Eight farmers came together in 1871 to form the country’s first dairy co-operative. Now, 10,500 Fonterra farmers supply high-quality milk to millions of consumers around the world, every day.

The milk you produce is the cornerstone to Fonterra’s future. It’s how our Co-op has grown from eight farmers to becoming a globally relevant co-operative.

And we want to support you in your continued success on farm, so we’ve put together Farm Source, a way to give you new levels of rewards, service, information, financial options and support.

It’s all about making the most of the unity and strength of our Co-op, in the same way we did back in 1871. From the past, to the future.
All around the world, people are asking for more and more of our high-quality dairy products. We’re looking to fill that demand, and to become a globally relevant co-operative making a difference in the lives of two billion people around the world.

To get there, it’s all about the milk. And it all starts here in New Zealand – our number one priority.
We've developed Farm Source to support you – our owners. We want to help you make the most of the access you have to the exclusive benefits of being part of a Co-op as strong as Fonterra is. We also want to help you take your farming business from strength to strength, to take advantage of local knowledge in your region and be able to access a whole new world of information and advice.

Farm Source was developed after listening to you. You told us we could do more to take advantage of our strength to help you get better deals on important farm costs. With farmers cash flow under pressure, every dollar counts and there is no better time than now to launch this.

We are bringing you more regional farmer facing roles. We are bringing you more financial options to manage your business with us. And we are bringing you the full strength of our global Co-op, without losing sight of the Co-op’s grass roots.

Our strength has always come from all of us working together. Farm Source is all about connecting with and supporting our farmers on a whole new level. It is our collective strength, put to work for you on the farm and in the community so that you can grow and we can grow – together.

We want to tap into the collective buying power of the Co-operative and pass these benefits on to you. That includes better deals on important farm costs such as fuel, telecommunications and energy, and you’ll be rewarded whenever you buy farm supplies.

This is just the start – there’s plenty more to come.

Farm Source will be a global brand, so eventually we’ll be rolling it out around the world, but it will always be connected at its heart to the home of Fonterra. We’re building ‘Our Place’ in each community – hubs where everyone can come together to do business, buy product and access exclusive deals.

Farm Source is about connections. It’s not just Fonterra to you – it’s you to the community. It’s all of us, together as one.

JOHN WILSON

THEO SPIERINGS

Fonterra Strategic Platforms

1. Optimise New Zealand Milk
2. Build and Grow beyond our current consumer positions
3. Deliver on Foodservice potential
4. Grow our Anlene business
5. Develop leading positions in paediatric and maternal nutrition
6. Selectively invest in Milk Pools
7. Align our business and organisation

Farm Source will sit alongside our five other global brands: Fonterra, NZMP, Anchor™, Anlene™ and Annum™. It will bring benefits to farmers and link us all to our local communities.
Our Place

It all starts here. New Zealand milk is #1 and we are rolling out Farm Source Hubs throughout the country, creating a place where we can connect with each other and the community. As a Fonterra farmer you already own an extensive rural supplies network, with around 90 per cent of our farms within 25kms of a local branch.

We’ll be converting our RD1 stores to Farm Source Hubs and they will be our touchpoint in each region. They’ll feature farmer facilities, such as meeting rooms and a drop-in space where you can talk to others, have a coffee and recharge your batteries (including the one in your phone).

You’ll also have the farm supply services you need right there on site – including exclusive prices and discounts we’ve negotiated just for you. Every purchase you make earns you Farm Source Dollars (FS), which build up with each purchase and can be redeemed at our Hubs or on the website for Farm Source store vouchers, services or experiences, including travel.

But the regional touch will go much further than your local Farm Source Hub.

So many people work with you in some way within your region. And you can’t put a price on their local knowledge. We’re taking a team approach so you get plenty of support, but in a more streamlined way – from people who understand regional conditions, council regulations and what’s important to local farmers.

Farm Source is not just at the Hubs – it’s also online, on mobile and on demand.

Technology is more and more important to the future of farming, so we’ve given Fencepost an overhaul. We know that nearly 90 per cent of you are online daily, checking milk quality and production information, and our milk production app we launched earlier this year has more than 5,000 users already.

The new Farm Source online is an expanded source of advice, tools and information to help you monitor your farm operation, manage your financials, buy supplies and check out your rewards.

It’s a big upgrade – it’s faster, cleaner and easily accessed on your mobile, computer or tablet. And this is just the beginning.

