

News release



5 April 2018

ASX Announcement

2018 Extraordinary General Meeting

Murray Goulburn Co-operative Co. Limited (MG) will today address shareholders at its Extraordinary General Meeting to be held in Melbourne, commencing at 11.00am AEST.

Attached is a copy of the addresses and presentations to be delivered by the Chairman, Chief Executive Officer and Supplier Director today.

A live audio webcast of the Extraordinary General Meeting can be accessed from MG's website at www.mgc.com.au/investor-centre/saputo-transaction. An archive of proceedings will also be available from the website.

– ENDS –

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About the MG Unit Trust

The MG Unit Trust (ASX:MGC) is a special purpose funding vehicle which provides its unitholders with an economic exposure to the business of Murray Goulburn Co-operative Co. Limited (Murray Goulburn). The Responsible Entity of the MG Unit Trust is MG Responsible Entity Limited, a wholly-owned subsidiary of Murray Goulburn.



Thursday 5 April

2018 Extraordinary General Meeting Chairman, CEO and Supplier Director Addresses

Ari Mervis, Chief Executive Officer

I think it is important to briefly recap on some of the information that has previously been provided to you. Those who attended last week's supplier meetings will be familiar with some of the content, however we think it is important to cover this again for those of you that did not attend these events.

Over the past months, the Board and the leadership team have spoken on numerous occasions about the background to the transaction and the reasons for the current situation. Today, I think it is more beneficial to focus on the key details of the transaction moving forward.

Firstly, I'd like to walk through some of the key points about the Saputo Offer, as detailed in the Explanatory Memorandum.

The transaction that was announced comprises of two main areas. The first is the acquisition of all of MG's operating assets and liabilities for \$1.31 billion.

The second is an allocation of approximately A\$114 million to support the milk price. This includes a step-up in FY18 FMP of \$0.40 per kgms for qualifying milk solids supplied from 1 November 2017 and, on completion of the Asset Sale, for qualifying milk solids supplied from 1 July 2017 to 31 October 2017.

Given the loyalty shown by our suppliers during the challenging times over the past two years, a second component was added – a loyalty payment of \$0.40 per kgms for all qualifying suppliers for milk supplied in FY18. This is expected to be paid on 15 August, based on the current timetable for completion.

This means that the weighted average price for the Southern Milk region will effectively be \$6.00 per kgms for FY18 if the Asset Sale is completed.

Saputo has demonstrated itself as a credible and trusted processor in Australia through its investment in Warrnambool Cheese & Butter, providing us with confidence that they will honour all their commitments to suppliers going forward. The arrangements that have been negotiated are that for a minimum of five years from July 2018, Saputo has agreed to continue to collect milk from Qualifying MG suppliers on terms no less favourable than MG is currently providing.

Saputo recognises that in order to run efficient production facilities they need profitable dairy farms and a profitable industry, supported by strong milk prices. Accordingly, they have also committed for at least the next five years to pay a competitive milk price which is no less than the greater of (i) the price WCB pays its suppliers; and (ii) the final weighted average Farmgate Milk Price published by the two largest processors in the relevant region.

Saputo has also committed to establish a Supplier Relations and Pricing Policy Committee to provide advice and feedback to Saputo on all relevant matters relating to the supply of milk.

The Asset Sale will equate to an estimated net value of \$1.15 to \$1.20 per share or unit. This amount takes into account the repayment of MG's bank debt and US Notes program at completion as well as transaction costs, outstanding tax and the expected costs of continuing to operate MG while the Retained Litigation continues. This value represents an 84 to 92% premium to the Undisturbed MG Unit Price of \$0.625 on 21 August 2017.

If the Asset Sale completes and the Capital Return Resolutions are approved, MG will pay \$0.80 per share or unit within ten Business Days after completion of the Asset Sale. Subsequent Distributions are expected following the conclusion of the Retained Litigation, or earlier, if deemed appropriate by your Board. The timing and exact amount of Subsequent Distributions is not certain at this stage. The amount of any Subsequent Distributions received by Shareholders and Unitholders will be equal.

