

## Information Memorandum



### **A\$ Debt Issuance Programme**

#### **Issuers**

Fonterra Co-operative Group Limited  
New Zealand Milk (Australasia) Pty Ltd  
(ABN 23 003 502 654)

#### **Joint Arrangers and Programme Managers**

National Australia Bank Limited  
Westpac Banking Corporation

#### **Dealers**

Australia and New Zealand Banking Group Limited  
Citigroup Global Markets Australia Pty Limited  
Commonwealth Bank of Australia  
Deutsche Bank AG, Sydney Branch  
National Australia Bank Limited  
Westpac Banking Corporation

The date of this Information Memorandum is 16 October 2017

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## Important Notice

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This Information Memorandum replaces in its entirety the Information Memorandum dated 22 December 2014.

### Introduction

This Information Memorandum relates to a debt issuance programme (“**Programme**”) established by Fonterra Co-operative Group Limited (“**Fonterra**”) and New Zealand Milk (Australasia) Pty Ltd (ABN 23 003 502 654) (“**NZMA**”) (each an “**Issuer**” and together the “**Issuers**”) under which each Issuer may offer from time to time short term notes (“**STNs**”), medium term notes (“**MTNs**”) and other debt instruments (together, “**Notes**”). Notes issued by NZMA will have the benefit of an unconditional and irrevocable guarantee given by Fonterra (“**Guarantor**”).

References in this Information Memorandum to “the Issuer”, “an Issuer” or the “relevant Issuer” (or any similar expressions), in relation to an issue of Notes, is a reference to the particular Issuer of those Notes unless expressly specified otherwise and references to “the Guarantor” is a reference to Fonterra in its capacity as guarantor of Notes issued by NZMA.

Terms used in this Information Memorandum but not otherwise defined have the meanings given to them in the Conditions (as defined below).

### Issuer’s responsibility

This Information Memorandum has been prepared by and issued with the authority of each Issuer and the Guarantor. The Issuers and the Guarantor accept responsibility for the information contained in this Information Memorandum other than information provided by the Joint Arrangers and Programme Managers, the Dealers and the Agents (each as defined in the section entitled “Summary of the Programme” below) which is limited to their respective descriptions (if applicable) in the section entitled “Directory” below.

### Place of issuance

Subject to applicable laws and directives, the Issuers may issue Notes under the Programme in any country including Australia, New Zealand and countries in Europe and Asia but not in the United States of America unless such Notes are registered under the United States Securities Act of 1933 (as amended) (“**US Securities Act**”) or an exemption from the registration requirements is available. The Notes have not been, and it is not intended that they be, registered under the US Securities Act and, accordingly, the Notes may not be offered, sold, delivered or transferred, at any time, within the United States or to, or for the account or benefit of, U.S. persons (as that term is defined in Regulation S under the US Securities Act), except in a transaction exempt from the registration requirements of the US Securities Act.

### Terms and Conditions of Issue

Each issue of Notes will be made pursuant to such documentation as the Issuer may determine. However, each Series of Notes will be issued in registered form pursuant to a deed poll (“**Deed Poll**”) executed by the Issuer and take the form of an entry in a register.

Notes will be issued in one or more Tranches (each a “**Tranche**”) within one or more series (each a “**Series**”). Tranches of Notes within a particular Series will be identical other than, to the extent relevant, in respect of their issue dates, issue prices and in respect of the first interest payment. The Notes of each Tranche of a Series are intended to be fungible with the other Tranches of Notes of that Series to the extent permitted by law or directive.

A pricing supplement (“**Pricing Supplement**”) may be issued for each Tranche of Notes. A Pricing Supplement will contain details of the aggregate principal amount of the Tranche and the interest (if any) payable in respect thereof, and the issue price, issue date and maturity date applicable to that Tranche, together with any other terms and conditions not contained in this Information Memorandum

which apply to that Tranche of Notes. The terms and conditions (“**Conditions**”) applicable to the Notes are included in this Information Memorandum and may be supplemented, amended, modified or replaced by the Pricing Supplement applicable to those Notes.

The Issuers may also publish a supplement to this Information Memorandum (or additional information memoranda) which describes the issue of Notes (or particular classes of Notes) not otherwise described in this Information Memorandum. A Pricing Supplement or a supplement to this Information Memorandum may also supplement, amend, modify or replace any statement or information set out in this Information Memorandum, a Pricing Supplement or incorporated by reference in this Information Memorandum or a supplement to this Information Memorandum.

## **Listing**

It is not currently intended that MTNs will be listed on any stock or securities exchange or quoted on a quotation system, but application may be made to list MTNs of a particular Series on the Australian Securities Exchange or any other stock or securities exchange (in accordance with applicable laws and directives). The relevant Pricing Supplement in respect of the issue of any MTNs will specify whether or not such MTNs will be listed on a stock or securities exchange. STNs will not be listed.

## **Documents incorporated by reference**

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated into it by reference as set out below. This Information Memorandum shall, unless otherwise expressly stated, be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum. References to “**Information Memorandum**” are to this Information Memorandum and to any other document incorporated by reference collectively and to any of them individually.

In connection with each issue of Notes, the following documents are incorporated in and taken to form part of this Information Memorandum:

- all amendments and supplements to this Information Memorandum prepared by an Issuer from time to time in respect of that issue of Notes;
- the most recent audited consolidated annual financial statements or unaudited consolidated semi-annual financial statements of Fonterra which are publicly available on the Internet at [www.fonterra.com](http://www.fonterra.com);
- where NZMA is to be the Issuer of those Notes, the most recent audited consolidated annual financial statements of NZMA, copies of which may be obtained from either Issuer upon request; and
- all documents otherwise issued by an Issuer and expressly stated to be relevantly incorporated in this Information Memorandum by reference.

Fonterra’s financial statements and accounts are prepared in accordance with applicable New Zealand financial reporting legislation in New Zealand dollars and in accordance with New Zealand equivalents to International Financial Reporting Standards. Fonterra does not provide a reconciliation to Australian reporting laws and regulations.

Any statement contained in this Information Memorandum or in any of the documents incorporated by reference in, and forming part of this Information Memorandum, shall be modified, replaced or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference into this Information Memorandum modifies, replaces or supersedes such statement (including whether expressly or by implication or in whole or in part).

Except as provided above, no other information, including any information on the internet site addresses of the Issuer or in any document incorporated by reference in any of the documents described above, is incorporated by reference into this Information Memorandum.

Copies of documents incorporated by reference in respect of an issue of Notes are available for

inspection from the Issuers, the Joint Arrangers and Programme Managers for Notes and the Registrar at their respective offices specified in the “Directory”.

Investors should review, amongst other things, the documents which are deemed to be incorporated in this Information Memorandum by reference when deciding whether or not to purchase any Notes.

### **References to internet site addresses**

Any internet site addresses provided in this Information Memorandum are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Information Memorandum.

### **No representation or independent verification**

The only role of each of the Joint Arrangers and Programme Managers, the Dealers and the Agents in the preparation of this Information Memorandum has been to confirm to the Issuers that the information relating to itself is accurate at the Preparation Date.

Apart from the foregoing, none of the Joint Arrangers and Programme Managers, the Dealers and the Agents has independently verified any information contained in this Information Memorandum and each such person disclaims any responsibility for such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of them in relation to the authenticity, origin, validity, accuracy or completeness of this Information Memorandum, any Pricing Supplement or offering material or any further information supplied by an Issuer or the Guarantor in connection with the Programme or any Notes.

Each of the Joint Arrangers and Programme Managers, the Dealers and the Agents expressly do not undertake to review the financial condition or affairs of the Issuers or the Guarantor or any of their respective affiliates at any time or to advise any holder of a Note or any other person of any information coming to their attention with respect to the Issuers or the Guarantor and make no representations as to the ability of the Issuers or the Guarantor to comply with their respective obligations with respect to the Notes.

None of the Joint Arrangers and Programme Managers, the Dealers and the Agents make any representation as to the performance of the Issuers or the Guarantor, the maintenance of capital or any particular rate of return, nor do any of the Joint Arrangers and Programme Managers, the Dealers and the Agents guarantee the payment of capital or any particular rate of capital or income return, in each case, on any Notes.

### **Investors to make independent investment decision and obtain professional advice**

This Information Memorandum contains only summary information concerning the Notes. Neither the information contained in this Information Memorandum nor any other information supplied in connection with the Programme or the issue of any Notes (1) is intended to provide the basis of any credit or other evaluation and should not be considered or relied on as a recommendation or statement of opinion, or a report of either of those things, by the Issuers, the Guarantor, the Joint Arrangers and Programme Managers, the Dealers, or the Agents that any recipient of this Information Memorandum, any other financial statements or any other information supplied in connection with the Programme or the issue of any Notes should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes, or (2) describes the risks of an investment in any Notes.

Each investor contemplating subscribing for, purchasing or otherwise dealing in any Notes or any rights in respect of any Notes under the Programme should:

- make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuers, the Guarantor and the risks of an investment in any Notes;
- determine for themselves the relevance of the information contained in this Information Memorandum (including all information incorporated by reference and forming part of this Information Memorandum) and any other information supplied in connection with the

Programme or the issue of any Notes, and must base their investment decision solely upon their independent assessment and such investigations as they consider necessary; and

- consult their own financial, legal, tax and professional advisers concerning the risks associated with an investment in any Notes, the application of any tax laws and the suitability of investing in the Notes in light of their particular circumstances.

No accounting, regulatory, investment, legal, tax or other professional advice is given in respect of an investment in any Notes or the taxation treatment of investors in connection with investment in any Notes or rights in respect of them and each investor is advised to consult its own professional adviser.

### **No offer**

This Information Memorandum does not, and is not intended to, constitute an offer or invitation by or on behalf of the Issuers, the Guarantor, the Joint Arrangers and Programme Managers, the Dealers or any Agent to any person in any jurisdiction to subscribe for, purchase or otherwise deal in any Notes nor is it intended to be used for the purpose of, or in connection with, offers or invitations to subscribe for, purchase or otherwise deal in any Notes.

### **Selling restrictions and no disclosure**

The distribution and use of this Information Memorandum, including any Pricing Supplement and offering material relating to any Notes, and the offer or sale of Notes may be restricted by law in certain jurisdictions and intending purchasers and other investors into whose possession this Information Memorandum or any Notes come should inform themselves about them and observe any such restrictions. The Issuers, the Guarantor, the Joint Arrangers and Programme Managers, the Dealers and the Agents do not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

In particular:

- this Information Memorandum is not a prospectus or other disclosure document for the purposes of the Corporations Act 2001 of Australia ("**Corporations Act**"). Neither this Information Memorandum nor any other disclosure document in relation to the Notes has been, or will be, lodged with the Australian Securities and Investments Commission ("**ASIC**"); and
- no action has been taken by any of the Issuers, the Guarantor, the Joint Arrangers and Programme Managers, the Dealers or the Agents which would permit a public offering of any Notes or distribution of this Information Memorandum or any Pricing Supplement and offering material relating to any Notes in any jurisdiction where action for that purpose is required (including circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act).

Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and directives.

For a description of certain restrictions on offers, sales and deliveries of the Notes, and on distribution of this Information Memorandum, any Pricing Supplement or other offering material relating to the Notes, see the section entitled "Subscription and Sale" below.

### **No authorisation**

No person has been authorised by the Issuers to give any information or make any representations not

contained in or consistent with this Information Memorandum in connection with the Issuers, the Guarantor, the Programme or the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor, the Joint Arrangers and Programme Managers, any of the Dealers or an Agent.

### **Agency and distribution arrangements**

Each of the Joint Arrangers and Programme Managers, the Dealers and the Agents is acting solely as an arm's length contractual counterparty and not as an advisor or fiduciary. Furthermore, neither the receipt of this Information Memorandum or any Pricing Supplement and offering material relating to any Notes by any person nor any other matter shall be deemed to create or give rise to an advisory or fiduciary duty or relationship between a Joint Arranger and Programme Manager, Dealer or Agent and that person.

The Issuers may agree to pay Agents' fees for undertaking their respective roles and reimburse them for certain of their expenses incurred in connection with the Programme.

An Issuer may also pay a Dealer a fee in respect of the Notes subscribed by it, may agree to reimburse the Dealers for certain expenses incurred in connection with this Programme and may indemnify the Dealers against certain liabilities in connection with the offer and sale of Notes.

The Joint Arrangers and Programme Managers, each Dealer and the Agents (as relevant), their subsidiaries, directors and employees or the funds which they manage or advise or the funds within which they may have a direct or indirect interest may, from time to time:

- have long or short positions in, or buy and sell (on a principal basis or otherwise), or have pecuniary or other interests in, or act as a market maker in the Notes mentioned in this Information Memorandum or securities, derivatives, commodities, futures or options identical or related to the Notes, and may also have interests pursuant to other arrangements;
- may receive fees, brokerage and commissions; and
- may act as principal in dealing in any Notes.

### **References to credit ratings**

There are references in this Information Memorandum to the credit ratings of Fonterra and of the Notes. A credit rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by the relevant rating agency. No rating agency was involved in the preparation of this Information Memorandum. Each credit rating should be evaluated independently of any other credit rating.

*Credit ratings are for distribution only to a person (a) who is not a "retail client" within the meaning of section 761G of the Corporations Act and is also a person in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it.*

### **Currency of information**

The information contained in this Information Memorandum is prepared as of its Preparation Date.

Neither the delivery of this Information Memorandum nor any offer, issue or sale made in connection with this Information Memorandum at any time implies that:

- the information contained in this Information Memorandum is correct;
- that any other information supplied in connection with the Programme is correct; or

- that there has not been any change (adverse or otherwise) in the financial conditions or affairs of the Issuers or the Guarantor,

at any time subsequent to the Preparation Date. In particular, no Issuer is under any obligation to any person to update this Information Memorandum at any time after an issue of Notes by itself or any other Issuer.

In this Important Notice section, "**Preparation Date**" means:

- in relation to this Information Memorandum, the date indicated on its face or, if the Information Memorandum has been amended or supplemented, the date indicated on the face of that amendment or supplement;
- in relation to financial statements incorporated in this Information Memorandum, the date up to or as at the date on which the accounts relate; and
- in relation to any other item of information which is to be read in conjunction with this Information Memorandum, the date indicated on its face as being its date of release.

## Corporate Profile

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### Fonterra Co-operative Group Limited

Fonterra Co-operative Group Limited (“**Fonterra**”) is a co-operative company, incorporated under the Companies Act 1993 of New Zealand and registered under the Co-operative Companies Act 1996 of New Zealand.

Fonterra was formed in 2001 when New Zealand’s two leading dairy co-operatives merged and integrated with the industry’s marketing arm, the New Zealand Dairy Board. Following this merger, Fonterra became New Zealand’s largest company by revenue.

As a co-operative, Fonterra is owned and supplied by around 10,000 farmer shareholders in New Zealand. Fonterra collects approximately 82 per cent. of New Zealand’s total milk supply.<sup>1</sup>

Fonterra’s farmer shareholders are required to hold a number of shares in Fonterra linked to the amount of milk they supply to Fonterra. In 2012, Fonterra implemented a 'Trading Among Farmers' regime which allows farmer shareholders to trade shares between themselves, instead of Fonterra being required to issue and redeem shares. This increases the stability of Fonterra's capital base.

Fonterra is the largest processor of milk in the world with a sales network spanning more than 140 countries. Through its integrated 'grass to glass' supply chain, Fonterra delivers high quality dairy products to a portfolio of customers and consumers around the world.

Fonterra is a global leader in dairy nutrition – the preferred supplier of dairy ingredients to many of the world’s leading food companies – and a market leading foodservice and consumer brands business with leading dairy brands in Australia and New Zealand, Asia, Africa, the Middle East and Latin America. Fonterra produces more than two million tonnes of dairy ingredients, value-added dairy ingredients, specialty ingredients, and consumer products every year.

In addition to its ingredients and consumer brands businesses, Fonterra has an international farming business which builds and operates large scale dairy farms in China.

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<sup>1</sup> Derived from Fonterra's analysis of the Dairy Companies Association of New Zealand milk production data at 31 May 2017 and Fonterra's internal data.

## **New Zealand Milk (Australasia) Pty Ltd**

New Zealand Milk (Australasia) Pty Ltd (“**NZMA**”) is the holding company for all of Fonterra’s Australian operations (“**NZMA Group**”), holding the consumer and foodservice, and ingredients, business units in Australia. NZMA is indirectly 100 per cent. owned by Fonterra.

NZMA Group’s core business involves the acquisition of milk from Australian farmers and the manufacture and sale of dairy ingredients, both advanced and base ingredients, and dairy consumer goods.

NZMA Group collects around 2 billion litres of milk annually from around 1,300 farms and processes approximately 22 per cent. of the Australian milk supply. Unlike Fonterra, NZMA’s farmer suppliers are not shareholders.

