

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 RAP56 now produced and shown to Robert Arthur Poole at the time of signing his statement on 28 November 2013.

**Annexure RAP56
Article in Bloomberg dated 7 June 2005**

Filed on behalf of Murray Goulburn Co-Operative Co Limited

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DJIA	16,090.50	17.700	0.11%
S&P 500	1,806.07	3.32	0.18%
NASDAQ	4,037.40	19.650	0.49%

Ticker	Volume	Price	Price Delta
STOXX 50	3,082.65	20.030	0.65%
FTSE 100	6,649.47	13.250	0.20%
DAX	9,351.13	61.060	0.66%

Ticker	Volume	Price	Price Delta
NIKKEI	15,449.63	-65.61	-0.42%
TOPIX	1,247.08	-5.94	-0.47%
HANG SENG	23,806.35	125.070	0.53%



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Fonterra to Buy Bonlac Foods, Acquire Nestle Plant (Update3)

By Gavin Evans and Jason Gale - June 7, 2005 04:00 EDT

June 7 (Bloomberg) -- Fonterra Cooperative Group Ltd., the world's biggest dairy exporter, agreed to buy the 50 percent of Bonlac Foods Ltd. it doesn't already own to grab a bigger share of Australia's A\$9 billion (\$7 billion) milk products market.

Fonterra didn't give the price of the transaction, which it will complete by issuing Bonlac bonds to the Melbourne-based company's 1,500 farmer-suppliers, it said in a statement. Fonterra also agreed to buy a milk powder plant in Australia from Nestle SA to help lower production costs.

Buying Bonlac, Australia's fourth-largest dairy company, will allow Auckland-based Fonterra to expand in Australia after its offer for National Foods Ltd., the country's biggest fresh-milk supplier, was trumped in April by San Miguel Corp. with a A\$1.9 billion bid. Fonterra's new targets would also help it cut export costs and boost sales amid record-high dairy prices.

"Until now, Fonterra has been a manufacturing company in Australia," said John McQueen, chief executive of Melbourne-based lobby group Australian Dairyfarmers. "For the first time they will have direct supply from Australian farmers."

Fonterra sells about \$8 billion a year of milk powder, butter and cheese and accounts for 40 percent of international trade in those products.

Expand in Australia

The proposed purchases would boost Fonterra's sales in Australia by about A\$200 million to A\$1.6 billion and lift the company's share of the Australian dairy market by 4 percentage points to 18 percent, Fonterra Chief Executive Andrew Ferrier said.

Fonterra bought a 50 percent stake in Bonlac in September 2003, giving it control of an unprofitable company that had lost almost half its farmer-suppliers the previous decade and which had had its credit rating cut five levels to B+ in less than three years.

Bonlac, maker of Bodalla and Perfect Italiano cheeses, has been selling assets to cut debt and help boost the price it pays for milk as some suppliers switch to higher-paying competitors. The company has struggled to compete with Melbourne-based Murray Goulburn, which has 3,109 farmer-suppliers and controls more than a third of the country's milk.

"Most Australian dairy companies have found it fairly hard to compete with Murray Goulburn" and match the higher prices it pays its suppliers, McQueen said.

Under the proposal, Bonlac's farmers will continue to supply the business and receive a competitive price, Ferrier said.

Further Expansions?

"We are committed to the competitiveness of this business on a world scale," Ferrier told journalists in Melbourne. "We are looking to expand further in Australia" and these purchases are an important part of that, he said.

Bonlac Foods' debt securities rose to a five-year high after the announcement.

Bonlac's perpetual notes, which pay investors interest of 3.5 percentage points more than the 180-day Australian bank bill rate, jumped A\$7.30, or 7.6 percent, to A\$103 on the Australian Stock Exchange. That's the highest since November 1999.

Standard & Poor's Ratings Services said it would probably increase its B+ credit rating on Bonlac Foods to AA-, matching Fonterra's rating, if the plan succeeds.

Bonlac had A\$7.6 million in cash and A\$70 million in undrawn bank loans as at June 30, 2004. It has A\$95 million of debt maturing this month, S&P said.

Nestle Plant

"A significant challenge for Bonlac is its ability to generate free cash flows to pay a competitive price for milk, which is needed to retain suppliers," S&P analysts Brenda Wardlaw and Richard Creed said in an e-mailed statement.

Fonterra wouldn't say how much it has agreed to pay Nestle, the world's largest food company, for its milk powder plant at Dennington in Victoria. Nor did it disclose the cost of buying the Murrumbidgee Dairy Products business from Bonlac, also announced today.

The Dennington plant will be converted to focus solely on export milk powders, reducing costs and improving the efficiency of Fonterra's other plants, Ferrier said.

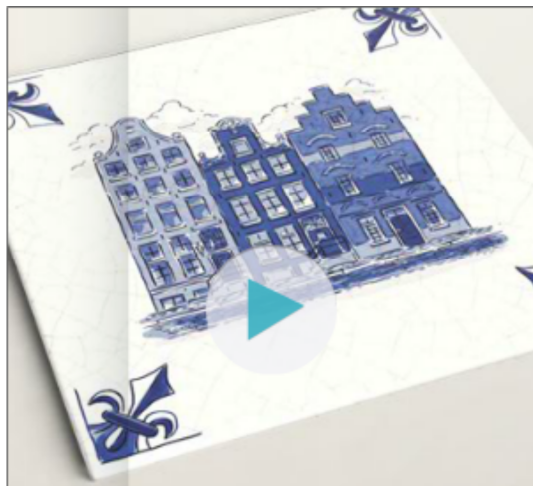
Buying the Murrumbidgee plant will expand the company's interests in liquid milk, yogurt and dairy desserts, the weakest parts of Fonterra's business in Australia, he said.

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