With Farm Source online you’ll find a financial toolbox so you can better manage your shares, your capital and your business. This includes our Dividend Reinvestment Plan, Invest As You Earn (a bit like KiwiSaver, but you can use your milk cheque to buy shares), and a process where you can share-up over time.

Farm Source brings together all the benefits of being part of our Co-operative and delivers them to you at home, online, and in your community.

Let us know what you think. We’ll be upgrading all the time, bringing you more useful resources, information and online tools.
FARM SOURCE BRINGS TOGETHER ALL THE BENEFITS OF BEING PART OF OUR CO-OPERATIVE. IT’S EXCLUSIVE – AND IT’S CREATED JUST FOR YOU.
Every farming region is different. That’s why we’re working on ways to give you better, more streamlined support from people in the know. People who understand the region you live and farm in, your council’s regulations, the local business leaders and the different conditions.

Local knowledge is everything when it comes to farming success. Southland isn’t Taranaki any more than Northland is Canterbury. So we are taking a regional approach to Farm Source and you will see the colours of rural regions reflected on our Farm Source Hubs and tankers.

The people you work with need to know your region inside out. You’ve let us know you value the support and advice from Fonterra, but there’s also a need for more co-ordination within each region. So we’re taking a regional approach – one that will go much further than your local Farm Source Hub.

So many people work with you in some way – store staff, tanker operators, service centre, Area Managers, Shareholders’ Councillors, Sustainable Dairying Advisors, Technical Sales Reps, the Vat Assets Team, Food Safety Advisors and your local Networkers.

We’re taking a team approach to get you plenty of support, but in a more streamlined way from people who understand regional conditions, council regulations and what’s important to local farmers.

We’re strengthening our regional networks, increasing our regional knowledge and creating stronger links between Area Managers, Technical Sales Reps and farmers – all to deliver seamless support to you. There’ll be more resources than ever within your region to help with everything from your production plans to solutions that meet your farming needs.
Strengthening our community roots

CANTERBURY

BAY OF PLENTY

TARANAKI

CENTRAL DISTRICTS

WAIKATO

OTAGO

SOUTHLAND
Imagine a place that brings together the great service, prices and range offered by your local Fonterra rural supplies store with facilities you can call home.

Our Place – that’s a good way to describe a Farm Source Hub which will provide a totally new exclusive approach to support our farmers. We already have an existing farm supplies network with 67 RD1 stores (and four more in development) spanning communities across New Zealand. They’re a natural magnet for Fonterra farmers who own the business. We are doing a lot more with the network to support you on farm and when you are off farm.

On farm, it’s all about getting the best deal on the products you need, season by season, backed up by technical advice in key areas like animal nutrition and support services like stock trading. It’s about getting rewarded for your spending in the farm supplies network you own.

Off farm, it’s about us helping you make more of your time. Our Farm Source Hub is your place in town. You can book a meeting room to catch up with your accountant or your Farm Source regional support team members. You can drop in for a coffee, use the free wi-fi to check your emails, or have a chat with a neighbour. The larger meeting spaces will be the base for Ward meetings, seminars, shed meetings and roadshows.

As a Fonterra farmer, you will have exclusive deals in store. The specials for Fonterra farmers will be clearly marked with the price and the savings. The special Farm Source pricing on key products each month will be exclusively available for you in store and you can also buy them, and anything else you need, from your Farm Source Hub online. Expect great prices in store, so you can reduce costs on farm.

Our farm supply network is undergoing a transformation and that includes a fresh new look. But you won’t need to wait until we roll this out in your local community. The majority of the Farm Source Hub benefits are here right now, with the new look rolling out over the next two years.
Indicative only
The Farm Source Rewards card is your ticket to rewards and exclusive offers. All Fonterra farmers will receive a Farm Source Rewards card and with it automatic access to exclusive discounts and benefits.

The card can be used at your local Farm Source store or at key partners where you’ll get great deals. Each time you shop with Farm Source or our partners and use your card, you’ll earn Farm Source Dollars.

Getting your card
All Fonterra farmer shareholders, sharemilkers, contract milkers, farm managers and farm staff are eligible for the Farm Source Rewards card and its benefits. Cards will be sent out automatically for you at the start of November 2014. There will be an opportunity to personalise the card and to get a second card for your family before then. When you get your Farm Source Rewards card you’ll have immediate access to some great discount offers.

Discounts
With your Farm Source Rewards card you can save, both with the Farm Source Hubs and with our partners. Each month, Farm Source Hubs will offer exclusive deals to Fonterra farmers. Farm Source Rewards card holders will also receive discounts on key farming costs from our partners.

