

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 "DMN30" now produced and shown to David Michael Noonan at the time of signing his statement on 28 November 2013.

**Annexure DMN30  
Saputo bidder's statement**

---

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](mailto:chris.jose@hsf.com) Ref: CJ:ALM:82230139  
**Address for service**  
Level 43, 101 Collins Street  
MELBOURNE VIC 3000

25369492



## Maddocks

Contact Janna Parfenova  
Direct (02) 9291 6301  
Email janna.parfenova@maddocks.com.au  
Partner Peter Shaw  
Our Ref PXS:JZP:6000222

Lawyers  
Level 27, Angel Place  
123 Pitt Street  
Sydney New South Wales 2000 Australia  
GPO Box 1692  
Sydney New South Wales 2001

Telephone 61 2 9291 6100  
Facsimile 61 2 9221 0872

info@maddocks.com.au  
www.maddocks.com.au

DX 10284 Sydney Stock Exchange

25 October 2013

**By Fax 1300 135 638**

The Manager  
ASX Limited  
Company Announcements Office  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir or Madam

**Takeover Bid for Warrnambool Cheese and Butter Factory Company Holdings Limited ACN 071 945 232 (Warrnambool) – bidder's statement without offer dates and shareholder information**

We act for Saputo Dairy Australia Pty Ltd ACN 166 135 486 (**Saputo**).

On 8 October 2013, Saputo announced an offer to acquire 100% of Warrnambool's issued share capital at the end of the offer period (**Offer**).

In fulfilment of its obligations under item 3 of the table set out in section 633(1) of *Corporations Act 2001 (Cth) (Act)*, Saputo has today sent a bidder's statement setting out all the terms of the Offer to Warrnambool. In accordance with item 5 of the same table of the Act, we attach a copy of that bidder's statement.

Please note that the bidder's statement omits the following information, as permitted by section 633(1A) of the Act (inserted by ASIC Class Order 13/521):

1. the date of the proposed offer or any other date that is related to or dependent on that date; and
2. the name and address of holders of securities in Warrnambool to whom the offer will be made.

Yours faithfully  
Maddocks

**Peter Shaw**  
Partner

Enc.

For personal use only



*Saputo*

**Bidder's Statement**  
**RECOMMENDED CASH OFFER**

by

**Saputo Dairy Australia Pty Ltd**

ACN 166 135 486, a wholly owned subsidiary of Saputo Inc.

**BIDDER**

to acquire all of your ordinary shares in

**Warrnambool Cheese and Butter Factory  
Company Holdings Limited**

ACN 071 945 232

**TARGET**

---

The Warrnambool Directors unanimously recommend that you  
ACCEPT Saputo's cash Offer, in the absence of a Superior Proposal

---

**Offer Information Line**

If you have any questions about the Offer or this document, or about how to accept the Offer, please contact the Offer Information Line on 1300 397 230 (toll free within Australia) or +61 3 9415 4292 (not toll free) from outside Australia.

## Contents

<b>Contents</b>	<b>3</b>
<b>Saputo's Letter to Warrnambool Shareholders</b>	<b>8</b>
<b>How to ACCEPT this Offer</b>	<b>10</b>
<b>Important dates</b>	<b>10</b>
<b>Why you should ACCEPT Saputo's Offer</b>	<b>11</b>
<b>Part A: Summary of the Offer</b>	<b>16</b>
<b>1 Summary of the Offer</b>	<b>17</b>
<b>2 General risks associated with the Offer</b>	<b>23</b>
2.1 Warrnambool's Share price may decrease once the Offer closes	23
2.2 Saputo may acquire control of Warrnambool and you may remain a minority shareholder	23
2.3 There can be no certainty that the Offer will close successfully	23
<b>Part B: Details of the Offer</b>	<b>24</b>
<b>1 Overview of Saputo</b>	<b>25</b>
1.1 Brands and products	26
1.2 Major activities and locations	28
1.3 A tradition of excellence	30
1.4 Growth through acquisitions	32
1.5 Employees: a fundamental pillar	33
1.6 Community outreach	34
1.7 Environment and sustainability	34
1.8 Major subsidiaries and associated companies	35
1.9 Financial highlights	35
1.10 Details of ownership	35
1.11 Board of Directors of Saputo Inc.	36
1.12 Management of Saputo Inc.	36
1.13 Publicly available information	37
1.14 Board of Directors and executive management team of Saputo Dairy Australia Pty Ltd	37
<b>2 Overview of Warrnambool</b>	<b>39</b>
2.1 Background	39
2.2 Major activities and locations	39
2.3 Major subsidiaries and associated companies	39
2.4 Structure diagram	40
2.5 Ownership	41
2.6 Shareholders and number of Warrnambool Shares owned	41
2.7 Directors and associate Directors	42
2.8 Management	42
2.9 Other Warrnambool information	42

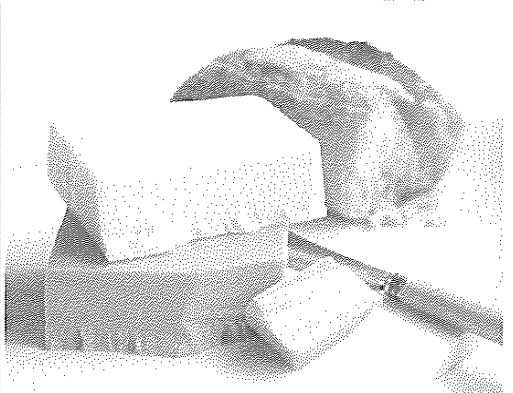
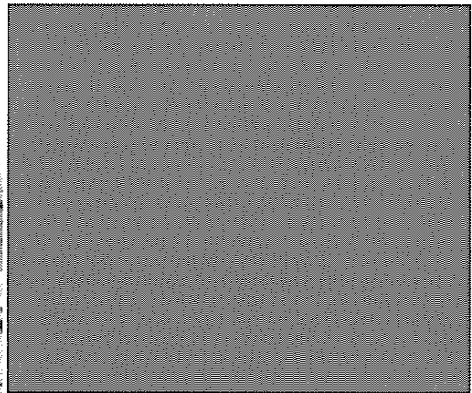
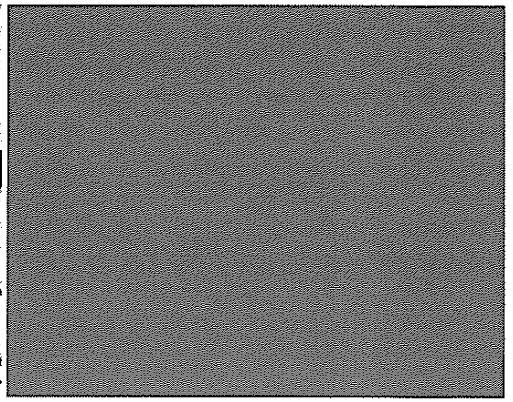
For personal use only

<b>3</b>	<b>Saputo's intentions</b>	<b>45</b>
3.1	Overview	45
3.2	Rationale for the Offer	45
3.3	Intentions upon ownership of 90% or more of Warrnambool	45
3.4	Intentions upon ownership of less than 90% but more than 50% of Warrnambool	47
3.5	Limitation on intentions	47
<b>4</b>	<b>Provision of cash consideration</b>	<b>49</b>
4.1	Cash consideration	49
4.2	Amount payable	49
4.3	Source of funds	49
<b>5</b>	<b>Taxation Information</b>	<b>50</b>
5.1	Permitted Dividends	51
5.2	Taxation on disposal of Warrnambool Shares	52
5.3	Stamp duty	53
5.4	Goods and services tax (GST)	53
<b>6</b>	<b>Terms of the Offer</b>	<b>53</b>
6.1	Identity of Saputo	53
6.2	Date of the Offer	53
6.3	Offer	53
6.4	Consideration	54
6.5	Benefit of improved Consideration	54
6.6	Offer Period	54
6.7	Conditions of the Offer	55
6.8	The nature and benefit of the Conditions	57
6.9	Freeing the Offer from the Conditions	57
6.10	Notice on the status of the Conditions	58
6.11	Withdrawal of the Offer	58
6.12	Variation of the Offer	58
6.13	Permitted Dividend	58
6.14	Provision of Consideration	59
6.15	Who may accept	60
6.16	How to accept the Offer	61
6.17	The effect of acceptance	62
6.18	Certain Warrnambool Shareholders	64
6.19	Notices	65
6.20	Brokerage and Stamp Duty	65
6.21	Governing Law	65

For personal use only

<b>7</b>	<b>Additional Information</b>	<b>65</b>
7.1	Bid Implementation Deed	65
7.2	Warrnambool Performance Rights	70
7.3	Status of the Conditions	71
7.4	Inducing benefits given during previous 4 months	71
7.5	Acquisitions and disposals of Warrnambool Shares during the previous 4 months	71
7.6	No escalation agreement	71
7.7	Broker handling fee	71
7.8	Compulsory acquisition / Compulsory buy-out	73
7.9	Miscellaneous matters	74
<b>8</b>	<b>Glossary</b>	<b>75</b>
<b>9</b>	<b>Interpretation</b>	<b>80</b>
<b>10</b>	<b>Approval of Bidder's Statement</b>	<b>81</b>
	<b>Annexure A – Warrnambool ASX Announcements since 30 June 2013</b>	<b>82</b>

For personal use only



**THIS BIDDER'S STATEMENT IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY BEFORE DECIDING WHETHER TO ACCEPT THE OFFER. YOU SHOULD ALSO READ THE TARGET'S STATEMENT TO BE PREPARED BY WARRNAMBOOL.**

This Bidder's Statement is given by Saputo Dairy Australia Pty Ltd ACN 166 135 486 (Saputo), a wholly owned Subsidiary of Saputo Inc. This Bidder's Statement is given under Part 6.5 of the Corporations Act. A copy of this Bidder's Statement is dated, and was lodged with ASIC on, 25 October 2013. ASIC takes no responsibility for the contents of this Bidder's Statement.

#### Investment decisions

The information provided in this Bidder's Statement is not financial or investment advice and has been prepared without taking into account your individual investment objectives, financial circumstances or particular needs. You should seek independent financial and taxation advice from your financial or other professional adviser before deciding whether to accept the Offer.

#### Disclaimer as to forward-looking statements

This Bidder's Statement contains forward-looking statements within the meaning of securities laws. These statements are based, among other things, on Saputo Inc.'s and Saputo's assumptions, expectations, estimates, objectives, plans and intentions as of the date hereof regarding the Offer, its success, anticipated benefits, the number of Warrnambool Shares that Saputo will actually be able to purchase and any change to the Consideration or conditions.

Forward-looking statements are based on Saputo Inc.'s and Saputo's current estimates, expectations and assumptions, which Saputo Inc. and Saputo believe are reasonable as of the date hereof, and, accordingly, are subject to changes after such date. You should not place undue importance on forward-looking statements and should not rely upon this information as of any other date.

Except as required under applicable securities legislation, Saputo Inc. and Saputo do not undertake to update or revise these forward-looking statements, whether written or verbal, that may be made from time to time by either of them or on their behalf, whether as a result of new information, future events or otherwise.

None of Saputo Inc. (or any of its officers), nor Saputo (or any of its officers), or any other person named in the Bidder's Statement with their consent, or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, except to the extent required by law.

#### Privacy

Saputo has collected your information from the Warrnambool register of shareholders for the purposes of making this Offer and, if accepted, administering acceptances over your holding of Warrnambool Shares and making payments of the Consideration.

The Corporations Act requires the names and addresses of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Saputo's related bodies corporate and external service providers and may be required to be disclosed to regulators such as ASIC.

#### Internet

References to Warrnambool's website ([www.wcbf.com.au](http://www.wcbf.com.au)) are for your reference only. References to Saputo's Inc. website ([www.saputo.com](http://www.saputo.com)) are for your reference only. Information contained in or otherwise accessible from either website does not form a part of this Bidder's Statement.

#### Notice to Foreign Shareholders

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions. The Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to which, it would not be lawful to make such an offer.

#### Defined terms

A number of defined terms are used in this Bidder's Statement. Unless expressly specified otherwise, capitalised terms have the meaning given in the Glossary.

All references to time in this Bidder's Statement are to Melbourne, Australia time.

