

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 "DMN39" now produced and shown to David Michael Noonan at the time of signing his statement on 28 November 2013.

**Annexure DMN39
WCB response to Bega Cheese revised offer**

Filed on behalf of Murray Goulburn Co-Operative Co Limited
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14 November 2013

Warrnambool Cheese & Butter advises shareholders to take no action in relation to Bega's revised offer

Warrnambool Cheese and Butter Factory Company Holdings Limited (**WCB**) notes today's announcement from Bega Cheese Limited (**Bega**) that:

- it has revised its off market takeover bid for all of the shares in WCB to 1.5 Bega shares and \$2.00 cash per WCB share (formerly 1.2 Bega shares and \$2.00 cash per WCB share);
- Bega intends to declare its revised offer unconditional; and
- the revised Bega Offer is **Bega's final offer and will not be further increased.**

(collectively, **Final Bega Offer**).

By comparison, WCB notes that neither Murray Goulburn Co-operative Co. Limited (**MG**) nor Saputo Inc (**Saputo**) have declared their respective offers final.

WCB's directors are not yet in a position to issue a formal response to the Final Bega Offer and will meet shortly to consider it in detail. However WCB's directors make the preliminary observations below in relation to the Final Bega Offer:

- The implied value of the Final Bega Offer is \$8.68 per share based on the \$4.45 closing price of Bega shares as at 14 November 2013.
- WCB's directors consider that the current market price of Bega shares is not an appropriate reference point for measuring the implied value of the Final Bega Offer. This is because, as previously noted, Bega's share price is being affected by a number of external factors with the result that your Directors do not believe that the current Bega share price is reflective of Bega's current underlying or intrinsic value.
- The Independent Expert's Report (issued by KPMG Corporate Finance on 12 October 2013) assessed the underlying market value of a Bega Share as between \$3.14 to \$3.40.
- Since the date of the Independent Expert's Report, there has been public speculation that Bega may itself become a potential takeover target.
- Furthermore, since Bega currently holds 18.4% of WCB shares on issue, the increase in the market price of Bega shares is also partly attributable to the substantial increase in the market price of WCB shares.
- Since the announcement of Bega's original offer on 12 September 2013, Bega's share price has increased by 41.3% to \$4.45 as at the close of trading on 14 November 2013.
- **Accordingly, the value of Bega shares is uncertain, subject to market volatility and there is no guarantee that the price of Bega shares will continue to trade at current levels.**
- In addition, even assuming an implied value of the Final Bega Offer of \$8.68, your Directors note that this is:
 - **less than** the \$9.00 per share all cash consideration under the revised proposal from MG announced on 13 November 2013, before taking into account the potential additional value to certain shareholders of the franking credits associated with any special dividends;
 - **less than** the closing price of WCB shares as at 14 November 2013 of \$9.10; and
 - **less certain in relation to value** than the \$8.00 per share all cash consideration under the current Saputo offer, before taking into account the potential additional value to certain shareholders of the franking credits associated with any special dividends.

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Bega did not seek to engage with the WCB Board or its advisers prior to the announcement of the Final Bega Offer.

Until WCB's directors have issued their formal response to the Final Bega Offer shareholders are advised to take NO ACTION in relation to their shares.

The Final Bega Offer will be open until 28 November 2013, unless extended. WCB shareholders will have ample time to make a decision in respect of the Final Bega Offer and the competing offers for WCB from MG and Saputo Inc.

WCB Chairman Terry Richardson said:

"The WCB Board urges WCB shareholders to be cautious in relation to the Final Bega Offer. Now that the Final Bega Offer is unconditional, once an acceptance form is completed and sent to Bega, there will be no withdrawal rights and Bega will be free to deal with those WCB shares acquired as it sees fit. WCB shareholders who accept the Final Bega Offer will not be able to sell those shares into a competing offer for cash or sell those shares on the ASX."

Minter Ellison and CIMB Corporate Finance (Australia) Limited are advising WCB.

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