

STANDARDIZED MILK PRICE CALCULATIONS for NOVEMBER 2008 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		27.46	0.37	34.28
Humana Milchunion eG	DE				30.80	-0.22	36.22
Nordmilch	DE		0.15		26.84	-0.17	32.46
Arla Foods	DK	0.64		3.20	35.54	1.42	37.60
Hämeenlinnan Osuusmeijeri	FI	2.14		12.94	46.49	3.88	44.59
Bongrain CLE (Basse Normandie)	FR	0.74			32.52	none	35.71
Danone (Pas de Calais)	FR	0.58			37.18	none	37.15
Lactalis (Pays de la Loire)	FR				33.12	none	35.51
Sodiaal	FR				31.06	none	35.16
Dairy Crest (Davidstow)	GB	-0.23	0.35	2.35	35.35	0.00	33.16
First Milk	GB	0.59	2.20		32.43	0.00	31.51
Glanbia	IE			8.14	37.45	0.00	34.55
Kerry	IE				28.85	none	33.32
Campina	NL	0.05	0.75	3.60	32.84	1.20	36.39
Friesland Foods	NL	0.04		3.70	35.48	1.86	36.66
GEMIDDELDE MELKPRIJZEN (2)					33,56		35,62
Alois Müller	DE	0.51			30.08	0.24	35.90
DOC Kaas	NL	0.05	0.27		24.35	2.48	34.11
New Zealand (5)	NZ				20.24	0.00	26.43
United States of America (3)	US	0.15			30.47	none	29.89

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) Class III prices 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 of Fonterra, adjusted for 4.2% fat and 3.4% protein.

ADDITIONAL REMARKS MILK PRICES NOVEMBER 2008

MILK PRICE

The average milk price calculated for November 2008 deliveries is € **33.56** per 100 kg standard milk. This is compared with the same month last year € **5.99 lower** (minus **15.1%**).

Calculated advance payments 2008

With all available information and data of calculated milkprices until November it is possible to make a forecast about the developing of the advance payments for the whole year 2008 compared to the previous year. The result is: on average advance prices for 2008 are appr. 9% higher.

Calculated milkprices of Finnish Hämeenlinnan Osuusmeijeri, Arla and the French dairy companies have risen more than 15%. British companies has seen the same improvement, but due to devalued exchange rate of the pound sterling price rises expressed in euro were limited to 10%. Advance prices for Friesland Foods and Campina have risen with 7% appr. Advance prices for the German and Irish companies were roughly similar to last year. For Milcobel and DOC Kaas calculated advance prices declined by more than 5%.

Milcobel

According to Patric Buggenhout, ceo of Milcobel, the definitive milkprice over 2008 will be appr. 2 á 3 eurocent lower than the price of 35 cent, previously forecasted.

Germany

All 3 German companies have lowered their milkprices in November. Dairy producers of Humana have again received, similar to previous years, a supplementary payment of € 0.65 per 100 kg milk delivered in the period January to November. This price rise has been taken into account retrospectively. Dairy producers of Nordmilch have received in November their quantitative bonus, which is also digested in the monthly calculated milkprices.

Arla

For the last two months of 2008 Arla maintains the advanced prices at the level of October. The advanced price for November will only be lowered as a result of skipping of the seasonality payment.

For the whole year 2008 the will be lower,however. Due to the financial crisis and recent deteriorating of the market situation Arla has lowered its expectations about the financial results for 2008.

France

Representatives of the processing industry and dairy farmers have recently reached an agreement regarding the milk prices for the last two months of 2008 and the first quarter of 2009

For october anhd november prices will be lowered with € 25 and in 2009 with € 45 for january and february and € 55 for March, all compared to the same months last year. For the whole year the result leads to a decline of € 50 per 1000 litre (minus 18%)

Within this frame work individual companies may differ from this guideline,dependent on their product mix.Lactalis with a share of 25-27,5% in industrial product will lower the milkprice for November with an extra € 4,50 per 1.000 litre. Bongrain and Sodiaal apply a similar reduction. Danone do not reduce in this way. On the contrary Danone,which produces much fresh dairy products,pays an additional amount of € 15,00 per 1.000 liter fom October.

