

STANDARDIZED MILK PRICE CALCULATIONS for JANUARY 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		32.17	0.42	34.32
Alois Müller	DE	0.51			33.45	0.23	34.92
Humana Milchunion eG	DE				32.04	-0.15	34.08
Nordmilch	DE		0.15		32.19	0.00	33.84
Arla Foods	DK	0.66			33.45	2.56	36.28
Hämeenlinnan Osuusmeijeri	FI				41.29	3.59	44.27
Bongrain CLE (Basse Normandie)	FR	0.74			35.36	none	34.50
Danone (Pas de Calais)	FR				35.65	none	34.72
Lactalis (Pays de la Loire)	FR				35.38	none	34.32
Sodiaal	FR	0.58			34.15	none	34.41
Dairy Crest (Davidstow)	GB	0.12	0.35		34.55	0.00	32.13
First Milk	GB	0.58	2.19		31.90	0.00	29.24
Glanbia	IE				33.91	0.00	34.11
Kerry	IE				33.82	none	33.70
Granarolo (North)	IT	1.15	3.42		41.64	none	40.57
DOC Kaas	NL	0.05	0.34		33.70	2.64	37.53
Friesland Campina	NL	0.05	0.75		35.42	1.84	37.31
AVERAGE MILK PRICE THIS MONTH (2)					34,71		35,31
Fonterra (5)	NZ				32.12	0.00	31.05
United States of America (3)	US	0.14			32.45	none	33.29

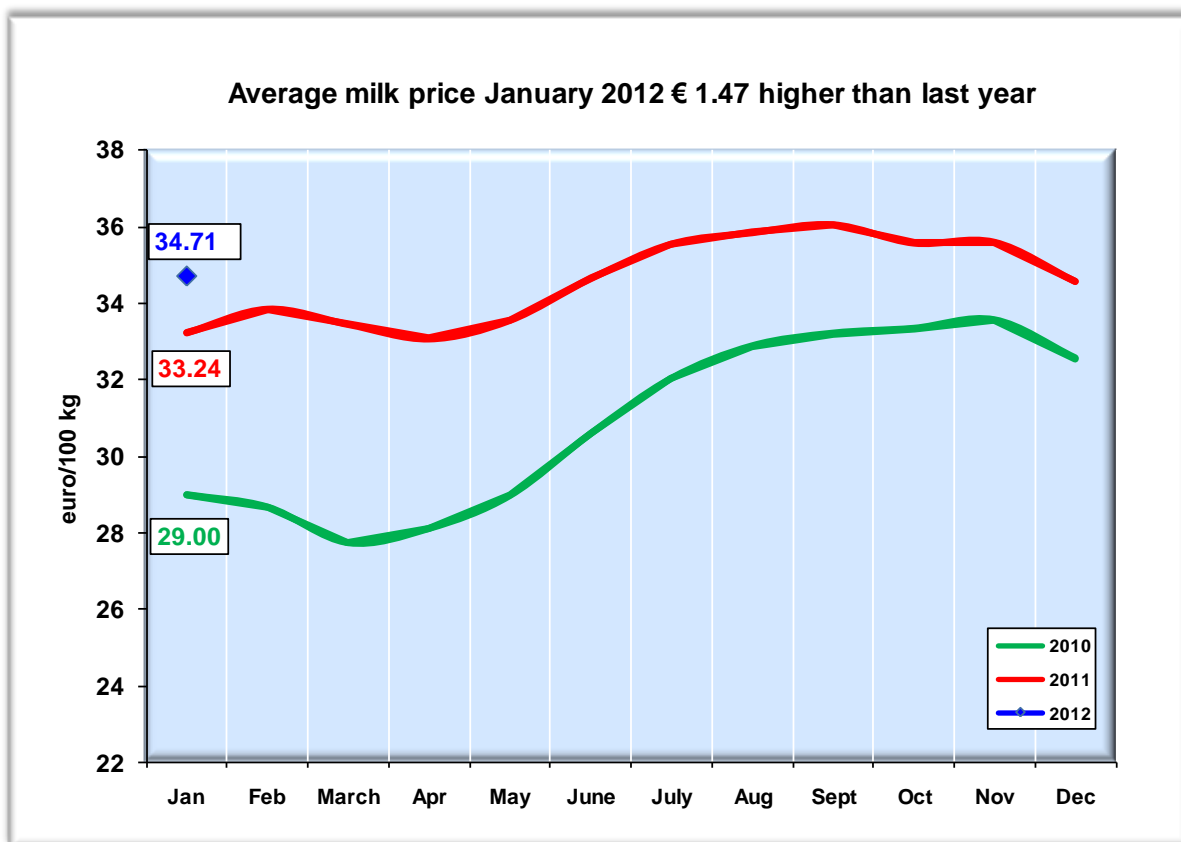
Remarks:

