

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

Sections 277 and 278, Financial Markets Conduct Act 2013

To: NZX Limited ("**NZX**")
And to: Fonterra Co-operative Group Limited ("**Fonterra**")

Relevant event being disclosed: Movement of 1% or more in the substantial holding
Date of relevant event: 22 July 2016
Date this disclosure made: 25 July 2016
Date last disclosure made: 25 September 2015

Substantial product holder(s) giving disclosure

Full name(s): FSF Management Company Limited ("**Manager**")

Summary of substantial holding

Class of quoted voting products: Co-operative shares (NZX:FCG)
Summary for: FSF Management Company Limited

For **this** disclosure,—

- (a) total number held in class: 111,180,848
- (b) total in class: 1,602,702,695
- (c) total percentage held in class: 6.9371%

For **last** disclosure,—

- (a) total number held in class: 94,474,734
- (b) total in class: 1,599,093,577
- (c) total percentage held in class: 5.9080%

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) the date of the transaction or event: 25 September 2015 – 22 July 2016
- (b) the nature of the transaction or event: Transfer of additional Co-operative shares to Fonterra Farmer Custodian Limited ("**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 in the Fonterra Shareholders' Fund ("**Fund**") previously issued by the 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): | Not applicable |
| (d) | the consideration, expressed in New Zealand dollars, paid or received for the acquisition, disposal, or change in nature of the relevant interest: | <p>In consideration for the transfer of each Co-operative share to the Custodian (acting in its capacity as custodian for the Trustee) 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.</p> <p>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</p> |
| (e) | the number of financial products to which the transaction or event related: | <p>Total acquisitions: 27,074,011</p> <p>Total dispositions: -10,367,897</p> <p>Net increase: 16,706,114</p> |

Details after relevant event

Details for:

FSF Management Company Limited

Nature of relevant interest(s):

Under the Custody Trust Deed for the Fonterra Economic Rights Trust, the Custodian holds the Economic Rights in Co-operative shares on trust for the Trustee.

Under clause 4.7 of the Custody Trust Deed for the Fonterra Economic Rights Trust, the Manager, in its capacity as manager of the Fund, has the power to direct the Custodian to dispose of a Co-operative share to a permitted person, whenever the Manager redeems a unit in the Fund held by that permitted person.

Under clause 4.9 of the Custody Trust Deed, the Manager covenants that it will not, directly or indirectly, at any time request, direct or instruct the Custodian to cast any votes attached to or arising from Co-operative shares held under the Custody Trust Deed, requisition or join in the 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 at any meeting of shareholders of Fonterra, unless invited to do so by Fonterra. This qualification does not prevent the Manager from directing the Custodian how to exercise any voting right arising under sections 116 and 117 of the Companies Act 1993.

For that relevant interest,—

- | | | |
|-----|---|-----------------------------------|
| (a) | number held in class: | 111,180,848 |
| (b) | percentage held in class: | 6.9371% |
| (c) | current registered holder(s): | Fonterra Farmer Custodian Limited |
| (d) | registered holder(s) once transfers are registered: | Not applicable |

Additional information

Address(es) of substantial product holder(s):	109 Fanshawe Street, Auckland 1010, New Zealand
---	---

Contact details:	Mike Cronin, +64 9 374 9000 taf@fonterra.com
------------------	---

Nature of connection between substantial product holders:	Not applicable
---	----------------

Name of any other person believed to have given, or believed to be required to give, a disclosure under the Financial Markets Conduct Act 2013 in relation to the financial products to which this disclosure relates:	Fonterra Farmer Custodian Limited
--	-----------------------------------

Certification

I, Michael Rex Cronin, certify 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.