

To: Chair of the Fonterra Board and Chair of the Fonterra Shareholders Council
8 March 2018

Due to the many uncertainties around Fonterra's China strategy and its perceived results, I have done my own review of China performance based upon the published annual reports and financial statements.

It resulted in two brief documents plus one spreadsheet that I attach.

The first document contains my conclusions.

The second one gives the background of how I ended up with the figures that I used in the spreadsheet.

**The first conclusion of my review is that we have lost \$2billion since 2007.
My second and even more important conclusion is that China is not the real problem.
The real problem lies with how Board and management develop strategy and make strategic decisions.**

I would, therefore, propose a thorough and entirely independent review of the decision making process at Board and management level.

Kind regards,
Jan Marten Kingma