As you may appreciate in a transaction of this nature there are a number of conditions precedent that need to be fulfilled or waived prior to the agreement becoming unconditional.

As announced yesterday, we are pleased to have satisfied the condition requiring the ACCC to provide clearance for the Asset Sale. The ACCC has accepted Saputo's undertaking to divest the Koroit plant and will not oppose the transaction.

The Asset Sale also requires approval from the Foreign Investment Review Board. Given that Saputo Australia's ultimate holding entity is incorporated in Canada, they are required to receive FIRB approval. Saputo has on three previous occasions successfully sought and obtained FIRB approval.

Another condition precedent relates to the Operating Leases for the fresh milk plants in Victoria and New South Wales. MG must obtain the consent from the lessor to transfer these operating leases to Saputo and this is in the process of being sought.

Another key condition, as outlined in the Explanatory Memorandum, is obtaining the approval of shareholders at today's meeting, and I will now hand back to the Chairman to take us through these required Resolutions. Thank you Chairman.

John Spark, Chairman

Thank you Ari.

The Explanatory Memorandum which includes the Notice of Meeting was sent to shareholders on 14 March and I will take it as read.

As outlined in the Explanatory Memorandum, Ordinary Shareholders, who are the voting shareholders, will be asked to vote today on a number of resolutions:

- The first Resolution is the Asset Sale Resolution – which is required to approve the Asset Sale to Saputo. In simple terms, the purpose of this Resolution is to approve the sale of MG's operating assets and liabilities to Saputo.
- Next, the Capital Return Resolutions are required so that the Asset Sale proceeds can be distributed to shareholders and unitholders by an initial distribution of \$0.80 per share or unit. To return capital to shareholders, the Corporations Act requires two separate resolutions to be put to a vote.

Resolution 2(a) is to approve a capital return on voting shares while
Resolution 2(b) is to approve a capital return on non-voting shares.

- The final resolution is the Constitution Resolution. Shareholder approval is required to make amendments to the constitution which are necessary to simplify MG's structure to reflect the changed nature of MG's operations following the Asset Sale to Saputo and also a variation of class rights of Ordinary Shareholders.

The Asset Sale Resolution is not conditional on any other resolution. If only the Asset Sale Resolution is approved today, and not the other resolutions, this would mean that the sale to Saputo would occur, MG would receive the sale proceeds but shareholders and unitholders would not receive the initial distribution of 80 per share or unit, unless there was shareholder approval at a further general meeting of shareholders.

If the Asset Sale is not approved today, or completion of the Asset Sale to Saputo does not occur, then no other elements being voted on in Resolutions 2(a), 2(b) and 3 would be implemented.

If the Asset Sale is approved today, and the transaction completes, shareholders and unitholders will only receive the initial distribution of \$0.80 per share or unit if both of the Capital Return Resolutions are approved. This is because Resolutions 2(a) and 2(b) are interdependent.

Lastly, and as previously explained, amendments to the constitution are important otherwise the constitution may not be able to effectively operate under MG's changed structure following the Asset Sale.

The Directors of MG unanimously recommend that shareholders vote in favour of the Asset Sale Resolution, the Capital Return Resolutions and the Constitution Resolution.

Each Supplier Director intends to vote their ordinary shares in favour of each Resolution, subject to any voting exclusions that may apply.

As set out in the Explanatory Memorandum, the Board engaged Grant Samuel & Associates to prepare an independent expert's report setting out, whether in its opinion, the Asset Sale is in the best interests of MG Shareholders and Unitholders of the MG Unit Trust. A copy of the report is contained in Attachment 2 of the Explanatory Memorandum. The Independent Expert has concluded that:

- the Consideration for the Asset Sale of approximately \$1.31 billion is fair and reasonable; and
- the Asset Sale is in the best interests of Shareholders and Unitholders, in the absence of a Superior Proposal.

The Independent Expert also concluded that:

- the Consideration for the Asset Sale of approximately \$1.31 billion is at the upper end of the Independent Expert's assessed valuation of MG; and
- the continued stand-alone operation of MG is likely to entail unacceptable risks for MG's stakeholders.

