

IN THE AUSTRALIAN COMPETITION TRIBUNAL

of 2013

**MURRAY GOULBURN CO-OPERATIVE CO LIMITED**

**RE: PROPOSED ACQUISITION OF WARRNAMBOOL CHEESE  
AND BUTTER FACTORY COMPANY HOLDINGS LIMITED**

### **Certificate identifying annexure**

This is the annexure marked "DMN20" now produced and shown to David Michael Noonan at the time of signing his statement on 28 November 2013.

**Annexure DMN20  
WCB director recommendation**

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Filed on behalf of Murray Goulburn Co-Operative Co Limited  
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26 September 2013

**ASX ANNOUNCEMENT**

**WCB DIRECTORS UNANIMOUSLY RECOMMEND WCB SHAREHOLDERS  
REJECT  
BEGA CHEESE'S OFFER**

On 12 September 2013, Bega Cheese Limited (**Bega**) announced that it intends to make an unsolicited, highly conditional takeover offer for the outstanding shares in Warrnambool Cheese and Butter Factory Company Holdings Limited (**WCB**). Bega is offering 1.2 Bega Shares and \$2.00 cash for each WCB share (**Offer**).

The Board of WCB, together with its advisers, has undertaken a detailed review of the Offer contained in Bega's Bidder's Statement. WCB Directors unanimously recommend that WCB shareholders **REJECT** Bega's Offer for the following reasons:

- Bega's Offer is inadequate and does not reflect fair value for WCB shares
- Bega's Offer does not fully reflect the strategic value of WCB to Bega Cheese. Among other things, WCB believes the potential synergies from a combination of Bega and WCB are materially higher than set out in Bega's Bidder's Statement
- Bega's Offer is timed to exploit recent gains in Bega's share price
- The Offer consideration is uncertain and there are risks in owning Bega shares
- The timing of Bega's Offer is highly opportunistic and fails to reflect the value of a number of recent business improvement initiatives undertaken by WCB
- Bega's Offer is highly conditional and uncertain, and may result in a potential tax liability for WCB shareholders
- WCB has strong prospects as a globally focused manufacturer of value added dairy products with a strong platform for future growth

As is usual at this time of year, WCB is completing its budgeting process, including preparation of detailed earnings forecast for the current financial year. In response to the Bega Offer, and to ensure that all shareholders and the wider market are fully informed about WCB's prospects, WCB has engaged PwC to complete an Investigating Accountant's Report into the FY14 earnings forecast which will be included in WCB's Target's Statement.

WCB Shareholders will receive a Target's Statement with WCB's formal response to the Bega Offer around mid-October. This will include the WCB Board's formal recommendation in relation to the Bega Offer as well as more detail on its assessment of the Offer, including the Investigating Accountants Report in relation to

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WCB's forecast for FY14, all of which will assist WCB shareholders to properly assess the future profitability and value of WCB as a stand-alone company.

The WCB Board remains committed to maximising value for shareholders and improving the livelihood of its suppliers, and will focus on continuing to implement its strategic plan. As Australia's oldest dairy processor, thanks to the support of its shareholders, suppliers, staff, customers and the community, WCB has grown to become a leading innovator of dairy products and a strongly positioned competitor in the domestic and international dairy markets.

The WCB Board will continue to keep shareholders, suppliers and other stakeholders fully updated throughout this process. WCB shareholders and suppliers with any questions can contact the WCB information line on 1300 880 732.

Shareholders are likely to receive further documentation from Bega soon and should be aware that they do not need to respond to Bega's documents – to Reject the Bega Offer, WCB shareholders should simply do nothing.

WCB is being assisted by Minter Ellison as legal adviser and CIMB Corporate Finance (Australia) Limited as financial adviser in response to the Offer.

Terry Richardson  
Chairman

David Lord  
CEO & MD

#### **Ends**

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