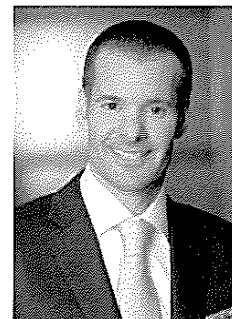
For personal use only



## Saputo's Letter to Warrnambool Shareholders

Dear Warrnambool Shareholder,

I am pleased to enclose an offer to acquire your shares in Warrnambool Cheese and Butter Factory Company Holdings Limited (Warrnambool). Saputo is offering you an all-cash Consideration of \$8.00 for each of your Warrnambool Shares (the Offer). We believe that this Offer provides significant benefits to Warrnambool and Warrnambool Shareholders:



- The Offer is higher than any of the other proposals for Warrnambool put forward by Bega Cheese Limited (Bega) in the Bega Offer and Murray Goulburn Co-operative Co. Limited (Murray Goulburn) in the Murray Goulburn Proposal;
- The Offer represents a substantial premium to the historical trading price of Warrnambool Shares on the ASX;
- It is a simple all-cash offer, with the potential for additional value from the benefit related to the distribution of franking credits on the special dividends (Permitted Dividends) that Warrnambool may declare and pay<sup>1</sup>;
- The Warrnambool Directors unanimously recommend that you accept the Offer, in the absence of a Superior Proposal;
- Warrnambool's heritage and name will be preserved; and
- Saputo has the strategic intent and financial capacity to invest further in Warrnambool to expand production and increase demand for milk, delivering benefits to Warrnambool's employees, suppliers and their local communities.

I would like to explain more about Saputo and the benefits of our Offer, with further details contained in this Bidder's Statement, which I encourage you to read in its entirety.

### A compelling offer to Warrnambool Shareholders

I believe our Offer is highly attractive to you as you will receive an all-cash Consideration of \$8.00<sup>2</sup> for each of your Warrnambool Shares, which represents a substantial premium.

Saputo has also agreed that Warrnambool may pay Permitted Dividends of up to \$1.31 per Warrnambool Share, which may deliver an additional benefit related to the distribution of franking credits, estimated by Warrnambool to be up to \$0.56 per Warrnambool Share for those Warrnambool Shareholders who can capture the full benefit of those franking credits.<sup>3</sup>

Excluding any additional benefit related to the distribution of franking credits, the all-cash Consideration of \$8.00 for each of your Warrnambool Shares represents a 77% premium to Warrnambool's closing price of \$4.51 per share on 11 September 2013, being the last trading day before the Bega Offer was announced.

### Saputo's Offer is superior to all other proposals for Warrnambool

Saputo's all-cash Consideration of \$8.00 per Warrnambool Share is higher than all other proposals made for Warrnambool, representing:

- a 7% premium to the \$7.50 cash per share announced in the Murray Goulburn Proposal on 18 October 2013;
- a 20% premium to the implied value of the Bega Offer, based on the closing price of Bega shares on 18 October 2013.

Saputo's Offer is subject to minimal conditions, including FIRB approval and a minimum acceptance of greater than 50% of Warrnambool Shares. We have already submitted our application to FIRB and believe that we will receive this approval in due course.

In contrast, the Murray Goulburn Proposal is subject to no objection by the ACCC or granting of authorisation by the Australian Competition Tribunal. Both the timing and outcome of that process are uncertain and it is likely to take several months.

In contrast to the Bega Offer of cash and scrip, Saputo is offering Warrnambool Shareholders the certainty of 100% cash for your Warrnambool Shares.

### Warrnambool Board recommendation

The directors of Warrnambool unanimously recommend that you ACCEPT the Offer in the absence of a Superior Proposal.

Each Warrnambool Director and Warrnambool Executive who holds or controls Warrnambool Shares has stated that he or she intends to accept the Offer in respect of the Warrnambool Shares they hold or control, in the absence of a Superior Proposal.

<sup>1</sup> Saputo has agreed that Warrnambool may pay Permitted Dividends of up to a maximum of \$1.31 per Warrnambool Share, with a corresponding reduction in the consideration otherwise due to Warrnambool Shareholders under the Offer, upon Saputo reaching specified relevant interest thresholds in Warrnambool. It is intended that the Permitted Dividends will comprise:

- an Initial Permitted Dividend of up to \$0.46 per Warrnambool Share if Saputo obtains a Relevant Interest of at least 50.1% in Warrnambool and the Offer is declared or becomes unconditional other than the No Prescribed Occurrences Condition; and
- an Additional Permitted Dividend of up to \$1.31 per Warrnambool Share less the amount paid under the Initial Permitted Dividend if Saputo obtains a Relevant Interest of at least 90% in Warrnambool and the Offer is declared or becomes unconditional other than the No Prescribed Occurrences Condition.

<sup>2</sup> If a Permitted Dividend is declared and paid, any Warrnambool Shareholder who accepts the Offer will be entitled to that Permitted Dividend provided that such Warrnambool Shareholder was the holder of the relevant Warrnambool Share on the Record Date for that Permitted Dividend. Saputo will deduct an amount equal to the amount of that Permitted Dividend from the consideration otherwise payable under the Offer. A person who becomes a Warrnambool Shareholder after the Record Date for a Permitted Dividend will receive all-cash consideration of \$8.00 per Warrnambool Share less the amount of any Permitted Dividend which is subsequently declared and paid.

<sup>3</sup> The potential additional value to Warrnambool Shareholders from the franking credits distributed with the Permitted Dividends will depend on your particular circumstances. Saputo recommends that you seek independent professional advice in relation to your own particular circumstances.

### Saputo will invest for growth in Warrnambool

Our strong interest in Warrnambool is motivated by the desire to enter the Australian market. Our approach to acquisitions is to make the necessary capital investments and devote the resources to increase manufacturing capacity, grow the milk intake, drive ongoing improvements in operating efficiencies and support innovation and new product development.

We will be looking to invest further to expand Warrnambool's operations by increasing existing capacity or building additional capacity. We will seek to introduce new product lines, as well as support Warrnambool's existing brands, innovation and new product development. Warrnambool will become the platform for Saputo Inc. to grow in Australia and through which to expand in the Asia Pacific region. Saputo Inc. has the strategic intent and financial capacity to invest further in Warrnambool. Funding for the acquisition of Warrnambool will not impose any financial constraints limiting Saputo Inc.'s ability to make such investments.

### Saputo will foster strong supplier relationships

Strong relationships with suppliers are important to the success of our business. We will seek to foster mutually beneficial relationships with Warrnambool's farmer suppliers.

- Our objectives are attained by treating suppliers as partners.
- We intend to pay a leading competitive milk price so that Warrnambool remains the buyer of choice for suppliers.
- We intend to maintain Warrnambool's existing Supplier Relations and Pricing Policy Committee.
- We intend to support the supplier base through continuing the field services teams, various supplier engagement projects and local community support.

### Saputo respects Warrnambool's heritage

We recognise and respect the heritage of Warrnambool and the important role that Warrnambool plays in its local communities. We plan to retain the Warrnambool Cheese and Butter name and corporate identity, along with maintaining and growing its key brands. We intend to continue to operate Warrnambool's facilities at Allansford and Mil Lel and look at increasing manufacturing capacity.

It is our intention that the business of Warrnambool will continue to be managed by the current senior management as a new division within Saputo Inc. As a leading international dairy processor, we believe that by working with Warrnambool's management team, we can strengthen Warrnambool's ability to compete and accelerate its growth in Australia and internationally. This in turn should lead to a greater demand for milk, which would benefit Warrnambool's suppliers.

We intend to provide an attractive and rewarding place for Warrnambool employees to work and to maintain a high level of employee engagement and commitment. We also plan to invite a number of the existing Warrnambool Directors to remain on the Warrnambool Board in order to retain the benefit of these Directors' knowledge of the local market dynamics, the dairy industry and the Warrnambool business.

### Saputo: An international leading dairy company

Saputo Inc. is a Canadian-based public company listed on the Toronto Stock Exchange. We are 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. We employ approximately 12,000 people and operate 53 manufacturing facilities. We process more than six billion litres of milk every year, and our products are sold in more than 40 countries. The bidder is Saputo Dairy Australia Pty Ltd, a wholly owned Subsidiary of Saputo Inc.

We believe that we are well-positioned to assist Warrnambool, working closely with its management team to contribute to the ongoing development of its domestic and international business.

I encourage you to accept this Offer as soon as possible. To accept the Offer, please follow the instructions in this Bidder's Statement and on the accompanying Acceptance and Transfer Form. The Offer is open for you to accept until 7.00pm (Melbourne time) on [##] 2013, unless extended in accordance with the Corporations Act.

If you have any questions about the Offer or this document, or about how to accept the Offer, please contact the Offer Information Line on 1300 397 230 (toll free within Australia) or +61 3 9415 4292 (not toll free) from outside Australia.

Yours sincerely,



Mr. Lino A. Saputo, Jr.

Chief Executive Officer and Vice Chairman of the Board

**Saputo Inc.**

25 October 2013

## How to ACCEPT this Offer

Please refer to section 6.16 of this Bidder's Statement and your personalised Acceptance and Transfer Form (which accompanies this Bidder's Statement) for details on how to accept this Offer.

How you accept this Offer depends on whether your Warrnambool Shares are held in an Issuer Sponsored Holding or a CHES Holding. This information is shown on your personalised Acceptance and Transfer Form.

**For Issuer Sponsored Holdings of Warrnambool Shares (Securityholder Reference Number beginning with 'I'):**

To accept the Offer, complete the enclosed Acceptance and Transfer Form in accordance with the instructions on it and return it in the enclosed envelope or to the postal address on the Acceptance and Transfer Form (as set out below).

**For CHES Holdings of Warrnambool Shares (Holder Identification Number beginning with 'X'):**

To accept the Offer, either instruct your Controlling Participant (usually your broker) to accept the Offer on your behalf, or complete the enclosed Acceptance and Transfer Form in accordance with the instructions on it and return it in the enclosed envelope to the postal address on the Acceptance and Transfer Form (as set out below).

### Postal Address:

Computershare Investor Services Pty Limited  
Warrnambool Offer  
GPO Box 52  
Melbourne VIC 3001

Your acceptance must be received by no later than 7:00pm Melbourne time on [# #] 2013, unless the Offer is extended or withdrawn.

If you have any questions about how to accept the Offer, please contact Saputo's Offer Information Line:

1300 397 230 (toll free) – for callers in Australia  
+61 3 9415 4292 – for callers outside Australia

## Important dates

Announcement of Offer	8 October 2013
Bidder's Statement lodged with ASIC and dated	25 October 2013
Date of Offer	[# #] 2013
Offer Period opens	[# #] 2013
Offer Period closes <sup>4</sup> (unless extended)	7:00pm Melbourne time on [# #] 2013

<sup>4</sup> This date is indicative only and may be extended as permitted by the Corporations Act and in accordance with the terms of the Bid Implementation Deed.

For personal use only

# Why you should ACCEPT Saputo's Offer

## Highlights

Saputo is offering all-cash Consideration of \$8.00 for each Warrnambool Share with the possibility of additional value estimated by Warrnambool to be up to \$0.56 per Warrnambool Share for Warrnambool Shareholders who are able to capture the full benefit of the franking credits on the Permitted Dividends proposed by Warrnambool in connection with the Offer.

Saputo believes that its Offer provides significant benefits to Warrnambool and Warrnambool Shareholders. The key reasons why you should accept Saputo's Offer are as follows:

1. Saputo's \$8.00 all-cash Consideration is higher than any of the other proposals made for Warrnambool;
2. Saputo believes the Offer provides greater certainty to Warrnambool Shareholders;
3. Saputo's \$8.00 all-cash Consideration represents a substantial premium to Warrnambool's historical trading price;
4. There is potential additional value of up to \$0.56 per Warrnambool Share from the distribution of franking credits for some Warrnambool Shareholders;
5. The Warrnambool Directors unanimously recommend that you accept the Offer, in the absence of a Superior Proposal;
6. Saputo Inc. intends to invest in Warrnambool to accelerate its growth, and create new opportunities for the company, its employees and suppliers;
7. Warrnambool's heritage and identity will be preserved;
8. Saputo Inc. brings other benefits to Warrnambool suppliers;
9. No brokerage or stamp duty will be payable.

The above is only a headline summary of the benefits to Warrnambool and Warrnambool Shareholders and should be read in conjunction with the detailed information set out elsewhere in this Bidder's Statement, including further information on the benefits and the relevant applicable assumptions.

