



Friday June 28, 2013

PRESS RELEASE

Bongrain SA and Terra Lacta today signed a memorandum of understanding specifying the contours of the partnership previously announced.

The partnership will allow both groups to develop marketing, commercial and industrial synergies helping to consolidate their positions in the dairy markets. It will in particular provide Terra Lacta's cooperative producers of cow's and goat's milk with long-term vision as regards the sustainable development of both regional dairy production and local dairy processing.

The memorandum of understanding provides for :

- On the one hand, the constitution of a joint venture, Fromageries Lescure, which will unite the partners' activities of manufacture and distribution of goat's milk cheeses as well as Terra Lacta's production of cow's milk cheese specialties. Bongrain Europe will hold 51% of the company's share capital and Terra Lacta, 49% ;
- On the other hand, the contribution by Terra Lacta to Compagnie Laitière Européenne (CLE), a Bongrain SA subsidiary, of Terra Lacta's activities of manufacture and distribution of butter, cream, high volume cow's milk cheese and milk ingredients. Terra Lacta will thus become a shareholder in CLE.

Finally, with the aim of ensuring Terra Lacta's cooperative producers can rely on secure outlets for their milk production, the memorandum provides for the signature of long-term contracts for the supply of cow's and goat's milk.

All the above arrangements will shortly be submitted for authorization by the *Autorité de la Concurrence*, France's competition authority.