



15 February 2013

Dear Supplier/shareholder,

### Step-up in farmgate milk price

I am pleased to announce a further step-up in MG's farmgate price for the 2012/13 season of:

Butterfat	8¢/kg
Protein	20¢/kg

This is our third step-up this year and takes MG's weighted-average, available price to \$4.90 per kilogram milk solids. This price is the mid-point of our forecast year-end price range of \$4.80 - \$5.00 per kilogram milk solids. We continue to strive to further increase the current farm gate price of \$4.90 per kilogram milk solids but suppliers need to be aware any potential further increase is subject to key external factors outside MG's control.

The step-up will be paid as a loyalty payment to those who are Murray Goulburn suppliers on the day the step-up payments are made. The increase in milk price is effective from 1 February 2013 with retrospective payment on premium and base quality milk for the period 1 July 2012 to 31 January 2013 to be paid in cash on 15 March 2013.

This step up is announced in an environment of low international dairy prices, higher feed costs, poor dairying seasonal conditions and a very high Australian dollar. These challenges are due to external influences that are well outside our control, however we have continued to focus on driving harder in areas that are under our control.

Improving MG's business performance by generating efficiencies in our operations and value in our markets has enabled us to increase farmgate returns in an otherwise very difficult market environment. Our big efforts during the last 12 months to lower our headcount and strip out \$100m in operating costs is enabling us to generate the operational savings to fund this step up.

To assist suppliers experiencing tight cash flow, I also announce that we will give suppliers the option of suspending their share equity off-take from 1 February 2013 until 30 June 2013. Field Services team will provide further details shortly. In addition, MG will also provide other services that are aimed at supporting suppliers through challenging business conditions. Please contact our Field Services team to discuss any financial support we can provide. The team is ready to discuss with you the provision of finance or adjusting existing payment terms to reduce cash flow pressures until conditions improve.

Recent improvements in GDT auction prices have been offset by the strongly rising Australian dollar. Lower EU intervention inventories and a slower second half dairying season in New Zealand anchored by the ongoing strong demand in emerging markets are promising signs which should result in lifting prices during the early part of next financial year.

We continue to strive to deliver benefits through improved business efficiencies and higher value products and we remain committed to passing these benefits onto supplier/shareholders as soon as possible.

Yours sincerely,  
Murray Goulburn Co-operative Co. Limited

Gary Helou  
Managing Director