

STANDARDIZED MILK PRICE CALCULATIONS for SEPTEMBER 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	0.10	30.66
Alois Müller	DE	0.51			29.48	0.38	32.05
Humana Milchunion eG	DE				30.06	-0.12	31.25
Nordmilch	DE		0.15		30.21	0.00	31.38
Arla Foods	DK	0.60			30.37	1.50	33.68
Hämeenlinnan Osuusmeijeri	FI			1.94	43.23	2.82	44.06
Bongrain CLE (Basse Normandie)	FR	0.74			33.82	none	33.86
Danone (Pas de Calais)	FR				34.23	none	34.06
Lactalis (Pays de la Loire)	FR				32.84	none	33.46
Sodiaal	FR	0.58			34.69	none	33.98
Dairy Crest (Davidstow)	GB	0.12	0.37	1.83	36.92	0.00	34.56
First Milk	GB	0.61	2.28		33.60	0.00	31.53
Glanbia	IE				30.44	0.00	31.23
Kerry	IE				31.00	none	30.77
Granarolo (North)	IT	1.15	3.42		40.24	none	40.78
DOC Kaas	NL	0.05	0.34		30.62	2.03	34.47
Friesland Campina	NL	0.05	0.75	2.45	33.68	1.79	35.16
AVERAGE MILK PRICE THIS MONTH (2)					33,30		33,94
Emmi A.G.	CH		2.90	4.03	50.38	none	46.75
Fonterra (5)	NZ				26.91	0.00	28.63
United States of America (3)	US	0.16			36.51	none	32.32

Remarks:

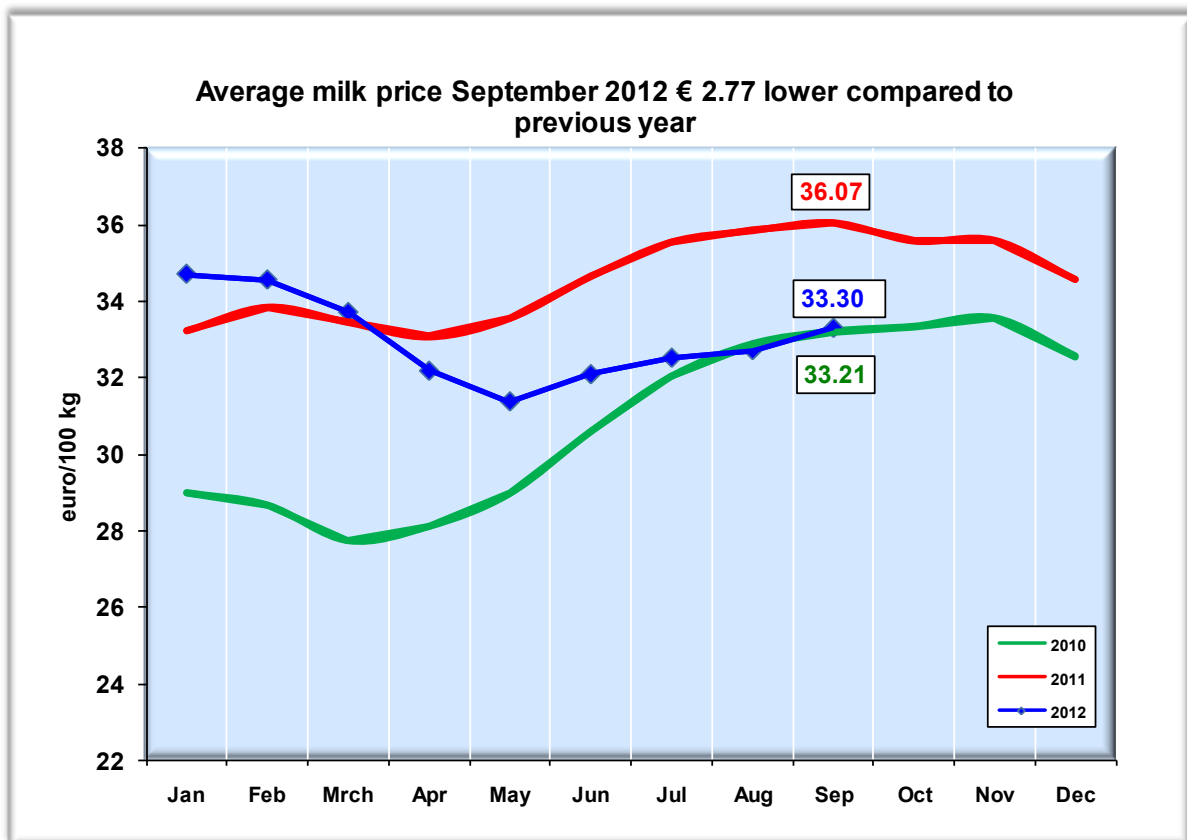
- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA 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 SEPTEMBER 2012

MILK PRICES

The average calculated milk price for the September 2012 deliveries is € 33.30 per 100 kg standard milk. This is a decrease of 7.7% compared to September 2011 (- € 2.77).

