

FONTERRA'S FORECASTS FOR SEASON ENDING 31 MAY 2017
Clauses 24(1) to (3) Dairy Industry Restructuring (Raw Milk) Regulations 2012

As at 15 December 2016, Fonterra forecasts the following figures in respect of the 2016/2017 season ending 31 May 2017:

Supply by Shareholding farmers:
(Cl. 24(1)(a)) The total quantity of raw milk to be supplied by shareholding farmers in the 2016/2017 season is forecast to be 16.3 billion litres

Total Cost of Milk:
(Cl. 24(1)(b)) Fonterra's total cost of milk for the 2016/2017 season is forecast to be \$8,702 million

Farmgate Milk Price:
(Cl. 24(1)(c)) Fonterra's farmgate Milk Price for the 2016/2017 season is forecast to be \$6.00/kgMS*

Milksolids:
(Cl. 24(1)(d)) The milksolids supplied by shareholding farmers in the 2016/2017 season are forecast to be 1,450 million kgMS.

Winter Milk:
(Cl. 24(1)(e)) The additional cost of winter milk (being raw milk supplied in June and July 2016) is forecast to be:

<i>North Island</i>	\$0.87/kgMS
<i>South Island</i>	\$1.46/kgMS

Organic Milk:
(Cl. 24(1)(f)) The additional cost of organic milk for the 2016/2017 season is forecast to be: **\$3.20/kgMS**

Raw Milk:
(Cl. 24(2)) The aggregate of the volume limits of raw milk that Fonterra is contracted to supply to independent processors is 250 million litres and Fonterra estimates that it is actually likely to supply above this amount for the 2016/2017 season.

The total volume of raw milk that Fonterra is **contracted** to supply to independent processors for the following 5 seasons is:

- 2017/2018 season – 250 million litres
- 2018/2019 season – 250 million litres
- 2019/2020 season – 250 million litres
- 2020/2021 season – 250 million litres
- 2021/2022 season – 21 million litres**

Fonterra will publish revised forecasts and actual information for this season in accordance with the Dairy Industry Restructuring (Raw Milk) Regulations 2012.

* As announced 12 December 2016

** Estimated volume. Fonterra has contracted to supply 250m litres during the 12 months ending 30 June 2021