



The Manager
Company Announcements Office
ASX Limited

16 December 2013

Dear Sir/Madam

**Takeover bid by Murray Goulburn Co-operative Co. Limited ABN 23 004 277 089 for
Warrnambool Cheese and Butter Factory Company Holdings Limited**

Replacement bidder's statement

We attach, by way of service pursuant to section 633A(2)(c) of the Corporations Act 2001 (Cth) (as inserted by ASIC Class Order [CO 13/528]), a copy of Murray Goulburn Co-operative Co. Limited's (Murray Goulburn) Replacement Bidder's Statement marked to show all changes from Murray Goulburn's Original Bidder's Statement that was released on ASX on 28 November 2013.

Yours faithfully

Fiona Smith
Company Secretary/General Counsel



Devondale
MURRAY GOULBURN CO-OPERATIVE CO. LIMITED ABN 23 004 277 089
Freshwater Place, Level 15, 2 Southbank Boulevard, Southbank VIC 3006 T: +61 3 9040 6000 F: +61 3 9040 6100
GPO BOX 4307, Melbourne 3001



Bidder's Statement

Accept the Offer

**By Murray Goulburn Co-operative Co. Limited
ABN 23 004 277 089**

to purchase all of your ordinary shares in

**Warrnambool Cheese and Butter Factory
Company Holdings Limited
ABN 15 071 945 232**

for \$9.50 cash per Share

This is an important document and requires your immediate attention.

**If you are in any doubt about how to deal with this document, you should contact
your broker, financial adviser or legal adviser immediately.**

Financial Adviser

LAZARD

Legal Adviser



Key Dates

Date of the Original Bidder's Statement
lodged with ASIC 28 November 2013



Date of Offer [Insert date]

Offer closes (unless extended or withdrawn) 7.00pm (Melbourne time) on [Insert date]

Key Contacts

Share registrar for the Offer	Murray Goulburn Offer Information Line*
Computershare Investor Services Pty Limited	1800 679 874 (within Australia) and +61 3 9415
GPO Box 2115	4172 (outside Australia)
Melbourne VIC 3001	
Australia	* Calls to these numbers may be recorded.

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Important Information

This Bidder's Statement is a replacement Bidder's Statement issued by Murray Goulburn Co-operative Co. Limited ABN 23 004 277 089 (Murray Goulburn) under Part 6.5 of the Corporations Act (as modified by ASIC Class Order ICO 13/528).

~~A copy~~ The date of this Bidder's Statement was 16 December 2013. This Bidder's Statement replaces the original Bidder's Statement lodged with ASIC on 28 November 2013. References in this Bidder's Statement to 'the date of this Bidder's Statement' (or similar) should be read as references to 28 November 2013.

Neither ASIC nor its officers take any responsibility for the content of this Bidder's Statement.

Investment advice

In preparing this Bidder's Statement, Murray Goulburn has not taken into account the individual objectives, financial situation or needs of individual WCB shareholders. Accordingly, before making a decision whether or not to accept the Offer, you may wish to consult with your financial or other professional adviser.

Disclaimer as to forward looking statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which WCB and Murray Goulburn and the members of the Murray Goulburn Group operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of Murray Goulburn, the officers of Murray Goulburn, any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forwarding looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

Disclaimer as to WCB information

The information on WCB, WCB's securities and the WCB Group contained in this Bidder's Statement has been prepared by Murray Goulburn using publicly available information.

Information in this Bidder's Statement concerning WCB's business has not been independently verified by Murray Goulburn. Accordingly Murray Goulburn does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Further information relating to WCB's business may be included in WCB's target's statement which WCB must provide to its shareholders in response to this Bidder's Statement.

Privacy

Murray Goulburn has collected your information from the WCB register of shareholders for the purpose of making this Offer and, if accepted, administering a record of your acceptance of Murray Goulburn's Offer for your holding of WCB Shares. The

Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Murray Goulburn's related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC. The registered address of Murray Goulburn is Level 15, Freshwater Place, 2 Southbank Boulevard, Southbank, Victoria, 3006, Australia.

Defined terms

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in clause 10 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Chairman's letter



28 November 2013

Dear WCB Shareholder

Takeover bid for Warrnambool Cheese and Butter Factory

On behalf of the Board of Murray Goulburn Co-operative Co. Limited (Murray Goulburn), I am delighted to have this opportunity to present Murray Goulburn's Offer to acquire all of Your Shares in Warrnambool Cheese and Butter Factory Company Holdings Limited (WCB) and to share our vision for the WCB business, the local community and the Australian dairy industry as a whole.

Highly attractive offer

Murray Goulburn's Offer is \$9.50 cash for each of Your Shares, less any dividends declared or paid by WCB. Although the WCB Board has stated that they will not declare any dividends during the Saputo Offer period, Murray Goulburn still wishes to engage with the WCB Board to explore the potential for WCB to pay special dividends to WCB shareholders in order to deliver franking credit benefits to some shareholders.

We believe the Offer represents a compelling proposition for WCB shareholders and delivers a demonstrably superior value outcome relative to all competing proposals.

- The Offer represents a significant premium to the trading price of WCB Shares on ASX prior to recent corporate activity, representing a 111% premium to the trading price of WCB on 11 September 2013 (the day before announcement of the Initial Bega Offer).
- The Offer represents:
 - a 6% premium to the revised Saputo Offer of \$9.00 cash per share announced to ASX on 25 November 2013 (excluding the increase in offer consideration if Saputo achieves a relevant interest in WCB Shares of greater than 50%) and a 3% premium to the revised Saputo Offer of \$9.20 cash per share if Saputo achieves a relevant interest in WCB Shares of greater than 50%; and
 - a 6% premium to the implied value of the Bega Offer, based on the closing price of Bega shares on ASX on 27 November 2013.
- The Offer is above the Independent Expert's assessed value range for WCB Shares.
- It is an all-cash offer providing certainty for the value of Your Shares – the value of our Offer is not influenced by the value of other securities.

- The Offer is fully funded with Murray Goulburn having secured additional debt facilities from its existing financiers in relation to the Offer.
- The enlarged co-operative created by the combination of Murray Goulburn and WCB will be a globally competitive dairy food company.

The co-operative model – aligning the interests of suppliers and shareholders

~~The~~Historically, the Australian dairy industry was largely built by co-operatives. However, over the last two decades, several of these co-operatives have disappeared either through demutualisation or through acquisition by foreign multinationals. Murray Goulburn is 100% dairy farmer-controlled and stands alone as the only large-scale Australian dairy company in its commitment to the co-operative model.

The co-operative structure is unique because the suppliers are also the shareholders. This ensures alignment of interest between the company and its farmer suppliers. As a 100% dairy farmer-controlled company, Murray Goulburn's primary objective is to increase farm gate returns. By driving higher farm gate returns, the co-operative model encourages on-farm investment, a significant economic driver in rural and regional communities.

In order to share in the benefits of Murray Goulburn's Offer will return WCB to its co-operative structure, and will provide the opportunity for existing WCB suppliers to become members of the enlarged co-operative, allowing them to share in the advantages of the co-operative structure created by the combination of Murray Goulburn and WCB should the Offer be successful, you must join Murray Goulburn as a supplier-shareholder. Suppliers wishing to join Murray Goulburn, including existing WCB suppliers, may only do so if one of the exceptions to the prospectus provisions of the Corporations Act applies (such as the exemption for 'sophisticated investors').

Murray Goulburn Warrnambool – a combination of two leading Australian dairy companies

Murray Goulburn has been operating as a dairy co-operative since 1950 and as the employer of more than 2,000 people, largely in rural and regional Australia, understands the importance of identity, heritage and community. That's why Murray Goulburn, should its Offer be successful and it acquires 100% ownership of WCB, intends to seek shareholder approval to rename the combined business 'Murray Goulburn Warrnambool' – a reflection of the fact that this transaction represents the coming together of two major Australian dairy companies.

Building for the future – reclaiming Australia's place on the world stage

Australia has a competitive advantage in dairy farming. Yet when we look back over the last decade, it is clear that we have not grasped the opportunity in front of us while our neighbours in New Zealand, underpinned by a successful co-operative in Fonterra, have gone from strength to strength. Over the last 10 years Australia's milk production has declined by 2% per annum while our share of the global dairy export market has fallen from 15% to 7%.¹

The emerging affluence of Asian consumers represents an historic growth opportunity for the Australian dairy sector. Our proximity to Asia uniquely positions us for the significant growth that awaits the dairy industry over coming years. To capitalise on this opportunity, Australia needs a dairy company with the necessary scale, market reach and efficiencies to be relevant in Asian and global markets. To achieve this, the Australian dairy sector must consolidate. A combination between Murray Goulburn and WCB will create the

¹ Based on the 10 year period from 2002 to 2012. Estimated share of global milk, whole milk powder, skim milk powder, cheese, butter and casein exports on a milk equivalent basis. (Sources: Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) 'Agricultural Commodities Statistics' 2012; and Dairy Australia 'Australian Dairy Industry In Focus' 2013).

leading Australian dairy company with the ability to compete on the world stage and will be the first step in delivering on the objective of growing milk production.

The best partner for WCB and the Australian dairy industry

Murray Goulburn is the largest dairy co-operative in Australia, the nation's largest dairy company by milk intake and the nation's largest dairy exporter. These attributes position Murray Goulburn as the natural partner of choice for WCB to create a leading, globally relevant, Australian dairy company that can capture the benefits of the Asian century and, crucially, deliver those benefits to farmer suppliers and rural communities.

The combined business would become an Australian dairy powerhouse, with forecast, Based on combined FY13 results², the merged company would have annual revenues in excess of \$3.2 billion, over 3,000 supplier-shareholders, 43.8 billion litres in annual milk intake, approximately 900,000 tonnes of annual dairy production, approximately 2,500 employees, nine processing sites across Australia and export sales of \$1.4 billion in FY13 to customers in more than 60 countries.

Murray Goulburn believes that a strong co-operative is vital for the future of the Australian dairy industry as evidenced by a co-operative led industry globally. The primary incentive of the co-operative model is to drive higher farm gate returns. By doing so, Murray Goulburn intends to stimulate on-farm investment and encourage higher farm gate prices. A stronger Murray Goulburn benefits our suppliers, the local communities and ultimately the Australian dairy industry as a whole.

Highly attractive offer

Murray Goulburn's Offer is \$0.50 cash for each of Your Shares, less any dividends declared or paid by WCB. Although the WCB Board has stated that they will not declare any dividends during the Saputo Offer period, Murray Goulburn still wishes to engage with the WCB Board to explore the potential for WCB to pay special dividends to WCB shareholders in order to deliver franking credit benefits to some shareholders.

We believe the Offer represents a compelling proposition for WCB shareholders and delivers a demonstrably superior value outcome relative to all competing proposals.

- The Offer represents a significant premium to the trading price of WCB Shares on ASX prior to recent corporate activity, representing a 111% premium to the trading price of WCB on 11 September 2013 (the day before announcement of the initial Bega Offer).
- The Offer represents a 6% premium to the revised Saputo Offer of \$0.00 each per share announced to ASX on 25 November 2013 (before any increase in offer consideration if Saputo achieves a relevant interest in WCB Shares of greater than 50%), and a 6% premium to the implied value of the Bega Offer, based on the closing price of Bega shares on ASX of 27 November 2013.
- The Offer is above the Independent Expert's assessed value range for WCB Shares.
- It is an all cash offer providing certainty for the value of Your Shares—the value of our Offer is not influenced by the value of other securities.
- The Offer is fully funded with Murray Goulburn having secured additional debt facilities from its existing financiers in relation to the Offer.

² Based on Murray Goulburn's and WCB's published FY13 trading results and public disclosures, including FY13 annual reports. The forecast FY14 results that were contained in the Original Bidder's Statement have been retracted and should not be relied upon.

- ~~Provides the opportunity for WCB suppliers to join the enlarged co-operative, become shareholders in a globally competitive dairy food company, and to participate directly in the benefits of the co-operative structure, including being able to participate in the review of future changes to Murray Goulburn's capital structure, as recently announced at Murray Goulburn's Annual General Meeting.~~

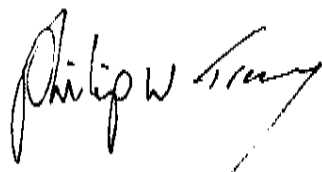
- ~~Accretive to milk price payments across the enlarged co-operative.~~

~~This Bidder's Statement sets out the details of the Offer and benefits it provides to WCB shareholders, suppliers and the local community. I urge you to read it carefully.~~

~~To accept this Offer, please follow the instructions set out in the enclosed Acceptance Form. The Offer is scheduled to close at 7.00pm (Melbourne time) on [insert date], unless extended.~~

~~I look forward to your acceptance of our Offer. Murray Goulburn is excited about the opportunity to combine with WCB and to capitalise on the significant opportunities in front of us for the Australian dairy sector.~~

~~Yours sincerely~~



Philip Tracy
Chairman

Why you should accept the Offer

Why you should accept the Offer

Highlights

Murray Goulburn is offering all-cash consideration of \$9.50 for each WCB Share. Murray Goulburn believes that its Offer represents compelling value for WCB shareholders, and delivers a demonstrably superior value outcome relative to all other competing proposals, as well as providing significant benefits to employees and the local community through the creation of one of the largest Australian owned food and beverage businesses.

The reasons why you should accept Murray Goulburn's Offer include:

1. Murray Goulburn's all-cash Offer price is higher than any of the other proposals made for WCB;
2. the Offer represents a significant premium to WCB's trading prices prior to recent corporate activity;
3. the Offer is above the top end of the Independent Expert's assessed value range for WCB Shares;
4. the Offer delivers certain cash value and removes your exposure to the risks and uncertainties associated with holding WCB Shares, or shares in other listed companies;
5. Murray Goulburn is confident in its approach to satisfying the ACCC/Australian Competition Tribunal condition associated with the Offer;
6. Murray Goulburn's unique co-operative structure provides benefits to the Australian dairy industry;
7. the Offer will create a globally relevant and 100% farmer-controlled Australian dairy co-operative;
8. the Offer will deliver superior benefits to Warrnambool and other rural communities, and the Australian dairy industry as a whole; and
9. no brokerage or stamp duty will be payable on the sale of your WCB Shares.

The above is a headline summary only of the benefits to both the Warrnambool community and WCB shareholders, and should be read in conjunction with the detailed information set out below.

Some benefits may only be enjoyed by joining Murray Goulburn as a supplier- shareholder

In order to share in the benefits of Murray Goulburn's co-operative structure, and the benefits of the enlarged co-operative created by the combination of Murray Goulburn and WCB should the Offer be successful, you must join Murray Goulburn as a supplier- shareholder. Suppliers wishing to join Murray Goulburn, including existing WCB suppliers, may only do so if one of the exceptions to the prospectus provisions of the Corporations Act applies (such as the exemption for 'sophisticated investors').

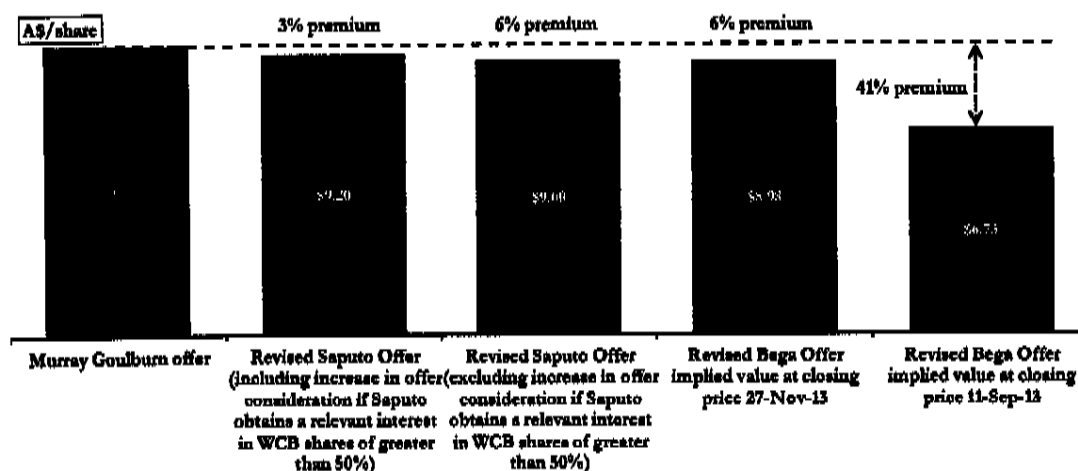
Details

The Offer provides significant benefits for WCB shareholders, and other stakeholders to the business including employees, the local community and existing suppliers. The key reasons why you should accept Murray Goulburn's Offer are as follows:

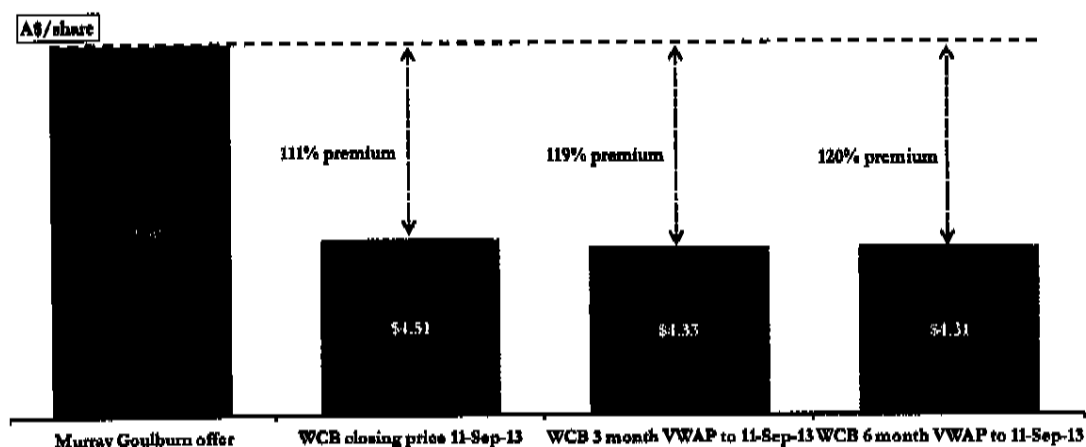
Why you should accept the Offer

1. Murray Goulburn's all-cash Offer price is higher than any of the other proposals made for WCB

Murray Goulburn's all-cash Offer price of \$9.50 per WCB share is higher than any of the other proposals made for WCB:

**2. The Offer represents a significant premium to WCB's trading prices prior to recent corporate activity**

Murray Goulburn's all-cash Offer price of \$9.50 per WCB Share represents a substantial premium to the trading prices of WCB Shares prior to the announcement on 12 September 2013 of the Initial Bega Offer for WCB:

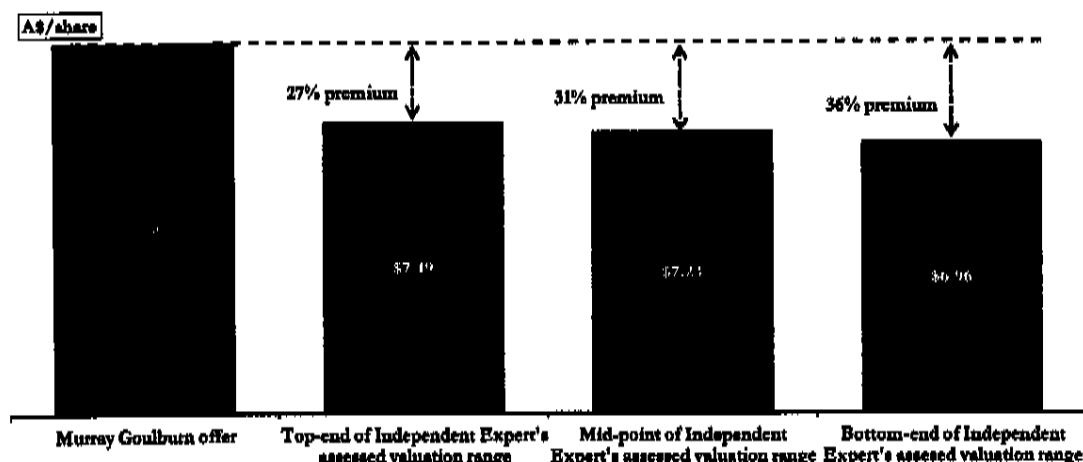


Source: ASX website.