Through its 7 manufacturing sites located across Victoria and Tasmania, NZMA Group produces bulk ingredients and fast moving consumer goods. NZMA Group produces dairy ingredients including milk powders, cheese, butter, milk concentrates, cream, milk and whey proteins. In the Australian domestic market these ingredients are supplied to the bakery, confectionary/chocolate, health and nutrition, and processed food sectors.

NZMA Group produces consumer brands in cheese and spreads. These products are offered through a broad range of well recognised brand names including Perfect Italiano™, Mainland™, Bega™ and Western Star™.

## Summary of the Programme

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*The following is a brief summary of the Programme only and should be read in conjunction with the rest of this Information Memorandum, and in relation to any Notes, the applicable Conditions and any relevant Pricing Supplement. A term used below but not otherwise defined has the meaning given to it in the Conditions. A reference to a "Pricing Supplement" does not limit the provisions or features of this Programme which may be supplemented, amended, modified or replaced by a Pricing Supplement in relation to a particular Tranche or Series of Notes.*

- Issuers:** Fonterra Co-operative Group Limited ("**Fonterra**")  
New Zealand Milk (Australasia) Pty Ltd (ABN 23 003 502 654) ("**NZMA**").
- Fonterra may from time to time appoint any wholly owned Subsidiary of itself, or, where Fonterra is engaged in business through a permanent establishment in Australia, that permanent establishment, as a new issuer. Details of any such appointment will be set out in the relevant Pricing Supplement (or another supplement to this Information Memorandum).
- Guarantee:** Notes issued by NZMA under the Programme will have the benefit of the Deed of Guarantee and Indemnity dated 10 June 2011 and executed by Fonterra, as amended, supplemented or replaced from time to time, or such other deed poll executed by the Issuer as may be specified in the applicable Pricing Supplement in respect of a Tranche of Notes.
- Programme:** A combined non-underwritten revolving programme under which, subject to applicable laws and directives, the Issuers may elect to issue short term and medium term notes (and other debt instruments) (collectively referred to as "**Notes**") in registered uncertificated form.
- Programme Amount:** There is no Programme limit.
- Programme Term:** The term of the Programme continues until terminated by Fonterra giving 30 days' notice to the Joint Arrangers and Programme Managers and Dealers or earlier by agreement between Fonterra and the Joint Arrangers and Programme Managers.
- Joint Arrangers and Programme Managers:** National Australia Bank Limited  
Westpac Banking Corporation
- Dealers:** The initial Dealers are:
- Australia and New Zealand Banking Group Limited  
Citigroup Global Markets Australia Pty Limited  
Commonwealth Bank of Australia  
Deutsche Bank AG, Sydney Branch  
National Australia Bank Limited  
Westpac Banking Corporation
- Additional Dealers may be appointed by the Issuer from time to time for a specific Tranche of Notes (details of such appointment may be set out in the relevant Pricing Supplement) or by the Issuers to the Programme generally under, as the case may be, a Subscription Agreement, a dealer agreement or another agreement, in each case incorporating the applicable terms of the Dealer Agreement dated 10 June 2011, as amended, supplemented or replaced from time to time ("**Dealer Agreement**"). A list of the current permanent Dealers may be obtained from the Issuers or the Joint Arrangers and Programme Managers.

*Contact details and particulars of the applicable Australian Business Number and Australian financial services licence number for the Joint*

*Arrangers and Programme Managers and each of the above named Dealers are set out in the section entitled "Directory" below.*

- Registrar:** Computershare Investor Services Pty Limited (ABN 48 078 279 277) or such other person appointed by the Issuer to perform registry functions and to establish and maintain a register and to provide other administrative services in respect of such Notes on the Issuer's behalf from time to time ("**Registrar**").
- Details of the appointment of any alternative or additional Registrar in respect of a Tranche or Series will be notified in the relevant Pricing Supplement.
- Issuing and Paying Agent:** The issuing and paying agent for a particular Tranche or Series will be the Registrar or such other person appointed by the Issuer to act as issuing agent or paying agent on the Issuer's behalf from time to time ("**Issuing and Paying Agent**").
- Details of the appointment of any alternative or additional Issuing and Paying Agent in respect of a Tranche or Series will be notified in the relevant Pricing Supplement.
- Calculation Agent:** A Calculation Agent may be named in the Pricing Supplement in respect of each Tranche of Notes. The Issuer may terminate the appointment of the Calculation Agent, appoint additional or other Calculation Agents or elect to have no Calculation Agent. Where no Calculation Agent is appointed, the calculation of interest and principal payments in respect of Notes will be made by the Issuer.
- Agents:** Each Registrar, Issuing and Paying Agent, Calculation Agent and any other person appointed by the Issuer to perform other agency functions with respect to any Tranche or Series of Notes (details of such appointment may be set out in the relevant Pricing Supplement).
- Status and ranking:** Unless otherwise specified in the Pricing Supplement, Notes will be direct, unsubordinated and unsecured obligations of the Issuer and will rank at least equally with all other unsecured and unsubordinated obligations of the Issuer except liabilities mandatorily preferred by law.
- Governing law:** Notes and all related documentation will be governed by the laws of New South Wales.
- Use of proceeds:** The net proceeds of any issue of Notes will be used by the Issuer for general corporate purposes.
- Method of Issue:** The Issuer may from time to time issue Notes in one or more Tranches within one or more Series. Tranches of Notes within a particular Series may have various issue dates, issue prices and interest commencement dates and, in respect of the first interest payment (if any) but will otherwise be issued on identical terms and conditions. The Notes of each Series are intended to be fungible with all other Notes of that Series to the extent permitted by law or directive. However, in certain circumstances, Notes of a particular Tranche may not be nor become fungible with Notes of any other Tranche or Tranches forming part of the same Series until a specified time following the issue thereof, all as described in the relevant Pricing Supplement.
- Types of Notes:** The types of Notes that may be issued under the Programme include fixed rate notes, floating rate notes, indexed notes, zero coupon notes, and

amortising notes (all as defined in the Conditions and the relevant Pricing Supplement) and any other notes referred to in the Pricing Supplement.

The Notes of any Series may be described as “STNs” or “MTNs” (as applicable), “Notes”, “Bonds” or by any other marketing name specified in a relevant Pricing Supplement.

**Form of Notes:** Notes will be debt obligations of the Issuer which are constituted by, and owing under, the Deed Poll dated 10 June 2011 and executed by the Issuers, as amended, supplemented or replaced from time to time, or such other deed poll executed by the Issuer as may be specified in the applicable Pricing Supplement (each a “**Deed Poll**”).

Notes will take the form of entries in a register (“**Register**”).

**Clearing Systems:** Notes may be transacted either within or outside any Clearing System (as defined below).

The Issuer may apply to Austraclear Ltd (ABN 94 002 060 773) (“**Austraclear**”) for approval for Notes to be traded on the clearing and settlement system operated by it (“**Austraclear System**”). Upon approval by Austraclear, those Notes will be traded through Austraclear in accordance with the rules and regulations of the Austraclear System. Such approval by Austraclear is not a recommendation or endorsement by Austraclear of such Notes.

Interests in Notes may also be traded on the settlement system operated by Euroclear Bank SA/NV (“**Euroclear**”) or the settlement system operated by Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”) or any other clearing system outside Australia specified in the relevant Pricing Supplement (the Austraclear System, Euroclear, Clearstream, Luxembourg and any other clearing system so specified, each a “**Clearing System**”).

Interest in Notes traded in the Austraclear System may be held through Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in Notes in Euroclear would be held in the Austraclear System by a nominee of Euroclear (currently HSBC Custody Nominees (Australia) Limited) while entitlements in respect of holdings of interests in Notes in Clearstream, Luxembourg would be held in the Austraclear System by a nominee of J.P. Morgan Chase Bank, N.A. as custodian for Clearstream, Luxembourg.

The rights of a holder of interests in a Note held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System.

The rights of a holder of interests in a Note held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System. In addition, any transfer of interests in a Note, which is held through Euroclear or Clearstream, Luxembourg will, to the extent such transfer will be recorded on the Austraclear System, be subject to the Corporations Act and the requirements for minimum consideration as set out in the Conditions.

The Issuer will not be responsible for the operation of the clearing

arrangements which is a matter for the clearing institutions, their nominees, their participants and the investors.

- Negative Pledge:** In respect of MTNs only, as set out in Condition 4.2 (“Negative Pledge”).
- Currency:** Subject to all applicable laws and directives, Notes will be denominated in Australian dollars or such other freely transferable and freely available currencies as may be specified in the relevant Pricing Supplement.
- Denominations:** Unless otherwise specified in a Pricing Supplement, Notes will be issued in denominations of A\$100,000, and may only be issued if the aggregate consideration payable to the Issuer is a minimum of A\$500,000 (or the equivalent in an alternate currency) (disregarding any moneys lent by the Issuer or its associates to the Holders) or if the Notes are otherwise issued as a result of an offer or invitation which does not require disclosure to be made under Parts 6D.2 or 7.9 of the Corporations Act.
- Tenor:** Subject to all applicable laws and directives, Notes may have any maturity as may be specified in the applicable Pricing Supplement or as may be agreed between the Issuer and the relevant purchasing Dealer.
- Issue Price:** Subject to all applicable laws and directives, Notes may be issued at any price on a fully or partly paid basis, as specified in a relevant Pricing Supplement.
- Redemption:** Notes will be redeemed on, and may be redeemed prior to their scheduled maturity as more fully set out in the Conditions and a relevant Pricing Supplement.
- Notes entered in the Austraclear System will be redeemed through Austraclear in a manner consistent with the Austraclear Regulations.
- Events of Default:** Events of Default which may occur in relation to a Series of MTNs are described in Condition 7 (“Events of Default”).
- Early Redemption (Tax):** In respect of MTNs only, as set out in Condition 6.3 (“Redemption for taxation reasons”).
- Payments:** Payments on the Notes will be made as more fully set out in the Conditions and a relevant Pricing Supplement.
- Payments of principal, interest and other amounts on Notes entered in the Austraclear System will be made in accordance with Austraclear Regulations.
- Title:** Entry of the name of a person in the relevant Register (if applicable) in respect of any Note constitutes the obtaining or passing of title and is conclusive evidence that the person so entered is the registered owner of such Note subject to correction for fraud or proven error.
- Title to Notes held in a Clearing System will be determined in accordance with the rules and regulations of that relevant Clearing System.
- Notes held in the Austraclear System will be registered in the name of Austraclear.
- No certificates or other evidence of title in respect of any Notes will be issued unless the Issuer determines that certificates should be available or it is required to do so pursuant to any applicable law, regulation or directive.
- Title to other Notes will depend on the form of those Notes as specified in

the relevant Pricing Supplement.

**Transfer procedure:** Notes may only be transferred in whole but not in part and in accordance with the Conditions.

Unless otherwise specified in an applicable Pricing Supplement, Notes may only be transferred if:

- (a) the offer or invitation giving rise to the transfer is for an aggregate consideration of at least A\$500,000 (or its equivalent in an alternative currency, and in either case, disregarding amounts lent by the transferor or its associates to the transferee) or the offer or invitation resulting in transfer must not otherwise require disclosure to be made under Parts 6D.2 or 7.9 of the Corporations Act;
- (b) at all times, the transfer complies with all applicable laws and directives of the jurisdiction where the transfer takes place; and
- (c) the Issuer does not incur any additional disclosure obligations under the laws of the jurisdiction in which the transfer takes place.

Transfers of Notes (or interests in Notes) held in a Clearing System will be made in accordance with the rules and regulations of the relevant Clearing System.

Restrictions on the transfer of Notes may also be set out in a relevant Pricing Supplement or in another supplement to the Information Memorandum.

**Australian tax:** A brief overview of the Australian taxation treatment of payments of interest on Notes and certain other matters is set out in the section entitled “Australian Taxation” below. However, investors should obtain their own taxation advice regarding the taxation status of investing in any Notes.

**New Zealand tax:** In addition to the brief summary of certain provisions below, a brief overview of the New Zealand taxation treatment of payments of interest on Notes and certain other matters is also set out in the section entitled “New Zealand Taxation” below. However, investors should obtain their own taxation advice regarding the taxation status of investing in any Notes.

All payments of principal and interest by Fonterra in respect of the Notes will be made free and clear of withholding taxes of New Zealand except as otherwise specified in the relevant Pricing Supplement and as summarised below. No additional amounts will be payable to a Holder with respect to any withholding or deduction for or on account of New Zealand resident withholding tax. Additional amounts will be payable to the Holder with respect to any withholding or deduction for or on account of New Zealand non-resident withholding tax, subject to certain exclusions.

*Approved issuer levy*

Fonterra has been approved by the New Zealand Inland Revenue Department as an “approved issuer” for the purposes of the approved issuer levy regime. Fonterra intends to pay the approved issuer levy so that all payments of interest made by it that would otherwise be subject to New Zealand non-resident withholding tax at a rate greater than zero percent can be made without having to deduct non-resident withholding tax. However, the approved issuer levy regime may not apply in certain circumstances.

**Stamp duty:** Any stamp duty incurred at the time of issue of the Notes will be for the account of the Issuer. Any stamp duty incurred on a transfer of Notes will

be for the account of the relevant investors. As at the date of this Information Memorandum, no *ad valorem* stamp duty is payable in any Australian State or Territory on the issue, transfer or redemption of the Notes. However, investors are advised to seek independent advice regarding any stamp duty or other taxes imposed by another jurisdiction upon the transfer of Notes, or interests in Notes, in any jurisdiction outside Australia. New Zealand does not currently have stamp duty.

**FATCA and CRS:**

Payments under the Notes may be subject to withholding of U.S. tax pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) or similar laws implementing an inter-governmental approach on FATCA. FATCA is particularly complex legislation and its application may vary depending on the circumstances and information provided by the investor.

In the event that any amount is required to be withheld or deducted from a payment on the Notes as a result of FATCA, pursuant to the terms and conditions of the Notes, no additional amounts will be paid by the Issuer as a result of the deduction or withholding.

Investors should consult their own tax advisers on how these rules may apply to them under the Notes.

FATCA requires certain financial institutions to report information regarding certain accounts (which may include the Notes) to the U.S. Internal Revenue Service and/or their local tax authority and follow related due diligence procedures.

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (“**CRS**”) also requires certain financial institutions to report information regarding certain accounts (which may include the Notes) to their local tax authority and follow related due diligence procedures. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. Accordingly, investors may be requested to provide certain information and certifications to ensure compliance with FATCA and the CRS.

**Listing:**

The Issuer does not currently intend that any Notes will be listed on any stock exchange. However, application may be made for one or more Tranches of MTNs issued pursuant to the Programme to be listed on the Australian Securities Exchange or any other stock exchange. MTNs which are listed on the Australian Securities Exchange will not be transferred through or registered on CHESS and will not be “Approved Financial Products”.

The applicable Pricing Supplement in respect of the issue of any Tranche of MTNs will specify whether or not Notes of a Series will be quoted on any stock or securities exchange.

**Selling Restrictions:**

The offering, sale and delivery of Notes and the distribution of this Information Memorandum and other material in relation to any Notes are subject to restrictions as may apply in any country in connection with the offering and sale of a particular Tranche of Notes including, in particular, restrictions in Australia, New Zealand, the United Kingdom, the United States of America, Hong Kong, Singapore and Japan. Certain selling restrictions applicable to the offer, sale or delivery of Notes are described in the section entitled “Subscription and Sale” below.

**Credit rating:**

Notes to be issued under the Programme may be rated.

Fonterra has been assigned the following long-term ratings:

Fitch: A, with a stable outlook.

S&P Global Ratings: A-, with a stable outlook.