Compared to August 2012, the average milk price increased by € + 0,58. Most of the dairy companies have increased their milk prices in September.

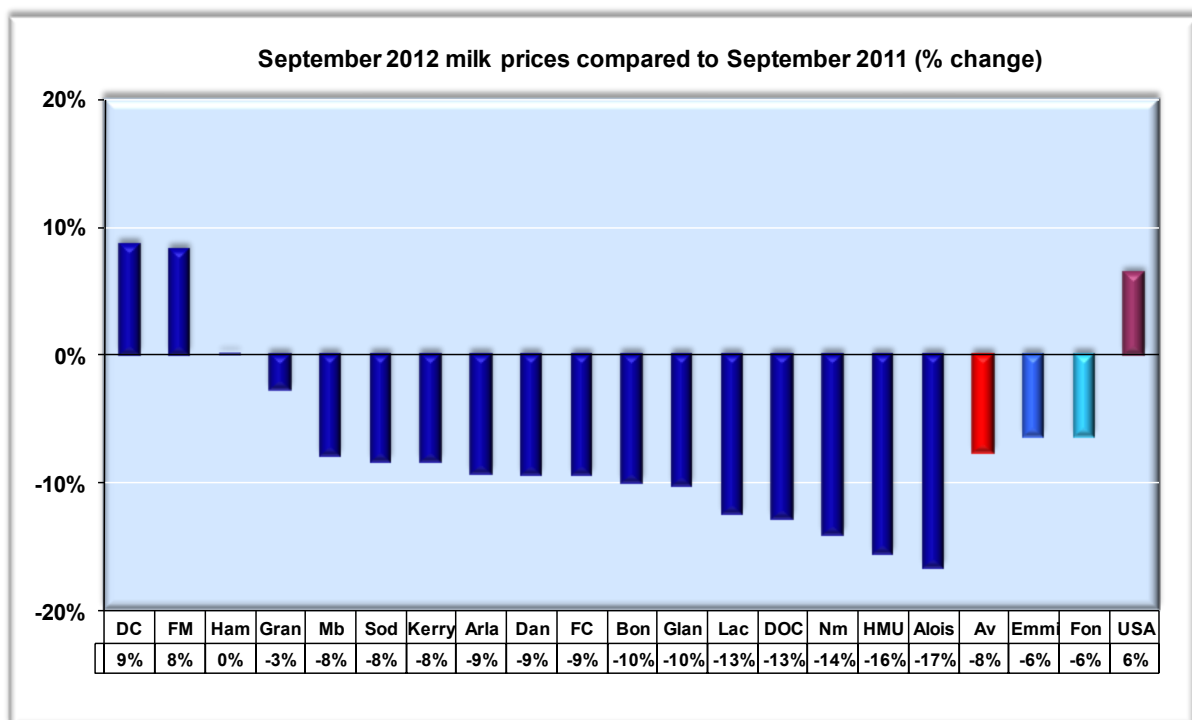


The largest increases were on the account of the German DMK companies Nordmilch and Humana and the Irish Kerry, rounded at € 2.00 per 100 kg, followed by DOC with € + 1.40, Glanbia (€ + 1.10) and Alois Müller and Milcobel with € + 1.00.

The British milk prices of First Milk and Dairy Crest have increased, but that is due to seasonal adjustments. The relatively remarkably high milk prices of British companies are partly caused by a decrease in the exchange rate of the Euro, compared to the British Pound. However, expressed in national currencies, prices are still high and will rise further.

First Milk has announced further price increases for October and November, 0.5 pence and 0.75 pence per liter. Dairy Crest's milk price October will increase by 0.75 pence per liter.

A number of companies, including the Arla and FrieslandCampina milk prices have remained unchanged, while only in France (and Switzerland) prices have fallen. DOC Kaas milk will increase by € + 1.50 in October. FrieslandCampina has an increase of € + 0.75 announced for October.



Additional comments milk prices September 2012

Milcobel

The calculated milk price of Milcobel has increased by € 1.05. The calculated milk price results in € 30.60.

Germany

The milk prices of all German companies have all increased compared to previous month. Humana Milchunion and Nordmilch increased by € 2.00. Alois Müller, increased by € 1.00.

