



13 May 2016

Dear Supplier,

**RE: MG interest free and deferred payment finance package following reduction in milk price**

As discussed at the recent supplier meetings, MG is providing an interest free and deferred payment finance package<sup>1</sup> to support suppliers following recent milk price announcements.

MG's supplier finance is offered under the terms of the MG Supplier Loan Scheme Loan Terms (Loan Terms), a copy of which has previously been provided to you. Additional copies can be requested from Field Services.

**What are the terms of the interest free and deferred finance package?**

- Interest free finance available to suppliers (southern milk pool only), up to the amount of \$0.26 per kilogram of milk solids (based on supplier production standard)
- No mandatory principal repayments required until January 2017 milk proceeds payment
- Principal payments to commence from January 2017 milk proceeds onwards and must be concluded by 31 December 2017 (which can be paid at a faster rate if a supplier wishes)
- Standard interest rate (currently 6.9%) to apply on any balance from July 2017 onwards<sup>2</sup>
- Offer available until 30 September 2016
- Offer is for new loan applications only and existing finance cannot be refinanced into interest free

Suppliers are required to complete the standard application process and approval remains subject to our standard credit requirements. If you would like any further information on the offer above, or would like to discuss applying for finance, please contact your local Field Services Officer.

The MG Trading store is also providing extended terms via MG Trading accounts so I encourage you to discuss this option with your local Store Manager.

Sincerely,

Robert Poole  
Executive General Manager, Supplier Relations

Milk proceeds	Description
May to Dec 2016	Eight months interest free with no mandatory repayments
Jan to Jun 2017	Six months interest free with <b>minimum</b> equal repayments of the balance divided by 12
Jul to Dec 2017	Six months if loan balance remains loan is converted to interest bearing (standard rate) and equal repayments still apply
Jan 2018	Loan balance reduced to \$0

<sup>1</sup> Subject to eligibility criteria as set out in the MG Supplier Loan Scheme Loan Terms

<sup>2</sup> Variable rate subject to change and may be charged differently based on risk, as set out in the Loan Terms