FORMULA CONTRACTS - MARCH '15 - CONFIRMED

JANUARY Dairy Co data declared impacting the Formula contract milk prices for **MARCH** (Core Formula example below seasonality/profile variant). All prices milkprices.com 'flagship'

Contract	Launch	Base Price Feb 15	Std Litre Feb 15	Price Change MAR 15	Base Price MAR 15	Std Litre MAR 15
CORE FORMULA	Jul/Oct 14	25.053p	29.025p	-0.384p	24.669p	28.641p
SIMPLIFIED FORMULA	April 14	27.425p	29.025p	-0.384p	27.041p	28.641p
Core Formula	April 14*	25.053p	29.215p	-0.384p	24.669p	28.831p
Standard Liquid Comparison		20.738p	24.710p	-1.500p	19.238p	23.210p

*Core Formula standard litre includes +0.19p/l premium only available for April 14 commitments.

COMMENTARY

Three out of the five AHDB Dairy parameters applied to the DC/DCD Formula declined in value for January, the resultant price change from March is **-0.384p/l,** retaining a Formula standard litre above 28.50p/l. This result concludes the 14/15 milk year, with the Formula providing an advantage of +1.9p/l average price vs. the std liquid contract across 14/15 *(see page 2).*

Cream - Bulk cream markets have fallen considerably across both of the last two AHDB Dairy ingredient market monthly reviews, down -£120/t from November to December, and a further -£70/t to £980/t for January. £980/t is the lowest cream return for almost three years. That said, on the back of stronger market sentiment across dairy markets more recently, cream is now trading back above £1,000/t.

Concentrates - For the first time since last May, HE 18 concentrate markets increased for January, +£2/t. Meanwhile underlying feed wheat markets also increased further in January, up £10/t to £137/t across the last two months, whilst soya markets by contrast fell during the month.

Fertilizer - Increases again for January by £9/t, up by £24/t since August.

Red Diesel - As a result of depressed global crude oil values, this is feeding back to lower prices for red diesel. The January reduction of over 5p/l in a single month is one of the sharpest monthly reductions recorded, now back at 2009 levels.

Retail 4 pints - With ASDA cutting their retail prices to 4pints/89p, so the AHDB recorded 4pint monthly data for January also reduced, now at 112p/4pints - now back at a level not seen since 2010.

Formula Outlook: - If cream values can retain recent EU market gains at over £1,000/t, and if feed prices continue to be sustained at the current level this will help support the Formula April price.

Data below as declared through each month's Datum review. Any subsequent data revisions are incorporated in the rolling sequencing. Revisions indicated through the struck through data below - i.e. fuel data.

FORMULA INDICES - UPDATE

		OCTOBER 14	NOVEMBER 14	DECEMBER 14	JANUARY 15
Cream	£/t	£1,150	£1,170	£1,050	£980
Cream Index	ppl	6.55p	6.67p	5.98p	5.58p
Four Pints Retail	4 pints p	113p	113p	113p	112p
Feed - concentrate	£/t	£237	£234	£234	£236
Fertiliser - AN	£/t	£264.50	£264.50	£268.50	£277.50
Fuel - red diesel	p/l	62.42p	~~59.28p~~ 59.17p	~~57.18p~~ 55.17p	50.04p

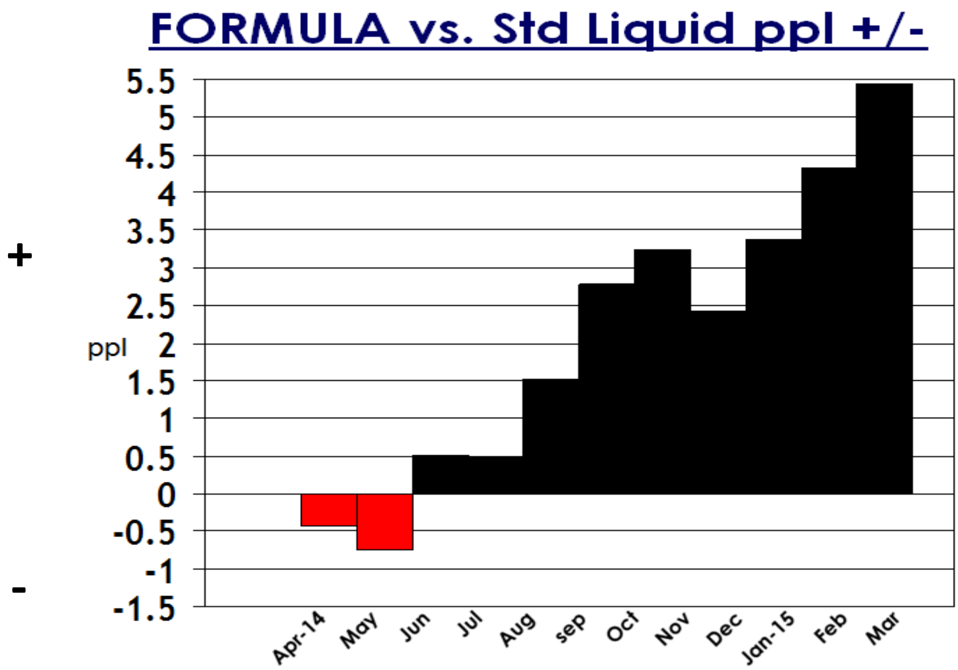
Indices applied via the milk price on a 'month after next basis' i.e. December impacting February 15 price.

