

2014

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is given that our 2014 Annual Meeting of Shareholders of Synlait Milk Limited will be held at [Melton Estate](#), Weedons Ross Road, West Melton RD5, Christchurch, New Zealand, on Tuesday [2 December 2014, commencing at 1:00pm*](#). If you are travelling on the Main South Road (SH1), turn right into Weedons Ross Road between Templeton and Rolleston.

We look forward to seeing you there if you can make it.

*Since our announcement to the market on 22 September 2014 there has been a change of venue from Peppers Clearwater Resort, Clearwater Avenue, Northwood, Christchurch 8051 to Melton Estate, Weedons Ross Road, West Melton RD5, Christchurch. We apologise for any inconvenience this may cause.

OUR AGENDA

Our Annual Meeting agenda is as follows:

1. WELCOME



2. CHAIRMAN'S ADDRESS



3. MANAGING DIRECTOR'S ADDRESS

4. FORMAL RESOLUTIONS

(please see the Explanatory Notes at the end of this Notice):

(i) Auditor's Remuneration

RESOLUTION 1:

To consider and, if thought fit, pass the following as an ordinary resolution:

"That the Board be authorised to determine the auditor's fees and expenses for the 2015 financial year."

(ii) Election of Director

RESOLUTION 2:

To consider and, if thought fit, pass the following as an ordinary resolution:

"That Bill Roest be re-elected as a Director."

(iii) Directors Remuneration

RESOLUTION 3:

To consider and, if thought fit, pass the following as ordinary resolutions:

"That the annual fee for the Chairman of the Board be \$108,000";

"That the annual fees of \$66,000 be paid to each of the two Committee Chairs;" and

"That the annual fees for all other Directors be \$60,000";

"That the above increases apply from 1 April 2015."

(iv) Directors Remuneration Policy Review Period

RESOLUTION 4:

To consider and, if thought fit, pass the following as an ordinary resolutions:

"That the Directors Remuneration Review Policy be changed to an annual review of Director Fees from 1 April 2015 onwards."

5. ANY OTHER BUSINESS

To consider any other business that may be properly brought before the meeting.

OUR PROCEDURAL NOTES

PROXIES

A Proxy Form is included with this Notice.

Any of our shareholders who are entitled to attend and vote at the Annual Meeting, may appoint a proxy to attend the meeting and vote on their behalf. A proxy does not have to be a fellow shareholder, and you can nominate the Chairman as your proxy if you wish.

The Chairman intends to vote any discretionary proxies in favour of all resolutions.

To be valid, a completed Proxy Form must be sent to Computershare Investor Services Limited (please see the Proxy Form for the address). You can also appoint your proxy online at www.investorvote.co.nz (note you will need your CSN/Shareholder Number and Postcode).

In all cases your completed Proxy Form must be received by 1:00pm Sunday 30 November 2014.

RESOLUTION REQUIREMENTS

An ordinary resolution is a resolution passed by a simple majority of votes of shareholders who are entitled to vote on the resolution and who exercise their right to vote.

ANY DETAILED QUESTIONS FOR THE DIRECTORS?

To assist us in providing a proper response to any detailed questions you may want to raise at the Annual Meeting, please forward questions to us in advance of the meeting. Questions should be sent via email to quentin.lowcay@synlait.com no later than 4:00pm on Friday 21 November 2014.

Directors will then ensure that any questions or comments submitted will be addressed in the course of the Annual Meeting.

PRESENTATION MATERIALS

If you are not able to make it to the Annual Meeting, copies of any materials presented at the meeting by the Chairman and the Managing Director will be available on our website (www.synlait.com) and on the NZX website (www.nzx.com) shortly after the Annual Meeting commences.

By order of the Board



Quentin Lowcay
General Counsel & Company Secretary



LEFT TO RIGHT;
BILL ROEST,
SIHANG YANG,
RUTH RICHARDSON,
GRAEME MILNE,
KE LI,
JOHN PENNO,
ZONGBO DONG
SAM KNOWLES

OUR EXPLANATORY NOTES



EXPLANATORY NOTE 1

(AUDITOR'S REMUNERATION – RESOLUTION 1)

Deloitte is our existing auditor and is automatically reappointed at the Annual Meeting under section 200 of the Companies Act 1993. The proposed resolution is to authorise the Board to fix the fees and expenses of the auditors for the coming financial year for the purposes of section 197 of the Companies Act 1993.

