



# Update on Murray Goulburn's Capital Structure Proposal

March 2015 **Discussion Paper 4**

Dear Shareholder

Re: **Understanding and planning for the proposed capital structure**

We have begun the 2015 calendar year with our commitment to holding the farmgate milk price at \$6.00 per kg/MS and a busy agenda ahead for Devondale Murray Goulburn (MG), as we progress through the final considerations for the proposed capital structure.

If the proposed capital structure ultimately proceeds, it will be transformative for MG – providing the co-op with up to \$500 million of capital to support our growth strategy to improve farmgate returns and fund planned investments in world's best manufacturing capability and market reach – to meet and serve the growing needs of dairy customers and consumers in Australia and internationally.

We have come a long way since first announcing that the MG Board was considering the proposed capital structure in November 2013. During that time we have covered a lot of ground and as this is our fourth formal communication on the proposed capital structure we encourage you to read it in conjunction with previous updates – Discussion Papers 1, 2 and 3 (also available on MG's website) and the Capital Structure at a Glance summary attached in this letter.

## **Important – your situation under the proposed Supplier Share Offer and Supplier Priority Offer**

To assist shareholders in understanding their entitlements and options in relation to the proposed capital structure, attached is a one page summary relating to your personal circumstances as a shareholder.<sup>1</sup> This attachment details your *Share Standard* and your position under the proposed Supplier Share Offer (SSO) and Supplier Priority Offer. Please take time to read it carefully.

In addition, we have also itemised below important supporting information which also affects you as a shareholder of MG.

**Timetable for consideration of the proposed capital structure:** We remain committed to the proposed timetable communicated to shareholders last year, which will see a fourth round of consultative meetings take place in March, final information sessions in April and, subject to shareholder feedback, a proposed Extraordinary General Meeting (EGM) being held in late April for shareholders to formally vote on the capital structure. Subject to the outcome of the EGM, MG will launch the SSO, the Supplier Priority Offer and a listing of units in the MG unit trust on the Australian Stock Exchange (ASX) mid-year (*see Appendix 1 for full list of proposed dates for the capital structure*).

<sup>1</sup> Please refer to the attached glossary for summary of key terms.

**No immediate action required:** There is no need for you to take any immediate action regarding this letter unless you have a query about your entitlement under the SSO or Supplier Priority Offer as outlined in the attached one page summary. However, we do encourage you to commence your planning for a possible SSO and Supplier Priority Offer. MG has established a dedicated email: [MGcapital.structure@mgc.com.au](mailto:MGcapital.structure@mgc.com.au) to receive your queries and the Field Services team are also able to assist with your questions.

**Share offtake has been suspended:** Share offtake was suspended by the Board as at 31 January 2015 so that shareholders' exact shareholding levels could be calculated and fixed for the purposes of preparing the attached summary. The attached shareholding details are therefore the final numbers that relate to you and the proposed SSO. With share offtake suspended, instead of share allocation you will receive an extra 0.65 cents per litre as cash for milk supplied for the remainder of the 2014–15 financial year. It is the Board's intention that share offtake will resume from July 2015.

**Supplier Share Offer (SSO) and documentation:** The SSO will consist of an offer to shareholders who are undershared to buy shares up to the level of their Share Standard. Formal documentation relating to the SSO will be mailed to all MG shareholders ahead of the EGM and opening of the SSO, to allow sufficient time for shareholders to review the material. However, it is important to note that the proposed capital structure and the SSO remain subject to several approval processes including the EGM of MG shareholders, the issuing of a prospectus and regulatory approval. While participation in the SSO will be voluntary, shareholders who do participate will be required to commit to a supply agreement<sup>2</sup> with MG for a period of either one, two or three years, based on the number of shares they subscribe for (as a proportion of their share standard).

**Supplier Priority Offer and documentation:** The Supplier Priority Offer will take place after the completion of the SSO, and will be open to all shareholders. It will enable shareholders to buy additional shares up to the Hard Cap at the Initial Public Offering (IPO) final unit listing price (IPO Price) rather than the discounted price, which will apply under the SSO. Formal documentation relating to the Supplier Priority Offer will be mailed to all MG shareholders in late May. Like the SSO, the Supplier Priority Offer remains subject to various approvals.

