



Market Announcement

12 June 2023

CAPITAL RETURN – INTERIM ORDERS RECEIVED

Fonterra Co-operative Group Limited has received initial orders from the High Court in relation to its proposal to return approximately \$800 million of capital to shareholders and unit holders. The initial orders from the Court include the calling of a meeting of shareholders to consider and approve the scheme of arrangement (**Scheme**) by which the proposed capital return will be implemented.

The Scheme will result in:

- (a) the repurchase and cancellation of one in every six shares held by each shareholder in Fonterra (together with all rights attaching to those shares) (**Repurchase**). Fractions of a share will be rounded up or down to the nearest whole number (with 0.5 rounded up);
- (b) at the same time, one share held by each shareholder which is not repurchased by Fonterra will be subdivided into such number of ordinary shares as were repurchased from that shareholder, plus one. As a result, each shareholder will end up with the same total number of shares as they held before the Repurchase. This is to avoid creating share compliance issues for farmers or impacting shareholders' voting rights; and
- (c) each shareholder receiving a cash sum of \$3.00 for each share repurchased and cancelled (which is equivalent to 50 cents for each of the six shares).

In relation to the Fonterra Shareholders' Fund (**Fund**), shares held by Fonterra Farmer Custodian Limited (as Custodian of the Fund) will be subject to the Scheme. Shares will be acquired from the Custodian in the same proportion as for all other Fonterra shareholders. Due to the share subdivision which will occur at the same time as the Repurchase, immediately following implementation of the Scheme, the Custodian will hold the same number of shares as there are issued units, as is currently the case. In other words, there will be no change to the number of units on issue as a result of the Scheme. The payment due to the Custodian will be paid directly to unit holders recorded as being unit holders at the Record Date (as that term is defined below).

The maximum number of ordinary shares to be acquired under the Repurchase will be 268,207,445¹.

Virtual Special Meeting of Shareholders

A virtual Special Meeting of shareholders will be held at 10.30am on 12 July 2023, at which shareholders will be asked to vote to approve the Scheme. If shareholders approve the Scheme, Fonterra intends to seek final orders sanctioning the scheme from the High Court under Part 15 of the Companies Act 1993.

¹ This number is subject to adjustment for rounding in respect of individual shareholdings and is based on the number of shares of Fonterra on issue as at the date of this announcement.

The Notice of Meeting document and voting papers related to the Scheme are expected to be sent to shareholders by 21 June 2023. These will include further details about the Scheme, as well as information on voting eligibility and entitlement and how to vote in advance of the Special Meeting or online during the meeting.

Timetable

The indicative timetable of the key steps necessary for the Scheme is set out in the table below.

Event	Date
Notice of Meeting and meeting documents sent to Shareholders	By 21 June 2023
Special meeting of Shareholders	10:30 am, 12 July 2023
Final orders made by High Court*	By 3 August 2023
Final trading day on the FSM before trading is halted*	8 August 2023
Record Date*	9pm, 10 August 2023
Implementation Date*	11 August 2023
Trading on the FSM resumes*	14 August 2023
Payment to Shareholders*	By 17 August 2023

*The dates above are indicative only. If the final Court orders have not been made by 3 August 2023, the Record Date will be five business days after the date on which the final orders from the High Court sanctioning the Scheme are made. The Implementation Date will occur one business day later, with payment being made to shareholders within five business days after the Record Date.

NZX has approved a three-day trading halt in respect of Fonterra's shares listed on the Fonterra Shareholders' Market to be implemented in August prior to the Record Date. By way of example, if the Implementation Date is 11 August 2023, then the trading halt will apply on and from Wednesday 9 August 2023 through until the close of trading on Friday 11 August 2023. This is to ensure that all trades have settled prior to the Record Date to allow time to undertake the steps required to update Fonterra's share register on the Implementation Date for the Scheme. An application will be made to request that trading in FSF's securities on the NZX Main Board and the ASX be halted for the same period to allow all trades of units to settle before the Record Date in order to determine the unit holders (and their respective holdings of units) who are to receive payment (being a proportionate share in accordance with units held at the Record Date of the sum Fonterra would pay to the Custodian under the Scheme on its implementation).

This announcement is made for the purposes of FSM Listing Rules 2.14.1 and 3.12.2.

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