

STANDARDIZED MILK PRICE CALCULATIONS for NOVEMBER 2013 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		41.08	0.00	37.20
Alois Müller	DE	0.51			40.87	0.00	36.76
Nordmilch	DE		0.15		41.03	0.00	36.02
Arla Foods	DK	0.79			40.01	2.48	38.25
Hämeenlinnan Osuusmeijeri	FI				43.24	2.82	45.30
Bongrain CLE (Basse Normandie)	FR	0.74			39.50	none	35.32
Danone (Pas de Calais)	FR				37.34	none	35.47
Lactalis (Pays de la Loire)	FR				36.18	none	34.88
Sodiaal	FR	0.58			37.03	none	35.15
Dairy Crest (Davidstow)	GB	0.12	0.35	2.32	41.52	0.00	36.19
First Milk	GB	0.93	1.16		36.98	0.00	34.02
Glanbia	IE			5.34	44.35	0.00	37.40
Kerry	IE				38.85	none	36.80
Granarolo (North)	IT	1.15	3.42		44.11	none	41.56
DOC Kaas	NL	0.05	0.34		41.54	1.94	37.66
Friesland Campina	NL	0.05	0.75	2.45	45.12	2.32	39.97
AVERAGE MILK PRICE THIS MONTH (2)					40,55		37,37
Emmi A.G.	CH		2.85		51.57	none	49.23
Fonterra (5)	NZ				39.10	0.00	34.83
United States of America (3)	US	0.15			34.20	none	33.36

Remarks:

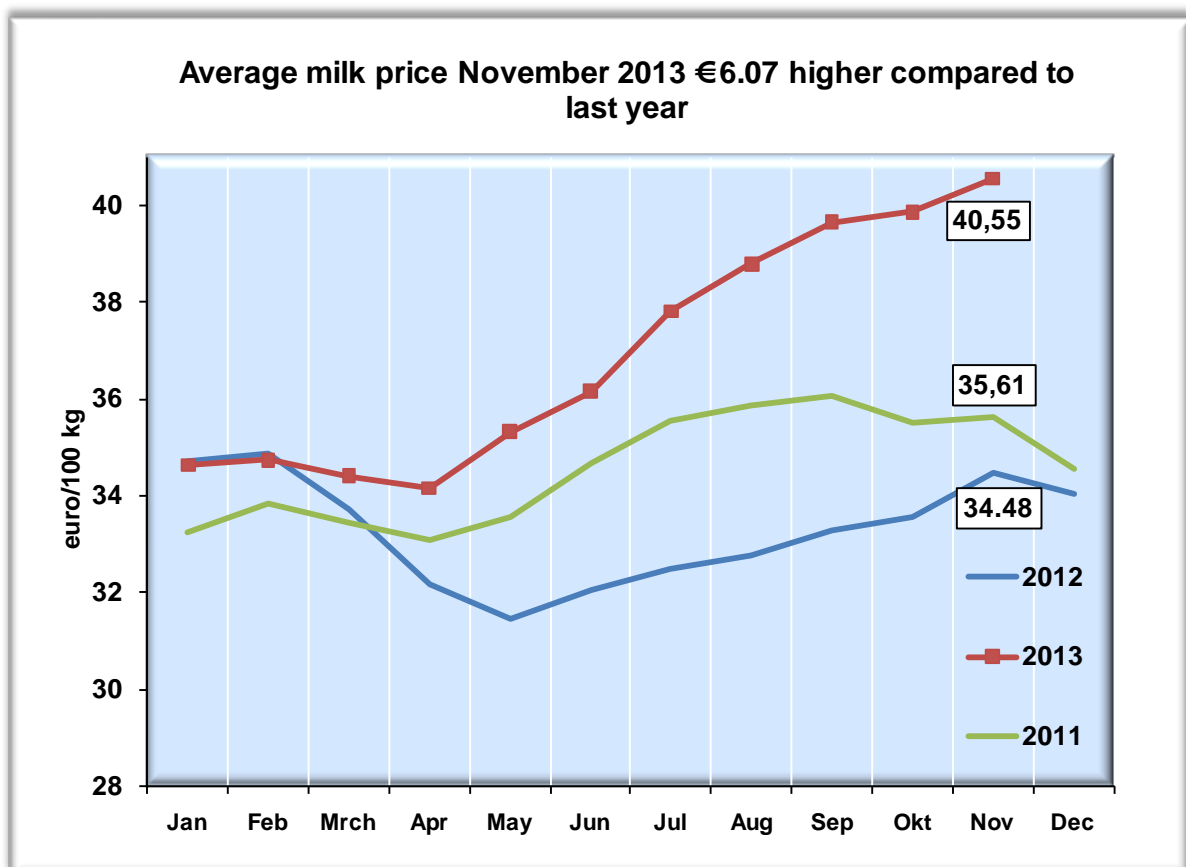
- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA 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.