## Details

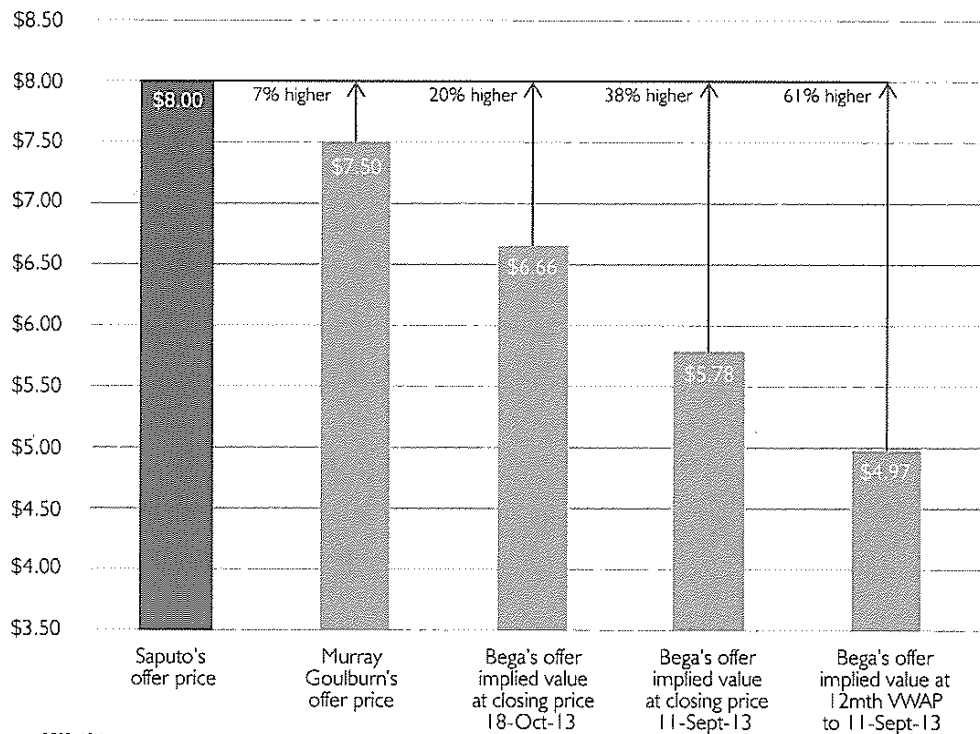
The Offer provides significant benefits for Warrnambool and Warrnambool Shareholders. The key reasons why you should accept Saputo's Offer are as follows:

### I. Saputo's \$8.00 all-cash Consideration is higher than any of the other proposals made for Warrnambool

Saputo's all-cash Consideration of \$8.00 per Warrnambool Share is higher than all other proposals made for Warrnambool, representing:

- a 7% premium to the \$7.50 cash per share consideration of the Murray Goulburn Proposal announced on 18 October 2013;
- a 20% premium to the implied value of the Bega Offer, based on the closing price of Bega shares on 18 October 2013, being the day Murray Goulburn announced its proposal;
- a 38% premium to the implied value of the Bega Offer, based on the closing price of Bega shares on 11 September 2013, being the day before the Bega Offer was announced; and
- a 61% premium to the implied value of Bega Offer, based on Bega's volume weighted average price over the 12 months to 11 September 2013, being the day before the Bega Offer was announced.

For personal use only



## 2. Saputo believes the Offer provides greater certainty to Warrnambool Shareholders

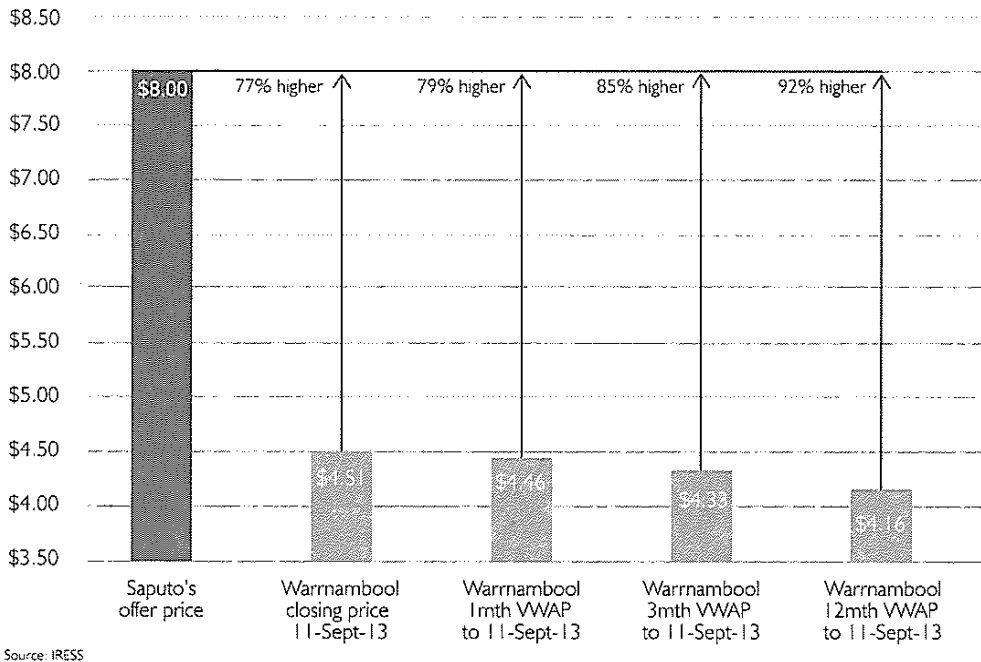
Saputo's Offer provides a \$8.00 all-cash Consideration for your Warrnambool Shares. It is subject to minimal conditions, including the FIRB Condition and a minimum acceptance condition of greater than 50% of Warrnambool Shares. Saputo has already submitted its application to FIRB. Saputo believes that the proposed acquisition of Warrnambool Shares under the Offer is consistent with Australia's Foreign Investment Policy and is not aware of any reason why the FIRB Condition will not be satisfied in due course.

In contrast, the Murray Goulburn Proposal is subject to no objection by the ACCC or granting of authorisation by the Australian Competition Tribunal. Both the timing and outcome of that process are uncertain. Given the Statement of Issues released by the ACCC in April 2010 when Murray Goulburn made an application in relation to an acquisition of Warrnambool, there appear to be substantive competition law issues to be addressed with any acquisition of Warrnambool by Murray Goulburn. At the date of this Bidder's Statement, the formal process that the Australian Competition Tribunal will adopt in relation to its deliberations is not clear but is likely to take several months. The outcome of the Australian Competition Tribunal's deliberations is also uncertain.

In contrast to the Bega Offer of cash and scrip, Saputo is offering Warrnambool Shareholders the certainty of 100% cash for their Warrnambool Shares, whereas the implied value of the Bega Offer will vary with the price of Bega shares, which fluctuates based on a range of factors. Also, the Bega Offer entails that you become a shareholder in Bega, a business that you may not be familiar with, and one that is exposed to various external factors and company specific risks. The Bega Offer also remains subject to ACCC approval, with more restrictive offer conditions than Saputo's.

## 3. Saputo's \$8.00 all-cash Consideration represents a substantial premium to Warrnambool's historical trading price

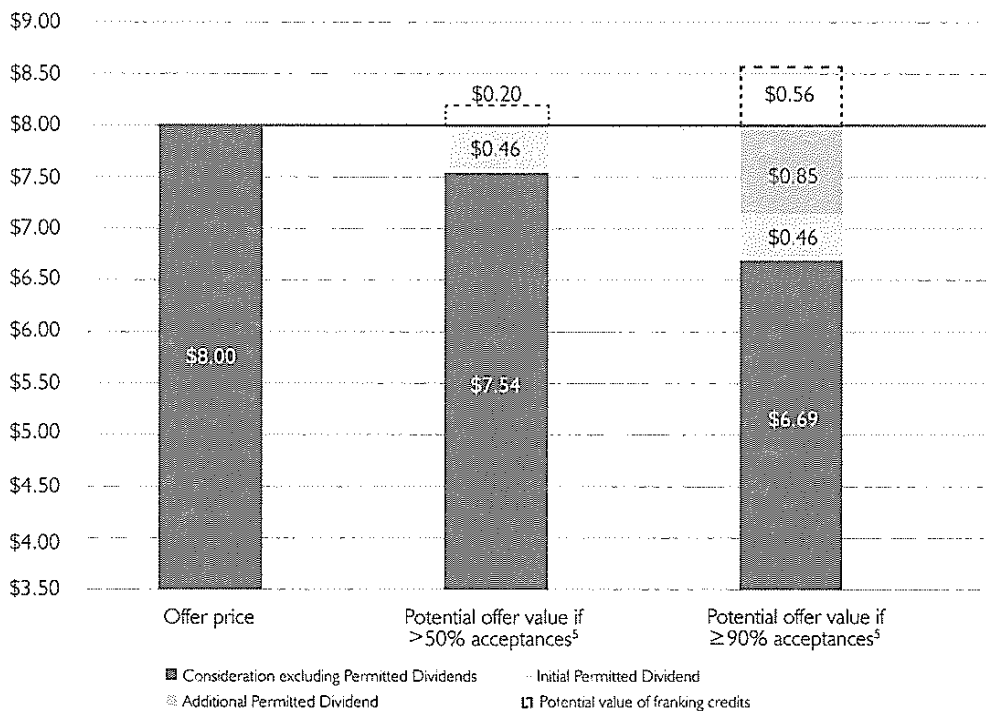
The all-cash Consideration of \$8.00 represents a substantial premium to a range of historical trading prices for Warrnambool Shares prior to the Initial Proposal Date, being the date on which the Bega Offer was announced:



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

Saputo has agreed with Warrnambool that Warrnambool may determine and subsequently declare and pay fully franked special dividends of up to a maximum of \$1.31 per Warrnambool Share (Permitted Dividends), with a corresponding deduction from the consideration otherwise due to Warrnambool Shareholders under the Offer, upon Saputo reaching specified Relevant Interest thresholds in Warrnambool.

Where Warrnambool Shareholders receive a franked dividend, they may be entitled to the benefit of any attached franked credits that could deliver additional value, estimated by Warrnambool to be up to \$0.56 per Warrnambool Share. The potential value of the franking credits distributed with the Permitted Dividends will depend on your particular circumstances. Saputo recommends that you seek independent professional advice in this regard.



<sup>5</sup> The potential value of the franking credits distributed with the Permitted Dividends as estimated by Warrnambool (which may be available to some Warrnambool Shareholders) will depend on your particular circumstances. Saputo recommends that you seek independent professional advice in relation to your own particular circumstances.

For personal use only

**5. The Warrnambool Directors unanimously recommend that you accept the Offer, in the absence of a Superior Proposal**

Saputo's Offer has been unanimously recommended by the Warrnambool Board and all Warrnambool Directors recommend that Warrnambool Shareholders accept the Offer, in the absence of a Superior Proposal.

Each Warrnambool Director and Warrnambool Executive intends to accept the Offer for all of the Warrnambool Shares they hold or otherwise control, in the absence of a Superior Proposal.

**6. Saputo intends to invest in Warrnambool to accelerate its growth, and create new opportunities for the company, its employees and suppliers**

Saputo Inc.'s strong interest in Warrnambool is motivated by a desire to enter the Australian market by acquiring and investing in a well-established and successful industry player with an experienced management team. This would allow Saputo Inc. to expand its international operations into Australia, a market that Saputo Inc. regards as strategic to its future growth plans both for its domestic and export market potential. Saputo Inc. intends to position Warrnambool as its platform for growth in Australia and through which to expand in the Asia Pacific region.

Saputo Inc.'s position as a leading international dairy processor would strengthen Warrnambool's ability to compete and accelerate Warrnambool's growth, delivering benefits for Warrnambool's employees, its farmer suppliers and their local communities. Saputo Inc.'s approach to acquisitions is to make the necessary capital investments and devote the necessary resources to increase manufacturing capacity, grow the milk intake, drive ongoing improvements in operating efficiency and support innovation and new product development.

**7. Warrnambool's heritage and identity will be preserved**

Saputo Inc. respects the heritage of Warrnambool and intends to retain the Warrnambool Cheese and Butter name and corporate identity. Saputo Inc. also intends to retain and grow Warrnambool, Sungold, Great Ocean Road and other brands.

Given that Saputo Inc. does not currently have a presence in Australia, it is the intention of Saputo Inc. that the business of Warrnambool continue to be managed by the current senior management. Saputo Inc. also intends to invite a number of the existing Warrnambool Directors to remain on the Warrnambool Board, so as to retain the benefit of those Directors' knowledge of the local market dynamics, the dairy industry, the Warrnambool business, and its key relationships.