**Unit listing price:** The price range for the offer of units in the MG unit trust will not be known until the Product Disclosure Statement (PDS) for the IPO is lodged with the Australian Securities and Investments Commission (ASIC) (with indicative timing for lodgement being late May 2015). The final IPO Price will not be known until shortly before trading of the units commences on ASX. The opening price at which shares can be sold on commencement of trading on the Shareholder Trading Platform will reflect the IPO Price. The Board reserves the right not to proceed with the proposed capital structure if it does not believe that the IPO Price will be at a premium to the maximum SSO price. In any case, shareholders should seek their own independent financial advice before deciding on their position with regards to the SSO and Supplier Priority Offer.

**MG's Hard Cap:** To determine how many shares may be acquired by shareholders under the SSO and Supplier Priority Offer, MG needs to estimate the number of shares that will equal the Hard Cap (being 0.5 per cent of shares on issue, the maximum any one shareholder can own under the constitution). This is because the actual number of shares on issue in MG will not be finalised until the SSO and Supplier Priority Offer close. We have therefore estimated that the Hard Cap will equal 1.6 million shares. The 1.6 million share Hard Cap is a conservative estimate and will only be used to determine how many shares shareholders can buy in the SSO and Supplier Priority Offer. The actual Hard Cap as defined by the Constitution will always be used for voting and ongoing share ownership purposes and will be regularly updated as it is today, once the new capital structure is in place.

**Tax impact of capital structure:** MG is seeking a ruling from the Australian Tax Office (ATO) to confirm that shareholders will not incur a tax liability under the proposed SSO, Supplier Priority Offer and IPO. If the ATO view is favourable, any difference between what shareholders pay for shares under the SSO or Supplier Priority Offer and the market value of the shares once they commence trading will not be taxable.

<sup>2</sup> Please refer to attached glossary for further information on milk supply agreements.

However, if shareholders sell their shares after the IPO, they will then be taxed on any gain they make compared to the price paid under the SSO or Supplier Priority Offer. Shareholders should seek independent advice regarding their individual circumstances.

**MG farm finance and MG Trading credit terms:** Many MG shareholders utilise MG finance services, with loans or credit accounts in part secured by their MG shares. MG is updating its credit and loans procedure across the group to take into account any future uplift that may occur in the value of MG's shares and how MG will continue to provide loans and take security over these shares. More information will be provided soon. It is important that shareholders consider their total MG credit or loan position when finalising their SSO or Supplier Priority Offer application and share security position.

**Status of discussions with the banks and buying more MG shares:** Each major lender continues to indicate support for the proposed capital structure. We are in the final stages of confirming that the major lenders will attribute a market value to MG's shares when considering lending to individual farming businesses in accordance with their standard asset lending ratios. If you are thinking of acquiring more shares in MG under the SSO or Supplier Priority Offer and wish to use your shares as security for any loans from your banks, we encourage you to start talking with your bank now about this (*see Appendix 2 for a list of contact information at each bank*).

**Changes to dividend franking:** It is anticipated that from next financial year (2015–16) dividends paid to MG shareholders will be franked. This will result in a change to the way tax is paid by MG and its shareholders.

MG is an unlisted public company with co-operative principles enshrined in its constitution. This remains unchanged. MG has also had the potential to access certain elements of the tax act that apply to co-operatives and has been entitled to claim a tax deduction for unfranked dividends paid to shareholders. As a result of the continued growth of MG's business, we are forecasting that MG may no longer be entitled to claim a tax deduction for unfranked dividends. This means that MG will pay more tax at the corporate level, but shareholders will benefit from the flow through of franking credits. It is not expected that this will have any impact on the amount of shareholder returns. If you require advice on how to manage a franked dividend, please talk to your accountant or financial adviser.

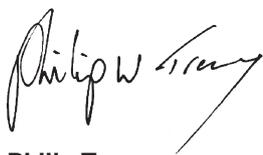
**New Suppliers:** Prospective new suppliers will also be encouraged to join MG and become shareholders. New shareholders will pay \$1.24 per share and have until the end of the SSO offer period to join MG and commit to a supply agreement. After the SSO closes, new suppliers can continue to join MG and acquire shares via offtake or on-market at the then current market price for MG shares (*see previous Discussion Paper 3*).