- (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 JANUARY 2012

MILK PRICES

The average calculated milk price for the January 2012 deliveries is € 34.71 per 100 kg standard milk. This is an increase of 4.4% compared to January 2010 (+ € 1.47). Compared to December 2011, the average milk price of January increased slightly by € 0.14



Compared to December 2011, all European milk prices remained unchanged or decreased, with the exception of the French milk prices. In France, an agreement has been made to increase the milk prices in the first quarter of 2012. Price increases vary from + € 1.44 (Sodiaal) to + € 3.29 (Danone).

Since January 2012, Danone has implemented the A/B system for its milk price. The calculated milk price is provisionally based on the A-price.

The German milk prices decreased as well. The milk prices of Humana Milch Union and Nordmilch have decreased by € 1.58 and € 0.99 respectively. Alois Müller's milk price decreased by € 0.93. Alois Müller has increased its fat and protein price by € 2.52 and € 4.54 respectively.

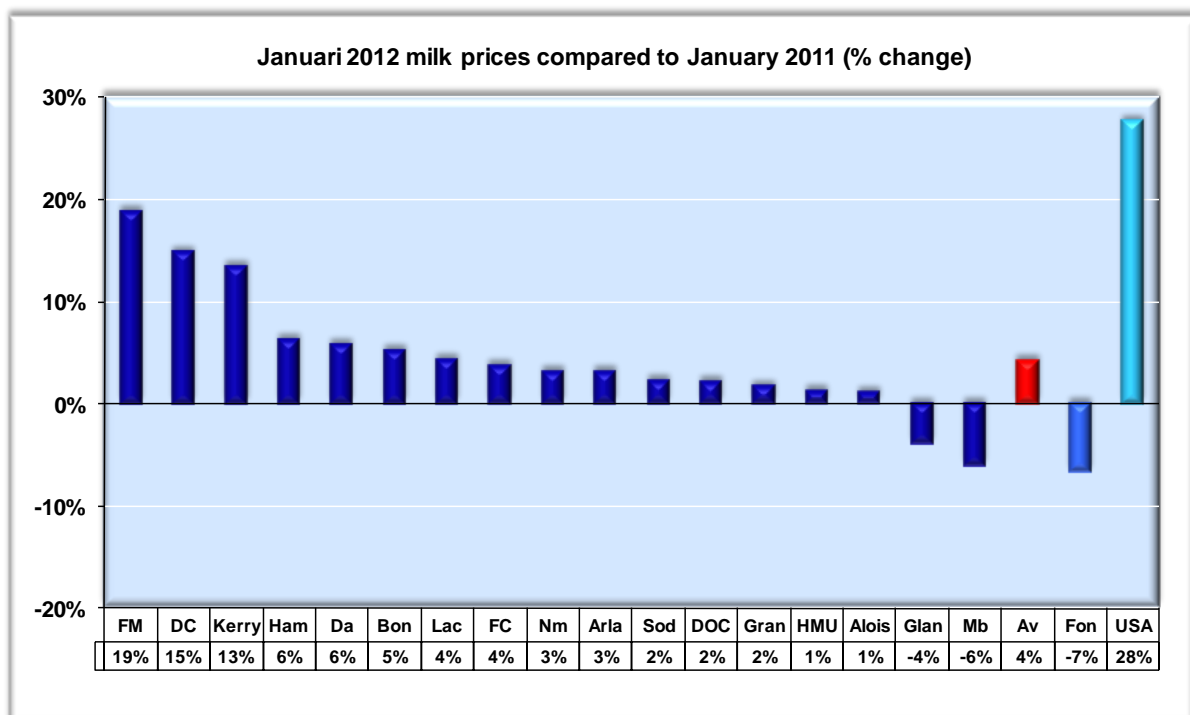
The Swedish/ Danish dairy Arla Foods has decreased its basic milk price by € 0.25. Arla has announced to decrease its milk price by € 1.00 in February.