*A credit rating is not a recommendation to buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.*

*Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act and is also a person in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it.*

***Investors to obtain independent advice with respect to investment and other risks***

***This Information Memorandum does not describe the risks of an investment in any Notes. Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.***

# Conditions

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*The following are the Conditions of the Notes which, as supplemented, amended, modified or replaced in relation to any Notes by a relevant Pricing Supplement, will be applicable to each Series of Notes.*

*Each Tranche may be the subject of a Pricing Supplement. References in the Conditions to the “Pricing Supplement” are references to the Pricing Supplement applicable to the relevant Tranche of Notes.*

*References to “Pricing Supplement” in these Conditions do not limit the provisions which may be supplemented, amended, modified or replaced by the Pricing Supplement in relation to a particular Series of Notes.*

*References in the Conditions to “Notes” are, unless the contrary intention appears, to the Notes of one Series only, not to all Notes which may be issued under the Programme. Terms used in the relevant Pricing Supplement will, unless the contrary intention appears, have the same meaning where used in the Conditions.*

*References to “the Issuer” in these Conditions are to be construed as references to the relevant Issuer specified in the relevant Pricing Supplement.*

*Each Holder and any person claiming through or under a Holder is deemed to have, and the Notes are issued on the condition that such Holder has, notice of, and is bound by these Conditions (including any Pricing Supplement), the Information Memorandum and the Deed Poll. Copies of each of these documents (to the extent they relate to a Tranche of Notes) are available for inspection by any Holder of such Tranche at the offices of the Issuer, the Registrar and, in the case of the Deed Poll and the Information Memorandum, the Joint Arrangers and Programme Managers at their respective addresses specified in the Information Memorandum.*

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## 1 Interpretation

### 1.1 Definitions

The following words have these meanings in these terms and conditions unless the contrary intention appears:

**Additional Amounts** has the meaning given to that term in Condition 8.7 (“Taxation – Additional Amounts”);

**Additional Issuer** means an entity appointed in accordance with Condition 18 (“Issuer Appointment”);

**Agency and Registry Agreement** means:

- (a) the agreement entitled “Registrar and Paying Agency Services Agreement” dated 27 November 2009 (as amended or supplemented from time to time) between Fonterra, NZMA and Computershare Investor Services Pty Limited (ABN 48 078 279 277);
- (b) any other agreement between the Issuer and a Registrar in relation to the establishment and maintenance of a Register (and/or the performance of any payment or other duties) for any issue of Notes; and/or
- (c) any other agency agreement between the Issuer and an Agent in connection with any issue of Notes;

**Agent** means each of the Registrar, the Issuing and Paying Agent, the Calculation Agent and any additional agent appointed under an Agency and Registry Agreement, or any of them as the context requires;

**Amortisation Yield** means the amortisation yield specified in the Pricing Supplement;

**Amortised Face Amount** means in relation to an MTN, an amount equal to the sum of:

- (a) the Purchase Price specified in the Pricing Supplement; and
- (b) the product of the Amortisation Yield specified in the Pricing Supplement (compounded annually) being applied to the Purchase Price (as specified in the Pricing Supplement) from (and including) the Issue Date specified in the Pricing Supplement to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the MTN becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction specified in the Pricing Supplement;

**Applicable Business Day Convention** means the Business Day Convention specified in the Pricing Supplement as applicable to any date in respect of the Note or, if none is specified, the Applicable Business Day Convention for such purpose is the Following Business Day Convention. Different Business Day Conventions may apply, or be specified in relation to, the Interest Payment Dates and any other date or dates in respect of any Notes;

**Approved Joint Venture** means any corporation, partnership, trust or other vehicle or joint venture arrangement which satisfies the following criteria:

- (a) the relevant Principal Subsidiary and/or Fonterra and/or one or more Subsidiaries of Fonterra owns directly or indirectly the rights to at least 49% of all income distributable to the owners or beneficiaries of such corporation, partnership, trust or other vehicle or joint venture arrangement;
- (b) the relevant Principal Subsidiary and/or Fonterra and/or one or more Subsidiaries of Fonterra owns directly or indirectly the rights to at least 49% of all assets distributable upon a solvent termination of the existence of such corporation, partnership, trust or other vehicle or joint venture arrangement; and
- (c) such corporation, partnership, trust or other vehicle or joint venture arrangement carries on the same business as that carried on by the relevant Principal Subsidiary immediately prior to the relevant transfer, amalgamation or merger;

**Austraclear** means Austraclear Ltd (ABN 94 002 060 773);

**Austraclear Regulations** means the regulations known as the “Austraclear Regulations”, together with any instructions or directions (as amended or replaced from time to time) established by Austraclear to govern the use of the Austraclear System and binding on the participants in that system;

**Austraclear System** means the clearing and settlement system operated by Austraclear in Australia for holding securities and electronic recording and settling of transactions in those securities between participants of that system;

**Authorised Officer** of the Issuer means a person who is a director, chief executive officer, corporate delivery director, general counsel, financial controller or treasurer of the Issuer (or such officer of the Issuer howsoever designated as may from time to time replace or succeed such officer) and any other officer of the Issuer, in each case as formally appointed by the Issuer’s directors or their duly authorised delegates;

**Business Day** means:

- (a) if a Note is to be issued or a payment in respect of a Note made, a day (other than a Saturday or Sunday or public holiday):

- (i) on which commercial banks are open for general banking business in Sydney, Melbourne and such other place(s) (if any) specified in the Pricing Supplement;
  - (ii) on which commercial banks settle payments, in the case of Australian Dollars, in Sydney; and
  - (iii) a day on which the Austraclear System is operating; and
- (b) otherwise a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general banking business in Sydney;

**Business Day Convention** means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the Pricing Supplement in relation to any date applicable to any Note, have the following meanings:

- (a) **Floating Rate Convention** means that the date is postponed to the next day which is a Business Day unless that day falls in the next calendar month, in which event:
- (i) such date is brought forward to the first preceding day that is a Business Day; and
  - (ii) each subsequent Interest Payment Date is the last Business Day in the calendar month which is the specified number of months (or other period specified as the Interest Period in the applicable Pricing Supplement) after the calendar month in which the preceding applicable Interest Payment Date occurred;
- (b) **Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day;
- (c) **Modified Following Business Day Convention** or **Modified Business Day Convention** means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is the first preceding day that is a Business Day; and
- (d) **Preceding Business Day Convention** means that the date is brought forward to the first preceding day that is a Business Day;

**Calculation Agent** means, in respect of a Tranche or Series of Notes, the person (if any) specified as such in the Pricing Supplement. The Calculation Agent must be the same for all Notes in a Series;

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd (ABN 49 008 504 532);

**Code** means the United States Internal Revenue Code of 1986, as amended from time to time;

**Conditions** means, in relation to the Notes of a Tranche or Series, these terms and conditions, as supplemented, amended, modified or replaced in respect of that Tranche or Series of Notes by the Pricing Supplement applicable to that Tranche or Series, and references to a particular numbered “**Condition**” will be construed accordingly;

**Consolidated Financial Statements** means, at any date, consolidated financial statements of the Group as at that date prepared in accordance with NZ GAAP and on a basis consistent with the most recent audited consolidated financial statements of the Group, except to the extent (if any) expressly disclosed in the notes to such statements or otherwise disclosed to the Holders;

**Day Count Fraction** means, in respect of the calculation of an amount for any period of time (“**Calculation Period**”), the day count fraction specified in the Pricing Supplement and:

- (a) if “**Actual/Actual (ICMA)**” is so specified, means:
  - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period, and (2) the number of Regular Periods normally ending in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period, and (2) the number of Regular Periods normally ending in any year;
- (b) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:
  - (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
  - (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) **Actual/365 (Fixed)** is so specified, the actual number of days in the Calculation Period divided by 365;
- (d) **Actual/360** is specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if “**30/360**”, “**360/360**” or “**Bond Basis**” is so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- “**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;
- “**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- “**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (f) if “**30E/360**” or “**Eurobond basis**” is so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (g) if “**30E/360 (ISDA)**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30;

- (h) if “**RBA Bond Basis**” or “**Australian Bond Basis**” is specified, one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute an Interest Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:

- (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
  - (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365); or
- (i) if “**RBNZ Bond Basis**” or “**NZ Govt Bond Basis**” is so specified, means one divided by the number of Interest Payment Dates in a year;

**Deed of Guarantee and Indemnity** means, in respect of any Notes issued by an Issuer other than Fonterra, the deed poll guarantee and indemnity granted by Fonterra dated 10 June 2011 or such other deed of guarantee and indemnity entered into by Fonterra in respect of the obligations of that Issuer and specified in the Pricing Supplement;

**Deed Poll** means:

- (a) the deed poll entitled “Deed Poll” and dated 10 June 2011; and
- (b) such other deed poll that supplements, amends, amends and restates, modifies or replaces the deed poll referred to above, or which is otherwise acknowledged in writing to be a deed poll for the purposes of the Programme,

and in each case, executed by the Issuers;

**Denomination** means the notional face value of a Note as specified in the Pricing Supplement;

**Early Redemption Amount** means in relation to an MTN, the Outstanding Principal Amount or, if the MTN is non-interest bearing, the Amortised Face Amount or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement;

**Event of Default** means an event so described in Condition 7 (“Events of Default”);

**Extraordinary Resolution** has the same meaning as in the Meetings Provisions;

**FATCA** means:

- (a) sections 1471 to 1474 of the Code or any associated regulations or other guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
- (c) any agreement under the implementation of paragraphs (a) or (b) above, with the United States Internal Revenue Service, the United States government or any governmental or taxation authority in any other jurisdiction;

**Final Broken Amount** has the meaning given to it in the Pricing Supplement;

**Fixed establishment** has the meaning given in the Income Tax Act 2007 of New Zealand;

**Fonterra** means Fonterra Co-operative Group Limited;

**Government Agency** means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity;

**Group** means, at any time, Fonterra and its Subsidiaries at that time;

**Guarantee** means, in relation to any Indebtedness of any person, any obligation of another person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

**Holder** means, in respect of a Note, the person whose name is for the time being entered in a Register as the holder of that Note or, where that Note is held jointly by two or more persons, the persons whose names appear in the Register as the joint holders of that Note and (for the avoidance of doubt) when a Note is entered into the Austraclear System, includes Austraclear as the operator of that system;

**Indebtedness** means any indebtedness of any person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**Information Memorandum** means, in respect of a Note:

- (a) the Information Memorandum dated 16 October 2017 or the then latest information memorandum which replaces that document; or
- (b) the information memorandum or other offering document referred to in the Pricing Supplement,

in each case prepared by, or on behalf of, and approved in writing by, the Issuers in connection with the issue of Notes and all documents incorporated by reference in it, including a Pricing Supplement and any other amendments or supplements to it;

**Initial Broken Amount** means the amount specified as such in the Pricing Supplement;

**Interest Commencement Date** means the Issue Date or such other date as may be specified as such in the Pricing Supplement;

**Interest Determination Date** has the meaning specified as such in the Pricing Supplement;

**Interest Payment Date** means the date or dates specified as such in, or determined in

accordance with the provisions of, the Pricing Supplement and adjusted, if necessary, in accordance with the Applicable Business Day Convention;

**Interest Period** means each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date provided that the first Interest Period commences on and includes the Interest Commencement Date and the final Interest Period ends on but excludes the Maturity Date;

**Interest Rate** means the rate or rates (expressed as a percentage per annum) or amount or amounts (expressed as a price per Australian Dollar) of interest payable in respect of the MTNs specified in, or calculated or determined in accordance with the provisions of, the Pricing Supplement and in the case of floating rate MTNs, the rate determined in accordance with Condition 5.3 ("Interest - floating rate");

**Issue Date** means the day on which any Note is or is to be issued as specified in or determined in accordance with the provisions of the Pricing Supplement;

**Issuer** means, in respect of a Series, the Issuer specified in the relevant Pricing Supplement, being Fonterra, NZMA, any Substituted Issuer appointed in accordance with Condition 19 ("Substitution of Issuer") or any Additional Issuer. All references in these Conditions to "the Issuer" must be read and construed as references to the Issuer of the relevant Series of Notes;

**Issuing and Paying Agent** means:

- (a) Computershare Investor Services Pty Limited (ABN 48 078 279 277); and/or
- (b) any other person appointed by the Issuer under an Agency and Registry Agreement and specified in the relevant Pricing Supplement to perform issuing and paying agency functions on the Issuer's behalf from time to time with respect to a Series or Tranche of Notes;

**Joint Arrangers and Programme Managers** means, at any time, such persons then appointed by the Issuer who has consented to act as arranger and programme manager for the Programme;

**Margin** means the margin specified in, or determined in accordance with the provisions of, the Pricing Supplement;

**Material Adverse Effect** means any thing which has a material adverse effect upon the Issuer's ability to perform its payment obligations under the Notes;

**Maturity Date** means the date for redemption of a Note or, in the case of an amortising MTN, the date on which the last instalment of principal is payable;

**Maturity Redemption Amount** means in relation to an MTN, the Outstanding Principal Amount or such other redemption amount as may be specified in, or calculated or determined in accordance with the provisions of, the Pricing Supplement;

**Maximum Interest Rate** means the Maximum Interest Rate specified in, or calculated or determined in accordance with the provisions of, the Pricing Supplement;

**Meetings Provisions** means the provisions for the convening of meetings of, and passing of Resolutions by, MTN Holders set out as a schedule to the Deed Poll;

**Minimum Interest Rate** means the Minimum Interest Rate specified in, or calculated or determined in accordance with the provisions of, the Pricing Supplement;

**MTN** means a medium term debt obligation (however described) constituted by, and owing

under, the Deed Poll, the details of which are recorded in, and evidenced by, inscription in a Register;

**MTN Holder** means a Holder of an MTN;

**Note** means:

- (a) an MTN; and/or
- (b) an STN;

**NZMA** means New Zealand Milk (Australasia) Pty Ltd (ABN 23 003 502 654);

**NZ GAAP** means generally accepted accounting practice in New Zealand as defined in section 8 of the Financial Reporting Act 2013 of New Zealand;

**Offshore Associate** means an associate (as defined in section 128F of the Income Tax Assessment Act 1936 of Australia) of the Issuer that is either:

- (a) a non-resident of Australia which does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia; or
- (b) a resident of Australia that acquires the Notes in carrying on a business at or through a permanent establishment outside Australia;

**Ordinary Resolution** has the same meaning as in the Meetings Provisions;

**Outstanding Principal Amount** means in respect of any Note which is outstanding at any time, the Denomination of the Note less the aggregate of any part of the principal amount of that Note that has been paid or otherwise satisfied by the Issuer and for such purposes:

- (a) the premium of a Note to be redeemed at a premium is to be taken to be added to the principal amount;
- (b) the principal amount of a Note issued at a discount is to be taken as at any time to equal its Denomination or, if provided for in its Conditions, its Amortised Face Amount at that time;
- (c) the principal amount of a partly paid Note is to be taken to equal its outstanding principal amount; and
- (d) if a Note is repayable in instalments, the Outstanding Principal Amount at any time is to be taken to be the Denomination of the Note less the aggregate of each instalment repaid as at that time, to the extent that the instalment relates to a payment of principal;

**Payment Date** means, in respect of a Note, an Interest Payment Date, the Maturity Date or other relevant date (including an early payment date) on which the Issuer must make a payment under that Note;

**Principal Subsidiary** means, at any time, on the basis of the then most recent audited consolidated financial statements of the Group and the then most recent audited or, if not available, unaudited financial statements (consolidated, if applicable) of the relevant Subsidiary:

- (a) any Subsidiary whose total assets (consolidated, if applicable) represent at least 10% of the Total Assets of the Group;
- (b) any Subsidiary whose total net sales (consolidated, if applicable) represent at least 10% of the total net sales of the Group; or

- (c) any other Subsidiary of Fonterra (the “**Receiving Subsidiary**”) to which is transferred either:
- (i) all or substantially all of the assets of another Subsidiary which immediately prior to the transfer was a Principal Subsidiary (the “**Disposing Subsidiary**”); or
  - (ii) sufficient assets of Fonterra or another Subsidiary for the Receiving Subsidiary to have been a Principal Subsidiary had the transfer occurred on or before the date of the most recent audited consolidated financial statements of the Group,

*provided that:*

- (d) in the case of paragraph (c) above, the Receiving Subsidiary shall forthwith, upon the transfer, become a Principal Subsidiary and, with effect from the date of publication of the immediately succeeding audited consolidated financial statements of the Group, paragraphs (a) and (b) above shall determine whether the Disposing Subsidiary and the Receiving Subsidiary are Principal Subsidiaries or not; and
- (e) a certificate signed by two directors of Fonterra certifying that in their opinion a Subsidiary is or is not or was or was not on a specified date a Principal Subsidiary shall, in the absence of a manifest error, be conclusive and binding on all parties;

**Pricing Supplement** means the Pricing Supplement prepared and issued in relation to each Tranche of Notes which has been confirmed in writing by the Issuer;

**Programme** means the Issuer’s uncommitted revolving debt issuance programme for the issuance of STNs, MTNs and other debt instruments as described in the Information Memorandum;

**Purchase Price**, in respect of a Note, means the purchase price so specified in the relevant Pricing Supplement;

**Record Date** means, in the case of payments of interest or principal, the close of business in the place where the Register is maintained on the date which is the seven days before the relevant date for payment or such date that may be specified in the relevant Pricing Supplement;

**Reference Banks** means the institutions specified as such in the Pricing Supplement or, if none, four major banks selected by the Calculation Agent on the inter-bank market that is most closely connected with the Reference Rate;

**Reference Rate** means, in relation to a Note, the rate so specified in the relevant Pricing Supplement;

**Register**, in relation to a Series of Notes, means a register, including any branch register, of Holders established and maintained by, or on behalf of the Issuer by, the Registrar in which is entered the names and addresses of Holders, the amount of Notes held by each Holder and the Tranche, Series and date of issue and transfer of those Notes, and any other particulars which the Issuer see fit;

