

Securities Markets (Substantial Security Holders) Regulations 2007

Disclosure of movement of 1% or more in substantial holding or change in nature of relevant interest or both

Sections 23 and 24, Securities Markets Act 1988

Relevant event being disclosed:	Movement of 1% or more in the substantial holding
Date of relevant event:	6 August 2014
To:	NZX Limited ("NZX")
And:	Fonterra Co-operative Group Limited (" Fonterra ")
Date this disclosure made:	7 August 2014
Date last disclosure made:	30 May 2013

Substantial security holder(s) giving disclosure

Name(s):	Fonterra Farmer Custodian Limited (" Custodian ")
Contact details:	Mike Cronin, +64 9 374 9000 taf@fonterra.com

Summary of substantial holding to which disclosure relates

Class of listed voting securities:	Co-operative shares
Summary for:	Fonterra Farmer Custodian Limited

For **this** disclosure,—

(a) total number held in class:	113,642,185
(b) total in class:	1,597,833,461
(c) total percentage held in class:	7.1123%

For **last** disclosure,—

(a) total number held in class:	100,899,257
(b) total in class:	1,657,807,062
(c) total percentage held in class:	6.0863%

Details of transactions and events giving rise to relevant event

Details of the transactions or other events requiring disclosure under the instructions to this form:

(A) In relation to the Custodian's capacity as custodian for the Trustee of the Fonterra Economic Rights Trust:

(a) the date of the transaction or event:	30 May 2013 – 6 August 2014
(b) the nature of the transaction or event:	Transfer of additional Co-operative shares to the Custodian (in its capacity as custodian for the trustee (" Trustee ") of the Fonterra Economic Rights Trust). Transfer of Co-operative shares by the Custodian upon the redemption of units previously issued by FSF Management Company Limited (in its capacity as manager of

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- the Fonterra Shareholders' Fund ("**Fund**") ("**Manager**"), in accordance with the terms of the Fonterra Shareholders' Fund Unit Trust Deed.
- (c) the name of any other party or parties to the transaction or event (if known and if not an on-market trade): N/A
- (d) the consideration, expressed in New Zealand dollars, paid or received for the acquisition, disposal, or change in nature of the relevant interest: No consideration was paid or received by the Custodian. In consideration for the transfer of each Co-operative share (in respect of which the Economic Rights were held on behalf of the Trustee) to the Custodian the Manager issued to (or on behalf of) the transferor of that Co-operative share one unit in the Fund, in accordance with the terms of the Fonterra Shareholders' Fund Unit Trust Deed.
- In consideration for the redemption of a unit in the Fund, the Manager instructed the Custodian to transfer a Co-operative share (in respect of which the Economic Rights were held by the Custodian on behalf of the Trustee) to the unit holder, in accordance with the terms of the Fonterra Shareholders' Fund Unit Trust Deed.
- (e) the number of securities to which the transaction or event related:
- Total acquisitions: 84,208,436
Total dispositions: 71,500,708
Net increase: 12,707,728
- (B) In relation to the Custodian's capacity as custodian for Craigs Investment Partners Limited, acting as Registered Volume Provider:*
- (a) the date of the transaction or event: 30 May 2013 – 6 August 2014
- (b) the nature of the transaction or event: Transfers of additional Co-operative shares to the Custodian (in its capacity as custodian for the trustee of the RVP Custody Trust).
- Transfers of Co-operative shares by the Custodian to permitted shareholders, upon receipt of transfer instructions from Craigs Investment Partners Limited.
- (c) the name of any other party or parties to the transaction or event (if known and if not an on-market trade): N/A
- (d) the consideration, expressed in New Zealand dollars, paid or received for the: No consideration was paid or received by the Custodian

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acquisition, disposal, or
change in nature of the
relevant interest:

- (e) the number of securities to
which the transaction or
event related:

Total acquisitions: 25,506,258

Total dispositions: 25,471,058

Net increase: 35,200

1. Details of relevant interests in substantial holding after relevant event

Details for:

Fonterra Farmer Custodian Limited

Nature of relevant interest(s):

Registered Holder

Under the Custody Trust Deed for the Fonterra
Economic Rights Trust:

- (a) the Custodian holds the Economic Rights in
Co-operative shares on trust for the Trustee.

- b) Under clause 4.9, the Custodian covenants
that it will not cast any votes attached to or
arising from Cooperative shares held under
the Custody Trust Deed, requisition or join in
requisitioning any meeting of shareholders of
Fonterra, propose or join in proposing any
matter for discussion or resolution at any
meeting of shareholders of Fonterra, or attend
or speak to any meeting of shareholders of
Fonterra unless invited to do so by Fonterra.
This qualification does not prevent the
Manager from instructing the Custodian how
to exercise any voting right arising under
sections 116 and 117 of the Companies Act
1993.

A copy of the Custody Trust Deed for the Fonterra
Economic Rights Trust was attached to a previous
disclosure made by the Manager on 30 November
2012.

For that relevant interest,—

- (a) number held in class: 113,542,226
- (b) percentage held in class: 7.1060%
- (c) current registered holder(s) of
securities: Fonterra Farmer Custodian Limited
- (d) registered holder(s) of securities
once transfers registered: N/A

2. Details of relevant interests in substantial holding after relevant event

Details for:

Fonterra Farmer Custodian Limited

Nature of relevant interest(s):

Registered holder.

Under the Custody Deed relating to Co-operative
shares held for the RVP:

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- (a) the Custodian holds the Co-operative shares on trust for Craigs Investment Partners Limited ("**Craigs**"), acting in its capacity as Registered Volume Provider appointed by Fonterra in accordance with Fonterra's constitution.
- (b) Under clause 3.8 of the above Custody Deed, Craigs covenants that it will not cast any votes attached to or arising from Co-operative shares held under the Custody Deed, requisition or join in requisitioning any meeting of shareholders of Fonterra, propose or join in proposing any matter for discussion or resolution at any meeting of shareholders of Fonterra, or attend or speak to any meeting of shareholders of Fonterra unless invited to do so by Fonterra.

A copy of the Custody Deed relating to Fonterra Shares held for the RVP was attached to a previous disclosure made by the Custodian on 30 November 2012.

For that relevant interest,—

- (a) number held in class: 99,959
- (b) percentage held in class: 0.0063%
- (c) current registered holder(s) of securities: Fonterra Farmer Custodian Limited
- (d) registered holder(s) of securities once transfers registered: N/A

Additional information

Nature of connection between substantial security holders: Not applicable

Address(es) of substantial security holder(s): 9 Princes Street, Auckland 1010, New Zealand

Name of any other person believed to have given, or believed to be required to give, a disclosure under the Act in relation to the securities to which this disclosure relates: FSF Management Company Limited.

Declaration

I, Mike Cronin, declare that, to the best of my knowledge and belief, the information contained in this disclosure is correct and that I am duly authorised to make this disclosure by all persons for whom it is made.