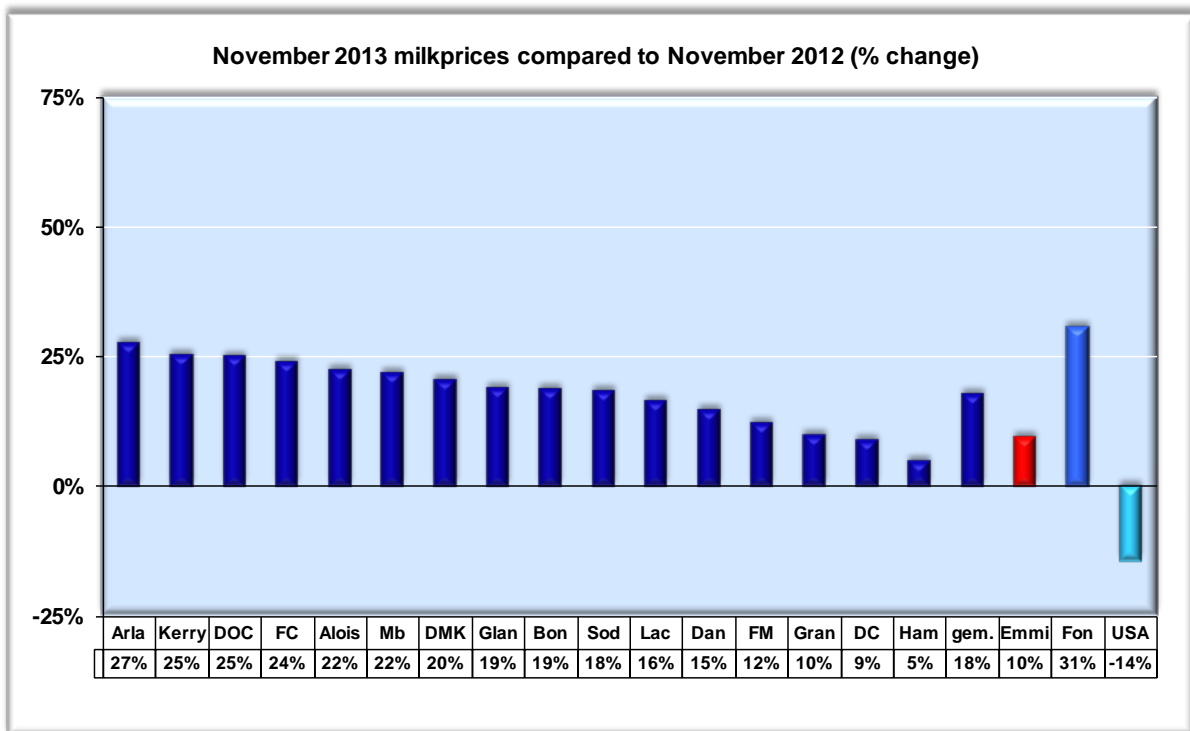
ADDITIONAL REMARKS MILK PRICES NOVEMBER 2013

MILK PRICES

The average calculated milk price for the November 2013 deliveries is € 40.55 per 100 kg standard milk. This is an increase of 17.6% compared to November 2012 (+ € 6.07).