**Registrar** means:

- (a) Computershare Investor Services Pty Limited (ABN 48 078 279 277); or
- (b) any other person appointed by the Issuer pursuant to an Agency and Registry Agreement to establish and maintain the Register and provide issuance, calculation, payment and other administrative services in respect of such Notes on the Issuer’s behalf from time to time;

**Regular Period** means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each Interest Period;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**Related Body Corporate**, in relation to a person, means a body corporate that is related to that person by virtue of section 50 of the Corporations Act;

**Relevant Date** means the date on which a payment in respect of the Notes first becomes due, except that if the full amount payable has not been received by the Registrar on or before the due date, it means the date on which, the full amount having been so received, notice to that effect is given to the Holders in accordance with Condition 11 ("Notices");

**Relevant Financial Centre** means the city specified as such in the Pricing Supplement or, if none, the city most closely connected with the Reference Rate in the determination of the Calculation Agent;

**Relevant Indebtedness** means any Indebtedness which is in the form of or is represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market), whether or not initially distributed by means of a private placement;

**Relevant Screen Page** has the meaning specified as such in the Pricing Supplement;

**Resolution** means an Extraordinary Resolution or Ordinary Resolution, as the context requires;

**Security Interest** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

**Series** means a Tranche or Tranches of Notes which have identical terms, except that:

- (a) the Issue Date and (unless the Notes are approved for trading in the Austraclear System) the amount of the first payment of interest may be different in respect of different Tranches of a Series; and
- (b) a Series may comprise Notes in more than one Denomination;

**STN** means a short term registered debt obligation of the Issuer constituted by, and owing under the Deed Poll, the details of which are recorded in, and evidenced by, inscription in a Register;

**Subscription Agreement** means an agreement between the Issuer and one or more dealers for the issue by the Issuer and the subscription by those dealers of any Notes;

**Subsidiary** means, in relation to any person:

- (a) a subsidiary within the meaning of section 5 of the Companies Act 1993 of New Zealand (or any other person which would be a subsidiary of that person if that person and the other person were both registered under the Companies Act 1993 of New Zealand); or
- (b) a “subsidiary” in accordance with NZ GAAP,

of that person;

**Total Assets** means, at any date, the aggregate amount on a consolidated basis of all assets of the Group as at the date of the latest available Consolidated Financial Statements, if they were prepared as at that date;

**Tranche** means Notes specified as such in the relevant Pricing Supplement issued on the same Issue Date and the terms of which are identical in all respects (except that a Tranche may comprise Notes in more than one Denomination);

**Transaction Documents** means each of the Deed Poll, each Pricing Supplement, each Subscription Agreement, the Agency and Registry Agreement and any other instrument specified as such in a Pricing Supplement; and

**Winding-Up** means an procedure, whether brought or instigated by a Holder or any other person, for the winding up, liquidation or dissolution of the Issuer otherwise than for the purposes of, and followed by, an amalgamation or solvent reconstruction on terms previously approved by an Extraordinary Resolution of all Holders.

## 1.2 Interpretation

In these Conditions unless the contrary intention appears:

- (a) a reference to “**these Conditions**” is a reference to these Conditions as modified, supplemented or replaced by the Pricing Supplement;
- (b) “**law**” means common law, principles of equity, decree and any statute or other law made by any parliament (and a statute or other law made by parliament includes State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (c) “**directive**” includes a treaty, official directive, request, regulation, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply;
- (d) the singular includes the plural and vice versa;
- (e) “**person**” includes an individual, a firm, company, corporation, partnership, joint venture, organisation, a body corporate, an unincorporated association and an authority;
- (f) a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including, persons taking by novation) and assigns;
- (g) anything (including, without limitation, any amount) is a reference to the whole and each part of it;
- (h) a group of persons is a reference to any two or more of them jointly and to each of them individually;

- (i) a reference to an accounting term is a reference to that term as it is used in accordance with NZ GAAP;
- (j) “**Australian dollars**” or “**A\$**” is a reference to the lawful currency of Australia;
- (k) “**New Zealand dollars**” or “**NZ\$**” is a reference to the lawful currency of New Zealand;
- (l) a reference to time is a reference to Sydney time;
- (m) a reference to the “**Corporations Act**” is to the Corporations Act 2001 of Australia;
- (n) if a notice must be given within a certain period of days, the day on which the notice is given, and the day on which the thing is to happen, are not to be counted in calculating that period;
- (o) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (p) the words “**including**” or “**such as**” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
- (q) a reference to a Pricing Supplement is a reference to the Pricing Supplement applicable to the Notes of the particular Tranche specified in that Pricing Supplement.

### 1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are inserted for convenience and do not affect the interpretation of these Conditions.

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## 2 Form, denomination and title

### 2.1 Constitution under Deed Poll

The Notes are registered debt obligations of the Issuer constituted by, and owing under, the Deed Poll and take the form of entries in the Register. Each entry in the Register constitutes a separate and individual acknowledgment to the relevant Holder of the indebtedness of the Issuer to the relevant Holder.

### 2.2 Independent Obligations

The obligations of the Issuer in respect of each Note constitute separate and independent obligations which the Holder to whom those obligations are owed is entitled to enforce without having to join any other Holder or any predecessor in title of a Holder.

### 2.3 Denomination

Unless otherwise specified in the Pricing Supplement:

- (a) Notes are issued in the denomination of A\$100,000; and
- (b) Notes may only be issued if, in the case where the offer or invitation is made in, or into, Australia, the aggregate consideration payable to the Issuer is a minimum of A\$500,000 (or the equivalent in an alternate currency) (disregarding any moneys lent by the Issuer or its associates to the Holders) or if the Notes are otherwise issued as a result of an offer or invitation which does not require disclosure to be made under Parts 6D.2 or 7.9 of the Corporations Act.

## **2.4 Register conclusive**

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the registered holder of the Note, subject to rectification for fraud or error. No Note will be registered in the name of more than four persons. A Note registered in the name of more than one person is held by those persons as joint tenants. Notes will be registered by name only without reference to any trusteeship. The person registered in the Register as a Holder will be treated by the Issuer and the Registrar as the absolute owner of that Note and neither the Issuer nor the Registrar is, except as ordered by a court or as required by statute, obliged to take notice of any other claim to a Note.

## **2.5 Holder absolutely entitled**

Upon a person acquiring title to any Note by virtue of becoming a Holder in respect of that Note, all rights and entitlements arising by virtue of the Deed Poll in respect of that Note vest absolutely in the Holder, such that no person who has previously been the Holder in respect of that Note has or is entitled to assert against the Issuer or the Registrar or the Holder for the time being and from time to time any rights, benefits or entitlements in respect of the Note.

## **2.6 Location of Register**

The Register will be established and maintained in Victoria, Australia.

## **2.7 Certificates**

No certificate or other evidence of title will be issued to Holders by or on behalf of the Issuer to evidence title to a Note unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation. Notes which are held in the Austraclear System will be registered in the name of Austraclear as operator of that system.

## **2.8 Acknowledgment**

Where Austraclear is recorded in a Register as the Holder, each person in whose account that Note is recorded is deemed to acknowledge in favour of the Registrar and Austraclear that:

- (a) the Registrar's decision to act as the Registrar of the Note does not constitute a recommendation or endorsement by the Registrar or the relevant person in relation to the Note but only indicates that such Note is considered by the Registrar to be compatible with the performance by it of its obligations as Registrar under its agreement with the Issuer to act as Registrar of the Note; and
- (b) the Holder does not rely on any fact, matter or circumstance contrary to Condition 2.8(a).

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## **3 Transfers**

### **3.1 Limit on Transfer**

Notes may only be transferred in whole.

### **3.2 Transfers**

Unless otherwise specified in the Pricing Supplement, Notes may only be transferred if:

- (a) in the case where the offer or invitation for the sale or purchase of Notes is received by a person in Australia, the aggregate consideration payable at the time of transfer is a minimum amount of A\$500,000 (disregarding any moneys lent by the transferor or its associates to the transferee) or the Notes are otherwise transferred in a manner

that does not require disclosure to be made under Parts 6D.2 or 7.9 of the Corporations Act;

- (b) at all times, the transfer complies with all applicable laws and directives of the jurisdiction where the transfer takes place; and
- (c) the Issuer does not incur any additional disclosure obligations under the laws of the jurisdiction in which the transfer takes place.

### **3.3 Transfer procedures**

Unless Notes are lodged in the Austraclear System, application for the transfer of Notes must be made by the lodgement of a transfer form with the Registrar. Transfer forms are available from the Registrar. Each form must be accompanied by such evidence (if any) as the Registrar may require to prove the title of the transferor or the transferor's right to transfer the Note and be signed by both the transferor and the transferee.

Notes entered in the Austraclear System will be transferable only in accordance with the Austraclear Regulations.

### **3.4 Registration of transfer**

The transferor of a Note is deemed to remain the holder of that Note until the name of the transferee is entered in the Register in respect of that Note. Transfers will not be registered during the period from the Record Date until the calendar day after the relevant date for payment.

### **3.5 No charge on transfer**

Transfers will be registered without charge provided taxes, duties or other governmental charges (if any) imposed in relation to the transfer have been paid.

### **3.6 Estates**

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Holder or of a vesting order or a person administering the estate of a Holder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the Holder in respect of that Note.

### **3.7 Unincorporated associations**

A transfer to an unincorporated association is not permitted.

### **3.8 Transfer of unidentified Notes**

Where the transferor executes a transfer of less than all Notes of the relevant Tranche or Series registered in its name, and the specific Notes to be transferred are not identified, the Registrar may (subject to the limit on minimum holdings) register the transfer in respect of such of the Notes of the relevant Tranche or Series registered in the name of the transferor as the Registrar thinks fit, provided the aggregate principal amount of the Notes registered as having been transferred equals the aggregate principal amount of the Notes expressed to be transferred in the transfer.

### **3.9 CHESS**

Notes which are listed on the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) will not be transferred through or registered on CHESS and will not be "Approved Financial Products". In the event that an interface between the Register maintained by the Registrar and CHESS is established, the Transaction Documents may be amended to facilitate settlement on CHESS and so that the Notes will become "Approved Financial

Products”.

### **3.10 Taxes**

- (a) The Issuer must bear any stamp duty on the issue and subscription of the Notes.
- (b) The Holder is responsible for all taxes, duties or other governmental charges (if any) imposed in any jurisdiction in connection with any transfer, assignment or any other dealing with the Notes.

### **3.11 Lodged in Austraclear**

If the Notes are lodged in the Austraclear System, despite any other provision of these Conditions, the Notes are not transferable on the Register, and the Issuer may not, and must procure that the Registrar does not, register any transfer of the Notes issued by it and no member of the Austraclear System has the right to request any registration of any transfer of such Notes, except:

- (a) for any repurchase, redemption or cancellation (whether on or before the Maturity Date of the Notes) of such Notes, a transfer of the relevant Notes from Austraclear to the Issuer may be entered in the Register; and
- (b) if Austraclear exercises any power it may have under the Austraclear Regulations or these Conditions, to require the relevant Notes to be transferred on the Register to a member of the Austraclear System, the relevant Notes may be transferred on the Register from Austraclear to the member of the Austraclear System.

In any of these cases, the relevant Notes will cease to be held in the Austraclear System.

### **3.12 Transfer notwithstanding Event of Default**

MTNs may be transferred notwithstanding the occurrence of an Event of Default.

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## **4 Status and Guarantee**

### **4.1 Status**

Notes are direct, unsubordinated and unsecured obligations of the Issuer and rank at least equally with all other unsecured and unsubordinated obligations of that Issuer except liabilities mandatorily preferred by law.

*The following Condition 4.2 does not apply to STNs.*

### **4.2 Negative Pledge**

So long as any MTN remains outstanding, the Issuer shall not, and Fonterra shall procure that none of its Principal Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without:

- (a) at the same time or prior thereto securing the MTN equally and rateably therewith to the satisfaction of the Joint Arrangers and Programme Managers; or
- (b) providing such other security for the MTNs as the Joint Arrangers and Programme Managers may in their absolute discretion consider to be not materially less beneficial to the interests of the Holders of such MTNs or as may be approved by an Extraordinary Resolution of the Holders of such MTNs.

*The following Condition 4.3 does not apply to Notes issued by Fonterra*

#### **4.3 Guarantee**

- (a) Notes issued by the Issuer are issued with the benefit of the unconditional and irrevocable guarantee of Fonterra constituted by the Deed of Guarantee and Indemnity. By the Deed of Guarantee and Indemnity, Fonterra unconditionally and irrevocably guarantees to the Holders, among other things, the payment by the Issuer of the face amount and other amounts due under the Notes.
- (b) The Deed of Guarantee and Indemnity constitutes direct, unconditional, unsubordinated and unsecured obligations of Fonterra.
- (c) The obligations of Fonterra under the Deed of Guarantee and Indemnity rank at least equally with all other unsecured and unsubordinated obligations of Fonterra except liabilities mandatorily preferred by law.

*The following Condition 5 does not apply to STNs.*

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## **5 Interest**

### **5.1 General**

MTNs may be either interest-bearing or non interest-bearing, as specified in the Pricing Supplement. Interest-bearing MTNs may bear interest at either a fixed rate or a floating rate. In relation to any Tranche of MTNs, the Pricing Supplement may specify actual amounts of interest payable ("**Interest Amounts**") rather than, or in addition to, a rate or rates at which interest accrues.

The Pricing Supplement in relation to each Tranche of interest-bearing MTNs will specify which of Conditions 5.2 ("Interest - fixed rate"), 5.3 ("Interest - floating rate") and 5.4 ("Interest - other rates") will be applicable to the MTNs. Condition 5.5 ("Interest - Supplemental provisions") will be applicable to each Tranche of interest-bearing MTNs save to the extent of any inconsistency with the relevant Pricing Supplement.

### **5.2 Interest - fixed rate**

Each MTN in relation to which this Condition 5.2 is specified in the Pricing Supplement as being applicable ("**Fixed Rate MTN**") will bear interest on its Outstanding Principal Amount at the fixed coupon rate or the fixed rate or rates per annum specified in the Pricing Supplement from the Issue Date of the MTNs. Interest will be payable in arrear on the Interest Payment Dates specified in the Pricing Supplement.

Interest which is required to be calculated for a period of other than a full year will be calculated on such basis as is specified as the Day Count Fraction in the Pricing Supplement.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date and, if the first anniversary of the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount.

If the Maturity Date is not an Interest Payment Date, interest from (and including) the preceding Interest Payment Date (or the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount.

### **5.3 Interest - floating rate**

#### **(a) Accrual of interest**

MTNs in relation to which this Condition 5.3 is specified in the Pricing Supplement as

being applicable (“**Floating Rate MTNs**”) will bear interest in respect of each Interest Period at the rate or rates per annum determined in accordance with this Condition 5.3.

Each Floating Rate MTN will bear interest on its Outstanding Principal Amount at the Interest Rate (as defined below) from the Interest Commencement Date. Interest will be payable in arrear on each Interest Payment Date. If any Interest Payment Date in respect of a Floating Rate MTN would otherwise fall on a day which is not a Business Day, such Interest Payment Date shall be determined in accordance with the Business Day Convention specified in the Pricing Supplement.

(b) **Interest Rate**

The Interest Rate payable in respect of Floating Rate MTNs shall be determined by the Calculation Agent on the basis of sub-paragraph (i) or (ii) below, as specified in the Pricing Supplement:

(i) *ISDA Determination for Floating Rate MTNs*

Where “ISDA Determination” is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period is the relevant ISDA Rate (as defined below) plus or minus (as indicated in the Pricing Supplement) the Margin.

For the purposes of this sub-paragraph (i), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent for the MTNs under an interest rate swap transaction if the Calculation Agent for the MTNs were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions (as defined below) and under which:

- (A) the Floating Rate Option is as specified in the Pricing Supplement;
- (B) the Designated Maturity is a period specified in the Pricing Supplement;
- (C) the relevant Reset Date is as specified in the Pricing Supplement; and
- (D) the Period End Dates are each Interest Payment Date, the Spread is the Margin and the Floating Rate Day Count Fraction is the Day Count Fraction.

For the purposes of this sub-paragraph (i), “**Floating Rate**”, “**Calculation Agent**” (except references to “Calculation Agent for the MTNs”), “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**”, “**Period End Date**”, “**Spread**” and “**Floating Rate Day Count Fraction**” have the meanings given to those terms in the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) (“**ISDA Definitions**”).

(ii) *Screen Rate Determination for Floating Rate MTNs*

Where “Screen Rate Determination” is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will be, subject as provided below, either:

- (A) the offered quotation; or

- (B) the arithmetic mean (rounded in accordance with Condition 5.3(b)(v)) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00am (Sydney time) or such other time as is specified in the Pricing Supplement (“**Relevant Time**”) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purposes of determining the arithmetic mean (rounded as provided above) of such offered quotations.