Why you should accept the Offer

3. The Offer price is above the top end of the Independent Expert's assessed value range for WCB Shares

KPMG Corporate Finance, the Independent Expert engaged to prepare an Independent Expert's Report in response to Bega's initial offer for WCB, has assessed the value of WCB on a 100% controlling interest basis to fall within the range of \$6.96 to \$7.49 per WCB share. Murray Goulburn's all-cash Offer price of \$9.50 per WCB Share is above the top end of this assessed value range, and represents a premium of 31% to the mid-point of this range.



Source: WCB Independent Expert Report dated 14 October 2013

4. The Offer delivers certain cash value and removes your exposure to the risks and uncertainties associated with holding WCB Shares, or shares in other listed companies

If you accept Murray Goulburn's Offer and it becomes or is declared unconditional, you will receive 100% cash consideration for each of your WCB Shares providing certainty of value. Murray Goulburn's offer is not complicated by the need to value other securities, and is not affected by the movement in the trading price of other securities.

Murray Goulburn's Offer has certainty of financing with \$350 million of new committed facilities having been provided by Murray Goulburn's existing financiers Australia and New Zealand Banking Group Limited, National Australia Bank Limited and Westpac Banking Corporation. Murray Goulburn also has an existing \$420 million syndicated loan facility.

By accepting Murray Goulburn's Offer you will eliminate your exposure to the risks and uncertainties inherent in owning WCB Shares including (but not limited to):

- exposure to the volatility and cyclical nature of international dairy commodity prices;
- risk from severe weather events, such as drought;
- risk from the loss of milk supply or the decline in milk production;
- foreign exchange risk; and
- equity market risk.

Why you should accept the Offer

In contrast, the Bega Offer includes consideration in the form of both cash and Bega shares. This means the implied value of the Bega Offer will vary with the price of Bega shares, which fluctuates based on a range of factors. The Bega Offer requires that you become a shareholder in Bega, a business that you may not be familiar with, and one that is exposed to various external factors and company specific risks (some of which are listed above and also listed in the Bega Bidder's Statement). Also, ownership of Bega shares is restricted by a shareholding limit of 10% that will (subject to limited exceptions) remain in place until 2016, at which point Bega must seek the approval of shareholders, by ordinary resolution, for the continuation of the shareholding limit. The presence of this limit represents a restriction on share ownership that is uncommon compared to other ASX listed companies and has the potential to affect the Bega share price over time.

5. Murray Goulburn is confident in its approach to satisfying its competition condition associated with the Offer

Murray Goulburn's Offer is conditional upon, among other things, no objection by the ACCC or granting of authorisation by the Australian Competition Tribunal (Tribunal). This condition has been included because there is a measure of overlap in the business activities of Murray Goulburn and WCB, particularly in the acquisition of raw milk, and they operate in similar geographical regions.

Murray Goulburn intends to satisfy this condition by seeking approval for the transaction through the 'merger authorisation' route, a public process which explicitly takes into account the net public benefits of the transaction.

Merger authorisation is a process established under the Competition and Consumer Act 2010 (Cth) (CCA) that allows an acquirer of shares or assets to obtain an exemption from the operation of section 50 of the CCA (the provision which prohibits mergers and acquisitions that may lead to a substantial lessening of competition). Since 2007, an application for merger authorisation must be made to the Tribunal and not the ACCC.

Murray Goulburn filed its application to the Tribunal on 29 November 2013. As required, Murray Goulburn has given the ACCC an undertaking under section 87B of the CCA that it will not make the proposed acquisition of WCB while the application is being considered by the Tribunal.

The Tribunal may grant authorisation where it is satisfied in all the circumstances that the proposed acquisition would result, or be likely to result, in such a benefit to the public that the acquisition should be allowed to occur. At a broad level this involves the Tribunal balancing public benefits of the proposed acquisition against likely detriments including anticompetitive detriments (net public benefit test).

The Tribunal has held that public benefit in this context means:

"...anything of value to the community generally, any contribution to the aims pursued by the society including as one of its principal elements (in the context of trade practices legislation) the achievement of the economic goals of efficiency and progress".³

The CCA specifically requires the Tribunal to regard as a benefit to the public (in addition to any other benefit to the public that may exist) a significant increase in the real value of exports and a significant substitution of domestic products for imported goods. The legislation also requires the Tribunal to take into account all relevant matters that relate to the international competitiveness of any Australian industry. In making its intended application to the Tribunal, Murray Goulburn will lead evidence to establish significant public benefits driven by substantial efficiency gains, increased scale and international

³ Source: *Queensland Co-operative Milling Association Ltd* (1978), ATPR 40-012, at 17,242.

Why you should accept the Offer

expansion opportunities, particularly in fast growing consumer markets in Asia. These benefits will be enjoyed by a significant proportion of the community.

Murray Goulburn is 100% farmer-controlled, and the primary objective of the co-operative is to increase returns to farmers. Murray Goulburn believes the proposed combination with WCB will provide a very positive outcome for both Murray Goulburn and WCB suppliers, and will also create substantial benefits through the creation of a large domestic producer with the scale and strength to compete internationally and thereby grow Australian export volumes and revenues

Prior to 2007, when the new process by which merger authorisations must be made to the Tribunal was introduced, merger authorisation applications were made to the ACCC and could be subject to review by the Tribunal. The net public benefit test for authorisation did not change when the new merger authorisation process was introduced. Although the process of seeking authorisation directly from the Tribunal is new and there have been no applications since the new process was introduced in 2007, the net public benefit test has existed for some time.

In a statement of issues published in April 2010, the ACCC expressed its preliminary view that there were competition concerns with an earlier proposal by Murray Goulburn to acquire WCB. Murray Goulburn has submitted evidence to the Tribunal to support its submission that anticompetitive detriments are not large. This issue will be determined by the Tribunal as it applies the net public benefit test of authorisation. The public benefit of the acquisition was not considered by, nor was it required to be considered by, the ACCC in 2010.

Murray Goulburn cannot predetermine the outcome of the merger authorisation process – that will ultimately be a matter for the Tribunal. That said, having regard to the net public benefit test for merger authorisations and the benefits Murray Goulburn considers will be likely to result from the proposed acquisition of WCB, it is confident in its approach to obtaining authorisation from the Tribunal.

The Tribunal process follows a fixed statutory timetable of three months from the time an application is filed with the Tribunal which can be extended by the Tribunal to a maximum of six months, where the Tribunal decides that the matter cannot be dealt with properly within three months either because of its complexity or other special circumstances. The Tribunal has scheduled its first Case Management Conference in Murray Goulburn's application for 9 December 2013 at which time it will consider, amongst other things whether there is any need to extend the three month period.

Based on Murray Goulburn's date of filing its application with the Tribunal (29 November 2013), it is expected that the Tribunal would provide its decision on or around 28 February 2014 or, if the timetable is extended by the Tribunal, by no later than 30 May 2014.

6. Murray Goulburn's unique co-operative structure provides benefits to the Australian dairy industry

As a 100% farmer-controlled dairy company, Murray Goulburn's structure provides alignment between the company and the local community given that suppliers are also the shareholders in the business. The co-operative structure will ensure that the benefits of a combination between Murray Goulburn and WCB are delivered to the Australian dairy industry and to the local community through:

- increased on-farm investment;
- increased employment in the local region;
- Murray Goulburn increasing its direct support for the community;

Why you should accept the Offer

- increased investment by Murray Goulburn in local processing capacity and facilities; and
- commitment by Murray Goulburn to assist in the growth of milk supply in the region.

In contrast, profits following a successful acquisition of WCB by Saputo would be likely to flow offshore.

In order to share in the benefits of Murray Goulburn's co-operative structure, and the benefits of the enlarged co-operative created by the combination of Murray Goulburn and WCB should the Offer be successful, you must join Murray Goulburn as a supplier-shareholder. Suppliers wishing to join Murray Goulburn, including existing WCB suppliers, may only do so if one of the exceptions to the prospectus provisions of the Corporations Act applies (such as the exemption for 'sophisticated investors').

7. The Offer will create a globally relevant and 100% farmer-controlled Australian dairy co-operative

The emerging affluence of Asian consumers represents an historic growth opportunity for the Australian dairy industry. To capitalise on this significant opportunity, Australia needs a dairy company with the necessary scale, market reach and efficiencies to be relevant in Asian and global markets. As the largest dairy co-operative in Australia and the nation's largest dairy exporter, Murray Goulburn is best positioned to combine with WCB to create a leading, globally relevant, Australian dairy company that can capture the benefits of the Asian century.

Should Murray Goulburn be successful in its proposed acquisition of WCB, the combination will create Australia's leading integrated dairy food company. Based on combined FY13 results⁴, the merged company would have:

- annual revenues of \$3 billion, creating a top five Australian food and beverage business;
- annual milk intake in excess of 3.8 billion litres from more than 3,000 suppliers, placing the combined business amongst the top 20 global dairy producers;
- nine processing facilities employing approximately 2,500 people predominately in rural and regional Australia;
- approximately 800,000 tonnes of annual dairy production consisting of domestic and export ingredients product, domestic and export retail products, and nutritionals;
- a diversified upstream production base in Australia's best producing dairy regions; and
- export sales of \$1.4 billion to customers in more than 60 countries.

Furthermore, as part of the Offer, should Murray Goulburn's bid be successful and it acquires 100% ownership of WCB, Murray Goulburn also intends to seek shareholder approval to rename the combined business 'Murray Goulburn Warrnambool' to reflect the fact that the transaction represents the coming together of two major Australian dairy companies.

By accepting Murray Goulburn's Offer you will be supporting the creation of an Australian dairy company that can deliver Australia a larger share of the global dairy market and take advantage of the growth opportunities that lie before us.

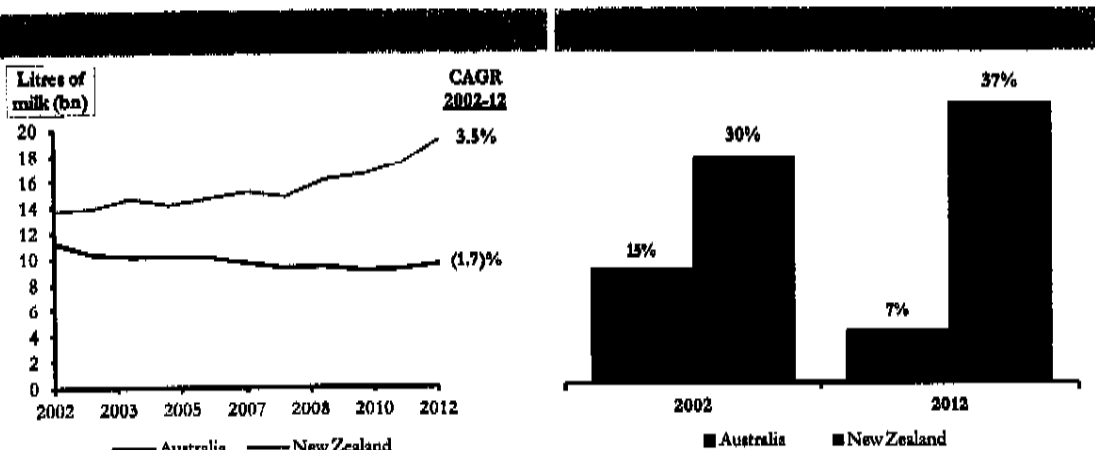
⁴ Based on Murray Goulburn's and WCB's published FY13 trading results and public disclosures, including FY13 annual reports. The forecast FY14 results that were contained in the Original Bidder's Statement have been retracted and should not be relied upon.

Why you should accept the Offer

8. The Offer will deliver superior benefits to Warrnambool and other rural communities, and the Australian dairy industry as a whole

Over the last decade Australia's milk production has declined by approximately 2% per annum, its share of the global dairy export market has fallen from 15% to 7% and farm gate prices have fluctuated⁵. Over that same period, New Zealand's milk production has increased by approximately 4% per annum and their share of the global dairy export market has grown from 30% to 37% – they have captured the benefit of this export opportunity⁶.

Despite Australia's competitive advantage in dairy farming, productivity, production and exports are falling in absolute and relative terms. Murray Goulburn, through its Offer for WCB, is seeking to address this through the creation of a major scale business. Murray Goulburn does not believe that any other potential acquirer of WCB can bring the same local plant and local operational scale benefits to the Australian dairy industry that it can.



Sources: ABARES 'Agricultural Commodities Statistics' 2012; Dairy Australia 'Australian Dairy Industry In Focus' Edition 2013; and Dairy New Zealand 'New Zealand Dairy Statistics Report' 2011/12.

As a 100% farmer-controlled co-operative, Murray Goulburn's primary objective is to improve returns to suppliers. The co-operative structure ensures that the profits of a combined Murray Goulburn and WCB will flow to Australian farming communities, rather than to public shareholders or foreign multinationals. The combined business will have a resolute focus on the success and best interests of its operating areas in Australia's principal dairy regions and will encourage and drive further investment in the domestic dairy sector and local communities, including Warrnambool.

⁵ Based on the 10 year period from 2002 to 2012. Estimated share of global milk, whole milk powder, skim milk powder, cheese, butter and casein exports on a milk equivalent basis. (Source: ABARES; Dairy Australia 'Australian Dairy Industry In Focus' Edition 2013).

⁶ Based on the 10 year period from 2002 to 2012. Estimated share of global milk, whole milk powder, skim milk powder, cheese, butter and casein exports on a milk equivalent basis. (Source: Dairy Australia 'Australian Dairy Industry In Focus' Edition 2013; and Dairy New Zealand 'New Zealand Dairy Statistics Report' 2011/12).

Why you should accept the Offer

9. No brokerage or stamp duty will be payable on the sale of your WCB Shares

If Your Shares are registered in an Issuer Sponsored Holding (your SRN starts with an 'I') in your name and you deliver them directly to Murray Goulburn, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.

If your WCB Shares are registered in a CHESS Holding (your 'HIN' starts with an 'X') or you are a beneficial owner whose WCB Shares are registered in the name of a broker, bank, custodian or other nominee, you will not be obliged to pay stamp duty by accepting the Offer, but you should ask your 'Controlling Participant' (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with your acceptance of the Offer.

You may incur brokerage costs if you choose to sell your WCB Shares on ASX.

Why the Offer makes sense

1. The co-operative model

Murray Goulburn believes that the presence of a strong Australian co-operative is vital for the future of the Australian dairy industry.

Despite the importance of the co-operative model in the origins of the Australian dairy industry, their presence has steadily declined over the last decade. Many of Australia's dairy farmer co-operatives have either demutualised – in the case of Bega and WCB⁴² – or been acquired by foreign multinationals – in the case of Dairy Farmers⁴³ and Bonlac.⁴⁴

Currently, only one of the top five companies by milk intake in the Australian dairy industry is an Australian farmer-controlled co-operative. Murray Goulburn is 100% dairy farmer-controlled and stands alone as the only large-scale Australian dairy company in its commitment to the co-operative model.

The focus of Murray Goulburn as a co-operative is on maximising farm gate returns, which is supported by the objective of increasing milk supply and processing capacity, and improving processing efficiency, in the regions in which it operates. This means that there is a strong alignment between improved business performance by Murray Goulburn and the position of its local farmer supplier communities. Murray Goulburn believes, for example, that the benefits derived through a combination of Murray Goulburn and WCB will lead, via enhanced farmer returns, to increased on-farm investment, increased employment in Murray Goulburn and WCB farmer communities, and increased investment by Murray Goulburn in local processing capacity and facilities.

The co-operative model is clearly linked to strong dairy sector performance in a global context, with a recent European Union study indicating that farmers in countries with a high co-operative presence receive 10-20% higher farm gate milk prices⁴⁵. Countries with strong co-operatives have also typically been able to deliver higher production growth in terms of total milk volumes. As illustrated below, co-operative structures are common among successful dairy companies, with over 50% of the world's top 20 processors being co-operatives.

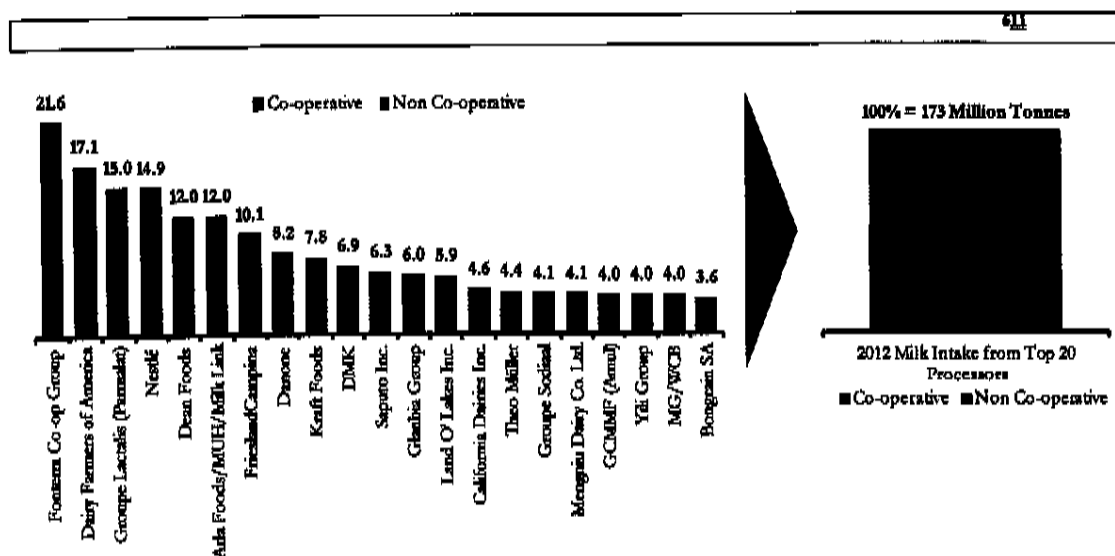
⁴² While never formally a co-operative, WCB historically (prior to its IPO in May 2004) operated along co-operative lines for the benefit of its stakeholders, being suppliers, employees, shareholders and the local community.

⁴³ The Dairy Farmers downstream business is ultimately owned by Kirin Holdings Company, Limited following the acquisition of Australian Co-operative Foods Limited in 2008.

⁴⁴ Bonlac's downstream assets were acquired by Fonterra (International) Limited in 2005 with the acquisition of Bonlac Foods Limited.

⁴⁵ Source: European Commission, DG Agriculture and Rural Development Report – 'Support for Farmers' Cooperatives, Sector Report, Dairy', November 2012.

Why the Offer makes sense



A strengthened Murray Goulburn co-operative following a combination with WCB will be better positioned to enhance individual farm profitability. By helping to achieve increased farm performance, the co-operative model will contribute to delivering the significant forecast capital investment over the next two decades that will be required in the domestic dairy industry to achieve its growth potential, being a regaining of Australian dairy's global export market share (of 2002) by 2030.

Murray Goulburn believes that a combination of Murray Goulburn and WCB has the potential to create a globally relevant farmer-controlled Australian dairy company with the scale to capture the significant opportunities that lie ahead for the Australian dairy industry, and to deliver the benefits of those opportunities to farmer-suppliers, rural communities and, ultimately, the Australian dairy industry.

In order to share in the benefits of Murray Goulburn's co-operative structure, and the benefits of the enlarged co-operative created by the combination of Murray Goulburn and WCB should the Offer be successful, you must join Murray Goulburn as a supplier-shareholder. Suppliers wishing to join Murray Goulburn, including existing WCB suppliers, may only do so if one of the exceptions to the prospectus provisions of the Corporations Act applies (such as the exemption for 'sophisticated investors').

2. A commitment to local communities

Today, Murray Goulburn employs more than 2,000 people, largely in rural and regional Australia and is deeply committed to its local communities. Should Murray Goulburn be successful in its proposed acquisition of WCB, Murray Goulburn intends to continue WCB's long tradition of supporting local communities through:

- providing employment and career opportunities for rural people particularly in the Warrnambool region;

⁶ Sources: International Farm Comparison Network (IFCN) Dairy Report 2012; and World Co-operative Monitor, 'Exploring the Co-operative Economy Report' 2013. Note: milk intake represents milk volume collected for main company subsidiaries. Milk intake figures are in million tonnes, and in some cases recalculated from litre 4L = 1.033kg.

¹¹ Sources: International Farm Comparison Network (IFCN) Dairy Report 2012; and World Co-operative Monitor, 'Exploring the Co-operative Economy Report' 2013. Note: milk intake represents milk volume collected for main company subsidiaries. Milk intake figures are in million tonnes, and in some cases recalculated from litre 4L = 1.033kg.

