

IN THE AUSTRALIAN COMPETITION TRIBUNAL

of 2013

MURRAY GOULBURN CO-OPERATIVE CO LIMITED

**RE: PROPOSED ACQUISITION OF WARRNAMBOOL CHEESE
AND BUTTER FACTORY COMPANY HOLDINGS LIMITED**

Certificate identifying annexure

This is the annexure marked "DMN34" now produced and shown to David Michael Noonan at the time of signing his statement on 28 November 2013.

**Annexure DMN34
WCB target's statement**

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12 November 2013

**The Manager
Company Announcements Office
ASX Limited**

Target's Statement recommends WCB shareholders accept Saputo's Offer

Warrnambool Cheese and Butter Factory Company Holdings Limited (ASX: **WCB**) today releases its Target's Statement (**Target's Statement**) in response to the off-market takeover bid by Saputo Dairy Australia Pty Ltd (**Saputo**) for all the shares in WCB (**Saputo's Offer**) at \$8.00 cash per share.

The Target's Statement accompanies this announcement. It sets out the WCB Board's reasons for unanimously recommending that WCB shareholders **ACCEPT** Saputo's Offer in the absence of a superior proposal and other information that is material to shareholders in their assessment of Saputo's Offer.

It also confirms the intention of each of WCB's Directors and Senior Executives to accept Saputo's Offer for all WCB Shares they hold or otherwise control, in the absence of a superior proposal.

The Target's Statement has been served on Saputo and lodged with the Australian Securities and Investments Commission today.

The Target's Statement will be dispatched later this week to WCB shareholders who received Saputo's Bidder's Statement incorporating its Offer.

Yours faithfully

Paul Moloney
Company Secretary

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THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to how to deal with this document, please contact your legal, financial, taxation or other professional adviser. If you have any questions about the offer or this document please call the WCB Information Line on 1300 880 732 (toll free for callers within Australia) or +61 1300 880 732 (for callers outside Australia) Monday to Friday between 9.00am and 5.30pm (AEDT).

Warrnambool Cheese and Butter Factory Company Holdings Limited

TARGET'S STATEMENT

Your Directors unanimously recommend that you

ACCEPT**SAPUTO'S OFFER**

in the absence of a Superior Proposal



FINANCIAL ADVISER



LEGAL ADVISER

MinterEllison
LAWYERS

Important notices

Target's Statement

This document is a Target's Statement dated 12 November 2013 and is issued by Warrnambool Cheese and Butter Factory Company Holdings Limited ACN 071 945 232 (**WCB**) under Part 6.5 Division 3 of the Corporations Act. This Target's Statement sets out the WCB Board's formal response to the offer made by Saputo Inc. through its wholly owned subsidiary Saputo Dairy Australia Pty Ltd ACN 166 135 486 (**Saputo**) in its Bidder's Statement.

ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and given to ASX on 12 November 2013. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the content of this Target's Statement.

Saputo's information in this Target's Statement

Except where disclosed otherwise, the information in this Target's Statement in relation to Saputo, Saputo Inc. and Saputo Inc.'s business has been prepared by WCB using publicly available information including the Bidder's Statement. WCB and its Directors are unable to verify the accuracy or completeness of that information. Accordingly to the maximum extent permitted by law, WCB does not make any representation or warranty, express or implied, as to the accuracy or completeness of that information.

No account of personal circumstances

This Target's Statement does not take into account your individual investment objectives, financial situation or particular needs. It does not contain personal advice. WCB is not licensed to provide financial product advice in relation to WCB Shares or any other financial products. This Target's Statement should not be relied on as the sole basis for any investment decision in relation to WCB Shares or Saputo's Offer generally. Your Directors encourage you to obtain independent legal, financial, taxation or other professional advice before deciding whether to accept Saputo's Offer.

Forward looking statements

Some statements in this Target's Statement are in the nature of forward looking statements. You should be aware that these statements are predictions only and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to WCB as well as general economic conditions and conditions in the financial markets, exchange rates, interest rates and the regulatory environment, many of which are outside the control of WCB and its Directors. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of WCB, any of its officers or any person named in this Target's Statement with their consent or anyone involved in the preparation of this Target's Statement makes any representation or warranty (either 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 the extent required by law. You are cautioned not to place undue reliance on those statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. WCB has no obligation to disseminate any updates or revisions to any statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any of those statements are based unless it is required to do so under Division 4 of Part 6.5 of the Corporations Act to update or correct this Target's Statement (i.e. for certain matters that are material from the point of view of a Shareholder) or under its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules.

Privacy statements

WCB has collected your information from the WCB share registry for the purpose of providing you with this Target's Statement. The type of information WCB has collected about you includes your name, contact details and information on your shareholding in WCB. The Corporations Act requires the name and address of Shareholders to be held in a public register.

Shareholder enquiries

WCB has established a Shareholder Information Line which Shareholders may call if they have any queries in relation to Saputo's Offer.

The telephone number for the Shareholder Information Line is:

- 1300 880 732 (toll free for calls made from within Australia); or
- +61 1300 880 732 (for calls made from outside Australia).

The Shareholder Information Line is available Monday to Friday between 9.00am and 5.30pm (AEDT).

Defined terms

Certain terms used in this Target's Statement have defined meanings, as set out in Section 9 of this Target's Statement.

No internet site is part of this Target's Statement

No internet site is part of this Target's Statement. WCB (<http://www.wcbf.com.au/>) and Saputo Inc. (<http://www.saputo.com/>) maintain internet sites. Any references in this Target's Statement to these or other internet sites are textual references only and the information contained on the sites does not form part of this Target's Statement.

KEY DATES

Offer announced	8 October 2013
Date of Bidder's Statement	25 October 2013
Offer Period commences	30 October 2013
Date of Target's Statement	12 November 2013
Offer Period closes (unless Offer is extended or withdrawn)	7.00pm (Melbourne time) on 13 December 2013

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Chairman's letter

12 November 2013



Dear fellow WCB Shareholder

ACCEPT Saputo's Offer for your Shares, in the absence of a Superior Proposal

On 8 October 2013 WCB announced to ASX that it had entered into a Bid Implementation Deed with Saputo Inc. for a recommended off-market takeover bid to acquire all WCB Shares for \$7.00 cash per WCB Share.

On 25 October 2013 WCB announced to ASX that Saputo Inc. had increased its off-market takeover bid to acquire all WCB Shares to \$8.00 cash per Share (**Saputo's Offer**).

Saputo's Offer is being made through a wholly owned subsidiary of Saputo Inc., being Saputo Dairy Australia Pty Ltd ACN 166 135 486 (**Saputo**).

Saputo's Offer and detailed information relating to it are contained in Saputo's Bidder's Statement which you should have received recently.

Having carefully considered Saputo's Offer, **your Directors unanimously recommend that WCB Shareholders accept Saputo's Offer, in the absence of a Superior Proposal. Subject to that same qualification, each of your Directors and Senior Executives intends to accept Saputo's Offer for all WCB Shares they hold or otherwise control.**

This document is our Target's Statement that sets out the unanimous recommendation of your Directors to **ACCEPT** Saputo's Offer and the reasons for that recommendation. You should also read Saputo's Bidder's Statement.

Your Directors believe that there are six key reasons why you should ACCEPT Saputo's Offer.

1. The Offer Consideration under Saputo's Offer is a substantial premium to recent trading prices of WCB Shares prior to the announcement of Bega's Offer and is higher than the offer consideration under Bega's Offer and Murray Goulburn's Proposal respectively.
2. Saputo's Offer is a higher all cash offer and so provides greater certainty of value than Bega's Offer.
3. There is potential additional value of up to \$0.56 per Share from the distribution of franking credits for some WCB Shareholders.¹
4. The Offer Consideration under Saputo's Offer is **above** the valuation range for WCB Shares as assessed by the Independent Expert for Bega's Offer.
5. Saputo's Offer is subject to fewer and less restrictive conditions than Bega's Offer and is more certain than Murray Goulburn's Proposal.
6. Saputo's Offer provides more certainty for the future of WCB's operations and employees including a strong future competitor for milk supply.

Section 1.2 of this Target's Statement sets out in more detail each of these reasons for your Directors' unanimous recommendation to **ACCEPT** Saputo's Offer, in the absence of a **Superior Proposal**. You should read these reasons carefully.

Each of your Directors and Senior Executives who holds or controls WCB Shares intends to **ACCEPT** Saputo's Offer in relation to those Shares, in the absence of a **Superior Proposal**.

To accept Saputo's Offer you should carefully follow the instructions in the Bidder's Statement and complete the Acceptance and Transfer Form enclosed with the Bidder's Statement. Saputo's Offer is due to close at 7:00pm (Melbourne time) on 13 December 2013, unless extended or withdrawn.

I urge you to read this Target's Statement in its entirety and carefully consider Saputo's Offer having regard to your own personal risk profile, investment strategy and tax position. You should seek independent legal, financial, taxation or other professional advice if you are in any doubt as to what you should do in response to Saputo's Offer.

Your Directors will continue to keep you updated on all material developments with respect to Saputo's Offer and any other competing offer or proposal. In the meantime, if you have any questions in relation to this Target's Statement or your shareholding in WCB, please call our Shareholder Information Line on 1300 880 732 (toll free for callers within Australia) or +61 1300 880 732 (callers outside Australia) Monday to Friday between 9.00am and 5.30pm AEDT. All company announcements are available on our website <http://www.wcbf.com.au>.

Yours sincerely,

Terry Richardson
Chairman

¹ You should note that the ability to use the franking credits and the exact post tax value realised by you will depend on your individual tax circumstances. Please refer to Section 2 of this Target's Statement for further details and consult your tax or financial adviser.

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What do your Directors recommend?

YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU

ACCEPT SAPUTO'S OFFER

in the absence of a Superior Proposal

The reasons for this recommendation are set out
in this Target's Statement

EACH OF YOUR DIRECTORS AND SENIOR EXECUTIVES WHO
HOLDS OR CONTROLS WCB SHARES INTENDS TO

ACCEPT SAPUTO'S OFFER

IN RELATION TO THOSE SHARES, IN THE ABSENCE OF A
SUPERIOR PROPOSAL

TO **ACCEPT** SAPUTO'S OFFER,
COMPLETE, SIGN AND RETURN THE ACCEPTANCE
AND TRANSFER FORM ENCLOSED WITH THE BIDDER'S
STATEMENT IN ACCORDANCE WITH THE INSTRUCTIONS
ON THAT FORM

If you have any questions, please call the WCB Shareholder Information Line on 1300 880 732 (toll free for callers within Australia) or +61 1300 880 732 (for callers outside Australia) Monday to Friday between 9.00am and 5.30pm (AEDT).

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Why you should **ACCEPT** Saputo's Offer

1. The Offer Consideration under Saputo's Offer is a substantial premium to recent trading prices of WCB Shares prior to the announcement of Bega's Offer and is higher than the offer consideration under Bega's Offer and Murray Goulburn's Proposal respectively.
2. Saputo's Offer is a higher all cash offer and so provides greater certainty of value than Bega's Offer.
3. There is potential additional value of up to \$0.56 per Share from the distribution of franking credits for some WCB Shareholders.¹
4. The Offer Consideration under Saputo's Offer is above the valuation range for WCB Shares as assessed by the Independent Expert for Bega's Offer.
5. Saputo's Offer is subject to fewer and less restrictive conditions than Bega's Offer and is more certain than Murray Goulburn's Proposal.
6. Saputo's Offer provides more certainty for the future of WCB's operations and employees including a strong future competitor for milk supply.

Further details on each of these six reasons for **ACCEPTING** Saputo's Offer are set out in Section 1.2 of this Target's Statement.

1. You should note that the ability to use the franking credits and the exact post tax value realised by you will depend on your individual tax circumstances. Please refer to Section 2 of this Target's Statement for further details and consult your tax or financial adviser.



Section 1

1. Reasons why your Directors unanimously recommend that you ACCEPT Saputo's Offer, in the absence of a Superior Proposal

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1. Reasons why your Directors unanimously recommend that you ACCEPT Saputo's Offer, in the absence of a Superior Proposal

1.1 Directors' recommendation and intentions

As at the date of this Target's Statement, the Directors of WCB and their respective interests in WCB Shares are set out in the table below:

Name	Position	Shares held by or on behalf of Director
Terry Richardson	Chairman, Non Executive Director	668
David Lord	Managing Director, CEO	10,000
Andrew Anderson	Non Executive Director	32,515
Kay Antony	Non Executive Director	7,735
Bruce Vallance	Non Executive Director	76,312
Michael Carroll	Independent Director	None
Neville Fielke	Independent Director	None
Raymond Smith	Independent Director	None
Robert Lane	Independent Director	None
John McLean	Associate Director	233,684
Bruce Morley	Associate Director	None
Total		360,914

Brief profiles of each of your Directors are provided in Section 6.8 of this Target's Statement.

Your Directors unanimously recommend that you ACCEPT Saputo's Offer, in the absence of a Superior Proposal.

Each of your Directors and Senior Executives intends to **ACCEPT** Saputo's Offer in respect of all WCB Shares held by him or her or which he or she otherwise controls, in the absence of a Superior Proposal. These WCB Shares represent approximately 1.95% of all WCB Shares on issue as at the date of this Target's Statement.

The reasons for your Directors' unanimous recommendation to **ACCEPT** Saputo's Offer are set out in Section 1.2 of this Target's Statement.

In evaluating Saputo's Offer, your Directors encourage you to:

- read the whole of this Target's Statement, together with the Bidder's Statement;
- ensure you understand the consequences of accepting Saputo's Offer, as noted in this Target's Statement and the Bidder's Statement;
- consider your alternatives as outlined in Section 4 of this Target's Statement;
- have regard to your individual risk profile, portfolio strategy, taxation position and financial circumstances; and
- seek independent legal, financial, taxation or other professional advice if you are in any doubt as to what you should do in response to Saputo's Offer.

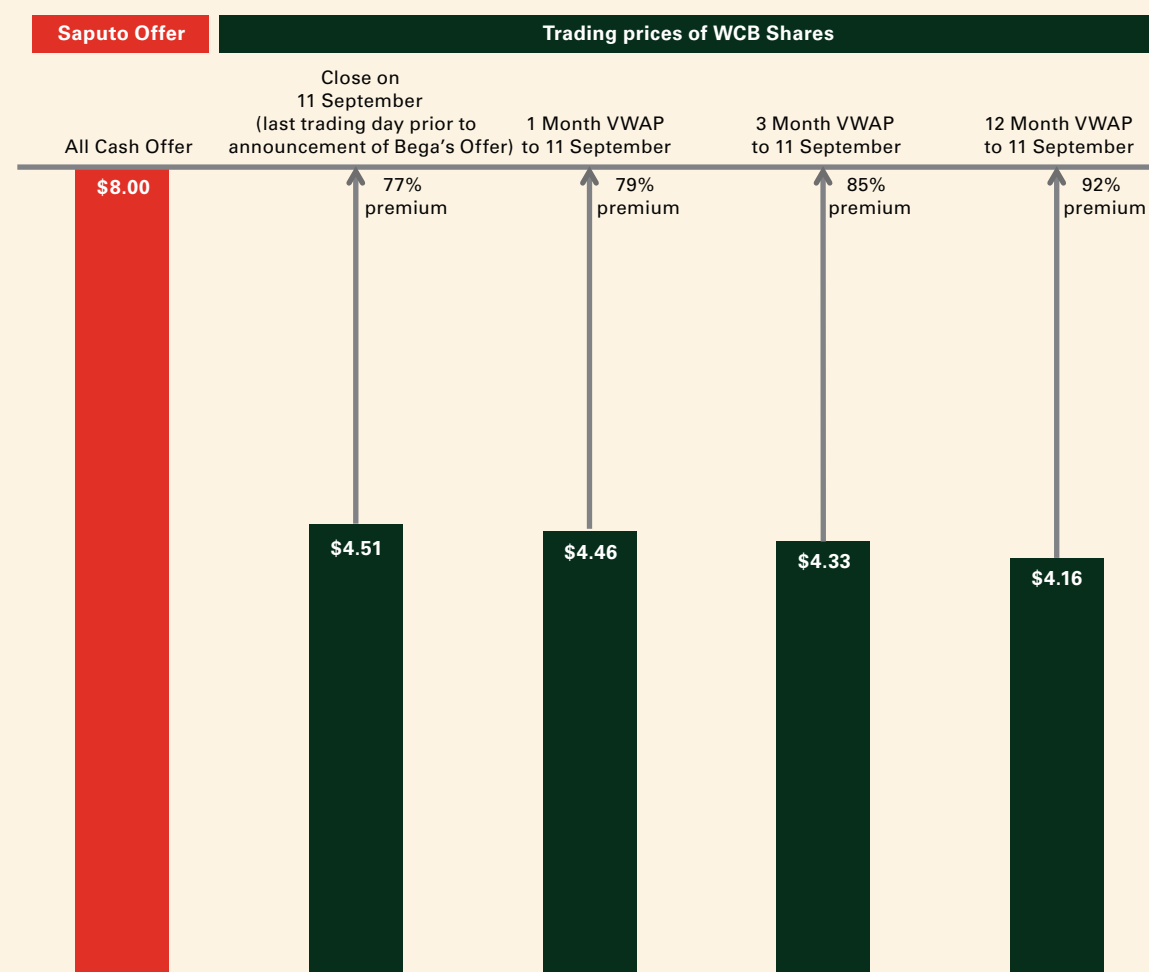
Your Directors will keep you informed of any material developments with respect to Saputo's Offer and any other competing offer or proposal.

1.2 Reasons why you should ACCEPT Saputo's Offer

1. The Offer Consideration under Saputo's Offer is a substantial premium to recent trading prices of WCB Shares prior to the announcement of Bega's Offer and is higher than the offer consideration under Bega's Offer and Murray Goulburn's Proposal respectively

The Offer Consideration of \$8.00 cash per Share represents a significant premium to the trading prices of WCB Shares prior to the announcement of Bega's Offer on 12 September 2013. Specifically Saputo's Offer represents:

- a 77% premium over the closing price of \$4.51 per Share on 11 September 2013, being the last trading day prior to the announcement of Bega's Offer;
- a 79% premium over the 1 month VWAP of WCB Shares on ASX up to and including 11 September 2013;
- an 85% premium over the 3 month VWAP of WCB Shares on ASX up to and including 11 September 2013; and
- a 92% premium over the 12 month VWAP of WCB Shares on ASX up to and including 11 September 2013.

