

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 "DMN3" now produced and shown to David Michael Noonan at the time of signing his statement on 28 November 2013.

**Annexure DMN3
ASX announcement of Saputo offer**

Filed on behalf of Murray Goulburn Co-Operative Co Limited

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PRESS RELEASE
For immediate release

ASX ANNOUNCEMENT

SAPUTO ANNOUNCES TAKEOVER OFFER FOR WARRNAMBOOL

WARRNAMBOOL BOARD UNANIMOUSLY RECOMMENDS ACCEPTANCE

(Tuesday, 8 October 2013) - Saputo Inc. ("Saputo") today announced that it has entered into a takeover bid implementation deed ("**Implementation Deed**") with Warrnambool Cheese and Butter Factory Company Holdings Limited ("**Warrnambool**"), under which it will make an all cash off-market takeover offer of \$7.00 per share for all the shares in Warrnambool on issue at the end of the offer period (the "**Offer**").

Saputo has agreed with Warrnambool that Warrnambool may declare and pay fully franked special dividends of up to a maximum of \$1.31 per Warrnambool share, with a corresponding reduction in the offer price, upon Saputo reaching specified relevant interest thresholds in Warrnambool. This would enable the distribution of franking credits to Warrnambool shareholders that could deliver additional value estimated by Warrnambool to be up to an additional AU\$0.56 per share depending upon the individual tax circumstances of each Warrnambool shareholder. The special dividends comprise two parts:

- if Saputo obtains an interest of at least 50.1% in Warrnambool, Warrnambool may pay an initial fully franked dividend of up to \$0.46 per share; and
- if Saputo obtains an interest of at least 90% in Warrnambool, Warrnambool may pay an additional fully franked dividend of \$0.85 per share, or such amount so that the total of the initial and additional dividend is up to \$1.31 per share.

Board recommendation:

The Offer has been unanimously recommended by the Board of Warrnambool and all Warrnambool directors recommend that Warrnambool shareholders accept the Offer, in the absence of a superior proposal. Each Warrnambool director and executive intends to accept the Offer for all of the Warrnambool shares they hold or otherwise control, in the absence of a superior proposal.

Why the Offer is compelling to Warrnambool shareholders:

Saputo believes that the Offer is highly compelling for Warrnambool shareholders:

- as shareholders would receive all cash consideration of \$7.00 per share, representing a substantial premium;
- with the possibility of additional value of up to \$0.56 per share for some Warrnambool shareholders related to the distribution of franking credits.

Excluding any additional value related to the distribution of franking credits, the all cash offer price of \$7.00 per share under Saputo's Offer represents:

- a 21% premium to the implied value of the offer announced by Bega Cheese Limited for Warrnambool on 12 September 2013 (the "**Bega Offer**") of \$5.78 per share on 11 September 2013, being the last trading day before the Bega Offer was announced;
- a 11% premium to the implied value of the Bega Offer of \$6.30 per share, based on the closing price of Bega shares on 7 October 2013;
- a 62% premium to Warrnambool's volume weighted average price of \$4.33 per share over the three months before the Bega Offer was announced; and
- a 55% premium to Warrnambool's closing price of \$4.51 per share on 11 September 2013, being the last trading day before the Bega Offer was announced.

The Offer is subject to minimal conditions including FIRB approval and a minimum acceptance condition of greater than 50% of Warrnambool shares. An outline of the Offer and details of the conditions to the Offer are set out in Annexure A.

Saputo believes that its Offer is superior to the Bega Offer, with Saputo offering Warrnambool shareholders a higher offer price, the certainty of 100% cash for their shares and fewer conditions than the Bega Offer.

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Why the offer makes sense for Warrnambool:

In addition to being highly compelling for shareholders, Saputo believes that its Offer represents an exciting opportunity for Warrnambool, its employees and its farmer suppliers.

Saputo's strategy in acquiring Warrnambool is to position Warrnambool as the center of its operations in Australia and its main platform from which to service the demand for dairy products in the Asia Pacific region. As one of the largest international dairy companies, Saputo believes that by working with Warrnambool's management team and investing in Warrnambool's operations, it can greatly assist Warrnambool's future development and accelerate its growth, nationally as well as internationally. This in turn should lead to a greater demand for milk, which should be to the benefit of Warrnambool's suppliers.

