



10 June 2016

Dear Shareholders

**PRO-RATA RENOUNCEABLE ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE SHAREHOLDERS**

Warrnambool Cheese and Butter Factory Company Holdings Limited (**WCB** or the **Company**) today announced that it was conducting a 3 for 8 pro-rata renounceable entitlement offer of New Shares at an Offer Price of \$6.75 per New Share to raise up to \$142.0 million (before costs) (**Entitlement Offer**). The Record Date for the Entitlement Offer is Thursday, 16 June 2016 (**Record Date**).

All of the proceeds from the Entitlement Offer, less costs, will be used to repay debt. This will strengthen the balance sheet and provide greater financial flexibility to invest in strategic capital investment initiatives. This includes a planned capital project to expand capacity to manufacture cheese and other dairy products. This project will commence in FY17 and is expected to be completed in FY18 and will cost approximately \$40 million.

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act 2001 (Cth) as modified by Australian Securities and Investments Commission (ASIC) Corporations (Non-Traditional Rights Issues) Instrument 2016/84, which allows entitlement offers to be made without a prospectus. The Entitlement Offer is not underwritten. Documents relating to the Entitlement Offer were lodged with ASX on 10 June 2016 and will be mailed to Eligible Shareholders (as defined below) on 20 June 2016.

The Entitlement Offer is only available to Eligible Shareholders.

**Eligible Shareholders** are those persons who:

- are registered as a holder of existing Shares as at 7.00pm on the Record Date;
- have a registered address on the WCB share register in Australia or New Zealand at the Record Date;
- are not in the United States or acting for the account or benefit of a person in the United States; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

All other shareholders are not eligible to participate in the Entitlement Offer (**Ineligible Shareholders**).

WCB has determined that it is unreasonable to make offers under the Entitlement Offer to shareholders who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Shareholder as stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act, WCB wishes to advise you that it will not be extending the Entitlement Offer to you. You will not be sent the documents relating to the Entitlement Offer or be able to subscribe for New Shares under the Entitlement Offer.

This letter is to inform you about the Entitlement Offer and is not an offer to issue New Shares to you, nor an invitation to apply for New Shares. **You are not required to do anything in response to this letter.** However, you may still receive some benefit from the Entitlement Offer, as described below.

### **Treatment of Ineligible Shareholders' Entitlements**

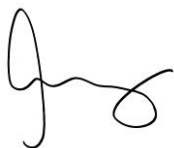
Shareholders who are Ineligible Shareholders are not entitled to participate in the Entitlement Offer, or to trade or exercise their Entitlement to be issued New Shares. As the Entitlement Offer is renounceable, the Company intends to appoint a nominee for the Ineligible Shareholders pursuant to Listing Rule 7.7.1(c) to arrange the sale of the Entitlements of Ineligible Shareholders on ASX if there is a viable market in the Entitlements and a premium over the expenses of sale can be obtained. Any sale will be at a price or prices and on such terms as the nominee determines in good faith, with the objective of achieving the best price reasonably obtainable at the time of the sale given conditions in the market for Entitlements. Any interest earned on the proceeds of sale of the Entitlements will be applied against the expenses of such sale including any brokerage.

The proceeds of sale (if any) will be distributed pro-rata to each Ineligible Shareholder (after deducting the costs of the sale and net of any withholdings required by law). Neither the Company nor the nominee will be liable for any failure to sell the Entitlements of Ineligible Shareholders at all or at any particular price.

If there is no viable market for the Entitlements, the Entitlements of Ineligible Shareholders will be allowed to lapse. There is also no guarantee that any proceeds will be realised from the sale of Entitlements that would otherwise have been offered to Ineligible Shareholders. Entitlements under the Entitlement Offer will also be tradeable on ASX. The assignment, transfer and exercise of Entitlements trading on ASX will be restricted to persons meeting eligibility criteria. In particular, persons in the United States and persons acting for the account or benefit of persons in the United States will not be eligible to purchase or trade Entitlements or to exercise Entitlements they acquire. If you buy Entitlements during the trading period, but you do not meet the eligibility criteria, you will not be able to take up or exercise those Entitlements and, as a result, you may receive no value for them.

On behalf of WCB, we regret that you are not eligible to participate in the Entitlement Offer and thank you for your continued support.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Lino A. Saputo, Jr.', with a stylized, cursive script.

Lino A. Saputo, Jr.  
Chairman

#### IMPORTANT INFORMATION

This letter is issued by WCB. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any entitlements or securities in WCB in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of entitlements or WCB shares. If you are unsure of your position, please contact your accountant, tax adviser, stockbroker or other professional adviser

#### NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This letter does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the Entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933 as amended (U.S. Securities Act) or under the securities laws of any state or other jurisdiction of the United States. The Entitlements and the New Shares may not be issued to, purchased or traded by, or taken up or exercised by, any person in the United States or any person acting for the account or benefit of a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

The Entitlements and New Shares to be offered and sold in the Entitlement Offer will only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) of the Securities Act) in reliance on Regulation S under the U.S. Securities Act.