We will continue negotiating discounts for you but here’s a couple we’ve secured now:

Save over 40% on Ecolab XY-12
Ecolab is a significant partner of our Co-op, providing both you and our manufacturing sites with a range of products that support the high quality of our milk.

From 1 October 2014, you’ll be able to save over 40% on Ecolab XY-12, while stocks last.

Save at the Mobil pump
Mobil Oil is New Zealand’s oldest oil company and as it’s a longstanding partner of our Co-op, we’ve been able to secure an exclusive deal for you.

With your Farm Source Rewards card, you can now buy fuel at a discount of 18 cents per litre from the 170 Mobil-branded service stations, from 1 November 2014.
When you spend with us, you’ll earn from us. For every dollar spent with us and our partners, you’ll automatically earn Farm Source Dollars (FS) – giving you a share of returns from the rural supplies network you own.

Unlike other rebates, you don’t have to wait all year to get your share and you’ll get the full value owing to you. You’ll be able to redeem these dollars at any time from December 2014 for your farm business, yourself, your family or your community. Farm Source Dollars can be converted to Farm Source store vouchers, products, services or experiences, including travel.

Farm Source Dollars build up with each purchase, earning you up to one FS for every $50 you spend in store (conditions apply). You’ll earn Farm Source Dollars on everything you spend with us in store – fertiliser, nutrition, electricity and more. Over time, you can save thousands of dollars with FS.

How Farm Source Dollars (FS) can work for you

Rachel and John are farmers with a herd of 350 cows. The team at their local Farm Source store take care of most of their farm supplies, including their annual feed and fertiliser needs. Rachel and John also bill their electricity and fuel through Farm Source partners, so they’re saving money at the same time as earning Farm Source Dollars.

From what it takes to run their farm, Rachel and John expect to earn FS 3,500 each year, which they plan on using to book a well-earned holiday. Not bad for money they were going to spend anyway and this is in addition to the solid Farm Source Hub’s financial return to Fonterra and the great discounts on key Farm Source deals.
We’ve got a lot of members in our Fonterra family. Together, that represents a great deal of buying power.

But there are other ways we can use our collective strength. For example, Farm Source will aggregate farmers from around the country who are seriously looking at big capital items like a new tractor or farm vehicle. If we get together, we can negotiate a group deal on your behalf.

Farm Source Dollars (FS)

You’ll automatically earn Farm Source Dollars when you shop with Farm Source or our partners from October. And you’ll be able to redeem Farm Source Dollars any time you want for Farm Source store vouchers, services or experiences including travel.

Farm Source Dollars give you a share of returns from the rural supplies network you own. But unlike some other rebates, you can use your Farm Source Dollars straight away, you don’t need to wait all year to benefit, and you’ll get the full value owing to you.

OCTOBER DEAL

Save over 40%
**Holden**

Save 30% on the purchase or lease rate on a Colorado LT 4X4 CC/PU Auto Ute

Live from 1 October 2014 until 30 April 2015 at any Holden dealer.

As a Fonterra farmer you get Holden’s biggest ever discount – save 30% when you purchase or lease a Holden Colorado 4X4 ute. The Holden Colorado ute has unbeatable towing capacity and 500Nm of torque, which means it can make light work of whatever you throw at it.

**On Farm Fuel**

Fuel delivered to your farm – up to 23 cents per litre cheaper than the average pump price*

Talk to us today about how our exclusive Z national pricing can benefit you, call 0800 731 266 to arrange an on farm quote to suit your needs.

Available now – ongoing offer.

Get bulk fuel delivered on your farm cheaper than you can buy it at the pump! On farm delivery saves you time – cutting down on trips to the nearest petrol station – and it also saves you money.

*pricing and savings are an indication and are subject to change.

**Mobil**

Save 18 cents per litre at the Mobil Service Stations

Use your Farm Source Rewards card at any Mobil Service Station to access the discount.

Live from 1 November 2014, ongoing offer.

Use your Farm Source Rewards card at your local Mobil branded Service Station to save 18 cents off per litre on petrol and diesel at the pump.

**Carter’s Tyre Service**

Save up to 25% on passenger, 4WD, light commercial and truck and agricultural tyres

Use your Farm Source Rewards card at Carter’s Tyres to access the discount.

Live from 1 November 2014.

Valid for 12 months.

Save up to 25% at Carter’s Tyre Service on passenger, 4WD, light commercial and truck and agricultural tyres (over 1,200 tyres from GT Radials, Pirelli, Alliance, Goodyear, Dunlop, Bluestreak, plus other brands).