* * *

I'd like to now move on to provide of some key details of the structure of MG, following the completion of the Asset Sale.

Once the transaction completes, MG will continue to exist and will hold certain non-operating assets and liabilities - essentially cash, retained litigation and a number of subsidiary companies that are not part of the operating business acquired by Saputo Australia. MG will continue to own the Responsible Entity, which will continue as the trustee of the MG Unit Trust.

A reduced Board of five directors will manage the Retained Litigation and MG's ongoing reporting and compliance obligations until the Retained Litigation is concluded. This includes meeting financial reporting, annual reporting, annual general meeting, ASX and ASIC obligations.

The ongoing MG directors will be Lisa Dwyer, Ian Goodin, David Grant, Brock Williams and myself.

On completion we will farewell: Bill Bodman, Mark Clark, Craig Dwyer, Kelvin Jackson and Harper Kilpatrick as MG Directors. I would like to sincerely acknowledge the commitment and dedication shown by each of them during what has been an extremely difficult period. Directors spend long hours, speaking with our suppliers and they are an invaluable conduit between the needs of suppliers and the board. I would like to extend my thanks to each of them for their professionalism and immense contribution to the business.

After conclusion of the Retained Litigation, it is expected that MG will be wound up and liquidated. Any proceeds will then be distributed equally to shareholders and unitholders.

Until MG is wound up, Shareholders will continue to own shares in MG and unitholders will continue to own units in the MG Unit Trust.

I will now explain the share and unit trading arrangements going forward. Shareholders who hold voting Shares before completion of the Asset Sale will continue to hold voting shares after completion. Shareholders who hold non-voting shares before completion of the Asset Sale will continue to hold non-voting shares after completion.

From completion, the MG rules that currently restrict the sale of shares will cease. For example, the Share Standard will no longer apply, including the current share sell-down rules, and there will be no requirement to hold a minimum number of shares. Also, as communicated to suppliers on 13 March the Share Offtake Program ceased to operate on 15 March.

This means that all Shareholders can sell any or all of their shares from the first business day after completion of the Asset Sale, subject to any security interests over the shares.

Shareholders can continue to sell shares through the Bell Direct Shareholder Trading Platform for 60 days after the completion of the Asset Sale.

However, Shareholders will not be able to buy shares through the Share Trading Platform. MG will then close the Shareholder Trading Platform, and this will occur on 30 June 2018, if the Asset Sale completes on 1 May. Please note that as 30 June is a Saturday, the last day to sell shares on the Shareholder Trading Platform will be Friday 29 June.

After closure of the Shareholder Trading Platform, Shareholders will only be able to buy and sell Shares off market through transfers arranged directly with another party.

Importantly, you will be entitled to receive the initial distribution of \$0.80 per share for shares that are held at 5.00pm on 16 April 2018.

As we've outlined, until the MG Unit Trust is wound up following the conclusion of the Retained Litigation, Unitholders will continue to own the MG Unit Trust.

The Responsible Entity has determined that following the completion of the Asset Sale it will seek unitholder approval to delist the MG Unit Trust.

This ordinary resolution of unitholders will be considered in conjunction with MG's 2018 Annual General Meeting. Until the delisting is approved, the MG Unit Trust will continue to be listed on the ASX.

As for shareholders, unitholders will be entitled to receive the initial distribution of \$0.80 per unit for units held at 5.00pm on 16 April 2018.

So what are the next steps?

As mentioned, the results from today's EGM will be made available later this afternoon.

- The deadline for determining eligibility for the Capital Return will be 5.00pm on 16 April 2018.
- Subject to the results of today's EGM confirming that the Asset Sale has been approved by voting shareholders, and the timely satisfaction of all other conditions precedent, we expect the Asset Sale to complete on 1 May 2018.
- The Capital Return will be paid within 10 business days after completion of the Asset Sale – which is expected to be by 15 May 2018.
- The expected date for unitholders to be asked to vote on the Unit Trust de-listing will be at the 2018 AGM.

