

Glanbia Co-operative Society Limited exchangeable bond

Bond face value: €100,000,000

Placing date: 2 June 2016

This document should be read in conjunction with the “Glanbia Coop EB Term Sheet” which has also been published.

Background

On 2 June 2016 Glanbia Co-operative Society Limited (“Glanbia Coop”) placed a €100 million 5 year exchangeable bond (“EB”). The majority of the proceeds of the EB are to be used to fund the Glanbia Advance Payment scheme (“GAP Scheme”). The GAP Scheme is a dynamic market volatility fund for Glanbia Coop milk and grain supplying members (the “Members”). The GAP Scheme will enable participating Members to draw down cash flow support on an interest free basis when the market price for milk and grain falls below specific levels. Members will return the funds drawn down when milk and grain prices exceed a higher price trigger. Glanbia Coop will use the remaining proceeds from the EB for general business purposes.

Glanbia Coop initially pledged 4,299,226 Glanbia plc shares it owns as security against the EB. If the Glanbia plc share price increases above €23.26 before 9 June 2021, the maturity date of the EB, the owners of the EB have the option to exchange their EB holding into the pro rata amount of pledged Glanbia plc shares.

For example if an investor held €10 million of the EB at face value (i.e. 10% of the total EB face value) and the Glanbia share price rose above €23.26 before 9 June 2021 the EB investor would have the right but not the obligation to exchange their EB holding for 10% of the pledged Glanbia plc shares at any point up to 9 June 2021 i.e. in this example circa 429,922 Glanbia plc shares. Note, if Glanbia Coop wished to retain ownership of the pledged shares in this scenario as an alternative they could provide the EB investor with the cash equivalent of the pledged shares to settle the outstanding EB. The exchange and calculation mechanism of the cash equivalent value of the exchange shares is set out in detail in the published “Glanbia Coop EB term sheet”. If the Glanbia plc share price does not rise above €23.26 before 9 June 2021 the holders of the EB will receive semi-annual payment of interest whilst the EB is outstanding and by 9 June 2021 the EB would be settled at face value i.e. in this scenario €10 million in cash with the underlying pledged Glanbia plc shares then released back to Glanbia Coop.

The EB has an interest rate of 1.375% of the EB’s face value paid semi-annually. The EB will be listed on the Irish Stock Exchange under International Securities Identification Number (“ISIN”) XS1431430740. The EB is tradable and is considered a complex financial instrument and therefore can only be acquired by suitably qualified professional investors.

Glanbia Coop has agreed to two covenants for the duration of time that the EB is outstanding:

1. Glanbia Coop will maintain net financial indebtedness below €400 million; and
2. Glanbia Coop will maintain a minimum holding of 15% of the total issued shares in Glanbia plc. Note on 2 June 2016 Glanbia Coop held 108,014,900 Glanbia plc shares which equated to circa 36.5% of the total issued shares of Glanbia plc.

Aside from the covenant above, it is important to note that Glanbia Coop cannot reduce its shareholding in Glanbia plc below 33% without first gaining the approval of its Members. Such approval must take place via a physical voting process. Note there are over 16,000 individual Members of Glanbia Coop.

The number of issued shares by Glanbia plc will not change as a result of the placing or future settlement of the EB.

The exact number of Glanbia plc shares pledged as security by Glanbia Coop against the EB and the Glanbia plc share price at which the EB can be exchanged for pledged Glanbia plc shares are subject to certain conditions. These conditions are contained in the “Glanbia Coop EB term sheet” which has been published.

ENDS