EXPLANATORY NOTE 2

(RE-ELECTION OF DIRECTOR – RESOLUTION 2)

Bill Roest

Under clause 5 of Schedule 1 to our Constitution, one-third of the Independent Directors (being those who have been longest in office) must retire from office at the Annual Meeting each year, but are able to be re-elected. Accordingly, Bill Roest retires from office, and, being eligible, offers himself for re-election.

Bill Roest

Non-executive Director (Independent)
Chair of the Audit & Risk Committee

Bill was appointed to the Synlait Milk Board in May 2013. Bill's long and varied career included 12 years as Chief Financial Officer of Fletcher Building Limited until April 2013. He has held several leadership roles in the New Zealand corporate sector, including Managing Director of Fletcher Residential and Fletcher Aluminium.

Bill is also a Director of Synlait Milk Finance Limited, Housing Foundation Limited, Metro Performance Glass and Fisher & Paykel Appliance Holdings Limited, where he Chairs the Audit Committee.

Bill is a member of the Institute of Directors, Chartered Accountants Australia and New Zealand and a Fellow of the Association of Chartered Certified Accountants (UK).

OUR EXPLANATORY NOTES [CONT]

EXPLANATORY NOTE 3

(DIRECTORS REMUNERATION – RESOLUTIONS 3)

Under clause 27.1 of the Synlait Milk Constitution, all Directors Remuneration must be approved by Shareholders through an ordinary resolution.

Synlait Milk commissioned a review by Strategic Pay Limited (Strategic Pay). Strategic Pay are independent consultants who specialise in assessing and recommending senior executive and director remunerations levels in New Zealand. Directors' remuneration for Synlait Milk was last reviewed in April 2013.

Strategic Pay analysed the trends and practices in the payment of director fees in New Zealand, looking at data from 355 organisations with 2,261 individual directorships. All data used was from the non-executive category (so just for directors and not officers of a company).

From that analysis, median, lower and upper quartile data was produced from various market comparators to Synlait Milk.

Synlait Milk's Directors Remuneration Policy has been to adopt a mid-point between the median and upper quartile of the average of organisation type, industry sector, market capitalisation, annual turnover and assets data.

The results found by Strategic Pay were as follows:

	Lower Quartile	Median	Mid-point	Upper Quartile	Average
Chairman	\$88,000	\$111,111	\$105,000	\$152,500	\$129,477
Director	\$48,000	\$60,000	\$62,500	\$75,000	\$66,652

Taking into consideration all the relevant factors, and Synlait Milk's business overall in terms of governance requirements, Strategic Pay recommended to the Board that there be an:

1. Increase the Chairman's fees from \$96,500 to \$108,000 (an increase of \$11,500)
2. Increase the Chair's fees for the Audit & Risk Committee and the Remuneration & Governance Committee from \$60,000 to \$66,000 (an increase of \$6,000)
3. Increase the non-Chair Directors fees from \$55,000 to \$60,000 (an increase of \$5,000).

The total fees for Directors was recommended by Strategic Pay to be \$480,000 up from \$436,500, which is a 10% increase in the overall Directors Remuneration pool. Note this pool is split between the 7 non-executive Directors, as the Managing Director does not receive any Director fees.

The Board considered this independent report at length, agreed with its results and resolved to bring these recommendations to the Shareholders at the Annual Meeting for approval.

The recommended increases would apply from 1 April 2015.

EXPLANATORY NOTE 4

(DIRECTORS REMUNERATION POLICY REVIEW PERIOD – RESOLUTION 4)

Under clause 27.1 of the Synlait Milk Constitution, all Directors Remuneration must be approved by Shareholders through an ordinary resolution.

Also as part of the independent review by Strategic Pay (see Explanatory Note 3 above), Strategic Pay looked at the director fee projections of 24 comparable organisations.

63% of those companies noted that they would be freezing fees for the coming 12 months, with the remainder of companies increasing director fees on average at the next review point by 3.9%, with a median increase of 2.4%.

Strategic Pay recommended that in order to remove the lag-effect of a 2 year review cycle as is the current Synlait Milk Directors Remuneration Policy, Synlait Milk should move to an annual director fee review. In Strategic Pay's opinion, this would then ensure that costs are controlled year on year and that larger periodic increases would be minimised in the future.

The Board considered this recommendation, agreed with it and resolved to bring this recommendation to the Shareholders at the Annual Meeting for approval.