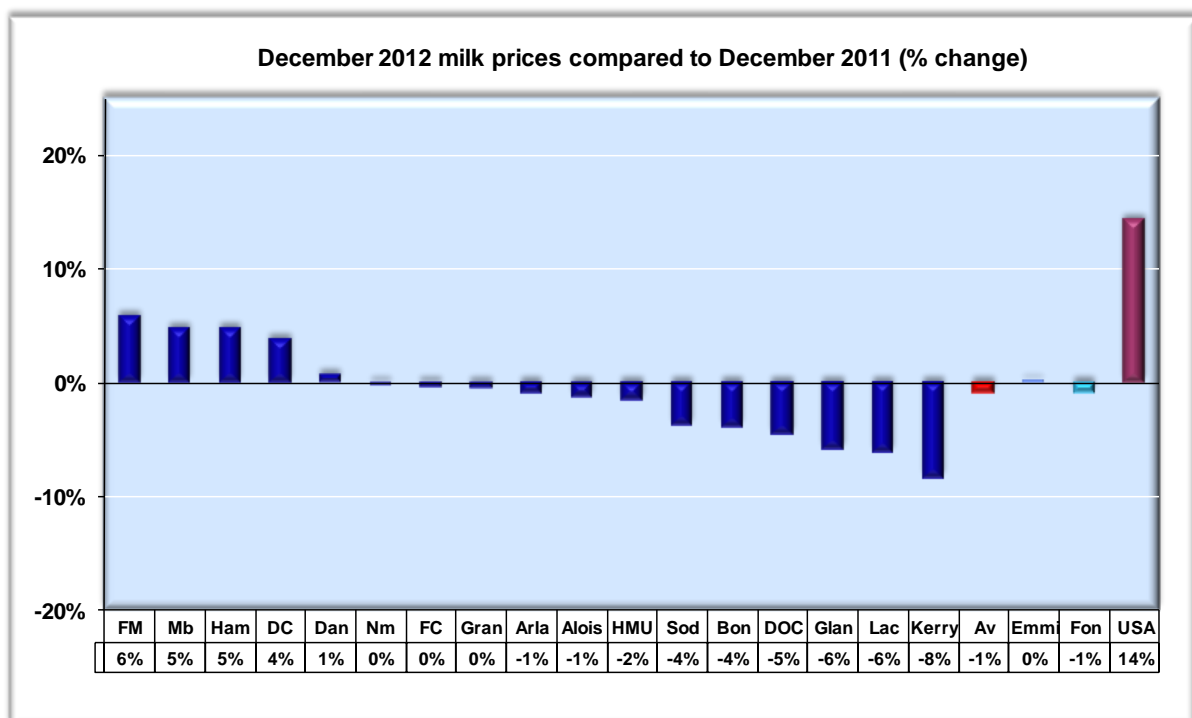


The decrease of the average milk price in December is due to the lapse of some winter surcharges and / or seasonal changes. This concerns the calculated milk prices of the French and British companies, as well as the Irish Glanbia and FrieslandCampina. Thus, both First Milk FrieslandCampina in December increased their milk prices by € 0.92 (0.75 pence per liter) and € 1.90 per 100 kg. However, due to a lower marginal milk or the expiry of winter supplement the calculated milk prices of both companies declined.

The milk price of Arla (+ € 1.94), Milcobel (+€ 1.05), DOC Kaas (+ € 0.95) and Alois Muller (+ € 0.50) have increased in December, while the milk price of the German DMK has fallen with € 0.99 per 100 kg milk.

The Class III milk in the United States fell from \$ 20.83 to \$ 18.66 per hundredweight (= 45.36 kg) or converted approximately € 5,00 per 100 kg milk.

For January, Friesland Campina, DOC Cheese and Arla announced price reductions of € 1.13, € 0.94 and € 0.44 per 100 kg respectively. The milk price of Alois Müller in January remains equal to December.



Additional comments milk prices December 2012

Milcobel

The calculated milk price of Milcobel has increased by € 1.05 in December. The calculated milk price results in € 34.79.

Germany

The milk prices of DMK decreased in December by € 1.00. The calculated milk price for both companies in December is € 33.11.

Alois Müller has increased its milk price by € 0.50 in December and results in a calculated milk price of € 33.94.

Scandinavia

The (calculated) milk price of the Swedish / Danish Arla Foods increased in December by € 1.97, resulting at € 33.37.

The calculated milk price of Hämeenlinnan Osuusmeijeri is € 43.23.

France

The milk prices of the French companies decreased by € 0.31 to € 1.83 compared to previous month.

United Kingdom

The milk price of First Milk rose by 0.75 pence per liter in December. The milk price of Dairy Crest remained the same in December. Dairy Crest has announced that from January 2013 the milk price will increase by 1.25 pence per liter.

Because of seasonal adjustments the calculated milk prices of First Milk and Dairy Crest decreased to respectively € 33.84 and € 37.18.

Ireland

The calculated milk price of the Irish company Glanbia is € 31.93 in December.

The milk price of Kerry remained unchanged at € 31.00.

