OUR MARKETS

- Fonterra’s New Zealand milk collection decreased 4% in October while Fonterra Australia’s milk collection increased 1%.

- The rate of milk production growth from the major exporting countries has eased, excluding the EU, as farmers respond to lower global dairy prices.

- Dairy exports remain strong for Australia and Europe but the United States is down, largely due to increased domestic demand.

- In September, China returned to strong import growth.

OUR PERFORMANCE

- 2016 first quarter performance update
- New Zealand ingredients update
- Consumer and foodservice update

OUR CO-OP

Search and Rescue – an integral part of the New Zealand landscape.

Dairy Development – helping grow sustainable dairy industries.
THE RATE OF MILK PRODUCTION GROWTH FROM THE MAJOR EXPORTING COUNTRIES HAS EASED, EXCLUDING THE EU, AS FARMERS RESPOND TO LOWER GLOBAL DAIRY PRICES.

**New Zealand**
- **Production decrease from January to September 2015**: 1%
- **New Zealand total production** decreased 8% in September compared to the same month last year.
- Milk production in September is building to peak volumes which occur around mid-October.
- Milk production in the year to September compared to the same period last year, is down 1% reflecting unfavourable spring pasture growth conditions and the low milk price environment.

**Australia**
- **Production increase from January to August 2015**: 3%
- **Australia production** in August increased 4% compared to the same month last year.
- Production for the year to August is up 3% compared to the same period last year, due to generally favourable pasture growth conditions and milk prices.

**European Union**
- **Production increase from January to August 2015**: 1%
- **Production in the EU** in August increased 5% compared to the same month last year, a slightly higher rate of growth than seen in recent months.
- The EU has seen positive growth in milk production in the five months following the removal of quotas on 1 April.
- Production in the year to August increased 1% compared to the same period last year, with the major EU producers including the Netherlands up 4%, the UK up 3%, and Poland and Germany up 2%.

**USA**
- **Production increase from January to September 2015**: 1%
- **US production** in September was in line with the same month last year.
- While the rate of growth has slowed in recent months, milk production in the year to September has increased 1% compared to the same period last year.
DAIRY EXPORTS REMAIN STRONG FOR AUSTRALIA AND EUROPE BUT THE UNITED STATES IS DOWN LARGELY DUE TO INCREASED DOMESTIC DEMAND

To view a chart that illustrates year-on-year changes in exports – CLICK HERE

NEW ZEALAND

Export increase from January to August 2015 2%

Australia exports increased 8% in August compared to the same month last year, with increases in WMP, butter and fluid and fresh dairy.

Exports in the year to August remain 2% higher when compared to the same period last year. Increases of 17% for cheese and 11% for SMP were partially offset by butter being down 9%, and both WMP and AMF down 4%.

AUSTRALIA

Export increase from January to August 2015 9%

Australia exports increased 14% in August compared to the same month last year largely driven by SMP up 39% and cheese up 27%.

Exports in the year to August remain strong, up 9% when compared to the same period last year. This is led by SMP up 29%, cheese up 12%, and fluid and fresh dairy up 10%.

EUROPEAN UNION

Export increase from January to July 2015 4%

EU exports increased 8% in July compared to the same month last year. This increase was driven by fluid and fresh dairy and SMP increasing 28% and 10% respectively.

Exports increased 4% in the year to July due to increases in fluid and fresh dairy up 15%, SMP up 9%, whey powder up 8%, and infant formula up 7%.

In addition, exports are particularly strong from Ireland, up 17%, Germany up 16%, Poland up 9% and the Netherlands up 7%.

USA

Export decrease from January to August 2015 11%

US exports decreased 12% in August compared to the same month last year with whey powder down 30% and cheese down 28%.

Exports in the year to August decreased 11% compared to the same period last year, reflecting a drop across most of the major dairy categories, in particular cheese, down 15%, whey powder, down 14% and SMP, down 8%.

This decrease in exports is largely a result of higher domestic demand, particularly for cheese and butter.
OUR MARKETS

IMPORTS

IN SEPTEMBER, CHINA RETURNED TO STRONG IMPORT GROWTH

To view a chart that illustrates year-on-year changes in imports –

CLICK HERE ▶

LATIN AMERICA

12% \textup{↑}

Import increase from January to July 2015

Latin America' import volumes increased 1% in July compared to the same month last year, with all major dairy categories up except for fluid and fresh dairy.