For the first time, since the start of the LTO Milkprice comparison, the average calculated milk price rises above € 40.00.





Now that the monthly (advance) milk prices until November, and for some companies also December, have been published, a good estimate of the development of the milk prices of 2013 can be made. Although the post-payments are not known yet, the expectation is that, based on the advance milk prices, the milk prices of the European companies will increase by 12% on average compared to previous year. Because of this development, the milk prices reach the highest level ever.

The positive developments on the World market are the most important reason of this increase. Dairy farmers in New Zealand have profited more than their European and American colleagues.

Taking into account the most recent prognosis, Fonterra expects to pay out a milk price of 8,40 NZD (including a dividend) per kg milk solids for the season 2013/14. Expressed in Euros, this is around €39,- per 100 kg standard milk, 36% more than in 2012/13.

In Europe, milk prices of Milcobel, Alois Müller, Kerry and Glanbia, increased the most (by 20 to 23%), followed by DMK, FrieslandCampina, DOC Kaas and Arla (by 15% to 18%).

The milk prices of Dairy Crest and First Milk increased, expressed in British Pounds, by 10%, followed by the four French dairy companies, of which the milk prices will increase by 7 to 8%. Remarkable is that the milk prices of Hämeenlinnan Osuusmeijeri and Granarolo – the yearly top companies in milk prices- increased the least, by 3 to 4%. Also, the milk price of the Swiss Emmi has increased less (by 8% in national currency) than the average of the European companies.

Expressed in US dollars, the so called USA Class III milk price has increased by 3% in 2013.

Additional comments milk prices November 2013

Milcobel

The calculated milk price of the Belgian Milcobel increased by € 1.04 to € 41.08.

Germany

The base price of DMK remained stable in November. The calculated milk price of DMK is € 41.03. The milk price of Alois Muller increased by € 1.00 to a calculated milk price of € 40.87.

Scandinavia

Arla Foods has increased its milk price by € 1.00 in November, resulting in a calculated milk price of € 40.01. The milk price will remain (almost) stable in December and January.

The calculated milk price of Hämeenlinnan Osuusmeijeri is € 43.24 in November, this is a decrease due to the removal of the seasonality bonus.

France

The calculated milk price of Bongrain decreased slightly to € 39.50. The calculated milk price of Danone and Sodiaal have decreased to respectively, € 37.34 and € 37.03. The calculated milk price of Lactalis has decreased to € 35.99

United Kingdom

The calculated milk prices for First Milk and Dairy Crest have increased by 1 ppl. First Milk will increase its milk price by 0.5 ppl in December.

The calculated milk price for Dairy Crest results in November at € 41.52. The milk price of Dairy Crest will not change until February 2014.

Ireland

The calculated milk price of the Irish company Glanbia is preliminary (€ 44.35). This milk price includes a winter bonus of € 5.50.

The calculated milk price for Kerry remains stable at € 38.85.

The Netherlands

FrieslandCampina has increased its guaranteed milk price by € 1.75 to € 44.00. The calculated milk price is € 45.12. The guaranteed milk price will remain stable in December and will decrease to € 43.00 in January 2014.

DOC Kaas has increased its milk price by € 1.80 in November. The calculated milk price is € 41.54. In December the milk price will increase by € 1.26.

Granarolo

The calculated milk price of Italian Granarolo for November is € 44.11

Emmi

The calculated milk price of the Swiss Emmi is € 51.57 in November. This is a decrease, because of the removal of the seasonality bonus.