Craig Dwyer, Supplier Director

As a Supplier Director, I would like to take this opportunity to express what MG has meant to so many families and communities over the journey.

Today is understandably a momentous day in the 68 year history of the Murray Goulburn Co-operative. When seven dairy farmers from the Cobram area became the first subscribers to MG, each holding 100 shares on the 9th of January 1950, I am sure they never envisaged this day. The original investment by those visionaries saw MG grow to become one of the leaders in the Australian dairy industry and a cornerstone of dairy communities around the country.

MG has meant many things to many people; suppliers and employees alike. It is not about who has supplied or worked for the Co-op for the longest, or who has the most shares. It is about the farms, the factories and the families. When my wife and I decided to begin our dairying career together, we actually rejected some share-farming opportunities as they were not MG farms, and therefore by default, not part of the MG family. The MG family encapsulated all... from the night shift operator, the tanker driver, the Field Service team, right up to senior management. Twice a year, any MG farmer had the opportunity to have the ear of the CEO at supplier meetings. To all those generations that preceded us to help build the MG we have all belonged to, I thank you.

Now it is time to turn to the future. Globally there is an ongoing and growing demand for dairy products. MG farms and factories will continue to play a vital role in producing world-class milk and dairy products, marketed under recognised brands that the new owners will take over and continue to develop.

Hopefully, many of you took the chance to hear Lino Saputo Jnr speak at one of his recent presentations. I am confident that we are transitioning our assets and brands to an ethical, family-oriented business. I would encourage you all to give them a chance to prove themselves with your supply, and build on the foundations created by so many of you and your hard-working dairy farming predecessors.

On behalf of your board, I sincerely thank you and your families. I wish you all the best for the future.

Thank you.