Implementation Deed:

Under the Implementation Deed, Saputo must make an off-market takeover offer for Warrnambool on agreed terms which are summarised in Annexure A. Warrnambool has agreed to certain exclusivity restrictions that restrict it from soliciting any competing proposals from, entering into discussions with, or providing due diligence material to, any competing bidder. Warrnambool has agreed to pay a break fee to Saputo in certain circumstances, including a change in Warrnambool's Board recommendation or if a competing proposal is successfully completed. Saputo has agreed to pay a break fee to Warrnambool in certain circumstances. A summary of these and other key terms is set out in an annexure to the release made by Warrnambool to ASX dated 8 October 2013.

Indicative timetable:

Expected date for lodgment of Bidder's Statement with the ASIC	mid October 2013
Expected date for sending Bidder's Statement to Warrnambool shareholders	mid to late October 2013
Expected closing date of Offer (unless extended)*	early December 2013

**The closing date for the Offer may change as permitted by the Australian Corporations Act.*

Rothschild and Rabobank are acting as the financial advisers to Saputo, and Maddocks and Stikeman Elliott are its legal advisers.

For further information

An Offer Information Line has been established by Saputo for Warrnambool shareholders:

1300 397 230 (toll free) (for callers in Australia)

+61 3 9415 4292 (for callers outside Australia)

For media enquiries, please contact:

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About Saputo

Saputo produces, markets, and distributes a wide array of dairy products of the utmost quality, including cheese, fluid milk, extended shelf-life milk and cream products, cultured products and dairy ingredients. We are one of the top ten dairy processors in the world, the largest in Canada, the third largest in Argentina and among the top three cheese producers in the United States. Our products are sold in more than 40 countries under well-known brand names such as *Saputo, Alexis de Portneuf, Armstrong, Baxter, Dairyland, Dragone, DuVillage 1860, Friendship, Frigo Cheese Heads, Great Midwest, King's Choice, Kingsey, La Paulina, Milk2Go, Neilson, Nutrilait, Ricrem, Salemville, Stella* and *Treasure Cave*. We employ approximately 12,000 people and operate 53 manufacturing facilities. Saputo generates consolidated annual revenues of approximately CA\$ 8.6 billion¹. Saputo is listed on the Toronto Stock Exchange (TSX Code: SAP).

About Warrnambool

Warrnambool produces a range of dairy products for domestic and export markets. Its products include cheese, butter and butter blends, milk, cream and dairy ingredients. Warrnambool draws milk from some of the most productive dairying regions in Australia, including southwest Victoria, southeast South Australia and the Fleurieu Peninsula. Warrnambool operates two manufacturing sites and has over 420 employees. Warrnambool is a public company listed on the Australian Securities Exchange (ASX Code: WCB).

¹ Represents Saputo's pro forma consolidated revenues for the year ended 31 March 2013, had the acquisition on 3 January 2013 of Morningstar Foods, LLC taken place on 1 April 2012.

ANNEXURE A: GENERAL OUTLINE OF THE OFFER**Offer****1. Price**

Saputo's proposal is to pay \$7.00 in cash for each Warrnambool ordinary share on issue before the end of the Offer Period (including all attaching rights).

Warrnambool may declare and pay fully franked special dividends of up to a maximum of \$1.31 per Warrnambool share, with a corresponding reduction in the offer price for each Warrnambool shareholder who holds a Warrnambool share on the relevant record date for payment of that dividend, upon Saputo reaching specified relevant interest thresholds in Warrnambool. The special dividends comprise two parts:

- if Saputo obtains an interest of at least 50.1% in Warrnambool, Warrnambool may pay a fully franked dividend of up to \$0.46 per share; and
- if Saputo obtains an interest of 90% in Warrnambool, Warrnambool may pay an additional fully franked dividend of \$0.85 per share, or such amount so that the total of the initial and additional dividend is up to \$1.31 per share.

2. Bidder

The Offer will be made by the Bidder. The Bidder is a wholly-owned Australian subsidiary of Saputo to be named Saputo Dairy Australia Pty Ltd, incorporated by Saputo for the purpose of acting as the vehicle to offer to acquire Warrnambool shares.

3. Funding Structure

The acquisition of Warrnambool will be funded out of Bidder's parent's newly committed bank loan.

4. Indicative Timetable

Saputo expects that the Bidder's Statement will be lodged by mid October 2013, with despatch of the Bidder's Statement to Warrnambool Shareholders by mid to late October 2013. Saputo expects that the closing date of the Offer, unless extended or changed as permitted by the Australian Corporations Act, will be around early December 2013.

