

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 "DMN44" now produced and shown to David Michael Noonan at the time of signing his statement on 28 November 2013.

**Annexure DMN44
WCB announcement on dividends**

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Guidance on Permitted Dividends under Revised Saputo Offer

Warrnambool Cheese and Butter Factory Company Holdings Limited (ASX: WCB) (**WCB**) refers to its announcement on 15 November 2013 in relation to the increased offer from Saputo Dairy Australia Pty Ltd, a wholly owned subsidiary of Saputo Inc. (TSX: SAP) (**Saputo**), to acquire all of the shares of WCB for \$9.00 cash per share (**Revised Saputo Offer**).

David Lord, Managing Director of WCB said:

"If you are an existing WCB shareholder, and you accept Saputo's Offer, you will receive \$9.00 cash per share within 5 business days of Saputo's Offer being declared unconditional, which is expected to be on 28 November 2013. Therefore existing shareholders who accept on or before 28 November should receive their \$9.00 cash per share on or about 5 December 2013. If fully franked special dividends are paid, then some shareholders will receive an additional benefit of up to \$0.56 per share in franking credits.

If you trade WCB shares on market and are not registered as a holder of WCB shares at 7.00pm on 26 November 2013 you should take particular note of the implications set out in this announcement."

This announcement focuses specifically on the dates, timing and other matters relevant to the interaction between the fully franked special dividends and the Revised Saputo Offer. The information below consolidates and supplements previously disclosed details surrounding those special dividends.¹ It is provided to assist WCB shareholders and market participants in understanding the operation of those special dividends. If you have any queries in relation to the operation of these dividends to your specific circumstances you should contact your financial, taxation or other professional adviser.

Initial Permitted Dividend and Additional Permitted Dividend

As previously announced:

- subject to Saputo obtaining a relevant interest in greater than 50% of WCB shares, the WCB board intends to exercise its discretion to declare a fully franked special dividend of \$0.46 per share (**Initial Permitted Dividend**);
- subject to Saputo obtaining a relevant interest in at least 90% of WCB shares, the WCB board also intends to exercise its discretion to declare a subsequent fully franked special dividend of \$0.85 per share (**Additional Permitted Dividend**); and
- the record date for both the Initial Permitted Dividend and the Additional Permitted Dividend (collectively the **Permitted Dividends**) is 7.00pm (AEST) on Tuesday, 26 November 2013 (**Record Date**).

WCB wishes to advise that WCB shares will NOT trade ex-dividend from the commencement of trading on Wednesday, 20 November 2013. There will not be an ex market for WCB shares. WCB shares will continue to trade on a normal basis up to the Record Date. However if you trade in WCB shares you

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Refer WCB's ASX announcement of 8 October 2013, Saputo's Bidder's Statement released to ASX on 30 October 2013, WCB's Target's Statement responding to Saputo's offer dated 12 November 2013 and WCB's ASX announcement of 15 November 2013.

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should note that to be entitled to receive the Permitted Dividends you will need to be the registered holder of WCB shares on the Record Date.

A table of key dates is set out below.

| Event | Timing/other comments |
|---|--|
| WCB determines its intention to pay the Initial Permitted Dividend and Additional Permitted Dividend. WCB announces record date for each Permitted Dividend | Friday, 15 November 2013 |
| Record date for determining entitlements to each Permitted Dividend | 7.00pm AEST on 26 November 2013 (being 7 business days after determination of intention to pay the Permitted Dividends) Note: normal trading in WCB shares will continue up to the Record Date |
| Saputo intends to declare its offer unconditional ² | 28 November 2013 |
| Saputo pays accepting Shareholders offer consideration | Within 5 business days after Saputo processes your valid acceptance and Saputo declares its offer unconditional |
| WCB declares Initial Permitted Dividend | On the date that Saputo acquires a relevant interest in greater than 50% of WCB Shares Notes: <ul style="list-style-type: none"> • Payment date to be advised in an announcement to be made by WCB if the Initial Permitted Dividend is declared. • The adjustment mechanism described below may apply to the Initial Permitted Dividend if it is declared. |
| WCB declares Additional Permitted Dividend | On the date that Saputo acquires a relevant interest in at least 90% of WCB Shares Notes: <ul style="list-style-type: none"> • Payment date to be advised in an announcement to be made by WCB if the Additional Permitted Dividend is declared. • The adjustment mechanism described below may apply to the Additional Permitted Dividend if it is declared |
| Revised Saputo Offer closes (unless extended) | 7.00pm AEST on Friday, 13 December 2013 |

Shareholders should note that the relevant interest thresholds for the Permitted Dividends may be reduced by agreement between WCB and Saputo.