## Next steps

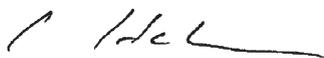
This letter contains important information for MG shareholders and we encourage you to take time to carefully consider its contents, particularly in relation to your personal MG shareholding and the proposed SSO and Supplier Priority Offer. As mentioned earlier, there is no need for you to take any immediate action unless there is an issue with your shareholding details, but we encourage all shareholders to commence planning for the proposed capital structure.

In March, we will commence the fourth round of supplier consultation meetings (*see Appendix 3 for locations and dates*) as we take further steps towards finalising the proposed capital structure for MG and we look forward to meeting with many of you then.

Yours sincerely



**Philip Tracy**  
Chairman



**Gary Helou**  
Managing Director

# Capital Structure at a Glance

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**The journey to develop Devondale Murray Goulburn's (MG's) proposed capital structure has been careful and considered. MG has consulted widely with suppliers and other key stakeholders as it sought to ensure that the proposed capital structure delivers real benefits to suppliers and at the same time supports MG's growth strategy. To re-cap on the journey to date, below is a reminder of some of the key aspects of the proposed capital structure.**

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## **A flexible capital structure designed to deliver real benefits**

The proposed capital structure being considered by MG has been designed to suit MG's unique needs and deliver a range of business and supplier benefits, including:

- Ensuring suppliers retain 100 per cent farmer control of the co-op.
  - Reducing MG's reliance on debt funding, thereby making MG financially more stable.
  - Providing suppliers with a market price for their MG shares.
  - Strengthening farmer balance sheets by facilitating the recognition of the value of MG Shares as an asset on suppliers' balance sheets.
  - Funding MG's growth strategy of Operating Excellence and Innovation to deliver a sustainably higher farmgate milk price (FMG).
  - Ensuring MG not only remains competitive with other processors, both domestically and internationally, but transforms to become a first choice dairy foods company for its farmers, customers and consumers.
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## **Farmer/supplier control of the co-operative will be maintained**

The MG Board believes the co-operative structure is at the heart of MG's success and as such the proposed capital structure will not alter active dairy farmer control of MG. The existing 100 per cent farmer control will remain unchanged. In addition, MG's constitution requires 90 per cent of Ordinary Shareholders to vote in favour of any proposal to amend or remove MG's Hard Cap of 0.5 per cent of voting shares.

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## **Suppliers will not be forced to share-up and take on debt**

Suppliers will not need to share-up from day one and will not be forced to take on debt. Sharing-up to the Share Standard day one of the new structure will be optional and not compulsory.

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## **The Share Standard structure will remain the same**

Suppliers will continue to hold shares in MG as they do today. It is proposed that a Share Standard be set at one share for each kilogram of milk solids, based on a three-year rolling average historical production. Suppliers would be able to vote on MG matters based on shares held by them to the Share Standard. Shares held above the Share Standard will be non-voting.

Suppliers who do not hold shares up to the Share Standard will be required to continue to participate in offtake to acquire shares in MG over time at the market price. Participation in share offtake above the Share Standard would be optional.

There will be no penalties for suppliers who do not meet the Share Standard.

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## **New entrants will join the co-operative on the same terms as today**

New entrants will join MG on the same terms as today, being the acquisition of 500 shares, although at the market price of shares, and the commencement of share offtake at the market price.

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## **MG's tradition of supporting new and existing suppliers remains steadfast**

MG will retain its existing Next Generation and Growth Incentive packages, which support new entrants and existing suppliers growing their farm business.

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## **Delivering alignment between the farmgate milk price (FMP) and dividends**

Maximising the FMP remains MG's primary goal. MG has developed a unique structure to ensure that suppliers and unitholders' economic interests are aligned:

- when the FMP is relatively higher, MG would pay higher dividends to shareholders and unitholders;
- when the FMP is relatively lower, MG would pay lower dividends to shareholders and unitholders.