Why the Offer makes sense

- Investing in Infrastructure (such as new processing plants) to support growth in the dairy industry; and
- supporting the community through sponsorships and community programs.

Murray Goulburn also sees WCB's Allansford processing facility as playing a central role in its overall manufacturing function going forward.

As stated above, the co-operative structure ensures that the benefits⁷ of a combination between combined Murray Goulburn and WCB will flow to farmer suppliers (including any existing WCB suppliers who choose to join the enlarged co-operative) and their respective Australian farming communities, rather than to public shareholders or foreign multinationals, thereby increasing farm profitability. It is estimated that a 1-cent increase in milk price across the broader co-operative would deliver approximately \$18 million to Murray Goulburn and WCB farmers in the western region alone, and \$45 million in economic activity in the Warrnambool community (assuming farmers reinvest proceeds from milk price increases).⁸

Improving farm returns, particularly those of less profitable farms, is also key to a stronger regional economy. Every 1,000 hectares of dairy land brought back into production adds \$6.5 million per annum to the regional economy. Reclaiming only half of the dairy land lost over the last decade would add \$1.3 billion to Victoria's economy^{9,12}.

3. The creation of a globally relevant Australian dairy company

Asian demand for soft commodities is set to grow rapidly. It is estimated that the real value of Australia's agrifood exports could be 140% higher in 2050 compared to 2007, with Asia driving most of the increase^{9,13}. Dairy is a major component of this opportunity.

Murray Goulburn believes that the best opportunity for the Australian dairy industry to capture a meaningful share of this opportunity is to create an Australian co-operative with both global and local scale.

Global scale is required to provide relevance to global customers and underpin effective global marketing, and can provide resilience in the face of changing global prices and local weather conditions. Businesses with local scale can achieve cost-competitive plant construction and positive operating economics. Local scale can also help simplify production schedules, focussing on high volume lines with lower costs.

Australia's competitors seek out scale benefits. Total milk collection by the largest ten global players has grown by nearly 20% over the last five years, through both acquisitions and organic growth¹⁰⁴. Over that period, for example, Lactalis alone has spent almost US\$6 billion increasing its milk intake by more than two thirds¹⁴⁴.

As the largest dairy co-operative in Australia, the nation's largest dairy exporter and the largest domestic exporter to Asia, Murray Goulburn is best positioned to combine with WCB in order to seek these scale benefits, and to create a leading, globally relevant, Australian dairy company that can capture the opportunities referred to above.

⁷ Based on milk production of 1.8 billion litres and an ABARES estimated multiplier of 2.5x (Source: Dairy Australia website).

⁸ Note: this ¹² This assumes average FY10-FY12 Victorian farm economics, dairy land falls into disuse and 2.5x multiplier (Sources: ABARES AgSurf database; and Dairy Australia website).

^{9,13} Source: ABARES 'Food demand to 2050: Opportunities for Australian agriculture' March 2012.

¹⁰⁴ Source: International Farm Comparison Network (IFCN) Dairy Reports 2009 and 2012.

¹⁴⁴ Based upon media releases regarding the acquisitions of Lactalis' interests in Parmalat SpA (2011) and Puleva Food/Dairy (2010).

Why the Offer makes sense

Should Murray Goulburn be successful in its proposed acquisition of WCB, the combination will create Australia's leading integrated dairy food company with, Based on combined FY13 results¹⁶, the merged company would have:

- ~~forecast~~ annual revenues in FY14 of \$3.2 billion, creating a top five Australian food and beverage business;
- annual milk intake in excess of ~~four~~ 3.8 billion litres from more than 3,000 suppliers, placing the combined business amongst the top 20 global dairy producers;
- nine processing facilities employing approximately 2,500 people predominately in rural and regional Australia;
- approximately ~~one million~~ 900,000 tonnes of annual dairy production consisting of domestic and export ingredients product, domestic and export retail products, and nutritionals;
- a diversified upstream production base in Australia's best producing dairy regions; and
- export sales of \$1.4 billion in FY13 to customers in more than 60 countries.

Murray Goulburn also believes that a combination between Murray Goulburn and WCB will lead to efficiency gains in the collection and transportation of raw milk, raw milk processing, product delivery and logistics and product marketing. As a farmer-controlled co-operative, these benefits will be delivered back to farmers through higher farm gate returns. Murray Goulburn does not believe that any other potential acquirer of WCB can bring the same local plant and local operational scale benefits to the Australian dairy industry that it can.

The amount of cash that Murray Goulburn would be required to pay under the Offer if it acquires between 50% and 100% of WCB Shares (excluding those WCB Shares in which Murray Goulburn has a relevant interest) would be between \$173 million and \$439 million. This would potentially increase Murray Goulburn's gearing to a maximum of approximately 57% (gearing was 43% as at 30 June 2013). Murray Goulburn regards the bid as financially prudent, and believes that this level of leverage is appropriate for a co-operative structure, particularly in its current phase of significant growth and investment. Further details in relation to the funding of the Offer and Murray Goulburn's banking facilities are set out in section 5 of this Bidder's Statement.

4. Reclaiming Contributing to Australia's competitive advantage—capturing the Asian opportunity

Over the last decade Australia's milk production has declined on average by approximately 2% per annum. Its share of the global dairy export market has fallen from 15% to 7% and farm gate prices have fluctuated¹²⁷. Over that same period, New Zealand's milk production has increased by approximately 4% per annum and their share of the global dairy export market has grown from 30% to 37% – they have captured the benefit of this export opportunity¹²⁸.

¹⁶ Based on Murray Goulburn's and WCB's published FY13 trading results and public disclosures, including FY13 annual reports. The forecast FY14 results that were contained in the Original Bidder's Statement have been retracted and should not be relied upon.

¹²⁷ Based on the 10 year period from 2002 to 2012. Estimated share of global milk, whole milk powder, skim milk powder, cheese, butter and casein exports on a milk equivalent basis. (Sources: ABARES 'Agricultural Commodities Statistics' 2012; and Dairy Australia 'Australian Dairy Industry in Focus' 2013).

¹²⁸ Based on the 10 year period from 2002 to 2012. Estimated share of global milk, whole milk powder, skim milk powder, cheese, butter and casein exports on a milk equivalent basis. (Sources: Dairy Australia 'Australian Dairy Industry in Focus' 2013; and Dairy New Zealand 'New Zealand Dairy Statistics Report' 2011/12).

Why the Offer makes sense

Production is falling because of poor returns in Australian dairy farming. Measured by milk yield per cow, Australian farmers are more productive than their New Zealand counterparts¹⁴⁹. Yet the return on capital to Australian farmers over the last eight years has been one third of those in New Zealand¹⁵⁰. As a result, the amount of land used for dairy, and the number of dairy cattle, are both declining, hence the fall in milk volumes.

Despite Australia's competitive advantage in dairy farming, our production and exports are falling in absolute and relative terms. Murray Goulburn, through its Offer for WCB, is seeking to address this through the creation of a major scale business, with the objective of delivering the benefits of the combined business to farmers through higher farm gate returns, thereby encouraging investment at the farm level and increased production. Murray Goulburn does not believe that any other potential acquirer of WCB can bring the same scale benefits to the industry that it can.

Murray Goulburn believes that it can make a meaningful contribution towards enhancing the prospects of the Australian dairy industry through acquiring WCB and creating a major scale business.

The benefits at stake are significant – a reasonable objective for the Australian dairy industry would be to improve the performance of Australia's dairy industry to match New Zealand's. For example, if Australia could achieve New Zealand's, which achieved 3.5% compound annual growth in production from 2002 to 2012 and sustain that growth from 2013 to 2030, its dairy export revenue would grow to \$65 billion. If Australia could, These benefits would increase even further if Australia's dairy industry was able to return to the 15% share of global exports it enjoyed in 2002 – that is, 15% – Australia stands to generate over \$100 billion in dairy export revenue by 2030.

Australian Dairy Industry Production – Current Plans

5. Murray Goulburn's new capital structure will benefit supplier farmers

Murray Goulburn recently announced at its Annual General Meeting that it intends to consider implementation of a 'Fonterra style' capital structure through the raising of non-voting equity from external investors. The raising of this equity would provide Murray Goulburn supplier shareholders with an observable market price for their Murray Goulburn shares, consequently strengthening farm balance sheets. The possible capital restructure is subject to further review by the Murray Goulburn board and consultation with shareholders of Murray Goulburn. It is envisaged that WCB suppliers who join the enlarged co-operative prior to the implementation of the new capital structure, will be involved in this capital structure review process.

¹⁴⁹ Sources: ABARES 'Agricultural Commodities Statistics' 2012; and Dairy New Zealand 'New Zealand Dairy Statistics Report' 2011/12.

¹⁵⁰ Sources: ABARES Agsurf database; and Ministry for Primary Industries 'Dairy Farm Monitor Report' 2006 to 2012.

²¹ The growth in Australian dairy production in the 10 years prior to 2002 was 5.3% per annum (Source: ABARES 'Agricultural Commodities Statistics' 2012).

⁴⁶ Sources: ABARES 'Agricultural Commodities Statistics' 2012; Dairy New Zealand 'New Zealand Dairy Statistics Report' 2011/12; Dairy Australia 'Australian Dairy Industry in Focus' Edition 2013; United Nations Department of Economic and Social Affairs 'World Population Prospects: The 2012 Revision'; and Murray Goulburn website.

Why you should accept the Offer

In undertaking a capital restructure, Murray Goulburn is endeavouring to achieve a variety of positive outcomes including:

- retaining 100% Australian dairy farmer control of Murray Goulburn;
- providing Murray Goulburn supplier shareholders with an observable market price for their Murray Goulburn shares, consequently strengthening farm balance sheets;
- providing access to additional sources of capital required to meet the co-operative's investment plans; and
- underpinning Murray Goulburn's goal of increasing underlying farm gate returns⁴³ of \$1.00 per kilogram of milk solids by financial year ended 30 June 2017 (more than seven cents per litre of milk).

Should Murray Goulburn be successful in its Offer, then the additional efficiency gains, optimisation opportunities and combination effects of the enlarged business will in effect accrue directly to the farm gate. Under this scenario, WCB farmers will be invited to join the co-operative and participate in the attributes of the new capital structure — by accepting Murray Goulburn's Offer the value opportunities inherent within the enlarged co-operative will increase.

Why you should accept the Offer

Highlights

Murray Goulburn is offering all-cash consideration of \$0.50 for each WCB Share. Murray Goulburn believes that its Offer represents compelling value for WCB shareholders, and delivers a demonstrably superior value outcome relative to all other competing proposals, as well as providing significant benefits to WCB suppliers, employees and the local community through the creation of one of the largest Australian owned food and beverage businesses. Existing suppliers to WCB will also have the potential to become supplier shareholders in an enlarged Murray Goulburn, a globally competitive dairy food co-operative with the objective of maximising farm gate returns for its owners.

The reasons why you should accept Murray Goulburn's Offer include:

- 1 — Murray Goulburn's all-cash Offer price is higher than any of the other proposals made for WCB;
- 2 — the Offer represents a significant premium to WCB's trading prices prior to recent corporate activity;
- 3 — the Offer is above the top end of the Independent Expert's assessed value range for WCB Shares;
- 4 — the Offer delivers certain cash value and removes your exposure to the risks and uncertainties associated with holding WCB Shares, or shares in other listed companies;

⁴³ Note: In order to measure the overall increase in underlying farm gate returns, an implied milk price is used that is based on forecasted available milk from FY12 prices plus the value of annual dividends. Available milk price is normalised for movements in dairy commodity prices, foreign exchange and impacts on inflation, as well as other one-off items such as inventory.

Why you should accept the Offer

- ~~5 Murray Goulburn is confident in its approach to satisfying the ACCC/Australian Competition Tribunal condition associated with the Offer;~~
- ~~6 Murray Goulburn's unique co-operative structure provides benefits to suppliers, employees and the local community given the objective of maximising farm-gate returns;~~
- ~~7 the Offer will create a globally relevant and 100% farmer-controlled Australian dairy co-operative, in which existing WCB suppliers will be invited to participate;~~
- ~~8 the Offer will deliver superior benefits to existing WCB suppliers, Warrnambool and other rural communities, and the Australian dairy industry as a whole; and~~
- ~~9 no brokerage or stamp duty will be payable on the sale of your WCB Shares.~~

~~The above is a headline summary only of the benefits to both the Warrnambool community and WCB shareholders, and should be read in conjunction with the detailed information set out below.~~

Details

~~The Offer provides significant benefits for WCB shareholders, and other stakeholders to the business including employees, the local community and existing suppliers. The key reasons why you should accept Murray Goulburn's Offer are as follows:~~

- ~~1. Murray Goulburn's all-cash Offer price is higher than any of the other proposals made for WCB~~

~~Murray Goulburn's all-cash Offer price of \$9.50 per WCB share is higher than any of the other proposals made for WCB:~~

- ~~2. The Offer represents a significant premium to WCB's trading prices prior to recent corporate activity~~

~~Murray Goulburn's all-cash Offer price of \$9.50 per WCB Share represents a substantial premium to the trading prices of WCB Shares prior to the announcement on 12 September 2013 of the initial Bega Offer for WCB:~~

~~Source: ASX website.~~

- ~~3. The Offer price is above the top end of the Independent Expert's assessed value range for WCB Shares~~

~~KPMG Corporate Finance, the Independent Expert engaged to prepare an Independent Expert's Report in response to Bega's initial offer for WCB, has assessed the value of~~

Why you should accept the Offer

WCB on a 100% controlling interest basis to fall within the range of \$6.96 to \$7.49 per WCB share. Murray Goulburn's all-cash Offer price of \$9.50 per WCB Share is above the top end of this assessed value range, and represents a premium of 31% to the mid-point of this range.

Source: WCB Independent Expert Report dated 14 October 2013.

4. ~~The Offer delivers certain cash value and removes your exposure to the risks and uncertainties associated with holding WCB Shares, or shares in other listed companies~~

If you accept Murray Goulburn's Offer and it becomes or is declared unconditional, you will receive 100% cash consideration for each of your WCB Shares providing certainty of value. Murray Goulburn's offer is not complicated by the need to value other securities, and is not affected by the movement in the trading price of other securities.

Murray Goulburn's Offer has certainty of financing with \$350 million of new committed facilities having been provided by Murray Goulburn's existing financiers Australia and New Zealand Banking Group Limited, National Australia Bank Limited and Westpac Banking Corporation. Murray Goulburn also has an existing \$420 million syndicated loan facility.

By accepting Murray Goulburn's Offer you will eliminate your exposure to the risks and uncertainties inherent in owning WCB Shares including (but not limited to):

- ~~exposure to the volatility and cyclical nature of international dairy commodity prices;~~
- ~~risk from severe weather events, such as drought;~~
- ~~risk from the loss of milk supply or the decline in milk production;~~
- ~~foreign exchange risk; and~~
- ~~equity market risk.~~

In contrast, the Bega Offer includes consideration in the form of both cash and Bega shares. This means the implied value of the Bega Offer will vary with the price of Bega shares, which fluctuates based on a range of factors. The Bega Offer requires that you become a shareholder in Bega, a business that you may not be familiar with, and one that is exposed to various external factors and company specific risks (some of which are listed above and also listed in the Bega Bidder's Statement). Also, ownership of Bega shares is restricted by a shareholding limit of 10% that will (subject to limited exceptions) remain in place until 2016, at which point Bega must seek the approval of shareholders, by ordinary resolution, for the continuation of the shareholding limit. The presence of this limit represents a restriction on share ownership that is uncommon compared to other ASX-listed companies and has the potential to affect the Bega share price over time.

5. ~~Murray Goulburn is confident in its approach to satisfying its competition condition associated with the Offer~~

Murray Goulburn's Offer is conditional upon, among other things, no objection by the ACCC or granting of authorisation by the Australian Competition Tribunal (Tribunal).

Why you should accept the Offer

~~Murray Goulburn intends to satisfy this condition by seeking approval for the transaction through the 'merger authorisation' route, a public process which explicitly takes into account the net public benefits of the transaction. Murray Goulburn intends to file an application to the Tribunal on or around 20 November 2013.~~

~~The Tribunal has held that public benefit in this context means:~~

~~"...anything of value to the community generally, any contribution to the aims pursued by the society including as one of its principal elements (in the context of trade practices legislation) the achievement of the economic goals of efficiency and progress".¹⁶~~

~~The Competition and Consumer Act 2010 (CCA) specifically requires the Tribunal to regard as a benefit to the public a significant increase in the real value of exports. The legislation also requires the Tribunal to take into account all relevant matters that relate to the international competitiveness of any Australian industry. In making its intended application to the Tribunal, Murray Goulburn will lead evidence to establish significant public benefits driven by substantial efficiency gains, increased scale and international expansion opportunities, particularly in fast growing consumer markets in Asia. These benefits will be enjoyed by a significant proportion of the community.~~

~~Murray Goulburn is 100% farmer-controlled, and the primary objective of the co-operative is to increase returns to farmers. Murray Goulburn believes the proposed combination with WCB will provide a very positive outcome for both Murray Goulburn and WCB suppliers, and will also create substantial benefits through the creation of a large domestic producer with the scale and strength to compete internationally and thereby grow Australian export volumes and revenues. Should existing WCB suppliers become supplier-shareholders to the now enlarged co-operative, they would also be able to share in these benefits through the co-operative structure.~~

~~Murray Goulburn is therefore confident in its approach to obtaining authorisation from the Tribunal. The Tribunal process follows a fixed statutory timetable of three months from the time an application is filed with the Tribunal which can be extended by the Tribunal to a maximum of six months, where the Tribunal decides that the matter cannot be dealt with properly within three months either because of its complexity or other special circumstances. Based on Murray Goulburn's intended date of filing an application with the Tribunal, it is expected that the Tribunal would provide its decision on or around 28 February 2014 or, if the timetable is extended by the Tribunal, by no later than 30 May 2014.~~

~~6. Murray Goulburn's unique co-operative structure provides benefits to suppliers, employees and the local community given objective of maximising farm-gate returns~~

~~As a 100% farmer-controlled dairy company, Murray Goulburn's structure provides alignment between the company and the local community given that suppliers are also the shareholders in the business. The co-operative structure will ensure that the benefits of a combination between Murray Goulburn and WCB are delivered to supplier-shareholders, which will in turn have a flow-on effect to the local community through:~~

- ~~• increased on-farm investment;~~
- ~~• increased employment in the local region;~~
- ~~• Murray Goulburn increasing its direct support for the community;~~

¹⁶ Source: Queensland Co-operative Milling Association Ltd (1976), ATPR 40-012, at 17,242.

Why you should accept the Offer

- ~~increased investment by Murray Goulburn in local processing capacity and facilities; and~~
- ~~commitment by Murray Goulburn to assist in the growth of milk supply in the region.~~

~~These benefits would be delivered to Murray Goulburn co-operative shareholders by way of both increased farm gate milk prices and increased dividends—delivering higher farm gate returns. Murray Goulburn believes a combination with WCB will be accretive to milk payments across the enlarged co-operative.~~

~~In contrast, profits and combination benefits following a successful acquisition of WCB by Saputo would be likely flow offshore.~~



Source: WCB FY14 NPAT based on WCB pro forma net profit after tax (before adjustments) for the year ending 30 June 2014 as disclosed in the WCB Target's Statement dated 16 October 2013.