New Zealand

The calculated milk price of New Zealand's Fonterra is € 39.10 in November. Fonterra has decreased the forecast dividend bonus from 0.32 to 0.10 NZD per kg milk solids. Because of this decrease, the expected milk price including the dividend bonus has decreased from 8.62 (8.30 + 0.32) to 8.40 (8.30 + 0.10) for 2013/14.

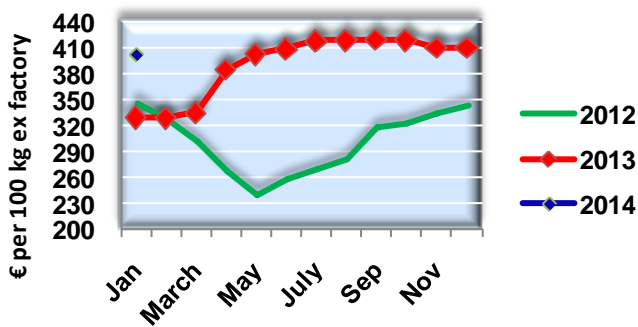
USA

The calculated milk price of U.S. Class III milk price is € 34.20 in November. Expressed in dollars, the milk price has increased as well.

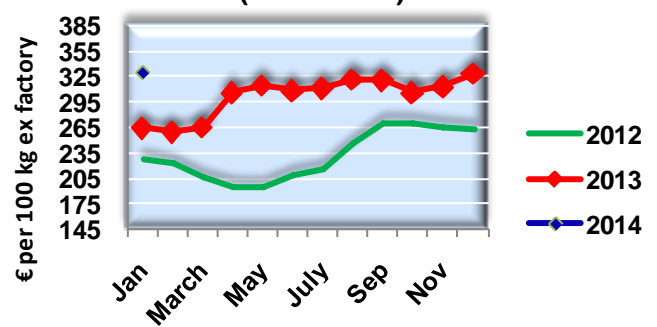
MARKET SITUATION

Dutch Quotations				€ per 100 kg
	1 January 2013	31 December 2013	index	trend
Butter	342	409	119.6	↓
Whole milk powder	296	379	128.0	→
Skimmed milk powder	264	330	125.0	→
Whey powder	101	99	99.0	↑
Gouda cheese	± 320	± 390	121.9	→

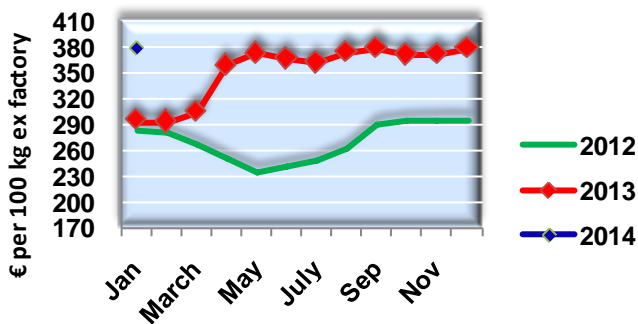
Dutch Butter price develop.



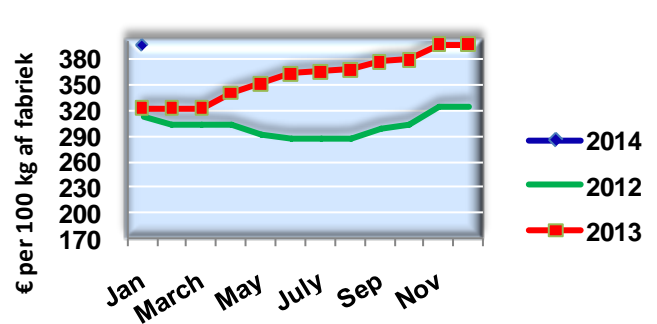
Dutch SMP price develop. (ADPI extra)