In spite of a higher milkprice in 2008 milkproduction for this year is forecasted to be lower than last year 2007.This is amazing as in the first couple of months of 2008 milkproduction soared.However since autumn production figures declined below the level of the previous year.

United Kingdom

In the United Kingdom milkprices have reached a unprecedented high level,while milk production is continuing its downward trend. This has resulted in a supply shortage. Dairy companies like First Milk are actively searching for new milkproducers.However due to the recent strong devaluation of the British pound these high prices in pence per litre are not reflected in euros.

First Milk has said to lower its milkprice from January 2009 with 1,25 pence per liter.

Ireland

After Glanbia lowered its milkprice in October already, Kerry followed in November. Due to the deteriorated market situation the company will decide each month if prices have to adjust further.

From January Glanbia will revise its wintermilk scheme.Until now the old system has been used to calculate the milkprice.

Netherlands

The November advance price of Friesland Foods has hardly changed,compared to October.

In December this price will only be effected by omitting the seasonality payment. For the whole of 2008 the company has (at 4,45% fat, 3,45% protein and 5,374% VAT included!) paid € 37,30 per 100 kg in advance on average;this is € 2,27 (+6%) higher

than in 2007. It has to be said however that the system of advance prices has been modified. When taken this into account the advance payment has increased by 5%, compared to last year. The definitive milk price for 2008 depends however on the size of the supplementary payments and will be published in May 2009.

Friesland Foods and Campina are to merge. The new company FrieslandCampina will pay one price for the milk. This milk price is constructed of two components: the monthly guaranteed price and the supplementary payment called performance bonus which will be paid once a year. This performance bonus is based on the average ZMP milk price in Germany, the milk price of Arla Foods in Denmark, milk prices of Bel Leerdammer, CONO Kaasmakers en DOC Kaas in the Netherlands and Milcobel in Belgium.

At the start of January one milk price of the merged company FrieslandCampina will be used in the LTO international milk price comparison.

At DOC the advance price for November and December are lower.

- **Oceania**

After lowering the payout forecast for the current 2008/09 season twice since September to **\$6.00 per kgMS (=± €23.30/100 kg milk*)** the Fonterra Board said there is an "increasing likelihood" New Zealand farmers will receive less than the NZ\$6 (\$3.47) per kilogram of milk currently forecast after it reviews payout estimates on Jan. 27. World prices of butter, milk and cheese have fallen 53 percent from record highs reached 13 months ago as a global recession took hold. Some advantage can be obtained from the fallen exchange rate of the NZ currency against the US dollar. The local currency fell to a five-year low of 52 U.S. cents recently, potentially boosting returns on export sales.

Some sources expect that New Zealand dairy farmers may receive as little as NZ\$5.15(=± €20/100 kg melk) per kilogram of milk solids this season.

- **USA**

As result of the deteriorating economic circumstances worldwide dairy prices in the USA have taken a nose dive during the last couple of weeks. CME butter prices which were \$1.75 per pound mid-October are now mid December around \$1.10 per pound (**= \$ 2425/ton**) and cheese prices have fallen back to \$ 1.30 (**=± \$ 2865/ton**). USDA's estimate for November showed milk production 1.4 percent more than a year ago. Cow numbers have risen surprisingly during the last two months (October and November) with more than 100.000 head compared to the same months last year. However cow slaughter is higher in recent weeks.

The CWT announced recently it finalised its second herd retirement program representing 61,078 cows eliminating 1.2 bil. lbs. of milk. (= ca 544.000 ton). It is the second largest amount of cows to be removed, but will eliminate the greatest amount of milk since the program began in 2003. The two herd retirements this year will eliminate 85,663 cows and 1.637 billion(= ca 742.000 ton)

CWT's export assistance program has helped sell over 2 billion lbs (= ca 907.000 ton) milk equivalent this year 2008.