Saputo Inc. recognises the important role that Warrnambool plays in its local communities. To this end, Saputo Inc. intends to continue to operate Warrnambool's facilities at Allansford and Mil Lel and would look to increase manufacturing capacity.

**8. Saputo Inc. brings other benefits to Warrnambool suppliers**

Saputo Inc. views relationships with its suppliers as important to the success of its business and to achieve Saputo Inc.'s strategic growth objectives. Saputo Inc. would seek to develop mutually beneficial relationships with the farmer suppliers of Warrnambool through the payment of a leading competitive milk price to ensure that Warrnambool remains the preferred customer for their milk, and continues to grow its milk intake.

Saputo Inc. does not have any existing milk purchasing operations in Australia. As such, an acquisition of Warrnambool by Saputo will not reduce the choices available for farmer suppliers. Moreover, Saputo Inc.'s intention to invest in and develop the Warrnambool operations should lead to a greater demand for milk, which should be to the benefit of Warrnambool suppliers.

Saputo Inc. recognises Warrnambool's ongoing support to its supplier base through its field services teams, various supplier engagement projects and local community support, and Saputo would continue to support such commitments. Saputo would also expect to maintain initiatives, such as the Supplier Relations and Pricing Policy Committee, which have been successful in building further lines of communication between processor and supplier.

**9. No brokerage or stamp duty will be payable on the sale of your Warrnambool Shares**

If your Warrnambool Shares are registered in an Issuer Sponsored Holding (your SRN starts with an "I") in your name and you deliver them directly to Saputo, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.

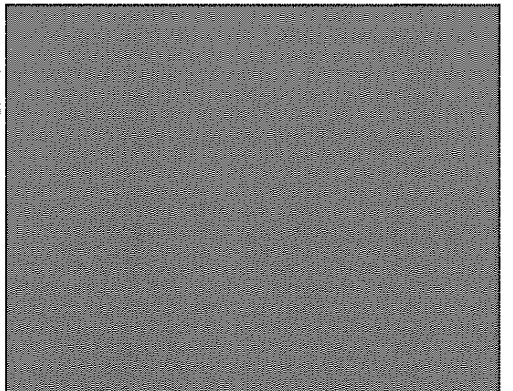
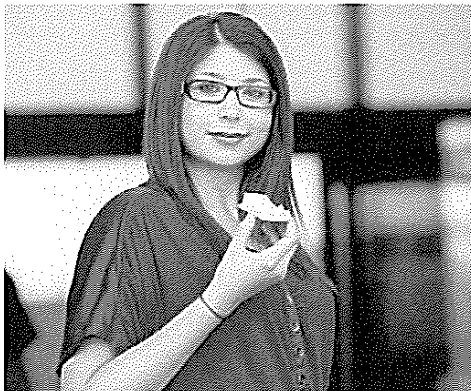
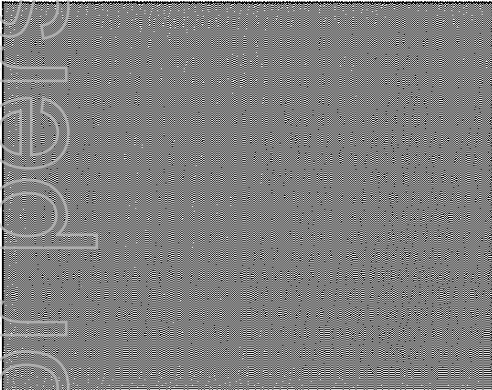
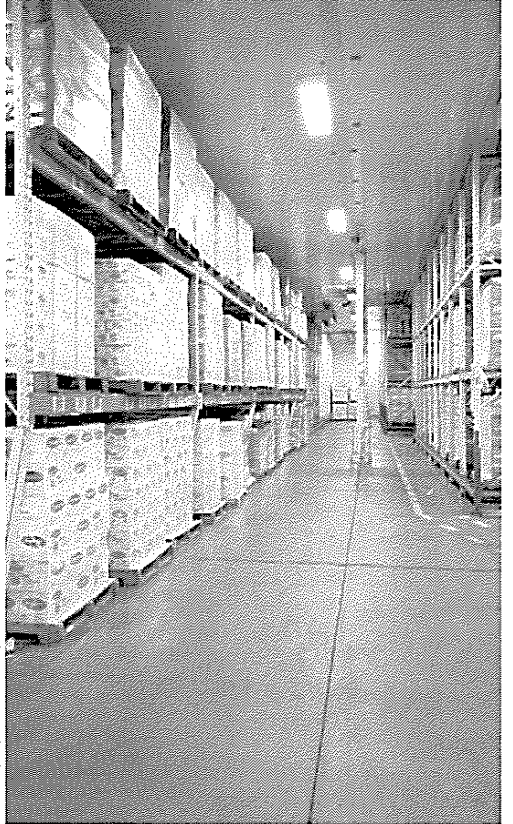
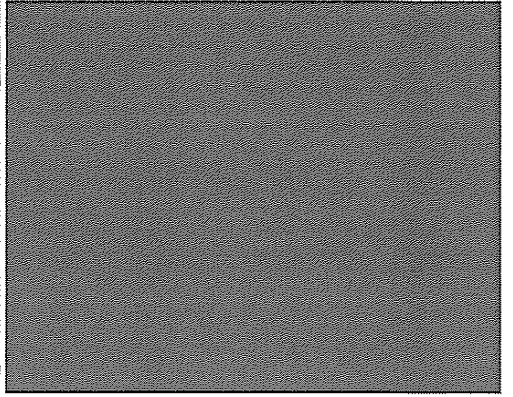
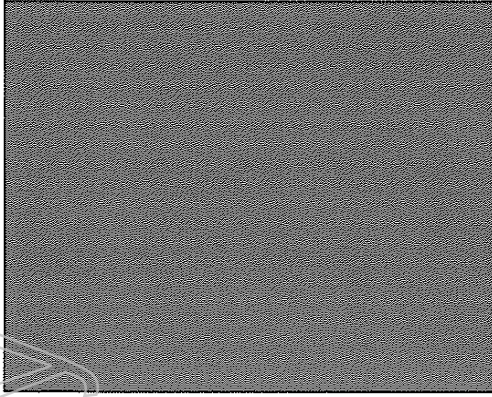
If your Warrnambool Shares are registered in a CHESS Holding (your HIN starts with an "X"), or if you are a beneficial owner whose Warrnambool Shares are registered in the name of a broker, bank, custodian or other nominee, you will not be obliged to pay stamp duty by accepting the Offer but you should ask your "Controlling Participant" (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

You may incur brokerage costs if you choose to sell your Warrnambool Shares on ASX.

• • •

You should read the entire Bidder's Statement and the Target's Statement before deciding whether to accept the Offer.

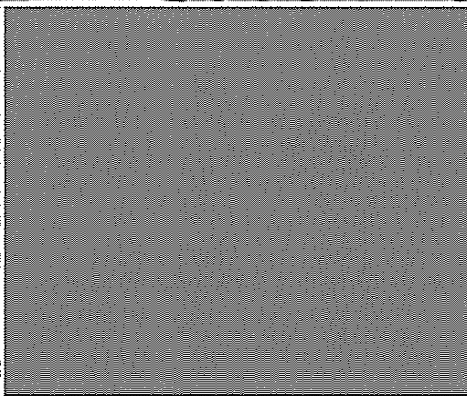
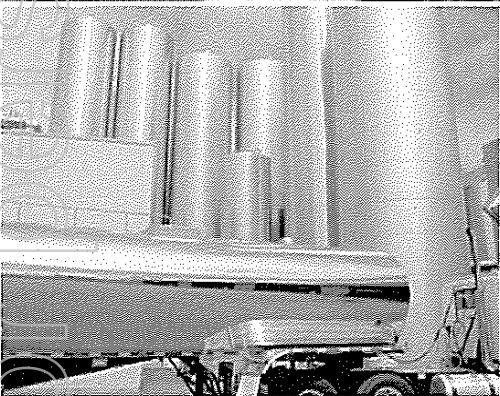
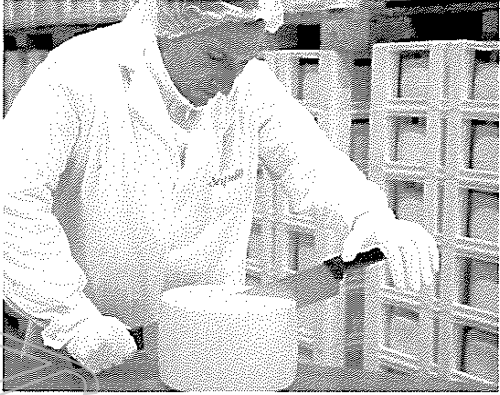
For personal use only



For personal use only



# PART A



## Summary of the Offer

### I. Summary of the Offer

This section I of Part A of the Bidder's Statement provides an overview of the all-cash Offer to acquire all of your Warrnambool Shares. This section provides an overview only of the information and risks that you should consider and should be read with section 6 of Part B of the Bidder's Statement which contains the full terms and conditions of the Offer. You should read the Bidder's Statement in full before deciding whether or not to accept the Offer.

Question	Answer
<b>What is the Offer?</b>	<p>The Offer detailed in this Bidder's Statement is Saputo's cash offer to acquire all of your Warrnambool Shares.</p> <p>Saputo is offering to acquire all your Warrnambool Shares for an all-cash Consideration of \$8.00 for each Warrnambool Share.</p> <p>The Offer also extends to all Warrnambool Shares that are issued or come into existence between the Register Date and the end of the Offer Period as a result of the conversion of, or exercise of rights under, other Warrnambool securities (including the Warrnambool Performance Rights that exist at the Register Date and the New Warrnambool Performance Rights).</p> <p>This Bidder's Statement in respect of Saputo's Offer to buy all of your Warrnambool Shares is an important document and should be considered in its entirety before you decide whether to accept Saputo's Offer.</p> <p>The Bidder's Statement, containing the Offer, is given by Saputo to Warrnambool under Part 6.5 of Chapter 6 of the Corporations Act and in compliance with the requirements of sections 636 and 637 of the Corporations Act, in relation to the Offer contained in section 6 of Part B of this Bidder's Statement.</p>
<b>What do the Warrnambool Directors recommend?</b>	<p>The Offer has been unanimously recommended by the Warrnambool Board and all Warrnambool Directors recommend that Warrnambool Shareholders accept the Offer, in the absence of a Superior Proposal. Each Warrnambool Director and Warrnambool Executive intends to accept the Offer for all of the Warrnambool Shares they hold or otherwise control, in the absence of a Superior Proposal.</p>
<b>Who is making the Offer?</b>	<p>Saputo, a wholly-owned Subsidiary of Saputo Inc., a Canadian-based company listed on the Toronto Stock Exchange under the symbol "SAP".</p> <p>Further information on Saputo and Saputo Inc. is set out in section I of Part B of this Bidder's Statement.</p>
<b>What is Saputo's current interest in Warrnambool Shares?</b>	<p>Saputo does not have a Relevant Interest in Warrnambool's issued capital or Voting Power in Warrnambool prior to the Offer.</p>
<b>Who may accept this Offer?</b>	<p>Any person who is capable of, during the Offer Period, giving good title to a parcel of Warrnambool Shares that:</p> <ul style="list-style-type: none"> <li>- are on issue on the Register Date; or</li> <li>- are issued or come into existence before the end of the Offer Period as a result of the conversion of, or exercise of rights, under Warrnambool securities (including the Warrnambool Performance Rights that exist as at the Register Date) and any New Warrnambool Performance Rights.</li> </ul> <p>If you have accepted another offer (and no withdrawal rights are currently available) for any of your Warrnambool Shares, or otherwise agreed to sell any of your Warrnambool Shares, you will not be able to accept the Offer in respect of those Warrnambool Shares.</p> <p>The Register Date, being the date of determination of those Warrnambool Shareholders to whom this Bidder's Statement will be sent, is 7:00pm (Melbourne time) on 25 October 2013.</p>