~~7. The Offer will create a globally relevant and 100% farmer-controlled Australian dairy co-operative, in which existing WCB suppliers will play a pivotal role~~

~~The emerging affluence of Asian consumers represents an historic growth opportunity for the Australian dairy industry. To capitalise on this significant opportunity, Australia needs a dairy company with the necessary scale, market reach and efficiencies to be relevant in Asian and global markets. As the largest dairy co-operative in Australia and the nation's largest dairy exporter, Murray Goulburn is best positioned to combine with WCB to create a leading, globally relevant, Australian dairy company that can capture the benefits of the Asian century.~~

~~Should Murray Goulburn be successful in its proposed acquisition of WCB, the combination will create Australia's leading integrated dairy food company with:~~

- ~~forecast annual revenues in FY14 of \$3.2 billion, creating a top five Australian food and beverage business;~~
- ~~annual milk intake in excess of four billion litres from more than 3,000 suppliers, placing the combined business amongst the top 20 global dairy producers;~~
- ~~nine processing facilities employing approximately 2,500 people predominately in rural and regional Australia;~~
- ~~approximately one million tonnes of annual dairy production consisting of domestic and export ingredients product, domestic and export retail products, and nutritional;~~
- ~~a diversified upstream production base in Australia's best producing dairy regions; and~~
- ~~export sales of \$1.4 billion in FY13 to customers in more than 60 countries.~~

Why you should accept the Offer

~~Should existing WCB suppliers become supplier shareholders of the new enlarged co-operative, they would play a significant role in the growth and development of Australia's new dairy powerhouse, and would participate directly in the benefits arising from this growth through co-operative ownership and the corresponding objective of maximising farm gate returns.~~

~~Murray Goulburn recently announced at its Annual General Meeting that it intends to formally consider implementation of a 'Fonterra style' capital structure through the raising of non-voting equity from external investors. The raising of this equity would provide Murray Goulburn supplier shareholders with an observable market price for their Murray Goulburn shares, consequently strengthening farm balance sheets. The possible capital restructure is subject to further review by the Murray Goulburn board and consultation with shareholders of Murray Goulburn. It is envisaged that WCB suppliers who join the enlarged co-operative prior to the implementation of the new capital structure, will be involved in this capital structure review process.~~

~~In undertaking a capital raising, Murray Goulburn is endeavouring to achieve a variety of positive outcomes including:~~

- ~~• retaining 100% Australian dairy farmer control of Murray Goulburn;~~
- ~~• providing Murray Goulburn supplier shareholders with an observable market price for their Murray Goulburn shares, consequently strengthening farm balance sheets;~~
- ~~• providing access to additional sources of capital required to meet the co-operative's investment plans; and~~
- ~~• underpinning Murray Goulburn's goal of increasing underlying in farm gate returns⁴⁰ of \$1.00 per kilogram of milk solids by financial year ended 30 June 2017 (more than seven cents per litre of milk).~~

~~Should Murray Goulburn be successful in its Offer, then the additional efficiency gains, optimisation opportunities and combination effects of the enlarged business will in effect accrue directly to the farm gate. Under this scenario WCB farmers will be invited to join the co-operative and participate in the attributes of the new capital structure — by accepting Murray Goulburn's Offer the value opportunities inherent within the enlarged co-operative will increase.~~

~~Furthermore, as part of the Offer, should Murray Goulburn's bid be successful and it acquires 100% ownership of WCB, Murray Goulburn also intends to seek shareholder approval to rename the combined business 'Murray Goulburn Warrnambool' to reflect the fact that the transaction represents the coming together of two major Australian dairy companies.~~

~~By accepting Murray Goulburn's Offer you will be supporting the creation of an Australian dairy company that can deliver Australia a larger share of the global dairy market and take advantage of the growth opportunities that lie before us.~~

~~8. The Offer will deliver superior benefits to existing WCB suppliers, Warrnambool and other rural communities, and the Australian dairy industry as a whole~~

~~Over the last decade Australia's milk production has declined by approximately 2% per annum, its share of the global dairy export market has fallen from 15% to 7% and farm~~

⁴⁰ Note: In order to measure the overall increase in underlying farm gate returns, an implied milk price is used that is based on forecasted available milk from FY12 prices plus the value of annual dividends. Available milk price is normalised for movements in dairy commodity prices, foreign exchange and impacts on inflation, as well as other one off items such as inventory.

Why you should accept the Offer

gate prices have fluctuated²⁰. Over that same period, New Zealand's milk production has increased by approximately 4% per annum and their share of the global dairy export market has grown from 30% to 37% — they have captured the benefit of this export opportunity²¹. Despite Australia's competitive advantage in dairy farming, productivity, production and exports are falling in absolute and relative terms. Murray Goulburn, through its Offer for WCB, is seeking to address this through the creation of a major scale business, with the objective of delivering the benefits of the combined business to farmers through higher farm gate returns, thereby encouraging investment at the farm level and increased production. Murray Goulburn does not believe that any other potential acquirer of WCB can bring the same scale benefits to the industry that it can.

Sources: ABARES 'Agricultural Commodities Statistics' 2012; Dairy Australia 'Australian Dairy Industry In Focus' Edition 2013; and Dairy New Zealand 'New Zealand Dairy Statistics Report' 2011/12.

As a 100% farmer-controlled co-operative, Murray Goulburn's primary objective is to improve returns to suppliers. The co-operative structure ensures that the benefits of a combination between Murray Goulburn and WCB will flow to suppliers (including any existing WCB suppliers who choose to join the enlarged co-operative) and their respective communities, rather than to public shareholders or foreign multinationals (as described in point 6 above). The combined business will have a resolute focus on the success and best interests of its operating areas in Australia's principal dairy regions and, by striving to increase the farm gate price, will encourage and drive further investment in the domestic dairy sector and local communities, including Warrnambool.

Murray Goulburn is uniquely positioned to leverage a combination with WCB to drive higher farm gate prices and to stimulate investment in the Australian dairy industry. By accepting Murray Goulburn's offer, you are supporting the best interests of WCB suppliers, Warrnambool and other rural communities and, ultimately, the future and sustainability of Australia's dairy industry.

9. — No brokerage or stamp duty will be payable on the sale of your WCB Shares

If Your Shares are registered in an Issuer Sponsored Holding (your SRN starts with an 'I') in your name and you deliver them directly to Murray Goulburn, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.

²⁰ Based on the 10-year period from 2002 to 2012. Estimated share of global milk, whole milk powder, skim milk powder, cheese, butter and casein exports on a milk equivalent basis. (Source: ABARES; Dairy Australia 'Australian Dairy Industry In Focus' Edition 2013).

²¹ Based on the 10-year period from 2002 to 2012. Estimated share of global milk, whole milk powder, skim milk powder, cheese, butter and casein exports on a milk equivalent basis. (Source: Dairy Australia 'Australian Dairy Industry In Focus' Edition 2013; and Dairy New Zealand 'New Zealand Dairy Statistics Report' 2011/12).

Why you should accept the Offer

~~If your WCB Shares are registered in a CHESS Holding (your 'HIN' starts with an 'X'), or you are a beneficial owner whose WCB Shares are registered in the name of a broker, bank, custodian or other nominee, you will not be obliged to pay stamp duty by accepting the Offer, but you should ask your 'Controlling Participant' (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with your acceptance of the Offer.~~

~~You may incur brokerage costs if you choose to sell your WCB Shares on ASX.~~

1 Summary of the Offer

What Murray Goulburn is offering to buy

Murray Goulburn is offering to buy all of WCB's Shares (other than those Shares it already owns), including Shares that are issued during the Offer Period whether due to:

- the conversion of WCB Performance Rights or otherwise that exist at the Register Date; or
- the Conditional Performance Rights,

on the terms set out in this Bidder's Statement.

You may only accept this Offer in respect of ALL the WCB Shares held by you.

What you will receive if you accept the Offer

If you accept the Offer you will, subject to the satisfaction of the conditions to the Offer, be paid \$9.60 for each of Your Shares.

When you will be paid

Generally, Murray Goulburn will pay the consideration due to you under the Offer on or before the earlier of:

- one month after this Offer is accepted or one month after all of the conditions have been freed or fulfilled (whichever is the later); and
- 21 days after the end of the Offer Period,

assuming the Offer becomes unconditional.

Full details of when payments will be made are set out in clause 9.6 of this Bidder's Statement.

Will you need to pay brokerage or stamp duty on acceptances

If your WCB Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Murray Goulburn, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.

If your WCB Shares are registered in a CHESS Holding, or if you are a beneficial owner whose WCB Shares are registered in the name of a broker, bank, custodian, or other nominee, you will not be obliged to pay stamp duty by accepting the Offer, but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

Close of the Offer

The Offer closes at 7.00pm (Melbourne time) on **[Insert date]**, unless it is extended under the Corporations Act.

What happens if the WCB Board declares or pays a dividend during the Offer Period

The original Saputo Offer to acquire WCB contemplated that WCB could (subject to the level of acceptances under the Saputo Offer) pay up to \$1.31 in special dividends to WCB shareholders. Murray Goulburn stated in the announcements of its original and revised

1 Summary of the Offer

Offers that, if the WCB Board unanimously recommended its Offer, it intended to match this dividend proposal.

The WCB Board has recently stated that they will not declare any dividends during the Saputo Offer period, and will no longer seek a tax ruling in relation to such dividends. However, Murray Goulburn still wishes to engage with the WCB Board to explore the potential for WCB to pay special dividends to WCB shareholders in order to deliver franking credit benefits to some shareholders.

Murray Goulburn requests that the WCB Board engage with Murray Goulburn to enable this value to be delivered to some WCB shareholders. If the WCB Board unanimously recommends the Offer, Murray Goulburn would be willing to match the dividend proposal initially proposed in connection with the Saputo Offer.

If the WCB Board is willing to pay special dividends, further information will be provided to WCB shareholders in relation to the consequences of the special dividends.

There are some conditions to the Offer

The Offer is subject to the following conditions (among others):

- no objection by the ACCC or the granting of authorisation by the Tribunal in relation to the Offer;
- no regulatory actions;
- Murray Goulburn having a Relevant Interest in greater than 50% of WCB by close of the Offer;
- absence of 'prescribed occurrences';
- no Material Adverse Change affecting WCB; and
- a number of other conditions set out in the Offer.

Full terms of the conditions are set out in clause 9.7 of this Bidder's Statement.

Murray Goulburn may choose to waive any of the conditions in accordance with the Offer.

What happens if the conditions of the Offer are not satisfied or waived

If the conditions of the Offer are not satisfied or waived by the closing date, the Offer will lapse and your acceptance will be void.

How you accept the Offer

You may only accept the Offer for ALL of your WCB Shares. Issuer sponsored shareholders

If your WCB Shares are registered in an Issuer Sponsored Holding (such holdings will be evidenced by an 'I' appearing next to your holder number on the enclosed Acceptance Form), to accept this Offer, you must complete and sign the Acceptance Form enclosed with this Bidder's Statement and return it to the address indicated on the form before the Offer closes.

CHESS shareholders

If your WCB Shares are registered in a CHESS Holding (such holdings will be evidenced by an 'X' appearing next to your holder

1 Summary of the Offer

number on the enclosed Acceptance Form), you may accept the Offer by either:

- completing and signing the Acceptance Form enclosed with this Bidder's Statement and returning it to the address indicated on the form; or
- instructing your Controlling Participant (normally your broker) to accept the Offer on your behalf,

before the Offer closes.

Participants

If you are a Participant, acceptance of this Offer must be initiated in accordance with rule 14.14 of the ASX Settlement Operating Rules before the Offer closes.

Full details on how to accept the Offer are set out in clause 9.3 of this Bidder's Statement.

Can you accept the Offer for part of your holdings

No. You cannot accept for part of your holding. You can only accept the Offer for ALL of Your Shares.

What if I have accepted another offer?

If you have accepted another offer in respect of some or all of Your Shares, you cannot accept Murray Goulburn's Offer in respect of those Shares unless you are or become entitled under the Corporations Act to withdraw your acceptance from such other offer.

If you have accepted another offer in respect of only some of Your Shares, you can accept Murray Goulburn's Offer in respect of the balance of Your Shares.

What if you are a foreign shareholder

Foreign shareholders will be paid the same cash consideration as stipulated under the Offer. However, the tax implications under the Offer for those foreign shareholders may be different from those relating to Australian resident shareholders. You will be paid in Australian dollars by cheque drawn on an Australian bank branch.

What happens if you do not accept the Offer

You will remain a WCB shareholder and will not receive the cash consideration under the Offer. If Murray Goulburn becomes entitled to compulsorily acquire your WCB Shares, it intends to proceed with the compulsory acquisitions. If your WCB Shares are compulsorily acquired by Murray Goulburn, it will be on the same terms (including the same consideration for each WCB Share acquired) as the Offer.

Where to go for further information

For queries in relation to the Offer or how to accept the Offer, see the enclosed Acceptance Form or contact the Murray Goulburn Offer Information Line on 1800 679 874 (within Australia) and +61 3 9415 4172 (outside Australia).

Please note that calls to the above numbers may be recorded. Inquiries in relation to the Offer will not be received on any other

1 Summary of the Offer

telephone numbers of Murray Goulburn or its advisers.

Important notice

The information in this clause 1 is a summary only of Murray Goulburn's Offer and is qualified by the detailed information set out elsewhere in this Bidder's Statement.

You should read the entire Bidder's Statement and the target's statement that WCB will shortly be sending to you, before deciding whether to accept the Offer.

2 Information on Murray Goulburn

2.1 Overview of Murray Goulburn

Murray Goulburn is Australia's largest dairy food company. Each year it receives and manufactures approximately three billion litres (or one third) of Australia's milk.

Formed in 1950, Murray Goulburn is an unlisted public company that was incorporated in Victoria, Australia.

Through its co-operative structure, Murray Goulburn remains 100% dairy farmer-controlled, which means that the control of the organisation rests solely with the company's farmer-shareholders, numbering over 2,400.

Murray Goulburn employs more than 2,000 people and is Australia's largest dairy food exporter to the major markets of Asia, the Middle East, North Africa and the Americas.

Murray Goulburn manufactures and markets a full range of dairy and nutritional product types, including Skim Milk Powder, Full Cream Milk Powder, daily pasteurised and long life milk, Cheese, Milk Fat products, Whey Powders and Milk Proteins. It supplies the food service industries globally and its flagship Devondale brand is sold nationally.

It operates from six processing plants across Victoria (Cobram, Klewa, Korolt, Leongatha, Maffra and Rochester) and Edith Creek in Tasmania. Murray Goulburn's logistics and distribution centres are located in Laverton and West Melbourne, while its head office is located in Melbourne. It also has four offices across Asia (Singapore, Vietnam, Japan and China) and one in Dubai, together with a manufacturing facility in China through MG Qingdao Dairy.

2.2 Business Units, Key Products and Brands of Murray Goulburn

Murray Goulburn is divided into ~~six~~ six key operating divisions:

(a) Ingredients

The Ingredients operating division represents the single largest contribution to Murray Goulburn's annual revenue and includes a wide range of ingredients in the following categories:

- milk powders;
- whey powders;
- cheese products;
- lactose;
- anhydrous milk fats;
- specialty milk fats;
- speciality milk proteins, including milk protein concentrates;
- caseinates;
- bioactives including lactoferrin;
- natural milk minerals; and
- nutritional products, including infant formula.

2 Information on Murray Goulburn

(b) **Brands**

The Brands operating division represents a significant and growing area of Murray Goulburn's business. This operating division is comprised of brands marketed by Murray Goulburn or manufactured under contract packing arrangements with major retailers or food service wholesalers. Specialised nutritional products backed by research and clinical trials also come under this division.

Murray Goulburn's retail brands include:

(1) **Devondale**

Murray Goulburn's flagship brand, Devondale, is the only dairy brand sold in Australia that spans the key dairy categories of milk (including daily pasteurised and long life milk), spreads and cheese. Devondale also has a recognised international presence.

(2) **Liddells**

The Liddells brand is comprised of lactose-free cow's milk products, including long life milk, long life cream and yoghurt.

(3) **ASCEND**

The ASCEND Proven Sports Proteins brand is comprised of products containing unique bioactive proteins which have been identified by MG Nutritionals in conjunction with independent research partners.

(c) **Food Service**

The Food Service operating division supplies products to a variety of organisations including government and educational institutions, restaurants, cafes, the airline industry, the hospitality industry and other major food service distributors. The Food Service products include a wide range of cheddar and mozzarella cheeses, butters and cream as well as milk powders.

(d) **MG Trading**

The MG Trading division supplies its farmer-shareholders and rural customers with competitively priced farm inputs and services. With 21 stores and five fertiliser depots servicing most of the south east dairy region, MG Trading is focused on reducing the cost of farm inputs and supporting increased profitability through services.

MG Trading stocks a wide range of farm inputs and services, including:

- fodder;
- feed;
- fertiliser;
- farm chemicals;
- animal health products;
- dairy hygiene products;
- work and safety wear;
- free on-farm delivery;
- 30 and 45 day current accounts for all purchases (conditions apply);
- seasonal operating loans to assist with seasonal peak purchasing;
- expert technical agronomy advice;

2 Information on Murray Goulburn

- dairy servicing including milking machine maintenance, available on call seven days a week in western Victoria and Gippsland, and installation of dairies; and
- on-farm fuel delivery all regions through our partnership with Reliance/BP.

In 2013, MG Trading entered a partnership with Momentum Energy to offer farmer-shareholders savings on their energy bills. Over the three years of the program, MG Trading and Momentum will deliver an estimated \$12 million in savings exclusively to farmer-shareholders.

(e) **Joint ventures**

Murray Goulburn operates through a number of joint venture operations:

(1) **Australian Milk Products Pty Ltd**

Australian Milk Products Pty Ltd (AMP) is a joint venture company between Australian Dairy Goods Pty Ltd and Murray Goulburn. Established in 2005, AMP is dedicated to the distribution and marketing of Australian dairy products in Latin America.

(2) **INTERMIX Australia**

INTERMIX Australia's hi-tech production facility in Queensland manufactures a diverse range of dry-mix finished ingredients as well as blends and pre-mix additives for end-use applications in the beverage, dairy, bakery, confectionery, nutritional and snack sectors of the food and beverage processing industry. These products are mainly destined for the discerning high priority Japanese market.

(3) **Provico**

Provico products have been formulated to cater for the special dietary and nutritional requirements of younger animals. Quality ingredients are selected to produce performance-orientated and cost effective nutritional and healthcare products to rear strong and healthy animals.

(4) **Danone Murray Goulburn**

Murray Goulburn have entered a joint venture with French food company Danone to market yoghurt and other fresh dairy products in Australia. Danone Murray Goulburn dairy foods are produced at Klewa in north east Victoria and are sold throughout Australia.

(5) **Dairy Technical Services Food Laboratories**

DTS Food Laboratories provides independent, analytical services to meet food safety needs. Owned by members of the food industry, the company has operated for the dairy industry for more than 50 years.

(6) **Tasmanian Dairy Products**

Murray Goulburn is the major shareholder in Tasmania Dairy Products, a dairy processing joint venture in north west Tasmania which produces high quality milk powders and dairy fat products. The investment is shared with Mitsubishi Corporation and local Tasmanian investors.

(f) **MG Qingdao Dairy**

Murray Goulburn Dairy (Qingdao Dairy) Co. Ltd is Murray Goulburn's first manufacturing facility outside of Australia. The facility uses Australian dairy ingredients, which are formulated from milk supplied by farmer-shareholders. It

2 Information on Murray Goulburn

produces a range of infant nutrition products under the NatraStart brand which are marketed and distributed throughout China through a network of distribution partners.

2.3 Co-Operative Ownership

(a) Overview

Murray Goulburn is 100% dairy farmer-controlled. Ownership of Murray Goulburn's ordinary voting shares are vested solely in its farmer-shareholders (and their associated entities), numbering over 2,400. These farmer-shareholders receive returns via the price Murray Goulburn pays for milk supplied by them and ordinary dividends from time to time. Certain retired dairy farmers and others hold non-voting preference shares which receive a preference dividend from time to time.

Murray Goulburn's co-operative structure means that the control of the organisation rests solely with its farmer-shareholders. Murray Goulburn is not listed on the ASX.

Although Murray Goulburn's affairs and conduct are governed by the Corporations Act, and specific State based co-operatives legislation does not apply to it, co-operative principles form part of Murray Goulburn's day to day operations.

The essence of the co-operative nature of Murray Goulburn is summarised as follows:

- its primary object is the acquisition, processing, marketing and distribution of its shareholders' milk;
- to maximise returns to its farmer-shareholders;
- suppliers form the majority of the Murray Goulburn directors;
- supplier-directors are democratically elected to the Board through the right of farmer-shareholders in each of Murray Goulburn's three milk supply regions to elect who will be their 'representative' directors on the Board (subject to ratification in general meeting);
- the number of shares which any shareholder may hold (whether supplier or other entity) is strictly limited;
- the quotation of its shares on any stock exchange or any other public manner is prohibited; and
- control of Murray Goulburn remains with its farmer-shareholders who are the only ones entitled to vote at general meetings of the company.

Further, Murray Goulburn is developing several overseas markets, is at an advanced stage of planning new value-added products and is considering proposing a new capital structure, which is intended to bring new equity capital into the business without altering its co-operative nature. These initiatives are designed to enhance the scale and profitability of the business and to enable it to diversify away from a reliance on commodity products.

Should its Offer be successful, Murray Goulburn will not require WCB suppliers to become suppliers to Murray Goulburn. Because Murray Goulburn is a co-operative, to become a supplier, WCB suppliers will also be required to become a member by acquiring at least 500 shares in Murray Goulburn.

