



25 June 2014

Opening Price Circular 2014/15: NSW-Sydney Milk Region Murray Goulburn Co-operative Co. Limited (MG)

Key points:

- MG announces an average opening price of 54.2 cents per litre based on the NSW reference composition of 4.0 percent butterfat and 3.2 percent protein.
- MG has established itself as a strong participant in the NSW-Sydney market and the new Erskine Park daily pasteurised facility will open in August 2014 taking a majority of our NSW-Sydney milk.
- Updated milk supply terms and conditions will be mailed in the coming days. These are very similar to last year – previously advised changes to milk quality terms and conditions are the only significant changes.
- Given the potential changes to MG's capital structure there will not be an option to increase the rate of share offtake in 2014/15. That is, suppliers will have share offtake at the rate of 0.65 cents per litre and will not be offered the option to increase the rate to 1 cent per litre. Furthermore, if a dividend is paid on the 2013/14 year there will be no option for dividend proceeds to participate in the Dividend Reinvestment Plan (DRP). MG believes this is the fairest approach given the potential changes to the capital structure.

Dear Supplier/Shareholder

Please find outlined below details of Murray Goulburn Co-operative Co. Limited's (MG) opening price for the 2014/15 season commencing 1 July 2014. This average available opening price of 54.2 cents per litre represents an increase of 3.0 cents per litre, which is an increase of 6 percent on last year's opening price.

In the NSW-Sydney market zone this is a full paid price for the supply period and is subject to the NSW-Sydney market zone terms and conditions, and not subject to step-ups.

The structure of the pricing is the same as that established in 2013/14.

Market Outlook

The demand for dairy food remains strong in key markets. However over the past year key exporting regions, including New Zealand and the European Union have seen better seasonal conditions compared to last year causing global ingredients prices to soften off record highs.

The NSW-Sydney market regions and the liquid milk market of South East Queensland remain under-supplied, with milk being transported from the Southern region to maintain supply. This is unlikely to abate in the near future allowing the NSW-Sydney market zone price to remain firm.

MG has become a key player in the NSW region in its first year in the market. MG has set a strong price reflecting the arrangements of MG's daily pasteurised and commercial milk sales arrangements which will build confidence and growth in this market. MG has a well-articulated growth strategy for this market zone, a state-of-the-art modern facility and a long-term contract with Coles.

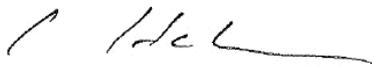
Dividend Payments

NSW-Sydney suppliers will be allocated shares in the coming months.

The dividend on shares for 2013/14 will be considered by the Board following the receipt of finalised accounts and any dividend will be paid in October.

Thank you for your continued support of MG and I wish you all the best for the year ahead.

Yours sincerely,

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

Gary Helou
Managing Director



Appendix 1 Milk Payment Terms and Conditions

Summary of Milk Supply Arrangements for 2014/15

It is important that you carefully read this letter in conjunction with the *MG Supplier Handbook: NSW-Sydney Region* to be mailed to you in the coming days.

Month	Butterfat kg MS	Protein kg MS
July	\$6.35	\$9.54
August	\$6.19	\$9.30
September	\$6.03	\$9.06
October	\$6.03	\$9.06
November	\$6.03	\$9.06
December	\$6.19	\$9.30
January	\$6.35	\$9.54
February	\$6.51	\$9.78
March	\$6.67	\$10.02
April	\$6.67	\$10.02
May	\$6.67	\$10.02
June	\$6.51	\$9.78

With respect to the above table you should note the following:

Note 1: The opening monthly milk prices are based on the supply of milk that qualifies as “**Premium 1**”. Adjustments will apply for milk quality as explained in the *MG Supplier Handbook*.

Note 2: The monthly price quoted is the single base price and the seasonal incentive combined. Productivity Incentive is added to this price and the Milk handling charges are deducted from these prices.

Option to increase your share equity contribution

Given the potential changes to MG’s capital structure MG has decided that there will be no option to increase the rate of share offtake in 2014/15. That is suppliers will have share offtake at the rate of 0.65 cents per litre and will not be offered the option to increase the rate to 1 cent per litre. Furthermore, if a dividend is paid on the 2013/14 year there will be no option for dividend proceeds to participate in the Dividend Reinvestment Plan (DRP). MG believes this is the fairest approach given the potential changes to the capital structure.