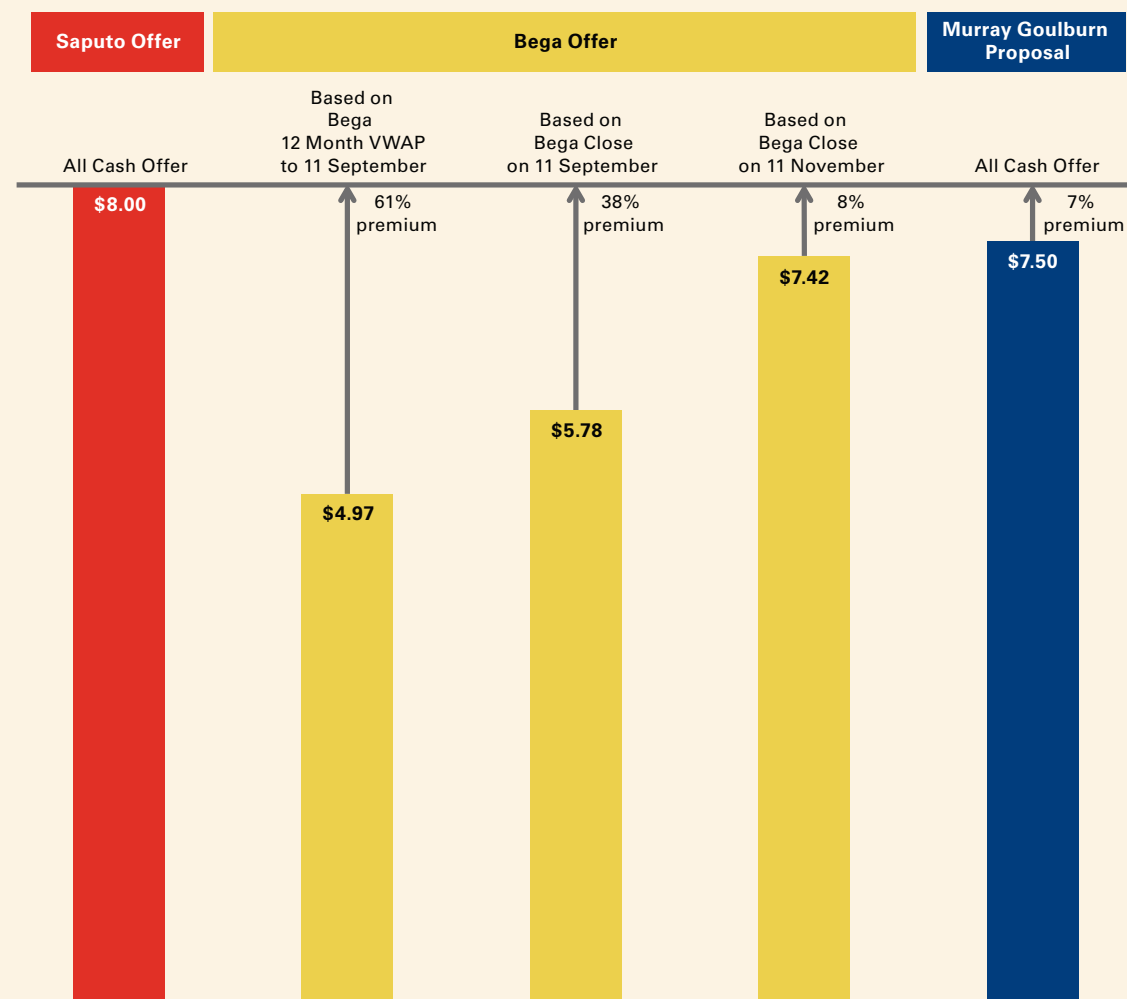


1. Reasons why your Directors unanimously recommend that you ACCEPT Saputo's Offer, in the absence of a Superior Proposal

1. The Offer Consideration under Saputo's Offer is a substantial premium to recent trading prices of WCB Shares prior to the announcement of Bega's Offer and is higher than the offer consideration under Bega's Offer and Murray Goulburn's Proposal respectively (continued)

The Offer Consideration of \$8.00 cash per Share is **higher** than that under Bega's Offer and Murray Goulburn's Proposal respectively and represents:

- a 61% premium to the implied value of Bega's Offer based on the VWAP of Bega Shares over the 12 months up to and including 11 September 2013, being the last trading day prior to announcement of Bega's Offer;
- a 38% premium to the implied value of Bega's Offer based on the Bega Share price as at the close of trading on 11 September 2013;
- an 8% premium to the implied value of Bega's Offer based on the Bega Share price as at the close of trading on 11 November 2013 (see comments below under reason 2 as to your Directors' views on the current market price of Bega Shares); and
- a 7% premium to the offer consideration under Murray Goulburn's Proposal of \$7.50 per Share announced on ASX on 18 October 2013.



Based on Bega's Share price as at the close of trading on 11 November 2013, the implied value of Bega's Offer is \$0.58 per Share or 7% lower than Saputo's Offer. In any event, your Directors do not consider that the current market price of Bega Shares is an accurate reflection of Bega's current value. Accordingly your Directors do not consider that the current implied value of Bega's Offer is comparable to Saputo's Offer. See comments below under reason 2 as to your Directors' views on the current market price of Bega Shares.

2. Saputo's Offer is a higher all cash offer and so provides greater certainty of value than Bega's Offer

Saputo's Offer consideration comprises 100% cash. If you accept Saputo's Offer and the Offer becomes or is declared unconditional:

- Saputo will pay you \$8.00 cash for each WCB Share you hold less any Permitted Dividends declared and paid by WCB;
- you will not incur the brokerage fees which would otherwise be likely to be incurred if you were to sell your WCB Shares on market; and
- Saputo will send you payment for your WCB Shares by cheque by the earlier of one month after the date of your acceptance where the Offer is unconditional at the time it is validly accepted by you (or within one month after the contract arising from your acceptance becomes unconditional) or 21 days after the end of the Offer Period.

In contrast the value of the consideration under Bega's Offer is highly dependent on the value of Bega Shares. In particular the scrip component of Bega's Offer has increased approximately 43% based on the closing price of Bega Shares of \$4.52 on 11 November 2013 compared with the closing price of \$3.15 per share on 11 September 2013 (last close before Bega announced its offer).

For the reasons outlined below your Directors do not consider that the current market price of Bega Shares is an appropriate reference point for measuring the implied value of Bega's Offer.

Corporate activity and takeover speculation is affecting Bega's share price

In considering an appropriate underlying value for Bega Shares under Bega's Offer, your Directors note the following:

- WCB engaged KPMG Corporate Finance¹ (**KPMG CF**) to prepare an Independent Expert's Report in response to Bega's Offer for the benefit of WCB Shareholders. The Independent Expert's Report (issued on 12 October 2013) was included as Appendix 1 to WCB's Target's Statement in response to Bega's Offer. In the Independent Expert's Report, KPMG CF assessed the market value of a Bega Share as between \$3.14 to \$3.40. This was based on a review of trading prices of Bega Shares on ASX between 12 September 2012 to 9 October 2013, cross checked to a comparison of Bega's historical (FY13) and forecast (FY14) EBITDA multiple with that of a set of broadly comparable companies;
- the Independent Expert's Report referred to above noted that *In assessing the value of Bega's offer, we have not applied a control premium to the market price. This reflects the fact that WCB shareholders are receiving a minority interest in Bega.*² Your Directors consider that when assessing the implied value of Bega's Offer, the value of Bega Shares should be determined on the basis of underlying value which excludes any premium for a takeover or speculation of a takeover;
- since the date of the Independent Expert's Report (12 October 2013), there has been public speculation that Bega may itself become a potential takeover target;³

1. A division of KPMG Financial Advisory Services (Australia) Pty Ltd.

2. See page 79 of the Independent Expert's Report.

3. See, for example, *New bidder for Warrnambool trumps Saputo with \$405 million approach*, Reuters, 17 October 2013 (written by Lincoln Feast and Jackie Range), as well as *Bega mulls increased Warrnambool bid*, The Australian Financial Review, 20 October 2013 (written by Julie-anne Sprague and Tim Binsted).

1. Reasons why your Directors unanimously recommend that you ACCEPT Saputo's Offer, in the absence of a Superior Proposal

2. Saputo's Offer is a higher all cash offer and so provides greater certainty of value than Bega's Offer (continued)

- on 29 October 2013 it was reported that Fonterra had notified industry participants that it had appointed a financial adviser to assist it *during the course of the current corporate activity in the dairy sector*.¹ The market price of Bega's Shares increased from a closing price of \$4.00 on 28 October to a closing price of \$4.83 on 1 November, a 20.8% increase in only 4 days;
- on 1 November 2013 Fonterra announced that it had acquired a 6% shareholding in Bega at \$4.95 per share.² The price paid by Fonterra to gain a strategic shareholding in Bega represents a premium of 46% to 58% to KPMG CF's assessed value range for Bega Shares; and
- the Bega Share price has since moderated to \$4.52 as at close on 11 November, which implies an EV/EBITDA multiple³ for Bega of 11.8 times FY13 EBITDA and 10.8 times FY14 EBITDA.⁴ This is well above the median and mean of comparable companies KPMG CF had regard to in their Independent Expert's Report (the median FY13 EBITDA multiple was 9.0 times and the median FY14 EBITDA was 7.9 times).

Your Directors consider that the current Bega Share price includes a premium to reflect the buying activity of Fonterra and speculation of a potential takeover bid for Bega. The value of Bega Shares is uncertain, subject to market volatility and there is no guarantee that the price of Bega Shares will continue to trade at current levels.

In addition Bega currently holds approximately 10.3 million WCB Shares (representing approximately 18.35% of all WCB Shares on issue). Bega's shareholding in WCB is valued at approximately \$82.2 million based on Saputo's Offer price of \$8.00 per Share, or a value equivalent to \$0.54 per Bega Share on issue. **Your Directors consider that the increase in the market price of Bega Shares is also partly attributable to the substantial increase in the market price of WCB Shares.**

The maximum number of Bega Shares which would be required to be issued to WCB Shareholders under Bega's Offer is approximately 54.9 million.⁵ This represents an increase of approximately 36% in Bega's current issued share capital and is equivalent to the total volume of Bega Shares traded in the 22 months to the close of trading on 11 September 2013. As there is no capacity for WCB Shareholders to elect to receive 100% cash for their WCB Shares under Bega's Offer, there is a risk that some WCB Shareholders who accept Bega's Offer will not hold their Bega Shares in the long term. Those former WCB Shareholders may instead seek to realise the cash value of their Bega Shares by selling them on market. If there is a large number of former WCB Shareholders who seek to sell their Bega Shares within a short period after Bega's Offer closes, this will place downward pressure on the market price of Bega Shares.

1. See *Fonterra set to get involved*, The Australian Financial Review, 29 October 2013 (edited by Sarah Thompson, Anthony Macdonald and Gretchen Friemann), as well as *Fonterra hires Everett to advise on Oz dairy*, Business Spectator, 29 October 2013 (written by Brett Cole).

2. See Fonterra's media release dated 1 November 2013.

3. Implied EV/EBITDA multiple based on Bega earnings including dividends from WCB shareholding, therefore no adjustment has been made to EV to reflect Bega's holding of WCB Shares.

4. Based on KPMG CF's assumptions for FY13 Maintainable and FY14 Forecast EBITDA.

5. Based on 56.0 million WCB Shares on issue, 68,627 Performance Rights held by WCB management and 10.3 million WCB Shares currently held by Bega. In section 7.2 of its Bidder's Statement, Bega states that the maximum number of Bega Shares which would be required to be issued to WCB Shareholders under its Offer is approximately 54.4 million, which was based on WCB Shares on issues excluding those issued on 27 September 2013 under WCB's Reinvestment Plan.

3. There is potential additional value of up to \$0.56 per Share from the distribution of franking credits for some WCB Shareholders

Saputo's Offer gives WCB the discretion to declare and pay two fully franked special dividends of up to \$1.31 per Share in aggregate.

If Saputo obtains a relevant interest in at least 50.1% of WCB Shares and the Offer is declared or becomes unconditional other than as to the *No Prescribed Occurrences Condition*, WCB may (at its discretion) declare and pay an initial fully franked special dividend of up to \$0.46 per Share (**Initial Permitted Dividend**).

If Saputo obtains a relevant interest in at least 90% of WCB Shares and the Offer is declared or becomes unconditional other than the *No Prescribed Occurrences Condition*, WCB may (at its discretion) declare and pay a subsequent fully franked special dividend of up to \$1.31 per Share less any Initial Permitted Dividend (**Additional Permitted Dividend**).

There is no guarantee that any Initial Permitted Dividend or Additional Permitted Dividend will be declared or paid. This is ultimately a decision for the WCB Board.

However if both special dividends are declared and paid, WCB Shareholders who accept Saputo's Offer will receive \$8.00 per WCB Share comprising:

- \$6.69 from Saputo (i.e. \$8.00 less the Initial Permitted Dividend and less the Additional Permitted Dividend);
- an Initial Permitted Dividend of \$0.46 per Share from WCB (provided they are a WCB Shareholder on the record date for the Initial Permitted Dividend); and
- an Additional Permitted Dividend of \$0.85 per Share from WCB (provided they are a WCB Shareholder on the record date for the Additional Permitted Dividend).

In addition WCB Shareholders who can capture the full benefit of the franking credits associated with the special dividends would receive an additional benefit under Saputo's Offer valued at \$0.56 per Share. It is important to note that the potential value of franking credits distributed with the Permitted Dividends will depend on the tax position and tax residency of individual WCB Shareholders.

As at 30 September 2013 WCB had an available franking credit balance of \$31.6 million, equivalent to \$0.56 per Share.

In contrast Bega's Offer does not fully reflect the substantial value to Bega of WCB's franking credit balance.

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1. Reasons why your Directors unanimously recommend that you ACCEPT Saputo's Offer, in the absence of a Superior Proposal

4. The Offer Consideration under Saputo's Offer is above the valuation range for WCB Shares as assessed by the Independent Expert for Bega's Offer

As noted earlier WCB engaged KPMG CF to prepare an Independent Expert's Report in response to Bega's Offer for the benefit of WCB Shareholders.

The Independent Expert assessed the value of WCB on a 100% controlling interest basis to be in the range of \$6.96 to \$7.49 per Share.

The Offer Consideration of \$8.00 per Share under Saputo's Offer is almost 7% above \$7.49, being the top end of the valuation range for WCB Shares as assessed by the Independent Expert.

In addition, as noted in reason 3 above, those WCB Shareholders who can capture the full benefit of the franking credits associated with the Permitted Dividends could potentially receive an additional benefit under Saputo's Offer valued at up to \$0.56 per WCB Share. Although the franking credit benefit will only be available to the extent that the Permitted Dividends are paid, this is a material consideration that your Directors have taken into account in recommending that WCB Shareholders ACCEPT Saputo's Offer, in the absence of a Superior Proposal.

5. Saputo's Offer is subject to fewer and less restrictive conditions than Bega's Offer and is more certain than Murray Goulburn's Proposal

Saputo's Offer is subject to defeating Conditions that are not onerous or uncommon for off-market takeover bids from a foreign bidder, including:

- Saputo obtaining a relevant interest in greater than 50% of WCB Shares;
- Saputo receiving FIRB approval and no adverse regulatory action;
- no WCB Material Adverse Change or WCB Prescribed Occurrence (each respectively defined in the Bidder's Statement) occurring in respect of WCB; and
- WCB operating its business in the ordinary course (including, among other things, not making any material acquisitions, disposals or commitments).

The Conditions are set out in full in section 6.7 of Part B of the Bidder's Statement. Please refer to Section 5.2 of this Target's Statement for an analysis of the nature of the Conditions and your Directors' assessment of the likelihood of those Conditions being satisfied, particularly the greater than 50% minimum acceptance Condition having regard to the current composition of the WCB share register.

Saputo's Offer is subject to fewer and less restrictive conditions than Bega's Offer. The financial thresholds applicable to certain conditions in Saputo's Offer provide WCB with materially more latitude and operational flexibility than the equivalent conditions under Bega's Offer. Accordingly your Directors consider that Saputo's Offer is not only superior to Bega's Offer in terms of value but also in terms of execution certainty.

In addition Saputo's Offer is more certain than Murray Goulburn's Proposal because that proposal is subject to no objection by the ACCC or the granting of authorisation by the Australian Competition Tribunal. Murray Goulburn has publicly stated that it intends to seek authorisation from the Australian Competition Tribunal.¹ Both the timing and outcome of the authorisation process are uncertain. Given the Statement of Issues released by the ACCC in April 2010 when Murray Goulburn made an application in relation to its then proposed acquisition of WCB, there appear to be substantial competition law issues to be addressed with any acquisition of WCB by Murray Goulburn. At the date of this Target's Statement, the formal process that the Australian Competition Tribunal will adopt in relation to its deliberations is not clear but is expected to take several months. As far as WCB is aware, Murray Goulburn has not yet made its submissions to the Australian Competition Tribunal. The outcome of the Australian Competition Tribunal's deliberations is also uncertain.

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

1. Reasons why your Directors unanimously recommend that you ACCEPT Saputo's Offer, in the absence of a Superior Proposal

6. Saputo's Offer provides more certainty for the future of WCB's operations and employees including a strong future competitor for milk supply

Saputo's Offer provides more certainty regarding the future of WCB's operations and the continuing employment of current employees. Saputo's Offer will also ensure the preservation of WCB's heritage and identity. In particular Saputo has informed WCB that if it succeeds in acquiring control of WCB, Saputo intends to:

- retain the Warrnambool Cheese and Butter name and corporate identity;
- continue to operate WCB's facilities at Allansford and Mil Lel and look to increase manufacturing capacity;
- retain and grow the *Warmambool*, *Sungold*, *Great Ocean Road* and other brands;
- explore opportunities in the export market to further develop these valuable brands; and
- support WCB's strategy of building a portfolio of higher margin products and deliver more customer specific applications.

Given that Saputo does not currently have any activities in Australia, Saputo also has informed WCB that it does not intend to rationalise or redeploy any of WCB's fixed assets and instead would be looking to:

- invest further to expand WCB's operations by increasing existing capacity or building additional capacity;
- introduce new product lines, including from its own extensive portfolio of dairy products, as well as support WCB's own innovation and new product development to service the combined customer base;
- establish WCB as an important part of Saputo's global operations, the centre of Saputo's operations in Australia and its main platform from which to service the demand for dairy products in the Asia Pacific region; and
- seek to develop mutually beneficial relationships with the farmer suppliers of WCB through the payment of a leading competitive milk price to ensure that WCB remains the preferred customer for their milk and continues to grow its milk intake.

Saputo has further informed WCB that:

- the business of WCB will continue to be managed by the current senior management as a new division within Saputo;
- Saputo intends to retain and rely on the management and employees already in the business; and
- WCB, as a division within Saputo, will be able to provide expanded career and development opportunities for its employees, as a result of being part of a global organisation while maintaining strong Australian roots.