What does this mean for WCB Shareholders? Indicative examples

The tables below show the impact for WCB Shareholders of accepting the Revised Saputo Offer at different points in time. These tables are not exhaustive and should be read in conjunction with the remainder of this announcement.

²

Saputo has publicly stated that it intends to declare its offer unconditional no later than this date.

If you are the registered holder of WCB shares on the Record Date and you **ACCEPT** the Revised Saputo Offer you will receive \$9.00 cash per WCB share comprising the following amounts depending on the timing of your acceptance.

| If you ACCEPT ... | You will receive... | From... | By... |
|---|--|--|--|
| <u>Before</u> 7.00pm on 26 November 2013 (Record Date) and where no Permitted Dividends are declared at the time of acceptance | \$9.00 cash per WCB share | Saputo | Within 5 business days after Saputo processes your valid acceptance and Saputo declares its offer unconditional.* |
| <u>After</u> 7.00pm on 26 November 2013 and where no Permitted Dividends are declared at the time of acceptance | \$9.00 cash per WCB share | Saputo | Within 5 business days after Saputo processes your valid acceptance and Saputo declares its offer unconditional.* |
| <u>After</u> 7.00pm on 26 November 2013 and only the Initial Permitted Dividend is declared at the time of acceptance | <p>\$8.54 cash per WCB share under the Saputo's offer.</p> <p>\$0.46 cash per WCB share dividend (Initial Permitted Dividend).</p> | <p>Saputo pays you \$8.54 cash per WCB share.</p> <p>WCB pays you \$0.46 cash per WCB share.</p> | <p>Within 5 business days after Saputo processes your valid acceptance and Saputo declares its offer unconditional.*</p> <p>The payment date for the Initial Permitted Dividend (this date is not yet determined but is likely to be within 7 business days after the greater than 50% relevant interest threshold is reached).</p> <p>WCB shareholders who can capture the full benefit of the franking credit associated with the Initial Permitted Dividend will receive an additional benefit of \$0.20 per WCB share. Whether a WCB shareholder is entitled to the franking credit benefits will depend on each shareholder's particular circumstances.</p> |
| <u>After</u> 7.00pm on 26 November 2013 and the Initial Permitted Dividend and Additional Permitted Dividend are declared at the time of acceptance | <p>\$7.69 cash per WCB share under the Saputo Offer.</p> <p>\$1.31 cash per WCB share in dividends (Initial Permitted Dividend and Additional Permitted Dividend).</p> | <p>Saputo pays you \$7.69 cash per WCB share.</p> <p>WCB pays you \$1.31 cash per WCB share in dividends (Initial Permitted Dividend and Additional Permitted Dividend).</p> | <p>Within 5 business days after Saputo processes your valid acceptance and Saputo declares its offer unconditional.</p> <p>The payment dates for the Initial Permitted Dividend and Additional Permitted Dividend (neither has been determined but is likely to be within 7 business days after the particular relevant interest threshold is reached).</p> |

| | | | |
|--|--|--|---|
| | | | <p>WCB shareholders who can capture the full benefit of the franking credits associated with the Initial Permitted Dividend and Additional Permitted Dividend will receive an additional aggregate benefit of \$0.56 per WCB share. Whether a WCB shareholder is entitled to the franking credit benefits will depend on each shareholder's particular circumstances.</p> |
|--|--|--|---|

* **Note:** you authorise WCB to pay to Saputo an amount equal to any Permitted Dividends that are subsequently paid. See further below under the heading *Adjustment Mechanism*.

As this first table demonstrates, each WCB shareholder who is the registered holder of WCB shares on the Record Date, and who ACCEPTS the revised Saputo Offer will receive \$9.00 cash per WCB share, regardless of when they ACCEPT the Revised Saputo Offer and regardless of if and when any Permitted Dividends are paid by WCB.