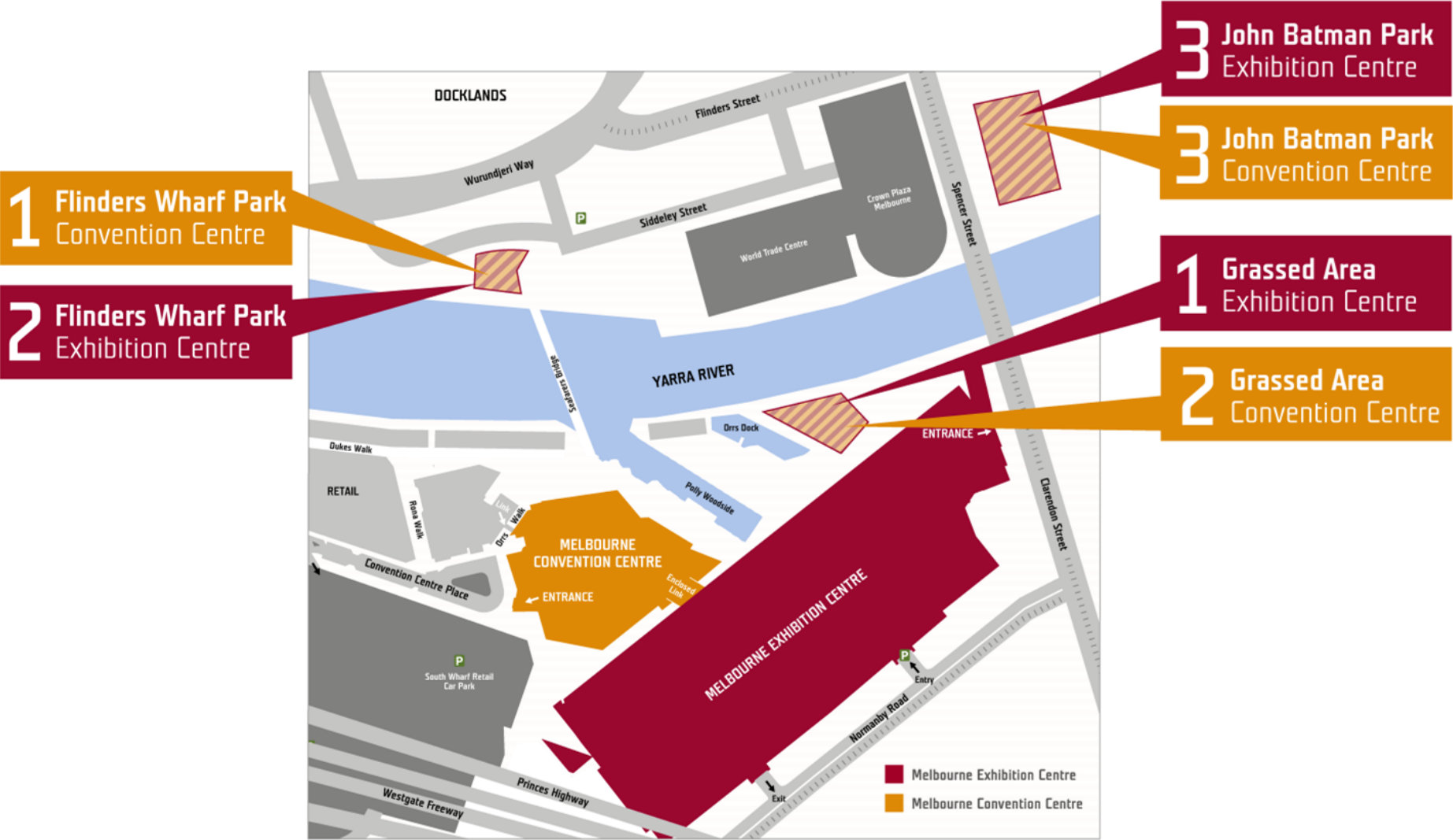


Extraordinary General Meeting

Thursday 5 April 2018



Emergency evacuation assembly areas





John Spark
Chairman

Agenda



1. Summary of Saputo transaction
2. Resolutions and voting process
3. MG after completion
4. Next steps and questions
5. Voting
6. Supplier Director comments





Ari Mervis

Chief Executive Officer



Summary of Saputo transaction

Summary of Saputo transaction



- Sale to Saputo of all MG's operating assets and operating liabilities for \$1,310 million^(a)
- **MG's milk supply commitments:**
 - Transaction includes MG milk supply commitments totalling approximately \$114 million
 - Qualifying MG suppliers^(b) in the Southern Milk Region expected to receive \$6.00 kgms in FY18
- **Saputo milk supply commitments:**
 - Five year commitment to Qualifying MG suppliers to offer competitive FMP and milk collection commitment
 - Establishment of Supplier Relations and Pricing Policy Committee
- Estimated net value per share/unit of \$1.15 – 1.20^(c)
- Initial distribution of \$0.80 per share/unit to be paid ten business days after completion

(a) Subject to completion adjustments including for movements in the working capital in the business and any Unpaid Milk Commitments

(b) A supplier who was supplying milk to MG as at the date of MG's 2017 annual general meeting and at completion of the Asset Sale

(c) This range is an estimate only. This amount takes into account the repayment of MG's bank debt and USPP Note program (including make whole fees) at completion of the Asset Sale, transaction costs, outstanding tax or other liabilities and the expected costs of continuing to operate MG while the retained litigation continues. This amount does not include the payment of any amount which may ultimately arise as a result of the retained litigation, which could reduce proceeds available for distribution to shareholders and unitholders

Summary of Saputo transaction

Key conditions precedent



- ✓ ACCC clearance for the Asset Sale
 - ACCC yesterday accepted Saputo's proposed undertaking to divest the Koroit plan
- MG Shareholders approving the Asset Sale by an ordinary resolution
- Approval of the Asset Sale from FIRB
- Operating Leases



John Spark
Chairman

Resolutions



Resolution 1

Approve the Asset Sale

Resolution 2(a)

Approve the distribution of \$0.80 for each fully paid Ordinary Share as a Capital Return

Resolution 2(b)

Approve the distribution of \$0.80 for each fully paid Non-voting Share as a Capital Return