WCB has held several meetings with its milk suppliers involving representatives from Saputo. Based on the feedback received at these meetings and in subsequent discussions, your Directors believe that the majority of suppliers are supportive of Saputo's Offer. In particular WCB has received positive statements from a number of its suppliers who are supportive of Saputo being a strong competitor for milk supply in the region.

Saputo's intentions as outlined above are based on Saputo acquiring control of WCB and on:

- the assets and financial position of WCB and its business and commercial circumstances at that time remaining the same in all material respects as they are currently; and
- certain representations and warranties provided by WCB in the Bid Implementation Deed remaining correct in all material respects.

The implementation of Saputo's intentions if it achieves less than 100% control of WCB will be subject to the Corporations Act, the ASX Listing Rules, WCB's constitution and the obligations of WCB's Directors to act in the best interests of WCB and all WCB Shareholders,

For further details please refer to section 3 of Part B of the Bidder's Statement.

In contrast the intentions of Bega and Murray Goulburn regarding the future of WCB's operations and the continuing employment of its employees are uncertain.

Bega has stated that these matters are all subject to review at the conclusion of the offer period under Bega's Offer. Furthermore Bega has identified a reduction in employee numbers as an area of potential synergies if it is able to acquire a relevant interest in more than 50% of WCB Shares.¹

Murray Goulburn has only commented briefly on its intentions regarding the future of WCB's operations in its announcement to ASX on 18 October 2013, including stating that:

- there will be substantial opportunities for existing WCB and Murray Goulburn employees in the enlarged group; and
- Murray Goulburn will retain the primary objective of maximising farm gate returns for farmer owners.²

However since that announcement Murray Goulburn has not provided WCB with sufficient detail to enable the WCB Board to form its view on Murray Goulburn's intentions.

1. See sections 3.3(f) and 4.5 of the Bega Bidder's Statement.

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

1.3 Possible reasons not to accept Saputo's Offer

Saputo's Offer has a number of potential disadvantages and risks that WCB Shareholders should consider in deciding whether or not to accept Saputo's Offer.

Although your Directors consider that these disadvantages and risks are outweighed by the advantages of Saputo's Offer, and that it is in the best interests of WCB Shareholders to accept Saputo's Offer in the absence of a Superior Proposal, WCB Shareholders should consider their individual circumstances in determining whether or not to accept Saputo's Offer.

(a) You will no longer have a direct interest in WCB

If you accept Saputo's Offer and Saputo's Offer becomes unconditional, you will no longer be a WCB Shareholder. This will mean that you will not participate in any potential upside that may result from WCB remaining as a stand alone listed entity, including any increase in the WCB Share price. You will also cease to have the right to influence the future direction of WCB through your voting rights as a WCB Shareholder.

(b) You may believe that there is a better prospect for increased value if WCB remains a stand alone listed company

Despite the unanimous recommendation of your Directors, you may take a different view and may believe that Saputo's Offer is not in your best interests.

In particular, you may believe that WCB will deliver greater returns to WCB Shareholders over the medium to long term by remaining a stand alone listed company. You may believe that WCB should continue to grow by implementing its future business and strategic initiatives.

In assessing and unanimously recommending that you accept Saputo's Offer in the absence of a Superior Proposal, your Directors evaluated the other strategic alternative of WCB remaining a stand alone listed company and seeking to execute WCB's current business strategy as well as implementing business improvement and strategic initiatives with the aim of contributing to an optimal product mix, higher margins and earnings diversification. These business improvement and strategic initiatives are set out in Section 6.4 of this Target's Statement.

However in deciding to unanimously recommend that you accept Saputo's Offer, your Directors determined that, on balance, the potential benefits of Saputo's Offer, as set out in Section 1.2 of this Target's Statement, offer a more favourable and certain outcome for WCB Shareholders than the benefits that might otherwise be available to them if WCB remains a stand alone listed company. In particular, your Directors have had regard to the specific risks WCB faces if it remains a stand alone listed company and seeks to execute its current business strategy. These risks are discussed in Section 6.7 of this Target's Statement. Your Directors also note that as WCB has received three takeover proposals, the likelihood of WCB remaining a stand alone listed company is reduced.

(c) You may prefer Bega's Offer

Your Directors note media speculation and statements attributable to Bega that Bega may improve the terms of its offer. You may consider that Bega's Offer provides better value than Saputo's Offer and that the scrip component of Bega's Offer provides you with scope to retain an ongoing investment in WCB's business and future growth.

However your Directors have unanimously rejected Bega's Offer and consider that the current Bega Share price (and therefore the current implied value of Bega's Offer) should be treated with caution: see Section 1.2, reason 2 of this Target's Statement. There are also different considerations associated with owning Bega Shares that do not currently apply to you as a WCB Shareholder because of the significant differences between the WCB and Bega operating businesses. See section 1.2, reason 7 of WCB's target's statement in response to Bega's Offer.

1. Reasons why your Directors unanimously recommend that you ACCEPT Saputo's Offer, in the absence of a Superior Proposal

(d) You may prefer Murray Goulburn's Proposal

Your Directors note that on 18 October 2013 Murray Goulburn announced its intention to make a takeover bid for WCB offering \$7.50 cash per Share. Although Murray Goulburn's proposal is not yet capable of acceptance and although it is presently \$0.50 per Share lower than Saputo's Offer you may prefer Murray Goulburn's Proposal for other reasons.

However your Directors consider that Saputo's Offer is more certain than Murray Goulburn's Proposal because Murray Goulburn's Proposal is subject to no objection by the ACCC or the granting of authorisation by the Australian Competition Tribunal. As stated above, at the date of this Target's Statement, the formal process that the Australian Competition Tribunal will adopt in relation to its deliberations is not clear but is expected to take several months. The outcome of the Australian Competition Tribunal's deliberations is also uncertain.

(e) If you accept Saputo's Offer this will preclude you from accepting any Superior Proposal that may emerge for WCB in the future

It is possible that a Competing Proposal for WCB which is more favourable for WCB Shareholders than Saputo's Offer may materialise in the future. The acceptance of Saputo's Offer would mean that WCB Shareholders who accept Saputo's Offer would not obtain the benefit of this Superior Proposal, subject to withdrawal rights in respect of Saputo's Offer.

If a Competing Proposal for WCB emerges, your Directors will carefully consider that proposal and will inform you of any material developments which may affect your Directors' view that Saputo's Offer is the most favourable proposal for all your WCB Shares as at the date of this Target's Statement. Any change of your Directors' current recommendation in response to the emergence of a Competing Proposal may trigger a contractual obligation on WCB's part to pay Saputo a break fee. See further the discussion in section 7.1.25 of Part B of the Bidder's Statement.

(f) The tax consequences of accepting Saputo's Offer may not be favourable given your personal financial position

Acceptance of Saputo's Offer may result in taxation consequences (potentially including CGT) for WCB Shareholders, which will arise earlier than may otherwise have been the case.

Section 7 of this Target's Statement provides a general outline of the Australian taxation consequences of accepting Saputo's Offer.

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Section 2

Permitted Dividends

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2. Permitted Dividends

2.1 Introduction

As at 30 September 2013 WCB had an available franking credit balance of \$31.6 million, equivalent to \$0.56 per WCB Share.

Saputo's Offer gives WCB the discretion to declare and pay two fully franked special dividends of up to \$1.31 per Share in aggregate. Any special dividends paid would be deducted from the consideration that would otherwise be due to WCB Shareholders under Saputo's Offer.

2.2 Initial Permitted Dividend

If Saputo obtains a relevant interest in at least 50.1% of WCB Shares and the Offer is declared or becomes unconditional other than as to the *No Prescribed Occurrences Condition*, WCB may (at its discretion) declare and pay an initial fully franked special dividend of up to \$0.46 per Share. Please refer to Section 5.2 of this Target's Statement for your Directors' assessment of Saputo achieving a relevant interest in at least 50.1% of WCB Shares.

If the Initial Permitted Dividend is declared and paid this will require WCB to make a total payment to eligible WCB Shareholders of approximately \$25.8 million.

The Initial Permitted Dividend will be funded by WCB's:

- cash at bank;
- existing lines of credit; and
- a new interest only facility of \$20 million provided by the National Australia Bank.

If Saputo obtains a relevant interest in at least 50.1% of WCB Shares WCB intends to determine the Initial Permitted Dividend as soon as practicable following receipt of the notice by Saputo that it intends to free the Offer from the last of the Conditions remaining outstanding so that the Offer becomes unconditional (see section 7.1.13 of Part B of the Bidder's Statement). Following the determination of the Initial Permitted Dividend, the record date for the Initial Permitted Dividend will be set as early as possible under the ASX Listing Rules. The timing of the record date for the Initial Permitted Dividend will ensure that the record date will pass before any WCB Shares accepted into Saputo's Offer are transferred to Saputo.

It is WCB's intention to declare and pay the Initial Permitted Dividend as soon as Saputo obtains a relevant interest in at least 50.1% of WCB Shares and the Offer is declared or becomes unconditional other than as to the *No Prescribed Occurrences Condition*.

WCB Shareholders accepting Saputo's Offer should note that there is no guarantee that any Initial Permitted Dividend will be declared and paid or that any of the conditions for the Initial Permitted Dividend will be met.

2.3 Additional Permitted Dividend

If Saputo obtains a relevant interest in at least 90% of WCB Shares and the Offer is declared or becomes unconditional other than as to the *No Prescribed Occurrences Condition*, WCB may (at its discretion) declare and pay a subsequent fully franked special dividend of up to \$1.31 per Share less any Initial Permitted Dividend. If the Initial Permitted Dividend is \$0.46 per WCB Share, the maximum amount of the Additional Permitted Dividend is \$0.85 per WCB Share (being \$1.31 less \$0.46).

If an Additional Permitted Dividend of \$0.85 per WCB Share is declared and paid this will require WCB to make a total payment to eligible WCB Shareholders of approximately \$47.6 million.

WCB Shareholders accepting Saputo's Offer should note that there is no guarantee that any Additional Permitted Dividend will be declared and paid or that any of the conditions for the Additional Permitted Dividend will be met.

In particular WCB Shareholders should note that as at the date of this Target's Statement:

- Bega has a relevant interest of 18.35% in WCB;
- Murray Goulburn has a relevant interest of 17.26% in WCB; and
- Lion has a relevant interest of 9.99% in WCB.

This means that in order for Saputo to obtain a relevant interest in at least 90% of WCB Shares and for the condition relating to the declaration of the Additional Permitted Dividend to be met, Bega, Murray Goulburn and Lion must accept Saputo's Offer.

As at the date of this Target's Statement, neither Bega, Murray Goulburn nor Lion have made any public statement as to whether or not they intend to accept Saputo's Offer.

If WCB is unable to fund all of the Additional Permitted Dividend, Saputo has agreed that it will provide a loan on arm's length terms to WCB provided that Saputo has become entitled under Part 6A.1 of the Corporations Act to proceed to compulsory acquisition of all outstanding WCB Shares.

WCB intends to determine the Additional Permitted Dividend at the same time that it determines the Initial Permitted Dividend (i.e. as soon as practicable following receipt of the notice by Saputo that it intends to free its Offer from the last of the Conditions remaining outstanding so that the Offer becomes unconditional). WCB intends that the record date for the Additional Permitted Dividend will be the same date as the record date for the Initial Permitted Dividend. The timing of the record date for the Additional Permitted Dividend will be set to ensure that the record date will pass before any WCB Shares accepted into Saputo's Offer are transferred to Saputo.

It is WCB's intention to declare and pay the Additional Permitted Dividend as soon as Saputo obtains a relevant interest in at least 90% of WCB Shares and the Offer is declared or becomes unconditional other than as to the *No Prescribed Occurrences Condition*.

Potential overpayment

If you receive both the Initial Permitted Dividend and the Offer Consideration, it is possible that, if the Additional Permitted Dividend is subsequently declared and paid, you will be overpaid \$0.85 per Share by Saputo. This is because you would have received Offer Consideration of \$7.54 cash per Share from Saputo (being \$8.00 less \$0.46) instead of \$6.69 (being \$8.00 less \$0.46 less \$0.85). In those circumstances instead of requesting that you repay or refund that \$0.85 per Share overpayment to Saputo, the terms of Saputo's Offer provide that you will have irrevocably authorised and directed WCB to pay to Saputo or to account to Saputo an amount equal to the Additional Permitted Dividend payable to you in respect of your WCB Shares, in full satisfaction of your obligation to repay Saputo the overpayment.

In practical terms this means that if the Additional Permitted Dividend is declared and you have already received your Offer Consideration from Saputo, you will receive a dividend entitlement statement for the Additional Permitted Dividend of \$0.85 per Share but you will not actually receive cash from WCB for the Additional Permitted Dividend. This is because you would have already received cash from Saputo equivalent to the payment of the Additional Permitted Dividend when Saputo paid the Offer Consideration to you. Importantly although an amount equal to the Additional Permitted Dividend payment will be directed to Saputo in these circumstances, you will still be entitled to the franking credits attached to the Additional Permitted Dividend provided other relevant conditions are satisfied.

For further details, please refer to section 6.17.2(g) of Part B of the Bidder's Statement.

2.4 Franking credits

If only the Initial Permitted Dividend is declared and paid WCB Shareholders who can capture the full benefit of the franking credits associated with the Initial Permitted Dividend will receive an additional benefit of \$0.20 per Share.

If both the Initial Permitted Dividend and the Additional Permitted Dividend are declared and paid WCB Shareholders who can capture the full benefit of the franking credits associated with the Initial Permitted Dividend and the Additional Permitted Dividend will receive an additional benefit of \$0.56 per Share.

Saputo has agreed that it will not deduct the value of any franking credits associated with the Permitted Dividends from the consideration that you would otherwise receive under Saputo's Offer. This means that any franking credits that you may be entitled to will be **in addition** to the Offer Consideration due to you under Saputo's Offer.

It is important to note that the value of franking credits varies depending on the tax position and tax residency of individual WCB Shareholders including whether a WCB Shareholder is an individual, a superannuation fund or a corporate entity.

WCB Shareholders will not be entitled to the benefit of any franking credits associated with any Additional Permitted Dividend if, at the time the Additional Permitted Dividend is paid, WCB is an *exempting entity*. In broad terms WCB will be an *exempting entity* where non residents effectively own at least 95% of the WCB Shares or where it is otherwise reasonable to conclude that the risk and opportunities resulting from the WCB Shares substantially accrue to non residents.

Although it is WCB's intention to declare and pay the Additional Permitted Dividend as soon as Saputo obtains a relevant interest in at least 90% of WCB Shares and the Offer is declared or becomes unconditional other than the *No Prescribed Occurrences Condition*, if the conditions for any Additional Permitted Dividend are met the WCB Board will, as part of its deliberations on whether or not to declare any Additional Permitted Dividend, consider whether WCB is or will likely be an *exempting entity* at the time when the Additional Permitted Dividend is paid.

2. Permitted Dividends

2.5 Tax consequences for Australian resident WCB Shareholders

(a) Introduction

The information in this Section is a general summary of the Australian income tax consequences for Australian resident WCB Shareholders who receive any Initial Permitted Dividend or Additional Permitted Dividend.

This Section should be read in conjunction with Section 7 of this Target's Statement which provides a general summary of the Australian income tax (including CGT), GST and stamp duty consequences for Australian resident WCB Shareholders who accept Saputo's Offer and receive the Offer Consideration from Saputo.

(b) Gross up and credit approach

Australian resident WCB Shareholders who receive a Permitted Dividend will include the dividend in their assessable income in the year in which the Permitted Dividend is received. An Additional Permitted Dividend is assessable even if a payment of the same amount is made to Saputo to repay any Offer Consideration.

Where the WCB Shareholder is a *qualified person* in relation to the Permitted Dividend (refer Section 2.5(c) below) and the Commissioner of Taxation does not apply any specific integrity provisions, the WCB Shareholder should also include the amount of any attached franking credit in their assessable income in the same year as the dividend. WCB Shareholders who include the franking credit in their assessable income will be entitled to a tax offset equal to the amount of the franking credit for that year.

Where the tax offset exceeds the amount of tax otherwise payable by a WCB Shareholder who is an individual, a complying superannuation fund or tax exempt entity, the excess may be refunded to the WCB Shareholder.

Where the WCB Shareholder is a company or a non complying superannuation fund, the excess is not refundable, although in relation to a company, the excess may be converted to current year tax losses.

(c) Qualified person

A WCB Shareholder will be a *qualified person* if the WCB Shareholder is an individual who has franking credit entitlements of less than \$5,000 in the relevant income year or if they hold their WCB Shares *at risk* for at least 45 clear continuous days during the relevant qualification period.

Whether a WCB Shareholder holds their WCB Shares *at risk* will depend on any arrangements they may have entered into in respect of their WCB Shares, including any hedging strategy, forwards or other derivatives which materially diminishes the risk of financial loss or opportunity for gain on their WCB Shares.

Whether a WCB Shareholder holds their WCB Shares *at risk* will also depend on when they accept Saputo's Offer to dispose of their WCB Shares as follows:

- WCB Shareholders who accept Saputo's Offer before it is unconditional should continue to hold their WCB Shares *at risk* until the day before the date Saputo declares the Offer unconditional;
- WCB Shareholders who accept an unconditional Offer before compulsory acquisition by Saputo, should hold their WCB Shares *at risk* until the day before they accept Saputo's Offer; and
- WCB Shareholders who have their WCB Shares compulsorily acquired by Saputo will hold their WCB Shares *at risk* until the day before the date of compulsory acquisition.

(d) Exempting entity

WCB will become an *exempting entity* for Australian imputation purposes where, broadly, non residents (e.g. Saputo) acquire or effectively own at least 95% of the WCB Shares. The WCB Board will, as part of its deliberations on whether or not to declare any Additional Permitted Dividend, consider whether WCB is or will likely be an *exempting entity* at the time when the Additional Permitted Dividend is paid.

The Initial Permitted Dividend should be paid prior to Saputo or any other non residents obtaining a 95% interest in WCB and consequently, there should not be any implications in relation to the availability of franking benefits on the payment of the Initial Permitted Dividend.

However, where Saputo or any other non residents hold an interest of at least 95% in the WCB Shares at the time when the Additional Permitted Dividend is paid, the Australian resident WCB Shareholders would not be entitled to the benefit of any franking credits attached. This is subject to certain exceptions applying, for example, where the WCB Shares were acquired under an eligible employee share scheme.

(e) Class ruling

WCB has announced that it intends to seek a class ruling from the ATO on behalf of WCB Shareholders in relation to the payment of any Permitted Dividend, which may (without limitation) seek to confirm:

- the relevant qualification period that applies to any Permitted Dividend and that WCB Shareholders are not precluded from entitlement to the franking credits and associated tax offset attached to any Permitted Dividend;
- whether any of the Permitted Dividend is included in the amount of the capital proceeds received by WCB Shareholders for the Offer; and
- that the Commissioner of Taxation will not make a determination under section 204-30(3)(c) of the *Income Tax Assessment Act 1997* (Cth) or section 177EA(5)(b) of the *Income Tax Assessment Act 1936* (Cth) to deny any franking benefits on the Permitted Dividend.