If you become the registered holder of any WCB shares **AFTER** the Record Date and you **ACCEPT** the Revised Saputo Offer you will receive the following depending on the timing of your acceptance.

| If you ACCEPT... | You will receive... | From... | By... |
|--|--|---------------|---|
| <p><u>After</u> 7.00pm on 26 November 2013 and where no Permitted Dividends are declared at the time of acceptance</p> | <p>\$7.69 cash per WCB share</p> | <p>Saputo</p> | <p>Within 5 business days after Saputo processes your valid acceptance and Saputo declares its offer unconditional.</p> <p>Potential adjustment of \$1.31 in your favour: if no Initial Permitted Dividend and no Additional Permitted Dividend are ever paid Saputo will pay you \$1.31 per WCB share within 21 days after the close of Saputo's offer.</p> |
| <p><u>After</u> 7.00pm on 26 November 2013 and only the Initial Permitted Dividend is declared at the time of acceptance</p> | <p>\$7.69 cash per WCB share under the Saputo Offer.</p> | <p>Saputo</p> | <p>Within 5 business days after Saputo processes your valid acceptance and Saputo declares its offer unconditional.</p> <p>Potential adjustment of \$0.85 cash per WCB share in your favour: if no Additional Permitted Dividend is ever paid Saputo will pay you \$0.85 cash per WCB share within 21 days after the close of Saputo's offer.</p> |

| | | | |
|--|---|--------|--|
| After 7.00pm on 26 November 2013 and the Initial Permitted Dividend and Additional Permitted Dividend are declared at the time of acceptance | \$7.69 cash per WCB share under the Saputo Offer. | Saputo | Within 5 business days after Saputo processes your valid acceptance and Saputo declares its offer unconditional. |
|--|---|--------|--|

As this second table demonstrates, if you become the registered holder of WCB shares after the Record Date, you will not be entitled to any Permitted Dividend. In this instance only, payments may potentially be split between the person who was the registered holder on the Record Date (who is entitled to any Permitted Dividend that is declared) and the buyer of those WCB shares who becomes the registered holder of those WCB shares after the Record Date and later accepts the Revised Saputo Offer (who is entitled to the Offer consideration less any Permitted Dividend which is declared).

No assurance that either Permitted Dividend will be declared and paid

As the Initial Permitted Dividend is dependent on Saputo achieving a relevant interest in greater than 50% of WCB shares and as the Additional Permitted Dividend is dependent on Saputo achieving a relevant interest in at least 90% of WCB shares, there is no assurance that either Permitted Dividend will be declared and paid nor any certainty as to the timing for payment of either Permitted Dividend.

Implications for current WCB shareholders who ACCEPT the Revised Saputo Offer

If you are a WCB Shareholder at the Record Date, then:

- if no Permitted Dividends are paid, you will still have received the \$9.00 cash per Share from Saputo within 5 business days after your valid acceptance of the Offer and after the Revised Saputo Offer becomes unconditional (expected to be 28 November 2013); and
- if either or both Permitted Dividend are declared and paid, it (they) will be deducted from the offer consideration of \$9.00 cash per Share payable by Saputo. As noted below, some Shareholders who accept the Revised Saputo Offer may receive their offer consideration of \$9.00 cash per Share from Saputo *before* it achieves the relevant interest thresholds for the declaration and payment of the Permitted Dividends. In those circumstances, if Saputo subsequently achieves the relevant interest thresholds for either Permitted Dividend to be declared and paid by WCB, an adjustment mechanism as described below will apply to deal with the Permitted Dividends in a way that ensures Shareholders are not overpaid by receiving \$9.00 cash per Share from Saputo plus one or both Permitted Dividends from WCB (i.e. that they continue to receive overall transaction value of \$9.00 cash per Share).

In addition to the total transaction value of \$9.00 cash per share, WCB Shareholders who can capture the full benefit of the franking credits associated with both Permitted Dividends would receive an additional benefit under the Revised Saputo Offer valued at \$0.56 per share. It is important to note that:

- the composition of the \$9.00 cash per share will only be known as and when Saputo reaches the relevant thresholds and WCB has paid the Permitted Dividends or by the close of the Revised Saputo Offer; and
- the potential value of franking credits distributed with either or both Permitted Dividends will depend on the tax position and tax residency of individual WCB Shareholders. WCB has applied to and is awaiting a response from the Commissioner of Taxation for a Class Ruling in relation to the income tax treatment for WCB Shareholders who have their WCB Shares acquired under the Revised Saputo Offer, including in relation to the entitlement to franking credit benefits.