(b) Capital structure review/Murray Goulburn's financial position after the Offer

Murray Goulburn has initiated a capital structure review process in order to determine an appropriate funding structure to support its capital investment program to drive milk price growth.

2 Information on Murray Goulburn

The amount of cash that Murray Goulburn would be required to pay under the Offer if it acquires between 50% and 100% of WCB Shares (excluding those WCB Shares in which Murray Goulburn has a relevant interest) would be between \$173 million and \$439 million. This would potentially increase Murray Goulburn's gearing to a maximum of approximately 57% (gearing was 43% as at 30 June 2013). Murray Goulburn regards the bid as financially prudent, and believes that this level of leverage is appropriate for a co-operative structure, particularly in its current phase of significant growth and investment.

Further details in relation to the funding of the Offer and Murray Goulburn's banking facilities are set out in section 5 of this Bidder's Statement.

(c) New capital structure

As part of this review, Murray Goulburn has considered a number of funding alternatives. As Murray Goulburn recently announced at its Annual General Meeting, Murray Goulburn that it intends to formally consider the implementation of a 'Fonterra style' capital structure through the raising of non-voting equity from external investors. The raising of this equity would provide Murray Goulburn supplier-shareholders with an observable market price for their Murray Goulburn shares, consequently strengthening farm balance sheets. proposal would not alter the co-operative nature of Murray Goulburn, or its objective of maximising total returns to farmer-shareholders. The possible capital restructure is subject to further review by the Murray Goulburn board and consultation with shareholders of Murray Goulburn. It is envisaged that WCB suppliers who join the enlarged co-operative prior to the implementation of the new capital structure, will be involved in this capital structure review process.

In undertaking a capital raising, Murray Goulburn is endeavouring to achieve a variety of positive outcomes including:

- retaining 100% Australian dairy farmer control of Murray Goulburn;
- providing Murray Goulburn supplier-shareholders with an observable market price for their Murray Goulburn shares, consequently strengthening farm balance sheets;
- providing access to additional sources of capital required to meet the co-operative's investment plans; and
- underpinning Murray Goulburn's goal of increasing underlying farm gate returns through its strategic capital investment program.²²

2.4 Directors

The directors of Murray Goulburn as at the date of this Bidder's Statement are as follows:

Director	Profile
Philip W. Tracy BEc/BComm, CA, SIA, GAICD	Philip was elected to the Board in 2009 and elected Chairman in 2011. He is also Chairman of the Remuneration and Nominations Committee and a member of the Supplier Relations Committee. Philip is a dairy farmer, milking 800 cows at Yanakie in Gippsland, Victoria. He is a Chartered Accountant and has a Bachelor of Economics and Commerce and is a graduate of the Australian Institute of Company

²² The Original Bidder's Statement contained a reference to Murray Goulburn's specific strategic goal in this respect. This reference has been retracted and should not be relied upon.

2 Information on Murray Goulburn

Director	Profile
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Directors.	
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Gary Helou BE (Hons), MComm, FAICD, FAIM	Gary was appointed as Managing Director in October 2011. Gary brings experience from a broad range of roles encompassing the international and domestic food and agricultural industries. Prior to joining Murray Goulburn, he was Chief Executive Officer of SunRice for 11 years. Gary held senior leadership roles in Hong Kong, Singapore and Indonesia with Pacific Brands Food Group and Indofood. He has a Chemical Engineering Degree and a Master of Commerce (Marketing) from the University of New South Wales.
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Kenneth W. Jones Adv. Dip. Ag., MAICD	Kenneth (Ken) was elected to the Board in 2008 and elected Deputy Chairman in 2011. He is a member of the Finance, Risk and Audit Committee, Supplier Relations Committee and Remuneration and Nominations Committee. Ken is a dairy farmer, milking 340 cows at Kergunyah in north east Victoria. He has an Advanced Diploma in Agriculture and is a member of the Australian Institute of Company Directors.
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Natalie Akers BPPM (Hons), BA, GAICD	Natalie was elected to the Board in 2011. She is a member of the Compliance Committee and Supplier Relations Committee. Natalie is a dairy farmer, milking 650 cows at Tallygaroopna in northern Victoria. She has a Bachelor of Public Policy and Management with honours, a Bachelor of Arts and has completed the Fairley Leadership Program. Natalie was the Chief Executive Officer of Murray Dairy from 2008 to 2010 and is a graduate of the Australian Institute of Company Directors.
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William T. Bodman BSc (Ag), GAICD	William (Bill) was elected to the Board in 2009 and was joint Deputy Chairman from 2011 to November 2012. He is a member of the Finance, Risk and Audit Committee and Supplier Relations Committee. Bill is a dairy farmer, milking 420 cows on two farms at Won Wron in Gippsland, Victoria. He has a Bachelor of Agricultural Science Degree from La Trobe University and is a graduate of the Australian Institute of Company Directors.
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Peter J.O. Hawkins BCA (Hons), FAICD, SFFIn, FAIM, ACA (NZ)	Peter was elected to the Board in 2009 as a Special Director. He is Chairman of the Finance, Risk and Audit Committee and a member of the Remuneration and Nominations Committee. Peter has had a 41-year career in the banking and financial services industry in Australia and overseas at both the highest levels of management and directorship of major organisations. He held various senior management and directorship positions with Australia and New Zealand Banking Group Limited from 1971 to 2005, including Managing Director of ANZ Banking Group (NZ) Ltd from 1992
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2 Information on Murrey Goulburn

Director	Profile
	to 1995 and was also a director of BHP (NZ) Steel Limited from 1990 to 1991, ING Australia Limited from 2002 to 2005 and Esanda Finance Corporation from 2002 to 2005. He is currently a director of Westpac Banking Corporation, Mirvac Limited Group, Liberty Financial Pty Limited, Treasury Corporation of Victoria and Clayton Utz.
Michael F. Ihlein BBus (Acc), FCPA, MAICD, F Fin (Finsia)	Michael (Mike) was elected to the Board in 2012 as a Special Director. He is Chairman of the Compliance Committee and a member of the Remuneration and Nominations Committee. Mike is a highly experienced international executive with extensive knowledge of international business and finance. He held senior management and directorship positions with Brambles Limited from 2004 to 2009, including Executive Director and Chief Executive Officer (2007 to 2009) and Executive Director and Chief Financial Officer (2004 to 2007). Mike also held various senior management and directorship positions with Coca-Cola Amatil Limited, including Executive Director and Chief Financial Officer (1997 to 2004) and Managing Director, Poland (1995 to 1997). He is currently a director of Westfield Retail Trust, CSR Limited and Snowy Hydro Limited and Chair of the Australian Theatre for Young People.
Maxwell Jelbart	Maxwell (Max) was elected to the Board in 2012. He is a member of the Compliance Committee and Supplier Relations Committee. Max is a dairy farmer, milking 1,000 cows at Leongatha South and 350 cows at Caldermeade in Gippsland. He is a Nuffield Farming Scholar, a member of the Australian Dairy Farmers Board Audit and Risk Committee and a board member of Marcus Oldham College.
E. Duncan Morris Dip. Bus. Studies (Accounting), CPA, MAICD	Duncan was elected to the Board in 2013. Duncan is a dairy farmer, milking 260 cows at Cobden in Western Victoria. Duncan is a Certified Practising Accountant, Registered Tax Agent and Financial Planner and has spent most of his accounting career in public practice, primarily attending to the accounting and taxation needs of dairy farmers. He is a member of the Australian Institute of Company Directors and has had significant board experience with local community organisations.
Graham N. Munzel GAICD	Graham was elected to the Board in 2008. He is a member of the Finance, Risk and Audit Committee and Supplier Relations Committee. Graham is a dairy farmer, milking 270 cows at Gunbower in northern Victoria. He is a graduate of the Australian Institute of Company Directors.
John P. Pye	John was elected to the Board in 2005. He is Chairman of the Supplier Relations Committee and a member of the

2 Information on Murray Goulburn

Director	Profile
Adv. Dip. Ag., MAICD	Compliance Committee. John is a dairy farmer, milking 400 cows at Bessie Belle in western Victoria. He has an Advanced Diploma of Agriculture and is a member of the Australian Institute of Company Directors. He is a member of Powercor's Customer Consultative Committee and a former Director of Southern Rural Water Authority (2002 to 2010).
Martin J. Van de Wouw MAICD	Martin was elected to the Board in 2010. He is a member of the Finance, Risk and Audit Committee and Supplier Relations Committee. Martin is a dairy farmer, milking 280 cows at Princetown in western Victoria. He has supplied Murray Goulburn for 37 years. He has completed numerous farm management courses and is involved with the West Vic Dairy Board and United Dairy Farmers of Victoria. He is also a member of the Australian Institute of Company Directors.

2.5 Publicly available information about Murray Goulburn

As noted above, Murray Goulburn is not an ASX listed company and therefore is not subject to ASX reporting requirements. However, further information about Murray Goulburn, including its past annual reports, details regarding its directors and management and other material information that Murray Goulburn makes available in order to comply with ASIC guidance on disclosure, is publicly available and may be accessed by referring to www.mgc.com.au.

Information on the website referred to above does not constitute part of this Bidder's Statement.

In addition, as a disclosing entity Murray Goulburn is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Murray Goulburn may be obtained from, or inspected at, an ASIC office.

3 Information on WCB

3.1 Overview of WCB

WCB is located at Allansford in south west Victoria, one of the best dairy regions in Australia. WCB was incorporated in 1888 and is Australia's oldest dairy processor. WCB has been producing dairy products for over 125 years.

WCB listed on ASX in 2004 and currently has over 3,900 shareholders.

WCB is Australia's fourth largest dairy processor and in the financial year ended 30 June 2013, had milk intake from over 570 milk suppliers of almost 900 million litres representing 10% of Australia's annual milk production.

WCB owns and operates the Allansford dairy production plant which is one of the largest and highest production capacity sites in Australia where milk collected from its milk suppliers is processed to produce high quality cheese, milk powder, whey protein concentrate, butter, cream and packaged milk.

WCB produces a total of over 130,000 tonnes of dairy products per year that are sold in Australia and to various customers from over 40 countries around the world.

WCB is one of the largest employers in south west Victoria, employing over 400 people across sites in Allansford, Mount Gambier (SA) and Port Melbourne.

3.2 Business Units, Key Products and Brands of WCB

(a) Ingredient dairy products

WCB's commodities (Ingredient dairy products) business consists of dairy products which are sold to wholesale customers in domestic and export markets, including:

(1) Cheese (Bulk)

WCB produces a wide range of cheddar varieties with differing characteristics such as low fat cheddar, skim, gouda, romano and emmental and others are also produced. The cheddar cheese manufactured at the Allansford site is sold in bulk 20 kilogram form to wholesale customers in Australia and on the international market and packaged into WCB's specialty cheese range at the Mil Lel site. Approximately 40% of the cheese production is exported to such countries and regions as Japan, Korea, the Middle East, the US, Europe and South East Asia.

(2) Skim milk powder

WCB produces low heat, medium heat and high heat skim milk powder. Skim milk powder is used in re-combined milk, bakery products, confectionery, infant formula and dairy desserts such as yoghurts and ice-cream. Almost all of the milk powder manufactured by WCB is sold on the international market. The major markets to which milk powders are exported include the Middle East, Japan, China, Europe, South East Asia and South America.

(3) Butter and cream

WCB's butter plant produces a variety of products including salted butter, unsalted butter and butter blends with sugar, flour and oils for

3 Information on WCB

use in bakery products, biscuit making and confectionery. Butter products are generally sold to wholesalers in Australia and also on the international market. The countries and regions to which butter products are exported include Japan, Korea, the Middle East, Russia, the US, South East Asia and Europe.

(4) **Whey protein concentrate**

WCB's whey protein concentrate plant utilises sophisticated membrane technology to extract protein from whey which is generated from WCB's cheese manufacturing process. The protein concentrate is then transformed into whey protein concentrate powder composed of 80% milk protein. This powder is used in health products, sports drinks, nutritional health bars, as a binding ingredient in food processing and as a meal replacement or supplement. Most of this product is exported, with major customers located in Japan, China and the US.

(b) **Consumer products**

WCB's consumer dairy products are sold in retail channels and include the following brands:

(1) **Sungold milk**

Sungold milk is the brand under which WCB sells packaged milk through various channels for consumption by retail consumers.

(2) **Great Ocean Road products**

WCB's brand of Great Ocean Road cheese and milk is available exclusively through Coles supermarkets. Great Ocean Road cheese is available in five block varieties (Vintage, Extra Tasty, Tasty, Light and Colby Cheddar) and two types of shredded cheese (Tasty and Light Cheddar).

(3) **Warmambool Cheddars**

WCB produces and packages its brand of cheese, simply named Warmambool Cheddars. This includes an award winning black label vintage cheddar and a red label matured cheddar. Warmambool Cheddars can be found in select IGA stores, select Woolworths stores in regional Victoria, at Thomas Dux grocers and at Cheese World in Allansford, Victoria.

(4) **Enprocal**

Enprocal is a specially formulated high energy, high protein supplement for people experiencing difficulties meeting their nutritional requirements or maintaining weight due to medical conditions, including conditions commonly found in the elderly.

(c) **Joint ventures**

WCB has the following joint venture operations:

(1) **Great Ocean Ingredients**

WCB and Royal FrieslandCampina entered into a 50:50 joint venture in 2007 to form Great Ocean Ingredients. The joint venture operates a manufacturing plant at Allansford which produces Vivinal GOS, a prebiotic ingredient containing galacto-oligosaccharides which is used for its beneficial effects on health as well as for fibre enrichment, and is sold worldwide to infant nutrition companies.

3 Information on WCB

(2) **Warrnambool Cheese and Butter Japan**

Warrnambool owns 49% of Warrnambool Cheese and Butter Japan Company Limited, a joint venture with Mori International Corporation of Japan. This joint venture undertakes technical, research and product development activities to develop business with existing and new customers in the Japanese market. The joint venture's operations have recently been expanded to include distribution agreements for non-competing products from select non-Australian dairy manufacturers. This initiative has seen the development of business in new categories such as cheese powders from France and protein products from New Zealand.

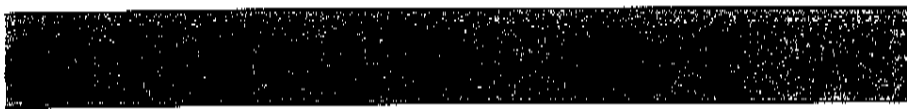
(d) **Manufacturing**

Manufacturing operations occur at a factory site in Allansford, near Warrnambool in south west Victoria. The site, which covers approximately 17 hectares, comprises separate manufacturing facilities for cheese, milk powders, whey protein concentrate, butter, cream and packaged milk. WCB also operates a specialty cheese plant in Mil Lel, just north of Mt Gambier, in South Australia. Milk is collected from farms on a daily basis with a modern fleet of milk tankers. The milk received from suppliers and other sources is processed at the Allansford site.

3.3 **Ownership of WCB**

WCB is a publicly listed company on the ASX, and was listed on 27 May 2004.

As at the date of this Bidder's Statement 16 December 2013, the substantial shareholders of WCB are:

Name	% of Shares held
Bega	18.42%
Murray Goulburn	17.66%
	
Lion-Dairy & Drinks Pty Ltd, Lion Pty Ltd and their subsidiaries, and Kirin Holdings Company, Limited	9.99%

3.4 **Directors of WCB**

As at the date of this Bidder's Statement, there are 11 directors (made up of 9 directors and 2 associate directors) of WCB. The directors of WCB are as follows:

- Terry Richardson (Chairman, Non-Executive Director)

²³ These Shares are subject to acceptances which cannot be processed due to an interim order of the Takeovers Panel.

3 Information on WCB

- David Lord (Managing Director, CEO)
- Andrew Anderson (Non-Executive Director)
- Kay Antony (Non-Executive Director)
- Bruce Vallance (Non-Executive Director)
- Michael Carroll (Independent Director)
- Neville Fielke (Independent Director)
- Raymond Smith (Independent Director)
- Robert Lane (Independent Director)
- John McLean (Associate Director)
- Bruce Morley (Associate Director)

3.5 Publicly available information about WCB

WCB is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, WCB is subject to the listing rules of ASX which require continuous disclosure of any information WCB has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all listed companies. WCB file is available for inspection at ASX during normal business hours.

In addition, WCB is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by WCB may be obtained from, or inspected at, an ASIC office.

A substantial amount of information about WCB is available in electronic form from www.wcbf.com.au.

4 Information on WCB's securities

4 Information on WCB's securities

4.1 WCB's issued securities

According to documents provided by WCB to ASX, as at the date of this Bidder's Statement, WCB's issued securities consisted of:

- 55,969,511 Shares; and
- 68,627 Performance Rights.

WCB has also announced that it may issue the Conditional Performance Rights, following the receipt of WCB shareholder approval to do so at WCB's Annual General Meeting on 24 October 2013.

4.2 WCB Share Plan, Dividend Reinvestment Plan and Performance Right Plan

According to documents provided by WCB to ASX, as at the date of this Bidder's Statement, WCB currently has the following share, dividend reinvestment and performance right plans in operation:

(a) Employee Share Plan

The Employee Share Plan offers employees the opportunity to acquire WCB Shares up to the value of \$1,000 at the discretion of the Board without having to make any payment for the acquisition of WCB Shares.

WCB Shares issued under the Employee Share Plan may not be sold until the earlier of:

- three years after they are issued; or
- the cessation of employment of the relevant employee with the WCB Group.

Under the rules of the Employee Share Plan, the Board has the discretion to free all WCB Shares issued under the Employee Share Plan from the three year restriction and waive any vesting conditions applicable to any WCB Shares issued under the Employee Share Plan.

If the WCB Board exercises this discretion, then WCB Shares issued under the Employee Share Plan will be able to accepted into the Offer.

Employees should seek their own tax advice on the implications of the WCB Board exercising this discretion.

(b) Dividend Reinvestment Plan

Under the Dividend Reinvestment Plan, WCB shareholders may elect to receive new WCB Shares instead of receiving cash dividends or a combination of new WCB Shares and cash dividends. All new WCB Shares issued under the Dividend Reinvestment Plan are ordinary shares and rank equally in all respects with all existing WCB Shares. WCB Shares issued under the Dividend Reinvestment Plan can be sold at any time.

~~WCB Shares issued under the Dividend Reinvestment Plan will be able to accepted into the Offer. This includes any WCB Shares issued under the Dividend Reinvestment Plan for the 30 June 2013 final dividend.~~

4 Information on WCB's securities

(c) **Performance Rights Plan**

The Performance Rights Plan and the Performance Rights Plan rules were approved by WCB shareholders at the WCB Annual General Meeting held on 25 October 2012. Performance Rights granted under the Performance Rights Plan are subject to certain vesting conditions. For example the employee meeting certain performance hurdles prescribed by the Board. Performance Rights vest on a 1:1 basis into Shares and are granted to eligible employees for no consideration.

As at 12 November 2013, the only holder of Performance Rights is David Lord, who holds 68,627 Performance Rights. In addition, at WCB's 2013 Annual General Meeting, WCB shareholders approved the grant of a further 60,659 Conditional Performance Rights to David Lord. However, as announced by WCB to ASX on 21 October 2013, the Board has stated that these Conditional Performance Rights will not be granted to David Lord unless and until it becomes reasonably certain that the Bega Offer is unlikely to result in Bega acquiring a majority of the Shares on issue. This is because the grant of any further Performance Rights will trigger a breach of a bid condition under the Bega Offer.

Under the Performance Rights Plan rules, the WCB Board has the discretion to accelerate the vesting of pPerformance Rights on issue if a takeover bid is made in respect of the WCB Shares or any other corporate control event occurs. If the WCB Board exercises this discretion, then WCB Performance Right holders whose Performance Rights are converted into Shares during the Offer Period will be able to accept the Offer in respect of the Shares which they are issued.

The WCB Board has publicly stated that it has exercised this discretion in relation to the Bega Offer²²⁴ and the Saputo Offer²²⁵.

4.3 Interests in WCB securities

As at the date of this Bidder's Statement:

- Murray Goulburn's voting power in WCB was 17.66%; and
- Murray Goulburn had a Relevant Interest in 9,886,899 Shares.

As at the date of the Offer:

- Murray Goulburn's voting power in WCB was [Insert]%; and
- Murray Goulburn had a Relevant Interest in [Insert] Shares.