2.6 Tax consequences for non resident WCB Shareholders

Where the Permitted Dividends are franked, non resident WCB Shareholders (who do not hold their WCB Shares through a permanent establishment in Australia) should not be subject to Australian dividend withholding tax.

If a dividend is not fully franked or the non resident is not entitled to the benefit of the franking credits, Australian dividend withholding tax might apply at rates of up to 30% depending on the tax residency of the WCB Shareholder and any applicable tax treaty between Australia and the country in which the relevant WCB Shareholder is resident for tax purposes.

Non residents are not subject to the *holding period rule* in relation to franking credits and should be entitled to dividend withholding tax relief to the extent that the Additional Permitted Dividend is franked, whether or not it is paid when WCB is an *exempting entity*.

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Section 3

Frequently asked questions

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3. Frequently asked questions

This Section answers some questions you may have about Saputo's Offer. It is not intended to address all relevant issues for Shareholders. This Section should be read together with all other parts of this Target's Statement.

Question	Answer
Saputo's Offer	
Who is Saputo Inc.?	<p>Saputo Inc. is a Canadian based public company listed on the Toronto Stock Exchange under the symbol <i>SAP</i>. Saputo Inc. is one of the top ten dairy processors in the world, the largest in Canada, the third largest in Argentina and among the top three cheese producers in the United States. Saputo Inc. employs approximately 12,000 people and operates 53 manufacturing facilities. Saputo Inc. processes more than six billion litres of milk and milk equivalent every year, with products sold in more than 40 countries.</p> <p>Saputo's Offer is being made by Saputo Dairy Australia Pty Ltd, a wholly owned subsidiary of Saputo Inc created for the purpose of making Saputo's Offer.</p>
What is Saputo offering for my WCB Shares?	Saputo is offering \$8.00 cash for every WCB Share you hold.
What choices do I have in response to Saputo's Offer?	<p>As a Shareholder you have the following three choices in respect of your WCB Shares:</p> <ul style="list-style-type: none"> • ACCEPT the offer for all of your WCB Shares. Your Directors unanimously recommend that you accept Saputo's Offer, in the absence of a Superior Proposal; • sell your WCB Shares on ASX (unless you have previously accepted Bega's Offer or Saputo's Offer and you have not validly withdrawn your acceptance); or • do nothing.¹ <p>There are implications for you in relation to each of these choices. An outline of these implications is set out in Section 4 of this Target's Statement.</p>
Will WCB remain listed on ASX?	<p>That depends on the outcome of Saputo's Offer.</p> <p>The ongoing listing of WCB on ASX will be subject to WCB satisfying the ongoing requirements under the ASX Listing Rules (including there being the required spread of shareholders). ASX may delist WCB if it does not meet these requirements.</p>
How to respond to Saputo's Offer	
What do your Directors recommend?	<p>Your Directors unanimously recommend that you ACCEPT Saputo's Offer, in the absence of a Superior Proposal.</p> <p>The reasons for your Directors' recommendation are set out in Section 1.2 of this Target's Statement. That Section also identifies important matters that are relevant to that recommendation and to which WCB Shareholders should have regard in determining whether or not to accept the Offer and the timing for any acceptance.</p>
What do your Directors and Senior Executives intend to do with their own Shares?	Each Director and Senior Executive who holds or otherwise controls WCB Shares intends to ACCEPT Saputo's Offer in relation to those WCB Shares, in the absence of a Superior Proposal.

1. Even if you do nothing, it is possible that your WCB Shares may be compulsorily acquired, so that you would not remain a WCB Shareholder. Compulsory acquisition of your WCB Shares would require Saputo to acquire a relevant interest in at least 90% of all WCB Shares, either immediately after Saputo's Offer closes or at a future point in time. See further Section 5.6 of this Target's Statement.

3. Frequently asked questions

Question	Answer
<p>How do I accept Saputo's Offer?</p>	<p>You should follow the instructions set out in the Bidder's Statement and the accompanying documents sent to you by the Bidder.</p> <p>Carefully read the instructions so that your Acceptance and Transfer Form is accurately completed.</p>
<p>How do I reject Saputo's Offer?</p>	<p>To reject Saputo's Offer, you should do nothing.</p> <p>If you decide to do nothing, you should be aware of the rights of Saputo to compulsorily acquire your WCB Shares in certain circumstances. Refer to Section 5.6 of this Target's Statement for more information on compulsory acquisition.</p>
<p>What are the consequences of accepting Saputo's Offer now?</p>	<p>By signing and returning the Acceptance and Transfer Form you will have agreed to the matters set out in section 6.17 of Part B of the Bidder's Statement.</p> <p>If you accept Saputo's Offer now while Saputo's Offer is conditional, some of the consequences include:</p> <ul style="list-style-type: none"> • you will receive the Offer Consideration in cash at the specified payment time if the Offer is or becomes unconditional; • subject to your right to withdraw your acceptance of Saputo's Offer in certain circumstances (see Section 5.8 of this Target's Statement), you will give up your right to sell your WCB Shares on market or otherwise deal with your WCB Shares while Saputo's Offer remains open (including the opportunity to benefit from any Superior Proposal that may emerge); • subject to your right to withdraw your acceptance of Saputo's Offer in certain circumstances (see Section 5.8 of this Target's Statement), you will relinquish control of your WCB Shares and the Rights attaching to them to Saputo with no guarantee of payment until Saputo's Offer becomes unconditional. In this regard WCB Shareholders should note that the Offer Period could be extended so that Saputo's Offer is open for up to 6 months (or longer if WCB consents); and • subject to your right to withdraw your acceptance of Saputo's Offer in certain circumstances (see Section 5.8 of this Target's Statement), you will appoint Saputo as your proxy in respect of your WCB Shares before Saputo's Offer becomes unconditional. <p>WCB Shareholders should take sufficient time to consider the terms and the implications of Saputo's Offer before accepting it having regard to their personal circumstances, including whether the benefit of the franking credits attached to any Additional Permitted Dividend are likely to be available.</p>
<p>If I accept Saputo's Offer now, can I withdraw my acceptance later?</p>	<p>If you accept Saputo's Offer before the FIRB Approval Condition is satisfied, you will be free to withdraw your acceptance at any time before that Condition is satisfied.</p> <p>Once the FIRB Approval Condition is satisfied, you may only withdraw your acceptance if Saputo varies its Offer in a way that postpones the period Saputo is required to satisfy its obligations by more than one month and Saputo's Offer is still subject to one or more Conditions. This will occur if Saputo extends the Offer Period by more than one month while Saputo's Offer is still subject to any Condition.</p>

Question	Answer
<p>Can I accept Saputo's Offer for only some of my WCB Shares?</p>	<p>No. Saputo's Offer is for all of your WCB Shares and you cannot accept Saputo's Offer for only some of your WCB Shares.</p> <p>Refer to section 6.3 of Part B of the Bidder's Statement for more information on Saputo's Offer.</p>
<p>When do I have to make a decision?</p>	<p>If you wish to follow your Directors' recommendation to ACCEPT Saputo's Offer, you must do so before its scheduled closing date. Saputo has stated that its Offer remains open until 7.00pm (Melbourne time) on 13 December 2013. It is possible that Saputo may choose to extend the Offer Period in accordance with the Corporations Act. In addition the Offer Period may be extended automatically in certain circumstances. See section 6.6 of Part B of the Bidder's Statement for details of the circumstances in which the Offer Period can be extended.</p>
<p>What if I want to sell my WCB Shares on market?</p>	<p>During the Offer Period you may sell your WCB Shares on market for cash (less any brokerage that may be payable), unless you have already accepted Saputo's Offer or Bega's Offer and have not validly withdrawn your acceptance. The closing price of WCB Shares on 11 November 2013, being the last practicable day before finalising this Target's Statement was \$8.45. Before selling your WCB Shares on market, you should carefully consider the implications of this course of action, including the implications referred to in Section 4 of this Target's Statement.</p> <p>You should contact your broker for information on how to sell your WCB Shares on market and your tax adviser to determine the tax implications of such a sale.</p>
<p>Can I be forced to sell my WCB Shares?</p>	<p>You cannot be forced to sell your WCB Shares unless Saputo is legally allowed to proceed to compulsory acquisition of WCB Shares. This requires Saputo to acquire at least 90% of all WCB Shares (under Saputo's Offer or otherwise).</p> <p>If Saputo does compulsorily acquire the outstanding WCB Shares you will receive the same consideration for your WCB Shares that you would have received under Saputo's Offer but it will take longer for you to receive the Offer Consideration.</p> <p>For more information about compulsory acquisition refer to Section 5.6 of this Target's Statement.</p>
<p>Are there any taxation implications of accepting Saputo's Offer?</p>	<p>A general outline of the tax implications for certain Australian resident WCB Shareholders of accepting Saputo's Offer is set out in Section 2.5 (in relation to any Permitted Dividends WCB may declare and pay) and Section 7 of this Target's Statement (in relation to the receipt of the Offer Consideration from Saputo). As that outline is general in nature and does not take into account your individual circumstances, you should not rely on that outline as advice for your particular circumstances.</p> <p>WCB intends to apply for a class ruling from the ATO on behalf of WCB Shareholders in relation to the income tax treatment of any Permitted Dividends WCB may declare and pay.</p> <p>You should also seek your own independent taxation advice as to the taxation implications applicable to your specific circumstances.</p>
<p>What should I do if I do not receive or have misplaced my Acceptance and Transfer Form?</p>	<p>If you have not received your Acceptance and Transfer Form or you have misplaced it, please call the Shareholder Information Line on 1300 880 732 (toll free for calls made from within Australia) or +61 1300 880 732 (for calls made from outside Australia).</p>

3. Frequently asked questions

Question	Answer
<p>Will Saputo increase its Offer?</p>	<p>Saputo has not declared its Offer to be final. Accordingly Saputo could increase its Offer if it chooses to do so in its discretion.</p> <p>However WCB cannot speculate on whether Saputo will increase its Offer as this is a matter for Saputo.</p>
<p>What happens if Saputo increases its Offer?</p>	<p>If Saputo improves the Offer Consideration, all WCB Shareholders who accept Saputo's Offer will be entitled to the improved consideration (whether they accepted Saputo's Offer before or after the consideration is improved).</p>
<p>What happens if I accept Saputo's Offer and a Superior Proposal is subsequently made by a third party for my WCB Shares?</p>	<p>If you accept Saputo's Offer before the FIRB Approval Condition is satisfied, you will be free to withdraw your acceptance at any time before that Condition is satisfied.</p> <p>Once the FIRB Approval Condition is satisfied, you are only able to withdraw your acceptance if Saputo varies its Offer in a way that postpones for more than one month the time by which Saputo must meet its obligations under its Offer, for example, by extending the Offer Period for more than one month while Saputo's Offer remains conditional.</p> <p>Accordingly if you accept Saputo's Offer, you may be unable to accept any other Superior Proposal that may emerge.</p>
<p>What happens if I do nothing?</p>	<p>You will remain a WCB Shareholder.</p> <p>If Saputo acquires 90% or more of WCB Shares and Saputo's Offer becomes unconditional, Saputo states that it intends to compulsorily acquire your WCB Shares. See Section 5.6 of this Target's Statement for more details.</p>
<p>Can Saputo extend the closing date of its Offer?</p>	<p>Yes. Saputo has stated that its Offer remains open until 7.00pm (Melbourne time) on 13 December 2013. It is possible that Saputo may choose to extend the Offer Period in accordance with the Corporations Act.</p> <p>In addition the Offer Period may be extended automatically in certain circumstances. See Section 5.8 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.</p>
<p>When will I receive payment if I accept Saputo's Offer?</p>	<p>It is important to understand that even if you accept Saputo's Offer, you will not receive any payment unless all of the Conditions are satisfied or waived.</p> <p>If Saputo's Offer becomes unconditional, you will receive your Offer Consideration by the earlier of:</p> <ul style="list-style-type: none"> • one month after the date of your acceptance of Saputo's Offer or, if Saputo's Offer is subject to a Condition when you accept Saputo's Offer, within one month after the contract arising from your acceptance of Saputo's Offer becomes unconditional; and • 21 days after the end of the Offer Period.

Question	Answer
Offer Conditions and their implications	
What are the conditions of Saputo's Offer?	<p>Saputo's Offer is subject to a number of Conditions, including:</p> <ul style="list-style-type: none"> • FIRB approval; • Saputo obtaining a relevant interest in greater than 50% of WCB Shares; • no regulatory actions; • no material acquisitions, disposals or new commitments by WCB; • no WCB material adverse change; and • no WCB prescribed occurrences. <p>The Conditions are set out in full in section 6.7 of Part B of the Bidder's Statement.</p> <p>To receive the Offer Consideration, all of the Conditions (other than the <i>No Prescribed Occurrences Condition</i>) must be satisfied or waived by Saputo before the Closing Date of Saputo's Offer. Please refer to Section 5.2 of this Target's Statement for a discussion of the Conditions and their implications.</p>
Are there any risks of accepting Saputo's Offer while it is still conditional?	<p>Yes. If you accept Saputo's Offer now while Saputo's Offer is subject to Conditions, there are significant consequences for you including that:</p> <ul style="list-style-type: none"> • will give up your rights to sell your WCB Shares on ASX or to otherwise deal with them (for example, by accepting any other Superior Proposal from another bidder if such a proposal is made), subject to your right to withdraw your acceptance of Saputo's Offer in certain circumstances; and • you will relinquish control of your WCB Shares and the Rights attaching to them to Saputo with no guarantee of payment until Saputo's Offer becomes unconditional, subject to your right to withdraw your acceptance of Saputo's Offer in certain circumstances.
What happens if I accept Saputo's Offer and the Conditions are not satisfied or waived?	<p>If the Conditions are not satisfied and Saputo has not waived the Conditions (other than the <i>No Prescribed Occurrences Condition</i>) before the end of the Offer Period, Saputo's Offer will lapse and your acceptance of Saputo's Offer will be void and of no effect whatsoever. This in turn means that:</p> <ul style="list-style-type: none"> • you will not receive any Offer Consideration from Saputo; and • you will continue to own your WCB Shares and you will then be free to deal with them.
How will I know when Saputo's Offer is unconditional?	<p>Saputo is required to inform WCB, ASX and WCB Shareholders as soon as any Conditions are satisfied or waived.</p> <p>Notices from Saputo will be available on WCB's ASX company announcement platform.</p> <p>Saputo has set 5 December 2013 as the date on which it will give WCB and ASX a notice required by law on the status of the Offer Conditions. This date may be extended if the Offer Period is extended.</p>

3. Frequently asked questions

Question	Answer
Bega and Saputo's Offer	
What has Bega said about Saputo's Offer?	<p>Bega is a major Shareholder of WCB, holding approximately 18.35% of all WCB Shares on issue as at the date of this Target's Statement.</p> <p>On 12 September 2013 Bega announced its intention to make an off market takeover bid for all WCB Shares other than those already held by Bega. Bega is offering 1.2 Bega Shares and \$2 cash per WCB Share.</p> <p>As at the date of this Target's Statement, Bega has not made any public statement as to whether it intends to accept Saputo's Offer.</p>
Murray Goulburn and Saputo's Offer	
What has Murray Goulburn said about Saputo's Offer?	<p>Murray Goulburn is a major Shareholder of WCB, holding approximately 17.26% of all WCB Shares on issue as at the date of this Target's Statement.</p> <p>On 18 October 2013 Murray Goulburn announced its intention to make an off market takeover bid for all WCB Shares other than those already held by Murray Goulburn for \$7.50 cash per WCB Share.</p> <p>As at the date of this Target's Statement, Murray Goulburn has not made any public statement as to whether it intends to accept Saputo's Offer.</p>
Lion and Saputo's Offer	
What has Lion said about Saputo's Offer?	<p>On 29 October 2013, Lion became a major Shareholder of WCB, holding 9.99% of all WCB Shares as at the date of this Target's Statement.</p> <p>Lion has not indicated that it has any intentions to make a takeover bid for WCB Shares and has stated that it considers that its 9.99% stake in WCB is <i>a continuation and strengthening of the close relationship between Lion and WCB over many years.</i>¹⁵</p> <p>Your Directors understand that Lion does not intend to make a competing offer for WCB.</p> <p>As at the date of this Target's Statement, Lion has not made any public statement as to whether or not it intends to accept Saputo's Offer.</p>
General	
Why is there no independent expert's report in this Target's Statement?	<p>An independent expert's report is only required to be included in a target's statement where the bidder's voting power in the target is 30% or more or if a director of the target company is a bidder or a director of the bidder company.</p> <p>This requirement does not apply to Saputo's Offer. In addition your Directors do not consider that an independent expert's report is necessary, as Saputo's Offer is all cash and they believe that the information in this Target's Statement together with:</p> <ul style="list-style-type: none"> • the Independent Expert's Report included as Appendix 1 to WCB's target's statement in response to Bega's Offer; and • the publicly available information and the Bidder's Statement, <p>are sufficient for WCB Shareholders to determine whether or not to accept Saputo's Offer.</p>

1. See Lion's press release dated 29 October 2013.

Question**Answer**

What if I have further questions?

You should contact your legal, financial, taxation or other professional adviser. If you have any questions about Saputo's Offer or this document please call the WCB Information Line on 1300 880 732 (toll free for callers within Australia) or +61 1300 880 732 (for callers outside Australia) Monday to Friday between 9.00am and 5.30pm (AEDT).

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Section 4

Your choices as a WCB Shareholder

4. Your choices as a WCB Shareholder

You have the following three choices available to you in response to Saputo's Offer.