5. Offer Conditions**5.1 FIRB**

Before the end of the Offer Period the occurrence of either of the following:

- (a) **(unconditional approval)** the Treasurer of Australia gives an approval, or states that it does not object, to the acquisition by Saputo of the Warrnambool Shares under the *Foreign Acquisitions and Takeovers Act 1975 (FATA)* (that approval or statement of no objection to be subject to no conditions or only to those that Saputo considers in its discretion, acting reasonably, to be acceptable); or
- (b) **(expiry of notice period)** the expiry of the relevant period following the giving of notice relating to the acquisition by Saputo of Warrnambool Shares under the FATA without any interim or permanent order of prohibition being made under the FATA.

5.2 No regulatory actions

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) no preliminary or final decision, order or decree issued by a Regulatory Authority is in effect;
- (b) no action or investigation is announced, commenced or threatened by any Regulatory Authority; and
- (c) no application is made to any Regulatory Authority (other than by Saputo or any of its Associates),

(other than an application to, or decision of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act in consequence of or in connection with the Offer) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially adversely impacts on (or is reasonably likely to restrain, prohibit or impede or materially adversely impact on) the making or completion of the Offer, the acquisition of Warrnambool under the Offer, the completion of any of the transactions contemplated by the Offer or the rights of Saputo in respect of Warrnambool or any Warrnambool Shares.

5.3 Minimum Acceptance Condition

During or by the end of the Offer Period, Saputo has a Relevant Interest in greater than 50% of the Warrnambool Shares on a fully diluted basis.

5.4 No Prescribed Occurrences

Between the period from the Announcement Date and before the end of the Offer Period (each inclusive), no Prescribed Occurrence occurs.

5.5 No Material Adverse change

Between the Announcement Date and the end of the Offer Period (each inclusive), no Material Adverse Change occurs.

5.6 No material acquisitions, disposals or new commitments

Between the Announcement Date and the end of the Offer Period (each inclusive), (other than Permitted Actions or as disclosed in writing to Saputo or as disclosed in a public filing with ASX before the Announcement Date) no member of the Warrnambool Group:

- (a) **(no material acquisitions)** acquires, offers to acquire, agrees to acquire or announces an intention to acquire, one or more shares, companies, businesses, properties or assets (or an interest in one or more shares, companies, businesses, properties or assets), other than in the ordinary course of business, the total consideration for which, or the value of which, in aggregate exceeds \$10 million;
- (b) **(no material disposals)** disposes of, offers to dispose of, agrees to dispose of or announces an intention to dispose of, one or more shares, companies, businesses, properties or assets (or an interest in one or more shares, companies, businesses, properties or assets), other than in the ordinary course of business, for an amount, or for which the book value (as recorded in the Warrnambool's statement of financial position as at 30 June 2013 is, in aggregate, greater than \$10 million; or
- (c) **(no material commitments)** enters into, offers to enter into, or announces an intention to enter into, any agreement, lease, joint venture, partnership, management agreement, arrangement or commitment which would require expenditure other than in the ordinary course of business, or the foregoing of revenue, by any member(s) of the Warrnambool Group of an amount or value which, in aggregate, exceeds \$10 million (for each separate agreement, lease, joint venture, partnership, management agreement, arrangement or commitment).

5.7 No distributions

Between the Announcement Date and the end of the Offer Period (each inclusive), Warrnambool does not declare, determine as payable or pay a distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie), other than any Permitted Dividend.

5.8 Conduct of Warrnambool's business

Between the Announcement Date and the end of the Offer Period (each inclusive) and other than Permitted Actions, no member of the Warrnambool Group:

