

MGC MILK PAYMENT SYSTEM REVIEW INFORMATION FOR SUPPLIERS/ SHAREHOLDERS

As advised during the August round of supplier meetings and in Gary Helou's October Quarterly Update, we have commenced a formal review of Murray Goulburn Co-Operative's (MGC) milk payment system.

The review was scheduled as part of the Board's commitment to examine the current milk payment options. All elements of the current MGC milk payment system, not just the three current options, will be examined as part of the review. This includes payments, quality, productivity, growth, pick up and volume charges.

The review is underlined by the following principles:

- Maximise the profitability of MGC suppliers/shareholders by maximising farm and post-farm gate profitability through the milk payment system
- Make the milk payment system as simple as possible while ensuring MGC's commercial competitiveness
- Deliver milk supply for MGC's strategic plan (future MGC markets and customer requirement)

The review commenced in early October. Recommendations arising out of the review will be considered by the board at the beginning of 2013 with any changes to the milk payment system to begin to be implemented in the 2013/14 season. The review is being managed by the MGC Shareholder Relations department supported by the Boston Consulting Group.

We are committed to consulting widely with our suppliers / shareholders in conducting this review and have invited shareholders to participate for through an online survey.

The opinions of suppliers/ shareholders will be important in guiding the development of a milk payment system that maximises the profitability of suppliers/ shareholders and the effectiveness of MGC's supply chain.