



Dairy Crest and DCD Announce Formula Contracts Success

Dairy Crest and DCD are pleased to announce the successful farmer uptake of our two new Liquid contract options for the start of the 2014 milk year. Both contracts are based on our innovative formula, introduced last year, and deliver on our commitment to offer all our farmers a choice of contracts.

Outcome from Application Process

- 160 DCD members have opted to select milk pricing by the rebased Formula Contracts from April.
- This includes 35 farmers selecting Formula pricing for the first time.
- Most farmers opted for the Core Formula contract but with 30 farmers opting for Simplified Formula, nearly 20% are on this brand new option.
- The final volume contracted across both the new Core and Simplified Formula contract options from April 2014 is **110 million litres**.

Dairy Crest and DCD are committed to formula pricing and will continue to offer this over the coming months. We believe it delivers security for processors and farmers, greater transparency and sustainability for the wider British dairy sector.

The new contract options deliver on Dairy Crest's commitment to offer farmers flexibility and choice – with these options adding to our portfolio of contracts allowing farmers to select what is best for their individual farm business model.

It demonstrates that we are listening to our farmers – as the Simplified Formula liquid contract came as a direct result of requests for such an option from DCD farmers.

We will still have volume available to offer on the Formula options later during the year – with the next sign up opportunity available from 1 July. As well as offering this to existing farmer suppliers, we will look to provide the opportunity to new farm recruits.

Contract Options Details

1. Core Formula Liquid Contract

Dairy Crest was the first processor to launch a formula price for farmers on standard liquid contracts and from April offered its farmers re-based contract options. The Core Formula Liquid Contract delivers a milk price for April 2014 of 32.75 ppl on a standard litre basis*, which represents a 2.5 ppl increase against the current formula prediction.

Farmers were offered this Core option on differing proportions of their milk production – 25, 50, 75 and 100%. There were applications across the range of these options.

2. Simplified Formula Liquid Contract

Dairy Crest continues to take the lead in contract options and is the first processor to offer farmers a new Simplified Formula Liquid Contract. The ground-breaking contract has been developed with DCD in response to farmers asking for straightforward, simple contract terms with a butterfat requirement of just 3.75% and still attracting the full standard litre price. The start price for April is 32.56 ppl on a standard litre basis*.

*Standard litre basis uses milkprices.com definition