



6 March 2018

Update on Saputo transaction approval process and revised estimated net value per share/unit

Dear Suppliers

Divestment of Koroit

Following our letter to you yesterday, Saputo has advised that it has now lodged a proposed undertaking with the Australian Competition and Consumer Commission (ACCC) in respect of a divestment plan for MG's Koroit plant. This is to address ACCC concerns on competition for the acquisition of raw milk in south-west Victoria and south-east South Australia and to obtain ACCC clearance.

The proposed divestment of the Koroit plant by Saputo does not have any impact on the terms of the Asset Sale, including the consideration to be received by MG from Saputo and Saputo's previously announced milk supply commitments.

Shareholder vote

On this basis, as the Asset Sale remains subject to an ordinary resolution of MG's voting shareholders, MG intends to issue and despatch its Explanatory Memorandum (EM) on 14 March 2018, and to convene an Extraordinary General Meeting (EGM) to be held in Melbourne on Thursday 5 April 2018.

Your Board of Directors intends to convene the EGM on the basis that the ACCC will accept the divestment proposal provided by Saputo and that ACCC clearance will be granted prior to the scheduled EGM date. If clearance from the ACCC has not been granted by 4 April 2018, MG expects to postpone the EGM. Until clearance is received, the transaction will remain conditional on ACCC approval.

To give you the opportunity to have any questions about the EM answered before the EGM, we will be arranging supplier meetings and invitations to these meetings will be sent to you shortly.

The Asset Sale also remains subject to approval by the Foreign Investment Review Board (FIRB). Subject to MG obtaining shareholder approval at the EGM and receipt of FIRB approval, MG currently expects the Asset Sale to complete on 1 May 2018.

Revised estimated net value per share/unit

MG also advises that following the completion of MG's reviewed 1H18 accounts and the preparation of an updated management forecast for the remainder of FY18, its estimate of the net value per share/unit which Shareholders and Unitholders could receive from the Asset Sale over time has been increased. There is no change to the acquisition price of approximately \$1.31 billion^[1] to be paid by Saputo.

¹ Subject to completion adjustments including movements in the working capital in the business and any unpaid milk commitments.

The revision in estimated net value per share/unit reflects MG's expectation of lower debt levels at the completion of the Asset Sale. This is a result of lower capital expenditure given the reduction in MG's milk intake and improved outcomes against previous assumptions for the sale of Edith Creek. MG has also reduced its estimated operating costs for MG post completion.

Subject to completion of the Asset Sale including finalisation of working capital adjustments, MG advises that the estimated net value per share/unit of the Asset Sale has been revised to \$1.15 to \$1.20² (previously \$1.10 to \$1.15). As a result, the initial distribution to be paid shortly after completion has been revised to \$0.80 per share/unit (previously \$0.75). Further details of these calculations will be included in the Explanatory Memorandum.

As you are aware, the successful completion of this transaction remains our central focus, as we work to deliver the best possible outcome for our stakeholders. While the ACCC will need to consider the Saputo divestment proposal, we are confident that the EGM should be able to proceed as planned.

Thank you as always for your ongoing support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ari Mervis', is positioned above the printed name and title.

Ari Mervis
Chief Executive Officer

² This range is an estimate only. This amount takes into account the repayment of MG's bank debt and US Notes program (including any make whole fees) at completion of the Asset Sale, transaction costs, outstanding tax or other liabilities and the expected costs of continuing to operate MG while the litigation retained by MG after the completion of the Asset Sale continues. This amount does not take into account the payment of any amount which may ultimately be made as a result of the retained litigation, which could reduce proceeds available for distribution to shareholders and unitholders.