Question	Answer
<b>What are the tax consequences if I accept the Offer?</b>	A general summary of the likely Australian tax consequences of accepting the Offer is set out in section 5 of Part B of this Bidder's Statement. In addition, Saputo recommends that you seek independent professional advice in relation to your own particular circumstances.
<b>How do I accept the Offer?</b>	<p>The Offer is for all of your Warrnambool Shares.</p> <p>To accept the Offer:</p> <ol style="list-style-type: none"> <li>1. if your Warrnambool Shares are in the issuer sponsored subregister, complete and sign the Acceptance and Transfer Form in accordance with the instructions on the form and send it in the enclosed envelope to the address specified on the Acceptance and Transfer Form, so that it is received before the end of the Offer Period; or</li> <li>2. if your Warrnambool Shares are in a CHESS holding and are sponsored by a Broker or other CHESS Participant, or if you are a Participant, either: <ol style="list-style-type: none"> <li>(a) complete and sign the Acceptance and Transfer Form in accordance with the instructions on the form and send it in the enclosed envelope or to the address specified on the Acceptance and Transfer Form; or</li> <li>(b) instruct your Controlling Participant to initiate acceptance of the Offer on your behalf,</li> </ol> </li> </ol> <p>in sufficient time for the acceptance to be received and processed before the end of the Offer Period.</p> <p>Detailed instructions on how to accept the Offer are set out on the Acceptance and Transfer Form.</p>
<b>What choices do I have in respect of the Offer?</b>	<p>As a Warrnambool Shareholder, you have the following choices in respect of the Offer:</p> <ul style="list-style-type: none"> <li>- accept the Offer for all of your Warrnambool Shares;</li> <li>- sell some or all of your Warrnambool Shares on ASX (unless you have previously accepted the Offer or another offer for your Warrnambool Shares). If you sell some of your Warrnambool Shares, you can accept the Offer for all of the balance of your Warrnambool Shares; or</li> <li>- do nothing.</li> </ul> <p>If you choose to do nothing and Saputo at the end of the Offer Period becomes entitled to do so under the Corporations Act, Saputo will exercise its rights to compulsorily acquire your Warrnambool Shares, in which case the Consideration will be paid to Warrnambool in trust and become available for you to claim at a later time than those who accept the Offer.</p> <p>As a Warrnambool Shareholder, you might also consider the other offers made for your Warrnambool Shares.</p> <p>For information on how Consideration is paid refer to the question "What happens if the Warrnambool Board determines a dividend after the Announcement Date?", the question "What will Warrnambool Shareholders receive?" and the question "What will happen if I Accept the Offer?"</p>
<b>Can I accept the Offer for part of my holding in Warrnambool?</b>	No. You cannot accept the Offer for part of your holding. You may only accept the Offer <b>for ALL</b> of your Warrnambool Shares.

Question	Answer
<b>Can I sell my Warrnambool Shares on the market?</b>	You may sell your Warrnambool Shares on the market. Warrnambool is a public company listed on ASX so there is a public market for Warrnambool Shares.
<b>Can I withdraw my acceptance?</b>	Under the terms and conditions of the Offer, you can <b>only</b> withdraw your acceptance if: <ul style="list-style-type: none"> <li>- the FIRB Condition remains unfulfilled (you can withdraw your acceptance at any time whilst the FIRB Condition remains unfulfilled); or</li> <li>- a withdrawal right arises under the Corporations Act; such a withdrawal right will arise if, after you have accepted the Offer, the Offer remains conditional and Saputo varies the Offer in a way that postpones, for more than one month, the time when Saputo has to meet its obligations under the Offer.</li> </ul>
<b>What if I have accepted another offer?</b>	If you have accepted another offer in respect of some or all of your Warrnambool Shares, you cannot accept Saputo's Offer in respect of those shares unless you are or become entitled under the Corporations Act to withdraw your acceptance from such other offer.  If you have accepted another offer in respect of only some of your Warrnambool Shares, you can accept Saputo's Offer in respect of the balance of your Warrnambool Shares.
<b>What is the earliest date I can accept the Offer?</b>	The earliest date on which you may accept the Offer is [# #] 2013.  For information on the effect of accepting the Offer, refer to the question 'What will happen if I accept the Offer?' below.
<b>When will I be paid?</b>	If you accept the Offer, you will be paid the Consideration within the earlier of: <ol style="list-style-type: none"> <li>1. one month after you have accepted the Offer or, if the Offer is subject to a Condition, within one month after the Offer becomes unconditional; and</li> <li>2. 21 days after the end of the Offer Period.</li> </ol> <p>The Consideration will be paid at the time and in the amount specified in the Offer. You are encouraged to read the terms of the Offer carefully.</p> <p>For information on the effect of Warrnambool paying a Permitted Dividend, refer to the question "What happens if the Warrnambool Board determines a dividend after the Announcement Date?" and question "What will Warrnambool Shareholders receive?" below.</p>
<b>Do I have to pay brokerage if I accept?</b>	If your Warrnambool Shares are registered in an Issuer Sponsored Holding (your SRN starts with an "I") in your name and you deliver them directly to Saputo, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.  If your Warrnambool Shares are registered in a CHESS Holding (your HIN starts with an "X"), or if you are a beneficial owner whose Warrnambool Shares are registered in the name of a broker, bank, custodian or other nominee, you will not be obliged to pay stamp duty by accepting the Offer but you should ask your "Controlling Participant" (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.  You may incur brokerage costs if you choose to sell your Warrnambool Shares on ASX.

For personal use only

Question	Answer
<p><b>Do I have to pay stamp duty if I accept?</b></p>	<p>You will not pay stamp duty on the disposal of your Warrnambool Shares if you accept the Offer.</p>
<p><b>What happens if the Warrnambool Board determines a dividend after the Announcement Date?</b></p>	<p>Saputo Inc. and Warrnambool have agreed that Warrnambool may pay to the Warrnambool Shareholders the Permitted Dividends which in aggregate may total up to \$1.31 per Warrnambool Share, in accordance with the terms of the Offer set out in section 6.13 of Part B of this Bidder's Statement.</p> <p>If Warrnambool determines and subsequently declares and pays any Permitted Dividend, provided that you are the registered and eligible holder of a Warrnambool Share on the relevant Permitted Dividend Record Date(s), you will be entitled to the amount of any Permitted Dividend. Where you accept the Offer in respect of your Warrnambool Shares and the Offer becomes unconditional in circumstances where a Permitted Dividend has been declared and paid, Saputo will deduct the cash amount of that Permitted Dividend from the consideration that would otherwise be due to you under the Offer. You will receive a total of \$8.00 cash per Warrnambool Share, comprising the amount of any Permitted Dividend with the balance being the Consideration under the Offer (less the amount of the Permitted Dividend).</p> <p>If you become a Warrnambool Shareholder during the Offer Period and you were not a registered and eligible holder of the Warrnambool Shares on each relevant Permitted Dividend Record Date and you accept the Offer in respect of a Warrnambool Share, you will not be entitled to any Permitted Dividend and you will receive the Consideration less the cash amount of any Permitted Dividend.</p> <p>If either or both Permitted Dividends are determined and subsequently declared and paid, some Warrnambool Shareholders may derive additional value above \$8.00 from the distribution of the associated franking credits.</p> <p>If you do not accept the Offer and remain a Warrnambool Shareholder on each relevant Permitted Dividend Record Date, you will still receive that Permitted Dividend but you will NOT receive the Consideration unless your Warrnambool Shares become subject to compulsory acquisition.</p> <p>The ability of a Warrnambool Shareholder to capture the value of the franking credits depends upon the individual tax circumstances of each Warrnambool Shareholder.</p> <p>Any Permitted Dividend will be paid at the date for payment determined by Warrnambool.</p> <p>The Warrnambool Dividend Reinvestment Plan will not apply in relation to any Permitted Dividend.</p> <p>A general summary of tax consequences that may apply in respect of the Permitted Dividends are set out in section 5 of Part B of this Bidder's Statement.</p> <p>You should refer to the Target's Statement for further details of the Permitted Dividends and any franking credits attached to them.</p>

For personal use only

Question	Answer
----------	--------

**What will Warrnambool Shareholders receive?**

The amounts that Warrnambool Shareholders may receive under the Offer are summarised below:

Cash to be received by Warrnambool Shareholders if the Offer closes successfully	If no Permitted Dividend is declared and paid	If an Initial Permitted Dividend of \$0.46 is declared and paid	If both an Initial Permitted Dividend of \$0.46 and an Additional Permitted Dividend of \$0.85 are declared and paid
Consideration (excluding any Permitted Dividend)	\$8.00	\$7.54	\$6.69
Initial Permitted Dividend amount <sup>1</sup>	Nil	\$0.46	\$0.46
Additional Permitted Dividend amount <sup>2</sup>	Nil	Nil	\$0.85
Total <sup>3</sup>	\$8.00	\$8.00	\$8.00

<sup>1</sup> An Initial Permitted Dividend of up to \$0.46 per Warrnambool Share (if determined and subsequently declared and paid by Warrnambool) will only be paid to a Warrnambool Shareholder in respect of a Warrnambool Share where that Warrnambool Shareholder is the registered holder of that share on the Record Date for that dividend.

<sup>2</sup> An Additional Permitted Dividend of up to \$1.31 per Warrnambool Share less any Initial Permitted Dividend (if determined and subsequently declared and paid by Warrnambool) will only be paid to a Warrnambool Shareholder in respect of a Warrnambool Share where that Warrnambool Shareholder is the registered holder of that share on the Record Date for that additional dividend.

<sup>3</sup> If a person becomes a registered holder of a Warrnambool Share after the Record Date for each Permitted Dividend and subsequently accepts the Offer, or the relevant Warrnambool Share is subsequently compulsorily acquired by Saputo, that person will receive the Consideration excluding any Permitted Dividend amount for that Warrnambool Share and will not be entitled to payment of any Permitted Dividend.

**When does the Offer commence?** The Offer commences on [# #] 2013.

**When does the Offer close?** The Offer is currently scheduled to close at 7.00pm (Melbourne time) on [# #] 2013, unless extended in accordance with the Corporations Act.

**Can the Offer Period be extended?** Yes, the Offer Period can be extended by Saputo in accordance with the Corporations Act. In the Bid Implementation Deed, Saputo has agreed with Warrnambool not to extend the Offer Period beyond the date which is 6 months after the Offer Period commences, without Warrnambool's prior written consent.

If you remain a Warrnambool Shareholder, you will be sent written confirmation of any extension as required by the Corporations Act.

**What will happen if I accept the Offer?**

If you accept the Offer and the Offer becomes unconditional, you will be paid the Consideration for each of your Warrnambool Shares at the specified payment time.

Once you accept the Offer (even while it remains subject to any Conditions), you will not be able to accept any other offer or otherwise deal with your Warrnambool Shares, subject to any statutory withdrawal rights that may arise.

Your statutory withdrawal rights will arise if the Offer is varied in such a way as to postpone for more than one month the time by which Saputo has to meet its obligations under the Offer and the Offer is subject to a Condition. If this occurs, a notice will be sent to you at the relevant time that explains your rights to withdraw your acceptance of the Offer.

You can also withdraw your acceptance at any time whilst the FIRB Condition remains unfulfilled.

For information on the effect of Warrnambool paying a Permitted Dividend, refer to the question "What happens if the Warrnambool Board determines a dividend after the Announcement Date?" and question "What will Warrnambool Shareholders receive?" above.