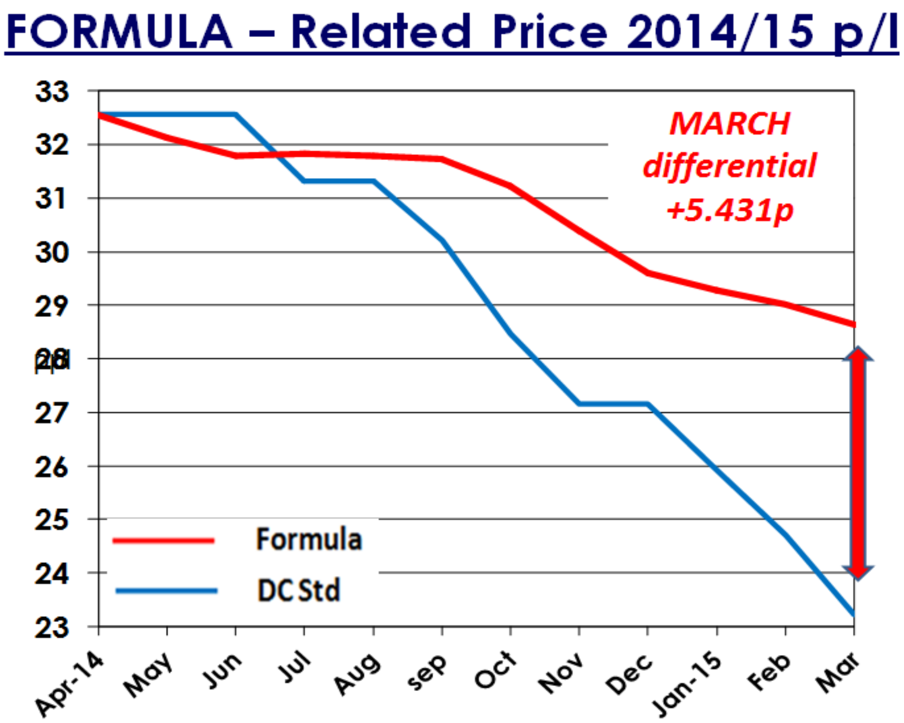
MILK PRICE APPLICABLE	DECEMBER 14	JANUARY 15	FEBRUARY 15	MARCH 15
MONTHLY FORMULA CHANGE	-0.798p	-0.306p	-0.262p	-0.384p

***Formula & DC Std Litre p/l comparison for consistency based on mp.com flagship table profile inclusion of 1.27p/l at April '14 Formula launch based on latest Jan 14 data. Latest mp.com RPA production profile data for Nov = 1.17p/l. All data rounded to 3 decimal places.**

2014/15 Formula Summary - update

JANUARY Dairy Co Datum data is utilised to generate the MARCH milk price. The differential for the month of March between the Dairy Crest Standard Liquid Contract and the Simplified and latest Core Formula applicants now resulting in an advantage worth **+5.431p/l** for the Formula options. The price differential across the entire 14/15 milk year between the Simplified/latest Core contracts equates to +1.907p/l in favour of the Formula Contracts, this despite the Formula contracts being either equal to, or below, the standard contract for the first quarter of 14/15. Comparison based on a standard litre/identical volume supplied each month. Chart below +/- ppl per month.





Please see updated parameter charts below - all declared for JANUARY 2015

by Dairy Co Datum - with permissions.

FORMULA DATA HIGHLIGHTS - JANUARY 2015

- Cream - decreased by £70/t, and by -0.40p/l applied to the cream index.
- Retail four pints - down by 1p to 112p/4pints.
- Feed/concentrates - increasing by £2/t at £236/t.
- Fert - increased £9/t to £277.50/t.
- Fuel - decreased by -5.13p/l to 50.04p/l for January. Plus a further backdated adjustment to apply for December down from 57.18p/l to 55.17p/l.