Imports in the year to July increased 12% compared to the same period last year, with WMP up 52%, SMP up 23%, cheese up 14% and infant formula up 9%.

ASIA

11% \textup{↑}

Import increase from January to July 2015

Asia (excluding China) import volumes decreased 1% in July compared to the same month last year. Decreases were seen across SMP down 9%, WMP down 8% and fluid and fresh dairy down 2%, but partially offset by increases in whey powder and cheese, up 14% and 7% respectively.

Imports in the year to July remain strong, increasing 11% compared to the same period last year, with SMP up 25%, WMP and cheese up 14%, and fluid and fresh dairy up 8%.

MIDDLE EAST & AFRICA

1% \textup{↑}

Import increase from January to July 2015

Imports into the Middle East and Africa decreased 9% in July compared to the same month last year. This was due to a decrease across all major dairy categories excluding WMP which increased 8% and fluid and fresh dairy, which increased 4%.

Imports in the year to July increased 1% compared to the same period last year, however the rate of growth continues to slow. Increases in WMP and fluid and fresh dairy of 16% and 7% respectively have been largely offset by decreases in SMP of 11% and cheese of 5%.

CHINA

15% \textup{↓}

Import decrease from January to September 2015

China imports increased 25% in September. This is the third consecutive increase compared to the same month last year with increases in all the major dairy categories.

Imports in the year to September decreased 15% compared to the same period last year. This decrease is largely a result of powders, with WMP down 53% and SMP down 21%. Infant formula and fluid and fresh dairy have increased 34% and 21% respectively.

1 Excluding Venezuela
2 Includes estimate for Indonesia in May and June
OUR MARKETS
FONTERA MILK COLLECTION 2015/16 SEASON

Australia milk collection in October reached 15 million kgMS, 1% higher than October last season.

Milk collection across Australia for the four months to 31 October reached 45 million kgMS, 2% above the same period last season. While production remains ahead of last season, the rate of growth continues to slow.

New Zealand milk collection in October was 4% lower than the same month last year. For the season to 31 October (five months) it reached 528 million kgMS, 5% behind the same period last season.

Milk collection peaked at a seasonal high of 87 million litres on 22 October, down 3% on the peak last year.

Lower milk collection for the 2015/16 season to date and lower peak milk volumes are largely a result of the low milk price environment, where farmers have reduced stocking rates and supplementary feed in order to help reduce costs.

North Island milk collection in October reached 138 million kgMS, 6% lower than October last season.

South Island milk collection in October was 85 million kgMS, 1% lower than October last season.

To view a table that shows our detailed milk collection in New Zealand and Australia compared to the previous season – CLICK HERE.

NEW ZEALAND

5 %

Decrease for the season to date from 1 June to 31 October compared to same period last season

Fonterra’s milk collection across New Zealand in October was 4% lower than the same month last year. For the season to 31 October (five months) it reached 528 million kgMS, 5% behind the same period last season.

Milk collection peaked at a seasonal high of 87 million litres on 22 October, down 3% on the peak last year.

Lower milk collection for the 2015/16 season to date and lower peak milk volumes are largely a result of the low milk price environment, where farmers have reduced stocking rates and supplementary feed in order to help reduce costs.

NORTH ISLAND

6 %

Decrease for the season to date from 1 June to 31 October compared to same period last season

SOUTH ISLAND

3 %

Decrease for the season to date from 1 June to 31 October compared to same period last season

AUSTRALIA

2 %

Increase for the season to date from 1 July to 31 October compared to same period last season

Increase for the season to date from 1 June to 31 October compared to same period last season

North Island milk collection in October reached 138 million kgMS, 6% lower than October last season.

South Island milk collection in October was 85 million kgMS, 1% lower than October last season.

Australia milk collection in October reached 15 million kgMS, 1% higher than October last season.

Milk collection across Australia for the four months to 31 October reached 45 million kgMS, 2% above the same period last season. While production remains ahead of last season, the rate of growth continues to slow.
Last trading event 3 November 2015:
The Fonterra volume sold was 32,341 MT, with Fonterra’s weighted average prices decreasing 9% compared to the last event.

