

STANDARDIZED MILK PRICE CALCULATIONS for FEBRUARY 2008 deliveries

(for standardized (1) milk and based on payment systems of the companies, all prices in euro/100kg)

Company		Quality adjustmen	Quantity adjustmen	Seasona adjustmen	MILK PRICE this month	Most recen supplementar paymen	Rolling average last 12 months (4)
Milcobel	BE	0.73	1.38		38.48	0.19	36.86
Humana Milch Union eG	DE				37.73	0.00	35.28
Nordmilch	DE		0.15		34.76	-0.15	33.79
Arla Foods Denmark	DK	0.75			38.02	1.07	33.05
Hämeenlinnan O.	FI	2.14		3.91	37.41	3.40	37.91
Bongrain CLE (Basse Normandie)	FR	0.74			40.35	none	32.41
Danone (Pas de Calais)	FR	0.58			41.02	none	33.57
Lactalis (Pays de la Loire)	FR				40.39	none	32.19
Sodiaal	FR				37.07	none	31.29
Dairy Crest (Davidstow)	GB	-0.26	0.39		33.62	0.00	30.62
First Milk	GB	0.65	2.42		32.58	0.00	28.61
Glanbia	IE			4.88	43.66	0.00	34.98
Kerry	IE				38.80	none	33.52
Campina	NL	0.05	0.75		37.85	1.87	35.86
Friesland Foods	NL	0.04			36.31	1.79	35.12
AVERAGE MILK PRICE THIS MONTH 2)					37.87		33.67
New Zealand (5)	NZ				28.35	none	25.60
United States of America (3)	US	0.14			28.41	none	32.77

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, 3.40% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999.
- (2) Arithmetic average.
- (3) Class III prices adjusted for 4.20% fat, 3.4% protein and somatic cell count 249,999.
- (4) Including most recent supplementary payment.
- (5) Based on payout forecast of Fonterra, adjusted for 4.2% fat and 3.40% protein.

ADDITIONAL REMARKS MILK PRICES FEBRUARY 2008

MILK PRICE

The average milk price calculated for February 2008 deliveries is € 37,87 per 100 kg standard milk. This is compared with the same month last year € 9,58 higher (plus 33,9 %).

Compared to January most dairy companies have lowered their milk prices. This is not unusual taking into consideration the price developments of the past few years.

The quotations came under pressure as a result of the (seasonal) expansion of milk supplies on the one hand and lack of export demand on the other. The results are not yet reflected in the level of the February milk prices.

• Friesland Foods, Campina and Arla.

Friesland Foods, Campina and Arla have presented the results of 2007. Friesland Foods has an estimated milk price of € 37,07 incl. VAT at average solids. Compared to 2006 this is some 20% higher. For Friesland Foods we did not adjust the supplementary payment as the preliminary milk payment is not yet published.

For Campina the supplementary milk payment is calculated on € 1,20 per 100 kg. This is lower than in 2006. Including the supplementary milk payment the milk price for 2007 is 16 % higher than the previous year.

Friesland Foods did not change the calculated advance payment for February. Compared to last year the advance payment is € 9.57 higher. Campina lowered the calculated advance payment for February compared to January 2008. The fat price is lowered by € 0,09 per kg. The protein price was kept unchanged. Compared to last year the advance payment is € 11,76 higher.

• Belgium and Germany

Milcobel has lowered the calculated advance payment for February by € 1,58 per 100 kg standard milk compared to January 2008. Compared to last year the advance payment is still € 9,44 higher.

Also in Germany the advance payments for February are still remarkably higher than in 2007: € 7,92 and € 9,41 respectively for Nordmilch and Humana. However Humana lowered its basic price by € 2,00. Nordmilch changed its basic milkprice in February even by € 4,00.

- **France**

For the first quarter of 2008 representatives of dairy farmers along with the processing industry have agreed to increase the basic milk prices with € 103.70 per 1000 litre. So compared to the same period last year all French milk prices have risen by more than € 10 per 100 kg standard milk.