For personal use only

Question	Answer
<b>What will happen if I do not accept the Offer?</b>	<p>If, following the Offer Period, Saputo and its Associates:</p> <p>(a) have Relevant Interests in at least 90% (by number) of all Warrnambool Shares: and</p> <p>(b) acquired at least 75% (by number) of the Warrnambool Shares which Saputo offered to acquire under the Offer in which Saputo and its Associates did not at the date of the Offer already have a Relevant Interest,</p> <p>Saputo will become entitled to compulsorily acquire Warrnambool Shares under Part 6A.1 of the Corporations Act.</p> <p>Under the Offer, Saputo intends to exercise its compulsory acquisition rights to acquire your Warrnambool Shares.</p> <p>If this occurs, Warrnambool will be paid the Consideration in cash in trust for you, at the relevant time for payment, for each Warrnambool Share that you hold at the conclusion of this process. You will receive the Consideration sooner if you accept the Offer.</p> <p>If Saputo cannot proceed to compulsory acquisition or the Offer lapses, you will continue to hold your Warrnambool Shares.</p> <p>For information on how the Consideration is paid, refer to the question "What happens if Warrnambool determines a dividend after the Announcement Date?" and the question "What will Warrnambool Shareholders receive?"</p>
<b>Are there any Conditions to the Offer?</b>	<p>The Offer is subject to a number of Conditions. The details of the Conditions are set out in full in section 6.7 of Part B of this Bidder's Statement. Takeover offers are often subject to conditions.</p> <p>Saputo may choose to waive certain Conditions, in accordance with the terms of the Offer set out in section 6 of Part B of this Bidder's Statement. Details as to how these Conditions can be waived are set out in section 6.9 of Part B of this Bidder's Statement.</p> <p>As Saputo is a foreign person under the FATA, the Offer and any contract formed on the acceptance of the Offer, are subject to the approval or non-objection of the Treasurer, who receives advice from FIRB, under the FATA.</p> <p>Saputo Inc. has applied to the Treasurer under the FATA for an approval or a statement of no objection to the proposed acquisition by Saputo of Warrnambool Shares. If Saputo does not receive an approval or a statement of no objection in respect of the Offer, the FIRB Condition will not be fulfilled. Saputo cannot waive this condition if by doing so it will breach the FATA and therefore if Saputo does not receive an approval or a statement of no objection from the Treasurer in respect of the Offer and the FIRB Condition cannot be waived, your Warrnambool Shares will not be acquired by Saputo.</p> <p>You can withdraw your acceptance at any time whilst this FIRB Condition remains unfulfilled.</p>
<b>What happens if the Conditions of the Offer are not satisfied or waived?</b>	<p>If the Conditions of the Offer are not satisfied or waived by the end of the Offer Period (or in the case of the No Prescribed Occurrences Condition, no later than 3 Business Days after the end of the Offer Period), the Offer will lapse. In this case, if you have accepted the Offer, your Warrnambool Shares will not be acquired by Saputo and you will not be paid the Consideration.</p>
<b>Further information</b>	<p>If you have any questions about the Offer or this document, or about how to accept the Offer, please contact the Offer Information Line on 1300 397 230 (toll free within Australia) or +61 3 9415 4292 (not toll free) from outside Australia.</p>

## 2. General risks associated with the Offer

You should consider the risks identified in this section, and all other information in this Bidder's Statement, in deciding whether to accept Saputo's \$8.00 all-cash Offer for all of your Warrnambool Shares. However, Saputo emphasises that the risks and other information set out in this Bidder's Statement are of a general nature and are not intended to provide you with financial advice. The risks do not take account of your personal circumstances, or your financial position and objectives.

There may be other risks of which Saputo is not presently aware, or which may arise in the near future.

### 2.1 Warrnambool's Share price may decrease once the Offer closes

The Offer provides an all-cash premium for Warrnambool Shares, and this premium has very likely been factored into Warrnambool's quoted share price on the ASX. While many factors affect the price of any given quoted security, Warrnambool's share price may decrease in the short term after this Offer closes, in the absence of an alternative offer.

### 2.2 Saputo may acquire control of Warrnambool and you may remain a minority shareholder

Following completion, if Saputo acquires a Relevant Interest in greater than 50% of Warrnambool Shares, then the Warrnambool Group will be controlled by Saputo. If Saputo is not entitled to compulsorily acquire the remaining Warrnambool Shares not acquired under this Offer, remaining Warrnambool Shareholders will be minority shareholders with limited influence in the running of the business. Decisions made in respect of the business of the Warrnambool Group under the control of Saputo may, therefore, impact upon Warrnambool Shareholders who reject the Offer, and are subject to the future trading results of Warrnambool.

Warrnambool will remain a listed entity, subject to the ASX Listing Rules, if Saputo does not acquire the necessary 90% Relevant Interest in Warrnambool Shares to move to compulsory acquisition. If Saputo acquires a Relevant Interest in greater than 50% of Warrnambool Shares, then Saputo's majority holding of Warrnambool Shares and its control over the company may affect the liquidity of minority shareholders' Warrnambool Shares. This may make it more difficult for minority shareholders to sell their Warrnambool Shares.

There is no certainty as to Warrnambool's future performance or the payment of dividends, and minority shareholders will be subject to these risks.

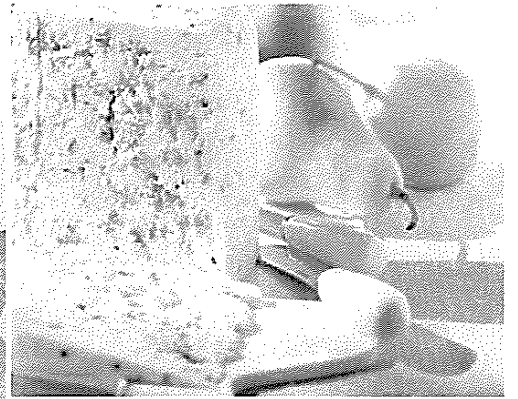
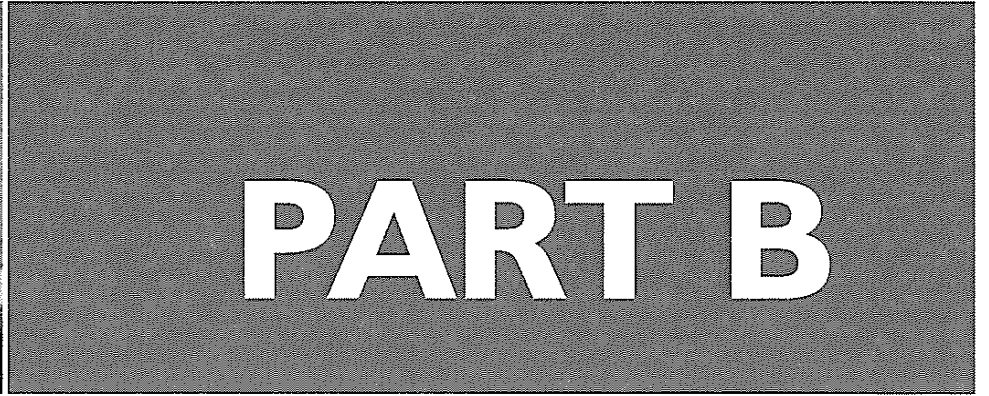
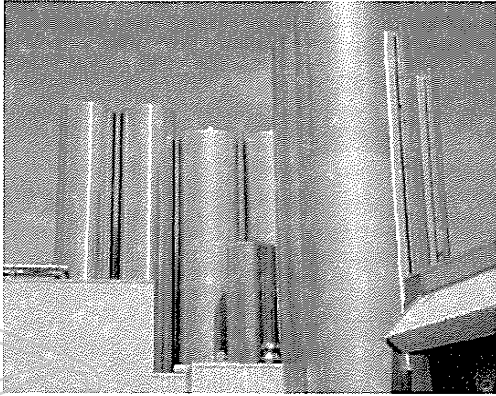
### 2.3 There can be no certainty that the Offer will close successfully

If the Conditions of the Offer are not satisfied or waived by the end of the Offer Period, the Offer will lapse. In this case, if you have accepted the Offer, your Warrnambool Shares will not be acquired by Saputo, you will not be paid the Consideration and you will remain a Warrnambool Shareholder.

For personal use only



# PART B



## Details of the Offer

### I Overview of Saputo

Saputo is a proprietary limited Australian company incorporated in Victoria on 4 October 2013 for the sole purpose of acting as the vehicle to offer to acquire Warrnambool Shares. Saputo is a wholly-owned Subsidiary of Saputo Inc.

For information about how Saputo will fund the acquisition of Warrnambool Shares under the Offer, please refer to section 4 of Part B of this Bidder's Statement.

Saputo Inc. is a Canadian-based public company whose shares are listed on the Toronto Stock Exchange under the symbol "SAP". Founded in 1954, today 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. generates consolidated revenues of about CAD8.6 billion<sup>6</sup> (AUD8.7 billion). Saputo Inc. employs approximately 12,000 people and operates 53 manufacturing facilities.

Sectors	Facilities	Employees	Revenues %
Canada	25	5,700	41.2%
USA	26	5,300	48.5%
International	2	1,000	10.3%
<b>Products sold in over 40 countries</b>	<b>53 Manufacturing facilities</b>	<b>12,000 Employees</b>	

<sup>6</sup> Represents Saputo Inc.'s *pro forma* consolidated revenues for the year ended 31 March 2013, had the acquisition on 3 January 2013 of Morningstar Foods, LLC (now known as Saputo Dairy Foods USA, LLC) taken place on 1 April 2012.

For personal use only

1.1 Brands and products

Saputo Inc. produces, markets, and distributes a wide array of dairy products of the utmost quality, including cheese, fluid milk, extended shelf-life milk and cream products, cultured products and dairy ingredients. Over the years, Saputo Inc.'s portfolio of brands has expanded mainly through acquisitions. Saputo Inc.'s products are sold in more than 40 countries under well-known brands such as:

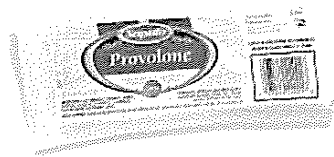


Brands currently ranking #1

In Canada



Stretched mozzarella



Provolone



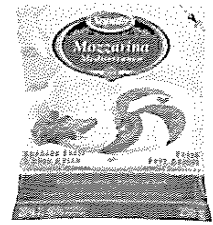
Friulano



Feta



Bocconcini



Fresh mozzarella



Natural slices



Milk



Milk  
(Western Canada)



Organic milk



Single-served  
flavoured milk

In the United States



String cheese



Blue cheese



Italian wedge



Blue wedge

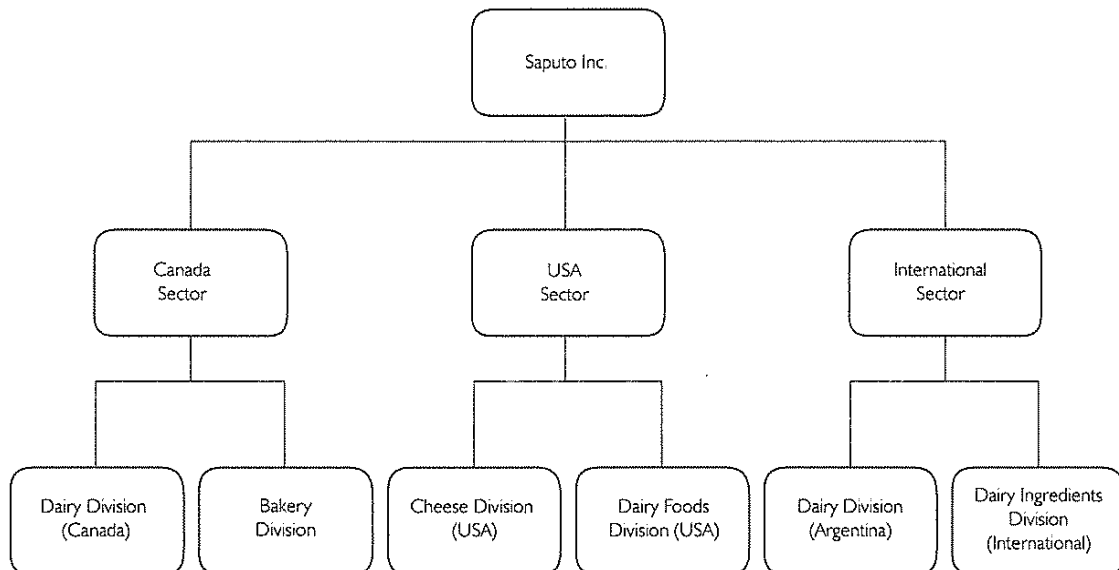


Gorgonzola wedge

For personal use only

## 1.2 Major activities and locations

Each year, over six billion litres of milk and milk equivalents are processed within Saputo Inc. facilities to create a variety of dairy products for customers and consumers. Saputo Inc. operates its business through three geographic sectors and six divisions.



Saputo Inc.'s dairy products are sold within three market segments: retail, foodservice and industrial.

