

MARKET ANNOUNCEMENT

21 October 2015

FONTERRA NOTIFIES FITCH RATINGS REVIEW

Fonterra Co-operative Group Ltd has been notified by Fitch Ratings that they have reviewed Fonterra's credit rating.

Fitch Ratings has lowered Fonterra's long-term Issuer Default Rating and senior unsecured rating to A from AA- and Fonterra's short term Issuer Default Rating to F1 from F1+. It has also lowered Fonterra's subordinated debt rating to A- from A+. The outlook is stable.

Chief Financial Officer Lukas Paravicini said, Fitch's 'A' rating category confirms that the Co-operative's underlying financial strength and credit quality remain strong.

"We have maintained an 'A' rating category while progressing with a carefully planned investment strategy. These strategic investments are making the Co-operative stronger and positioning us well for the future.

"I reiterate my comments of last week, that the revised ratings will not have any impact on Fonterra's strategy or on farmer shareholder pay-out."

Mr Paravicini said the Co-operative was continuing its strong financial discipline including capital investment management, setting a prudent advance rate payment to farmers for the current season, and applying its dividend policy to ensure an on-going retention of a portion of earnings.

-ENDS-

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