<p>1. ACCEPT Saputo's Offer</p>	<p>This is the course of action unanimously recommended by your Directors in the absence of a Superior Proposal. To ACCEPT Saputo's Offer you should complete and return your Acceptance and Transfer Form that accompanied the Bidder's Statement.</p> <p>The Bidder's Statement contains further details of how to accept Saputo's Offer.</p> <p>There may be tax consequences for you if you accept Saputo's Offer. Refer to Section 7 of this Target's Statement for a general outline of the tax implications of accepting Saputo's Offer for Australian resident shareholders.</p>
<p>2. Sell your WCB Shares on ASX</p>	<p>During the Offer Period you may sell your WCB Shares on market through the ASX for cash, provided you have not already accepted Saputo's Offer or Bega's Offer for those Shares (or if you have accepted Saputo's Offer or Bega's Offer, provided you have validly withdrawn that acceptance). See Section 5.4 for details as to how to withdraw your acceptance of Saputo's Offer.</p> <p>The latest trading price for WCB Shares may be obtained from the ASX website www.asx.com.au using the code <i>WCB</i>. Your Directors note that the market price of WCB Shares have traded consistently above \$8.00 (and above \$8.20, reflecting the value of the franking credits attached to the Initial Permitted Dividend). As at 11 November 2013, being the last practicable date before the finalisation of this Target's Statement, WCB Shares closed at \$8.45. Accordingly you may wish to realise immediate value by selling your Shares on ASX. However your Directors cannot provide any assurance as to the market price you will achieve by selling your Shares on ASX, as the future market price is uncertain and may be impacted by many factors.</p> <p>If you sell your WCB Shares on market, you will receive the consideration for that sale of your Shares sooner than if you accept Saputo's Offer. In addition if you sell your WCB Shares on market:</p> <ul style="list-style-type: none"> • you will lose the ability to accept Saputo's Offer and receive the Offer Consideration (and any possible increase in the Offer Consideration) in relation to those Shares; • you will lose the ability to participate in any Permitted Dividends (see Section 2 of this Target's Statement); • you will lose the ability to accept any offer from a competing bidder if one eventuates; • you may be liable for CGT on the sale; • you may incur a brokerage charge; and • you will lose the opportunity to receive future returns from WCB in relation to those WCB Shares. <p>You should contact your broker for information on how to sell your WCB Shares through the ASX and your tax adviser to determine your tax implications from such a sale.</p>
<p>3. Do Nothing</p>	<p>If you do not wish to accept Saputo's Offer, or sell your WCB Shares on ASX, you should do nothing.</p> <p>If you decide to do nothing, you should be aware of the rights of Saputo to compulsorily acquire your WCB Shares in certain circumstances. For information on compulsory acquisition, refer to Section 5.6 of this Target's Statement.</p>



Section 5

Information about Saputo's Offer and other important issues

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5. Information about Saputo's Offer and other important issues

5.1 Summary of Saputo's Offer

The Offer	<p>Saputo is offering to acquire all of your WCB Shares.</p> <p>You may only accept Saputo's Offer for all of your WCB Shares.</p>
Offer Consideration	<p>Saputo is offering \$8.00 cash for every 1 WCB Share you hold.</p> <p>The Offer Consideration will only be received if all of the Conditions of Saputo's Offer are satisfied or waived.</p>
Offer Conditions	<p>Saputo's Offer is subject to 9 Conditions. See Section 5.2 of this Target's Statement for further details.</p> <p>The Offer Consideration will only be received if all of the Conditions of Saputo's Offer are satisfied or waived.</p>
Saputo has not yet declared its Offer final	<p>Saputo has not yet declared its Offer final. Accordingly it is open to Saputo to increase the Offer Consideration in response to any competing takeover or other similar proposal being announced by a third party.</p> <p>If Saputo improves the Offer Consideration, the Corporations Act entitles any WCB Shareholder who has already accepted Saputo's Offer to receive the benefit of the improved Offer Consideration.</p> <p>Nevertheless there are still substantial risks of accepting Saputo's Offer while it remains conditional. See Section 5.2 of this Target's Statement.</p>
Offer closing date	<p>Saputo's Offer is scheduled to close at 7.00pm (Melbourne time) on 13 December 2013 unless Saputo's Offer is extended or withdrawn.</p>
Procedural aspects	<p>The Offer Period may be extended by Saputo.</p> <p>The Offer Period may be required by law to be extended in certain circumstances.</p> <p>Saputo's Offer may be withdrawn in limited circumstances.</p> <p>Saputo must notify WCB and ASX on the status of Conditions by a certain date.</p> <p>If you accept Saputo's Offer and all of the Conditions are satisfied or waived, Saputo's is required to provide your Offer Consideration within a certain timeframe.</p> <p>These and other procedural aspects of Saputo's Offer are outlined in Section 5.8 of this Target's Statement.</p>

5.2 Conditions of Saputo's Offer

Saputo's Offer is subject to 9 Conditions which are set out in full in section 6.7 of Part B of the Bidder's Statement.

Unless all of these Conditions are satisfied or waived by Saputo before the end of the Offer Period,¹ Saputo's Offer will lapse and no consideration will be received by any WCB Shareholders who have accepted Saputo's Offer. Furthermore WCB Shareholders who accept Saputo's Offer will lose the ability to deal with their WCB Shares including accepting any potential higher competing offer, except in certain limited circumstances.

When considering how these Conditions might affect the prospects of success of Saputo's Offer, you should be aware of the following considerations.

¹ Or in the case of Condition 6.76 *No Prescribed Occurrences during the Offer Period*, by the end of three Business Days after the end of the Offer Period. Note also that the FIRB Approval Condition cannot be waived by Saputo.

5. Information about Saputo's Offer and other important issues

Condition (adopting the Condition numbering in section 6.7 of Part B of the Bidder's Statement)*

Your Directors' observations

1. FIRB Approval

As noted in the Bidder's Statement Saputo Inc. and Saputo have submitted an application under FATA for approval (or no objection) in relation to Saputo's proposed acquisition of WCB Shares.

A foreign investment proposal can be prohibited by an order of the Treasurer if the Treasurer considers that investment proposal to be *contrary to the national interest*.

Saputo has advised WCB that it expects to receive the Treasurer's response by 25 November 2013. However the Treasurer may extend this period by a further 90 days if necessary, meaning late February 2014 would be the latest date by which the Treasurer could make his decision.

Saputo has stated that it believes that the proposed acquisition of WCB Shares under Saputo's Offer is consistent with Australia's foreign investment policy and is not aware of any reason why the FIRB Approval Condition will not be satisfied in due course.

3. 50% minimum acceptance condition

As disclosed in WCB's announcement of 8 October 2013 Saputo may waive this Condition without WCB's prior consent if Saputo obtains a relevant interest in at least 40% of the WCB Shares.

As at the date of this Target's Statement there are three key blocs of WCB Shares that are relevant in determining whether Saputo will achieve a relevant interest in at least 40% of WCB Shares under its Offer:

- Bega has a relevant interest in 18.35% of WCB Shares;
- Murray Goulburn has a relevant interest in 17.26% of WCB Shares; and
- Lion has a relevant interest in 9.99% of WCB Shares.

Collectively these three shareholders hold approximately 45.6% of WCB Shares.

Accordingly the presence of Bega and Murray Goulburn as competing bidders for WCB holding a combined bloc of 35.61%, together with the presence of Lion as a 9.99% shareholder, complicates (but does not necessarily preclude) the satisfaction of this Condition.

For example, if none of Bega, Murray Goulburn or Lion accept Saputo's Offer, Saputo will require the holders of approximately 74% of the remaining 54.4% of WCB Shares to accept Saputo's Offer to achieve a 40% relevant interest (being the point at which Saputo can waive its minimum acceptance condition without WCB's permission).

As at the date of this Target's Statement none of these shareholders has publicly stated they will not accept Saputo's Offer.

Condition (adopting the Condition numbering in section 6.7 of Part B of the Bidder's Statement)*	Your Directors' observations
4. No WCB Prescribed Occurrences	<p>This Condition is entirely within WCB's control. Your Directors will ensure that WCB does not take any action during the Offer Period which would trigger this Condition. This Condition will be taken to be satisfied if, at the end of the Offer Period, there is no event that constitutes a breach of this Condition.</p>
6. No material acquisitions, disposals or commitments: WCB Group enters into any new material transactions (acquisitions, disposals or new commitments such as capital expenditure, subject to various exclusions that allow <i>ordinary course of business</i> transactions)	<p>This Condition is entirely within WCB's control. Your Directors will ensure that WCB does not take any action during the Offer Period which would trigger this Condition. This Condition will be taken to be satisfied if, at the end of the Offer Period, there is no event that constitutes a breach of this Condition.</p> <p>Although Bega's Offer has a similar condition, the financial thresholds applicable to that similar condition provide WCB with materially less latitude and operational flexibility than the equivalent Condition 6 under Saputo's Offer.</p>
7. No distributions: WCB declares or determines a distribution (whether by dividend, capital reduction or otherwise) other than a Permitted Dividend	<p>This Condition is entirely within WCB's control.</p> <p>Any Permitted Dividends are expressly excluded from this Condition.</p> <p>Your Directors will ensure that WCB does not take any action during the Offer Period which would trigger this Condition. This Condition will be taken to be satisfied if, at the end of the Offer Period, there is no event that constitutes a breach of this Condition.</p>
8. Conduct of WCB's business: WCB not entering into any new contract of service, amending any existing contract of service, entering, amending or terminating any material contracts, implementing a scheme of arrangement, amending its constitution or passing as special resolution entering to new indebtedness other than in the ordinary course of business, or granting an encumbrance over its assets other than in the ordinary course of business.	<p>This Condition is entirely within WCB's control. Your Directors will ensure that WCB does not take any action during the Offer Period which would trigger this Condition. This Condition will be taken to be satisfied if, at the end of the Offer Period, there is no event that constitutes a breach of this Condition.</p>

5. Information about Saputo's Offer and other important issues

Condition (adopting the Condition numbering in section 6.7 of Part B of the Bidder's Statement)*

Your Directors' observations

9. No new performance rights: WCB issues or grants any new performance rights

This Condition is entirely within WCB's control.

The proposed grant of a further 60,659 performance rights to WCB's CEO, David Lord, which was approved at WCB's 2013 Annual General Meeting held on 24 October 2013, is expressly excluded from this Condition.

Your Directors will ensure that WCB does not take any action during the Offer Period which would trigger this Condition. This Condition will be taken to be satisfied if, at the end of the Offer Period, there is no event that constitutes a breach of this Condition.

* This is a summary of Conditions only. The Conditions are set out in full in section 6.7 of Part B of the Bidder's Statement.

5.3 Potential effect of Saputo's Offer on WCB's material contracts

WCB has identified a number of material contracts to which WCB or a related body corporate of WCB is a party that contain change of control provisions which may be triggered as a result of, or as a result of acceptances of, Saputo's Offer.

A summary of the relevant provisions of these agreements is set out below. This information has been included in this Target's Statement because it may impact on the future prospects of WCB if Saputo obtains a relevant interest in more than 50% of WCB Shares. This may be relevant to WCB Shareholders who remain as minority Shareholders in WCB.

It is important to note that, unlike Bega's Offer, it is not a condition of Saputo's Offer that no change of control provisions under any material contract are triggered as a result of, or as a result of acceptances of, Saputo's Offer. Under the terms of the Bid Implementation Deed, WCB's obligations in relation to these material contracts is limited to using reasonable endeavours to obtain the consents from the counterparties to these material contracts for the change of control that may arise as a result of, or as a result of acceptances of, Saputo's Offer.

The relevant provisions are set out below.

(a) Cheese supply agreement between WCB Factory and National Foods Australia Pty Ltd

This agreement sets out the terms on which WCB Factory manufactures certain cheese products and supplies and sells those cheese products to National Foods Australia Pty Ltd.

Under this agreement if a change of control occurs in relation to a party without the consent of the other party, the other party may within 12 months from the change of control occurring elect to extend the agreement on the same terms and conditions for an additional five years or terminate the agreement on at least a further 12 months notice. A change of control of WCB would be triggered if Saputo becomes entitled to more than 50% of WCB Shares or votes cast at a meeting of WCB Directors.

(b) Supply agreement between WCB and Woolworths Ltd

This agreement sets out the terms under which WCB supplies and sells dairy products to Woolworths Ltd.

Under this agreement if a change of control occurs Woolworths Ltd may immediately terminate this agreement. A change of control would be triggered if Saputo obtains a relevant interest in more than 50% of WCB Shares.

(c) Agreement between WCB Factory and Kraft Foods Ltd

This agreement sets out the terms under which WCB Factory sells milk and butterfat to Kraft Foods Ltd and purchases milk from Kraft Foods Ltd milk suppliers. This agreement also governed the terms relating to the purchase by WCB Factory of the Mil Lel and Simpson sites from Kraft Foods Ltd.

Under this agreement if a third party acquires more than 25% of the voting rights attached to WCB Shares Kraft Foods Ltd may terminate this agreement at any time.

(d) Joint venture agreement between WCB and Royal FrieslandCampina

This agreement governs Great Ocean Ingredients, a 50:50 joint venture company formed by WCB and Royal FrieslandCampina in 2007, to produce Vivinal GOS (galacto-oligosaccharides), a high value infant formula ingredient.

Under this agreement if a change of control occurs in relation to a party without the consent of the other party, the other party may immediately terminate the agreement. A change of control is only triggered if a competitor acquires control of WCB.

A competitor is defined as any entity in the most recent publication of The Rabobank listing of the Top 20 dairy companies in the world. Saputo is currently in The Rabobank listing of the Top 20 dairy companies in the world and accordingly this change of control provision will be triggered if Saputo acquires control of WCB.

5.4 Other risks of accepting Saputo's Offer

(a) You generally lose the ability to deal with your Shares

If you accept Saputo's Offer before the FIRB Approval Condition is satisfied, you will be free to withdraw your acceptance at any time before that Condition is satisfied. Once the FIRB Approval Condition is satisfied you are only able to withdraw your acceptance in the following limited circumstance: if Saputo varies the Offer in a way that postpones for more than one month the time by which Saputo must meet its obligations under the Offer. This will occur if Saputo extends the Offer Period by more than one month and Saputo's Offer is still subject to Conditions.

Accordingly if you accept Saputo's Offer now while it is conditional, some of the consequences include the following (subject to your right to withdraw your acceptance of Saputo's Offer in the limited circumstance described above):

- you will give up your rights to sell your WCB Shares on ASX or otherwise deal with them (for example, by accepting any other offer from a competing bidder if one eventuates); and
- you will relinquish control of your WCB Shares and the Rights attaching to them to Saputo with no guarantee of payment until Saputo's Offer becomes unconditional.

The effect of acceptance of Saputo's Offer is set out in section 6.17 of Part B of the Bidder's Statement. WCB Shareholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the Rights attaching to their WCB Shares and the representations and warranties which they give by accepting Saputo's Offer.

In particular WCB Shareholders should note that on Saputo's Offer, or any contract resulting from the acceptance of Saputo's Offer, becoming unconditional, Saputo will be entitled to attend meetings of WCB and vote on their behalf in respect of their WCB Shares to defeat resolutions relating to competing offers which may adversely affect the success of Saputo's Offer.

5.5 Consequences of Saputo acquiring less than 90% of WCB

If Saputo acquires more than 50% but less than 90% of the WCB Shares then, assuming all Conditions to Saputo's Offer are satisfied or waived, Saputo will acquire a majority shareholding in WCB.

In those circumstances WCB Shareholders who do not accept Saputo's Offer will become minority shareholders of WCB. This has a number of possible implications, including:

- Saputo will be in a position to cast the majority of votes at a general meeting of WCB. This will enable it to control the composition of WCB's Board of Directors¹ and senior management, and control the strategic direction of the businesses of WCB and its subsidiaries;
- the WCB Share price may fall immediately following the end of the Offer Period although this may be mitigated by the underlying attractiveness of WCB's business;
- the liquidity of WCB Shares may be lower than at present, and there is a risk that WCB could be fully or partially removed from certain S&P/ASX market indices due to lack of free float and/or liquidity; and
- if the number of WCB Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing then Saputo may seek to have WCB removed from the official list of the ASX. If this occurs WCB Shares will not be able to be bought or sold on the ASX.

In addition if Saputo acquires 75% or more of the WCB Shares it will be able to pass a special resolution at a meeting of WCB Shareholders. This would enable Saputo, among other things, to pass amendments to WCB's constitution.

1. Subject to the constitutional requirement for four Supplier Directors on the WCB Board.

5. Information about Saputo's Offer and other important issues

If Saputo's Offer lapses or if Saputo acquires less than 50% of WCB Shares, the trading price of WCB Shares may be higher or lower than the Offer Consideration. If you remain a WCB Shareholder in this circumstance, you will continue to enjoy the rewards, and be subject to the risks, of being a WCB Shareholder.

5.6 Compulsory acquisition

(a) Compulsory acquisition following Offer

Saputo states in its Bidder's Statement that if it becomes entitled to proceed to compulsorily acquire outstanding WCB Shares at the end of the Offer Period under Part 6A.1 of the Corporations Act, Saputo intends to do so.

Under Part 6A.1 of the Corporations Act, Saputo will be entitled to compulsorily acquire any WCB Shares in respect of which it has not received an acceptance of its Offer on the same terms as Saputo's Offer if, during or at the end of the Offer Period:

- Saputo and its Associates have a relevant interest in at least 90% (by number) of the WCB Shares; and
- Saputo and its Associates have acquired at least 75% (by number) of the WCB Shares that Saputo offered to acquire (excluding WCB Shares in which Saputo or its Associates had a relevant interest at the date of Saputo's Offer and also excluding any WCB Shares issued to an Associate of Saputo during the Offer Period).

If these thresholds are met, Saputo will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Shareholders who have not accepted Saputo's Offer.

(b) Future compulsory acquisition by Saputo

Even if Saputo does not satisfy the compulsory acquisition threshold referred to in Section 5.6(a) of this Target's Statement, it is possible that Saputo will, at some time after the end of the Offer Period, become the beneficial holder of 90% of the WCB Shares. Saputo would then have rights to compulsorily acquire WCB Shares not owned by it within six months of becoming the holder of 90%. The price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert.

(c) Challenging compulsory acquisition

WCB Shareholders have statutory rights to challenge any compulsory acquisition. However a successful challenge will require the relevant WCB Shareholders to establish to the satisfaction of a court that the terms of Saputo's Offer do not represent *fair value* for the WCB Shares. If WCB Shares are compulsorily acquired, Shareholders who have their WCB Shares compulsorily acquired are not likely to receive their Offer Consideration until at least one month after the compulsory acquisition notices are dispatched to them.

5.7 Risks of status quo

If the Offer Conditions are not satisfied or waived by the end of the Offer Period, Saputo's Offer will lapse and WCB will remain an independent ASX listed company.¹

If the Offer Conditions are satisfied or waived by the end of the Offer Period but Saputo acquires less than 50% control of WCB, WCB will remain an independent ASX listed company.¹

If WCB remains an independent ASX listed company but the Board fails to successfully execute the business improvement initiatives and other strategies it has underway to realise value for Shareholders (refer to Section 6 of this Target's Statement), Shareholders who do not accept Saputo's Offer will have foregone the opportunity to realise value for their Shares under Saputo's Offer.

