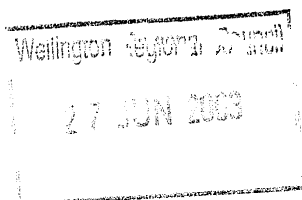




Fonterra Co-operative Group Limited
 Private Bag 92032, Auckland
 Leonard Isitt Drive
 Auckland Airport, New Zealand
 Ph 09 256 5400, Fax 09 256 5419
 www.fonterra.com



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25 June 2003

Howard Stone
 Chief Executive Officer
 Wellington Regional Council
 PO Box 11646
 Wellington

Dear Howard

Re: Dairying and Clean Streams Accord

The recent signing of this Accord provides the opportunity for Fonterra to work closely with your Council on the issue of water quality in dairying areas, and to build on the good working relationship Fonterra's staff and suppliers have with your organisation. The Accord is important to Fonterra as it focuses the signatory organisations on a significant issue where we will have more success if we all work together. It is important that we build on the achievements of our suppliers and your organisation to date.

An essential step in the Accord is the development of Regional Action Plans with each regional authority, to prioritise the Accord targets and identify opportunities for us to work together and identify programmes specific to your region that will help achieve the Accord targets.

Fonterra is involved in a number of initiatives with our suppliers in your area that work toward the Accord goal, as well as addressing other environmental issues. We are:

- Promoting an environmental management system: the Market Focused Programme, to all of our suppliers and ensuring that it is available for use on all farms in your area.
- Assessing all of our suppliers against the Dairy Industry Environment and Animal Welfare Policies in the current season. This assessment will allow us to identify poor performers, but also to recognise good performance.
- Working with our suppliers and other industry organisations to identify and promote local solutions to local environmental problems throughout New Zealand. Providing a database of environmental research and best management practice for our suppliers.
- Funding research into on farm environmental issues and solutions.

Shane Lodge will be contacting you in the near future to identify the key people to work with in your region to develop the action plan and begin the process.

We look forward to a closer working relationship in the future.

Yours faithfully

Craig Norgate
 Chief Executive Officer