Just use your Farm Source Rewards card at your local Carter’s Tyre Service to take advantage of this great deal.

**Spark**

Save up to $20 per month

Call our Customer Services Team to discuss how to get these great offers.

Available now, ongoing offer.

Get $10 per month off all Spark broadband/home phone plans and $10 per month off mobile plans.

Talk to us today on 0800 731 266.

**Southern Cross**

Save over 10% and ensure you and your family’s health is well protected

Call 0800 438 268 and a Southern Cross Representative will discuss your options and complete the application process with you.

Available now, ongoing offer on all health insurance policies.
We appreciate it’s busy running a farming business, and many decisions are made on the go. So we’re making it easier than ever to access everything you need – on your computer, on your mobile and on your tablet.

We’ve completely revamped what’s available to you digitally to help drive success in your business. Our new Farm Source digital platform brings to life Fonterra’s world of dairy know-how and puts the Co-op at your fingertips anywhere, any time, any place.

And that includes your mobile phone, your computer and your tablet.

You can easily access all your farming information, get advice, information and support, shop for farm supplies, access exclusive deals and see your Farm Source Rewards grow.

It’s all about harnessing the benefits that come with being part of Fonterra.

You can download the Farm Source shortcut directly to your mobile or tablet, for easy access to everything you want. Or, continue to use the Milk Production app for a quick snapshot of your milk stats.

Farm Source online gives you what you need, when you need it. And to make sure you get it as fast as possible, we’re teaming up with Spark for cheaper telecommunications.
Fencepost, meet Farm Source.

We’ve given Fencepost a total overhaul and introduced it to Farm Source. All your information is still there to manage your farm business, only now with simpler, more intuitive layouts and navigation.

But that’s just the beginning. We’ve also added a Financial Toolbox to help support your business. Here you’ll find information on ways to get more flexible options to manage your cash flow, your shares, your risk and your capital.

Check out the Invest As You Earn and Dividend Reinvestment plans – and there’s plenty more. Turn to page 22 for more details on the new financial tools.

While we’ve made some changes, some things will stay familiar. You can still log in the same way you usually would, through the new Farm Source site, and you can save it as a favourite link through the new URL nzfarmsource.co.nz/business.

And you can still access all your stats on production and quality through the Farm Business homepage, as well as comparison reports, statements and nitrogen reports, the Milk Payment Estimator and Fonterra financial information such as Advance Rates.

You can also link through to trade your Fonterra shares as well as access other key financial information, such as Global Dairy Updates, presentations and market announcements.

Check it out at nzfarmsource.co.nz
Now you’ll be able to access everything you need to run your business through your mobile phone, as well as your computer and tablet.
Through the Farm Source Hub, you can shop online for all of your practical farming needs.

There are more than 8,000 products available online. You can also check to see if your local Farm Source Hub has what you’re after in stock, then click to purchase and either click and collect from your store or have your products delivered direct to your farm.

You’ll see regular exclusive deals in stores and online that are just for Fonterra farmers.
GET THE FINANCIAL TOOLS YOU NEED TO SMOOTH THE ROAD AHEAD
The right financial tools can help you grow at the pace that works for you. Fast or slow, you’ll have our help to get where you want to go.
The Financial Toolbox is a selection of tools that can help you better manage the financial side of your business. The toolbox covers options to manage your shares, capital and business.

These tools are part of our commitment to working with you. We want to ensure you receive financial options that enable you to grow your business.

Some tools are available now and others will become available later in the 2014/15 season.

The Financial Toolbox is designed to specifically help you manage your business with Fonterra, in the way best suited to you – whether by getting more certainty on returns, or by providing a variety of ways for you to manage your shareholding.

- Dividend Reinvestment Plan
- Share-Up Over Time
- Invest As You Earn

- Equity Partners’ Fund

- Guaranteed Milk Price
DIVIDEND REINVESTMENT PLAN

Receive shares in lieu of a cash dividend

Open from December 2014

A Dividend Reinvestment Plan (DRP) allows you to receive shares in lieu of all or part of your cash dividend.

Benefits
• Hands-off easy way to increase your shareholding to help meet your minimum shareholding requirement
• Reduce the need for lump sum borrowing to buy shares
• Fund growth in your shareholding through your dividend

SHARE-UP OVER TIME

Options to spread your share purchase requirements

Open from 29 September 2014

Share-up Over Time allows you to spread your share purchase requirements over a period of three to ten years. Spreading your share purchase over a period of time can help to reduce the need for lump sum borrowing to buy shares and smooth the impact on cash flow.