4.4 Dealings in WCB Shares(a) **Previous four months**

Neither Murray Goulburn nor any associate of Murray Goulburn has provided, or agreed to provide, consideration for Shares under any purchase or

²²⁴ Effective on and subject to the Bega Offer becoming unconditional, other than the 'no prescribed occurrences' condition, and Bega receiving a level of acceptances under the Bega Offer that takes Bega's relevant interest and voting power in WCB to more than 50.1%.

²²⁵ Effective on and subject to the Saputo Offer becoming unconditional, other than the 'no prescribed occurrences' condition, and Saputo receiving a level of acceptances under the Saputo Offer that takes Saputo's relevant interest and voting power in WCB to more than 50.1%.

4 Information on WCB's securities

agreement during the four months before the date of this Bidder's statement, except as described below.

Holder of Relevant Interest	Date of dealing	Description of dealing
Murray Goulburn (and its nominee, Pershing Securities Nominees Pty Ltd)	17 October 2013	Purchase of 224,918 Shares at a price of \$7.2811 per Share

(b) **Period before Offer**

Neither Murray Goulburn nor any associate of Murray Goulburn has provided, or agreed to provide, consideration for Shares under any purchase or agreement during the period starting on the date of this Bidder's statement and end on the date immediately before the date of the Offer.

4.5 **Compulsory acquisition**

If Murray Goulburn and its associates have Relevant Interests in at least 90% of the WCB Shares during, or at the end of the Offer Period, Murray Goulburn will (if it and its associates have a Relevant Interest in more than 90% of WCB Shares at the time) give a notice of compulsory acquisition to all outstanding WCB shareholders, even if the WCB Shares to which those notices relate are issued:

- after the Offer closes but before the notices are given (pursuant to section 661A(4)(b) of the Corporations Act); or
- on exercise of WCB Performance Rights, up to six weeks after the notices are given (pursuant to section 661A(4)(c) of the Corporations Act).

If not all of the WCB Performance Rights are acquired by Murray Goulburn or cancelled pursuant to agreements or other arrangements, and Murray Goulburn is entitled to compulsorily acquire any outstanding Shares, Murray Goulburn intends to seek to compulsorily acquire or cancel any outstanding Performance Rights pursuant to Part 6A.2 of the Corporations Act, although it reserves the right not to do so.

4.6 **No pre-Offer benefits**

During the period of four months before the date of this Bidder's Statement, neither Murray Goulburn nor any associate of Murray Goulburn gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- accept the Offer; or
- dispose of WCB Shares,

and which is not offered to all holders of WCB Shares under the Offer.

4.7 **No escalation agreements**

Neither Murray Goulburn nor any associate of Murray Goulburn has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

5 Sources of consideration

5 Sources of consideration

5.1 Total cash consideration

The consideration for the acquisition of the Shares to which the Offer relates will be satisfied wholly in cash.

The maximum amount of cash that Murray Goulburn would be required to pay under the Offer if acceptances are received in respect of WCB Shares on issue as at the date of this Bidder's Statement (other than those WCB Shares in which Murray Goulburn has a Relevant Interest) would be \$438 million.

In addition, if the holder of all Performance Rights on issue as at the date of this Bidder's Statement, and ~~the Conditional Performance Rights approved at WCB's 2013 AGM which are yet to be issued~~, exercises all of those Performance Rights and accepts the Offer in respect of the Shares issued, an additional \$1 million will be payable by Murray Goulburn under the Offer.

Accordingly, the maximum amount that Murray Goulburn could be required to pay under the Offer is \$439 million, together with transaction costs.

5.2 Sources of cash consideration

(a) Identity of persons to provide cash consideration

Murray Goulburn has available to it to pay the cash consideration under the Offer, to refinance WCB's existing facilities (to the extent required) and to pay any related transaction costs:

- a ~~new~~**newly executed** \$350 million term loan facility provided by Australia and New Zealand Banking Group Limited, National Australia Bank Limited and Westpac Banking Corporation (**New Facility**); and
- its existing \$420 million syndicated loan facility provided by Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, National Australia Bank Limited, Westpac Banking Corporation, BNP Paribas, The Bank of Tokyo-Mitsubishi UFJ, Ltd, The Hongkong and Shanghai Banking Corporation Limited (Sydney Branch) and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank), Australia Branch (**Existing Facility**),

(collectively, **External Facilities**).

The proportion of funding to be provided by individual financiers at the time of draw down under the External Facilities is yet to be determined. However, funding provided by an individual financier under the New Facility or the Existing Facility will reflect its proportional share of the total commitments under the relevant facility.

(b) Particulars of External Facilities

Murray Goulburn's ability to draw down funds under the New Facility is subject to:

- approval of the acquisition by either the ACCC or the Tribunal (as specified in clause 9.7(a) of this Bidder's Statement); and
- Murray Goulburn acquiring a Relevant Interest of more than 50% of the Shares in WCB (as specified in clause 9.7(c) of this Bidder's Statement).

If Murray Goulburn was to waive these conditions under the Offer without the consent of the financiers, it would not be able to draw down funds under the New Facility.

5 Sources of consideration

In addition, the availability of the External Facilities for draw down is subject to the delivery of a certificate by Murray Goulburn attesting to, or demonstrating, the absence of any event of default which has occurred, or would occur as a result of the draw down, and the compliance with certain financial covenants. This includes, in the case of the Existing Facility, the fact that amounts outstanding under the Existing Facility, certain working capital facility agreements and a multi-option facility agreement must not exceed Murray Goulburn's available borrowing base under that facility. Murray Goulburn's 'available borrowing base' means, on any day, the value of a proportion of certain of its assets.

Murray Goulburn is not aware of any reason why the conditions described above with respect to each External Facility would not be satisfied at the time the relevant External Facility is required to be drawn in order to fund the acquisition as required by the terms of the Offer.

The External Facilities are otherwise not subject to any material unfulfilled conditions precedent to the provision of the funds, other than the provision of a drawdown notice.

The External Facilities contain events of default, subject to applicable grace periods, that are customary for facilities of this nature, including:

- non-payment of principal, interest or other amounts;
- breaches of covenants;
- cross-default and cross-acceleration under certain other indebtedness; and
- execution of monetary judgments against Murray Goulburn or its assets.

Murray Goulburn has no reason to believe that any of the events of default will occur such that a draw down under the External Facilities will not be able to be made.

Each External Facility is the subject of a cross guarantee between Murray Goulburn and certain of its subsidiaries. The External Facilities are unsecured.

Other than as set out above, there are no repayments terms, undertakings, representations or warranties provided by Murray Goulburn to the financiers under the External Facilities which may:

- constitute a restriction on the availability of funds under the External Facilities;
- affect the interests of WCB shareholders who do not accept the Offer in circumstances where Murray Goulburn obtains a relevant interest of more than 50% but less than 90% of Shares; or
- affect the interests of WCB supplier-shareholders who become suppliers of the enlarged co-operative.

Each External Facility will be available for the entire Offer Period and for so long as Murray Goulburn has obligations in terms of the compulsory acquisition of any remaining Shares or Performance Rights.

(c) Provision of consideration under the Offer

The combined amount of the New Facility and the amount that remains undrawn under the External Facilities exceeds Existing Facility is sufficient to fully fund the aggregate of:

- the maximum amount payable under the Offer;
- the maximum amount that may need to be refinanced under WCB's existing facilities; and
- anticipated transaction costs.

5 Sources of consideration

On the basis of the arrangements set out above, Murray Goulburn is of the opinion that it has a reasonable basis for determining that it will be able to pay the consideration under its Offer to WCB shareholders.

5.3 Impact of financing

The amount of cash that Murray Goulburn would be required to pay under the Offer if it acquires between 50% and 100% of WCB Shares (excluding those WCB Shares in which Murray Goulburn has a relevant interest) would be between \$173 million and \$439 million. This would potentially increase Murray Goulburn's gearing to a maximum of approximately 57% (gearing was 43% as at 30 June 2013). Murray Goulburn regards the bid as financially prudent, and believes that this level of leverage is appropriate for a co-operative structure, particularly in its current phase of significant growth and investment. The support of Murray Goulburn's banks in providing the facilities to pay for the WCB Shares reinforces Murray Goulburn's views that the rationale and financial metrics implied by the Offer are sensible.

6 Bidder's intentions in relation to WCB

6 Bidder's intentions in relation to WCB

6.1 Introduction

The intentions of Murray Goulburn are set out in this section of the Bidder's Statement. Those intentions have been formed on the basis of facts and information concerning WCB, and the general business environment, which are known at the time of preparing this Bidder's Statement. Final decisions will only be reached by Murray Goulburn in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this clause are statements of current intention only and accordingly may vary as new information becomes available or circumstances change.

The articulation and formulation of Murray Goulburn's intentions are necessarily limited by virtue of the fact that it has only had access to publicly available information about WCB and its affairs.

6.2 Intentions for WCB as a wholly owned controlled entity

This clause 6.2 describes Murray Goulburn's intentions if Murray Goulburn and its associates acquire a Relevant Interest in 90% or more of the Shares, and so becomes entitled to proceed to compulsory acquisition of outstanding Shares in accordance with Part 6A.1 of the Corporations Act.

In that circumstance, Murray Goulburn's current intentions are as follows:

(a) **Renaming Murray Goulburn to 'Murray Goulburn Warrnambool'**

Murray Goulburn intends to seek shareholder approval to rename Murray Goulburn to 'Murray Goulburn Warrnambool'. This is reflective, not only of the importance of WCB to the potential combined business, but also that the transaction represents the coming together of two major Australian dairy companies.

(b) **Corporate matters**

Murray Goulburn intends to:

- proceed with compulsory acquisition of the outstanding Shares in accordance with the provisions of Part 6A.1 of the Corporations Act, including any WCB Shares which are issued after the close of the Offer as a result of the exercise of Performance Rights (see clause 4.5 of this Bidder's Statement);
- thereupon arrange for WCB to be removed from the official list of the ASX;
- replace the members of the Board of WCB with the nominees of Murray Goulburn. Replacement board members have not yet been identified by Murray Goulburn and their identity will depend on the circumstances at the relevant time. However, it is expected that the majority of the replacement board members will be members of the Murray Goulburn management team; and
- consider providing the existing Chief Executive Officer of WCB, Mr David Lord, a position in the combined business in an operational capacity given his significant experience and history with WCB.

6 Bidder's Intentions in relation to WCB

In addition, Murray Goulburn will consider inviting an existing WCB director to join the Murray Goulburn board in a 'special' director capacity, immediately following completion of the transaction. It also intends to review its own policy in relation to director representation and may seek to increase western district participation in the Murray Goulburn supplier directorships.

(c) **General operational review**

After the end of the Offer Period, Murray Goulburn intends to conduct an immediate, broad based review of WCB's operations on both a strategic and financial level to evaluate WCB performance, profitability and prospects. The intentions set out below are subject to the outcome of that review.

(d) ~~**Milk Supply and Murray Goulburn membership**~~

~~Murray Goulburn intends to offer WCB's suppliers the opportunity to join the Murray Goulburn co-operative.~~

~~Murray Goulburn's objective is for its suppliers (including WCB suppliers who join Murray Goulburn) to realise the best price in the market. It is seeking to grow the underlying farm gate returns delivered to its farmer suppliers by \$1.00 per kilogram of milk solids²⁴ by the financial year ended 30 June 2017. This objective is based on a comprehensive investment program that has been identified by Murray Goulburn, as well as other benefits that it expects to flow as a result of acquiring WCB.~~

~~As set out in section 2.3(b), Murray Goulburn is exploring a number of options in relation to future funding arrangements, including the capital structure review. Existing WCB suppliers who join the Murray Goulburn co-operative will have an opportunity to participate in this initiative if and when it proceeds.~~

(e) **Operational matters**

Subject to the outcome of the review described in section 6.2(c), Murray Goulburn intends to:

- continue to operate WCB's facilities at Allansford and Mil Lel. Murray Goulburn believes that the combination of these plants and its existing facilities can be operated in a way to optimise product mix in response to movements in commodity prices;
- optimise plant configuration in the western Victoria region by focusing its existing Korait plant on high volume commodities and focusing Allansford on value added products (such as cheese and nutritional products). MG will look to invest in assets in the Warrnambool region including the potential expansion of processing assets;
- maintain and grow WCB's existing brands, including Warrnambool, Sungold and Great Ocean Road;
- maintain and grow existing joint venture and contractual relationships with current partners in the WCB business;
- seek to ensure the combination of Murray Goulburn and WCB's facilities, brands and raw milk sources are managed in a way to take advantage of both procurement synergies, existing market opportunities and product diversification opportunities. Murray Goulburn believes that the scale of the combined business, and its

²⁴ Note: In order to measure the overall increase in underlying farm gate returns, an implied milk price is used that is based on forecasted available milk from FY12 prices plus the value of annual dividends. Available milk price is normalised for movements in dairy commodity prices, foreign exchange and impacts on inflation, as well as other one-off items such as inventory

6 Bidder's intentions in relation to WCB

range of products and brands, will enable it to expand existing exports and enter new export markets;

- consider efficiency opportunities across the upstream milk collection, storage and distribution activities of Murray Goulburn and WCB (for example, in the transportation of, warehousing and logistical arrangements in relation to milk) without affecting farmer suppliers or customers;
- continue WCB's role as a strong supporter of the local community through sponsorships and community programs; and
- apply its operational excellence program, leadership role in industry policy, government influence, research and development policy and investment and farm services (agronomy, nutrition and business skills) to WCB's activities, and the operations of WCB farmers.

(e) ~~(f)~~ Impact on Employees

Murray Goulburn intends to conduct a review of the corporate, management, marketing, logistics and head office functions of Murray Goulburn and WCB, as part of its integration planning.

It is likely there will be some duplication of these functions across Murray Goulburn and WCB, and it is therefore possible that certain positions associated with these functions will become redundant and some offices may be closed or scaled down. Some job losses may occur as a result (eg in relation to employment positions relating to WCB's listing on the ASX), however, the incidence, extent and timing of such job losses cannot be predicted in advance.

Where possible, Murray Goulburn will seek to minimise job losses through redeployment of the relevant employees elsewhere in the Murray Goulburn Group. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

It should be noted that the acquisition of WCB by Murray Goulburn is likely to give rise to advancement opportunities for some existing WCB employees. In addition, Murray Goulburn does not anticipate there will be any reduction in operational roles within the WCB facilities following the acquisition.

6.3 Intentions for WCB as a part owned controlled entity

This clause 6.3 describes Murray Goulburn's intentions if WCB becomes a controlled entity of Murray Goulburn, but Murray Goulburn is not entitled to proceed to compulsory acquisition of Shares in accordance with Part 6A.1 of the Corporations Act.

In that circumstance, Murray Goulburn's current intentions are as follows:

(a) Corporate matters

After the end of the Offer Period, Murray Goulburn intends:

- (subject to the Corporations Act and the constitution of WCB) to seek to replace some of the members of the board of WCB with nominees of Murray Goulburn, so that the proportion of such nominees is broadly similar to the voting power of Murray Goulburn. Murray Goulburn would consider the recommendations in the ASX Corporate Governance Guidelines when determining the composition of the board. Replacement board members have not yet been finally decided by Murray Goulburn and their identity will depend on the circumstances at the relevant time; however, it is expected that the

6 Bidder's intentions in relation to WCB

majority of the replacement board members will be either members of the Murray Goulburn board or management team; and

- (subject to continued compliance by WCB with the Listing Rules) to maintain WCB's listing on the ASX (although WCB shareholders should be aware that in this circumstance the liquidity of WCB Shares on ASX may be materially adversely affected); and
- that any potential conflicts of interest between Murray Goulburn and WCB (as a partly controlled entity of Murray Goulburn) will be managed by both the directors of Murray Goulburn and the members of the WCB Board who are nominees of Murray Goulburn in accordance with their respective directors' duties under the Corporations Act and at general law.

It is possible that, even if Murray Goulburn is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6D.2 of the Corporations Act; for example, as a result of acquisitions of Shares in reliance on the '3% creep' exception in Item 9 of section 611 of the Corporations Act. If so, it intends to exercise those rights.

(b) **General operational review**

After the end of the Offer Period, Murray Goulburn intends to propose to the board of WCB that an immediate, broad based review of WCB's operations be conducted on both a strategic and financial level, along similar lines to that described in clause 6.2(c).

Murray Goulburn intends, subject to the approval of the board of WCB, to participate in this review.

Subject to the outcome of that review, Murray Goulburn would seek to give effect to the intentions outlined in sections 6.2(d) to 6.2(fg) above to the extent it was able to do so.

(c) **Dividends and funding**

Murray Goulburn will review the level of dividends payable by WCB to ensure that these dividends are appropriate, having regard to any capital funding requirements of WCB identified in Murray Goulburn's strategic review.

The present intention of Murray Goulburn is not to seek to have any changes made to the dividend policy of WCB.

The above indication of the future dividend policy is, in addition to the strategic review, subject to the contingencies of future years and time limits.

(d) **Limitations in giving effect to intentions**

The ability of Murray Goulburn to implement the intentions set out in this clause 6.3, will be subject to the legal obligations of WCB directors to have regard to the interests of WCB and all WCB shareholders, and the requirements of the Corporations Act and the ASX Listing Rules relating to transactions between related parties. Murray Goulburn will only make a decision on the above mentioned courses of action following legal and financial advice in relation to those requirements.

6 Bidder's Intentions in relation to WCB**6.4 Intentions for WCB if not controlled by Murray Goulburn**

Murray Goulburn reserves its right to declare the Offer free from the 50.1% minimum acceptance condition (or any other condition) to the Offer. However, it has made no decision as to whether it will do so. It would only do so with the consent of the financiers under the New Facility described in section 5.2 of this Bidder's Statement.

If Murray Goulburn was to declare the Offer free of the 50.1% minimum acceptance condition and WCB did not become a controlled entity of Murray Goulburn, Murray Goulburn would seek to give effect to the Intentions outlined in sections 6.2(d) to 6.2(f) above to the extent it was able to do so, however its ability to do so would be limited since it would not control WCB.

6.5 Other Intentions

Subject to the matters described above in this clause 6 and elsewhere in this Bidder's Statement and, in particular, the completion of the strategic review of WCB's operations, it is the intention of Murray Goulburn, on the basis of the facts and information concerning WCB that are known to it and the existing circumstances affecting the assets and operations of WCB at the date of this Bidder's Statement, that:

- the business of WCB will be conducted in the same manner as at the date of this Bidder's Statement;
- there will be no redeployment of the fixed assets of WCB; and
- the present employees of WCB will continue to be employed by WCB.

7 Tax considerations

7.1 Introduction

(a) General

The following is a general description of the Australian income and capital gains tax consequences for WCB shareholders who accept the Offer. The comments set out below are relevant only to those WCB shareholders who hold their Shares on capital account.

WCB shareholders who:

- hold their Shares for the purposes of speculation or a business of dealing in securities (eg as trading stock);
- have made any of the tax timing method elections pursuant to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Shares; or
- acquired their Shares pursuant to an employee share or rights plan should seek their own advice.

WCB shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of acceptance of the Offer.

The following description is based upon the Australian law and administrative practice in effect at the date of this Bidder's Statement, but it is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of every WCB shareholder. Accordingly, WCB shareholders should seek independent professional advice in relation to their own particular circumstances.

7.2 Australian resident shareholders

(a) Shareholders who accept the Offer

Acceptance of the Offer will involve the disposal by WCB shareholders of their Shares by way of transfer to Murray Goulburn. This change in the ownership of the Shares will constitute a CGT event for Australian CGT purposes.

The date of disposal for CGT purposes will be the date the contract to dispose of the Shares is formed, being the date you accept the Offer in accordance with clause 9.5(c)(1). The conditions to the Offer are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period, prevent a contract to sell the Shares arising. Accordingly, the date of disposal is not affected by the fact that at that time the Offer is still subject to one or more conditions subsequent.

(b) Compulsory acquisition

If a WCB shareholder does not dispose of their Shares under the Offer and their Shares are compulsorily acquired in accordance with Part 6A.1 of the

7 Tax considerations

Corporations Act, those shareholders will also be treated as having disposed of their Shares for CGT purposes.

The date of disposal for CGT purposes will be the date when Murray Goulburn becomes the owner of the Shares.

(c) **Calculation of capital gain or capital loss**

For WCB shareholders who acquired their Shares before 20 September 1985, a capital gain or loss should generally not arise on disposal of those Shares pursuant to the Offer.

