

ABBOTT AND FONTERRA TO FORM STRATEGIC ALLIANCE FOR DAIRY FARMING IN CHINA

First Farm Expected to Produce Milk in First Half of 2017

ABBOTT PARK, Ill. and AUCKLAND, New Zealand, July 10, 2014 /PRNewswire/ -- Abbott (NYSE: ABT) and Fonterra Co-operative Group Ltd today announced the signing of an agreement to develop a proposed dairy farm hub in China. The strategic alliance, which is subject to Chinese regulatory approval, will leverage Fonterra's expertise in dairy nutrition and farming in China and Abbott's continued commitment to business development in China.

Dairy consumption in China has been rising steadily over the past 10 years. The continued development of safe, high-quality milk sources is essential to meeting this growing demand from Chinese consumers. Abbott and Fonterra are pleased to be able to work together and, through this alliance, make a positive contribution to the growth and development of China's dairy industry.

"This would be Fonterra's third farm hub in China and will complement our existing farming operations in Shanxi and Hebei Provinces that have been very successful," said Theo Spierings, chief executive, Fonterra. "Farming hubs are a key part of our strategy to be a more integrated dairy business in Greater China, contribute to the growth and development of the local Chinese dairy industry, and help meet local consumers' needs for safe, nutritious dairy products."

"We're pleased to partner with Fonterra, a global leader in dairy science, on this alliance to build dairy capacity in China," said Miles D. White, chairman and chief executive officer, Abbott. "This is a very important step in our growing commitment to Chinese consumers."

Both companies will work with Chinese regulators to obtain necessary approvals through the course of the project's development.

If approved, Abbott and Fonterra will form a joint venture to invest a combined US\$300 million (NZ\$342 million or 1.8 billion RMB) into the farm hub, which will contain up to five dairy farms and more than 16,000 dairy milking cattle in production, producing up to 160 million liters of milk annually. The herd for this hub will comprise animals either imported, or sourced from Fonterra's existing farm hubs. All dairy cattle will have genetics traceable to New Zealand, Australia, the United States and Europe.

As the world's largest global milk processor and dairy exporter, Fonterra brings industry-leading dairy standards and practices to farm operations. The Fonterra-Abbott joint venture will operate the farm hub in China to these same standards to produce high-quality dairy.

Pending regulatory approval, the first farm is expected to be completed and producing milk in the first half of 2017 and the remaining farms will commence production in 2018.

Abbott and Fonterra have a long history in China and have made substantial commercial and social investments in the country.

About Fonterra

Fonterra is a global leader in dairy nutrition – the preferred supplier of dairy ingredients to many of the world's leading food companies. Fonterra is also a market leader with our own consumer dairy brands in Australia/New Zealand, Asia/Africa, Middle East and Latin America.

The farmer-owned New Zealand co-operative is the largest processor of milk in the world, producing more than two million tonnes of dairy ingredients, value added dairy ingredients, specialty ingredients and consumer products every year. Drawing on generations of dairy expertise, Fonterra is one of the largest investors in dairy based research and innovation in the world. Our more than 16,000 staff work across the dairy spectrum from advising farmers on sustainable farming and milk production, to ensuring we live up to exacting quality standards and delivering every day on our customer promise in more than 100 markets around the world.

About Abbott

Abbott is a global healthcare company devoted to improving life through the development of products and technologies that span the breadth of healthcare. With a portfolio of leading, science-based offerings in diagnostics, medical devices, nutritionals and branded generic pharmaceuticals, Abbott serves people in more than 150 countries and employs approximately 69,000 people.

In China, Abbott has more than 4,000 employees working in manufacturing, research and development, logistics, sales and marketing. Primary locations in China are in Shanghai, Beijing and Jiaxing.

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For further information: Abbott Media: Scott Stoffel, (847) 936-9502, or Pete Paradossi, (847) 938-1505, or Abbott Investors: Scott Leinenweber, (847) 935-1898; or Fonterra Media: Dan Wrigley, Phone: +64 21 820 679, or 24 hour media line: +64 21 507 072