Compared to the last trading event:
The GDT price index decreased for the second consecutive event with all dairy prices decreasing compared to the last trading event.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>% Change</th>
<th>USD Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>RENNETH CASEIN</td>
<td>11.2%</td>
<td>USD 5,469/MT</td>
</tr>
<tr>
<td>SMP</td>
<td>8.0%</td>
<td>USD 2,018/MT</td>
</tr>
<tr>
<td>CHEDDAR</td>
<td>4.6%</td>
<td>USD 2,987/MT</td>
</tr>
<tr>
<td>BMP</td>
<td>9.4%</td>
<td>USD 1,844/MT</td>
</tr>
<tr>
<td>WMP</td>
<td>8.0%</td>
<td>USD 2,453/MT</td>
</tr>
<tr>
<td>BUTTER</td>
<td>5.6%</td>
<td>USD 2,574/MT</td>
</tr>
<tr>
<td>AMF</td>
<td>5.7%</td>
<td>USD 3,647/MT</td>
</tr>
</tbody>
</table>

The New Zealand dollar has weakened after a recent strengthening against the US dollar.

Dairy commodity prices and New Zealand dollar trend

To view a table that summarises the latest results and provides a snapshot of the rolling year-to-date results – CLICK HERE –

The next trading event will be held on 17 November 2015. Visit www.globaldairytrade.info for more information.
OUR PERFORMANCE

2016 FIRST QUARTER PERFORMANCE UPDATE

VOLUME
945 k MT
UP 0.6%

REVENUE
$3.6 BN
DOWN 17.6%

GROSS MARGIN
22.7 %
UP FROM 14.1%

OPEX
$628 M
DOWN 3.5%

CAPEX
$258 M
DOWN 36.5%

Fonterra's first quarter performance has built on the strong finish to the 2015 financial year reflecting the delivery of our strategy. Our performance is also strong compared to the first quarter last year, reflecting improved ingredients product mix; continuing growth in the consumer and foodservice businesses, particularly in Asia, China and Latin America; and the positive contribution of business transformation initiatives.

Sales volume growth of 0.6% was largely achieved from growth in Asia, China and Latin America.

Lower commodity prices were the primary reason for an 18% fall in group revenue compared to the first quarter last year.

Lower input costs supported gross margin of 23% across the group, up from 14% in the same period last year.

Our New Zealand ingredients business committed sales volume and contracted rates are both in line with last year with lower volumes sold on GDT and an increased portion of sales through bilateral customer agreements. Operating expenses are down by 4% to $628 million, reflecting the continuing tight focus on cost control.

Capital expenditure of $258 million is down 37%, in line with the target to reduce capex to $900 million for the 2016 financial year.

BUSINESS TRANSFORMATION UPDATE

Fonterra's business transformation aims to achieve a significant and lasting step change in performance so the Co-operative can deliver on its strategy faster. The changes are all about weekly performance improvement and maximising cash as well as mindset changes within the business. Clear expectations, personal ownership, accountability and shared learnings are contributing to quick, clear decisions and results.

Over a two-year timeframe, business transformation initiatives will be implemented and rigorously managed within 14 workstreams, with achievements tracked every week.

This tightly co-ordinated and focused approach is delivering results. For example, in Global Ingredients, tighter synchronisation of rail, road and marine transport across geographies in partnership with customers has delivered a $5 million saving.

The initiatives generating recurring benefits implemented in the first quarter are expected to deliver a cash benefit of $170 million in the current financial year. Further initiatives in the second quarter are expected to increase recurring cash benefits to $340 million and contribute to both earnings before interest and tax (EBIT) and the Farmgate Milk Price in the current financial year.

In addition, first quarter initiatives are expected to generate a one-time cash benefit of $110 million this financial year increasing to $440 million based on initiatives being introduced in the second quarter. This will contribute to working capital and our balance sheet.

THE OUTLOOK

Fonterra's operating performance is in line with expectations for the first quarter and business transformation efforts are delivering strong cash benefits. This momentum is expected to continue. As a result of this performance, forecast earnings per share are being increased by 5 cents to 45–55 cents. In addition, the payments of the Fonterra Co-operative Support Loan will be accelerated with the cumulative payment by December increasing by 7 cents per kgMS to 25 cents per kgMS.

The payments will be completed a month earlier, by April 2016.

The Co-operative is maintaining its forecast Farmgate Milk Price at $4.60 per kgMS given the level of commodity prices.
Fonterra manufactures five commodity products that inform the Farmgate Milk Price. These are referred to as reference products. All other products are referred to as non-reference products. The pricing relativities between reference product prices and non-reference product prices can impact Fonterra’s gross margins.

