

Market Announcement

6 NOVEMBER 2018

FONTERRA LAUNCHES BOND OFFER

Fonterra Co-operative Group Limited confirmed today that it is offering up to NZ\$100,000,000 (with the ability to accept up to NZ\$50,000,000 in oversubscriptions at Fonterra's discretion) of senior fixed rate bonds to institutional investors and to New Zealand retail investors.

The offer opens today and will be made pursuant to the Financial Markets Conduct Act 2013 as an offer of debt securities of the same class as existing quoted debt securities. The notice required by the Financial Markets Conduct Regulations 2014 has been provided to NZX and is attached. The bonds are expected to be quoted on the NZX Debt Market.

Full details of the bond offer are contained in the Terms Sheet which has been prepared for the offer and is attached. A copy of the presentation that Fonterra will be giving to institutional investors in connection with the offer is also attached.

The offer will open with an indicative margin of 1.25 to 1.35 per cent per annum. The bonds are expected to mature on 14 November 2025. An announcement of the actual margin (which may be above or below the abovementioned indicative margin range) and the interest rate on the bonds will be made following the bookbuild process, expected to be on 8 November 2018. The Terms Sheet will be updated to include the interest rate and will be released with the announcement.

The bonds are expected to be quoted on the NZX Debt Market and are expected to be assigned a long term credit rating of A- by S&P Global and A by Fitch.

There is no public pool for the offer, with 100 per cent of the bonds reserved for institutional investors, clients of the joint lead managers and primary market participants (e.g. broking firms accredited by NZX to participate in NZX markets). The offer will close on 8 November 2018 following the bookbuild process. Interested investors should contact the joint lead managers, their broker or their financial advisor for more details.

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