Benefits
• Reduce the need for lump sum borrowing or upfront cash investment to buy shares
• Sharing up over time smooths impact on cash flow
• Flexible options for a range of situations – new or growing farmers, farm sales and restructures with change of ownership

There are three Share-up options available for the 2015/16 season. Each contains different requirements for sharing up. Your options are:
• 3-Year transaction period – Buy 1/3 of the required shares each year, over a 3 year period.
• 6-Year contract – Hold 1000 shares upfront, no more for the next 3 years, then 1/3 of the required shares in years 4, 5 and 6.
• 10-Year contract – Hold 1000 shares upfront, then 10% of the required shares each year over a 10 year period.
INVEST AS YOU EARN

Use a portion of your monthly milk payment to invest in shares

Open from December 2014

Invest As You Earn provides a hands-off approach to increasing your shareholding over time by allowing you to invest some of your milk payment into shares each month.

You choose when you want to invest and you can align your monthly investment amount with your farm’s cash flow. Shares are purchased on your behalf and with a regular monthly investment you will receive an average share price each month.

Benefits

• An easy, hands-off way to increase your shareholding – the shares are purchased on your behalf
• Regular monthly investments mean you will receive an average share price over time
• Align with your farm cash flow by selecting an amount that suits you
• Reduce the need for lump sum borrowing to buy shares
• Can be aligned with a Share-up Over Time contract

EQUITY PARTNERS’ FUND

Flexible equity funding to support your goals

Under consultation only

Fonterra intends to consult on the merits of establishing an Equity Partners’ Fund that would be a source of long-term equity for our farmers in New Zealand and Australia, by sourcing equity from investors. The Equity Partners’ Fund would invest at the farm level to support you to grow production and manage volatility, while meeting environmental and other requirements.

A goal of the Equity Partners’ Fund is to provide a source of equity funding for Fonterra farmers, big or small, to grow with the Co-op. The Equity Partners’ Fund is intended to complement, rather than replace, other forms of debt and equity funding.

Later this year Fonterra intends to release more detail on the objectives, structure and operation of the Equity Partners’ Fund for consultation. It will take time to review and refine this detail during the consultation process so that Fonterra can be confident such a fund would serve the interests of our farmers and be viable for investors before proceeding further.

Benefits

• Leverage the equity provided to grow your earning or production more rapidly
• Tailor the extent of the equity you use according to your business needs
• Reduce your reliance on debt
• Align your business with long-term partners with shared interests
Manage volatility in Milk Price and plan with certainty

Open in December 2014 and June 2015

Guaranteed Milk Price gives you an opportunity to lock in the price you receive for a percentage of your milk.

Volatility can create pressure at the farm gate due to uncertainty in the Farmgate Milk Price and can impact your farm business planning and budgeting. Guaranteed Milk Price is a useful tool to help you manage price volatility, giving you certainty over a portion of your income. In turn, certainty allows more robust budgeting which can help you to confidently make decisions around servicing debt and capital investment on farm.

There are two opportunities to lock in a Guaranteed Milk Price during the season:

1. In June for production supplied from 1 June to 31 May (12-month agreement), and
2. In December, for production supplied from 1 December to 31 May (6-month agreement).

Fonterra will continue to be proactive in providing tools to help meet the needs of our farmers in managing price volatility.

If you would like to participate in Guaranteed Milk Price, you can apply online in December or you can request an information booklet, which includes an application form.

Benefits

There are a range of key benefits with Guaranteed Milk Price. Some of these include:

• Gives you certainty over a portion of your income
• Allows more robust budgeting and financing.
• Gives you confidence around debt servicing and capital investment on farm.

For more information

If you would like more information on the Financial Toolbox and the tools that can help you better manage the financial side of your business with Fonterra:

• Go online to nzfarmsource.co.nz/business
• Contact your Area Manager, or
• Phone 0800 65 65 68.
FONTERRA, FARMERS AND FARM SOURCE... TOGETHER AS ONE

FINANCIAL TOOLBOX
- Dividend Reinvestment Plan
- Share-Up Over Time
- Invest As You Earn
- Guaranteed Milk Price
- Equity Partners’ Fund

FROM CANTERBURY TO THE WORLD
THIS MARKS THE START OF A WHOLE NEW ERA FOR THE STRENGTH OF OUR CO-OPERATIVE
You know each other by first name. They know your business inside and out. With Farm Source you’ll get closer to your local source of global dairy expertise.