- (a) **(no entry into new contract of service)** enters, or agrees to enter, into any contract of service for the appointment of a director or senior manager;
- (b) **(no change in existing contract of service)** varies, or agrees to vary any existing contract of service with any director or senior manager, including making or agreeing to make any substantial change in the basis or amount of remuneration of any director or senior manager (except as required by law). This condition does not apply to the vesting of any Warrnambool Performance Rights or the issue of Warrnambool Shares under the exercise of any Warrnambool Performance Rights that are in existence at the Announcement Date or are granted to Mr David Lord if the grant of new Warrnambool Performance Rights to him is approved by the Warrnambool Shareholders at the Warrnambool's annual general meeting on 24 October 2013;
- (c) **(no material contracts)** enter into, amends in a material respect, terminates or waives or otherwise forgoes any material rights under any agreement, arrangement or understanding to which Warrnambool or any Subsidiary of Warrnambool is a party that is material to the business or operation of Warrnambool or any Subsidiary of Warrnambool;
- (d) **(no scheme of arrangement)** implements or agrees to implement any scheme or arrangement or compromise (including one for a reconstruction or amalgamation of any members of the Warrnambool Group), or any analogous procedure, scheme or arrangement in any jurisdiction;
- (e) **(no special resolution)** makes any changes to its constitution or passes any special resolution;
- (f) **(no new indebtedness)** other than in the ordinary course of business or to fund the Initial Permitted Dividend:
 - (i) borrows any money or incurs new financial indebtedness (or agrees to do so); or
 - (ii) enters into any guarantee or indemnity on behalf of, or provides security for the obligations of, any person or (agrees to do so); or
- (g) **(no new Encumbrances)** other than in the ordinary course of business. grants or agrees to grant, any Encumbrances over any of its assets.

5.9 Warrnambool Performance Rights

Between the Announcement Date and the end of the Offer Period (each inclusive) and other than the Permitted Actions, no Warrnambool Performance Rights are granted or issued.

6. Defined Terms

Terms used in this document have the meaning (if any) given to them in Chapter 6 of the Corporations Act unless that meaning is inconsistent with the context in which the term is used.

\$, \$A and AUD	Australian dollars
Announcement Date	the date the Offer was announced, being 8 October 2013.
ASIC	Australian Securities and Investments Commission
Associate	has the meaning given in section 12 of the Corporations Act
ASX	ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it
Corporations Act	the <i>Corporations Act 2001</i> (Cth)
Disclosed	fairly disclosed in sufficient detail so as to enable a buyer with experience in the dairy industry or any of its Representatives to reasonably be able to identify the nature, scope and significance of the relevant matter, event or circumstance
Encumbrance	<ul style="list-style-type: none"> (a) a PPS Security Interest; (b) any other mortgage, charge, pledge or lien; (c) an easement, restrictive covenant, caveat or similar restriction over property; (d) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property (including a right to set off or withhold payment of a deposit or other money); (e) a right of any person to purchase, occupy or use an asset (including under an option, agreement to purchase, licence, lease or hire purchase); (f) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; or (g) an agreement to create anything referred to above or to allow any of them to exist
Initial Permitted Dividend	a fully franked dividend of up to \$0.46 per Warrnambool Share

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Material Adverse Change	<p>one or more events, matters, changes or circumstances, including any litigation or dispute, which (individually or when aggregated) have or could reasonably be expected to have, a material adverse effect on the business, financial or trading position, assets or liabilities, profitability or prospects of WCB or any of its Subsidiaries (taken as a whole), including any one or more events, matters, changes or circumstances which have had, or could reasonably be expected to have, the effect of:</p> <ul style="list-style-type: none"> (a) diminishing the net assets of Warrnambool Group by \$10 million or more; or (b) diminishing the future recurring profit before income tax of the Warrnambool Group by at least \$5 million per year, <p>other than:</p> <ul style="list-style-type: none"> (c) any event, matter, change or circumstance arising from actions taken by the Warrnambool Group with the prior written consent of the Saputo, that approval not to be unreasonably withheld or delayed; (d) any event, matter, change or circumstance that is a Permitted Action; (e) any event, matter, change or circumstance Disclosed to Saputo no later than 4 October 2013; (f) any event, matter, change or circumstance Disclosed in public filings by a member of Warrnambool Group to ASX or ASIC no later than 4 October 2013; and (g) any event, matter, change or circumstance in or relating to: <ul style="list-style-type: none"> (i) economic, business, regulatory or political conditions in general; (ii) credit, financial or currency markets in general or the state of the securities markets in general (including any reduction in market indices); (iii) any change affecting the dairy industry generally and which impacts on the Warrnambool Group and its competitors in a similar manner; or (iv) any change in accounting policy required by law
Offer	the takeover offer by Saputo (or its Subsidiary) to acquire Warrnambool Shares made by way of an off market takeover bid under Chapter 6 of the Corporations Act, on terms of the Offer (and for the avoidance of doubt includes each other offer made by Saputo to Warrnambool Shareholders in the form of that offer), including, in each case, as varied in accordance with the Corporations Act
Offer Period	the period the period that the Offer is open for acceptance