**PRODUCTION VOLUME**

Milk collection for the first quarter is 5% lower than the same time last year. This has resulted in lower production volumes and together with commodity price movements has shifted volume away from reference products to higher returning product streams.

Non-reference product volumes increased in the first quarter to take advantage of improved prices for cheese and casein relative to Whole Milk Powder.

The investment in new plants in New Zealand combined with lower milk collection in the season to date have provided increased optionality in our manufacturing base and reduced peak costs.

The current New Zealand milk supply forecast for the 2015/16 season is 5% lower than last season. These forecast lower collections are equivalent to 150,000MT of Whole Milk Powder. The risk of El Nino adds further uncertainty to this forecast.

**SALES VOLUME**

Pricing relativities and market arbitrage have led to non-reference products sales growing strongly, up 14% compared to the first quarter last year across the cheese and protein portfolio.

Sales volume for reference products in the first quarter was down 7% compared to the same period last year due to lower demand influenced by a combination of lower global growth rates, higher global milk supply and clearing of supply chain inventories across many regions.

The sales book is supported by a healthy forward committed sales volume assisting a balanced inventory management approach.

**INVENTORY**

Closing inventory for the first quarter was in line with the same period last year as a result of the strong sales book with contracted rates similar to the same time last year. Based on the current New Zealand milk supply forecast for this season being 5% lower than last season, inventory volumes at year end are expected to be below closing inventories of the 2014/15 season. The risk of El Nino means further uncertainty to collection and inventory levels.

### NEW ZEALAND INGREDIENTS REVENUE AND VOLUME

<table>
<thead>
<tr>
<th>PRODUCTION VOLUME (000's MT)</th>
<th>Q1 FY15</th>
<th>Q2 FY15</th>
<th>Q3 FY15</th>
<th>Q4 FY15</th>
<th>Q1 FY16 TO Q1 FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference products</td>
<td>639</td>
<td>742</td>
<td>518</td>
<td>110</td>
<td>612</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(4%)</td>
</tr>
<tr>
<td>Non-reference products</td>
<td>225</td>
<td>253</td>
<td>159</td>
<td>45</td>
<td>229</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SALES VOLUME¹ (000's MT)</th>
<th>Q1 FY15</th>
<th>Q2 FY15</th>
<th>Q3 FY15</th>
<th>Q4 FY15</th>
<th>Q1 FY16 TO Q1 FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference products</td>
<td>373</td>
<td>655</td>
<td>491</td>
<td>421</td>
<td>348</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(7%)</td>
</tr>
<tr>
<td>Non-reference products</td>
<td>140</td>
<td>179</td>
<td>188</td>
<td>187</td>
<td>160</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REVENUE ($ PER MT)</th>
<th>Q1 FY15</th>
<th>Q2 FY15</th>
<th>Q3 FY15</th>
<th>Q4 FY15</th>
<th>Q1 FY16 TO Q1 FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference products</td>
<td>4,458</td>
<td>3,723</td>
<td>3,516</td>
<td>3,789</td>
<td>3,251</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(27%)</td>
</tr>
<tr>
<td>Non-reference products</td>
<td>6,696</td>
<td>5,838</td>
<td>5,440</td>
<td>5,408</td>
<td>5,010</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(25%)</td>
</tr>
</tbody>
</table>

¹ Sales volume includes bulk liquid milk, which is not included in the production volume. The annual bulk liquid milk volume for the 2015 financial year was 67,000 MT.
Consumer and foodservice is on track to deliver on our full year forecast with volume and gross margin increases across most geographies in the first quarter compared to the first quarter last year.

**ASIA**

In Asia, volume grew 4% in the first quarter relative to the same period last year mainly on the back of growth in foodservice and increased demand for everyday nutrition products supported by some new product launches. Revenue in Asia was up 6% and the business delivered gross margin of 33%, a further improvement on last year, reflecting the strength of our brands in Asia.

**LATIN AMERICA**

Volume in Latin America was up 1% in the first quarter compared to the same period last year. Volumes were up in Chile and the innovation and renovation pipeline of the DPA Brazil brands delivered good volume growth. Latin America revenue was down 14% primarily due to the change in the bolivar translation rate which effectively devalued the currency and more accurately reflects the hyperinflation and economic reality in Venezuela. Despite this, Latin America delivered a good gross margin of 35%, supported by our strong brands.