WCB shareholders who acquired, or are deemed to have acquired, their Shares after 19 September 1985 may make a capital gain or capital loss on the transfer of Shares, to the extent that the capital proceeds from the disposal of the Shares are more than the cost base (or in some cases indexed cost base) of those Shares. Conversely, WCB shareholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those Shares.

The cost base of the Shares generally includes the cost of acquisition and any incidental costs of acquisition and disposal that are not deductible to the shareholder.

The capital proceeds of the capital gains tax event will be the consideration price of \$9.50 per Share received by the WCB shareholder in respect of the disposal of the Shares.

If the Shares were acquired at or before 11.45am on 21 September 1999, a WCB shareholder who is an individual, a complying superannuation entity or the trustee of a trust may choose to adjust the cost base of the Shares to include indexation by reference to changes in the consumer price index from the calendar quarter in which the Shares were acquired until the quarter ended 30 September 1999. WCB shareholders which are companies will include that indexation adjustment if their Shares were acquired at or before 11.45am on 21 September 1999. These indexation adjustments are taken into account only for the purposes of calculating capital gain; they are ignored when calculating the amount of any capital loss.

Individuals, complying superannuation entities or trustees that have held Shares for at least 12 months but do not index the cost base of the Shares should be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of Shares by 50% in the case of individuals and trusts or by 33% for complying superannuation entities. For trusts the ultimate availability of the discount may depend on a beneficiary's entitlement to the discount.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains.

7.3 Non-resident shareholders

For a WCB shareholder who:

- is not a resident of Australia for Australian tax purposes; and
- does not hold their Shares in carrying on a business through a permanent establishment in Australia;

7 Tax considerations

the disposal of Shares will generally only result in Australian CGT implications if:

- the shareholder acquired, or were deemed to acquire, the Shares after 19 September 1985;
- that shareholder together with its associates held 10% or more of the Shares at the time of disposal or for any continuous 12 month period within two years preceding the disposal; and
- more than 50% of WCB's value is due to direct or indirect interests in Australian real property, which is defined to include mining and exploration leases and licences.

A shareholder that, together with its associates, owns, or has for any continuous 12 month period within two years owned, 10% or more of the issued share capital of WCB should obtain independent advice as to the tax implications of sale, and whether any protection will be available under a relevant double tax treaty.

A non-resident WCB shareholder who has previously been a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident will be subject to Australian CGT consequences on disposal of the Shares as set out in section 7.2.

7.4 Goods and services tax

Holders of WCB Shares should not be liable to GST in respect of a disposal or exercise of those Shares.

WCB shareholders may be charged GST on costs (such as adviser fees) that relate to their participation in the Offer. WCB shareholders may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

8 Other material information

8.1 Other offers for WCB

As at the date of this Bidder's Statement, two other offers for WCB have been made, as set out below.

(a) **Bega Offer**

On 12 September 2013, Bega announced an off market takeover bid of all WCB Shares other than those already held by Bega. Bega is an Australian registered public company whose shares are listed on the ASX.

As at the date of this Bidder's Statement, Bega is offering 1.5 Bega shares and \$2.00 cash for every WCB Share.

As announced on 14 November 2013, the consideration under the Bega Offer is final (and will not be further increased) and, as confirmed on 20 November 2013, the Bega Offer is unconditional.

As set out in the WCB Bega Target's Statement and subsequent ASX announcements, the Bega Offer has been rejected by the WCB Board.

The Bega Offer is scheduled to close on 420 December 2013, unless extended.

Murray Goulburn is committed to its Offer, which Murray Goulburn believes will create value for its suppliers, the Warrnambool community and the Australian dairy industry as a whole. However, Murray Goulburn reserves its right to consider a range of consolidation options in what remains a dynamic industry and market environment, which could potentially include mergers with one or more industry participants, including Bega, which may involve a sale of Murray Goulburn's shares in WCB to Bega as part of a broader transaction, but not under the Bega Offer of 1.5 Bega shares and \$2.00 cash for every WCB Share, which has been declared final.

Further details on the Bega Offer are set out in the Bega Bidder's Statement, the WCB Bega Target's Statement and other ASX announcements, which can be found on ASX's company announcements platform via www.asx.com.au.

(b) **Saputo Offer**

On 8 October 2013, Saputo announced an off market takeover bid of all WCB Shares. Saputo Inc. is a Canadian-based public company whose shares are listed on the Toronto Stock Exchange.

As at the date of this Bidder's Statement, Saputo is offering \$9.00 for every WCB Share and will increase this to \$9.20 per WCB Share if Saputo reaches a relevant interest in WCB of greater than 50% during its offer period.

As announced on 25 November 2013, the Saputo Offer has been declared unconditional.

As set out in the Saputo Bidder's Statement, the WCB Saputo Target's Statement and subsequent ASX announcements, as at the date of this Bidder's Statement the WCB Board has unanimously recommend that WCB shareholders accept the Saputo Offer in the absence of a superior proposal.

The Saputo Offer is scheduled to close on 4320 December 2013, unless extended.

8 Other material information

On 26 November 2013, Murray Goulburn lodged an application with the Takeovers Panel regarding the Saputo Offer. As at the date of this Bidder's Statement, the outcome of this application is yet to be determined.

Further details on the Saputo Offer are set out in the Saputo Bidder's Statement, the WCB Saputo Target's Statement and other ASX announcements, which can be found on ASX's company announcements platform via www.asx.com.au.

(c) Kirin shareholding

On 30 October 2013, Kirin Holdings Company Limited, via its subsidiaries Lion Dairy & Drinks Pty Ltd and Lion Pty Ltd, purchased a 9.99% shareholding in WCB at an average price of \$9.19 per Share.

As at the date of this Bidder's Statement, Kirin Holdings Company Limited (and its associates) have not made an offer for WCB.

(d) Consequences of accepting another offer

If you have accepted another offer in respect of some or all of Your Shares, you cannot accept Murray Goulburn's Offer in respect of those Shares unless you are or become entitled under the Corporations Act to withdraw your acceptance from such other offer.

If you have accepted another offer in respect of only some of Your Shares, you can accept Murray Goulburn's Offer in respect of the balance of Your Shares.

8.2 ACCC approval or Tribunal authorisation

Murray Goulburn's Offer is conditional on, among other things, either no objection by the ACCC or the granting of authorisation by the Tribunal. This condition has been included because there is a measure of overlap in the business activities of Murray Goulburn and WCB, particularly in the acquisition of raw milk, and they operate in similar geographical regions.

Murray Goulburn intends to satisfy this condition by seeking approval for the Offer through the 'merger authorisation' route, a public process which explicitly takes into account the net public benefits of a transaction.

Merger authorisation is a process established under the CCA that allows an acquirer of shares or assets to obtain an exemption from the operation of section 50 of the CCA (the provision which prohibits mergers and acquisitions that may lead to a substantial lessening of competition). Since 2007, an application for merger authorisation must be made directly to the Tribunal.

Murray Goulburn intends to file an application to the Tribunal on or around 29 November 2013. As required, Murray Goulburn has given the ACCC an undertaking that it will not make the proposed acquisition of WCB while the application is being considered by the Tribunal.

The Tribunal may grant authorisation where it is satisfied in all the circumstances that the proposed acquisition would result, or be likely to result, in such a benefit to the public that the acquisition should be allowed to occur. At a broad level this involves the Tribunal balancing public benefits of the proposed acquisition against likely detriments including anticompetitive detriments (net public benefit test).

The Tribunal has held that 'public benefit' in this context means:

"...anything of value to the community generally, any contribution to the aims pursued by the society including as one of its principal elements (in the context

8 Other material information

*of trade practices legislation) the achievement of the economic goals of efficiency and progress.*²⁶⁶

The CCA specifically requires the Tribunal to regard as a benefit to the public (in addition to any other benefit to the public that may exist) a significant increase in the real value of exports and a significant substitution of domestic products for imported goods. The legislation also requires the Tribunal to take into account all relevant matters that relate to the international competitiveness of any Australian industry. In making its intended application to the Tribunal, Murray Goulburn will lead evidence to establish significant public benefits driven by substantial efficiency gains, increased scale and international expansion opportunities, particularly in fast growing consumer markets in Asia. These benefits will be enjoyed by a significant proportion of the community.

Murray Goulburn is 100% farmer-controlled, and the primary objective of the co-operative is to increase returns to farmers. Murray Goulburn believes the proposed combination with WCB will provide a very positive outcome for both sets of suppliers, and will also create substantial benefits through the creation of a large domestic producer with the scale and strength to compete internationally and thereby grow Australian export volumes and revenues. ~~Should existing WCB suppliers become supplier shareholders to the new enlarged co-operative, they would also be able to share in these benefits through co-operative ownership.~~

Prior to 2007, when the new process by which merger authorisations must be made to the Tribunal was introduced, merger authorisation applications were made to the ACCC and could be subject to review by the Tribunal. The net public benefit test for authorisation did not change when the new merger authorisation process was introduced. Although the process of seeking authorisation directly from the Tribunal is new and there have been no applications since the new process was introduced in 2007, the net public benefit test has existed for some time.

In a statement of issues published in April 2010, the ACCC expressed its preliminary view that there were competition concerns with an earlier proposal by Murray Goulburn to acquire WCB. Murray Goulburn has submitted evidence to the Tribunal to support its submission that anticompetitive detriments are not large. This issue will be determined by the Tribunal as it applies the net public benefit test of authorisation. The public benefit of the acquisition was not considered by, nor was it required to be considered by, the ACCC in 2010.

Murray Goulburn cannot predetermine the outcome of the merger authorisation process – that will ultimately be a matter for the Tribunal. That said, having regard to the net public benefit test for merger authorisations and the benefits Murray Goulburn considers will be likely to result from the proposed acquisition of WCB, it is therefore confident in its approach to obtaining authorisation from the Tribunal.

The Tribunal process follows a fixed statutory timetable of three months from the time an application is filed with the Tribunal which can be extended by the Tribunal to a maximum of six months, where the Tribunal decides that the matter cannot be dealt with properly within three months either because of its complexity or other special circumstances. The Tribunal has scheduled its first Case Management Conference in Murray Goulburn's application for 9 December 2013 at which time it will consider, amongst other things, whether there is any need to extend the three month period.

Based on Murray Goulburn's intended date of filing ~~an~~its application with the Tribunal (29 November 2013), it is expected that the Tribunal would provide its decision by on or around 28 February 2014 or, if the timetable is extended by the Tribunal, by no later than 30 May 2013⁴.

²⁶⁶ Queensland Co-operative Milling Association Ltd (1978), ATPR 40-012, at 17,242.

8 Other material information

8.3 ASIC modifications**Murray Goulburn:**

- has sought and obtained confirmation in relation to the extension of the Offer to the Performance Rights and ASIC have grant relief in relation to the extension of the Offer to shares issued under the Conditional Performance Rights; and
- has obtained relief from ASIC in order to vary its Offer terms in relation to the extension of the Offer to shares issued under the Conditional Performance Rights.

In addition, ASIC has published various instruments providing modifications and exemptions that apply generally to all persons, including Murray Goulburn, and on which Murray Goulburn may rely.

8.4 8.3 Date for determining holders of Shares

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of subsection 633(1) is the Register Date.

8.5 8.4 Consents

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, (free of charge), during the bid period, please contact Computershare Investor Services Pty Limited on 1800 679 874 (within Australia) or +61 3 9415 4172 (outside Australia). Calls to these numbers may be recorded.

In addition, as permitted by ASIC Class Order 13/523, this Bidder's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

Lazard Pty Ltd, Herbert Smith Freehills and Computershare Investor Services Pty Limited have each consented to being named in this Bidder's Statement, but should not be regarded as authorising the issue of this Bidder's Statement or any statements in it.

8.6 8.5 Other material information

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a WCB shareholder whether or not to accept the Offer; and
- (b) known to Murray Goulburn,

which has not previously been disclosed to WCB shareholders.

9 The terms and conditions of the Offer

9 The terms and conditions of the Offer

9.1 Offer

- (a) Murray Goulburn offers to acquire all of Your Shares on and subject to the terms and conditions set out in clause 9 of this Bidder's Statement.
- (b) Subject to the terms of this Offer, the consideration under the Offer is \$9.50 per Share.
- (c) By accepting this Offer, you undertake to transfer to Murray Goulburn not only the Shares to which the Offer relates, but also all Rights attached to those Shares (see clause 9.5(c)(6) and clause 9.6(c)).
- (d) This Offer is being made to each person registered as the holder of Shares in the register of WCB shareholders at 7.00pm (Melbourne time) on the Register Date. It also extends to:
 - (1) holders of securities that come to be Shares during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by, such securities and which are on issue as at the Register Date (including the Performance Rights existing at the Register Date); and
 - (2) ~~holders of securities that come to be Shares during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by, the Conditional Performance Rights which are issued after the Register Date; and~~
 - (3) ~~(2)-any person who becomes registered, or entitled to be registered, as the holder of Your Shares during the Offer Period.~~
- (e) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of the Shares to which this Offer relates:
 - (1) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those Shares; and
 - (2) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other Shares you hold to which the Offer relates; and
 - (3) this Offer will be deemed to have been withdrawn immediately at that time.
- (f) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct Offer on the same terms and conditions as this Offer had been made in relation to each of those distinct parcels and any distinct parcel you hold in your own right. To validly accept the Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call Computershare Investor Services Pty Limited on 1800 679 874 (within Australia) or +61 3 9415 4172 (outside Australia) to request those additional copies.

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- (g) If Your Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.
- (h) The Offer is dated [Insert].

9.2 Offer Period

- (a) Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 7.00pm (Melbourne time) on the later of:
 - (1) [Insert]; or
 - (2) any date to which the Offer Period is extended.
- (b) Murray Goulburn reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last seven days of the Offer Period, either of the following events occur:
 - (1) the Offer is varied to improve the consideration offered; or
 - (2) Murray Goulburn's voting power in WCB increases to more than 50%,

then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

9.3 How to accept this Offer

- (a) **General**
 - (1) Subject to clause 9.1(e) and clause 9.1(f), you may accept this Offer only for all of Your Shares.
 - (2) You may accept this Offer at any time during the Offer Period.
- (b) **Shares held in your name on WCB's issuer sponsored subregister**
To accept this Offer for Shares held in your name on WCB's issuer sponsored subregister (in which case your Securityholder Reference Number will commence with 'I'), you must:
 - (1) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
 - (2) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.
- (c) **Shares held in your name in a CHESS Holding**
 - (1) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are not a Participant, you should instruct your Controlling Participant (for WCB shareholders who are not institutions, this is normally the stockbroker through whom you bought Your Shares or ordinarily acquire shares on the ASX) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period;

9 The terms and conditions of the Offer

- (2) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are a Participant, you should initiate acceptance of this Offer in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
 - (3) Alternatively, to accept this Offer for Shares held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you may sign and complete the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form and ensure that it (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.
 - (4) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you must comply with any other applicable ASX Settlement Operating Rules.
- (d) **Shares of which you are entitled to be registered as holder**
- To accept this Offer for Shares which are not held in your name, but of which you are entitled to be registered as holder, you must:
- (1) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
 - (2) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.
- (e) **Acceptance Form and other documents**
- (1) The Acceptance Form forms part of the Offer.
 - (2) If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by Murray Goulburn at one of the addresses shown on the Acceptance Form before the end of the Offer Period.
 - (3) When using the Acceptance Form to accept this Offer in respect of Shares in a CHESS Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Offer and the instruction on the Acceptance Form) are received by Murray Goulburn in time for Murray Goulburn to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
 - (4) The postage and transmission of the Acceptance Form and other documents is at your own risk.

9.4 Validity of acceptances

- (a) Subject to this clause 9.4, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in clause 9.3.

9 The terms and conditions of the Offer

- (b) Murray Goulburn will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. Murray Goulburn is not required to communicate with you prior to making this determination. The determination of Murray Goulburn will be final and binding on all parties.
- (c) Notwithstanding clause 9.3(b), clause 9.3(c), clause 9.3(d) and clause 9.3(e), Murray Goulburn may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of Your Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Murray Goulburn.
- (d) Where you have satisfied the requirements for acceptance in respect of only some of Your Shares, Murray Goulburn may, in its sole discretion, regard the Offer to be accepted in respect of those of Your Shares but not the remainder.
- (e) Murray Goulburn will provide the consideration to you in accordance with clause 9.6, in respect of any part of an acceptance determined by Murray Goulburn to be valid.

9.5 The effect of acceptance

- (a) Once you have accepted this Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw Your Shares from the Offer or otherwise dispose of Your Shares, except as follows:
 - (1) If, by the relevant times specified in clause 9.5(b), the conditions in clause 9.7 have not all been fulfilled or freed, this Offer will automatically terminate and Your Shares will be returned to you; or
 - (2) if the Offer Period is extended for more than one month and the obligations of Murray Goulburn to pay the consideration are postponed for more than one month and, at the time, this Offer is subject to one or more of the conditions in clause 9.7, you may be able to withdraw your acceptance and Your Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) The relevant time for the purposes of clause 9.5(a)(1) is the end of the Offer Period.
- (c) By signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to clause 9.3, you will be deemed to have:
 - (1) accepted this Offer (and any variation of it) in respect of, and, subject to all of the conditions to this Offer in clause 9.7 being fulfilled or freed, agreed to transfer to Murray Goulburn, Your Shares (even if the number of Shares specified on the Acceptance Form differs from the number of Your Shares), subject to clause 9.1(e) and clause 9.1(f);
 - (2) represented and warranted to Murray Goulburn, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of Your Shares (including any Rights) to Murray Goulburn is registered, that all Your Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of

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any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in Your Shares (including any Rights) to Murray Goulburn, and that you have paid to WCB all amounts which at the time of acceptance have fallen due for payment to WCB in respect of Your Shares;

- (3) irrevocably authorised Murray Goulburn (and any director, secretary or nominee of Murray Goulburn) to alter the Acceptance Form on your behalf by inserting correct details of Your, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Murray Goulburn to make it an effective acceptance of this Offer or to enable registration of Your Shares in the name of Murray Goulburn;
- (4) if you signed the Acceptance Form in respect of Shares which are held in a CHESS Holding, irrevocably authorised Murray Goulburn (or any director, secretary or agent of Murray Goulburn) to instruct your Controlling Participant to initiate acceptance of this Offer in respect of Your Shares in accordance with Rule 14.14 of the ASX Settlement Operating Rules;
- (5) if you signed the Acceptance Form in respect of Shares which are held in a CHESS Holding, irrevocably authorised Murray Goulburn (or any director, secretary or agent of Murray Goulburn) to give any other instructions in relation to Your Shares to your Controlling Participant, as determined by Murray Goulburn acting in its own interests as a beneficial owner and intended registered holder of those Shares;
- (6) irrevocably authorised and directed WCB to pay to Murray Goulburn, or to account to Murray Goulburn for, all Rights to which you are entitled (conditionally or otherwise) in respect of Your Shares, subject, if this Offer is withdrawn, to Murray Goulburn accounting to you for any such Rights received by Murray Goulburn;
- (7) irrevocably authorised Murray Goulburn to notify WCB on your behalf that your place of address for the purpose of serving notices upon you in respect of Your Shares is the address specified by Murray Goulburn in the notification;
- (8) with effect from the date on which all the conditions to this Offer in clause 9.7 have been fulfilled or freed, irrevocably appointed Murray Goulburn (and any director, secretary or nominee of Murray Goulburn) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to Your Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings of WCB and to request WCB to register, in the name of Murray Goulburn or its nominee, Your Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
- (9) with effect from the date on which all the conditions to this Offer in clause 9.7 have been fulfilled or freed, agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting of WCB or to exercise or purport to exercise any of the powers and rights conferred on Murray Goulburn (and its directors, secretaries and nominees) in clause 9.5(c)(8);

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- (10) agreed that in exercising the powers and rights conferred by the powers of attorney granted under clause 9.5(c)(8), the attorney will be entitled to act in the interests of Murray Goulburn as the beneficial owner and intended registered holder of Your Shares;
 - (11) agreed to do all such acts, matters and things that Murray Goulburn may require to give effect to the matters the subject of this clause 9.5(c) (including the execution of a written form of proxy to the same effect as this clause 9.5(c) which complies in all respects with the requirements of the constitution of WCB) if requested by Murray Goulburn;
 - (12) agreed to indemnify Murray Goulburn in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Securityholder Reference Number or in consequence of the transfer of your Acceptance Shares to Murray Goulburn being registered by WCB without production of your Holder Identification Number or your Securityholder Reference Number for Your Shares;
 - (13) represented and warranted to Murray Goulburn that, unless you have notified it in accordance with clause 9.1(f), Your Shares do not consist of separate parcels of Shares;
 - (14) irrevocably authorised Murray Goulburn (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer Your Shares to Murray Goulburn's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under this Offer; and
 - (15) agreed, subject to the conditions of this Offer in clause 9.7 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Murray Goulburn may consider necessary or desirable to convey Your Shares registered in your name and Rights to Murray Goulburn.
- (d) The undertakings and authorities referred to in clause 9.5(c) will remain in force after you receive the consideration for Your Shares and after Murray Goulburn becomes registered as the holder of Your Shares.