- **United Kingdom, Ireland and Finland**

Fat and protein prices of the dairies in the United Kingdom and Ireland did not change. Changes in the calculated milk prices of February compared to January 2008 are the result of a lower winter milk allowance (Glanbia) and a lower exchange rate of the British pound.

The Finnish Hämeenlinnan Osuusmeijeri did not adjust the milk prices in February 2008.

- **Fonterra**

Drought conditions over most of the North Island and part of the South Island of New Zealand have resulted in reduced milk production. Post forecasts that New Zealand milk production in marketing year 2007/2008 (June 1 – May 31) will drop 4,5 % from the same period last year.

This may result in problems for Fonterra if they cannot carry out their obligations for delivery on the world market.

On the other hand the highest milk price in the last ten years is paid to the Fonterra farmers in the 2007/2008 season.

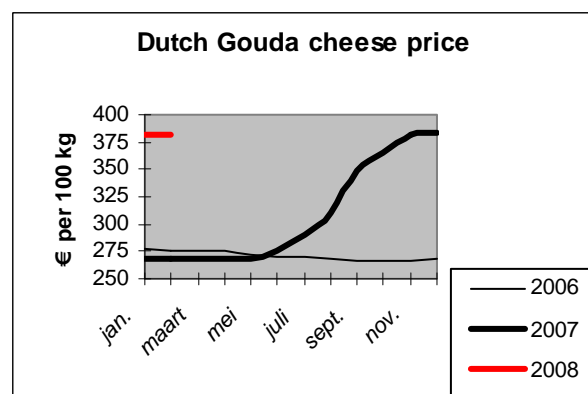
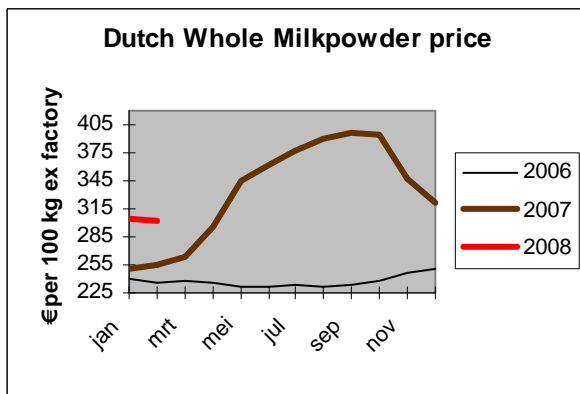
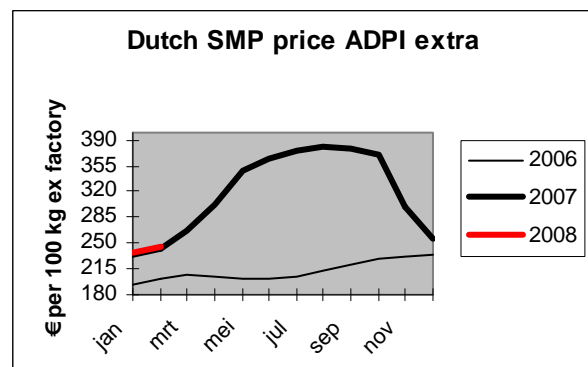
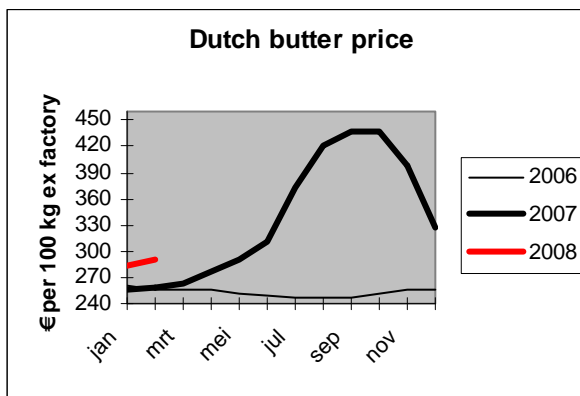
- **USA**