Resolution 3

Approve amendments to Constitution to reflect MG's changed structure following completion of Asset Sale and variation of Ordinary Shareholders' class rights

Conditionality of EGM Resolutions



- **Resolution 1** is not conditional on any other resolution. If it is approved, the transaction will proceed
- **Resolutions 2(a) and 2(b)** (Capital Returns) and **Resolution 3** (Constitution Amendment) are conditional on Resolution 1 (Asset Sale) being approved (and the Asset Sale completing)
- To receive the initial distribution of \$0.80 per Share, **Resolution 1 and Resolutions 2(a) and 2(b) must be approved**
- **Resolution 3** is important because the constitution may not be able to effectively operate without the proposed changes

Board recommendation and Independent Expert opinion



- MG Directors **unanimously recommend** shareholders vote in favour of all Resolutions
- Each Supplier Director intends to vote in favour of each Resolution (subject to voting exclusions)
- The Independent Expert has concluded that:
 - the Consideration for the Asset Sale is **fair and reasonable**
 - the Asset Sale is in the **best interests of shareholders and unitholders**, in the absence of a superior proposal



Voting process

How to vote and ask questions



Yellow card

Vote and ask questions

Orange card

Ask questions only

Blue card

Ask questions only

To ask a question, please make your way to the closest microphone with your admission card where an attendant will introduce you.



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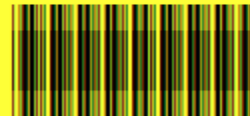


EXTRAORDINARY GENERAL MEETING
5 APRIL 2018

ORDINARY
SHAREHOLDER/PROXYHOLDER
ADMISSION & VOTING CARD

THE DIRECTORS OF
MURRAY GOULBURN CO-OPERATIVE CO. LIMITED
THANK YOU FOR YOUR ATTENDANCE

PLEASE RETAIN THIS CARD UNTIL THE CLOSE OF THE MEETING



4000

Please read the instructions on the reverse before voting



SHAREHOLDER VOTING INSTRUCTIONS



4000

If you wish to cast all your votes for or against a motion, place a mark in the appropriate FOR box or AGAINST box for that motion.

If you wish to cast some of your votes for a motion and some of your votes against the motion write in the FOR box the actual number or percentage of votes you are casting for the motion and write in the AGAINST box the actual number or percentage of votes you are casting against the motion. The sum of the votes cast or the percentages FOR and AGAINST a motion must not exceed your voting entitlement or 100%.