(aa) If sub-paragraph (A) applies and no offered quotation appears on the Relevant Screen Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (B) applies and fewer than two offered quotations appear on the Relevant Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate is the arithmetic mean of the Reference Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent.

(ab) If sub-paragraph (aa) above applies and the Calculation Agent determines that fewer than two Reference Banks are making offered quotations for the Reference Rate in respect of the relevant currency, subject as provided below, the Interest Rate is the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Reference Rate) in respect of deposits of approximately A\$100,000 (or the approximate equivalent in the relevant currency) that at least two out of five leading banks selected by the Calculation Agent in the Relevant Financial Centre are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the first day of the Interest Period to which the relevant Interest Determination Date relates for a period equivalent to the relevant Interest Period to leading banks carrying on business in the Relevant Financial Centre.

(iii) *BBSW Rate Determination for Floating Rate MTNs*

Where “BBSW Rate Determination” is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period is the relevant BBSW Rate (as defined below) plus or minus (as indicated in the Pricing Supplement) the Margin.

For the purposes of this sub-paragraph (iii), “**BBSW Rate**” means, for an Interest Period, the rate for prime bank eligible securities having a tenor closest to the Interest Period which is designated as the “AVG MID” on the Reuters Screen BBSW Page (or any designation which replaces that designation on that page, or any page that replaces that page) at approximately 10.15 am (or such other time at which such rate customarily appears on that page) on the first day of that Interest Period (being the

“**Publication Time**”). However, if such rate does not appear on the Reuters Screen BBSW Page (or any page that replaces that page) by 10.30 am on that day (or such other time that is 15 minutes after the then prevailing Publication Time), or if it does appear but the Calculation Agent determines that there is an obvious error in that rate, “**BBSW Rate**” means the rate determined by the Calculation Agent having regard to comparable indices then available. The rate calculated or determined by the Calculation Agent will be expressed as a percentage rate per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001 per cent.).

(iv) *Minimum and/or Maximum Interest Rate*

If the Pricing Supplement specifies a Minimum Interest Rate for any Interest Period then, in the event that the Interest Rate in respect of such Interest Period determined in accordance with the other provisions of this Condition 5.3(b) is less than such Minimum Interest Rate, the Interest Rate for such Interest Period shall be such Minimum Interest Rate.

If the Pricing Supplement specifies a Maximum Interest Rate for any Interest Period then, in the event that the Interest Rate in respect of such Interest Period determined in accordance with the other provisions of this Condition 5.3(b) is greater than such Maximum Interest Rate, the Interest Rate for such Interest Period shall be such Maximum Interest Rate.

(v) *Fallback Interest Rate*

Unless otherwise specified in the Pricing Supplement, if, during the Interest Period, the Calculation Agent is unable to determine a rate (or, as the case may be, the arithmetic mean of rates) in accordance with the above provisions, the Interest Rate applicable to the MTNs during that Interest Period will be the Interest Rate applicable to the MTNs during the immediately preceding Interest Period (with adjustment for any change in the Margin, Maximum Interest Rate or Minimum Interest Rate).

(vi) *Rounding*

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified in these Conditions or in the Pricing Supplement):

- (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up);
- (B) all figures resulting from the calculations shall be rounded to five significant figures (with halves being rounded up); and
- (C) all amounts that fall due and payable shall be rounded to the nearest cent (with halves being rounded up).

(c) **Calculation of interest amount payable**

The Calculation Agent will, as soon as practicable on or after determining the Interest Rate in relation to each Interest Period, calculate the amount of interest payable for the relevant Interest Period in respect of the Outstanding Principal Amount of each MTN. The amount of interest payable will be calculated by multiplying the product of the Interest Rate for such Interest Period and the Outstanding Principal Amount by the applicable Day Count Fraction and rounding the resultant figure to the nearest cent (with halves being rounded upwards).

#### **5.4 Interest - other rates**

MTNs in relation to which this Condition 5.4 is specified in the Pricing Supplement as being applicable will bear interest at the rate or rates calculated on the basis specified in, and be payable in the amounts and in the manner determined in accordance with, the Pricing Supplement.

#### **5.5 Interest - supplemental provisions**

##### **(a) Interest Payment Dates**

Interest on each MTN will be payable in arrears at such intervals and on such Interest Payment Dates as are specified in the Pricing Supplement and on the Maturity Date.

##### **(b) Notification of Interest Rate, interest payable and other items**

The Calculation Agent will cause each Interest Rate, the amount of interest payable and each other amount, item or date, as the case may be, determined or calculated by it to be notified to the Issuer and the Registrar in accordance with the relevant Agency and Registry Agreement (if applicable) and to be notified to MTN Holders in accordance with Condition 11 ("Notices") as soon as practicable after such determination or calculation but in any event not later than the fourth day (other than a Saturday or Sunday) on which commercial banks are open for business in the Relevant Financial Centre thereafter. The Calculation Agent will be entitled to amend any such amount, item or date (or to make appropriate alternative arrangements by way of adjustment) without prior notice in the event of the extension or abbreviation of any relevant Interest Period or calculation period and such amendment will be notified in accordance with the previous sentence.

##### **(c) Determination final**

The determination by the Calculation Agent of all amounts, rates and dates falling to be determined by it pursuant to these Conditions (including, without limitation, the Interest Rate for any Interest Period and the amount of interest payable for any Interest Period in respect of any MTN) is, in the absence of manifest error, final and binding on the Issuer, each MTN Holder and the Registrar.

##### **(d) Accrual of interest**

Interest accrues on the Outstanding Principal Amount of each MTN or as otherwise indicated in the Pricing Supplement. Interest ceases to accrue as from the due date for redemption of an MTN unless the relevant payment is not made in which case interest will continue to accrue thereon (as well after as before any demand or judgment) at the rate then applicable to the Outstanding Principal Amount of the MTN or such other default rate (if any) as may be specified in the Pricing Supplement until the date on which the relevant payment is made or, if earlier, the seventh day after the date on which the Registrar receives the funds required to make such payment (provided that notice of such circumstance is given to the MTN Holders in accordance with Condition 11 ("Notices")) except to the extent that there is failure in the subsequent payment thereof to the relevant MTN Holder.

#### **5.6 Zero Coupon MTNs**

If the amount due and payable in respect of a non-interest bearing MTN ("**Zero Coupon MTN**") on the redemption date is not paid when due, the Interest Rate for any such overdue principal is a rate per annum (expressed as a percentage) equal to the Amortisation Yield specified in the Pricing Supplement.

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## **6 Redemption and purchase**

### **6.1 Redemption on maturity**

Unless previously redeemed, or purchased and cancelled, each Note shall be redeemed on maturity at its Maturity Redemption Amount.

### **6.2 Purchase of Notes**

- (a) The Issuer or any of Fonterra's Related Bodies Corporate may at any time purchase Notes in the open market or otherwise and at any price. All unmatured Notes purchased in accordance with this Condition 6.2 may be held, resold or cancelled at the discretion of the Issuer, subject to compliance with all legal and regulatory requirements.
- (b) For the purposes of the Meetings Provisions, in determining whether the provisions relating to quorum, meeting and voting procedures are complied with, any MTNs held in the name of the Issuer or any of its Subsidiaries will be disregarded.

*The following Condition 6.3 does not apply to STNs.*

### **6.3 Redemption for taxation reasons**

The MTNs of any Series may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified in the Pricing Supplement, at any time, on giving not less than 30 nor more than 60 days' notice to the MTN Holders (which notice shall be irrevocable), at their early redemption amount applicable for tax redemptions ("**Early Redemption Amount (Tax)**") (which is their Outstanding Principal Amount or such other Early Redemption Amount (Tax) as is specified in the Pricing Supplement) (together with interest accrued to the date fixed for redemption), if:

- (a) the Issuer has or will become obliged to pay Additional Amounts, or the rate at which the approved issuer levy payable pursuant to Section 86J of the Stamp and Cheque Duties Act 1971 of New Zealand is increased to more than 2% as a result of any change in, or amendment to, the laws or regulations of New Zealand or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and
- (b) such obligation cannot be avoided by the Issuer paying (if it is not already doing so) New Zealand approved issuer levy at a rate not exceeding 2% on the payments or interest (as "interest" is defined for New Zealand tax law purposes),

provided that no such notice of redemption shall be given earlier than 90 days' prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts or the Issuer would be unable to relieve itself of the obligation to pay any Additional Amounts in respect of payments of principal or interest (as "interest" is defined for New Zealand tax law purposes) by paying the approved issuer levy (whichever is the earlier) were a payment in respect of the MTNs then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6.3, the Issuer shall deliver to the Registrar a certificate signed by two Authorised Officers of the Issuer stating that the obligation referred to in (a) above cannot be avoided by the Issuer (taking reasonable measures available to it).

*The following Condition 6.4 does not apply to STNs.*

### **6.4 Early redemption at the option of the Issuer**

If this Condition 6.4 is specified in the Pricing Supplement as being applicable then the Issuer

having given at least the minimum period (if any) (but not more than the maximum period (if any)) of notice specified in the Pricing Supplement to MTN Holders in accordance with Condition 11 (“Notices”) (which notice must comply with the following paragraph and shall be irrevocable) and subject to satisfaction of any relevant conditions, specified in the Pricing Supplement, may redeem all (but not, unless and to the extent that the Pricing Supplement specifies otherwise, some only) of the MTNs on any Business Day (being, in the case of interest bearing MTNs (unless otherwise specified in the Pricing Supplement), an Interest Payment Date) at their early redemption amount applicable for calls by the Issuer (“**Early Redemption Amount (Call)**”) (which is their Outstanding Principal Amount or such other Early Redemption Amount (Call) as is specified in, or determined in accordance with, the Pricing Supplement) together with (unless otherwise specified in the Pricing Supplement) accrued interest (if any) thereon.

The notice referred to in the preceding paragraph shall specify

- (a) the Series of MTNs subject to redemption;
- (b) subject to the Pricing Supplement specifying that a partial redemption is permissible, whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the MTNs of the relevant Series which are to be redeemed;
- (c) the due date for redemption;
- (d) the Early Redemption Amount (Call) at which such MTNs are to be redeemed; and
- (e) whether or not accrued interest is to be paid upon redemption and, if so, the amount thereof or the basis or method of calculation thereof, all as provided in the Pricing Supplement.

In the case of a partial redemption of MTNs, the MTNs to be redeemed will be selected by the Registrar in such manner as it considers appropriate, and notice of the MTNs selected for redemption will be given in accordance with Condition 11 (“Notices”) not less than 15 days prior to the date fixed for redemption.

Any notice given under this Condition 6.4 is irrevocable and obliges the Issuer to redeem the MTNs at the time and in the manner specified in the notice.

*The following Condition 6.5 does not apply to STNs.*

## **6.5 Redemption of the option of MTN Holders**

If this Condition 6.5 is specified in the Pricing Supplement as being applicable and provided the relevant MTN Holders have given at least the minimum period (if any) (but not more than the maximum period (if any)) of notice specified in the Pricing Supplement to the Issuer in accordance with Condition 11 (“Notices”) (which notice must be in the form of the redemption notice mentioned in the paragraph below), then, at the option of the MTN Holder and provided that any conditions to the exercise of such option as are specified in the Pricing Supplement have been satisfied, the Issuer will redeem the MTN on any day (being, in the case of an interest bearing MTN (unless otherwise specified in the relevant Pricing Supplement) an Interest Payment Date) at its Early Redemption Amount applicable for puts (“**Early Redemption Amount (Put)**”) (which is its Outstanding Principal Amount or such other Early Redemption Amount (Put) as is specified in, or determined in accordance with, the Pricing Supplement) together with (unless otherwise specified in the Pricing Supplement) accrued interest (if any) thereon.

To exercise such option, the MTN Holder must complete, sign and deliver to the specified offices of each of the Issuer and the Registrar not less than 45 days before the redemption date (or such other period as may be specified in the relevant Pricing Supplement), a redemption notice (in the form obtainable from the Registrar) together with such evidence as

the Registrar may require to establish the rights of that MTN Holder to the relevant MTNs.

*The following Condition 6.6 does not apply to STNs.*

## **6.6 Zero Coupon MTNs**

In the case of a Zero Coupon MTN (unless otherwise specified in the Pricing Supplement), the Early Redemption Amount is the Amortised Face Amount or such other amount specified in the Pricing Supplement.

*The following Condition 7 does not apply to STNs.*

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## **7 Events of Default**

### **7.1 Events of Default**

An Event of Default occurs in relation to a Series of MTNs if any of the following occurs, whether or not within the control of the Issuer:

- (a) **(non-payment)**
  - (i) any amount of, or in respect of, the Maturity Redemption Amount or interest payable in respect of any MTN is not paid in the manner specified in this deed within 10 days of its due date; or
  - (ii) any other amount payable under the Deed Poll is not paid in the manner required within 20 days after its due date;
- (b) **(other breaches)** the Issuer fails to perform or comply in a material respect with any other material obligation under the Deed Poll (other than that referred to in Condition 7.1(a)) and that failure is incapable of remedy or, if capable of remedy, is not remedied within 20 Business Days of the date on which the Issuer first became aware of it;
- (c) **(misrepresentation)** any representation, warranty or statement made or deemed to have been made by or on behalf of the Issuer in the Deed Poll is or proves to have been untrue, inaccurate, misleading, deceptive or incorrect in a material respect when made or repeated or deemed to have been made or repeated and the matter (the subject of the relevant misrepresentation) is material such that that misrepresentation has a Material Adverse Effect;
- (d) **(liquidation)** the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations (except for the purposes of, and followed by, an amalgamation or solvent reconstruction in respect of which the new entity assumes all of its obligations under the Deed Poll and in respect of the MTNs) or an order is made, or a resolution is passed for the Winding-Up of the Issuer;
- (e) **(receiver)** either:
  - (i) an encumbrancer takes possession of the whole or any material part of the assets of the Issuer; or
  - (ii) a receiver, manager, inspector, trustee, or other similar person is appointed in respect of the Issuer;
- (f) **(distress or execution)** a distress, attachment or other execution for a sum exceeding 1.00% of Total Assets at the relevant time is levied or enforced upon, or commenced against, any asset of the Issuer and is not discharged or stayed within 20 Business Days;

- (g) **(insolvency)** the Issuer is declared or becomes bankrupt or insolvent, is unable to pay its debts when they fall due, or is presumed unable to pay its debts in accordance with section 287 of the Companies Act 1993 of New Zealand, or enters into dealings with any of its creditors with a view to avoiding, or in expectation of, insolvency, or makes a general assignment or an arrangement, compromise or composition with or for the benefit of any of its creditors (except, in each case, for the purpose of, and followed by, an amalgamation or solvent reconstruction in respect of which the new entity assumes all of its obligations under this deed and in respect of the MTNs), or stops or threatens to stop payments generally;
- (h) **(cessation of business)** the Issuer or any of Fonterra's Principal Subsidiaries ceases or announces its intention to cease to carry on the whole or substantially the whole of its business, except:
  - (i) in the case of a Principal Subsidiary, where that cessation or announcement is for the purpose of and followed by a solvent reconstruction, merger, consolidation or amalgamation, whereby the business, undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer and/or to or in one or more Subsidiaries of Fonterra; or
  - (ii) where a Principal Subsidiary transfers all or substantially all of its business, undertaking and assets to, or amalgamates or merges into, an Approved Joint Venture;
- (i) **(statutory management)** a recommendation is made to appoint a statutory manager by the Financial Markets Authority of New Zealand under the Corporations (Investigation and Management) Act 1989 of New Zealand in respect of the Issuer;
- (j) **(cross-default)** any indebtedness in excess in aggregate of 1.00% of Total Assets at the relevant time of the Issuer is not paid when due or within any applicable grace periods or is declared to be due and payable or cancelled or terminated prior to its stated maturity by reason of an event of default, cancellation or similar event; or
- (k) **(invalidity of deed)** any material provision of the Deed Poll:
  - (i) ceases to have effect in whole or part, other than by performance or as permitted by terms; or
  - (ii) becomes wholly or partly void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or the performance of any such provision becoming illegal,

or the Issuer, or any person on its behalf, makes any allegation or claim to that effect.

In the case of any Substituted Issuer appointed in accordance with Condition 19 ("Substitution of Issuer") and any Additional Issuer appointed in accordance with Condition 18 ("Issuer Appointment"), references in Conditions 7.1(a) - (k) inclusive to the Issuer and the Deed Poll also include Fonterra and the guarantee provided as contemplated by clause 5.2 of the Deed Poll.

## 7.2 Consequences of an Event of Default

Subject to Condition 7.3 ("Rectification") if an Event of Default occurs and is continuing in respect of MTNs of a Series, then a holder of MTNs of such Series may declare at any time by written notice to the Issuer (with a copy to the Registrar and the Joint Arrangers and Programme Managers) that an amount equal to the Early Redemption Amount (together with all accrued interest (if any)) of all or any MTNs held by such holder of MTNs is immediately due for payment.

