

1 November 2017



Business Update

Dear Suppliers

On Friday MG announced a binding agreement with Saputo for the sale of all of MG's operating assets and operating liabilities. This includes the following Farmgate Milk Price arrangements:

- Active MG Suppliers¹ will receive a step-up of \$0.28 per kilogram of butterfat and \$0.56 per kilogram of protein. This is equivalent to an increase of \$0.40 per kilogram of milk solids (kg MS) taking our FY18 FMP to \$5.60 kg MS.
- The step up applies as an immediate price increase for milk supplied from 1 November 2017 and will be paid monthly, commencing with November's proceeds in the December milk cheque.
- On completion of the Transaction, the step-up amount will also be paid retrospectively for milk supplied from July to October 2017. This will take our weighted average available milk price to \$5.60 kg MS on completion.
- An additional \$0.40 per kg MS (\$0.28 per kilogram of butterfat and \$0.56 per kilogram of protein) will also be paid in August 2018 as a loyalty payment to Active MG Suppliers, subject to completion of the Transaction.
- This will deliver a FY18 FMP of \$6.00 per kg MS for Active MG Suppliers.
- Active MG Suppliers will also benefit from a series of commitments from Saputo ensuring milk collection and market pricing into the future.
- To be considered an Active Supplier, a Supplier must have been supplying to MG as at the date of the AGM (27 October 2017), at the date of completion of the Transaction, and at 15 August 2018 for the loyalty payment.

Next steps and timetable

MG shareholders do not need to take any action at the present time.

A Notice of Meeting and Explanatory Memorandum is expected to be released in early 2018. This will contain information relating to the MG shareholder vote and the Independent Expert's report on whether the Transaction is in the best interests of MG shareholders; reasons for the Board's unanimous recommendation; and details of the shareholder meeting. The Transaction is currently expected to complete in the first half of 2018.

Further information

- Further details of the Saputo transaction are included in the ASX release issued on Friday which is available [here](#).
- The webcast of the AGM (presentation and audio), and full speeches are available [here](#).
- A comprehensive set of Questions and Answers will be available on the MG website on Friday 3 November 2017.
- MG Board representatives and a Saputo representative will host Supplier meetings commencing from mid next week to provide you with an opportunity to ask any questions. Invitations will follow shortly.

Thank you very much to those who were able to attend our AGM last Friday and to those who contributed to the discussion on the day with their questions and comments.

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

Freshwater Place, Level 15, 2 Southbank Boulevard, Southbank VIC 3006 | T: +61 3 9040 5000 F: +61 3 9040 5100 | GPO Box 4307, Melbourne VIC 3001

Supplier Relations Director

I would also like to advise that Cameron Smith has informed me of his decision to leave MG and return to his farm management consultancy based in northern Victoria. Cameron's last day with MG will be on Friday 3 November 2017.

Although he has been in his role for less than 12 months, Cameron had been an important part of our broader MG team for the last 15 years, through his consultancy work with suppliers on farm. As a member of our ELT, Cameron provided excellent insight and counsel and was a great advocate for our Suppliers. He has also provided invaluable assistance as we've confronted the many challenges of recent times.

Cameron is highly regarded and respected throughout our business and industry, and we all wish him every success on his return to consultancy and in the future.

With Cameron's resignation, Craig McRae has accepted the role of General Manager, Milk Supply and Field Services reporting directly to me. Craig has been with MG since 2002, originally as a Field Services Officer and more recently, as Manager, Supplier Services. Please join me in congratulating Craig on his appointment.

Given these changes, MG Trading will now report through to Supply and Logistics Director, Anton Van Heerden.

Kind regards



Ari Mervis
Chief Executive Officer

