STANDARDIZED MILK PRICE CALCULATIONS for MAY 2015 deliveries

Prices in euro per 100 kg milk with 4,2% fat, 3,4% protein, 500.000 kg per year, tbc 24.999 and scc 249.999 per ml

Company		adjustments quality	volume	season	MILK PRICE this month	rolling average last 12 months 1)	most recent suppl. payment
Milcobel	BE	0.73	1.37		**28.49**	31.25	
Müller(Leppersdorf)	DE	0.51	0.31		**28.54**	32.11	
DMK	DE		0.15		**29.15**	32.27	
Arla Foods DK	DK	0.90			**30.75**	33.32	1.53
Hämeenlinnan O.	FI			-1.94	**35.83**	41.37	1.94
Bongrain (Basse Normandie)	FR	1.04			**31.97**	35.44	
Danone (Pas de Calais)	FR				**32.17**	34.98	
Lactalis (Pays de la Loire)	FR				**31.50**	34.58	
Sodiaal (Pas de Calais)	FR	0.58			**31.95**	36.32	
Dairy Crest (Davidstow)	UK	0.13	0.40	-3.37	**31.19**	37.28	
First Milk (compositional)	UK	2.02	1.35		**27.84**	32.19	
Glanbia	IE				**27.47**	31.92	
Kerry Agribusiness	IE				**28.45**	32.38	
Granarolo (North)	IT	1.15	3.42		**38.29**	42.44	
DOC Cheese	NL	0.03	0.34		**28.59**	30.85	1.02
FrieslandCampina	NL	0.05	0.75		**31.11**	34.20	2.92
AVERAGE MILK PRICE **2)**					**30.83**	34.56	
Emmi	CH		3.38	-2.81	**49.61**	50.34	
Fonterra 3)	NZ				**23.39**	22.76	
United States Class III 4)	US	0.16			**36.22**	39.01	

1) Exclusive of most recent supplementary payment
2) Arithmetic average
3) Based on most recent forecast
4) Based on USDA announcement

MILK PRICES

The calculated advance milk price in May 2015 averaged € 30.83 per 100 kg standard milk. A decrease of € 0.34 compared to the previous month. Compared to May 2014, this is a decrease of € 7.68 or 19.9%.

Milk prices are on average almost € 31 per 100 kg, but this is mostly due to the relatively high milk prices of Finnish Hämeenlinnan Osuusmeijeri and Italian Granarolo. When milk prices of these two companies are excluded, the average is (just) below the € 30 (€ 29.94 per 100 kg).

The calculated milk prices of the French dairy companies, British Dairy Crest and FrieslandCampina are still above € 31 and Danish Arla just below (€ 30.75). It should be noted the milk price of FrieslandCampina is exclusive of the seasonal levy of € 2.30, because these seasonal deductions (and bonuses) are not deducted (distributed) but are balanced and charged at the end of the year. Including this levy in May milk price of FrieslandCampina reduces from € 31.11 to € 28.81 per 100 kg standard milk.

Irish dairy farmers supplying Glanbia receive the lowest milk price (€ 27.47). the recent price reductions are offset by a payment by the cooperative Glanbia from the so-called market stabilization fund this benefit (May to € 3 per 100 kg). These payments by the coop are not included in the milk price calculation.

Compared with April milk prices of Müller and Kerry decreased most, namely by about € 2 per 100 kilograms. Danone and Granarolo have increased milk prices in May.

For June and July, Arla Foods and FrieslandCampina announced price reductions of -1 and -0.9 (Arla) and -1.5 and -0.5 (FrieslandCampina) per 100 kilograms. Dairy Crest has announced a price increase from August of 0.5 (0.25 pence per liter).

Price changes in May 2015 (€ 100 per kg compared to the previous month) and additional information per company

Milcobel: unchanged

Muller: -2.0
DMK: unchanged

Arla: unchanged, June -1.0, July -0.9

Hameenlinnan Osuusmeijeri: unchanged

Bongrain: -0.3 (due to a lower butyric acid premium in summer)
Danone (A-price): + 1.0
Lactalis: unchanged
Sodiaal (A-price): unchanged

Dairy Crest: -0.3 due to seasonality and exchange rate.
First Milk (A-price): unchanged
Retroactively calculated milk prices from April 2015 of First Milk are adjusted due to changes in the milk payment scheme. As valid from April a premium of 1 pence per liter (ppl) is included in the

calculated milk price as a bonus for a bacteria count below 50 per ml (previously 0.5 ppl) and 0.5 ppl for milk with a somatic cell count between 200 and 250 (previously 0.3).
The payoff for fat content is from April differentiated between cheese butterfat and whey butterfat Cheese butterfat is equivalent to 120% of the protein content. For the excess amount of fat (whey butterfat) a lower price is paid. This means that for standard milk with 4.2% fat and 3.4% protein 4.08% (= 1.2 × 3.4) of the fat is paid out as cheese butterfat and 0.12 as whey butterfat.
As a result of these adjustments, the milk price in April was corrected from 28.11 to 27.84.

Glanbia: -1.0, milk price exclusive of top ups by coop
Kerry: - 1.9

Granarolo: +1.0 (the provisionally milk price of April (41.20) is updated to 37.32.

DOC Cheese: -0.9
FrieslandCampina: -1.2, June -1.5, July – 0.5

Emmi: +0.9 due to slightly higher B – and C – price
From March onwards the weighting of A-, B- and C- prices is changed form 70, 20 and 10% to 68, 12 and 20%.

Fonterra: -1.5 completely due to lower value of New Zealand Dollar against the euro.
Fonterra announced their opening forecast milk price for the 2015/16 season to 5.25 NZD per kg milk solids. This opening milk price is higher than the current season (4.40 exclusive of dividend), but much lower than milk prices in previous years.

USA: -0.2
Expressed in dollars, the US Class III milk price increased from $ 15.81 to $ 16.19 per hundredweight (45.36 kg).

MARKET SITUATION

Official Dutch dairy quotations (€ per 100 kg)

	2/7/2015	27/05/2015	2/1/2014
Butter	294	294	406
Whole milk powder	222	232	379
Skimmed milk powder	172	175	330
Whey powder	59	67	99

In several EU - Member States much more milk is produced. This provides extra supply, which cannot be absorbed automatically by the market. Moreover, since a long time been demand is disappointing. The reduced the willingness of China to buy and Russian important ban play an important role.

The wide range and the reluctance of buyers have already led from March to a sharp fall in the Dutch official quotations. However, there are some weak signals price levels are reaching a bottom formed on the market.

It is to wait for the time being when it comes to a turning point in the market. How the European milk production will develop in the post quota era plays an important role. If growth ultimately is less than expected and international demand is going to pick up again, this could have a positive effect on the market situation.