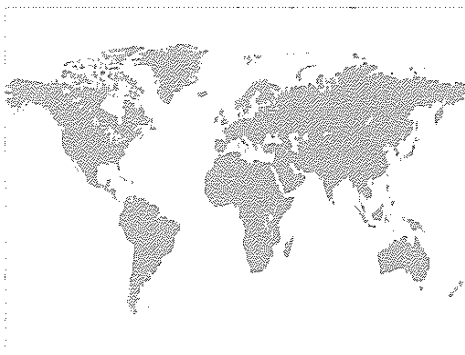
- **Retail**
  - ✓ Offering an assortment of branded dairy products
  - ✓ Following market trends, that influence consumption of products
  - ✓ Developing innovative products — nutritious, convenient
- **Foodservice: hotels, restaurants, institutions and away from home**
  - ✓ Through a solution-oriented approach, Saputo Inc. offers customers the right product match for their menu requirements
- **Industrial and ingredients**
  - ✓ Dairy products used as a processing ingredient, with special functionalities and attributes — such as blue cheese for salad dressing, ricotta for frozen lasagna and mozzarella for frozen pizza



The Canada sector includes the Dairy Division (Canada) and the Bakery Division. The Bakery Division represents only 2% of consolidated revenues. Through the Dairy Division (Canada), Saputo Inc. produces, markets and distributes mozzarella and cheddar, as well as other specialty and fine cheeses, fluid milk and a wide range of dairy products, including cream, yogurt, butter, powdered milk, evaporated milk, ice cream mixes and value-added dairy ingredients, such as whey powder, lactose and whey protein. Saputo Inc. also distributes fine imported cheeses to specialty stores. The fluid milk product line is complemented by various non-dairy products, including flavoured coffee creamers, juices and drinks. Saputo Inc. has established itself as Canada's leading cheese manufacturer and fluid milk processor, with a share of approximately 32% of Canadian natural cheese production and 36% of Canadian fluid milk production. Saputo Inc.'s dairy products are sold within three market segments: retail, foodservice and industrial. The Canada Sector's revenues are 65% in the retail segment, 33% in foodservice and 2% in the industrial segment.



The USA sector includes the Cheese Division (USA) and the Dairy Foods Division (USA). Through its Cheese Division (USA), Saputo Inc. produces a wide variety of mozzarella, American-style, specialty and other cheeses, including ricotta, provolone, blue, swiss, parmesan and romano. Saputo Inc. also produces a variety of whey protein concentrates and ingredient blends, converts, markets and sells a broad range of specialty cheeses and holds an important portfolio of import licenses for specialty cheeses manufactured abroad. Through its Dairy Foods Division (USA), Saputo Inc. produces a variety of dairy and non-dairy extended shelf-life products, including cream and creamers, ice cream mixes, whipping cream, aerosol whipped toppings, iced coffee, "half and half" (half milk, half cream) and value-added milks, as well as cultured products, such as sour cream and cottage cheese. Saputo Inc. ranks among the top three cheese producers in the US with approximately 9% of natural cheese production and among the largest producers of extended shelf-life and cultured dairy products in the US. In this regard, Saputo Inc. services three market segments: retail, foodservice and industrial. The USA Sector's revenues are 40% in the retail segment, 49% in foodservice and 11% in the industrial segment.

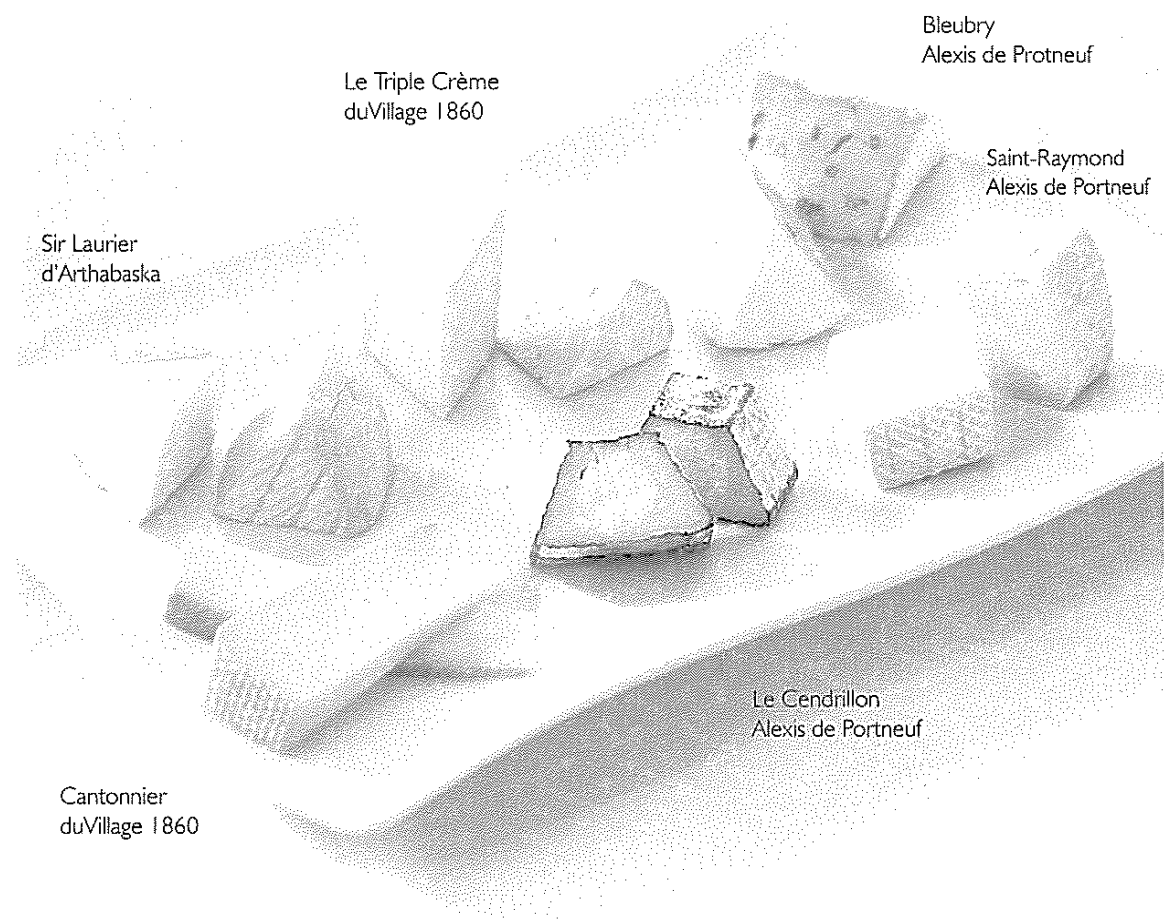


The International sector includes the Dairy Division (Argentina) and the Dairy Ingredients Division. Through its Dairy Division (Argentina), Saputo Inc. produces and markets a wide variety of soft, semi-soft, hard and grated cheeses, as well as butter, cream, milk powder and dairy ingredients. Saputo Inc. sells these products to the retail and industrial market segments. Sales are approximately 50% in Argentina and 50% in international markets. Saputo Inc. is the third largest dairy processor in Argentina. The Dairy Ingredients Division includes national and export ingredient sales, as well as cheese exports from the North American divisions. Among other things, Saputo Inc. supplies whey protein concentrate, whey protein isolate, milk protein concentrate, skim milk powder, whole milk powder, acid casein, buttermilk powder, lactose, sweet whey powder, deproteinised whey, functional dairy blends and demineralised whey.

For personal use only

### 1.3 A tradition of excellence

*An assortment of fine cheeses produced in Canada*



Sir Laurier  
d'Arthabaska

Le Triple Crème  
du Village 1860

Bleubry  
Alexis de Protneuf

Saint-Raymond  
Alexis de Portneuf

Le Cendrillon  
Alexis de Portneuf

Cantonnier  
du Village 1860

Saputo Inc. prides itself on the ability to produce high quality products at the right price.

Committed to craftsmanship and innovation, Saputo Inc. strives to be on the leading edge of technology.

Combining the ancestral craftsmanship of master cheese makers and innovation, Saputo Inc. offers a wide selection of specialty cheeses made from cow's milk, goat's milk, and buffalo's milk.

Saputo Inc. provides a wide variety of formats and continuously seeks to enhance sub-categories to offer organic, light or flavoured products. Every year, innovative products to cater to ever-changing tastes and needs are introduced. In order to not only satisfy, but also surpass consumers' expectations, a variety of functional milks, value-added products and organic products are also offered. Non-dairy products, such as flavoured coffee creamers and beverages, complete Saputo Inc.'s product offering.

For personal use only

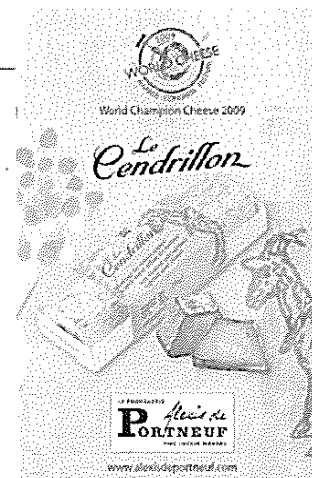
## Recognition

The craftsmanship and innovation demonstrated by Saputo Inc.'s master cheese makers have resulted in Saputo Inc. cheeses being awarded numerous prestigious prizes over the years. In the last year alone, Saputo Inc. products received a record-breaking 53 prizes, demonstrating the value of Saputo Inc.'s products and their capacity to meet varied customer needs.



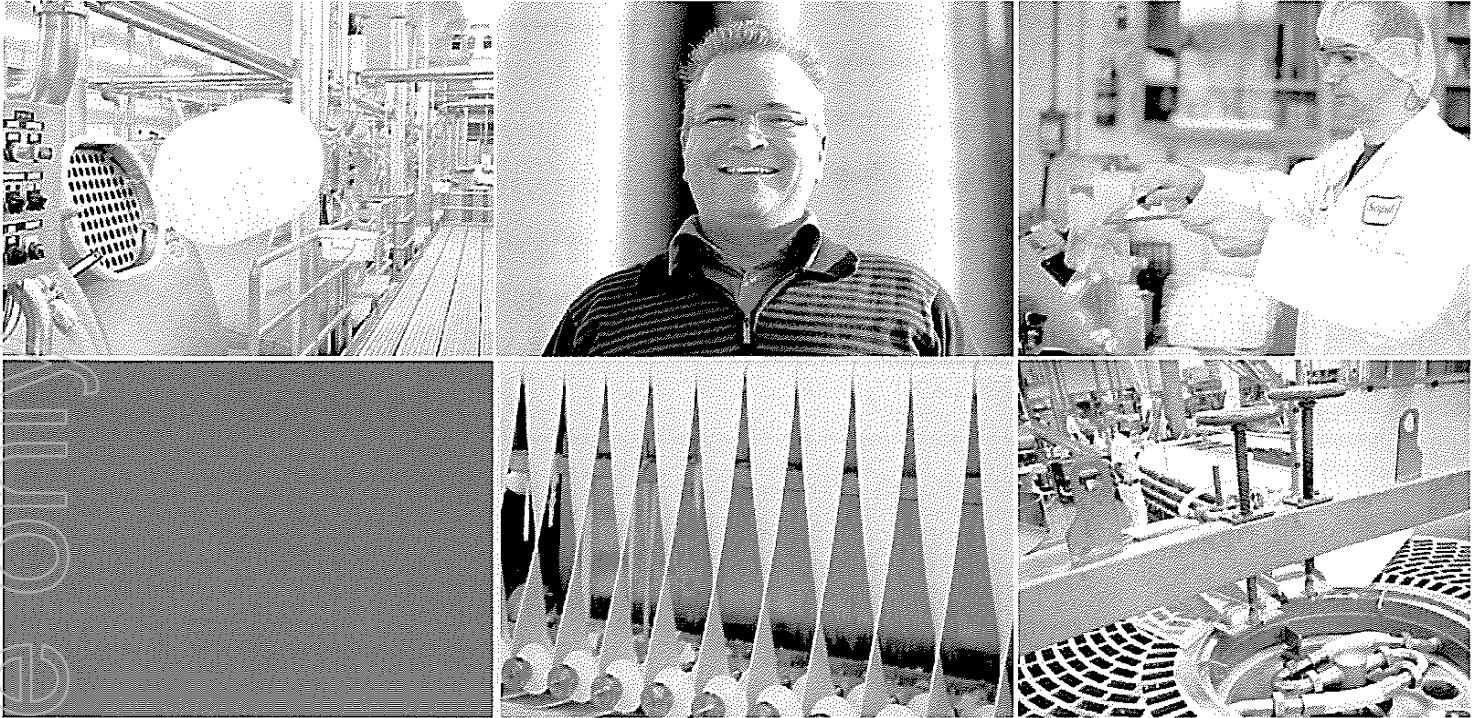
Le Cendrillon Alexis de Portneuf was crowned World Champion, all categories combined, at the prestigious World Cheese Awards, 2009. Le Cendrillon was therefore hailed the world's best cheese after competing alongside 2,440 cheeses from 34 countries.

This was the first time in history the prize was awarded to a company outside Europe.



For personal use only





Saputo Inc.'s R&D team works to support activities through the development of new recipes to meet customer requirements, such as specific characteristics in texture, colour and flavour, as well as ensures recipes are optimised based on the availability, functionality and cost of ingredients.