FrieslandCampina has decreased its milk price by € 1.00 in January, resulting in a calculated milk price of € 35.42. This includes a grazing bonus of € 0.50. The Dutch dairy has announced to decrease its guaranteed milk price by € 0.75 in February.

For the period January-March 2012, the Italian dairy Granarolo increased its milk price by € 1.25 to € 35.62, resulting in a calculated milk price of € 41.64.

The milk prices of the Irish dairies have remained stable.

Glanbia's calculated milk price of € 33.91 is provisional and excludes the winter bonus.



Milcobel

The milk price of the Belgian dairy Milcobel has decreased by € 1,05 to € 32.17.

Germany

All German dairies have decreased their basic milk prices by € 1.00 at 3.4% protein and 4.0% fat. The calculated milk price of Humana Milchunion for January excludes the supplementary payment of € 0.60. The calculated milk price decreases by € 1.58 to € 32.04.

The calculated milk price of Alois Müller decreased by € 0.93 to € 33.45. Alois Müller has increased its fat and protein price to € 2.52 and € 4.54 respectively.

Scandinavia

In January, the milk price of the Danish/Swedish dairy Arla Foods decreased by € 0.25. The calculated milk price results in € 33.44. Arla announced to decrease its milk price by € 1.00 in February.

The calculated milk price of the Finnish dairy Hameenlinnan Osuusmeijeri for January is € 41.29.

France

The calculated milk prices of the French dairies have increased in January. Increase varies from € 1.44 (Sodiaal) to € 3.29 (Danone).

Since January 2012, Danone has implemented the A/B system for its milk price. The calculated milk price is provisionally based on the A-price. The A-price for January is limited to the amount of milk, corresponding to 8.5% of the yearly milk quota. For the remaining amount of milk, a lower B-price has been determined.

United Kingdom

Because of seasonal adjustments, the calculated milk price for Dairy Crest has decreased by € 1.26, resulting in € 34.55

The milk price of First Milk has decreased slightly because of seasonal adjustments. The calculated milk price for January is € 31.90.

Ireland

Glanbia's calculated milk price of € 33.91 is provisional and excludes the winter bonus. From January 2012, Glanbia utilises a different seasonality scheme, of which details are not known yet.

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

The Netherlands

FrieslandCampina has decreased its milk price by € 1.00 in January, resulting in a calculated milk price of € 35.42. This includes a grazing bonus of € 0.50. Taking the view that the largest part of the dairy farmers meet the set criteria, this bonus will be included in the calculated milk price. Like the quality bonus, which is also paid out at the end of the calendar year, the grazing bonus will be included in the monthly milk price. The Dutch dairy has announced to decrease its guaranteed milk price by € 0.75 in February.

Compared to December 2011, the calculated milk price of DOC Kaas has decreased by € 2.13 to € 33.70. DOC Kaas has announced to decrease its milk price by € 0.75.

Granarolo

For the period January until March 2012, the Italian dairy Granarolo increased its milk price by € 1.25 to € 35.62, resulting in a calculated milk price of € 41.64.

New Zealand

Because of a decrease in the exchange rate of the euro, Fonterra's calculated milk price results €1.80 higher compared to previous month. Based on an average milk price of NZD 6.815 per kg fat and protein, the calculated milk price is € 32.12 per 100 kg standard milk.