Permitted Actions	<p>the following actions whether taken by Warrnambool or any Subsidiary:</p> <p>(a) any operating or capital expenditure incurred for the remainder of the 2014 financial year which is contemplated by the 2014 financial year budget, being an amount or amounts up to \$22.6 million in aggregate;</p> <p>(b) the proposed capital expenditure of approximately \$4.2 million for the purposes of purchasing bacteria separators for cheese milk;</p> <p>(c) the proposed grant of further Warrnambool Performance Rights to David Lord if the grant of these Warrnambool Performance Rights is approved by the Warrnambool Shareholders at the Warrnambool's annual general meeting on 24 October 2013</p>
Permitted Dividend	means one or more dividends which are declared or determined by the Warrnambool Board on or after the Announcement Date and which, in aggregate, total up to \$1.31 per Warrnambool Share
PPS Security Interest	a security interest that is subject to the PPSA
PPSA	the <i>Personal Property Securities Act 2009</i> (Cth)

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Prescribed Occurrence	<p>any of the following events or occurrences:</p> <ul style="list-style-type: none"> (a) Warrnambool converts all or any of the Warrnambool Shares into a larger or smaller number of shares; (b) Warrnambool or a subsidiary of Warrnambool resolves to reduce its capital in any way; (c) Warrnambool or a subsidiary of Warrnambool: <ul style="list-style-type: none"> (i) enters into a buy-back agreement; or (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act; (d) Warrnambool or a subsidiary of Warrnambool issues shares, or grants an option over its shares, or agrees to make an issue or grant an option over its shares, other than the issue of Warrnambool Shares under the: <ul style="list-style-type: none"> (i) vesting and exercise of any Warrnambool Performance Rights in existence as at the Announcement Date; or (ii) vesting and exercise of any Warrnambool Performance Rights proposed to be granted to David Lord if the grant of these Warrnambool Performance Rights is approved by the Warrnambool Shareholders at the Warrnambool's annual general meeting on 24 October 2013; (e) Warrnambool or a subsidiary of Warrnambool issues, or agrees to issue, convertible notes; (f) Warrnambool or a subsidiary of Warrnambool disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property; (g) Warrnambool or a subsidiary of Warrnambool grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property; (h) Warrnambool or a subsidiary of Warrnambool resolves to be wound up; (i) a liquidator or provisional liquidator of Warrnambool or of a subsidiary of Warrnambool is appointed; (j) a court makes an order for the winding up of Warrnambool or of a subsidiary of Warrnambool; (k) an administrator of Warrnambool or a subsidiary of Warrnambool is appointed under section 436A, 436B or 436C of the Corporations Act; (l) Warrnambool or a subsidiary of Warrnambool executes a deed of company arrangement; or (m) a receiver, a receiver and manager, or other controller (as defined in the Corporations Act) is appointed in relation to the whole, or a substantial part, of the property of Warrnambool or of a subsidiary of Warrnambool
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Regulatory Authority	includes: (a) ASIC, ASX and TSX; (a) a government or governmental, semi governmental, administrative, fiscal or judicial body; (b) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and (c) any regulatory organisation established under statute or the rules of any financial market (as defined in Chapter 7 of the Corporations Act)
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act
Rights	all accretions and rights that accrue to or arise from Warrnambool Shares after the date of this deed, including all rights to receive dividends, to receive or subscribe for shares, notes or other securities and all other distributions or entitlements declared, paid, made or issued by Warrnambool after that date including any Permitted Dividend
Saputo	Saputo Inc. or its nominee
Subsidiary	has the meaning given in section 9 of the Corporations Act
Takeovers Panel	the Australian Takeovers Panel
TSX	Toronto Stock Exchange
Warrnambool	Warrnambool Cheese and Butter Factory Company Holdings Limited ABN 15 071 945 232
Warrnambool Cheese & Butter Group	Warrnambool and each of its Subsidiaries
Warrnambool Cheese & Butter Performance Rights	performance rights issued by Warrnambool to eligible employees under the Warrnambool Cheese & Butter Executive Performance Rights Plan, being rights to acquire Warrnambool Shares for nil consideration
Warrnambool Share	a fully paid ordinary share in the capital of Warrnambool, and all Rights attaching to that share
Warrnambool Shareholder	a holder of Warrnambool Shares