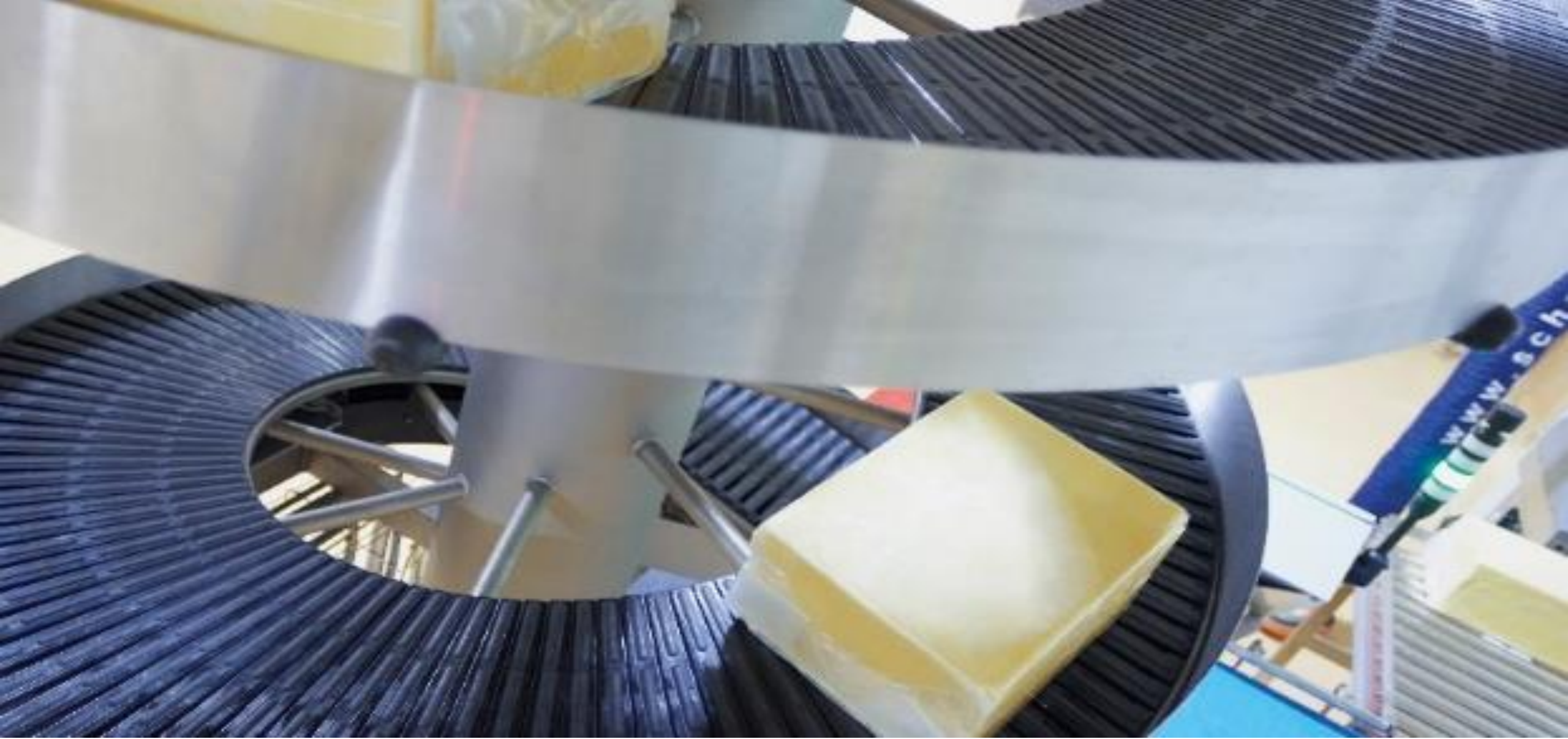
PROXYHOLDER VOTING INSTRUCTIONS

Please refer to Summary of Proxy Votes Form attached to this card for instructions.

		For	Against	Abstain
Item 1	Approval of the Asset Sale	<input type="text"/>	<input type="text"/>	<input type="text"/>
Item 2(a)	Ordinary Share Capital Return	<input type="text"/>	<input type="text"/>	<input type="text"/>
Item 2(b)	Non-voting Share Capital Return	<input type="text"/>	<input type="text"/>	<input type="text"/>
Item 3	Amendments to the Constitution	<input type="text"/>	<input type="text"/>	<input type="text"/>

Name of Shareholder/Proxyholder

Signature



Resolutions

Resolution 1

Approval of the Asset Sale



To pass as an ordinary resolution:

That the Asset Sale between MG and Saputo Australia be approved



Questions on Item 1

Resolution 1

Approval of the Asset Sale



To pass as an ordinary resolution:

That the Asset Sale between MG and Saputo Australia be approved

Resolution 1

Proxy votes as at 3 April 2018



	Number of votes	% of total votes cast
For	68,963,878	95.82%
Open – Chairman	1,686,945	2.34%
Open – Other	—	—
Against	1,324,148	1.84%

Open votes held by the Chairman will be voted in favour of the resolution

Resolution 2(a)

Ordinary Share Capital Return



To pass as an ordinary resolution:

**To approve a capital return to Ordinary Shareholders
of \$0.80 for each fully paid Ordinary Share held on the Record Date**



Questions on Item 2(a)

Resolution 2(a)

Ordinary Share Capital Return



To pass as an ordinary resolution:

**To approve a capital return to Ordinary Shareholders
of \$0.80 for each fully paid Ordinary Share held on the Record Date**

Resolution 2(a)