The dividend paid to shareholders and unitholders would be equal and paid on the same date.

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## **Any Investor who owns five per cent or more of the Unit Trust must disclose their holding**

While there is no cap on the size of the Unit Trust, any investor who owns five per cent or more of the Unit Trust must disclose their holding to the ASX (and disclose subsequent movements of one per cent in their holding). Any foreign investor seeking to own more than 14.9 per cent of the Unit Trust requires Foreign Investment Review Board approval. To acquire more than 20 per cent of the Unit Trust, any investor would need to make a full takeover offer for the Unit Trust (or rely on another statutory exemption from this requirement).

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# Capital Structure Important Dates

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## January

31

Share offtake suspended

## March

Mid March

Supplier/  
shareholder roadshows commence

Late March

New MG loans and credit policy mailed to MG shareholders

## April/May

Early April

Notice of EGM mailed to shareholders

7

Final supplier information sessions commence (Victoria only)

27

Proposed EGM to undertake the vote on the proposed capital structure

Late April/May

Subject to EGM SSO offer opens

## May/June

Mid May/June

SSO closes

Late May/June

Product Disclosure Statement for the unit trust offer and Prospectus for the Supplier Priority Offer lodged

## June/July

Mid June/July

MG unit trust lists on the Australian Securities Exchange (ASX)

# Major Lenders Contact Information

Bank/Financier	Key Contact Points
<b>ANZ</b>	MG shareholders who are existing clients of ANZ should contact their existing Relationship Manager in either the Small Business Banking or Rural and Business Banking teams.
<b>CBA</b>	MG Shareholders should contact their local CBA Agribusiness Banking Executive, local CBA Business Banker or phone 1300 772 968.
<b>NAB</b>	For existing NAB Agribusiness customers, MG Shareholders should contact their current Agribusiness Banking Manager. For shareholders without a point of contact, they should contact their local branch and request to speak with an Agribusiness Manager or please contact the nearest NAB Regional Agribusiness Manager, whose details may be found at: <a href="http://www.nab.com.au/business/industry/contact-a-business-banker/agribusiness-contacts">http://www.nab.com.au/business/industry/contact-a-business-banker/agribusiness-contacts</a>
<b>Rabobank</b>	MG Shareholders should contact their local Rabobank branch and/or relationship manager as follows: Call the nearest Rabobank branch on <b>1300 30 30 33</b> . Rabobank's website: <a href="http://www.rabobank.com.au">www.rabobank.com.au</a> .
<b>Rural Finance/Bendigo and Adelaide Bank</b>	MG Shareholders should contact their local Rural Finance Agribusiness Banking Executive.
<b>Westpac</b>	MG Shareholders should contact their local Westpac Relationship Manager or local Branch. Alternatively, MG Shareholders can locate a local contact via: <a href="http://www.westpac.com.au/agribusiness">www.westpac.com.au/agribusiness</a> .

## APPENDIX 3

# March supplier/shareholder meeting locations and dates List

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### Week commencing 16 March 2015

Date	Time	Location
→ <b>MAFFRA</b> Monday, 16 March	12:00pm – 2:00pm	Maffra Football and Netball Club McLean Street Maffra Victoria
→ <b>YARRAM</b> Monday, 16 March	7:30pm – 9:30pm	Yarram & District Health Service 86 Commercial Road Yarram Victoria
→ <b>LEONGATHA</b> Tuesday, 17 March	11:45am – 1:45pm	Leongatha Football Club Leongatha Recreation Reserve Street Roughhead Street Leongatha Victoria
→ <b>HEYWOOD</b> Tuesday, 17 March	7:30pm – 9:30pm	Heywood Football Club 68 Edgar Street Heywood Victoria 3304
→ <b>CAMPERDOWN</b> Wednesday, 18 March	12:30pm – 2:30pm	Camperdown Civic Centre Theatre 181 Manifold Street Camperdown Victoria
→ <b>COHUNA</b> Wednesday, 18 March	7:30pm – 9:30pm	Cohuna Bowls Club Tennis Club Road Cohuna Victoria
→ <b>ROCHESTER</b> Thursday, 19 March	11:30am – 1:30pm	Rochester Racecourse Recreation Reserve Echuca Road Rochester Victoria
→ <b>BAROOGA</b> Thursday, 19 March	7:30pm – 9:30pm	Barooga Sportsmans Club Burkinshaw Street Barooga NSW
→ <b>KIEWA</b> Friday, 20 March	12:00pm – 2:00pm	Coulston Park Community Centre Kiewa Bonegilla Road Tangambalanga Victoria