* with 8.3% milk solids

An independent economic analysis this fall by the University of Missouri concluded that in 2008 CWT will increase producers milk prices by US \$ 0,71 per 100 lbs.(= ca \$ 1.56 per 100 kg)

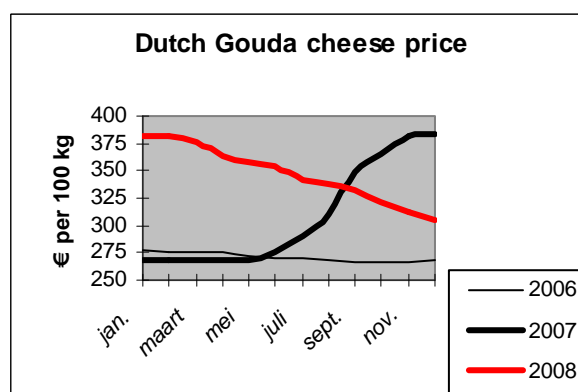
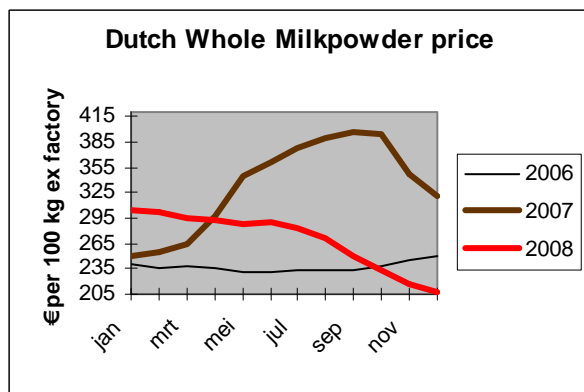
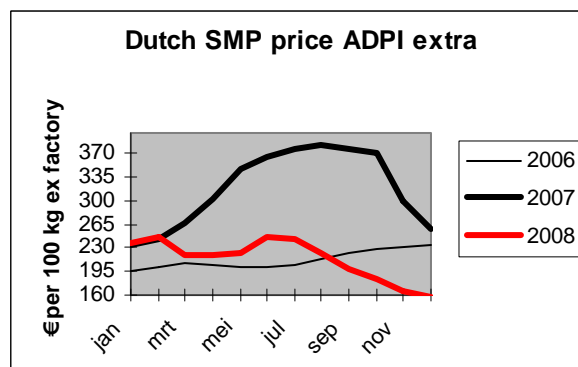
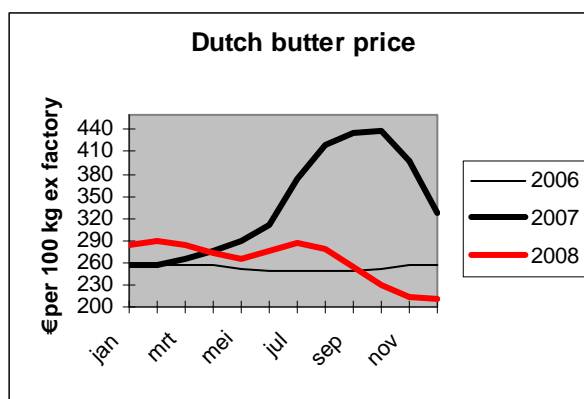
Calculated milkprice for the USA is based on figures published by the USDA (US Department of Agriculture) for milk and components used for so-called Class III categorie.