9.6 Payment of consideration

- (a) Subject to this clause 9.6 and the Corporations Act, Murray Goulburn will provide the consideration due to you for Your Shares on or before the earlier of:
 - (1) one month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept this Offer, within one month after this Offer becomes unconditional; and
 - (2) 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):
 - (1) If that document is given with your Acceptance Form, Murray Goulburn will provide the consideration in accordance with clause 9.6(a);
 - (2) If that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is subject to a defeating condition, Murray Goulburn will provide the consideration due to you

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on or before the earlier of one month after this Offer becomes unconditional and 21 days after the end of the Offer Period;

- (3) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is not subject to a defeating condition, Murray Goulburn will provide the consideration due to you on or before the earlier of one month after that document is given and 21 days after the end of this Offer period;
 - (4) if that document is given after the end of the Offer Period, and the Offer is not subject to a defeating condition, Murray Goulburn will provide the consideration within 21 days after that document is delivered. However, if at the time the document is given, the Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, Murray Goulburn will provide the consideration due to you within 21 days after the Offer becomes unconditional.
- (c) If you accept this Offer, Murray Goulburn is entitled to all Rights in respect of Your Shares. Murray Goulburn may require you to provide all documents necessary to vest title to those Rights in Murray Goulburn, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to Murray Goulburn, or if you have (or any previous owner of Your Shares has) received or are entitled (conditionally or otherwise) to the benefit of those Rights Murray Goulburn will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Murray Goulburn) of those Rights (for the avoidance of doubt, excluding the value of franking credits attached to any dividend, if any).
- (d) The consideration payable by Murray Goulburn to you under the Offer will be paid to you by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) at the address as shown either, at the discretion of Murray Goulburn, on your Acceptance Form or the register copy supplied by WCB from time to time.
- (e) If at the time you accept the Offer, any authority, clearance or approval is required for you to receive any consideration for Your Shares, including (but not limited to) any authority, clearance or approval of:
- (1) the Reserve Bank of Australia (whether under the *Banking (Foreign) Exchange Regulations 1959* (Cth) or otherwise);
 - (2) the Minister for Foreign Affairs (whether under the *Charter of the United Nations Act 1945* (Cth), the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth) or any other regulations made thereunder, or otherwise);
 - (3) the ATO; or;
 - (4) any other person as required by any other law of Australia that would make it unlawful for Murray Goulburn to provide any consideration for Your Shares,

then you will not be entitled to receive any consideration for Your Shares until all requisite authorities, clearances or approvals have been received by Murray Goulburn.

9.7 Conditions of this Offer

Subject to clause 9.8, the completion of this Offer and any contract that results from an acceptance of this Offer, are subject to the fulfilment of the conditions set out below:

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(a) **ACCC approval or Tribunal authorisation**

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

- (1) Murray Goulburn has received written advice from the ACCC stating or to the effect that it has no objection to, or does not propose to take any action in respect of, Murray Goulburn's acquisition of WCB under section 50 of the CCA; or
- (2) authorisation is granted by the Tribunal in respect of Murray Goulburn's acquisition of WCB under section 95AT of the CCA,

in each case subject to no conditions or to conditions reasonably acceptable to Murray Goulburn.

(b) **No regulatory action**

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

- (1) there is not in effect any preliminary or final decision, order or decree issued by any Regulatory Authority;
- (2) no action or investigation is announced, commenced or threatened by any Regulatory Authority; and
- (3) no application is made to any Regulatory Authority (other than by Murray Goulburn or any associate of Murray Goulburn),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offers and the completion of any transaction contemplated by this Bidder's Statement (including, without limitation, full, lawful, timely and effectual implementation of the intentions set out in clause 6 of this Bidder's Statement) or which requires the divestiture by Murray Goulburn of any Shares or any material assets of WCB or any subsidiary of WCB.

(c) **Minimum acceptance**

At the end of the Offer Period, Murray Goulburn has Relevant Interests in greater than 50% of the Shares (on a fully diluted basis).

(d) **No prescribed occurrences**

Between the Announcement Date and before the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:

- (1) WCB converting all or any of the Shares into a larger or smaller number of Shares under section 254H of the Corporations Act;
- (2) WCB or a subsidiary of WCB resolving to reduce its share capital in any way;
- (3) WCB or a subsidiary of WCB entering into a buyback agreement or resolving to approve the terms of a buyback agreement under subsections 257C(1) or 257D(1) of the Corporations Act;
- (4) WCB or a subsidiary of WCB making an issue of Shares (other than Shares issued as a result of the exercise of Performance Rights and Conditional Performance Rights into Shares) or granting an option

9 The terms and conditions of the Offer

over the Shares or agreeing to make such an issue or grant such an option;

- (5) WCB or a subsidiary of WCB issuing, or agreeing to issue, convertible notes;
- (6) WCB or a subsidiary of WCB disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (7) WCB or a subsidiary of WCB granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (8) WCB or a subsidiary of WCB resolving that it be wound up;
- (9) the appointment of a liquidator or provisional liquidator of WCB or of a subsidiary of WCB;
- (10) the making of an order by a court for the winding up of WCB or of a subsidiary of WCB;
- (11) an administrator of WCB or of a subsidiary of WCB being appointed under section 436A, 436B or 436C of the Corporations Act;
- (12) WCB or a subsidiary of WCB executing a deed of company arrangement;
- (13) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of WCB or of a subsidiary of WCB.

(e) **No Material Adverse Change**

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

(f) **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 a public filing with ASX before the Announcement Date) no member of the WCB Group:

- (1) (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;
- (2) (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 WCB's statement of financial position as at 30 June 2013) is, in aggregate, greater than \$10 million; or
- (3) (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 WCB Group of an amount or value which, in

9 The terms and conditions of the Offer

aggregate, exceeds \$10 million (for each separate agreement, lease, joint venture, partnership, management agreement, arrangement or commitment).

(g) **Conduct of WCB's business**

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

- (1) ~~(no entry into new contract of services)~~ enters, or agreed to enter, into any contract of service for the appointment of a director or senior manager;
- (2) ~~(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 WCB Performance Rights or the issue of WCB Shares under the exercise of any WCB Performance Rights that are in existence at the Announcement Date or are granted to Mr David Lord if the grant of ~~new~~ the Conditional Performance Rights to him is approved by the ~~WCB shareholders at the WCB's annual general meeting on 24 October 2013~~ occurs;
- (3) ~~(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 WCB or any Subsidiary of WCB is a party that is material to the business or operation of WCB or any Subsidiary of WCB;
- (4) ~~(no scheme of arrangement)~~; implements or agrees to implement any scheme or arrangement or comprise (including one for a reconstruction or amalgamation of any members of the WCB Group), or any analogous procedure, scheme or arrangement in any jurisdiction; or
- (5) ~~(no special resolution)~~; makes any changes to its constitution or passes any special resolution.
- (6) ~~(no new indebtedness)~~; other than in the ordinary course of business:
 - (A) borrows any money or incurs new financial indebtedness (or agrees to do so); or
 - (B) enters into any guarantee or indemnity on behalf of, or provides security for the obligations of, any person or (agrees to do so); or
- (7) ~~(no new Encumbrances)~~ other than in the ordinary course of business, grants or agrees to grant, any Encumbrances over any of its assets.

(h) **WCB Performance Rights**

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

9 The terms and conditions of the Offer

9.8 Nature and benefit of conditions

- (a) The conditions in clause 9.7 are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period, prevent a contract to sell Your Shares from arising, but non-fulfilment of any of those conditions will have the consequences set out in clause 9.9(b).
- (b) Subject to the Corporations Act, Murray Goulburn alone is entitled to the benefit of the conditions in clause 9.7, or to rely on any non-fulfilment of any of them.
- (c) Each condition in clause 9.7 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

9.9 Freeing the Offer of conditions

- (a) Murray Goulburn may free this Offer, and any contract resulting from its acceptance, from all or any of the conditions subsequent in clause 9.7, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to WCB and to ASX declaring this Offer to be free from the relevant condition or conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given not less than seven days before the end of the Offer Period.
- (b) If, at the end of the Offer Period, the conditions in clause 9.7 have not been fulfilled and Murray Goulburn has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

9.10 Notice on status of conditions

The date for giving the notice on the status of the conditions required by section 630(1) of the Corporations Act is [Insert] (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

9.11 Withdrawal of this Offer

- (a) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Murray Goulburn will give notice of the withdrawal to ASX and to WCB and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Offer is withdrawn, all the conditions in clause 9.7 have been freed, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the conditions in clause 9.7, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal pursuant to clause 9.11 will be deemed to take effect:
 - (1) If the withdrawal is not subject to conditions imposed by ASIC, after the date that consent in writing is given by ASIC; or
 - (2) if the withdrawal is subject to conditions imposed by ASIC, after the date those conditions are satisfied.

9 The terms and conditions of the Offer

9.12 Variation of this Offer

Murray Goulburn may vary this Offer in accordance with the Corporations Act.

9.13 No stamp duty

Murray Goulburn will pay any stamp duty on the transfer of Your Shares to it.

9.14 Governing laws

This Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Victoria, Australia.

10 Definitions and interpretation


10 Definitions and interpretation

10.1 Definitions

In this Bidder's Statement and in the Acceptance Form unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
\$ or A\$	Australian dollars, the lawful currency of the Commonwealth of Australia.
ACCC	Australian Competition and Consumer Commission.
Acceptance Form	the acceptance form enclosed with this Bidder's Statement.
Announcement Date	the date of the announcement of the Offer by Murray Goulburn, being 18 October 2013.
ASIC	the Australian Securities and Investments Commission.
ASX	as the context requires, ASX Limited ABN 98 008 624 891 or the securities market conducted by it.
ASX Settlement	ASX Settlement Pty Limited ABN 49 008 504 532.
ASX Settlement Operating Rules	the operating rules of ASX Settlement which govern the administration of the Clearing House Electronic Sub-registrar System.
ATO	Australian Taxation Office.
Bega	Bega Cheese Limited ACN 008 358 503.
Bega Bidder's Statement	the bidder's statement by Bega dated 27 September 2013 setting out the terms, conditions and other information in relation to the Bega Offer (being an amended bidder's statement that replaces the bidder's statement by Bega dated 12 September 2013), read in conjunction with Bega's second supplementary bidder's statement dated 11 October 2013, the third supplementary bidder's statement

10 Definitions and interpretation

Term	Meaning
	dated 15 November 2013 and any other supplementary bidder's statements or offer variations.
Bega Offer	the off market takeover bid by Bega for all WCB Shares other than those already held by Bega, as described in the Bega Bidder's Statement.
Bidder's Statement	this document, being the statement of Murray Goulburn under Part 6.5 Division 2 of the Corporations Act relating to the Offer.
Board	the board of directors of WCB.
Business Day	a day on which banks are open for business in Melbourne, excluding a Saturday, Sunday or public holiday.
CCA	the <i>Competition and Consumer Act 2010</i> (Cth).
CGT	capital gains tax.
CHESS Holding	a number of Shares which are registered on WCB share register being a register administered by the ASX Settlement Pty Limited and which records uncertificated holdings of Shares.
	
Controlling Participant	in relation to Your Shares, has the same meaning as in the ASX Settlement Operating Rules.
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 to reasonably be able to identify the nature, scope and significance of the relevant matter, event or circumstance.

10 Definitions and Interpretation

Term	Meaning
Encumbrance	<ol style="list-style-type: none"> 1 a PPS Security Interest; 2 any other mortgage, charge, pledge or lien; an easement, restrictive covenant, caveat or similar restriction over property; 3 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); 4 a right of any person to purchase, occupy or use an asset (including under an option, agreement to purchase, licence, lease or hire purchase); 5 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 6 an agreement to create anything referred to above or to allow any of them to exist.
FATA	the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth).
FIRB	the foreign investment review board, administered by the FATA.
Holder Identification Number	has the same meaning as in the ASX Settlement Operating Rules.
Independent Expert	KPMG Corporate Finance (a division of KPMG Financial Advisory Services (Australia) Pty Ltd), being the independent expert commissioned by WBC to prepare an independent expert's report in relation to the Bega Offer, and as set out in Appendix 1 to the WCB Bega Target's Statement.
Issuer Sponsored Holdings	a holding of Shares on WCB issuer sponsored subregister.
Listing Rules	the Official Listing Rules of ASX, as amended and waived by ASX from time to time.
Material Adverse Change	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

10 Definitions and Interpretation

Term	Meaning
	<p>expected to have, the effect of:</p> <ol style="list-style-type: none"> 1 diminishing the net assets of WCB Group by \$10 million or more; or 2 diminishing the future recurring profit before income tax of the WCB Group by at least \$5 million per year; <p>other than:</p> <ol style="list-style-type: none"> 3 any event, matter, change or circumstance arising from actions taken by the WCB Group with the prior written consent of the Murray Goulburn, that approval not to be unreasonably withheld or delayed; 4 any event, matter, change or circumstance that is a Permitted Action; 5 any event, matter, change or circumstance Disclosed in public filings by a member of WCB Group to ASX or ASIC no later than the Announcement Date; and 6 any event, matter, change or circumstance in or relating to: <ul style="list-style-type: none"> • economic, business, regulatory or political conditions in general; • credit, financial or currency markets in general or the state of the securities markets in general (including any reduction in market indices); • any change affecting the dairy industry generally and which impacts on the WCB Group and its competitors in a similar manner; or • any change in accounting policy required by law.
Murray Goulburn	Murray Goulburn Co-operative Co. Limited (ABN 23 004 277 089).
Murray Goulburn Group	Murray Goulburn and each of its Subsidiaries.
Offer	the offer for Shares under the terms and conditions contained in clause 9 of this Bidder's Statement.
Offer Period	the period during which the Offer will remain open for acceptance in accordance with clause 9.2 of this Bidder's Statement.
Participant	an entity admitted to participate in the Clearing House Electronic Sub-register System under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.

10 Definitions and Interpretation

Term	Meaning
Performance Rights	a right to subscribe for a Share (with an exercise price of nil) granted under the WCB Performance Rights Plan.
Performance Rights Plan	the Performance Rights Plan approved by WCB shareholders at the WCB Annual General Meeting on 25 October 2012.
Permitted Action	<p>the following actions whether taken by WCB or any Subsidiary of WCB:</p> <ol style="list-style-type: none"> 1 any operating or capital expenditure incurred for the remainder of the 2014 financial year which is contemplated by the 2014 financial year budget, being in the case of capital expenditure an amount or amounts up to \$22.6 million in aggregate; 2 the proposed capital expenditure of approximately \$4.2 million for the purposes of purchasing bacteria separators for cheese milk; 3 the proposed grant of further WCB <u>the Conditional Performance Rights to David Lord if the grant of these WCB Performance Rights is approved by the WCB shareholders at the WCB's annual general meeting on 24 October 2013.</u>
PPS Security Interest	a security interest that is subject to the PPSA.
PPSA	the <i>Personal Property Securities Act 2009</i> (Cth).
Register Date	the date set by Murray Goulburn under section 633(2) of the Corporations Act, being 28 November 2013.
Regulatory Authority	<p>includes:</p> <ol style="list-style-type: none"> 1 ASIC and ASX; 2 a government or governmental, semi-governmental, administrative, fiscal or judicial body; 3 a minister, department, office, commission delegate, instrumentality, agency, board, authority or organisation of any government; and 4 any regulatory organisation established under statute or the rules of any financial market (as defined in Chapter 7 of the Corporations Act).
Related Body Corporate	has the same meaning as in section 9 of the Corporations Act.

10 Definitions and interpretation

Term	Meaning
Relevant Interest	has the same meaning given in sections 608 and 609 of the Corporations Act.
Rights	all accreditations, rights or benefits of whatever kind attaching or arising from Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights, whether conditional or otherwise, to receive them or rights to receive or subscribe for shares, notes, bonds, Performance Rights or other securities declared, paid or issued by WCB or any of its subsidiaries).
Security Interest	has the same meaning as in section 51A of the Corporations Act.
Securityholder Reference Number	has the same meaning as in the ASX Settlement Operating Rules.
Saputo	Saputo Dairy Australia Pty Ltd ACN 166 135 486, a wholly owned subsidiary of Saputo Inc.
Saputo Bidder's Statement	the bidder's statement by Saputo dated 25 October 2013 setting out the terms, conditions and other information in relation to the Saputo Offer, read in conjunction with the supplementary bidder's statement dated 21 November 2013, the second supplementary bidder's statement dated 25 November 2013 and any other supplementary bidder's statements or offer variations.
Saputo Offer	the off market takeover bid by Saputo for all WCB Shares, as described in the Saputo Bidder's Statement.
Shares	fully paid ordinary shares in the capital of WCB.
Subsidiary	has the same meaning as in section 9 of the Corporations Act.
Takeover Bid	the off market takeover bid constituted by the dispatch of the Offers in accordance with the Corporations Act.
Takeover Transferee Holding	has the same meaning as in the ASX Settlement Operating Rules.
Takeovers Panel	the Australian Takeovers Panel.

10 Definitions and Interpretation

Term	Meaning
Tribunal	the Australian Competition Tribunal (as established under the <i>Trade Practices Act 1965</i> (Cth) and continuing under the CCA).
WCB	Warrnambool Cheese and Butter Factory Company Holdings Limited (ABN 15 071 945 232).
WCB Bega Target's Statement	the target's statement by WCB dated 16 October 2013 in relation to the Bega Offer, the supplementary target's statement by WCB dated 20 November 2013 and any other supplementary target's statements.
WCB Saputo Target's Statement	the target's statement by WCB dated 12 November 2013 in relation to the Saputo Offer, read in conjunction with the supplementary target's statement dated 20 November 2013 and any supplementary target's statements.
WCB Group	WCB and each of its Subsidiaries.
Your Shares	subject to clause 9.1(e) and clause 9.1(f), the Shares (a) in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of WCB at the open of business Melbourne time) on the Register Date, or (b) to which you are able to give good title at the time you accept this Offer during the Offer Period.

10.2 Interpretation

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise appears:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a clause, attachment and schedule is a reference to a clause of and an attachment and schedule to this Bidder's Statement as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;

10 Definitions and interpretation

- (g) headings and bold type are for convenience only and do not affect the interpretation of this Bidder's Statement;**
- (h) a reference to time is a reference to time in Sydney, Australia;**
- (i) a reference to writing includes facsimile transmissions; and**
- (j) a reference to dollars, \$, A\$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.**

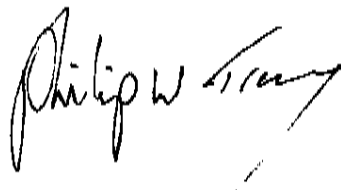
11 Approval of Bidder's Statement

11 Approval of Bidder's Statement

This Bidder's Statement has been approved by a resolution passed by the directors of Murray Goulburn.

Date: ~~28 November~~ 16 December 2013

Signed for and on behalf of
Murray Goulburn Co-operative Co. Limited
by

A handwritten signature in black ink, appearing to read 'Philip W. Tracy'. The signature is written in a cursive, flowing style.

Philip Tracy
Chairman

Corporate directory

Murray Goulburn Co-operative Co. Limited

Freshwater Place

Level 15, 2 Southbank Boulevard

Southbank VIC 3008

Australia

Financial Adviser

Lazard Pty Ltd

Level 33, 101 Collins Street

Melbourne VIC 3000

Australia

Murray Goulburn Share Registry

Computershare Investor Services Pty Limited

~~Level 4, 60 Carrington Street~~

~~Sydney NSW 2000~~ GPO Box 2115

Melbourne VIC 3001

Australia

Legal Adviser

Herbert Smith Freehills

Level 42, 101 Collins Street

Melbourne VIC 3000

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Murray Goulburn Offer Information Line

1800 679 874 (within Australia) and +61 3 9415 4172 (outside Australia)