Adjustment mechanism

If you are a WCB shareholder on the Record Date, so that you are entitled to any Permitted Dividend, then on acceptance of the Revised Saputo Offer you will be paid \$9.00 cash per Share by Saputo within 5 business days

after your valid acceptance of the Revised Saputo Offer and after the offer becomes unconditional (expected to be 28 November 2013). It is possible that some shareholders who accept the Revised Saputo Offer will receive payment of \$9.00 cash per Share from Saputo *before* Saputo reaches the greater than 50% relevant interest threshold (being the threshold at which WCB intends to declare the Initial Permitted Dividend) and/or before Saputo reaches the 90% acceptance threshold (being the threshold at which WCB intends to declare the Additional Permitted Dividend).

In those circumstances, if Saputo pays you your offer consideration of \$9.00 cash per Share and if Saputo subsequently achieves either the greater than 50% and/or the at least 90% threshold you will still be entitled to the Initial Permitted Dividend and/or the Additional Permitted Dividend. However the terms of the Revised Saputo Offer provide that each WCB Shareholder who is entitled to receive any Permitted Dividends and who has previously accepted the Revised Saputo Offer authorises and directs WCB to pay to Saputo a sum equal to the amount of any Permitted Dividend payable to that shareholder. Broadly, the effect of this adjustment mechanism is that instead of Saputo requesting that you repay or refund to it the amount of the Permitted Dividend, you will have irrevocably authorised and directed WCB to pay to Saputo or to account to Saputo an amount equal to the Permitted Dividend payable to you in respect of your WCB Shares, in full satisfaction of your obligation to repay Saputo the overpayment.

This adjustment mechanism does not require any action on your part and is an internal adjustment between Saputo and WCB. Even if the adjustment mechanism applies you will still receive a normal dividend statement for either or both Permitted Dividends as you would for any other dividend.

For full details of the adjustment mechanism, please refer to Section 6.17.2(g) of Saputo's Bidder's Statement and Section 2.3 of the Target's Statement, under the sub-heading *Overpayment*.

Implications for persons who acquire WCB shares after the Record Date

If you are not a registered holder of WCB shares on the Record Date you will not be entitled to any Permitted Dividend in respect of those WCB shares. If you subsequently accept the Revised Saputo Offer, or your shares are subsequently compulsorily acquired by Saputo, then under the terms of the Revised Saputo Offer you will receive the Offer Consideration of \$9.00 cash per share less the total amount of any Permitted Dividends that are declared.

Under the Revised Saputo Offer you will receive the Offer Consideration of \$9.00 cash per share less \$1.31 per share (being the total amount of any Permitted Dividends) within 5 business days after your valid acceptance of the Offer is processed by Saputo and after the Revised Saputo Offer becomes unconditional (expected to be 28 November 2013).

The amount of \$1.31 is the maximum possible amount of the undeclared Permitted Dividends. The Undeclared Dividend Amount is the balance of the Offer Consideration and is equal to \$1.31 per WCB share less the cash amount of any Permitted Dividend declared by WCB (**Undeclared Dividend Amount**).

To the extent that any Permitted Dividend is not subsequently declared and paid by WCB, Saputo will pay you the applicable Undeclared Dividend Amount within 21 days after the close of Saputo's offer.

Trading of WCB Shares after the Record Date

If you trade in WCB shares you should note the following if you are not the registered holder of those WCB shares at 7.00pm AEST on 26 November 2013 (the Record Date):

- on-market buyers of WCB Shares who are not the registered holder of those shares as at the Record Date will not be entitled to either Permitted Dividend (see comments above under the preceding sub-heading);
- on-market sellers of WCB Shares should note that the market price of WCB shares may trade down after the Record Date to reflect that buyers of WCB Shares who are not the registered holder of WCB shares as at the Record Date will not be entitled to either Permitted Dividend (see comments above under the preceding sub-heading); and

- on-market sellers of WCB Shares should also note the other risks and potential disadvantages of selling their WCB Shares on market (see in particular section 4 of WCB's Target's Statement dated 12 November 2013 under the heading *Sell your WCB Shares on ASX*).

WCB directors' recommendation and intention

WCB's directors unanimously support the Revised Saputo Offer and recommend that WCB shareholders ACCEPT the Revised Saputo Offer, in the absence of a superior proposal. Subject to that same qualification, each WCB director and executive³ intends to ACCEPT the Revised Saputo Offer for all WCB shares they hold or otherwise control.

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³

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