



2 September 2013

Dear Supplier/Shareholder

**Re: Funding MG's Future Plans**

Your Chairman, Phil Tracy and I have recently returned from the August round of shareholder/supplier meetings held across MG's supply regions. While these meetings are an important opportunity to meet face-to-face with a large number of supplier/shareholders, I am also aware that due to farm and other commitments, many of you are unable to attend.

As such, I want to take this opportunity to update all supplier/shareholders on the funding review process currently underway, which was outlined at the recent round of supplier meetings.

In past meetings and communications, I have talked at length about the state of the Australian dairy industry and the promising outlook for growth in emerging markets.

While these growth opportunities are on our door-step, the current capacity and capability of our existing plant operations will not support MG's planned growth into these markets. Over the next five years, significant additional capital will be required to upgrade capabilities and capacity to meet expected international demand for UHT dairy products, infant formula and cheese.

Currently, we are investigating and reviewing a range of funding options, these include:

- increasing our bank debt;
- the sale and leaseback of assets;
- retention of profits;
- raising additional equity from farmer shareholders; and/or
- raising equity from external investors.

**It is important to note that the Co-operative structure and farmer control are not being reviewed.** We believe this structure is an integral part of our success and I want to reassure all supplier/shareholders that we are not proposing any change to it.

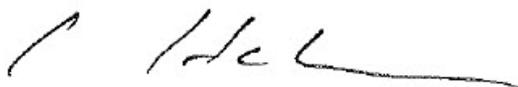
Our aim is to report back to supplier/shareholders with the outcome of this review process in the coming months at which time we will detail the funding options considered and make recommendations for the way forward.

Looking ahead, despite tough seasonal conditions, I think there is increased optimism across the industry. At MG, we believe we are facing a 'once in a generation' growth opportunity from which every member of the Co-operative can ultimately benefit.

Securing our rightful share of the growth opportunities that exist for the Australian dairy industry, will require investment in capability and capacity to ensure we are ready and able to supply our customers and consumers with the products they need.

I look forward to updating you further on progress of the funding review.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gary Helou', with a long horizontal flourish extending to the right.

Gary Helou  
Managing Director  
Murray Goulburn Co-operative Co. Limited