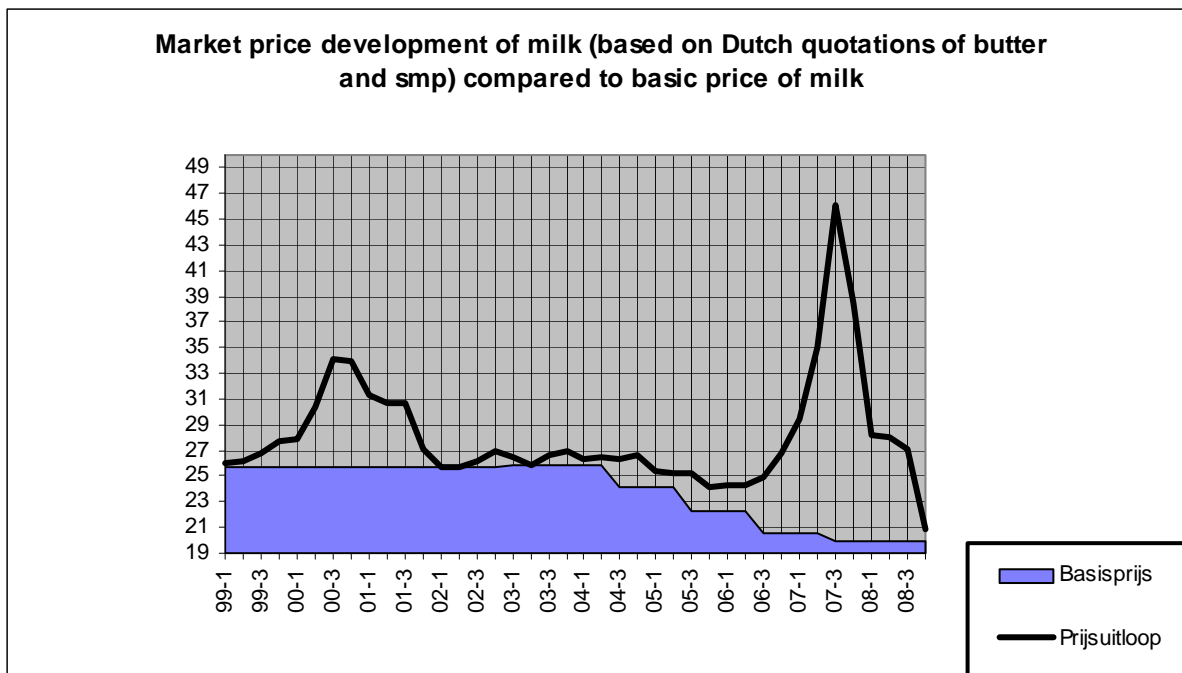
According to USDA the average Class III milk price has declined from \$ 18.04 in 2007 to \$ 17.44 per cwt in 2008 (- 3,3%).

MARKETSITUATION

€ per 100 kg

Dutch Quotations				
	1 January 2008	31 December 2008	index	trend
Butter	280	210	75,0	→
Whole milkpowder	310	195	62,9	↓
Skimmed milkpowder	238	150	63,0	↓
Wheypowder	57	39	68,4	→
Gouda cheese	± 385	± 310	80,5	↓





Market comments

In the Netherlands milk output during the period January-November 2008 was 9983.7 million kgs or appr. 1.8% higher, compared to the same period last year. The average milk fat and protein percentage during this period was similar to last year. The milk output figure in the EU-25 for the period January-August 2008 was appr. 1.1% higher than the previous year.

The general picture of the dairy market has not changed that much. Market is still volatile, but downward pressures are less and prices are starting to stabilise. A slackening of demand and rising supplies had led to considerable price declines, bringing butter and milk powder under their intervention support levels. Economic perspectives are not very encouraging given the financial crisis and recession fears. As a consequence the changed picture of supply and demand will lead to a rebalancing of the milk production worldwide.

However there will continued downward pressure on prices, until either the supply of product will decline or buyers have confidence that the global economic situation will improve. The outlook for exports has changed drastically with the expectation of global recession in 2009.

Lower consumer demand is slowing import growth everywhere; moreover a weakening dollar will deteriorate the export position from the EU. So the strong growth in total world trade of the last couple of years will probably reverse and fall back below 2%.