

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): Fonterra Farmer Custodian Limited ("**Custodian**")

Summary of substantial holding to which disclosure relates

Class of quoted voting products: Co-operative shares (NZX:FCG)
Summary for: Fonterra Farmer Custodian Limited

For **this** disclosure,—

- (a) total number held in class: 111,308,130
- (b) total in class: 1,602,702,695
- (c) total percentage held in class: 6.9450%

For **last** disclosure,—

- (a) total number held in class: 94,554,734
- (b) total in class: 1,599,093,577
- (c) total percentage held in class: 5.9130%

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: 25 September 2015 – 22 July 2016
- (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

	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):	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>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.</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>
(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:	25 September 2015 – 22 July 2016
(b) the nature of the transaction or event:	<p>Transfers of additional Co-operative shares to the Custodian (in its capacity as custodian for the trustee of the RVP Custody Trust).</p> <p>Transfers of Co-operative shares by the Custodian to permitted shareholders, upon receipt of transfer instructions from Craigs Investment Partners Limited.</p>
(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,	No consideration was paid or received by the Custodian

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

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

Total acquisitions: 2,691,790
Total dispositions: -2,644,508
Net increase: 47,282

1. Details 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: 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

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:

- (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: 127,282
- (b) percentage held in class: 0.0079%
- (c) current registered holder(s) of securities: Fonterra Farmer Custodian Limited
- (d) registered holder(s) of securities once transfers 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: FSF Management Company 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.