## Week commencing 23 March 2015 – South Australia

Date	Time	Location
→ <b>VICTOR HARBOR</b> Monday, 23 March	11:30am – 1:30pm	Encounter Bay Football Club Armstrong Road Encounter Bay SA
→ <b>BAROSSA</b> Tuesday, 24 March	11:30am – 1:30pm	571 PIRSA Buildings Research Road Nuriootpa SA

## Week commencing 23 March 2015 – New South Wales

Date	Time	Location
→ <b>TAREE</b> Monday, 23 March	11:30am – 1:30pm	Club Taree 121 Wingham Road Taree NSW
→ <b>SINGLETON</b> Monday, 23 March	7:30pm – 9:30pm	Singleton Diggers Club York Street Singleton NSW
→ <b>GERROA</b> Tuesday, 24 March	12:30pm – 2:30pm	Gerroa Boat Fishing Club 68 Crooked River Road Gerroa NSW

# Glossary of Terms

Term	Definition/Description																																		
<b>Shareholding Reference Number (SRN)</b>	<p>This is your new Shareholding Reference Number. A shareholder may be associated with more than one farm. In order to identify each farm associated with a shareholder, a suffix has been added to each shareholder number, for example:</p> <ul style="list-style-type: none"> <li>• If the shareholder is associated with only one supplier, the shareholder number will be followed with – 01.</li> </ul> <table border="1"> <thead> <tr> <th>Farm</th> <th>Farm Number</th> <th>Supplier</th> <th>Supplier Number</th> <th>Shareholder Number</th> <th>Shareholding Reference Number</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>19205</td> <td>Mr James</td> <td>19205 810</td> <td>19205 810</td> <td>19205 810-01</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>• If a Shareholder is associated with more than one farm (e.g. Farm A &amp; Farm B), the Shareholder Number will have two suffixes, one for each farm (e.g. -01 and -02).</li> </ul> <table border="1"> <thead> <tr> <th>Farm</th> <th>Farm Number</th> <th>Supplier</th> <th>Supplier Number</th> <th>Shareholder Number</th> <th>Shareholding Reference Number</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>19205</td> <td>Mr James</td> <td>19205 810</td> <td>19205 810</td> <td>19205 810-01</td> </tr> <tr> <td rowspan="2">B</td> <td rowspan="2">19588</td> <td>Mr James</td> <td>19588 823</td> <td>19205 810</td> <td>19205 810-02</td> </tr> <tr> <td>Mr Sharefarmer</td> <td>19588 010</td> <td>19588 010</td> <td>19588 010-01</td> </tr> </tbody> </table> <p>In this example Shareholder Mr James 19205 810 is associated with two farms and to identify each, a suffix has been added to the end of the Shareholder Number.</p>	Farm	Farm Number	Supplier	Supplier Number	Shareholder Number	Shareholding Reference Number	A	19205	Mr James	19205 810	19205 810	19205 810-01	Farm	Farm Number	Supplier	Supplier Number	Shareholder Number	Shareholding Reference Number	A	19205	Mr James	19205 810	19205 810	19205 810-01	B	19588	Mr James	19588 823	19205 810	19205 810-02	Mr Sharefarmer	19588 010	19588 010	19588 010-01
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<b>Supplier</b>	Is the person or entity who supplies milk to MG in accordance with the MG milk payment terms, as named on the information and instruction (I&I) form.																																		
<b>Initial Shares</b>	This is the minimum shareholding prescribed by the Constitution and acquired when you joined MG. These shares cannot be sold until you cease supply or retire and are not available to be used as security against loans for credit or finance.																																		
<b>Additional Shares</b>	These are shares you have acquired since joining MG. These will generally have been acquired through offtake but may also have been acquired through the MG dividend reinvestment plan or a bonus issue.																																		
<b>Total Shareholding</b>	Total Shareholding is the sum of Initial Shares and Additional Shares. This is the number of shares which you hold as at 31 January 2015 and includes an allocation made for offtake from September 2014 to January 2015.																																		
<b>Farm Production Standard</b>	This is the greater of either the average supply of a farm for the last three years (being 1 February 2012 to 31 January 2015) or the last full year of supply (being 1 February 2014 to 31 January 2015), measured in kilograms of milk solids.																																		
<b>Supplier Production Standard</b>	This is the Farm Production Standard multiplied by the supplier milk proceeds percentage, as set out on the most recent Supplier I&I Form provided to MG, measured in kilograms of milk solids.																																		
<b>Share Allocation Percentage</b>	This is calculated as: $\left\{ \frac{\text{(number of shares held under an individual SRN in relation to a supplier)}}{\text{(the total number of shares held under all SRNs in relation to a supplier)}} \right\}$																																		
<b>Share Standard</b>	Share Allocation Percentage multiplied by the Supplier Production Standard.																																		

