



ASX ANNOUNCEMENT

BEGA CHEESE – FONTERRA PRODUCT SUPPLY AGREEMENT

Bega Cheese Limited is pleased to announce that it has signed a new Product Supply Agreement with Fonterra Brands (Australia) Pty Ltd under which Bega Cheese will continue to supply retail cheese products to Fonterra under both the "Bega" and other brands. This new Product Supply Agreement will replace the prior Agreement, which was put in place in 2001 in conjunction with Bega Cheese granting Fonterra a long term Trade Mark Licence to use the "Bega" trade marks on natural and processed cheddar cheese, string cheese and butter products sold in Australia. Bega Cheese receives a royalty based on retail sales of "Bega" branded products in Australia under the Trade Mark Licence.

The terms of the new Product Supply Agreement are materially the same as the prior Agreement, under which Bega Cheese has been supplying cheese products to Fonterra since 2001. As anticipated in the Bega Cheese prospectus dated 18 July 2011, the new Agreement incorporates a modified costs plus pricing formula. This modified pricing formula has been in operation since 1 June 2011.

Under the terms of the new Product Supply Agreement:

- Bega Cheese will supply cheese products to Fonterra in accordance with the ordering and planning procedures set out in the Agreement.
- Fonterra is required to source all Bega branded cheese products from Bega Cheese for the duration of the Trade Mark Licence.
- The prices payable by Fonterra to Bega Cheese for products supplied are calculated under a formula that involves the reimbursement of costs incurred in producing the products plus an agreed margin.

15 November 2012

For further information please contact

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