**GREATHER CHINA**

Greater China had a strong first quarter compared with the first quarter last year, with a 19% lift in volume reflecting the continuing success of our foodservice business with the chef-led model in China. Our consumer brands are also building up strength, with support from Anchor in China. Revenue rose 8%, reflecting the higher volumes and gross margin improved further to 27%, supported by lower input costs.

**OCEANIA**

Consumer and foodservice volumes were flat compared to the first quarter last year.

In Australia, domestic foodservice is growing strongly. This excludes quick-service restaurant customers in Australia that are managed globally. Consumer volumes are also up supported by the launch of Anchor Cream in Australia.

In New Zealand, the first quarter has seen good volume growth in the consumer business driven by strong engagement with our customers. Oceania revenue is down 13%, reflecting initiatives to reduce sales in high volume but unprofitable product categories in Australia and a reduction in the wholesale price of fresh milk. Gross margin improved to 19%.
Search and Rescue is an integral part of the New Zealand landscape

**Land Search and Rescue (LandSAR)** is an enormous undertaking – more than 3,300 volunteers in 61 groups covering the length and breadth of New Zealand. Some 80 years ago the regional LandSAR groups first began to take shape and they’ve taken part in thousands of rescue and recovery missions.

LandSAR groups have little or no taxpayer funding and must raise their own funds.

The Fonterra Grass Roots Fund has supported more than 20 LandSAR groups with donations to buy essential rescue equipment. In the latest round, the Fonterra Grass Roots Fund helped the Hamilton, Waihi and Gisborne LandSAR groups to buy important equipment.

In Gisborne the Fonterra Grass Roots Fund helped replace specialty LandSAR first aid kits for the 90 volunteers who cover a huge area around the east coast.

As LandSAR searchers often have to brave extreme weather and conditions, robust clothing is important. The Fonterra Grass Roots Fund has purchased clothing for the Hamilton and Waihi LandSAR to ensure their outfits are hard-wearing and fit for purpose, as well as serving as an LSAR uniform.

**Dairy Development is helping grow sustainable dairy industries**

**Fonterra’s Dairy Development initiatives** support the growth of sustainable dairy industries in high-value markets such as Sri Lanka, Indonesia and China and at the same time secures our ability to operate in these markets. These initiatives help to build long-term relationships and grow Fonterra’s local presence, building support for its brands.

The Co-operative shares its expertise with farmers, governments and industry players to increase milk production and contribute to improved food safety and animal health and welfare.

In **Indonesia** a scholarship programme teaches local farmers best practice, giving them the knowledge to improve animal welfare and increase milk production.

**China** is a good example of early success in Dairy Development – Fonterra has worked with local farmers and industry to build commercially viable farms.

**Sri Lanka** has been a key market for the Co-operative for more than 35 years. To help drive further growth in the Sri Lankan market our Dairy Development programme works with groups of farmers to help improve on-farm productivity.

In Panala near Colombo in Sri Lanka, we’re also building a Demonstration Farm and Training Centre. The farm will have 50 cows and will be used to train supplier relationship officers and suppliers. It is expected to be operational in January 2016. At this centre four Fonterra farmers will get an opportunity to share their knowledge and expertise.

These farmers will volunteer a month of their time to go to Sri Lanka and participate in hands-on farmer training programmes, educating local farmers and supplier relationship officers about the importance of nutrition for animal health and production, and running a farm as a profitable business, helping develop dairy in this significant market.

Check out our Facebook page for more information – [CLICK HERE](#)
Global Dairy Market

The charts on the right illustrate the year-on-year changes in production, exports and imports for a range of countries that are important players in global dairy trade.

The absolute size of the bars represents the change in production, exports or imports, relative to the same period the previous year.

**PRODUCTION**

<table>
<thead>
<tr>
<th>Month</th>
<th>Australia</th>
<th>United States</th>
<th>New Zealand</th>
<th>EU/two.lf/seven.lf</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCT 14</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>800 MT</td>
</tr>
<tr>
<td>SEP 14</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>-400 MT</td>
</tr>
</tbody>
</table>

**EXPORTS**

<table>
<thead>
<tr>
<th>Month</th>
<th>Australia</th>
<th>United States</th>
<th>New Zealand</th>
<th>EU/two.lf/seven.lf</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCT 14</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>80 MT</td>
</tr>
<tr>
<td>SEP 14</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>-40 MT</td>
</tr>
</tbody>
</table>

**IMPORTS**

<table>
<thead>
<tr>
<th>Month</th>
<th>Asia</th>
<th>China</th>
<th>Middle East &amp; Africa</th>
<th>Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCT 14</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>SEP 14</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

**SOURCE:** Government milk production statistics/GTIS trade data/Fonterra analysis.
Fonterra milk production
The table on the right shows Fonterra milk solids collected in New Zealand and Australia compared to the previous season.