### **7.3 Rectification**

An MTN Holder's right to declare MTNs due terminates if the situation giving cause to it has been cured before such right is exercised.

### **7.4 Notification**

If an Event of Default occurs, the Issuer must notify the Registrar and the Joint Arrangers and Programme Managers promptly of its occurrence, giving full details of the event and steps being taken to remedy it. The Issuer must request the Registrar to, failing which the Issuer will, notify MTN Holders of the occurrence of the event promptly in accordance with Condition 11 ("Notices").

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## **8 Payments**

### **8.1 Record Date**

Payments to Holders will be made according to the particulars recorded in the Register at 5.00pm (local time) on the relevant Record Date.

### **8.2 Joint holders**

When a Note is held jointly, payment will be made to the holders in their joint names unless requested otherwise.

### **8.3 Method of payments**

Payments in respect of each Note will be made:

- (a) if the Notes are in the Austraclear System, by crediting on the relevant Payment Date the amount then due to the account of the Holder in Australia in accordance with the Austraclear Regulations; or
- (b) if the Notes are not in the Austraclear System, by crediting on the Payment Date the amount then due to an account in Australia previously notified by the Holder in respect of that Note to the Registrar. If the Holder has not notified the Registrar of such an account by close of business on the relevant Record Date or upon application by the Holder to the Registrar no later than close of business on the relevant Record Date, payments in respect of the relevant Note will be made by cheque, drawn on a bank in Australia and mailed on the Interest Payment Date in the case of payments of interest or on the due date for redemption or repayment, in the case of payments of principal, at the Holder's risk to the Holder (or to the first named of joint registered holder) of such Note at the address appearing in the Register as at the Record Date. Cheques to be despatched to the nominated address of a Holder will in such cases be deemed to have been received by the Holder on the relevant Payment Date and no further amount will be payable by the Issuer in respect of the relevant Note as a result of payment not being received by the Holder on the due date.

If a payment in respect of the Note is prohibited by law from being made in Australia, such payment will be made in an international financial centre for the account of the relevant payee, and on the basis that the relevant amounts are paid in immediately available funds, freely transferable at the order of the payee.

### **8.4 No payments to or within the United States of America**

Notwithstanding any other provision of these terms and conditions, in no case, event or circumstance may any amounts of interest, accrued interest or other gains be paid or payable within the United States of America or its possessions, nor may any cheques, drafts or similar instruments representing such interest accrued interest or gains be mailed to any address in the United States of America or its possessions, nor may any amounts representing such

interest, accrued interest or gains be credited to a bank account in the United States of America or its possessions.

## **8.5 Business Days**

- (a) All payments must be made in accordance with the Applicable Business Day Convention.
- (b) If a payment is due under a Note on a day which is not a Business Day the date for payment will be adjusted according to the Applicable Business Day Convention.
- (c) If payment is to be made to an account on a Business Day on which banks are not open for general banking business in the city in which the account is located, the Holder is not entitled to payment of such amount until the next Business Day on which banks in such city are open for general banking business and is not entitled to any additional interest or other payment in respect of any such delay.

## **8.6 Payment subject to fiscal laws**

Payments (whether in respect of principal, redemption amounts, interest or otherwise) in respect of the Notes are subject in all cases to (i) any applicable provisions of fiscal and other laws, regulations and directives in the place of payment, but without prejudice to Condition 8.7 ("Taxation – Additional Amounts") and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA (without prejudice to the provisions of Condition 8.7 ("Taxation – Additional Amounts")). No commissions or expenses shall be charged to the Holders in respect of such payments.

## **8.7 Taxation - Additional Amounts**

Except as otherwise outlined below, all payments (whether in respect of principal redemption amount, interest or otherwise) in respect of the Notes will be made without set-off or counterclaim and free and clear of, and without deduction of or withholding on account of, any taxes, levies, duties, charges, deductions or withholdings of any nature (together, "**Taxes**") now or hereafter imposed, levied, collected, withheld or assessed by the Issuer's place of incorporation (or any other jurisdiction in which it carries on business at or through a permanent establishment or enterprise and from which it issues the Notes) (each a "**Tax Jurisdiction**") or any political subdivision therein or thereof unless such withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amount received by the Holders after such withholding or deduction equals the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction, except that no Additional Amounts are payable in relation to (i) any withholding or deduction for, or on account of, New Zealand resident withholding tax or (ii) any payments in respect of any Note:

- (a) to, or to a third party on behalf of, a Holder who is liable to such Taxes in respect of such Note by reason of such Holder, or any beneficial owner of any interest in, or rights in respect of, such Note having some connection (whether recent or past) with the relevant Tax Jurisdiction or any political subdivision therein or thereof other than the mere holding of such Note or receipt of payment (whether in respect of principal, redemption amount, interest or otherwise) in respect thereof;
- (b) to, or to a third party on behalf of, a Holder if the Holder or beneficial owner:
  - (i) holds a Note jointly with one or more other persons one of whom is a New Zealand resident (as defined in the Income Tax Act 2007 of New Zealand); or
  - (ii) is associated with the Issuer or the payment otherwise relates to related-party debt (under the Income Tax Act 2007 of New Zealand);

- (c) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or similar cause for exemption to any tax authority in the place where payment under the Note is made;
- (d) presented for payment more than 30 days after the Relevant Date except to the extent that a Holder would have been entitled to Additional Amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Business Day;
- (e) (if the Issuer is incorporated in, or issues the Notes in the course of carrying on business at or through a permanent establishment or enterprise in, Australia) to, or to a third party on behalf of an Australian resident Holder, if that person has not supplied an appropriate tax file number or Australian Business Number (or details of the applicable exemption for these requirements);
- (f) to, or to a third party on behalf of, a Holder who is an Offshore Associate of the Issuer and not acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act; or
- (g) in such other circumstances as may be specified in the relevant Pricing Supplement.

Notwithstanding any other provision of these Conditions, if the Issuer, or any other person through whom payments on the Notes are made, is required to withhold or deduct amounts under or in connection with, or in order to ensure compliance with FATCA, the Issuer or that other person shall be permitted to make such withholding or deduction, and Holders and beneficial owners of Notes will not be entitled to receive any gross up, Additional Amount or other amount for such withholding or deduction.

*The following Conditions 8.8 and 8.9 only apply to Notes issued by Fonterra*

#### **8.8 New Zealand Holders**

Where any Holder is (or holds the Note on behalf of a beneficial owner that is a Holder to whom resident withholding tax applies in relation to the holding of Notes, in accordance with New Zealand tax legislation (or to whom resident withholding tax would apply if that person was not exempted from resident withholding tax on payments of interest) (each a "**New Zealand Holder**"), then such Holder must notify the Issuer and the Registrar, prior to any Interest Payment Date or the Maturity Date, any New Zealand Holder:

- (a) that the Holder is a New Zealand Holder and whether it (or the beneficial owner) derives beneficially interest under a Note jointly with any other person; and
- (b) of any circumstances or information, that may enable the Issuer to make the payment of interest to the New Zealand Holder without deduction on account of New Zealand resident withholding tax; and
- (c) of any change in the New Zealand Holder's circumstances from those previously notified that could affect the Issuer's payment obligations in respect of any Note.

#### **8.9 Notes**

By accepting payment of the full face amount of a Note (including a Note under which a person, who is not a New Zealand Holder, derives beneficially interest jointly with one or more persons, and one or more of those persons is a New Zealand resident for New Zealand income tax purposes) or any interest thereon on any Interest Payment Date or the Maturity Date, the New Zealand Holder indemnifies the Issuer for all purposes in respect of any liability the Issuer may incur for not deducting any amount from such payment on account of New

Zealand resident withholding tax or (in the case of a Note under which a person, who is not a New Zealand Holder, derives beneficially interest jointly with one or more persons, and one or more of those persons is a New Zealand resident) New Zealand non-resident withholding tax.

#### **8.10 Currency indemnity**

The Issuer waives any right it has in any jurisdiction to pay an amount other than in the currency in which it is due. However, if a Holder receives an amount in a currency other than that in which it is due:

- (a) it may convert the amount received into the due currency (even though it may be necessary to convert through a third currency to do so) on the day and at such rates (including spot rate, same day value rate or value tomorrow rate) as it reasonably considers appropriate taking into account any costs of conversion; and
- (b) the Issuer satisfies its obligation to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion.

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### **9 Further issues**

The Issuer may from time to time, without the consent of any Holder, issue further Notes having the same terms and conditions as the Notes of any Series in all respects (or in all respects except for the first payment of interest, if any, on them and/or their denomination) so as to form a single Series with the Notes of that Series.

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### **10 Time limit for claims**

- (a) A claim against the Issuer for a payment under an STN is void unless such claim is made within 5 years of the due date for payment.
- (b) A claim against the Issuer for a payment under an MTN is void unless such claim is made within 10 years (in the case of principal and redemption amounts) and 5 years (in the case of interest and other amounts) from the Relevant Date for payment.

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### **11 Notices**

#### **11.1 To the Issuer, the Joint Arrangers and Programme Managers, and the Registrar**

A notice or other communication in connection with a Note to the Issuer, the Joint Arrangers and Programme Managers, or a Registrar must be in writing and may be given by prepaid post or delivery to the address of the addressee or by facsimile to the facsimile number of the addressee specified:

- (a) in the Information Memorandum; or
- (b) as otherwise agreed between those parties from time to time and notified to the Holders.

#### **11.2 To Holders**

A notice or other communication in connection with a Note to the Holders must be in writing. Any such notice or other communication may be given by any of the following means:

- (a) an advertisement published in *The Australian Financial Review* or any other broadsheet newspaper or newspapers circulating in Australia generally;

- (b) if an additional or alternate newspaper is specified in the Pricing Supplement, that newspaper;
- (c) prepaid post (airmail if posted to or from a place outside Australia) or delivery or by facsimile to the address or facsimile address, as the case may be, of each Holder or any relevant Holder as shown in the Register at the close of business three Business Days prior to the dispatch of the relevant notice or communication; or
- (d) a notice posted on an electronic source approved by the Joint Arrangers and Programme Managers and generally accepted for notices of that type (such as Bloomberg or Reuters).

### **11.3 Effective on receipt**

Unless a later time is specified in it a notice, approval, consent or other communication takes effect from the time it is received under Condition 11.4 ("Proof of receipt"), except that if it is received under that Condition 11.4 ("Proof of receipt") after 5.00pm in the place of receipt or on a non-Business Day in that place, it is to be taken to be received at 9.00am on the next succeeding Business Day in that place.

### **11.4 Proof of receipt**

Subject to Condition 11.3 ("Effective on receipt"), proof of posting of a letter or of dispatch of a facsimile, publication of a notice or of posting a notice on an electronic source is proof of receipt:

- (a) in the case of a letter, on the third (seventh, if outside Australia) Business Day after posting; and
- (b) in the case of a facsimile, on receipt by the sender of a successful transmission report; and
- (c) in the case of publication, on the date of such publication; and
- (d) in the case of an electronic source, on the date posted on such electronic source.

*The following Condition 12 does not apply to STNs.*

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## **12 Meetings of MTN Holders**

Meetings of MTN Holders may be convened in accordance with the Meeting Provisions. Any such meeting may consider any matters affecting the interests of MTN Holders, including, without limitation, the variation of the terms of the MTNs by the Issuer and the granting of approvals, consents and waivers, and the declaration of an Event of Default.

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## **13 Amendments**

### **13.1 To cure ambiguities**

These Conditions and the Pricing Supplement may be amended by the Issuer without the consent of any Holder:

- (a) for the purposes of curing any ambiguity, or correcting or supplementing any defective or inconsistent provisions therein; or
- (b) in the case of the Conditions or the Pricing Supplement, in any manner which the Issuer deems, or in the case of the Agency and Registry Agreement in any manner

which the parties thereto deem, necessary or desirable and which does not adversely affect the interests of the Holders.

*The following Condition 13.2 does not apply to STNs.*

## **13.2 Approval by MTN Holders**

The Conditions may otherwise be varied by the Issuer with the approval of the MTN Holders by Extraordinary Resolution. No other variation to the Conditions has effect in relation to the MTN Holders who hold MTNs at the date of any amending deed, unless they otherwise agree in writing. A variation will take effect in relation to all subsequent MTN Holders. A variation which affects only a particular Series or Tranche of MTNs may be approved solely by the MTN Holders of such Series or Tranche.

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## **14 Registrar**

### **14.1 Role of Registrar**

In acting under the Agency and Registry Agreement in connection with the Notes, the Registrar acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any of the Holders save insofar as that any funds received by the Registrar in accordance with the Agency and Registry Agreement shall, pending their application in accordance with the Agency and Registry Agreement be held by it on trust for the persons entitled thereto.

### **14.2 Change of Registrar**

The Issuer reserves the right at any time to terminate the appointment of the Registrar in accordance with the Agency and Registry Agreement and to appoint a successor or additional registrars, provided, however, that the Issuer must at all times maintain the appointment of a registrar with its specified office in Australia. Notice of any such termination of appointment will be given to the Holders in accordance with Condition 11 (“Notices”).

### **14.3 Appointment of replacement Registrar**

If a then current Registrar ceases to be Registrar the Issuer must ensure that a replacement Registrar is appointed with effect from the relevant date.

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## **15 Calculation Agent**

The Calculation Agent and its initial specified officers are specified in the relevant Pricing Supplement for the Notes issued by the Issuer. The Issuer reserves the right at any time to terminate the appointment of the Calculation Agent or to appoint additional or other Calculation Agents, provided that it will ensure that at all times for so long as any Notes are outstanding the Calculation Agent acts in respect of Notes for which these Conditions require a Calculation Agent to make calculations. The Issuer may elect to have no Calculation Agent. Where no Calculation Agent is appointed the calculation of interest and principal payments in respect of Notes will be made by the Issuer.

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## **16 Governing law, jurisdiction and service of process**

### **16.1 Governing law**

The Notes are governed by the law in force in New South Wales.

## **16.2 Jurisdiction**

The Issuer irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them. The Issuer waives any right it has to object to any suit, action or proceedings (“**Proceedings**”) being brought in those courts including, without limitation, by claiming that the Proceedings have been brought in an inconvenient forum, or that those courts do not have jurisdiction.

## **16.3 Service of Process**

Without preventing any other mode of service, any document in any Proceedings in the courts of New South Wales or courts of appeal from them (including, without limitation, any writ of summons or other originating process or any third or other party notice) may be served on any party by being delivered to or left for that party at its address for service of notices under Condition 11 (“Notices”).

## **16.4 Agent for service of process**

For so long as any of the Notes issued by it are outstanding, Fonterra will ensure that there is an agent appointed to accept service of process in Australia in respect of any Proceedings as may be brought in the courts of New South Wales or the Federal Courts of Australia.

Fonterra appoints Dabserv Corporate Services Pty Ltd (ABN 73 001 824 111) of Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, Australia as its agent to receive any document referred to in Condition 16.3 (*Service of process*). If for any reason that person ceases to be able to act as such, Fonterra must immediately appoint another person with an office located in Australia to act as its agent to receive any such service.

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## **17 No Benefit**

Nothing in these Conditions, express or implied, is intended or will be construed to confer upon, or to give or grant to, any person or entity, other than the Issuer, the Registrar and Holders any right, remedy or claim under or by reason of these Conditions or any covenant, condition or stipulation set out in these Conditions, and all covenants, stipulations, promises and agreements contained in these Conditions shall be for the sole and exclusive benefit of the Issuer, the Registrar and the Holders.

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## **18 Issuer Appointment**

**18.1** The Issuer may from time to time, by notice to the Joint Arrangers and Programme Managers, appoint any wholly owned Subsidiary of itself, or, where Fonterra is engaged in business through a permanent establishment in Australia, that permanent establishment, as a new Issuer to the Programme.

**18.2** Upon receipt by the Issuer of a letter in substantially the same form as attached as schedule 2 to the Deed Poll (as amended to suit the circumstances) and execution of a guarantee as contemplated by clause 5.2 of the Deed Poll, an entity will become a new Issuer under the Programme as specified in the letter, with the rights and obligations of an Issuer under these Conditions.