The Netherlands

FrieslandCampina increased its milk price by € 1.90 in December. Because of the expiration of the winter bonus, the calculated milk price is € 35.78.

FrieslandCampina has announced to decrease its guaranteed milk price by € 1.20 in January 2013. In addition, FrieslandCampina announced a further reduction of the guaranteed price by € 0.75 in February.

The calculated milk price of DOC Kaas in December increased to € 34.17.

Granarolo

The calculated milk price of the Italian Granarolo for December remained unchanged at € 40.24.

Emmi

The calculated milk price of Emmi, remained (almost) unchanged and results in € 46.99.

New Zealand

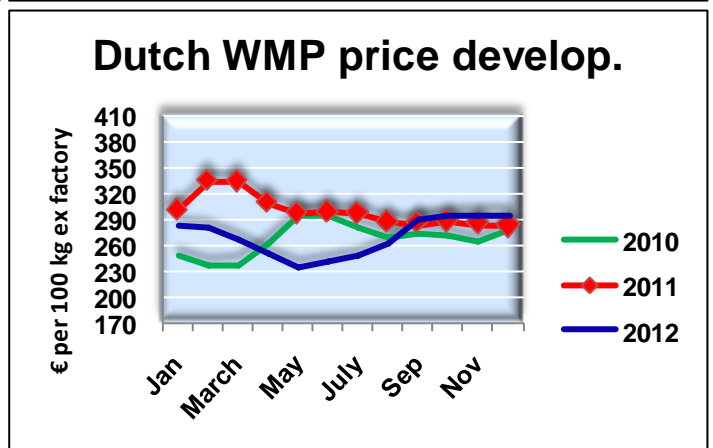
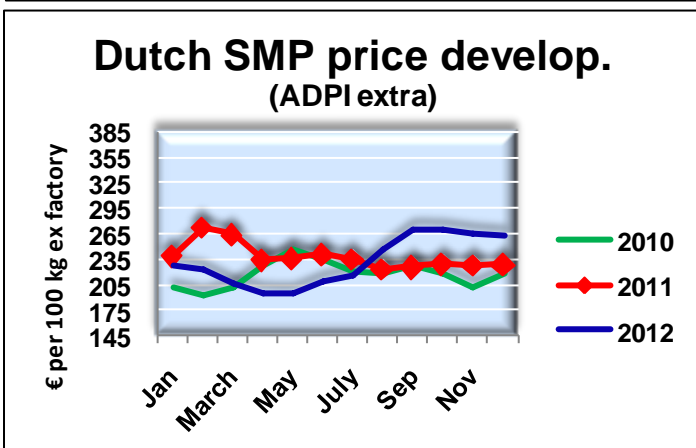
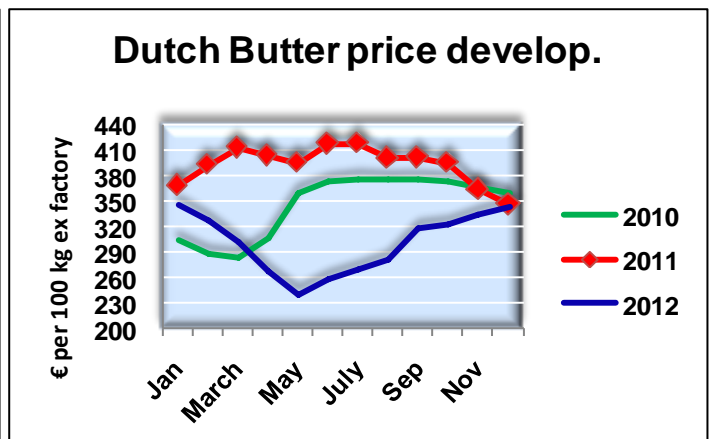
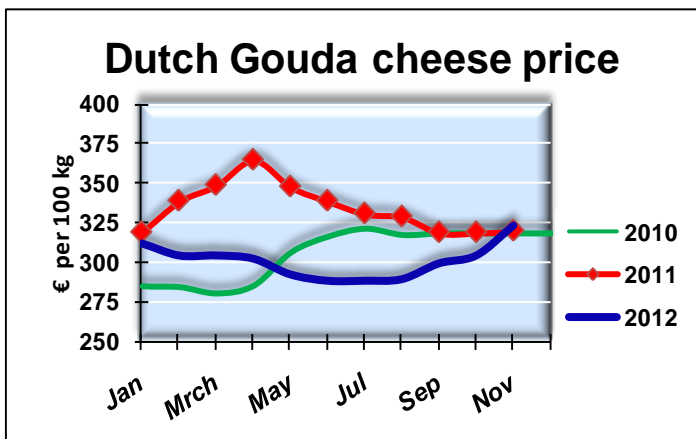
The calculated milk price of Fonterra is NZ \$ 5.82 per kilogram of milk solids. Converted into euros, the milk price for December is € 28.00.

