

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 "DMN41" now produced and shown to David Michael Noonan at the time of signing his statement on 28 November 2013.

Annexure DMN41
WCB announcement of revised offer from Saputo

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

WCB Board recommends revised \$9.00 all cash per share takeover offer from Saputo

Warrnambool Cheese and Butter Factory Company Holdings Limited (ASX: WCB) (**WCB**) announces that it has received an increased offer from Saputo Inc. (TSX: SAP) (**Saputo**) to acquire all of the shares of WCB for **\$9.00 cash per share (Revised Saputo Offer)**.

Saputo has also advised WCB that it intends to declare the Revised Saputo Offer unconditional on 28 November 2013, allowing time to set the record date for the special dividends today announced by WCB.

After consideration of the Revised Saputo Offer and the revised highly conditional offer announced by Murray Goulburn Co-operative Co. Limited (**Murray Goulburn**) on 13 November 2013 (**Revised Murray Goulburn Proposal**) and the revised part scrip part cash offer announced by Bega Cheese Limited (**Bega**) on 14 November 2013 (**Final Bega Offer**), the WCB Board **unanimously recommends** that WCB shareholders **ACCEPT** the Revised Saputo Offer, in the absence of a superior proposal.

Highlights of the Revised Saputo Offer for WCB shareholders:

- Recommended offer of \$9.00 cash per WCB share, valuing WCB at \$505 million on a fully diluted basis.
- Saputo intends to declare the Revised Saputo Offer unconditional on 28 November 2013.
- Saputo will shorten its payment terms to 5 business days.
- WCB shareholders who accept the Revised Saputo Offer on or before the 28 November 2013 will be paid their offer consideration on 5 December 2013.
- WCB has announced that it intends to declare and pay special dividends of up to \$1.31 per share subject to Saputo reaching certain relevant interest thresholds that allow for the distribution of franking credits to WCB shareholders.
- Some WCB shareholders may also derive additional value of up to \$0.56 per share from the distribution of franking credits attached to special dividends.¹

WCB directors' recommendation and intention

WCB's directors unanimously support the Revised Saputo Offer and recommend that WCB shareholders ACCEPT the Revised Saputo Offer, in the absence of a superior proposal. Subject to that same qualification, each WCB director and executive² intends to ACCEPT the Revised Saputo Offer for all WCB shares they hold or otherwise control.

Commenting on the Revised Saputo Offer, WCB Chairman Terry Richardson said:

"After careful consideration of the three proposals put to WCB over the past few days, the Board has decided to unanimously recommend the Revised Saputo Offer, in the absence of a superior proposal. The Board's recommendation reflects the increased cash consideration offered by Saputo and the compelling timing and execution certainty that it provides particularly compared to the highly conditional Murray Goulburn Proposal.

¹ Importantly, the value of franking credits varies depending on the tax position of individual WCB shareholders.

² The members of the executive team as set out in WCB's 2013 Annual Report.

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The Revised Saputo Offer is also superior and more certain than the final Bega part scrip, part cash Offer due to the inherent risks for WCB shareholders in accepting Bega shares”.

Initial Permitted Dividend and Additional Permitted Dividend

Subject to Saputo obtaining a relevant interest in at least 50.1% of WCB shares, the WCB board intends to exercise its discretion to declare a fully franked special dividend of \$0.46 per share (**Initial Permitted Dividend**).

Subject to Saputo obtaining a relevant interest in at least 90% of WCB shares, the WCB board also intends to exercise its discretion to declare a subsequent fully franked special dividend of \$0.85 per share (**Additional Permitted Dividend**).

The record date for both the Initial Permitted Dividend and the Additional Permitted Dividend (collectively the **Permitted Dividends**) is 7.00pm (AEST) on 26 November 2013 (**Record Date**). The timing of the Record Date is to ensure that the Record Date will pass before any WCB Shares accepted into the Revised Saputo Offer are transferred to Saputo. This will ensure that once you accept the Revised Saputo Offer, you will still be entitled to receive any Permitted Dividends and any franking credits associated with those Permitted Dividends that you may be entitled to so long as you are a WCB shareholder on the Record Date (and did not otherwise acquire your WCB shares on or after the ex-dividend date). WCB shares will trade ex-dividend from 20 November 2013 (**Ex-Dividend Date**).

If both Permitted Dividends are declared and paid, WCB shareholders who accept the Revised Saputo Offer will receive \$9.00 cash per share comprising:

- \$7.69 per share from Saputo (i.e. \$9.00 less the Initial Permitted Dividend and less the Additional Permitted Dividend);
- an Initial Permitted Dividend of \$0.46 per share from WCB (provided they are a WCB shareholder on the Record Date); and
- an Additional Permitted Dividend of \$0.85 per share from WCB (provided they are a WCB shareholder on the Record Date).