1. Assuming any other competing offer is not successful.

5.8 Procedural aspects of Saputo's Offer

<p>Extension of Offer Period</p>	<p>Saputo may extend the Offer Period at any time before giving the Notice of Status of Conditions (referred to below) while Saputo's Offer is subject to Conditions.</p> <p>However if Saputo's Offer becomes unconditional (that is, if all the Conditions are satisfied or waived), Saputo may extend the Offer Period at any time before the end of the Offer Period.</p> <p>In addition there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:</p> <ul style="list-style-type: none"> • Saputo improves the Offer Consideration; or • Saputo's voting power in WCB increases to more than 50%. <p>If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.</p> <p>The maximum duration of the Offer Period is 6 months under the Bid Implementation Deed (unless WCB consents to a longer period).</p>
<p>Notice of status of Conditions</p>	<p>Section 6.10 of Part B of the Bidder's Statement states that Saputo will give a Notice of Status of Conditions to the ASX and WCB on 5 December 2013.</p> <p>Saputo is required to set out in its Notice of Status of Conditions:</p> <ul style="list-style-type: none"> • whether Saputo's Offer is free of any or all of the Conditions; • whether so far as Saputo knows, any of the Conditions have been satisfied; and • Saputo's voting power in WCB. <p>If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In those circumstances, Saputo is required, as soon as practicable after the extension, to give a notice to the ASX and WCB that states the new date for the giving of the Notice of Status of Conditions.</p> <p>If a Condition is satisfied during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, Saputo must as soon as practicable give the ASX and WCB a notice that states that the particular Condition has been satisfied.</p> <p>As at the date of this Target's Statement Saputo had not given notice that any of the Conditions had been satisfied or waived.</p>
<p>Withdrawal of Offer</p>	<p>Saputo may withdraw its Offer with the written consent of ASIC and subject to the conditions (if any) specified in ASIC's consent.</p>
<p>Effect of acceptance</p>	<p>If you accept Saputo's Offer then, unless withdrawal rights are available (see below) and you exercise these rights, you will give up your right to sell your WCB Shares on market or to sell your Shares to any other person that may make a takeover bid, or to otherwise deal with your Shares in any manner.</p>

5. Information about Saputo's Offer and other important issues

Limited ability to withdraw your acceptance

If you accept Saputo's Offer before the FIRB Approval Condition is satisfied, you will be free to withdraw your acceptance at any time before that Condition is satisfied.

Once the FIRB Approval Condition is satisfied, you may only withdraw your acceptance of Saputo's Offer if Saputo varies its Offer in a way that postpones, for more than one month, the time when Saputo needs to meet its obligations under the Offer. This will occur if Saputo extends the Offer Period by more than one month and the Offer is still subject to Conditions.

Timing for receipt of Offer Consideration if you accept

The terms of Saputo's Offer are that no Offer Consideration for any WCB Shares accepted into the Offer will be provided by Saputo until the Offer becomes unconditional.

If Saputo's Offer becomes unconditional, you will receive your Offer Consideration by the earlier of:

- one month after the date of your acceptance of Saputo's Offer or, if the Offer is subject to a Condition when you accept the Offer, within one month after the contract arising from your acceptance of Saputo's Offer becomes unconditional; and
- 21 days after the end of the Offer Period.

Refer to section 6.14 of Part B of the Bidder's Statement for further details on when you will receive your Offer Consideration from Saputo.

Effect of an improvement in Offer Consideration for Shareholders who have already accepted

If Saputo improves the Offer Consideration under its takeover bid, all WCB Shareholders, whether or not they have accepted Saputo's Offer before that improvement in the Offer Consideration, will be entitled to the benefit of that improved consideration.

Lapse of Saputo's Offer

Saputo's Offer will lapse if the Conditions are not satisfied or waived by the end of the Offer Period, in which case all contracts resulting from acceptance of Saputo's Offer and all acceptances that have not resulted in binding contracts are void. In that situation you will remain a WCB Shareholder and will be free to deal with your WCB Shares as you see fit.

5.9 Effect of Offer on WCB's employee incentive schemes

WCB operates a number of employee incentive schemes as part of its remuneration strategy for executives and employees. As these plans involve the acquisition of WCB Shares by employees, Saputo's Offer may trigger rights to allow employee securityholders to participate in the Offer in the same manner as other WCB Shareholders.

In summary Saputo's Offer will have the following consequences.

(a) 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. In general terms the Performance Rights Plan was introduced to provide performance incentives for eligible employees, with the aim being to drive long term performance for all WCB Shareholders by fostering a culture of employee share ownership and retention of key employees. 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 WCB Shares and are granted to eligible employees for no consideration.

As at the date of this Target Statement 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 performance rights to David Lord. However as announced to ASX on 21 October 2013 the Board has stated that these performance rights will not be granted to David Lord unless and until it becomes reasonably certain that Bega's Offer is unlikely to result in Bega acquiring a majority of the WCB Shares on issue. This is because the grant of any further performance rights will trigger a breach of a bid condition under Bega's Offer.

Under the Performance Rights Plan rules, the Board has discretion to accelerate the vesting of performance rights on issue if a takeover bid is made in respect of the WCB Shares or any other corporate control event occurs.

The Board has exercised its discretion to accelerate the vesting of performance rights (including any further performance rights proposed to be granted to David Lord), effective on and subject to Saputo's Offer becoming unconditional¹ and Saputo receiving a level of acceptances under its Offer that takes Saputo's relevant interest and voting power in WCB to more than 50.1%.

Therefore all of David Lord's performance rights will vest only in these circumstances, after which WCB Shares will be issued to David Lord.

Given that Saputo's Offer expressly permits the issue of new performance rights to David Lord and Saputo's Offer extends to *all new* WCB shares that are issued due to the conversion of, or exercise of performance rights (including the further 60,659 performance rights proposed to be granted to David Lord), David Lord may then participate in Saputo's Offer in the same manner as other WCB Shareholders in respect of those new 129,286 WCB Shares issued to David Lord following the exercise of his performance rights, if he elects to do so. David Lord has stated that he intends to accept Saputo's Offer for all WCB Shares he owns or controls, in the absence of a Superior Proposal.

(b) 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.

As at the date of this Target Statement a total of 111,231 WCB Shares have been issued under the Employee Share Plan.

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. The Board has exercised its discretion to do so, effective on and subject to Saputo's Offer becoming unconditional¹ and Saputo receiving a level of acceptances under its Offer that takes Saputo's relevant interest and voting power in WCB to more than 50.1%.

Therefore any employees who hold WCB Shares issued under the Employee Share Plan that are subject to either transfer restrictions or vesting conditions may participate in Saputo's Offer in the same manner as other WCB Shareholders only after Saputo's Offer has become unconditional and Saputo has received a level of acceptances under its Offer that takes Saputo's relevant interest in WCB Shares and voting power in WCB to more than 50.1%. The rules of the Employee Share Plan also provide that if at any time a takeover offer is made for WCB and the offeror's entitlement to WCB shares exceeds 50% of the number of WCB Shares on issue, WCB employees participating in the Employee Share Plan may instruct WCB to accept the takeover offer in respect of any WCB Shares *held by or on behalf of* that participant and to first apply the sale proceeds² towards the repayment of any loan made by WCB to that participant under the Employee Share Plan.

1. Other than the No Prescribed Occurrences Condition.

2. Being the sale proceeds of the WCB Shares issued under the Employee Share Plan less any brokerage, stamp duty and other costs and expenses incurred in relation to the sale.

5. Information about Saputo's Offer and other important issues

5.10 Effect of Offer on WCB's 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.

The WCB Board has declared a fully franked final dividend for FY13 of 11 cents per Share. The record date was 9 September 2013 and the payment date was 27 September 2013. The Dividend Reinvestment Plan applies to the FY13 final dividend and 723,338 new WCB Shares were issued on 27 September 2013 under the Dividend Reinvestment Plan.

The 723,338 new WCB Shares that were issued to Shareholders who have made an election under the Dividend Reinvestment Plan for the FY13 final dividend will be eligible to participate in Saputo's Offer in the same manner as other WCB Shareholders.

The Dividend Reinvestment Plan will not apply to any Permitted Dividend.

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Section 6

Profile of WCB

6. Profile of WCB

6.1 Introduction

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 approximately 3,900 shareholders.

WCB is Australia's fourth largest dairy processor with FY13 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, in conjunction with its joint venture partner Royal FrieslandCampina of The Netherlands, produce Vivinal GOS at a newly constructed plant at Allansford. Vivinal GOS is a highly sophisticated functional ingredient used in infant formulations and supplied to global companies for Australian and international markets.

WCB has a strong regional presence in dairy processing in Australia which is reflected in the success it has achieved in attracting milk suppliers where today it has over 500 milk suppliers across some of the most productive dairy regions in Australia, providing almost 900 million litres of high quality milk each year.

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.

WCB operates one of Australia's largest, most diverse and efficient dairy plants strategically located adjacent to one of Australia's best dairy supply regions. WCB's single site and diversity of operations enables WCB to optimise its product mix and operate one of the highest utilised dairy manufacturing plants in Australia. WCB continues to invest in value creating initiatives for the benefit of its Shareholders and suppliers.

6.2 Business activities

(a) Ingredient dairy products

Cheese (Bulk)

The majority of cheese produced at WCB is of a dry salted cheddar type. 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.

The cheese plant was refurbished and renewed as part of a major upgrade in 1993 and has since been further upgraded, including in 2005, to improve efficiency and increase capacity. It is highly computerised and one of Australia's most modern and largest cheese plants.

Skim Milk Powder

WCB produces low heat, medium heat and high heat skim milk powder.

Skim milk powder is used in recombined 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.

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 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.

Cream products are either sold as fresh cream to local customers or frozen to the export market.

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

Sungold milk

Sungold milk is the brand under which WCB sells packaged milk through various channels for consumption by retail consumers. *Sungold* milk comes from one of the cleanest and greenest regions of Australia and travels from the farm to the shelf in less than 24 hours. *Sungold* provides an extensive range of milk to suit all tastes and lifestyles.

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). *Great Ocean Road* milk is available in full cream, low fat and no fat, as well as chocolate and iced coffee flavours.

Warrnambool Cheddars

WCB produces and packages its brand of cheese, simply named *Warrnambool Cheddars*. This includes an award winning black label vintage cheddar and a red label matured cheddar. While the bulk cheddar is made at Allansford, the flavour additions and packaging for this label is completed at the Mil Lel plant in South Australia. *Warrnambool 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.

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. *Enprocal* is gluten free, easy to use and can be added to most foods and beverages.

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6. Profile of WCB

(c) Milk supply and market share

The tables below summaries WCB's milk supply and number of suppliers in the Australian dairy industry.

Year	Milk Intake (mlt)	No. of Suppliers
2001	648	580
2002	725	573
2003	640	570
2004	702	606
2005	757	584
2006	804	610
2007	805	572
2008	853	573
2009	928	495
2010	896	565
2011	879	556
2012	919	580
2013	890	570

(d) Exports

Exports comprised approximately 46% of FY13 sales by value, largely to Asian markets and the Middle East, plus sales to the United States, Europe and South America. WCB's largest export market is Japan, where it operates a sales and marketing joint venture with exclusive distribution rights for WCB products in the Japanese market.

WCB Japan (**WCBJ**) 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.

Expanding the WCBJ range of products available for Japan complements and enhances the existing business by providing customers with a broader portfolio of product and positions WCBJ as a specialised supplier of dairy ingredients to the Japanese markets.

(e) Great Ocean Ingredients Joint Venture

WCB and Royal FrieslandCampina entered into a 50:50 joint venture in 2007 to form a new company named *Great Ocean Ingredients* to construct, at WCB's site at Allansford, a new \$75 million plant to produce galacto-oligosaccharides (**GOS**).

Royal FrieslandCampina ranked 4th on the Rabobank Top 20 list of world largest dairy companies.

Using innovative and patented technology drawn from the expertise of Royal FrieslandCampina/FrieslandCampina Domo, this venture uses WCB's whey ingredients to be processed into nutritional and functional ingredients, such as Vivinal GOS.

Vivinal GOS is a prebiotic ingredient containing galacto-oligosaccharides. It is used for its beneficial effects on health as well as for fibre enrichment. This ingredient, which plays an important role in the development of a healthy immune system, is used largely in infant formulation and also has application in other products.

(f) 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.

6.3 WCB's strategic value at a glance

Location	WCB's location is adjacent to one of Australia's best dairy regions, which has moderate climate with reliable rainfall and relatively low cost of operations.
Asset quality	<p>WCB's plant in Allansford is one of Australia's largest, most diverse and efficient dairy plants.</p> <p>WCB's on site laboratory is NATA accredited and its facilities use modern technology and comply with AQIS (Australian Quarantine Inspection Service) export requirements. Quality and food safety programs include ISO 22000:2005, Codex Alimentarius and WQA accreditation.</p>
Efficiency	WCB's single site and diversity of operations enables WCB to optimise its product mix and operate one of the highest utilised dairy manufacturing plants in Australia.
Utilisation	WCB's plant in Allansford is one of Australia's highest utilised large scale dairy manufacturing plants in the country.
Innovation	WCB has a strong history of innovating (either stand alone or with partners). An example of this is the <i>Great Ocean Ingredients</i> joint venture which used innovative and patented technology drawn from the expertise of Royal FrieslandCampina/ FrieslandCampina Domo and WCB's whey ingredients in order to produce Vivinal GOS. Vivinal GOS is a prebiotic ingredient which plays an important role in the development of a healthy immune system.
Growth	WCB has grown milk volumes, product ranges and volume over an extended period, including since ASX listing in 2004.
Proven performer	WCB has successfully collected milk from high quality suppliers and processed it into an increasing array of valued and high quality dairy products for customers and consumers in Australia and overseas.

6. Profile of WCB

6.4 Business improvement initiatives

Consistent with WCB's strategy to build a portfolio of higher margin products and deliver more customer specific applications, WCB continues to invest in value creating initiatives for the benefit of its shareholders and suppliers.

Set out below is a summary of WCB's business improvement initiatives which the Board considers will underpin WCB's outlook for improved performance.

Short term

Consolidate recent initiatives

WCB is currently:

- increasing the percentage of total powder sales in premium specification or customer specific applications at improved margins;
- extending customer specific formulation in cheddar and reduced fat cheese;
- expanding the Mitsubishi Corporation exclusive premium powder supply agreement; and
- rolling out growth plans for *Great Ocean Road* branded cheese and fresh milk supply in Coles supermarkets.

Lactoferrin market

To take advantage of Asia's strong demand for infant formula, WCB and The Tatua Cooperative of New Zealand have entered into a technology and services agreement, under which Tatua will license WCB to use its intellectual property in relation to the extraction and processing of lactoferrin from milk. Lactoferrin is primarily used as a functional ingredient in premium infant formulations.

WCB is currently constructing the lactoferrin plant at its Allansford site, with Tatua providing design and construction services to assist WCB in achieving optimal operating performance. Commissioning is expected around the end of the second quarter of FY14.

Tatua will act as WCB's technology partner in manufacturing lactoferrin and assist WCB with sales and marketing activities.

The key region is Asia and the key market is China. Lactoferrin is registered as a *novel ingredient* in China and is one of a small group of *value add* ingredients for infant formula in China.

Medium term

Long term cream cheese manufacturing agreement with Kraft

WCB intends to:

- launch *Sungold* branded cream cheese into the export market through an exclusive long term manufacturing agreement with Kraft; and
- build volumes to fully utilise the 5,000 tonnes of available capacity.

WCB will supply cream and milk for Kraft to manufacture the cream cheese. The targeted markets are Japan, Middle East, China, Singapore and Malaysia.

Premium low fat cheese developed for Kraft

WCB's low fat cheese formulation has been launched under Kraft's *Livefree* brand. WCB owns the intellectual property to this cheese and manufactures it for Kraft. It is the lowest fat cheese on the market, with 80% less fat and a delicious cheddar flavour. Products are in the market now.

The unique characteristic of this product is that it maintains the taste and texture of a good quality cheddar.

<p>Medium term (continued)</p>	<p><i>Instantised WPC capability upgrade</i></p> <p>WCB has undertaken a capability upgrade to enable the production of whey protein concentrate (WPC) in instantised form. WCB will transition current WPC volumes to the premium instantised form over time. Instantised WPC delivers greater application functionality for sports nutrition and infant formula customers. Supply to market is due to commence in FY14. Targeted markets include the US sports nutrition market, Chinese supplement powder market and expanding offering to Australian customers.</p>
<p>Long term</p>	<p><i>Higher margin commodities and customer specific applications</i></p> <p>As part of WCB's long term corporate strategy WCB intends to target an improved product mix to increase margins and reduce volatility relative to mainstream dairy commodities. Ingredients designed to customer specific applications are a central part of this strategy.</p> <p><i>Expand the domestic retail business</i></p> <p>Opportunities exist in the domestic market to expand WCB's consumer products offering and contribute to an improved product mix. The successful launch of the <i>Great Ocean Road</i> cheese brand underpinned a significant increase in speciality cheese revenues in FY13.</p> <p><i>Proactive in industry opportunities</i></p> <p>As part of WCB's long term corporate strategy WCB intends to maintain a constructive dialogue with industry players in search of value creating opportunities to collaborate, rationalise or consolidate existing activities.</p> <p><i>Maintain lowest cost business status</i></p> <p>As part of WCB's long term corporate strategy WCB intends to leverage its status as a lowest cost processor by maintaining high plant utilisation and efficiency supported by a continuous improvement operating culture.</p> <p><i>Progressive milk procurement package</i></p> <p>As part of WCB's long term corporate strategy WCB intends to deliver a creative milk procurement package to milk suppliers, and attract and retain sufficient suppliers to achieve optimum intake levels.</p>

6.5 Strategic initiatives

Before Bega's Offer was announced, WCB was well advanced with a major strategic initiative involving the formation of a new joint venture. Negotiations for entry into binding joint venture documentation had progressed substantially. However the announcement of Bega's Offer created uncertainty in terms of the ability to continue those negotiations, as entry into the joint venture could potentially have breached one of Bega's Offer Conditions that prohibits WCB from, among other things, entering into new joint ventures. As a result of that uncertainty, negotiations with the prospective joint venture partner have now ceased.

6.6 Market outlook

WCB has experienced a strong resurgence in international pricing in the first half of FY14 and is contracting sales at average prices which are significantly higher than the FY13 average. In addition the substantial weakening of the Australian dollar in relation to the US dollar in recent months has provided a welcome margin lift across the export product group. The numerous business improvement projects and initiatives outlined above are contributing to an improving product mix, higher margins and less volatility relative to commodity products. These factors provide a positive outlook for the international markets over the first half of this financial year and for WCB's operations in general.

6. Profile of WCB

On 2 October 2013 WCB announced that it forecasts that its EBITDA for FY14 will be in the range of \$47.0 million to \$52.0 million. See Section 6 of the Bega Target's Statement for further information in relation to this forecast, including the underlying assumptions, sensitivities and risks associated with this forecast.

