

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 "DMN23" now produced and shown to David Michael Noonan at the time of signing his statement on 28 November 2013.

Annexure DMN23
WCB letter to shareholders regarding Bega Cheese offer

Filed on behalf of Murray Goulburn Co-Operative Co Limited
Prepared by:
Herbert Smith Freehills
Tel: +61 3 9288 1234 Fax: +61 3 9288 1567
Email: chris.jose@hsf.com Ref: CJ:ALM:82230139
Address for service
Level 43, 101 Collins Street
MELBOURNE VIC 3000

25369492



**WCB DIRECTORS UNANIMOUSLY RECOMMEND WCB SHAREHOLDERS
REJECT BEGA CHEESE'S OFFER**

WCB DIRECTORS EXPECT A SIGNIFICANT IMPROVEMENT IN EARNINGS IN FY2014

2 October 2013

Dear Shareholder

On 12 September 2013, Bega Cheese Limited (**Bega**) announced that it intends to make an unsolicited, highly conditional takeover offer for the outstanding shares in Warrnambool Cheese and Butter Factory Company Holdings Limited (**WCB**). Bega is offering 1.2 Bega Shares and \$2.00 cash for each WCB share (**Offer**).

The Board of WCB, together with its advisers, has undertaken a detailed review of the Offer. WCB Directors unanimously recommend that you **REJECT** Bega's Offer for the following reasons:

- Bega's Offer is inadequate and does not reflect fair value for WCB shares
- Bega's Offer does not fully reflect the strategic value of WCB to Bega Cheese. Among other things, WCB believes the potential synergies from a combination of Bega and WCB are materially higher than set out in Bega Bidder's Statement
- Bega's Offer is timed to exploit recent gains in Bega's share price
- The Offer consideration is uncertain and there are risks in owning Bega shares
- The timing of Bega's Offer is highly opportunistic and fails to reflect the value of a number of recent business improvement initiatives undertaken by WCB
- Bega's Offer is highly conditional and uncertain, and may result in a potential tax liability for WCB shareholders
- WCB has strong prospects as a globally focused manufacturer of value added dairy products with a strong platform for future growth

DO NOT LET BEGA ACQUIRE YOUR WCB SHARES AT LESS THAN FAIR VALUE

Due to a continuation of the improvement in market conditions experienced in the last quarter of FY2013, as well as business improvement and strategic initiatives that are contributing to a positive product mix change and higher margins, WCB expects FY2014 EBITDA to be in the range of \$47.0 million to \$52.0 million. This would be significantly higher than EBITDA of \$25.5 million recorded for FY2013.

Full details of this forecast, including the underlying assumptions, sensitivities and risks that may impact the forecast, as well as the full year impact of strategic initiatives, will be provided in WCB's forthcoming Target's Statement in response to

Warrnambool Cheese and Butter Factory Company Holdings Limited

5331 Great Ocean Road, Allansford Victoria 3277 Australia

Telephone: (03) 5565 3100 Facsimile: (03) 5565 3156 Website: www.wcbf.com.au

ACN 071 945 232 ABN 15 071 945 232

For personal use only

Bega's Offer which you will receive around mid-October. The Target's Statement will include the Investigating Accountant's Report which will be completed in relation to WCB's forecast for FY2014. This will assist you to properly assess the future profitability of WCB.

The WCB Board remains committed to maximising value for shareholders and improving the livelihood of its suppliers, and will focus on continuing to implement its strategic plan.

The WCB Board will continue to keep shareholders, suppliers and other stakeholders fully updated throughout this process. WCB shareholders and suppliers with any questions can contact the WCB information line on 1300 880 732. You are likely to receive further documentation from Bega soon and should be aware that you do not need to respond to Bega's documents – **to REJECT the Bega Offer, you should simply do nothing.**



Terry Richardson
Chairman



David Lord
CEO & MD