In addition to the \$9.00 cash per share, WCB Shareholders who can capture the full benefit of the franking credits associated with both Permitted Dividends would receive an additional benefit under the Revised Saputo Offer valued at \$0.56 per share. It is important to note that the potential value of franking credits distributed with either or both Permitted Dividends will depend on the tax position and tax residency of individual WCB Shareholders.

If you are a WCB shareholder on the Record Date, and you are otherwise entitled to any Permitted Dividend (i.e. if you acquired your WCB shares before the Ex-Dividend Date), on acceptance of the Revised Saputo Offer you will be paid the full amount of the \$9.00 cash per share at the accelerated payment time. The terms of the Revised Saputo Offer provide that each WCB Shareholder who is entitled to receive any Permitted Dividends and who has accepted the Revised Saputo Offer authorises and directs WCB to pay to Saputo a sum equal to the amount of any Permitted Dividend payable to that shareholder.

If you become a WCB shareholder on or after the Ex-Dividend Date you will not be entitled to any Permitted Dividend. If you subsequently accept the Revised Saputo Offer, or your shares are subsequently compulsorily acquired by Saputo, under the terms of the Revised Saputo Offer you will receive the Offer Consideration less \$1.31 per share, being the total amount of any Permitted Dividends. However, to the extent that any Permitted Dividend is subsequently not declared and paid by WCB because Saputo does not achieve the specified relevant interest thresholds in WCB (**Undeclared Dividend Amount**), Saputo will pay you the Undeclared Dividend Amount within the time period required by law.

Terms of the Revised Saputo Offer

The terms of the Revised Saputo Offer remain the same as set out in WCB's ASX announcement on 8 October 2013 other than in relation to the increased price and accelerated payment terms and other amendments to allow Saputo to declare the Revised Saputo Offer unconditional on 28 November 2013.

The Bid Implementation Deed has been amended to reflect the Revised Saputo Offer and to reaffirm WCB's support and recommendation of the Revised Saputo Offer, in the absence of a superior proposal.

Revised Murray Goulburn Proposal

Although the offer consideration of \$9.00 cash per share under the Revised Saputo Offer is the same as that under the Revised Murray Goulburn Proposal, your Directors unanimously consider that the Revised Saputo Offer **is superior in terms of timing and execution certainty**. Specifically the Revised Saputo Offer, once declared unconditional, will not have any of the delays and execution uncertainties associated with the Revised Murray Goulburn Proposal.

As previously noted, the Revised Murray Goulburn Proposal is subject to numerous conditions including no objection by the ACCC or the granting of authorisation by the Australian Competition Tribunal. Murray Goulburn has publicly stated that it intends to seek authorisation from the Australian Competition Tribunal.³ Both the timing and outcome of the authorisation process are uncertain.

In contrast, once it is declared unconditional, the Revised Saputo Offer will not be subject to any of these execution uncertainties and has no completion risk. WCB shareholders who accept the Revised Saputo Offer on or after the date it is declared unconditional (expected to be 28 November 2013) will be paid their offer consideration **within 5 business days** after their valid Acceptance and Transfer Form is processed.

Final Bega Offer

The WCB Directors unanimously recommend that WCB shareholders REJECT Bega's Final Offer for the following reasons:

- Your Directors consider that Saputo's \$9.00 cash per share offer provides greater certainty of value than Bega's final part scrip and part cash offer.
- Your Directors consider that Bega's current share price does not reflect Bega's underlying fundamental value, is inflated by takeover speculation and is partly attributable to the rise in the value of Bega's 18.4% shareholding in WCB.
- Scrip for scrip rollover relief is highly uncertain under Bega's Final Offer which may result in a tax liability for WCB shareholders.

The value of Bega shares that WCB shareholders would receive under the Final Bega Offer is uncertain, subject to market volatility and there is no guarantee that the price of Bega shares will continue to trade at current levels.

Your Directors note that Bega has been contacting WCB shareholders seeking to persuade as many of them as possible to accept the Bega Final Offer. Your Directors strongly encourage WCB shareholders to ignore these communications.

³ See Murray Goulburn's ASX announcement dated 18 October 2013.

REJECT the Final Bega Offer and the Revised Murray Goulburn Proposal and ACCEPT the Revised Saputo Offer

In light of the above your directors:

- unanimously recommend that you **REJECT** the Bega Final Offer;
- unanimously recommend that you **REJECT** the Revised Murray Goulburn Proposal; and
- unanimously recommend that you **ACCEPT** the Revised Saputo Offer.

Further details

Further details on the Revised Saputo Offer will be contained in a supplementary Bidder's Statement and supplementary Target's Statement that will be released to ASX shortly.

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

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