6.7 Key risks faced by WCB

Set out below is a summary of the key risks that WCB Shareholders are exposed to as a result of their investment in WCB. The risks identified in this Section are not exhaustive, and no assurances or guarantees of future performance of, profitability of, or payment of dividends by WCB are given.

Company specific risks	
Milk price	Aggressive upward milk pricing behaviour by WCB's competitors may increase the cost of the raw material input.
Milk supply	<p>If there is a significant reduction in WCB's milk supply for processing it would have a significant adverse financial impact on WCB's production cost base.</p> <p>It is common practice in the dairy industry within the region of WCB's milk collection for there not to be written milk contracts.</p>
Factors influencing milk pricing	<p>The two main influences on returns from the global bulk dairy market are dairy commodity prices and the USD exchange rate as trade is usually conducted in US dollars. An increase in commodity prices and/or depreciation in the value of the AUD relative to the USD has a positive impact on milk prices. Conversely, a decrease in commodity prices and/or an appreciation in the AUD relative to the USD has a negative impact on milk prices.</p> <p>To a large extent the movement in milk prices relative to market conditions mitigates milk pricing risk.</p> <p>The manner in which milk pricing is determined by WCB generally results in the milk price reflecting global market conditions.</p>
Product pricing by competitors	The majority of domestic cheese and fresh milk market is heavily consolidated and aggressive pricing behaviour on product pricing by competitors seeking to gain market share may impact WCB adversely.
Timing of lactoferrin initiative	The new lactoferrin project is expected to commence sales in February 2014. Any delay in commissioning this project will impact adversely on FY14 results.
Domestic supermarket dominance	The Australian consumer goods market is dominated by two major supermarket chains. Discounting behaviour from these supermarket chains may affect WCB's margins for its sales of consumer products in Australia.
Reliance on major distributors	WCB relies on a number of distributors and relationships to procure the bulk of its sales. A loss of any of these contracts would result in the products previously supplied under those contracts becoming surplus as a consequence of the loss of the contract.
Exchange rate fluctuation	As noted above global dairy trade is predominantly in USD. WCB's returns from export dairy sales are directly influenced by the USD exchange rate. Approximately 46% of WCB's FY13 revenue (by value) related to exports. To manage fluctuation and uncertainty relating to the USD exchange rate WCB has implemented strategies to mitigate against longer term and short term currency exposure.

Sales prices	WCB is exposed to fluctuations in world economic conditions and international commodity prices, particularly for cheese, milk powder, whey protein concentrate and butter.
Business interruption	Like all businesses, WCB is dependent on the ongoing, efficient operations of its systems and infrastructure. Inherent risks include natural disasters, failure of critical machinery, power, gas, water supply and computer equipment and industrial action.
Loss of key personnel	WCB may be adversely affected by the loss of one or more of its key personnel in the short to medium term.
Environmental risks	<p>WCB, as with other dairy food processors, produces air, noise, odour and waste emissions in the course of production.</p> <p>WCB may be required to take action and incur significant expenses due to current and future environmental regulations in relation to its past, current and future conduct.</p> <p>In particular, as a result of a <i>clean up</i> notice issued by the Environmental Protection Authority (EPA) in early 2010, WCB and a third party may be liable for as yet unquantified clean up costs (if any) in relation to the disposal of waste water from WCB's manufacturing facility at Allansford from 1936 to 1991.</p>
Product risks	As with all dairy food processors, WCB is exposed to the risk of product contamination by such infections or pathogens as listeria, salmonella, e coli, bacillus cereus clostridium perfringens or e.sakazakii.
Industry specific risks	
Regulatory and free trade issues	The dairy food processing industry is regulated by government legislation and regulation. Any changes in legislation, regulation or codes of practice including the imposition of or increases in levies, taxes or other imposts may have an adverse effect on the profitability of WCB. As a substantial part of WCB's products are exported worldwide, the business is subject to risks common to other exporters such as international trade barriers and international trade regulation.
Disease	The areas from which WCB sources its milk supply are, and have been for some time, free of diseases that pose a risk to humans through the consumption of dairy products, such as anthrax, bovine tuberculosis and brucellosis.
Agricultural conditions	<p>The quantity and quality of WCB's milk production may be adversely affected by a prolonged period of lower than average rainfall.</p> <p>In recent years a number of areas in Australia have been affected by adverse climatic conditions and in some areas particularly where dairy and grain production has relied on surface water allocations. For example, in the Murray River and Darling River areas, milk production has suffered a significant decline having a negative impact on the dairy industry in those regions.</p>

6. Profile of WCB

Business risks

Economic risks

As with other companies conducting business in Australia, the performance of WCB is affected by the general prevailing economic conditions. The global economic downturn resulted in a rapid and unexpected fall in dairy commodity prices in 2009.

Interest rates

Given that WCB partly funds its operations with debt, it has an exposure to changes in interest rates.

Investment risk

The ability of WCB to pay dividends is dependent on its profitability and other factors.

The price at which WCB Shares trade on ASX will fluctuate due to WCB specific factors such as profitability and dividends, and other general market factors, not directly related to the performance of WCB.

6.8 Directors

(a) Terry Richardson (Chairman, Non Executive Director)

Mr Richardson was appointed as Chairman in August 2013 and has been a supplier non executive Director since 2007. Mr Richardson has been a dairy farmer in Australia and New Zealand for 35 years. He was formerly a director with Kiwi Co-operatives Dairies Ltd for seven years and an agribusiness consultant with Agriculture New Zealand.

(b) David Lord (Managing Director, CEO)

Mr Lord joined WCB in June 2010 and was previously the Managing Director and CEO of Parmalat Australia from 2002 until June 2009. His previous roles in Parmalat included COO and responsibility for running their Victorian Operation. In addition to his experience in dairy operations, Mr Lord has a broad understanding of fast moving consumer goods and branded dairy products. He has had previous senior management roles with Huttons, Players Group and QUF Industries (Pauls Limited).

(c) Andrew Anderson (Non Executive Director)

Mr Anderson has been a supplier non executive Director since 2009. Mr Anderson was formerly the Senior Lecturer in Accounting and Finance at Deakin University (Warrnambool) and is an accountant in practice operating his own business specialising in rural accounting and finance. He and his wife have operated Rossander Angus, an Angus cattle stud/breeding enterprise for 40 years, as well as a dairy farming operation for the past 11 years.

(d) Kay Antony (Non Executive Director)

Ms Antony has been a supplier non executive Director since 2010. She has been a dairy farmer for 16 years and a former director of Westvic Dairy.

(e) Bruce Vallance (Non Executive Director)

Mr Vallance has been a supplier non executive Director since 2009 and prior to this was an Associate Director from 2006. Mr Vallance has been a dairy farmer in Nirranda for 20 years with a background in broad acre and intensive animal enterprises. He is President of the Wannon branch of the UDV.

(f) Michael Carroll (Independent Director)

Mr Carroll has been a Director since 2009. Mr Carroll serves a range of agribusiness companies in a board and advisory capacity. Current directorships include Sunny Queen Pty Ltd, Queensland Sugar Limited, Select Harvests Ltd, Rural Finance Corporation, Geoffrey Gardiner Dairy Foundation Limited, Rural Funds Management and Rural Funds Farming. He has over 25 years experience in the food, agribusiness and finance sectors including 18 years at NAB Ltd.

(g) Neville Fielke (Independent Director)

Mr Fielke was appointed as a Director in August 2013. Mr Fielke has extensive experience in the Consumer, Food, Beverage, Leisure and Advisory sectors. He has held a number of senior executive positions in sales, marketing and strategy over 20 years to 2007 at H.J.Heinz group companies, Fosters Group Limited and Mars group companies, including seven years as CEO and Managing Director of H.J.Heinz Australia Ltd which extended to include Watties in New Zealand and H.J. Heinz in Japan during this period. Mr Fielke was also CEO and Managing Director of Racing Victoria Ltd from 2001-2003. Since 2007 Mr Fielke has been involved in corporate advisory as a director of Falcon Corporate Advisory Pty Ltd which specialises in merger and acquisition transactions and growth consulting through Growth Solutions Group Pty Ltd.

(h) Raymond Smith (Independent Director)

Mr Smith was appointed as a Director in May 2013. Mr Smith was Chief Financial Officer of Smorgon Steel Group Ltd for 11 years to 2007 and has significant corporate and financial experience in the areas of strategy, acquisitions, treasury and capital raisings. Mr Smith is non executive Director of other ASX listed companies Transpacific Industries Group Ltd, Crowe Horwath Australasia Ltd and K&S Corporation Ltd and is also a trustee of the Melbourne & Olympic Parks Trust.

(i) Robert Lane (Independent Director)

Mr Lane was elected as a Director in October 2013. Mr Lane is the managing partner of business consultancy group SED Advisory. Mr Lane held a number of senior positions in finance and governance before joining SED Consulting in 2001, including being financial controller and company secretary at the Warrnambool Co-operative Society Ltd for seven years from 1993. Mr Lane is currently the chairman of South West Credit Union.

(j) John McLean (Associate Director)

Mr McLean has been an Associate Director since 2010. He was Executive Director from 2000 until his retirement in 2007. He was then reappointed in April 2009 until June 2010. He was an employee of WCB for over 50 years including 32 years in the role of Manager/Chief Executive Officer.

(k) Bruce Morley (Associate Director)

Mr Morley has been an Associate Director since 2010 and prior to this, was an independent non executive Director since 2000. Mr Morley was a former Executive Director of Sigma Company Limited (now Sigma Pharmaceuticals Limited).

6.9 Senior management**(a) Anthony Cook (General Manager – Milk Supply)**

Mr Cook's responsibilities include milk supply and trading and field services. He joined WCB in 2000 after 12 years experience in various finance and advisory roles. Mr Cook held several senior finance positions after gaining experience domestically and internationally in audit and corporate advisory roles with a focus on the manufacturing sector.

(b) William Hannah (Chief Financial Officer)

Mr Hannah is responsible for the strategic direction and management of the financial, taxation and treasury functions and the provision of reliable business controls and financial risk management. He has been an employee since 1998. Mr Hannah has over 40 years of ASX listed company experience in senior financial, secretarial and commercial management positions.

(c) Bernard Kavanagh (General Manager – Corporate Development)

Mr Kavanagh is responsible for strategic planning, corporate development and for pursuing profitable growth opportunities. He has held senior management positions in a number of areas including finance, accounting, investor relations and growth. He has extensive experience in the dairy industry including with alliances and joint ventures both in Australia and overseas. He is currently a director of Great Ocean Ingredients Pty Ltd and Warrnambool Cheese and Butter Japan Company Limited. He commenced employment with WCB in 1978.

(d) Ross Martin (General Manager – ICT/PMO)

Mr Martin joined WCB in January 2013. His responsibilities include leading the Information Technology Team as well as Program Portfolio Management for key business projects. Mr Martin has over 36 years of dairy/beverage industry experience in diverse senior management roles with large ASX listed and multinational FMCG companies.

6. Profile of WCB

(e) Paul Moloney (Company Secretary)

Mr Moloney is responsible for advising the Board and WCB in corporate governance practices, management of the legal, risk and investor relations functions and for statutory, ASX and company compliance issues. Mr Moloney commenced employment with WCB in 2001 and prior to becoming Company Secretary had 20 years of domestic and international experience in a number of financial roles. He is currently Company Secretary for Great Ocean Ingredients Pty Ltd and is responsible for the secretarial duties of Warrnambool Cheese and Butter Japan Company Limited.

(f) Bill Slater (General Manager – Retail Dairy)

Mr Slater is responsible for management of sales, marketing and distribution of WCB's retail dairy products in the Australian domestic market and packaged consumer products internationally. He joined WCB in 2002 having gained 28 years experience in both domestic and international retail management. He has held several key management positions in enterprises involved in the sales and distribution of retail branded products.

(g) Richard Wallace (General Manager – Operations)

Mr Wallace's areas of responsibility include the management of WCB's production facilities and related services, along with milk transport. He joined WCB in 1996 and has 24 years experience in the dairy industry holding a number of key management positions within manufacturing. He is currently a director of Great Ocean Ingredients Pty Ltd and Dairy Innovation Australia Pty Ltd.

(h) John Williams (General Manager – Sales, Marketing & Innovations)

Mr Williams has 23 years experience in trading hard and soft commodities with a focus on agricultural products mainly to the Asian region. He is responsible for sales, marketing and distribution of WCB's bulk dairy products both internationally and domestically. He also oversees WCB's research and development program and warehousing and logistics. He is currently a director of Australia's dairy industry peak body, Australian Dairy Industry Council Inc. and Vice President of the Australian Dairy Products Federation. He has been an employee since 2000.



Section 7

Taxation consequences

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7. Taxation consequences

7.1 Introduction

The information in this Section is a general summary of the Australian income tax (including CGT), GST and stamp duty consequences for WCB Shareholders who accept Saputo's Offer.

This information is relevant only to those WCB Shareholders who hold their WCB Shares on capital account. This information relates only to WCB Shares, and not to other rights held over WCB Shares.

Stamp duty and GST information is set out in Sections 7.5 and 7.6 of this Target's Statement respectively. A general outline of the Australian income tax consequences for Australian resident WCB Shareholders who receive any Permitted Dividends declared and paid by WCB is provided in Section 2.5 of this Target's Statement.

This Section does not consider the Australian income tax consequences for WCB Shareholders:

- who hold their WCB Shares as trading stock or as revenue assets;
- who acquired their WCB Shares through an employee share scheme;
- that may be subject to special tax rules, such as financial institutions, insurance companies, partnerships (except where expressly stated), tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated) or temporary residents; or
- who are subject to the taxation of financial arrangements rules in relation to gains and losses on their WCB Shares.

The information in this Section is based on taxation law and practice in effect as at the date of this Target's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every WCB Shareholder.

WCB Shareholders should seek independent professional advice regarding the taxation consequences of accepting Saputo's Offer or otherwise disposing of their WCB Shares.

7.2 Tax consequences of disposal of WCB Shares by Australian residents

(a) General CGT considerations

Acceptance of Saputo's Offer will result in the disposal of WCB Shares by WCB Shareholders.

This disposal will constitute a CGT event for the WCB Shareholder. Where a WCB Shareholder accepts Saputo's Offer, the date of disposal for CGT purposes will be either:

- if at the time of acceptance Saputo's Offer is conditional, the time at which Saputo's Offer becomes unconditional;
- if at the time of acceptance Saputo's Offer is unconditional, the time at which the WCB Shareholder accepted Saputo's Offer; or
- a) if the WCB Shareholder does not accept Saputo's Offer and the WCB Shares are compulsorily acquired by Saputo, the time at which the WCB Shares are acquired.

If Saputo's Offer does not become unconditional, then no CGT event will occur.

The disposal of WCB Shares may result in a capital gain or capital loss for the WCB Shareholder.

A capital gain will arise if the WCB Shareholder's capital proceeds exceed the cost base of their WCB Shares. A capital loss will arise if the WCB Shareholder's capital proceeds are less than the reduced cost base of their WCB Shares.

Capital proceeds

The capital proceeds received by a WCB Shareholder who accepts Saputo's Offer (or has their WCB Shares otherwise acquired under Saputo's Offer) will be equal to the sum of the amount of cash received in respect of the disposal of the WCB Shares.

The capital proceeds may be:

- reduced by the amount of the Initial Permitted Dividend; and
- b) reduced by the amount of the Additional Permitted Dividend except that to the extent the amount of the Additional Permitted Dividend is funded by a loan made from or supported by Saputo. Where the Additional Permitted Dividend is funded by a loan from or supported by Saputo, it may be deemed to be part of the capital proceeds received by WCB Shareholders under Saputo's Offer.

Cost base and reduced cost base

The cost base or reduced cost base of WCB Shares should include the money that a WCB Shareholder has paid or was required to pay to acquire its WCB Shares, plus certain other amounts associated with the acquisition of the WCB Shares and disposal to Saputo, such as brokerage or stamp duty. The cost base, but not the reduced cost base, of WCB Shares may also include indexation (refer below).

Net capital gain

Subject to the CGT reductions and exemptions discussed below, capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether the taxpayer has a net capital gain or loss for that period. Any net capital gain, after applying carried forward capital losses, is included in the taxpayer's assessable income. It is subject to income tax after deductions, including, subject to satisfying any applicable loss recoupment rules, deductions for any tax losses.

Where the Additional Permitted Dividend is part of the capital proceeds, it will reduce any capital loss incurred. However, where the WCB Shareholder derives a capital gain, the amount of the capital gain will be reduced by the amount of the Additional Permitted Dividend that is also assessable as a dividend.

Capital losses

Capital losses may only be offset against capital gains realised in the same income year. A net capital loss for an income year can, subject to satisfaction of the loss recoupment rules, where applicable, be carried forward to be offset against capital gains in future income years.

(b) Circumstances in which capital gains may be reduced or disregarded

WCB Shareholders who accept Saputo's Offer may be able to reduce or disregard a portion of a capital gain in the circumstances set out below.

Pre-CGT Shareholders

If a Shareholder acquired (or is deemed to have acquired) their WCB Shares prior to 20 September 1985, any capital gain or capital loss from the disposal of those WCB Shares is disregarded.

Indexation

If a WCB Shareholder acquired (or is deemed to have acquired) their WCB Shares at or before 11.45 am on 21 September 1999, the cost base of their WCB Shares may be indexed for inflation, by reference to changes in the Consumer Price Index from the calendar quarter in which the WCB Shares were acquired (or deemed to be acquired) until the calendar quarter ended 30 September 1999. Indexation adjustments are taken into account only for the purposes of calculating a capital gain, not a capital loss.

A WCB Shareholder who is an individual, complying superannuation entity, a listed investment company or a trust and has held their WCB Shares for at least 12 months will have the option of applying either the indexation method or the CGT discount (refer below) to calculate the capital gain arising from the disposal of WCB Shares, but cannot apply both.

Whether any WCB Shareholder should use the indexation method or the CGT discount will depend on their particular circumstances. WCB Shareholders should consult their own tax advisers in relation to this matter.

CGT discount

WCB Shareholders who derive a capital gain as a result of accepting Saputo's Offer and do not choose to apply the indexation method referred to above may be eligible for the CGT discount.

Broadly the CGT discount can reduce an eligible taxpayer's capital gain if the taxpayer has held the relevant asset (in this case, WCB Shares) for at least 12 months prior to disposal. The CGT discount applies after an eligible taxpayer has applied capital losses against their capital gains for the income year.