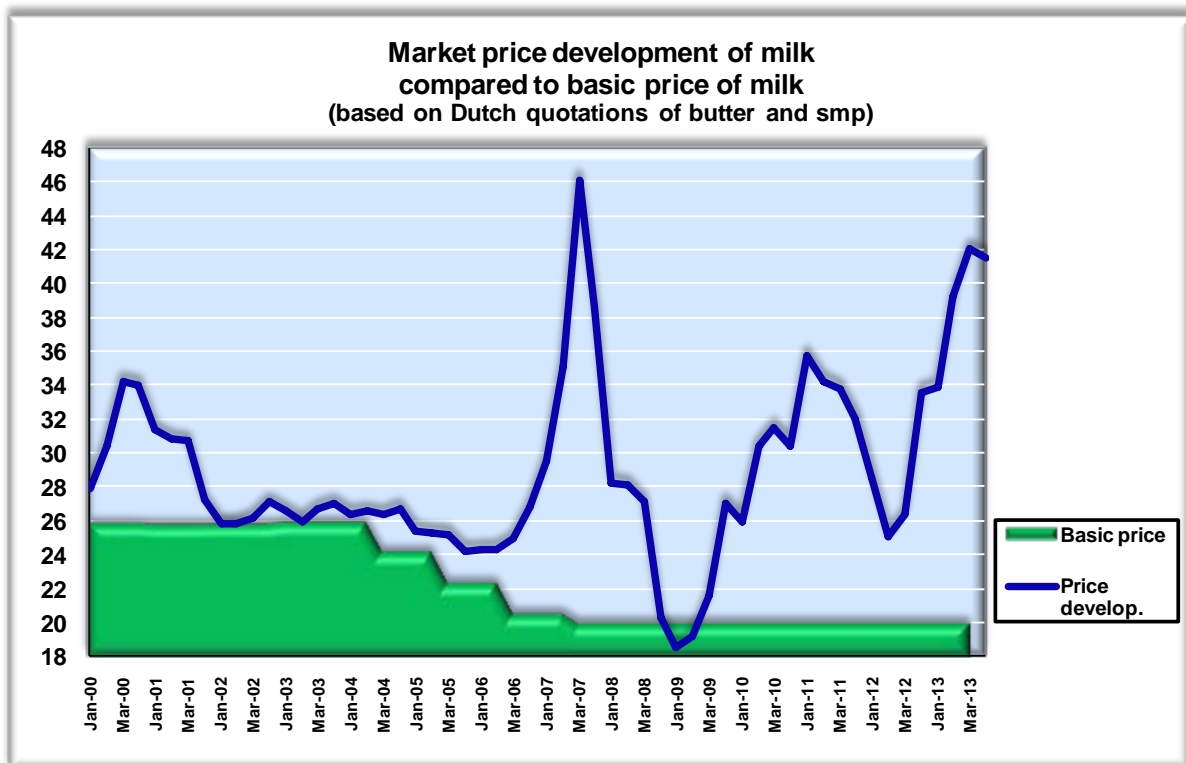


Dutch WMP price develop.



Dutch Gouda cheese price develop





Market comments

Market for dairy commodities continued to be fairly strong and is able to hold its high price level. This is possible as demand in global markets remained strong and stocks are still low. Continuation of expanding milk production volumes in most important dairy producing regions in the world are however a threat to current high prices and make the market more vulnerable.

Although buyers are anticipating already lower prices in the near future, this scenario did not yet realize. Also seasonal peak production volumes in the Southern Hemisphere has not been sufficient enough to satisfy current buyer demand.

During end of November/December buyer activity has increased as reticent buyers that have been staying out of the market due to the high prices have to secure product again and short positions by traders have to be closed. As a result prices were rising again.

Signals from the world market are also confirming the current firm undertone.

Global demand remained strong as most buyers are short covered and have to replenish stock. In general existing supplies in pipeline from the processor to the end consumer are low and as a result generate continuous demand.

Barring unforeseen circumstances, important price pressure is then expected at the time not earlier than the seasonal production peak in the Northern Hemisphere is within reach, may be at the end of the first quarter of 2014.