From July 2012 the DMK companies Nordmilch and Humana have the same payment system and pay the same milk. Starting from next month, these changes will be implemented retrospectively.

Scandinavia

The (calculated) milk price of the Swedish / Danish Arla Foods remained unchanged in September at € 30.37.

The calculated milk price of Hämeenlinnan Osuusmeijeri is € 43.23.

France

All French companies have reduced their milk prices, ranging from € - 0.63 to € - 0.87.

United Kingdom

The British companies still pay relatively high milk prices and will further increase the milk from October.

The calculated milk price of First Milk and Dairy Crest are € 33.60 and € 36.92 respectively.

Ireland

The Irish company Glanbia has raised its milk price by € 1.12 compared to previous month . The calculated milk price for September is € 29.31.

Kerry has increased its milk price by € + 1,92. The calculated milk price for September is € 31.00.

The Netherlands

FrieslandCampina will increase its milk price by € 0.59 in October. FrieslandCampina did not change its milk price in September. The calculated milk price is € 33.68.

DOC Kaas has increased its milk price by € 1.43 in September. The calculated milk price is € 30.62. In October, DOC Kaas will increase its milk price by € 1.65.

Granarolo

The calculated milk price of the Italian Granarolo for September is € 40.24.

Emmi

The calculated milk price of Emmi for September is € 50.38.

New Zealand

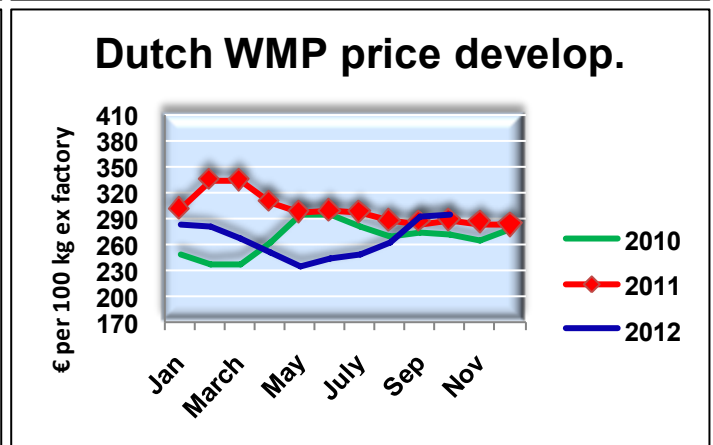
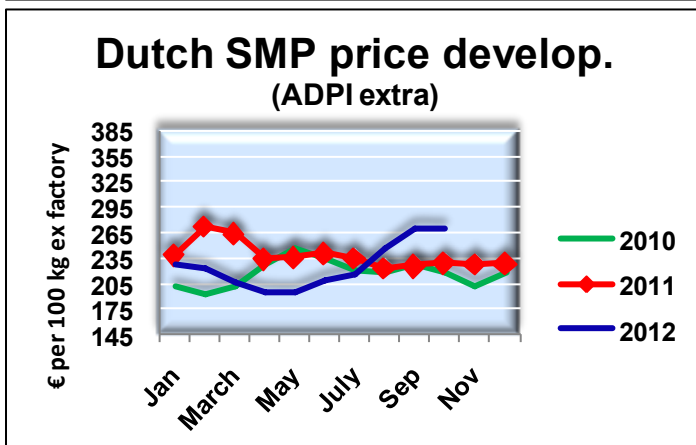
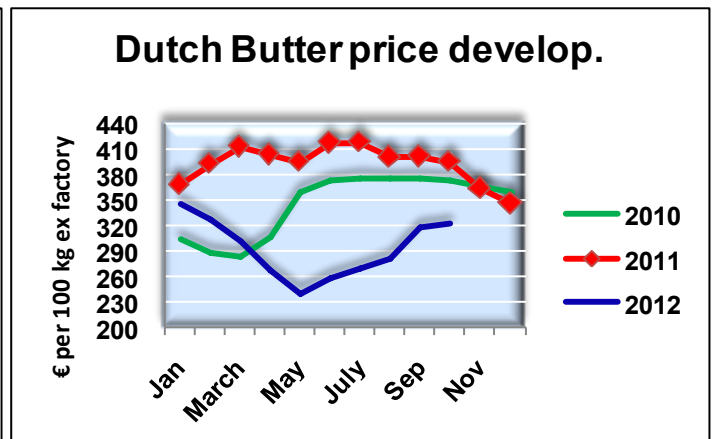
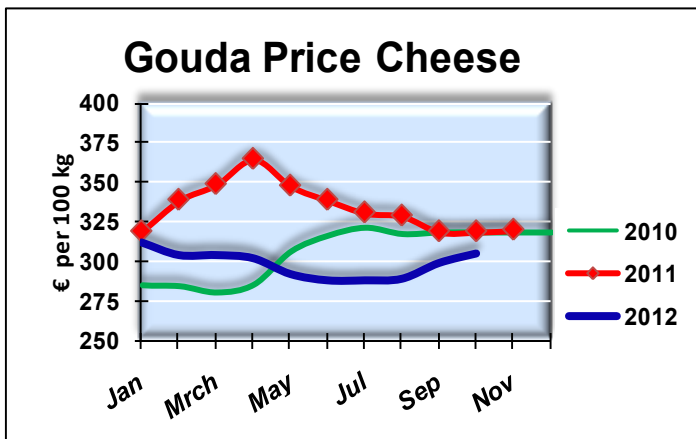
The calculated milk price of Fonterra in remained at 5.565 NZ\$ per kg milk solids. Converted into euros, the milk price for September results in € 26.91.