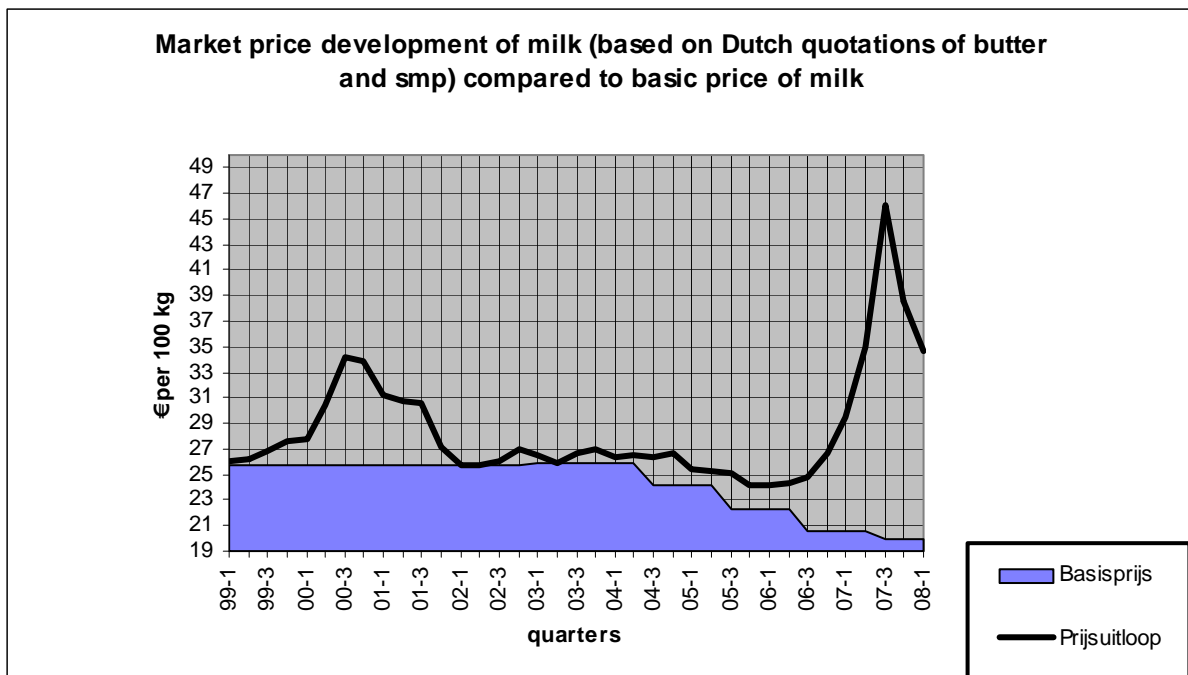
As a result of the strong depreciation of the USA \$ vs. the euro the calculated American Class III milk price is underestimated. Calculated in \$ per hundredweight the February 2008 Class III milk price (\$ 17,03) is the highest February milk price per cwt. in the past ten years.

MARKETSITUATION

€ per 100 kg

Dutch Quotations				
	January 1, 2008	April 2, 2008	index	trend
Butter	280	280	100,00	→
Whole milkpowder	310	290	96,40	→
Skimmed milkpowder	238	220	92,40	↓
Wheypowder	57	38	66,7	→
Gouda cheese	± 385	± 380	98,70	↓





Market comments

In the Netherlands milk output during February 2008 was 1863,7 million kg or appr. 4% higher, compared to the same month last year. The average milk fat percentage during this period was maintained at 4.47% equal to last year. The protein percentage was 0.01% higher.

The cumulative milk output figure in the EU-25 for the period January to December 2007 is almost equal to the previous milk production year. For coming months milk deliveries are forecasted to improve further.

On the internal marketplace butterprices are weakening again as fears grew that the supply-demand balance will worsen when export demand will not pick up. Also in the milkpowder market came under renewed downward pressure. The cheese market has to cope with price pressure, especially for the bulk segment of the market .

The international market for dairy commodities is dominated by a lower US \$ exchange rate and low American dairy product prices.

However the fundamental forces that drove prices upwards in 2007 still remain in place. There is still a shortfall in the supply of dairy products on the worldmarket relative to (potential) demand. Prices are unlikely to fall significantly while this situation prevails.