The size and availability of the applicable CGT discount is determined by the legal status of the WCB Shareholder:

- individuals are subject to CGT on 50% of any capital gain;
- complying superannuation entities are subject to CGT on two thirds of any capital gain;
- companies (other than in a capacity as trustee) are not entitled to the CGT discount;
- trustees; where beneficiaries are presently entitled to the income of the trust, the net capital gain for the trust is determined with the benefit of the 50% CGT discount if the WCB Shares have been held for at least 12 months (refer above). On distribution by the trustee, the net capital gain would be grossed up to 100% in the hands of beneficiaries;

7. Taxation consequences

- beneficiaries of trusts that are individuals or complying superannuation entities should be entitled to the CGT discount (at 50% for individuals and 33 1/3% for superannuation funds) in respect of the disposal of the WCB Shares by the trust. The beneficiaries will include the grossed up gain in their assessable income, which may be offset by any current year or carry forward losses of the beneficiary (subject to satisfying the relevant loss recoupment tests, where applicable) prior to the application of any CGT discount available;
- beneficiaries that are companies are not entitled to the CGT discount. They will include the grossed up capital gain in their assessable income, which may be offset by any current year or carry forward losses of the company, subject to satisfying the relevant loss recoupment tests; and
- where no beneficiaries are presently entitled to the net income of a trust that is a WCB Shareholder, the full amount of any capital gain in respect of the disposal of WCB Shares will be included in the assessable income of the trustee.

WCB Shareholders that are trusts should obtain specific tax advice as to whether they are entitled to obtain the benefit of the CGT discount and in relation to the tax consequences of distributions attributable to discounted capital gains.

7.3 Taxation consequences of receiving any Permitted Dividends

Please refer to Section 2.5 of this Target's Statement.

7.4 Taxation consequences of disposal of WCB Shares by non residents

Sale of WCB Shares

Generally a WCB Shareholder who is not a resident for Australian income tax purposes and who holds their WCB Shares on capital account will not be subject to CGT on the disposal of their WCB Shares if broadly either of the following tests are satisfied:

- WCB is a company with its value not predominantly reflected in Australian real property; or
- the WCB Shareholder, together with its associates, holds less than 10% of the total WCB shares on issue.

Non resident WCB Shareholders who are subject to CGT on disposal of their WCB Shares will not be entitled to the CGT discount in relation to that portion of the capital gain which arises after 8 May 2012.

Permitted Dividends

Where the Permitted Dividends are franked non resident WCB Shareholders (who do not hold their Shares through a permanent establishment in Australia) should not be subject to Australian dividend withholding tax. If a dividend is not fully franked, or the non resident is not entitled to the benefit of the franking credits, Australian dividend withholding tax might apply at rates of up to 30%, depending on the tax residency of the WCB Shareholder and any applicable tax treaty between Australia and the country in which the relevant WCB Shareholder is resident for tax purposes.

Non residents are not subject to the *holding period rule* in relation to franking credits and should be entitled to dividend withholding tax relief to the extent that the Additional Permitted Dividend is franked, whether or not it is paid when WCB is an *exempting entity*.

7.5 Stamp Duty

No Australian stamp duty should arise for the WCB Shareholders in respect of the disposal of their WCB Shares to Saputo.

7.6 GST

No GST should be payable by WCB Shareholders in respect of their acceptance of Saputo's Offer.

WCB Shareholders may be charged GST on third party costs (such as adviser fees) they incur and which relate to their participation in Saputo's Offer. WCB Shareholders may be entitled to input tax credits for such costs, but should seek independent advice in relation to their specific circumstances.



Section 8

Additional information

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8. Additional information

8.1 Directors' interests and dealings in WCB Shares

(a) Interests in WCB securities

As at the date of this Target's Statement, the Directors' relevant interests in WCB Shares is as shown in Section 1.1 of this Target's Statement.

In addition, David Lord has 68,627 performance rights. At WCB's 2013 Annual General Meeting WCB Shareholders approved the grant of a further 60,659 performance rights to David Lord. These performance rights will not be granted to David Lord unless and until it becomes reasonably certain that Bega's Offer is unlikely to result in Bega acquiring a majority of the WCB Shares on issue.

(b) Dealings in WCB Shares

No Director has acquired or disposed of a relevant interest in any WCB Shares in the 4 months ending on the date immediately before the date of this Target's Statement except through participation in the WCB Dividend Reinvestment Plan in respect of the FY14 Final Dividend announced to ASX on 28 August 2013.

(c) Intentions of your Directors in relation to Saputo's Offer

Each of your Directors who has a relevant interest in WCB Shares intends to ACCEPT Saputo's Offer in relation to those WCB Shares, in the absence of a Superior Proposal.

8.2 Interests and dealings in Saputo's Shares

(a) Interests in Saputo Shares

As at the date of this Target's Statement, no Director had a relevant interest in any Saputo Shares.

(b) Dealings in Saputo Shares

No Director has acquired or disposed of a relevant interest in any Saputo Shares in the 4 months ending on the date immediately before the date of this Target's Statement.

8.3 Benefits and agreements

(a) Directorships

As at the date of this Target's Statement, no Director of WCB is a director of Saputo.

(b) Benefits in connection with retirement from office

As a result of Saputo's Offer no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of WCB.

(c) Agreements connected with or conditional on Saputo's Offer

There are no agreements made between any Director of WCB and any other person in connection with, or conditional on, the outcome of Saputo's Offer other than in their capacity as a holder of WCB Shares.

(d) Benefits from Saputo

None of the Directors has agreed to receive, or is entitled to receive, any benefit from Saputo which is conditional on, or is related to, Saputo's Offer, other than in their capacity as a holder of WCB Shares as outlined in Section 1.1 of this Target's Statement.

(e) Material interests of Directors in contracts with Saputo

None of the Directors has any interest in any contract entered into by Saputo.

8.4 Material litigation

WCB does not believe that it is involved in any litigation or dispute which is material in the context of WCB and WCB Group taken as a whole.

8.5 Issued capital

As at the date of this Target's Statement, WCB's issued capital consisted of 55,969,511 WCB Shares.

WCB also has 68,627 performance rights on issue.

8.6 Substantial holders

As at the date of this Target's Statement, the following persons held an interest in WCB Shares of more than 5% as disclosed in substantial holding notices provided to ASX:

Name	Number of WCB Shares	Percentage of WCB Shares
Murray Goulburn	9,661,981	17.26%
Bega	10,268,762	18.35%
Lion	5,596,950	9.99%

8.7 ASX announcements

WCB is a *disclosing entity* under the Corporations Act and therefore has continuous disclosure obligations under that legislation and also under the ASX Listing Rules. WCB is required to immediately disclose to the market through ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of WCB's Shares.

WCB is in compliance with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules. WCB's announcements are available free of charge from the ASX website at www.asx.com.au (ASX code: WCB).

8.8 Material change in financial position of WCB

There has been no material change to the financial position of WCB since the release of the WCB Trading Update announced to ASX on 7 October 2013.

8.9 Bid Implementation Deed

On 7 October 2013 WCB and Saputo Inc. entered into a Bid Implementation Deed in respect of Saputo's Offer. Consistent with the negotiated, recommended nature of Saputo's Offer, this deed contains certain break fee, exclusivity and matching rights in favour of Saputo Inc. WCB is also entitled to claim a break fee in certain circumstances. The break fee payable to either party is \$3,925,000 (inclusive of GST). A summary of these provisions and other key terms of the Bid Implementation Deed is set out in WCB's ASX announcements dated 8 October 2013 and 25 October 2013 and also in section 7.1 of Part B of the Bidder's Statement. The Bid Implementation Deed was amended on 24 October 2013 to reflect the increase in the Offer Consideration from \$7.00 to \$8.00 per Share.

8.10 Takeover response costs

Saputo's Offer, Bega's Offer and Murray Goulburn's Proposal will result in WCB incurring expenses that would not otherwise have arisen in the 2014 financial year. These include legal, financial and tax expenses from advisers engaged by WCB to assist in responding to Saputo's Offer, Bega's Offer and Murray Goulburn's Proposal. The total cost of the takeover response depends on the outcome of the various offers and proposals for WCB and required response activities, and the complexity of the issues addressed in the response. Therefore it is difficult to estimate the likely total cost to WCB. However as at the date of this Target's Statement, the Directors estimate the total response costs to be approximately \$6.7 million.

8.11 Consents

CIMB Corporate Finance (Australia) Limited has consented to being named in this Target's Statement as the financial adviser to WCB and has not withdrawn that consent at the date of this Target's Statement.

Minter Ellison has consented to being named in this Target's Statement as the legal adviser to WCB and has not withdrawn that consent at the date of this Target's Statement.

KPMG CF has given before the date of this Target's Statement, and has not withdrawn, its consent to being named in this Target's Statement as the Independent Expert in relation to Bega's Offer.

8. Additional information

Each person named in Section 8.11 of this Target's Statement as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

- has not authorised or caused the issue of this Target's Statement;
- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than a statement included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

8.12 Reliance on ASIC class orders

As permitted by ASIC Class Orders 01/1543 and 07/429, this Target's Statement contains statements which are made, or based on statements made, in documents lodged by Saputo with ASIC or given to ASX and trading data on ASX.

In accordance with these class orders, the consent of Saputo or ASX (respectively) is not required for the inclusion of such statements or data in this Target's Statement. Any WCB Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting the Shareholder Information Line on 1300 880 732 (toll free for callers within Australia) or +61 1300 880 732 (callers outside Australia).

In addition, as permitted by ASIC Class Order 03/635, this Target'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 published book, journal or comparable publication.

8.13 No other material information

This Target's Statement is required to include all the information that WCB Shareholders and their professional advisers would reasonably require to make an informed assessment whether or not to accept Saputo's Offer but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in the Target's Statement; and
- only if the information is known to any Director.

The Directors are of the opinion that the only information that WCB Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept Saputo's Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in releases by WCB and Saputo to ASX before the date of this Target's Statement; and
- the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless expressly indicated otherwise in this Target's Statement). However the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of WCB Shares;
- the matters WCB Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to the professional advisers to WCB Shareholders;
- the nature of Saputo's Offer; and
- the time available to WCB to prepare this Target's Statement.

8.14 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by the Directors. All Directors voted in favour of that resolution.



Signed for and on behalf of WCB by:
Terry Richardson
Chairman

Date: 12 November 2013

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Section 9

Glossary and interpretation

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9. Glossary and interpretation

9.1 Glossary

ACCC	the Australian Competition and Consumer Commission
Acceptance and Transfer Form	the acceptance and transfer form enclosed with the Bidder's Statement and which forms part of the Offer
Additional Permitted Dividend	a fully franked dividend of up to \$0.85 per WCB Share, or the amount so that the total of this dividend and the Initial Permitted Dividend is up to \$1.31 per WCB Share, determined and subsequently declared by the WCB Board on or after 8 October 2013 and before the end of the Offer Period, and is payable after the Offer becomes unconditional (other than the <i>No Prescribed Occurrences Condition</i>)
AEDT	Australian Eastern Daylight Time
ASIC	the Australian Securities and Investments Commission
Associate	has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time)
ASX	ASX Limited ABN 98 008 624 691 or, where the context requires, a financial market operated by it
ASX Listing Rules	the listing rules of ASX, as amended or replaced
AUD	Australian dollars
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 Bega's 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
Bega Target's Statement	the target's statement by WCB dated 16 October 2013 responding to Bega's Offer
Bega's 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
Bega Shares	fully paid ordinary shares in the capital of Bega
Bid Implementation Deed	the bid implementation deed entered into between WCB and Saputo Inc. dated 7 October 2013 (as varied by an amending deed dated 24 October 2013) in relation to Saputo's Offer
Bidder's Statement	the bidder's statement by Saputo dated 25 October 2013 setting out the terms, Conditions and other information in relation to Saputo's Offer
Business Day	a day on which banks are open for business in Melbourne, excluding a Saturday, Sunday or public holiday
CGT	capital gains tax

9. Glossary and interpretation

Competing Proposal	<p>any proposal, offer, arrangement or transaction by a third party that, if completed, would mean:</p> <ul style="list-style-type: none"> a) a person would acquire a relevant interest or voting power in 30% or more of WCB Shares or of the securities of any of member of the WCB Group; b) a person would enter into, buy, dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 30% or more of WCB Shares or of the securities of any member of the WCB Group; c) a person would directly or indirectly acquire or obtain an interest (including an economic interest) in all or a substantial part or material part of the business conducted by, or assets or property of, WCB or any member of the WCB Group; d) a person would acquire control (as defined in Section 50AA of the Corporations Act) of WCB or any member of the WCB Group; e) a person may otherwise directly or indirectly acquire, or merge with, WCB or any member of the WCB Group (including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure, joint venture or partnership or synthetic merger); or f) or any proposal by WCB to implement any reorganisation of capital or dissolution. <p>Each successive material modification or variation of any proposal, offer or transaction in relation to a Competing Proposal will constitute a new Competing Proposal</p>
Conditions	the conditions of Saputo's Offer set out in section 6.7 of Part B of the Bidder's Statement
Corporations Act	the <i>Corporations Act 2001</i> (Cth)
Director	a director of WCB
EBITDA	earnings before interest, tax, depreciation and amortisation
Employee Share Plan	the WCB Employee Share Plan described in Section 5.9(b) of this Target's Statement
FATA	the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth)
FIRB	the foreign investment review board administered by the FATA
FIRB Approval Condition	the Condition set out in section 6.7.1 of Part B of the Bidder's Statement
Fonterra	Fonterra Co-operative Group Limited
FY13	the financial year from 1 July 2012 to 30 June 2013
FY14	the financial year from 1 July 2013 to 30 June 2014
GST	goods and services tax
Independent Expert or KPMG CF	KPMG Corporate Finance (a division of KPMG Financial Advisory Services (Australia) Pty Ltd)

Independent Expert's Report	the report prepared by the Independent Expert included as Appendix 1 to the Bega Target's Statement
Initial Permitted Dividend	a fully franked dividend of up to \$0.46 per WCB Share which is determined and subsequently declared by the WCB Board on or after 8 October 2013 and before the end of the Offer Period, and is payable after the Offer becomes unconditional (other than the <i>No Prescribed Occurrences Condition</i>)
Lion	Lion-Dairy & Drinks Pty Ltd ACN 004 486 631
Murray Goulburn	Murray Goulburn Co-operative Co. Limited ACN 004 277 089
Murray Goulburn's Proposal	the proposed off market takeover bid by Murray Goulburn for all WCB Shares other than those already held by Murray Goulburn for \$7.50 per WCB Share, as announced by Murray Goulburn to ASX on 18 October 2013
No Prescribed Occurrences Condition	the Condition set out in section 6.7.4 of Part B of the Bidder's Statement
Offer Consideration	the consideration offered by Saputo under its Offer. As at the date of this Target's Statement, the Offer Consideration is \$8.00 cash for each WCB Share
Offer Period	the period during which Saputo's Offer will remain open for acceptance in accordance with section 6.6 of Part B of the Bidder's Statement
Performance Rights Plan	the WCB Performance Rights Plan described in Section 5.9(a) of this Target's Statement
Related Body Corporate	has the meaning given to that term in the Corporations Act
relevant interest	has the meaning given in sections 608 and 609 of the Corporations Act
Rights	all accretions and rights attaching to or arising from WCB Shares, directly or indirectly, at or after the 8 October 2013 (including dividends and all rights to receive them, bonuses or other shares of its profits or assets, as well as rights to receive or subscribe for shares, notes, bonds, options or other securities and all other distributions or entitlements declared, paid, made or issued by WCB or any of its subsidiaries), including the cash amount of any Permitted Dividend
Saputo	Saputo Dairy Australia Pty Ltd ACN 166 135 486
Saputo Shares	fully paid ordinary shares in the capital of Saputo Inc. or Saputo
Saputo's Offer or Offer	the recommended off market takeover bid by Saputo to acquire all WCB Shares for \$8.00 cash per Share as announced to ASX on 25 October 2013 and as described in the Bidder's Statement
Senior Executive	a member of the WCB executive team as set out in WCB's 2013 Annual Report

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9. Glossary and interpretation

Superior Proposal	a bona fide Competing Proposal received after 7 October 2013 (not resulting from a breach by WCB of any of its exclusivity obligations under the Bid Implementation Deed) that the WCB Board determines acting in good faith and to satisfy what the WCB Board considers to be its fiduciary or statutory duties (after taking advice from its external financial and legal advisers): a) is reasonably capable of being valued and implemented, taking into account all aspects of the Competing Proposal, including timing considerations, the identity of the person making it, any conditions and the likely availability of finance; and b) would, if completed substantially in accordance with its terms, be reasonably likely to result in a transaction more favourable to WCB Shareholders as a whole than Saputo's Offer, taking into account all the terms and conditions of the Competing Proposal and all aspects of the Saputo's Offer
Target's Statement	this document
unconditional	that the Offers and any contracts resulting from acceptance of the Offers are no longer subject to fulfilment of any of the Conditions
USD	US dollars
VWAP	the volume weighted average trading price of shares on ASX
WCB	Warrnambool Cheese and Butter Factory Company Holdings Limited ACN 071 945 232
WCB Board or Board	the board of directors of WCB
WCB Factory	The Warrnambool Cheese and Butter Factory Company Limited ACN 004 032 053
WCB Share or Share	a fully paid ordinary share in the capital of WCB
WCB Shareholder or Shareholder	a holder of WCB Shares

9.2 Interpretation

In this Target's Statement, unless the context otherwise requires:

- the singular includes the plural and vice versa and words importing one gender include other genders;
- terms defined in the Corporations Act as at the date of this Target's Statement have the meanings given to them in the *Corporations Act 2001* (Cth) at that date;
- a reference to dollars, A\$, AUD, \$ and cents is a reference to Australian currency;
- a reference to a statute of any parliament or any section, provision or schedule of a statute of any parliament includes a reference to any statutory amendment, variation or consolidation of the statute, section, provision or schedule and includes all statutory instruments issued under the statute, section, provision or schedule;
- a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- a reference to a Section or Appendix is a reference to a section of or appendix to this Target's Statement and a reference to this Target's Statement includes any Appendix;
- a reference to a document or instrument include the document or instrument as novated, altered, supplemented, or replaced from time to time;
- a reference to time is a reference to AEDT; and
- headings and bold type are used for reference only.

Corporate Directory

Directors

Terry Richardson (Chairman, Non Executive Director)

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)

Ray Smith (Independent Director)

Robert Lane (Independent Director)

John McLean (Associate Director)

Bruce Morley (Associate Director)

Secretary

Paul Moloney

Share Registry

Link Market Services Limited

Level 1, 333 Collins Street

Melbourne Victoria, 3000

Legal Adviser

Minter Ellison Lawyers

Rialto Towers

Level 16

525 Collins Street

Melbourne Victoria, 3000

Financial Adviser

CIMB Corporate Finance (Australia) Limited

Level 32

101 Collins Street

Melbourne Victoria, 3000

Registered Office

5331 Great Ocean Road

Allansford Victoria, 3277

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