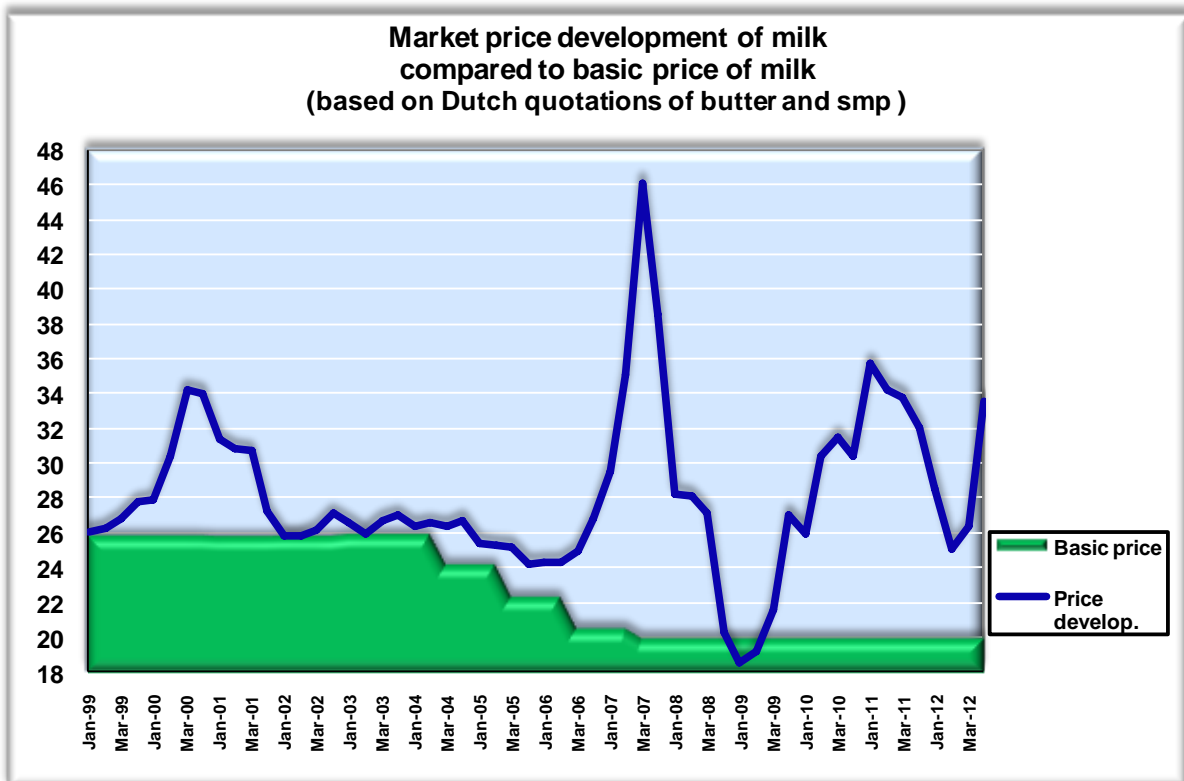
USA

The USA called Class III price has decreased again in December and, converted into euros, results in € 34.89.

MARKET SITUATION

Dutch Quotations				€ per 100 kg
	1 January 2013	31 January 2013	index	trend
Butter	342	330	98.8	↓
Whole milk powder	296	296	100.0	→
Skimmed milk powder	264	266	100.8	↑
Whey powder	101	95	101.0	↑
Gouda cheese	± 325	± 320	98.5	↓





Market comments

Milk output has continued its seasonal decline and is still slowing down more than expected, due to both different weather conditions in the most important production regions and high feed prices in relation to current milk prices paid.

The dairy market continues to be driven by supply constraints in Europe and the USA ,mainly due to prolonged period of hot weather and high feed prices. In both regions dairies are behind schedule on their orders, are cutting back on monthly commitments and remain reluctant to offer cheese, milk powder or butter for Q4 deliveries. Stock levels are relatively low and there is little buffer available to absorb any reduction in supply, which instead is directly reflected in prices. Reason why prices tend higher for spot deliveries. But the seasonal trough in milk deliveries will be reached soon, hereafter milk output will slowly grow again. In the meantime EU butter and smp prices have stopped rising after a two month jump ,starting from last August . Buyers are resisting the higher price levels as long as possible; so the needs of many industrial buyers for first quarter of next year remain uncovered. Also on the international market, prices of dairy commodities started to rise from the third quarter ,however at a slower pace. From July to the end of October the international GDT price index for dairy commodities have risen by 22%,but the index is still 30% beneath the peak level, reached in March 2011.

Worldwide dairy demand looks solid. Exports of milk powder and whey powder from the main production regions during the first half of 2012 have risen. However in-market stocks are at sufficient levels to cover immediate needs in many markets, especially for markets that typically source their supplies from Oceania.. Many of these countries imported higher levels of product than normal during recent months as New Zealand exporters pushed out their end of season stocks. Supplies out of Oceania will continue to build in the coming months as the milk production is heading towards its seasonal peak.

It could be possible that the downward production trend will be curbed when farmers start to receive higher milk prices to compensate for the higher feed costs. This moment will likely occur early 2013, given many long-term sales commitments by the dairies at relatively low prices.