

STANDARDIZED MILK PRICE CALCULATIONS for SEPTEMBER 2016 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 | | | MILK PRICE this month | rolling average last 12 months 1) | most recent suppl. payment |
|------------------------------|----|-------------|--------|--------|--------------------------|--------------------------------------|-------------------------------|
| | | quality | volume | season | | | |
| Milcobel | BE | 0.73 | 1.37 | | 27.51 | 24.74 | 0.47 |
| Müller(Leppersdorf) | DE | 0.51 | 0.61 | | 25.63 | 25.35 | |
| DMK | DE | | 0.15 | | 22.41 | 23.52 | |
| Arla Foods DK | DK | 0.75 | | | 25.72 | 26.75 | 1.37 |
| Savencia (Basse Normandie) | FR | 0.74 | | | 28.86 | 29.67 | |
| Danone (Pas de Calais) | FR | | | | 30.85 | 31.18 | |
| Lactalis (Pays de la Loire) | FR | | 0.24 | | 30.36 | 29.18 | |
| Sodiaal (Pas de Calais) | FR | 0.58 | | | 30.41 | 30.81 | |
| Dairy Crest (Davidstow) | UK | 0.11 | 0.34 | 1.71 | 27.02 | 28.29 | |
| Dairygold | IE | 0.39 | | | 26.03 | 24.19 | |
| Glanbia | IE | | | | 24.99 | 22.36 | |
| Kerry Agribusiness | IE | | | | 26.30 | 24.47 | |
| Granarolo (North) | IT | 1.15 | 3.42 | | 36.35 | 37.31 | |
| DOC Cheese | NL | 0.03 | 0.34 | | 22.46 | 23.11 | |
| FrieslandCampina | NL | | 0.75 | | 25.46 | 26.59 | 3.49 |
| AVERAGE MILK PRICE 2) | | | | | 27.36 | 27.17 | |
| Valio | FI | | | | 34.42 | 34.42 | 0.78 |
| Emmi | CH | | 3.21 | 3.57 | 50.31 | 48.35 | |
| Fonterra 3) | NZ | | | | 28.76 | 21.55 | |
| United States Class III 4) | US | 0.17 | | | 36.77 | 33.37 | |

All prices are VAT excluded, paid to producers and assuming milk is collected every other day.

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 September 2016 averaged € 27.36 per 100 kg standard milk. An increase of € 1.17 compared to the previous month. Compared to September 2015, this is a reduction of € 2.27 or 7.7 %.

For the third consecutive month the average producer price for milk has risen. The increase is bigger than in the previous months, but still the milk prices are on average below the level of 2015. That will change in the coming months given the significant milk price increases, which have been announced. The milk price of DMK (and DOC) increases in the next two months with a total of no less than € 7 per 100 kg of milk. FrieslandCampina increases in October and November the producer price for milk with a total of € 6.75, while the price of milk price of Arla rises € 4.0 during this period. Despite these 'catching up' in milk prices at the end of this year over the whole of 2016 milk prices will be on average expected to be about 10% lower than in 2015. So 2016 will be the second worst milk price year. Only in 2009 the average milk price was lower.

Interestingly, the milk price of Fonterra is this milk price year - started in June 2016 - higher than the average milk price of European dairies. Nevertheless this New Zealand milk price year is until now not a relatively good milk price year. Although the current milk price is clearly higher than in the previous two years, the current price of milk is still well below the average for 2009/10 until 2013/14.

The great difference between the USA Class III milk price and the average milk price in Europe is partly due to the sharp rise in the last two years of the value of the US dollar against the euro. Without this appreciation the USA milk price calculated in Euros would be approximately € 5 per 100 kg lower. Expressed in US dollars, the current price of milk is clearly below the average in previous years.

Price changes in September 2016 (€ 100 per kg compared to the previous month) and additional information per company

Milcobel: + 2.5

Muller: + 1.0 and October + 3.0. During the last quarter of 2016 Muller pays a bonus of € 3 per 100 kilograms to dairy farmers supplying more milk than in the same month in the previous year. This bonus is not included in the calculated milk price.

DMK: + 2.2 October + 3.0 and November + 4.0

Arla: + 1,2 October + 2.0 and November + 2.0

Savencia: unchanged for the fifth consecutive month

Danone (A-price): - 0.1

Lactalis: + 0.5

Sodiaal (A-price): unchanged

Dairy Crest +2.9 due to a price increase of 1 pence per liter (ppl) and a seasonal bonus of 1.5 ppl. In October and November respectively +1 and + 0.5 ppl.

Dairygold: + 1.0

Glanbia Ingredients Ireland (GIIL): +2.0. The calculated milk price is exclusive the coop bonus of 0.95 €/100 kg (was 1.95 in August).

Kerry: + 1.0

Granarolo: unchanged.

DOC Cheese: + 2.2 and October + 3.0 and November + 4.0.

FrieslandCampina: + 1.2 October + 3.0 and November + 3,75.

Average: + 1.17

Valio: unchanged.

Milk prices of Valio are based on milk statements of one of its member cooperatives.

Emmi: +0.3 due to a slight increase of the B-price.

Fonterra: +0.3 due to a higher value of the NZ dollar against the euro.

USA: -1.3

The US Class III milk price increased from to \$ 16.91 in August to \$ 16.39 per hundredweight (45.36 kg) in September.

MARKET SITUATION

Official Dutch dairy quotations (€ per 100 kg)

| | 2/11/2016 | 28/9/2016 | 6/1/16 | Average 2015 |
|---------------------|-----------|-----------|--------|--------------|
| Butter | 430 | 409 | 275 | 295 |
| Whole milk powder | 269 | 268 | 210 | 235 |
| Skimmed milk powder | 200 | 203 | 167 | 181 |
| Whey powder | 81 | 85 | 51 | 65 |

In the first eight months of 2016, the EU milk deliveries increased with 2%. Because in August for the third month in a row deliveries decreased, the cumulative lead over 2015 has gone back.

Not only in Europe supply decreases. Also in South America (Argentina, Brazil and Uruguay) and Australia milk production is for quite some time behind compared to the previous year. It is also expected that the New Zealand milk supply milk this season will decrease. However, this expectation is not yet translated into lower deliveries. In September even an increase in the New Zealand milk supply was noted. The US is the only significant exporting country with a significant increase. In August, the US milk production increased by almost 2%.

After a period of sharp price increases due to less supply market prices stabilized from mid-September. This was especially related to skimmed and whole milk powder (protein products). The stabilization of prices is caused as there is hardly no demand and traders are waiting in which direction the market will move. Only butter and cheese show an increase, which is the result of the shortage of fat (cream) on the market. In cheese demand is currently playing a positive role.