Proxy votes as at 3 April 2018



	Number of votes	% of total votes cast
For	69,382,773	96.37%
Open – Chairman	1,686,945	2.34%
Open – Other	—	—
Against	927,092	1.29%

Open votes held by the Chairman will be voted in favour of the resolution

Resolution 2(b)

Non-voting Share Capital Return



To pass as a special resolution:

**To approve a capital return to Non-voting Shareholders
of \$0.80 for each fully paid Ordinary Share held on the Record Date**

Under the Corporations Act, Shareholders who hold both Ordinary Shares and Non-voting Shares are **not** permitted to vote in favour of Resolution 2(b)



Questions on Item 2(b)

Resolution 2(b)

Non-voting Share Capital Return



To pass as a special resolution:

**To approve a capital return to Non-voting Shareholders
of \$0.80 for each fully paid Ordinary Share held on the Record Date**

Under the Corporations Act, Shareholders who hold both Ordinary Shares and Non-voting Shares are **not** permitted to vote in favour of Resolution 2(b)

Resolution 2(b)

Proxy votes as at 3 April 2018



	Number of votes	% of total votes cast
For	12,283,575	80.99%
Open – Chairman	1,854,848	12.23%
Open – Other	—	—
Against	1,028,949	6.78%

Open votes held by the Chairman will be voted in favour of the resolution (subject to voting exclusions)

Resolution 3

Amendments to the Constitution



To pass as a special resolution:

To approve amendments to MG's Constitution to reflect MG's changed structure following completion of the Asset Sale and a variation of Ordinary Shareholders' class rights (resulting from the amendments to the Constitution)



Questions on Item 3

Resolution 3

Amendments to the Constitution



To pass as a special resolution:

To approve amendments to MG's Constitution to reflect MG's changed structure following completion of the Asset Sale and a variation of Ordinary Shareholders' class rights (resulting from the amendments to the Constitution)

Resolution 3

Proxy votes as at 3 April 2018



	Number of votes	% of total votes cast
For	68,147,840	94.88%
Open – Chairman	2,108,517	2.94%
Open – Other	–	–
Against	1,565,317	2.18%

Open votes held by the Chairman will be voted in favour of the resolution

Murray Goulburn after completion of the Asset Sale

Overview



- MG will hold non-operating assets (i.e. cash, subsidiary companies etc) and litigation liabilities
- Reduced Board will manage Retained Litigation and MG's ongoing reporting and compliance obligations:
 - Board members: John Spark, Lisa Dwyer, Ian Goodin, David Grant and Brock Williams
- MG expected to be wound up and liquidated following conclusion of Retained Litigation
 - proceeds to then be distributed equally to shareholders and unitholders.

Murray Goulburn after completion of the Asset Sale

Share trading



From completion (expected to be 1 May):

- Shareholders will continue to hold shares in MG
- Shares restrictions will cease and shares may be sold
- Shares can be sold on Shareholder Trading Platform until 30 June 2018. After this, sales can only be done off-market
- No purchases on Shareholder Trading Platform will be permitted after 1 May
- To receive the \$0.80 per share initial distribution, shareholders must own shares as at 5.00pm (AEST) on **16 April 2018**

Murray Goulburn after completion of the Asset Sale

Unit trading



From completion (expected to be 1 May):

- Unitholders will continue to hold units in the MG Unit Trust
- The Responsible Entity intends to seek Unitholder approval to delist the MG Unit Trust at the 2018 Annual General Meeting.
- Until the delisting is approved, the MG Unit Trust will continue to be listed on the ASX
- To receive the \$0.80 per unit initial distribution, unitholders must own units as at 5.00pm (AEST) on **16 April 2018**

Next steps and timetable



Time/date to determine eligibility for Capital Return

5.00pm (AEST) on 16 April 2018

Expected completion of Asset Sale

1 May 2018

Expected date of payment of Capital Return

~ 15 May 2018
(10 business days after
completion of Asset Sale)

Expected date for vote on Unit Trust de-listing

2018 AGM



Questions



Finalise your vote



Craig Dwyer
Board Director



Thank you