Term	Definition/Description
<b>Supplier Share Offer (SSO)</b>	The SSO will be an offer of shares in MG to shareholders who at 31 January 2015 have a shareholding which is less than their Shareholding Share Standard. The SSO Price is determined by the length of time the shareholder has been supplying milk to MG. The table setting out the SSO application price range is set out below.
<b>Shareholder Priority Offer</b>	The Shareholder Priority Offer will be open to all shareholders and will enable them to buy additional shares up to the Hard Cap. The price of this offer will be the final IPO price for units in the MG unit trust, which will be determined shortly before listing of the units on the ASX (i.e. the IPO date).
<b>Hard Cap</b>	The Hard Cap is 0.5 per cent of the issued capital of MG. For the purposes of the SSO and SPO, this will be taken to equal 1.6 million shares.
<b>Committed Shares</b>	Any shares that: (a) count towards your Shareholding Share Standard (including Initial Shares); or (b) you have granted security interest over, to either MG or a third party. Committed Shares cannot be sold.
<b>Uncommitted Shares</b>	Any shares you hold above your Shareholding Share Standard and that are not subject to a security interest in favour of MG or a third party. These shares can be sold subject to the Three Year Sell Down Rule.
<b>Available To Sell Now</b>	The number of Uncommitted Shares that can be sold on commencement of the Shareholder Trading Platform based on the Three Year Sell Down Rule.
<b>Three Year Sell Down Rule</b>	The shortest period over which a shareholder can sell their Uncommitted Shares is three years and one day. In order to manage this sell down period, the Uncommitted Shares will be broken into four 'parcels' of 25 per cent each as follows: 1. Period 1: from IPO date (mid June 2015) to 30/6/16 – up to 25 per cent of the relevant shares may be sold. 2. Period 2: from 1/7/16 to 30/6/17 – up to 50 per cent of the relevant shares may be sold. 3. Period 3: 1/7/17 to 30/6/18 – up to 75 per cent of the relevant shares may be sold. 4. Period 4: 1/7/18 and beyond – any remaining shares may be sold.
<b>Milk Supply Agreements</b>	Supplier Shareholders who participate in the SSO must commit to a one, two or three-year exclusive milk supply agreement with MG, which will include volume commitments. The duration of the supply agreement will depend on the number of Shares acquired by a Supplier Shareholder under the SSO as a proportion of their Share Standard, as set out below: <ul style="list-style-type: none"> <li>• less than 33 per cent of the Share Standard – a one-year milk supply agreement will apply;</li> <li>• between 33 and 66 per cent (inclusive) of the Share Standard – a two-year milk supply agreement will apply; and</li> <li>• more than 66 per cent of the Share Standard – a three-year milk supply agreement will apply.</li> </ul>

# Glossary of Terms continued

Term	Definition/Description
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**SSO Price**

SSO Entry price (\$/share)