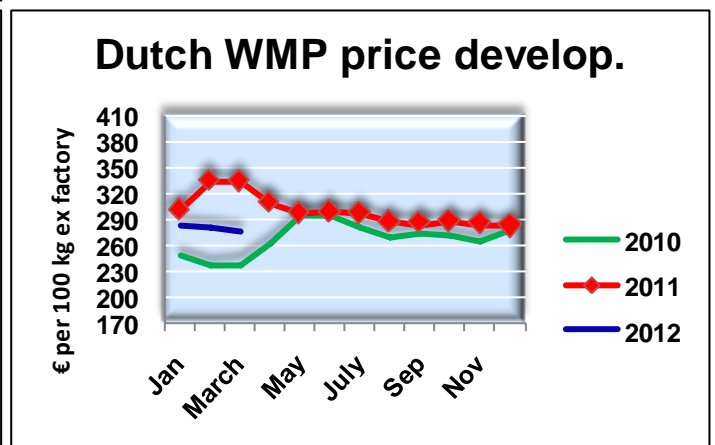
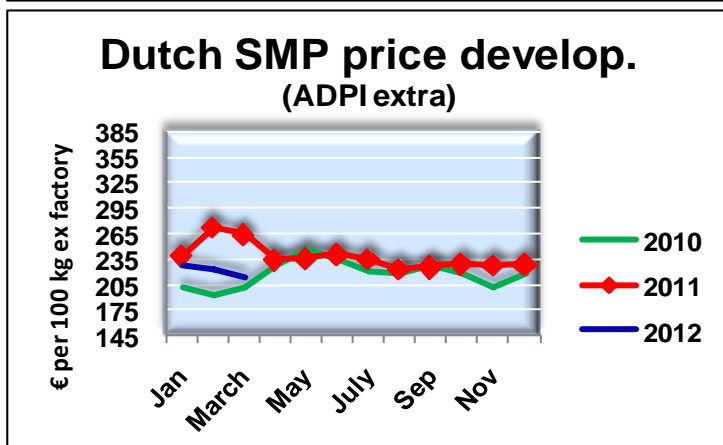
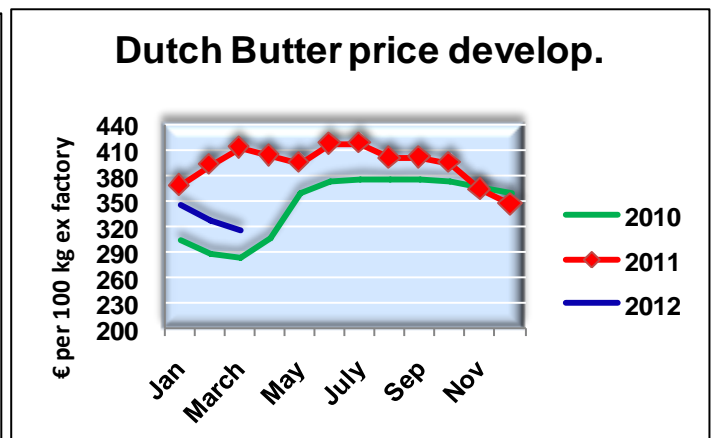
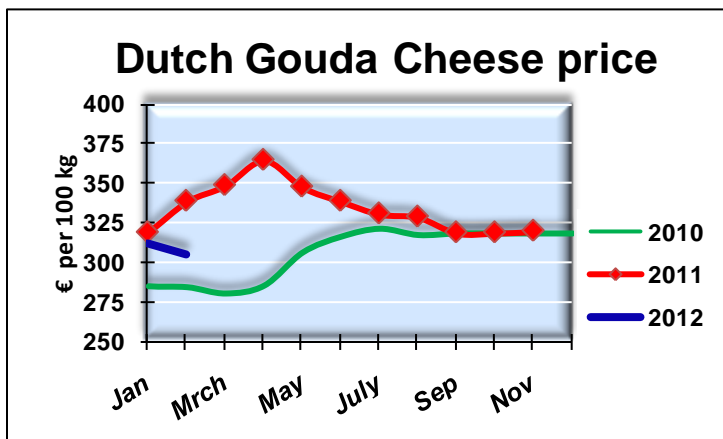
USA