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## **19 Substitution of the Issuer**

The Issuer may, on 30 days’ notice to but without the consent of the Holders, if no payment of principal, redemption amount or interest in connection with any of the Notes is in default, at any time substitute for the Issuer any wholly owned Subsidiary of Fonterra, or, where the Fonterra is engaged in business through a permanent establishment in Australia, that permanent establishment (including, without limitation, a special purpose company) as principal Issuer (“**Substituted Issuer**”) in respect of all obligations arising from or in

connection with one or more Series of Notes (“**Relevant Notes**”). The Issuer may only do this if:

- (a) the Substituted Issuer assumes all obligations of the Issuer in relation to the Relevant Notes under all relevant Transaction Documents;
- (b) the obligations of the new issuer under the Relevant Notes under all relevant Transaction Documents are guaranteed by Fonterra pursuant to a guarantee deed poll in a form satisfactory to the Joint Arrangers and Programme Managers;
- (c) the Substituted Issuer has obtained all necessary authorisations from the authorities in the country where the Substituted Issuer is located, and the Issuer can transfer to the Registrar, all amounts necessary for the fulfilment of the payment obligations on or in connection with the Relevant Notes in such freely negotiable and convertible legal currency on the basis that amounts payable to the relevant Holders will not be reduced by the existence of any applicable taxes (by deduction from such amounts or otherwise) except for such taxes (if any) in respect of which the Substituted Issuer has agreed to make compensating payments to the Holders;
- (d) there have been delivered to the Registrar and the Joint Arrangers and Programme Managers opinions of lawyers of recognised standing in Australia and New Zealand (if appropriate) or of lawyers of recognised standing in the country of incorporation of the Substituted Issuer to the effect that the matters referred to in paragraphs (a), (b) and (c) above have been satisfied and confirming that the Substituted Issuer is validly existing, that the obligations it has assumed are valid and binding on it, that it is not in breach of any law or regulation, that it is not in breach of its constitution and that the choice of law governing jurisdiction is valid;
- (e) if the Relevant Notes, or any of them, are publicly rated by a rating agency as a result of a contract between the Issuer and that rating agency, the Relevant Notes continue to have a credit rating from an internationally recognised rating agency at least equal to the credit rating of the Notes immediately prior to the substitution; and
- (f) where paragraph (e) above does not apply, and if the Issuer is publicly rated by a rating agency as a result of a contract between the Issuer and that rating agency, the Substituted Issuer has or continues to have a credit rating from an internationally recognised rating agency at least equal to the credit rating of the Issuer immediately prior to the substitution.

## Form of Pricing Supplement

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*The Pricing Supplement to be issued in respect of each Tranche of Notes will be substantially in the form set out below.*

Series No.: [●]

Tranche No.: [●]



### A\$ Debt Issuance Programme

Issue of  
[A\$] [Aggregate Principal Amount of Series or Tranche] [Title of Notes] due [●]  
("Notes")  
by  
[Fonterra Co-operative Group Limited / New Zealand Milk (Australasia) Pty Ltd (ABN 23 003 502  
654)]

[guaranteed by  
Fonterra Co-operative Group Limited]

The date of this Pricing Supplement is [●].

This Pricing Supplement (as referred to in the Information Memorandum dated [●] ("**Information Memorandum**") in relation to the above Programme) relates to the Tranche of Notes referred to above. It is supplementary to, and should be read in conjunction with, the terms and conditions of the Notes contained in the Information Memorandum ("**Conditions**"), the Information Memorandum and the Deed Poll dated [●] made by the Issuer and [Fonterra Co-operative Group Limited / New Zealand Milk (Australasia) Pty Ltd].

Unless otherwise indicated, terms defined in the Conditions have the same meaning in this Pricing Supplement.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

The particulars to be specified in relation to the Tranche of Notes referred to above are as follows:

1	<b>Issuer:</b>	[Fonterra Co-operative Group Limited / New Zealand Milk (Australasia) Pty Ltd (ABN 23 003 502 654)]
2	<b>[Guarantor:]</b>	[Fonterra Co-operative Group Limited]
3	<b>Type of Notes:</b>	[Fixed Rate / Floating Rate Note / Zero Coupon Note / Amortising / Other]
4	<b>Type of Issue:</b>	[Non-Private Placement / Private Placement]
5	<b>Lead Manager[s]:</b>	[Name(s)]
6	<b>Relevant Dealer[s]:</b>	[Name(s)]
7	<b>Registrar:</b>	[Name and address]
8	<b>Calculation Agent:</b>	[Name and address]
9	<b>If to form a single Series with an existing Series, specify date on which all MTNs of the Series become fungible, if not the Issue Date:</b>	[Specify]
10	<b>Aggregate Principal Amount of Tranche:</b>	[Specify]
	<b>Aggregate Principal Amount of Series:</b>	[Specify]
11	<b>If interchangeable with existing Series:</b>	[Specify]
12	<b>Issue Date:</b>	[Specify]
13	<b>Issue Price:</b>	[Specify]
14	<b>Denomination:</b>	A\$[specify amount]
15	<b>Currency:</b>	[A\$ / specify other]
16	<b>Condition 5.2 for Fixed Rate Notes:</b>	<b>Applicable [Yes/No]</b>
	<b>Fixed Coupon Amount:</b>	[Specify]
	<b>Interest Rate:</b>	[Specify]
	<b>Interest Commencement Date, if not Issue Date:</b>	[Specify]
	<b>Interest Payment Dates:</b>	[Specify]
	<b>Day Count Fraction:</b>	[Specify] (if none specified, the Day Count Fraction will be RBA Bond Basis (as defined in the Conditions)).
	<b>Initial Broken Amount:</b>	[Specify]

	<b>Final Broken Amount:</b>	[Specify]
17	<b>Condition 5.3 for Floating Rate Notes:</b>	<b>Applicable: [Yes/No]</b>
	<b>Interest Commencement Date, if not Issue Date:</b>	[Specify]
	<b>Interest Rate:</b>	[Specify if ISDA Determination, Screen Rate Determination or BBSW Rate Determination] applies (Condition 5.3(b)(i), Condition 5.3(b)(ii) or Condition 5.3(b)(iii)).
	<b>Interest Payment Dates:</b>	[Specify]
	<b>Business Day Convention:</b>	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention]
	<b>Floating Rate Option:</b>	[Specify]
	<b>Designated Maturity:</b>	[Specify]
	<b>Reset Date:</b>	[Specify]
	<b>Relevant Screen Page:</b>	[Specify]
	<b>Relevant Time:</b>	[Specify]
	<b>Relevant Rate:</b>	[Specify]
	<b>Reference Banks:</b>	[If none are specified, the Reference Banks will be four major banks specified by the Calculation Agent in the inter-bank market that is most closely connected with the Reference Rate]
	<b>Relevant Financial Centre:</b>	[If none is specified, the city most closely connected with the Reference Rate in the determination of the Calculation Agent]
	<b>Interest Determination Date:</b>	[Specify]
	<i>[If the following are not applicable, delete provisions]</i>	
	<b>Margin:</b>	[Specify] (state whether positive or negative)
	<b>Minimum/Maximum Interest Rate:</b>	[Specify / Not Applicable]
	<b>Day Count Fraction:</b>	[Specify]
	<b>Fallback Interest Rate:</b>	[Specify]

18	<b>Condition 5.4 for other rates:</b>	<b>Applicable: [Yes/No]</b>  [specify full interest determination provisions, including Interest Commencement Date, rate or calculation basis for interest or actual amounts of interest payable, amount and dates for payment, minimum/maximum rates]
19	<b>Accrual of interest:</b>	Specify any change to Condition 5.5(d) regarding accrual of interest: [ <i>Specify</i> ].
20	<b>Default Rate:</b>	In the case of interest-bearing MTNs, specify rate of interest applying to overdue amounts: [ <i>Specify</i> ].
21	<b>Overdue Rate:</b>	<b>Applicable: [Yes/No]</b>
22	<b>Amortisation Yield:</b>	In the case of Zero Coupon MTNs, specify the Amortisation Yield (Condition 5.6): [ <i>Specify</i> ].
23	<b>Maturity Date:</b>	[ <i>Specify</i> ] [In the case of an amortising Note, insert the date on which the last instalment of principal is payable].
24	<b>Maturity Redemption Amount:</b>	[ <i>Specify</i> ] [If Maturity Redemption Amount is not the outstanding principal amount of the MTNs, insert amount or full calculation provisions].
25	<b>Early Redemption Amount (Call):</b>	<b>Applicable [Yes/No]</b>
	Specify if Condition 6.4 is applicable:	
	Specify minimum notice period for the exercise of the call option:	[ <i>Specify</i> ]
	Specify maximum notice period for the exercise of the call option:	[ <i>Specify</i> ]
	Specify any relevant conditions to exercise of the call option:	[ <i>Specify</i> ]
	Specify whether redemption at Issuer's option is permitted in respect of some only of the Notes and, if so, any minimum aggregate principal amount and the means by which Notes will be selected for redemption:	[ <i>Specify</i> ]
	Specify if Holders are not to receive accrued interest on early redemption at their option:	[ <i>Specify</i> ]
26	<b>Early Redemption Amount (Put):</b>	<b>Applicable: [Yes/No]</b>
	Specify if Condition 6.5 is applicable:	

	<b>Specify minimum notice period for exercise of put option:</b>	[Specify]
	<b>Specify any relevant conditions to exercise of option:</b>	[Specify]
	<b>Specify if Holders are not to receive accrued interest on early redemption at Issuer's option:</b>	[Specify]
27	<b>Early Redemption Amount (Tax):</b>	
	<b>If Early Redemption Amount (Tax) is not the outstanding principal amount together with accrued interest (if any) thereon of the Notes, insert amount or full calculation provisions:</b>	[Specify]
	<b>Specify if Holders are not to receive accrued interest on early redemption for tax reasons:</b>	[Specify]
28	<b>Early Redemption Amount (Default):</b>	[Specify]
	<b>If Early Redemption Amount (Default) is not the outstanding principal amount of the Notes, insert amount or full calculation provisions:</b>	[Specify]
	<b>Specify if Holders are not to receive accrued interest on early redemption on default:</b>	[Specify]
29	<b>Redemption of Zero Coupon Notes:</b>	Specify any change to Condition 6.5.
30	<b>Taxation:</b>	Specify the additional circumstances in which an exception to the gross up obligation are to apply pursuant to Condition 8.7.
31	<b>Public Offer Test:</b>	It is [intended / not intended] that the Notes be issued in a manner that satisfies the public offer test.
32	<b>Other relevant terms and conditions:</b>	Specify any Conditions to be altered, varied, deleted otherwise than as provided above and also any additional Conditions to be included.
33	<b>Clearing System[(s)]:</b>	[Austraclear System / <i>specify others</i> ]
34	<b>ISIN:</b>	[Specify]
	<b>Common Code:</b>	[Specify]



## Subscription and Sale

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*Under the Dealer Agreement dated 10 June 2011 between the Issuers, the Joint Arrangers and Programme Managers and the Dealers (“Dealer Agreement”) and subject to the Conditions contained in the Information Memorandum, the Notes will be offered by the Issuer through the Dealers. The Issuer has the sole right to accept any offer to purchase Notes and may reject that offer in whole or (subject to the terms of the offer) in part. Each Dealer has the right to reject any offer to purchase Notes made to it in whole or (subject to the terms of such offer) in part. The Issuer is entitled under the Dealer Agreement to appoint one or more financial institutions as a Dealer for a particular Tranche of Notes or the Programme generally.*

*Each Dealer appointed under the Programme will be required to agree to comply with any applicable law or directive in any jurisdiction in which it may subscribe for, offer, sell or transfer Notes and that it will not, directly or indirectly, subscribe for, offer, sell or transfer Notes or distribute any Information Memorandum or other offering material in relation to the Notes, in any jurisdiction, except in accordance with these selling restrictions, any additional restrictions which are set out in the relevant Pricing Supplement and any applicable law or directive of that jurisdiction.*

*None of the Issuers, the Joint Arrangers and Programme Managers or any Dealer has represented that any Notes may at any time lawfully be offered or sold, or that this Information Memorandum or any other offering material in relation to the Notes may be distributed, in compliance with any applicable registration or other requirements in any jurisdiction, or in accordance with any available exemption, or assumes any responsibility for facilitating that sale or distribution.*

*In addition to the above, the following selling restrictions apply:*

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### 1 General

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Information Memorandum or any other offering material in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Information Memorandum comes are required by the Issuer, the Joint Arrangers and Programme Managers and the Dealers to comply with all applicable laws and directives in each country or jurisdiction in which they purchase, offer, sell, reoffer, resell or deliver Notes or have in their possession or distribute or publish the Information Memorandum or other offering material and to obtain any authorisation, consent, approval or permission required by them for the purchase, offer, sale, reoffer, resale or delivery by them of any Notes under any applicable law or directive in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales, reoffers, resales or deliveries, in all cases at their own expense, and neither the Issuer nor the Joint Arrangers and Programme Managers or any Dealer has responsibility for such matters. In accordance with the above, any Notes purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction.

In these selling restrictions, “**directive**” includes a treaty, an official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply.

In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Notes in Australia, New Zealand, the European Economic Area, the Netherlands, the United Kingdom, the United States of America, Japan, Hong Kong, and Singapore as set out below.

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## 2 Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (“**Corporations Act**”)) in relation to the Programme or any Notes has been, or will be, lodged with the Australian Securities and Investments Commission (“**ASIC**”). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that unless the relevant Pricing Supplement (or another supplement to any Information Memorandum) otherwise provides, it:

- (a) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any Information Memorandum or any other offering material or advertisement relating to any Notes in Australia,

unless:

- (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;
- (ii) the offer or invitation does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act;
- (iii) action complies with any applicable laws or directives in Australia; and
- (iv) such action does not require any document to be lodged with ASIC.

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## 3 New Zealand

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be offered for issue or sale to any person in New Zealand and no offering document or advertisement may be published or distributed in New Zealand, except to wholesale investors within the meaning of, and in compliance with, the Financial Markets Conduct Act 2013.

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## 4 European Economic Area

### ***Public offer Selling Restriction under the Prospectus Directive***

In relation to each Member State of the European Economic Area (the “**EEA**”) which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time any legal entity which is a qualified investor as defined in the Prospectus Directive;

- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in each Relevant Member State.

#### **Prohibition of sales to EEA retail investors**

From 1 January 2018, each Dealer will represent and agree, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

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## **5 United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (UK) (as amended) (“**FSMA**”) with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom; and
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of such Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

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## 6 United States of America

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) ("**US Securities Act**").

Terms used in the following paragraphs under this heading have the meanings given to them by Regulation S under the US Securities Act ("**Regulation S**").

The Notes may not be offered, sold, delivered or transferred within the United States of America, its territories or possessions or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or in transactions exempt from, or not subject to, the registration requirements of the US Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver the Notes:

- (a) as part of their distribution at any time; and
- (b) otherwise until 40 days after completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the lead manager,

within the United States of America or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 of the US Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or other notice substantially to the following effect:

"The Notes covered hereby have not been registered under the U.S. Securities Act of 1933 (the "Securities Act") any may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which the Notes covered hereby are a part, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the lead manager, except in either case in accordance with Rule 903 of Regulation S under the US Securities Act. Terms used above have the meaning given to them by Regulation S."

Until 40 days after the completion of the distribution of all Notes of the Tranche of which those Notes are a part, an offer or sale of Notes within the United States of America by any Dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the US Securities Act.

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## 7 Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**") and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes directly or indirectly in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in

compliance with, the Financial Instruments and Exchange Act and any other applicable laws, directives and ministerial guidelines of Japan.

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## 8 Hong Kong

The Notes have not been authorised by the Hong Kong Securities and Futures Commission.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes other than:
  - (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) (as amended) of Hong Kong (“**SFO**”) and any rules made under the SFO; or
  - (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) (as amended) of Hong Kong (“**CO**”) or which do not constitute an offer to the public within the meaning of the CO; and
- (b) unless it is a person permitted to do so under the applicable securities laws of Hong Kong, it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, (in each case, whether in Hong Kong or elsewhere) any advertisement, invitation, or other offering material or other document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made under the SFO.

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## 9 Singapore

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore, as amended (“**Securities and Futures Act**”).

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, unless an applicable Pricing Supplement (or another supplement to this Information Memorandum) otherwise provides, the Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes has not been and will not be circulated or distributed by it nor have the Notes been, nor will the Notes be, offered or sold by it, or be subject to an invitation for subscription or purchase by it, whether directly or indirectly, to persons in Singapore other than:

- (a) to an institutional investor under Section 274 of the Securities and Futures Act;
- (b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (1) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor (under Section 274 of the Securities and Futures Act) or to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) and in accordance with the conditions specified in Section 275 of the Securities and Futures Act;
- (ii) (in the case of a corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the Securities and Futures Act or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the Securities and Futures Act;
- (iii) where no consideration is, or will be, given for the transfer;
- (iv) where the transfer is by operation of law;
- (v) as specified in Section 276(7) of the Securities and Futures Act; or
- (vi) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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**10 Variation**

These selling restrictions may be amended, varied, replaced or otherwise updated from time to time in accordance with the Dealer Agreement. Any change may be set out in a Pricing Supplement or in another supplement to this Information Memorandum.