## Important Notice

These materials have been prepared by MG for the sole purpose of providing information to shareholders on the potential capital structure of MG. No decision has been made to implement the capital structure and the nature of any capital structure implemented may change significantly from that referred to in these materials. These materials may not be reproduced in whole or in part without MG's prior written consent. Nothing in these materials constitutes an offer, or intended offer, of shares in MG or of units in a unit trust (either Securities). If any Securities are offered, the offer will be made in an offer document prepared in accordance with the Corporations Act and anyone who wants to apply for Securities will need to complete the application form that will be in or will accompany such offer document. The information in these materials is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in MG or any other entity referred to in these materials or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

These materials are not financial product or investment advice or a recommendation to acquire any securities. These materials have been prepared without taking into account the objectives, financial or tax situation or needs of any individual. Before making any investment decision, you should consider the appropriateness of the investment having regard to your own objectives, financial and tax situation and needs and seek legal and taxation advice. MG is not licensed to provide financial product advice. These materials contain certain 'forward-looking statements'. Forward-looking statements can generally be identified by the use of forward-looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' 'outlook', 'guidance'. The forward-looking statements contained in these materials involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. You are cautioned not to place undue reliance on forward-looking statements as actual outcomes may differ materially from forward-looking statements. MG disclaims any responsibility for the accuracy or completeness of any forward-looking statements.



Murray Goulburn Co-operative Co. Limited  
 ABN 23 004 277 089

Shareholding Reference Number (SRN)

I 1234567890

This is your new Shareholding Reference Number. You will have a separate Shareholding for each Farm in which you are a Shareholder.

Supplier Number: XXXXXX

000001  
 000  
 SAM  
 MR JOHN SAMPLE  
 FLAT 123  
 SAMPLE STREET  
 SAMPLE STREET  
 SAMPLE STREET  
 SAMPLETOWN VIC 3030

## Shareholding Summary as at 31 January 2015

PLEASE REFER TO THE ATTACHED GLOSSARY FOR AN EXPLANATION OF TERMS USED IN THE STATEMENT

Initial Shares (minimum holding)	XXX,XXX
Additional Shares	XXX,XXX
<b>Total Shareholding as at 31 January 2015</b>	<b>XXX,XXX</b>
Farm Production Standard	XXX,XXX
Supplier Production Standard	XXX,XXX
Share Standard	XXX,XXX
<b>Supplier Share Offer (SSO) (offer to undershared Suppliers)</b>	
The number of discounted shares you will be able to buy under the SSO is	XXX,XXX
<p>Our records show that you joined MG on [DD/MM/YYYY].        Based on your start date, you will be able to buy SSO shares at [\$AXX.XX] per share (Refer to chart in the Glossary).</p>	
<b>Supplier Priority Offer (shares offered at the IPO price)</b>	
Assuming you purchased all shares offered to you under the SSO, the number of additional shares you could purchase at the IPO price under the Supplier Priority Offer would be	XXX,XXX
<b>Committed Shares</b> (Unable to sell as below your Share Standard or are subject to security interests)	XXX,XXX
<b>Uncommitted Shares</b> (Shares above your Share Standard and not subject to security interests)	XXX,XXX
<b>Available to Sell now</b> (based on Three Year Sell Down Rule)	XXX,XXX

**Please Note:**

- Shares over which you have granted security either to MG or a third party have not been included in the calculations above. Our records show that at 31 January 2015 you have a loan with MG of **\$X,XXX,XXX.XX**. This may restrict your "Available to Sell" balance and will limit your ability to use your shares as security for loans with other lenders.
- If you buy shares under the Supplier Priority Offer, you will be able to sell these at any time as long as you do not sell below your Share Standard (and the shares are not subject to a security interest).
- If your shareholding is associated with more than one farm, for the purposes only of calculating the shares available to be acquired in the Supplier Share Offer, both your supplier production standards and your shareholdings across all farms have been aggregated. At the conclusion of the SSO, your supplier production standard will revert back to a calculation in respect of each individual farm you are associated with.

	1/2/12 - 31/1/13	1/2/13 - 31/1/14	1/2/14 - 31/1/15	Average	Farm Production Standard
kgMS	xx	xx	xx	xx	xx