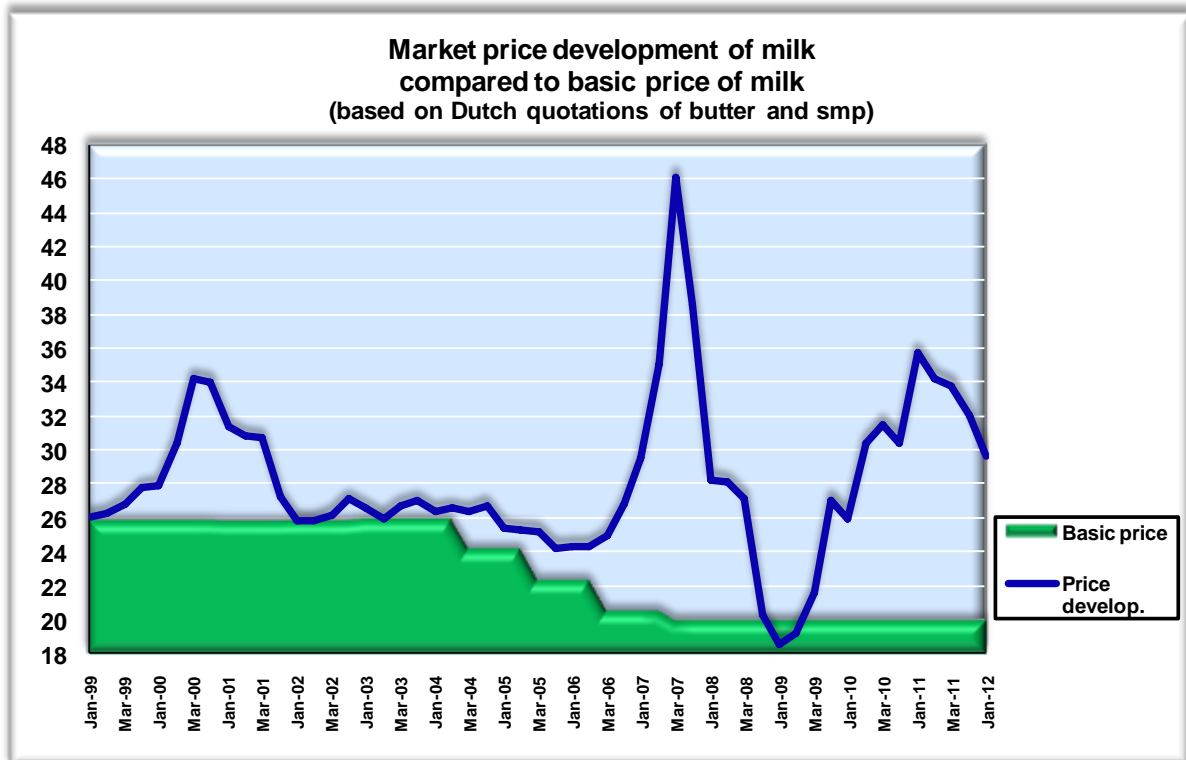
In December, the US Class III price has decreased from \$ 18.76 in December to \$ 17.05 per cwt in January.

Expressed in Euros, the calculated milk price for January is € 32.45 per 100 kg standard milk.

MARKET SITUATION

Dutch Quotations				€ per 100 kg
	1 January 2012	29 February 2012	index	trend
Butter	346	317	91.6	↓
Whole milk powder	283	276	97.5	↓
Skimmed milk powder	229	215	93.9	↓
Whey powder	94	86	91.5	↓
Gouda cheese	± 320	± 305	95.3	↓





Market comments

According to recent figures milk output in the EU-27 for calendar year 2011 was 2.1% (\pm 2.8 million tonnes) higher compared to same period in 2010.

In general market sentiment has become more negative over the last couple of weeks, due to volatile currency markets, the unstable economic environment and sluggish economic growth prospects this year. However the main factors responsible for the current direction of the market are increases in milk production exceeding expectations and lagging export demand. That is the main reason why prices are softening.

With a further seasonal rise in European milk supplies ahead an upturn in global demand will be needed to avoid a build up of stocks and increased downward pressure on markets. Assuming the growth in milk output will probably slow down during the 1e quarter, because of reached quota limits in some countries, it is not taken for granted that this will happen because supply will continue to respond to the still high farm gate milk prices. Also on a world scale milk production is exceeding expectations. Probably there will be more milk available for export worldwide.

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.

Recently prices for butter and milk powder have retreated and market activity has come down. Prices will gradually decline until a level will be reached that supply and demand are more in balance again.

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. The average price index decreased during February by another 4%.