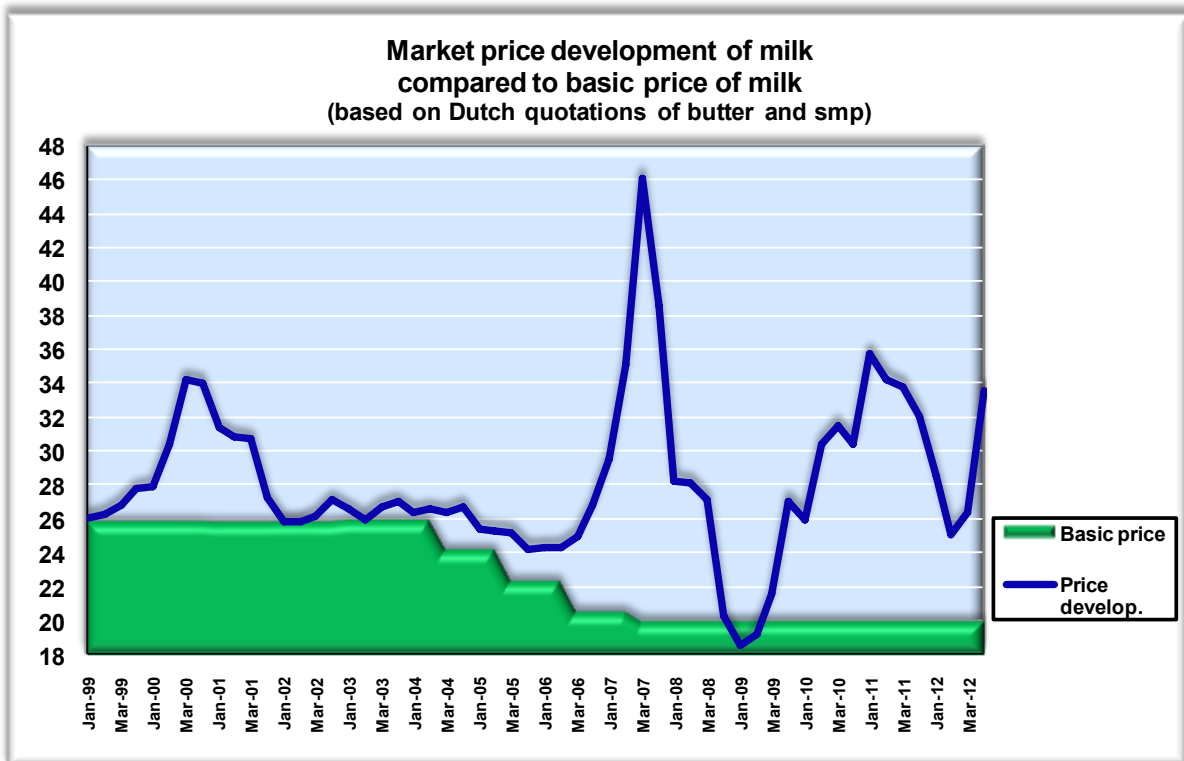
USA

The USA Class III Component price rose in September (+ \$ 1.28) to \$ 19.01 per cwt. Converted into euros, the milk price for September results in € 36.51.

MARKET SITUATION

Dutch Quotations				€ per 100 kg
	1 January 2012	31 October 2012	index	trend
Butter	346	326	94,2	↓
Whole milk powder	283	296	104,6	↑
Skimmed milk powder	229	270	117,9	↑
Whey powder	94	95	101,0	↑
Gouda cheese	± 320	± 305	95,3	↓





Market comments

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.