<table>
<thead>
<tr>
<th>MILK COLLECTION (MILLION KGMS)</th>
<th>OCT 2015</th>
<th>OCT 2014</th>
<th>MONTHLY CHANGE</th>
<th>SEASON-TO-DATE 2015/16</th>
<th>SEASON-TO-DATE 2014/15</th>
<th>SEASON-TO-DATE CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Fonterra New Zealand</td>
<td>222.5</td>
<td>232.2</td>
<td>(4.2%)</td>
<td>527.9</td>
<td>554.4</td>
<td>(4.8%)</td>
</tr>
<tr>
<td>North Island</td>
<td>137.8</td>
<td>146.6</td>
<td>(6.0%)</td>
<td>352.2</td>
<td>373.8</td>
<td>(5.8%)</td>
</tr>
<tr>
<td>South Island</td>
<td>84.7</td>
<td>85.7</td>
<td>(1.1%)</td>
<td>175.7</td>
<td>180.7</td>
<td>(2.7%)</td>
</tr>
<tr>
<td>Fonterra Australia</td>
<td>14.8</td>
<td>14.8</td>
<td>0.6%</td>
<td>44.9</td>
<td>44.2</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

GDT results
This table summarises the latest GDT results and provides a snapshot of the rolling year-to-date results.

<table>
<thead>
<tr>
<th>LAST TRADING EVENT (3 NOVEMBER 2015)</th>
<th>YEAR-TO-DATE (FROM 1 AUGUST 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fonterra Quantity Sold on GDT (Winning MT)</td>
<td>32,341</td>
</tr>
<tr>
<td>GDT Average Winning Price (USD/MT, FAS)</td>
<td>2,569</td>
</tr>
<tr>
<td>Change in GDT Price Index over same period last year</td>
<td>(2.6%)</td>
</tr>
<tr>
<td>Change in GDT Price Index from previous event</td>
<td>(7.4%)</td>
</tr>
</tbody>
</table>
GLOSSARY

AMF
Anhydrous Milk Fat.

BMP
Butter Milk Powder.

DIRA

Dry shares
Any shares held by a farmer shareholder in excess of the number of shares required to be held by that farmer shareholder in accordance with the minimum shareholding requirement for a season.

Farmgate Milk Price
The price for milk supplied in New Zealand to Fonterra by farmer shareholders.

Fluid and Fresh Dairy
The Fonterra grouping of fluid milk products (skim milk, whole milk and cream – pasteurised or UHT processed), concentrated milk products (evaporated milk and sweetened condensed milk) and yoghurt.

GDT Price Index
All GDT price indices are chain-linked Fisher indices using winning quantities and winning prices. For the period prior to April 2010, the GDT Price Index and the AMF, SMP and WMP price indices use GDT prices and quantities where available, and USDA Dairy Market News prices and GTIS export volumes elsewhere. USDA Western Europe average price for butter oil is used for AMF prior to December 2009, USDA Oceania average price for SMP is used prior to April 2010 and USDA Oceania average price for WMP is used prior to August 2008.

Reference Products
The dairy products used in the calculation of the Farmgate Milk Price, which are currently WMP, SMP, BMP, butter and AMF.

Season
New Zealand: A period of 12 months to 31 May in each year.

Australia: A period of 12 months to 30 June in each year.

Share Standard
The number of shares a farmer shareholder is required from time to time to hold as determined in accordance with the Constitution. The Fonterra Board may permit the Share Standard to be satisfied through the holding of both shares and vouchers.

SMP
Skim Milk Powder.

Voucher
A certificate that is provided to a farmer shareholder upon transfer of the Economic Rights of a wet share to the Fonterra Shareholders’ Fund in accordance with the Trust Deed.

Wet shares
Any shares held by a farmer shareholder that are required to be held in accordance with the minimum shareholding requirement for a season.

WMP
Whole Milk Powder.