## Australian Taxation

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*The following is a summary of the Australian taxation treatment under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, “**Australian Tax Act**”) and any relevant rulings, determinations and regulations, at the date of this Information Memorandum, of the Notes to be issued by the Issuers under the Programme and certain other Australian tax matters. It is a general guide only and is not exhaustive. It should be treated with appropriate caution. In particular, the summary does not deal with the position of certain classes of holders of Notes (including, without limitation, dealers in securities, custodians or other third parties who hold Notes on behalf of other persons).*

*The summary is not intended to be, nor should it be construed as, legal or tax advice. Prospective holders of Notes should consult their professional advisers on the tax implications of an investment in the Notes for their particular circumstances. Information regarding taxes in respect of Notes may also be set out in the applicable Pricing Supplement.*

*The following section applies to Notes issued by Fonterra Co-operative Group Limited (“**Fonterra**”) only.*

The following is a summary of the Australian withholding tax treatment of payments of interest on the Notes to be issued by Fonterra under the Programme.

Under Australian laws as presently in effect:

- (a) *interest withholding tax* - so long as Fonterra continues to be a non-resident of Australia and the Notes issued by it are not attributable to a permanent establishment of Fonterra in Australia, payments of principal and interest made under Notes issued by it should not be subject to Australian interest withholding tax under Division 11A of Part III of the Australian Tax Act;
- (b) *supply withholding tax* – payments in respect of the Notes can be made free and clear of the “supply withholding tax” imposed under section 12-190 of Schedule 1 to the Taxation Administration Act 1953 of Australia (“**Taxation Administration Act**”), provided that Fonterra does not issue the Notes, use the proceeds of the Notes issuance or make payments on the Notes in the course or furtherance of an enterprise carried on in Australia; and
- (c) *other withholding taxes on payments in respect of Notes* - so long as Fonterra continues to be a non-resident of Australia and does not issue the Notes at or through a permanent establishment in Australia, the tax file number requirements of Part VA of the Australian Tax Act and section 12-140 of Schedule 1 to the Taxation Administration Act should not apply to Fonterra in connection with the Notes issued by Fonterra.

*The following section applies to Notes issued by New Zealand Milk (Australasia) Pty Ltd (“**NZMA**”) only.*

### **Interest withholding tax**

The Australian Tax Act characterises securities as either “debt interests” (for all entities) or “equity interests” (for companies) including for the purposes of interest withholding tax imposed under Division 11A of Part III of the Australian Tax Act (“**IWT**”) and dividend withholding tax. In the case of “debt interests” such as the Notes, IWT is payable at a rate of 10% of the gross amount of interest paid by NZMA to a non-Australian resident (other than a non-Australian resident who derives the interest income in carrying on business at or through a permanent establishment in Australia) or an Australian resident who derives the interest income in carrying on business at or through a permanent establishment outside Australia, unless an exemption is available.

An exemption from IWT is available in respect of interest paid on Notes to be issued by NZMA under the Programme if (a) the requirements of section 128F of the Australian Tax Act are met, or (b) the requirements of an applicable tax treaty are satisfied.

Unless otherwise specified in any applicable Pricing Supplement (or another relevant supplement to this Information Memorandum), NZMA intends to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

#### *Public offer test*

The exemption from IWT under section 128F of the Australian Tax Act is available in respect of interest paid on the Notes issued by NZMA if the following conditions are met:

- (a) NZMA is a company as defined in section 128F(9) of the Australian Tax Act and remains a resident of Australia and a company when it issues those Notes and when interest (as defined in section 128A(1AB) of the Australian Tax Act) is paid, and such interest is paid in carrying on a business at or through such a permanent establishment in Australia. Interest is defined for these purposes to include amounts in the nature of, or in substitution for, interest and certain other amounts;
- (b) those Notes are issued in a manner which satisfies the public offer test in section 128F of the Australian Tax Act. In relation to the Notes, there are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that NZMA is offering those Notes for issue. Only one of the methods needs to be satisfied. In summary, the five principal methods are:
- offers to 10 or more unrelated financiers, securities dealers or entities that carry on the business of investing in securities in the course of operating in financial markets;
  - offers to 100 or more investors of a certain type;
  - offers of listed Notes;
  - offers via publicly available information sources; or
  - offers to a dealer, manager or underwriter who offers to sell those Notes within 30 days by one of the preceding methods.

The issue of any of those Notes (whether in global form or otherwise) and the offering of interests in any of those Notes by one of these methods should satisfy the public offer test;

- (c) NZMA does not know, or have reasonable grounds to suspect, at the time of issue, that those Notes or interests in those Notes were being, or would later be, acquired, directly or indirectly, by an “associate” of NZMA, except as permitted by section 128F(5) of the Australian Tax Act; and
- (d) at the time of the payment of interest, NZMA does not know, or have reasonable grounds to suspect, that the payee is an “associate” of NZMA, except as permitted by section 128F(6) of the Australian Tax Act.

#### *Exemptions under recent tax treaties*

The Australian government has signed or announced new or amended double tax conventions (“**New Treaties**”) with a number of countries (each a “**Specified Country**”) which contain certain exemptions from IWT. The New Treaties apply to interest derived by a resident of a Specified Country.

Broadly, once implemented, the New Treaties effectively prevent IWT applying to interest derived by:

- governments of the Specified Countries and certain governmental authorities and agencies in a Specified Country; or
- a “financial institution” which is a resident in a Specified Country which is unrelated to and dealing wholly independently with NZMA. The term “financial institution” refers to either a bank

or any other form of enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, interest paid under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.

The Australian Federal Treasury maintains a listing of Australia's double tax conventions which provides details of country, status, withholding tax rate limits and Australian domestic implementation. This listing is available to the public on the Federal Treasury's Department website.

### **Payment of additional amounts**

As set out in more detail in the relevant terms and conditions for the Notes, and unless expressly provided to the contrary in any relevant supplement to this Information Memorandum, if NZMA is at any time required by law to deduct or withhold an amount in respect of any Australian withholding taxes imposed or levied by the Commonwealth of Australia in respect of the Notes, NZMA must, subject to certain exceptions, pay such additional amounts as shall result in receipt by the holders of those Notes of such amounts as would have been received by them had no such withholding or deduction been required. If NZMA is required, as a result of any change in, or amendment to, any Australian law after the issue date to pay an additional amount in respect of a Note, NZMA will have the option to redeem those Australian Notes in accordance with the relevant Conditions.

### **Supply withholding tax**

Payments in respect of Notes issued by NZMA can be made free and clear of the "supply withholding tax" imposed under section 12-190 of Schedule 1 to the Taxation Administration Act.

### **TFN/ABN Withholding**

Withholding tax is imposed (see below in relation to the rate of withholding tax) on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number ("**TFN**"), (in certain circumstances) an Australian Business Number ("**ABN**") or proof of some other exception (as appropriate).

Such withholding should not apply to payments to a holder that is a non-resident of Australia that does not hold Notes issued by NZMA in carrying on a business at or through an Australian permanent establishment.

A withholding rate of 47% will apply for the 2017-18 and 2018-19 income years. In the 2016 Australian Federal Budget, the Australian government announced that it proposed to increase the Medicare Levy by 0.5% from 1 July 2019. If this announcement is enacted in the manner as proposed, a withholding rate of 47.5% is expected to apply for the 2019-20 income year and income years thereafter.

*Except as expressly noted, the following section applies to Notes issued by either Fonterra or New Zealand Milk (Australasia) Pty Ltd (each an "**Issuer**").*

### **Other tax matters**

The following is a summary of certain other Australian tax matters in respect of Notes issued by the Issuers. Under Australian laws as presently in effect:

- (a) *death duties* - no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- (b) *stamp duty and other taxes* - no *ad valorem* stamp, issue, registration or similar taxes are payable in any Australian State or Territory on the issue or transfer of any Notes;
- (c) *goods and services tax ("GST")* - neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise (i) an input taxed financial supply, (ii) a GST-free supply (in the case of an offshore subscriber of a Note issued by NZMA) or (iii) a supply that is outside the scope of GST law (in the case of a Note

issued by Fonterra). Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, would give rise to any GST liability in Australia; and

- (d) *garnishee directions by the Commissioner of Taxation* – the Commission of Taxation may give a direction requiring the Issuer to deduct from any payment to a holder of the Notes any amount in respect of Australian tax payable by the holder. If the Issuer is served with such a direction, then the Issuer will comply with that direction and make any deduction required by that direction.

## **New Zealand Taxation**

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*The following is a summary of certain terms and conditions of the Notes issued by Fonterra Co-operative Group Limited (“Fonterra”) relating to New Zealand tax issues at the date of this Information Memorandum. Fonterra makes no comment about the treatment for taxation purposes of payments or receipts in respect of the Notes, and this summary is not intended as tax advice to any person. Each investor contemplating acquiring Notes under the Programme is advised to consult a professional adviser in connection with the New Zealand tax consequences relating to the acquisition, retention and disposition of Notes.*

### **New Zealand resident withholding tax**

A deduction on account of New Zealand resident withholding tax will be made from the payment of interest (as defined under New Zealand tax legislation) to a Holder if:

- (a) such Holder is (or holds the Note on behalf of a beneficial owner that is) a:
  - (i) resident of New Zealand for income tax purposes; or
  - (ii) non-resident that holds (or beneficially holds) the Note for the purposes of a business carried on in New Zealand through a fixed establishment in New Zealand; or
  - (iii) non-resident that is a registered bank in New Zealand, is engaged in business in New Zealand through a fixed establishment in New Zealand, and is not associated with the Issuer,(each a “**New Zealand Holder**”); and
- (b) at the time of such payment the New Zealand Holder (or beneficial owner) does not hold a valid RWT exemption certificate (as defined in the Income Tax Act 2007 of New Zealand) and the payment is not otherwise exempt from resident withholding tax.

Under the terms of the Notes, Fonterra is not obliged to make any additional payments to Holders where a deduction on account of New Zealand resident withholding tax is made or required.

### **New Zealand non resident withholding tax**

New Zealand law requires, with certain exemptions, a deduction on account of non-resident withholding tax to be made from the payment of interest (as defined under New Zealand tax legislation) with a New Zealand source to a holder of a Note who is not a New Zealand Holder. If non-resident withholding tax is required to be deducted from the payment of interest and Fonterra is required to pay an additional amount in respect of such tax, Fonterra intends (for so long as it does not incur any increased cost or detriment from so doing) to reduce the applicable rate of non-resident withholding tax to zero per cent. by registering the Programme with the New Zealand Inland Revenue Department and paying, on its own account, an approved issuer levy which is currently equal to 2 per cent. of the relevant interest payment. However, the approved issuer levy regime will not apply where:

- (a) the Holder or beneficial owner is “associated” with Fonterra or the payment otherwise relates to related-party debt (under the Income Tax Act 2007 of New Zealand); or
- (b) the Holder or beneficial owner derives interest (as defined under the New Zealand tax legislation) under such Notes jointly with one or more persons, and one or more of those persons is resident in New Zealand.

Subject to the comments above and below, under the terms of the Notes, Fonterra is obliged to make additional payments to holders where a deduction on account of New Zealand non resident withholding tax is made or required.

### **Application of approved issuer levy regime**

Where a beneficial owner of a Note that is not a New Zealand Holder derives interest under the Note and is associated with Fonterra (or the interest otherwise relates to related-party debt) for the purposes of the Income Tax Act 2007, the approved issuer levy regime will not apply to such payment of interest and the New Zealand non-resident withholding tax imposed will equate to the applicable rate of New Zealand non-resident withholding tax. Where a beneficial owner of a Note that is not a New Zealand Holder derives interest under such a Note jointly with one or more persons, and one or more of those persons is a New Zealand tax resident, the approved issuer levy regime referred to above will not apply to such payment of interest and the New Zealand non-resident withholding tax imposed will equate to the applicable rate of New Zealand resident withholding tax.

Under the terms of the Notes, Fonterra is not obliged to make any additional payments to such Holders where a deduction on account of New Zealand non-resident withholding tax is made in these circumstances.

### **Notification obligation of New Zealand Holders**

Prior to any interest payment date or the maturity date of any of the Notes, a Holder that is a New Zealand Holder must notify Fonterra:

- (a) that the Holder is a New Zealand Holder and (whether it (or the beneficial owner) derives a beneficial interest under a Note jointly with any other person;
- (b) of any circumstances, and provide Fonterra with its New Zealand tax file number and any information (including a copy of a valid RWT exemption certificate (as defined in the Income Tax Act 2007 of New Zealand)) that may enable Fonterra to make the payment of interest to the New Zealand Holder without deduction on account of New Zealand resident withholding tax; and
- (c) of any change in the New Zealand Holder's or the beneficial owner's circumstances from those previously notified that could affect Fonterra's withholding, deduction or payment obligations in respect of such Notes.

### **New Zealand Holder Indemnity**

Pursuant to the terms of the Notes, by accepting payment of the full face amount of any Note (including a Note under which a person, who is not a New Zealand Holder, derives beneficially interest jointly with one or more persons, and one or more of those persons is a New Zealand tax resident holder (see further under the heading "*Application of approved issuer levy regime*" above)) on its maturity or any interest payment date, a New Zealand Holder agrees to indemnify Fonterra for all purposes in respect of any liability that Fonterra may incur for not deducting any amount from such payment on account of New Zealand resident withholding tax and (in the case of a Note under which a person, who is not a New Zealand Holder, derives beneficially interest jointly with one or more persons, and one or more of those persons is a New Zealand tax resident holder as applicable) New Zealand non-resident withholding tax.

## Directory

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### Issuers

#### **Fonterra Co-operative Group Limited**

109 Fanshawe Street  
Auckland  
New Zealand

Telephone: + 64 9 374 9344  
Facsimile: + 64 9 379 8220  
Attention: Director Capital Markets

#### **New Zealand Milk (Australasia) Pty Ltd** (ABN 23 03 502 654)

c/- Fonterra Co-operative Group Limited  
109 Fanshawe Street  
Auckland  
New Zealand

Telephone: + 64 9 374 9344  
Facsimile: + 64 9 379 8220  
Attention: c/- Fonterra Co-operative Group  
Limited, Director Capital Markets

### Joint Arrangers and Programme Managers

#### **National Australia Bank Limited** (ABN 12 004 044 937; AFSL 230686)

Level 25  
255 George Street  
Sydney NSW 2000  
Australia

Telephone: +61 2 9376 5985  
Attention: Director, Debt Markets

#### **Westpac Banking Corporation** (ABN 33 007 457 141; AFSL 233714)

Level 2  
Westpac Place  
275 Kent Street  
Sydney NSW 2000  
Australia

Telephone: + 61 2 8253 4574  
Facsimile: + 61 2 8254 6937  
Attention: Executive Director, Debt Securities

## Dealers

### **Australia and New Zealand Banking Group Limited**

(ABN 11 005 357 522; AFSL 234527)

Level 5  
ANZ Tower  
242 Pitt Street  
Sydney NSW 2000  
Australia

Telephone: + 61 2 8037 0200  
Facsimile: + 61 2 8937 7115  
Attention: Head of Bond Syndicate, Global Markets

### **Citigroup Global Markets Australia Pty Limited**

(ABN 64 003 114 832; AFSL 240992)

Level 23, Citigroup Centre  
2 Park Street  
Sydney NSW 2000  
Australia

Telephone: + 61 2 8225 4072  
Facsimile: + 61 2 8225 5466  
Attention: Head of Capital Markets Origination

### **Commonwealth Bank of Australia**

(ABN 48 123 123 124; AFSL 234945)

Level 21  
Darling Park Tower 1  
201 Sussex Street  
Sydney NSW 2000  
Australia

Telephone: + 61 2 9118 1219  
Facsimile: + 61 2 9118 1002  
Attention: Head of Debt Capital Markets

### **Deutsche Bank AG, Sydney Branch**

(ABN 13 064 165 162; AFSL 238153)

Level 16  
Deutsche Bank Place  
Corner of Hunter and Phillip Streets  
Sydney NSW 2000  
Australia

Telephone: + 61 2 8258 2657  
Facsimile: + 61 2 8258 2220  
Attention: Head of Debt Capital Markets

### **National Australia Bank Limited**

(ABN 12 004 044 937; AFSL 230686)

Level 25  
255 George Street  
Sydney NSW 2000  
Australia

Telephone: +61 2 9237 9201  
Attention: Director, Corporate Debt Markets  
Origination

### **Westpac Banking Corporation**

(ABN 33 007 457 141; AFSL 233714)

Level 2, Westpac Place  
275 Kent Street  
Sydney NSW 2000  
Australia

Telephone: +61 2 8253 4574  
Facsimile: +61 2 8254 6937  
Attention: Executive Director Debt Securities

## Registrar

### **Computershare Investor Services Pty Limited**

(ABN 48 078 279 277)

Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067  
Australia

Telephone: + 61 3 9412 5000  
Facsimile: +61 3 9473 2500  
Attention: Company Secretary