Saputo Inc. is dedicated to continuously pursue efficiency, functionality and innovation to enhance the performance of its products and its manufacturing processes, as well as bring new products to market, while keeping its high quality standards top of mind.

Saputo Inc.'s team brings out the best that milk has to offer, and through cutting edge technological processes and modern facilities processes milk and whey into various value-added by-products and dairy ingredients, which are used in a multitude of food, industrial and agricultural applications.

#### 1.4 Growth through acquisitions

In 1997, when becoming a public company, Saputo Inc.'s consolidated revenues were approximately CAD450 million (AUD455 million). Since then, consolidated revenues have grown to about CAD8.6 billion (AUD8.7 billion).

When evaluating expansion opportunities, Saputo Inc. has looked to acquire strong companies in key markets. Over the years, Saputo Inc. has grown substantially through acquisitions in Canada and the United States, and has also broadened the scope of its operations in Argentina where it has become a significant player.

<b>1954</b>	Founded in 1954 by Lino Saputo and his parents in Montréal (Canada).
<b>1970 to 1997</b>	Acquired several production operations, food distributors and developed its Canadian national distribution network. Entered the US dairy market by acquiring two cheese plants.
<b>1997 to 2007</b>	Acquired for CAD1.57 billion 16 companies in Canada, the US and Argentina (including namely Stella Foods, Dairyworld Foods and Molino Hermanos S.A.), manufacturing, selling and distributing dairy products, with CAD3.54 billion in revenues.
<b>Fiscal 2008</b>	Acquired for CAD254 million the West Coast industrial cheese business of Land O'Lakes Inc. (USA), a US based cooperative with CAD481 million in revenues.
<b>Fiscal 2009</b>	Acquired for CAD161 million the activities of Alto Dairy Cooperative (USA), with CAD389 million in revenues; as well as the activities of Neilson Dairy (Canada), for CAD469 million, with CAD600 million in revenues.
<b>Fiscal 2010</b>	Acquired for CAD50 million the activities of F&A Dairy of California, Inc. (USA), with CAD90 million in revenues.
<b>Fiscal 2011</b>	Acquired for CAD273 million DCI Cheese Company, Inc. (USA), with CAD460 million in revenues.
<b>Fiscal 2013</b>	Acquired for CAD1.43 billion Morningstar Foods, LLC (USA), with CAD1.6 billion in revenues.

Saputo Inc.'s objectives are attained by treating suppliers as partners in its growth. Over the years, Saputo Inc. has successfully completed numerous acquisitions and has established mutually beneficial supply arrangements, including milk supply arrangements.

As Saputo Inc. grows its business, the objective is to continue to be known by clients and consumers for excellence in both products and service, and to remain true to its principles of offering high quality dairy products which meet their evolving needs.

### 1.5 Employees: a fundamental pillar

Because employees are considered the most important asset, Saputo Inc. focuses on their safety and well-being and invests actively in their potential and their development in order to further their career within the business.

Saputo Inc. offers its employees competitive employment packages and invests in their potential to support their professional development. It is Saputo Inc.'s employees worldwide who have made it the dairy processing company it is today. Within Saputo Inc., the corporate culture is based on family-values and teamwork. Employees are encouraged to take ownership and demonstrate passion for their work.

Saputo Inc. is committed to providing a safe work environment. The frequency of health and safety audits in plants, distribution centres and warehouses has been increased. Best practices are being shared across all locations through different communication tools and training programs. Saputo Inc. also centralised efforts at a corporate level to ensure the same standards are used across the board.

For personal use only

### 1.6 Community outreach

Saputo Inc. aims to inform, encourage and support communities in which it operates. It has a long and rich history of being associated with sports, wellness and generosity, because it feels people of all ages can benefit from a healthy-living lifestyle through good nutrition and physical activity.

This past year, Saputo Inc. has renewed its commitment to the communities where it operates by investing not only in programs, but also in sport facilities and equipment improvements with the intention of creating a lasting legacy.

There is much need for improvement of sports facilities, such as fields, courts, rinks and slopes, including essential equipment. Saputo Inc. invested in many projects including the revamping of a ski slope and the installation of a basketball scoreboard for a school district. Saputo Inc. is confident it will succeed in creating lasting value if it connects with communities through local and meaningful initiatives. It also maintains support of community programs, to help get kids moving and interested in physical activity, as well as provide tools to take ownership of their own nutrition. When kids become involved in adopting healthy habits, their parents also get involved in the process, thus encouraging families to lead a healthier lifestyle together.

Saputo Inc. gives back approximately 1% of its pre-tax profits to its communities through financial support to projects and product donations, and with the help of its employees who dedicate their time to related causes.

### 1.7 Environment and sustainability

Saputo Inc. supports environmentally sound business practices throughout its divisions. In recent years, it began participating in the EnergyStar Challenge for Industry, which encourages manufacturing facilities to reduce their energy intensity by at least 10% within 5 years of an established baseline. Through increased awareness and ongoing initiatives, several of its manufacturing plants have thus far achieved the challenge. Saputo Inc. continues to make investments in operations and encourages facilities to produce more energy-efficient products. Globally, Saputo Inc. successfully reduced its energy intensity by 0.4% last fiscal year.

With sustainability-metrics reporting, Saputo Inc. tracks energy usage and emissions data for each of its facilities. It will keep monitoring climate change-related regulations in the jurisdictions where it operates to ensure compliance. Furthermore, Saputo Inc. maintains its progress towards the integration of environmental management and sustainability metrics for all newly acquired operations.

Saputo Inc. is also committed to supporting its employees and their sustainable actions. For this reason, a company-wide program was recently launched aimed at engaging, motivating, and guiding Saputo Inc. employees to be more sustainable. The SMILES program — Sustainability Motivated by Innovation, Life, and Environmental Stewardship — raises awareness on environmental sustainability opportunities for its employees and recognises their initiatives in this area.

Moreover, Saputo Inc. is a supporter of the long-term economic, environmental and social viability of animal farming systems. It supports animal well-being in partnership with the dairy industry through multiple organisations and government agencies. It will continue to take a collaborative approach with dairy suppliers for proper animal care to remain a high priority in the dairy industry.

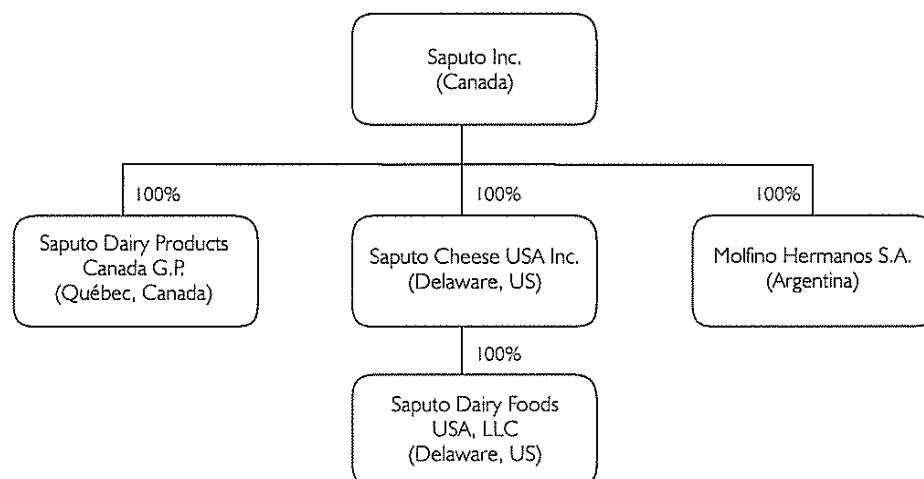


## 1.8 Major subsidiaries and associated companies

For each of Saputo's dairy divisions, the following are the names of its major subsidiaries and associated companies:

- **Canada Sector**  
Dairy Division (Canada): Saputo Dairy Products Canada G.P.
- **USA Sector**  
Cheese Division (USA): Saputo Cheese USA Inc.  
Dairy Foods Division (USA): Saputo Dairy Foods USA, LLC
- **International Sector**  
Dairy Division (Argentina): Molfino Hermanos S.A.

The following structure diagram sets out Saputo Inc.'s position in respect of its major subsidiaries and associated companies:



## 1.9 Financial highlights

### Years ended 31 March

(in thousands of CAD)

	2013	2012	2011
Revenues <sup>1</sup>	7,297,677	6,930,370	6,002,932
EBITDA <sup>1,2</sup>	860,772	830,931	788,281
Adjusted net earnings <sup>1,3</sup>	510,633	505,840	461,651
Net cash generated from operations	645,792	522,987	588,520
Working Capital	285,909	497,023	348,792
Total assets	5,193,640	3,599,120	3,578,331
Interest bearing debt <sup>4,5</sup>	1,686,988	402,369	471,578
Shareholders' equity	2,305,672	2,105,680	2,072,635

<sup>1</sup> 2013 numbers include a contribution over 3 months from the acquisition of Morningstar Foods, LLC.

<sup>2</sup> Earnings before interest, income taxes, depreciation, amortisation, acquisition, restructuring and impairment costs.

<sup>3</sup> The term adjusted net earnings represents a non-IFRS financial measure. For further information, refer to the "Measurement of results not in Accordance with IFRS" section included in Saputo Inc.'s Management Discussion and Analysis contained in the 2013 annual report available on Saputo Inc.'s website.

<sup>4</sup> Net of cash and cash equivalents.

<sup>5</sup> Includes \$1.2 billion in new debt incurred in January 2013 to finance the acquisition of Morningstar Foods, LLC.

## 1.10 Details of ownership

Saputo Inc. was publicly listed on the Toronto Stock Exchange on 15 October 1997. Saputo Inc.'s current market capitalisation is approximately CAD10.0 billion (AUD10.1 billion).

Securities laws in Canada require disclosure of holdings of 10% or more of the issued and outstanding shares of Saputo Inc. The only entity which has disclosed that it owns or exercises control or direction over 10% or more of the issued and outstanding shares of Saputo Inc. is Jolina Capital Inc., which owns 66,779,924 shares representing approximately 34% of Saputo Inc.'s common shares. Jolina Capital Inc. is a Canadian holding company controlled by Mr. Emanuele (Lino) Saputo. Mr. Saputo is a Canadian resident, the founder of Saputo Inc. and currently holds the position of Chairman of the Board of Saputo Inc.

## I.11 Board of Directors of Saputo Inc.

**Emanuele (Lino) Saputo, C.M., O.Q., Dr h.c.**  
Chairman of the Board  
Director since 1992

**Lino A. Saputo, Jr.**  
Chief Executive Officer and Vice Chairman of the Board  
Director since 2001

**Lucien Bouchard**  
Director since 2004

**Pierre Bourgie**  
Lead Director  
Director since 1997

**Henry E. Demone**  
Director since 2012

**Anthony M. Fata**  
Director since 2008

**Annalisa King**  
Director since 2012

**Tony Meti**  
Director since 2008

**Caterina Monticciolo, CPA, CA**  
Director since 1999

**Patricia Saputo, CPA, CA, ICD.D**  
Director since 1999

**Annette Verschuren, O.C.**  
Director since 2013

## I.12 Management of Saputo Inc.

The management team of Saputo Inc. has extensive knowledge of the dairy industry as a whole and a strong manufacturing expertise. In the last 15 years, it has completed 22 acquisitions which have contributed to the success and growth of the business.

The management team of Saputo Inc. comprises:

**Lino A. Saputo, Jr.**  
Chief Executive Officer and Vice Chairman of the Board

**Dino Dello Sbarba, FCPA, FCMA**  
President and Chief Operating Officer, Saputo Inc.

**Louis-Philippe Carrière, FCPA, FCA**  
Executive Vice President, Finance and Administration

**Lorenzo Spinelli**  
President and Chief Operating Officer, Dairy Division (Canada)

**Terry Brockman**  
President and Chief Operating Officer, Cheese Division (USA)

**Kevin C. Yost**  
President and Chief Operating Officer, Dairy Foods Division (USA)

**Kai Bockmann**  
President and Chief Operating Officer, Dairy Division (International)

**Lionel Etedgui**  
President and Chief Operating Officer, Bakery Division

**Gaétane Wagner**  
Executive Vice President, Human Resources

### I.13 Publicly available information

As noted above, Saputo Inc. is a Canadian public company whose shares are listed on the Toronto Stock Exchange (under the symbol SAP). As such, Saputo Inc. is subject to the continuous reporting obligations. A substantial amount of information concerning Saputo Inc. (including information about the directors of Saputo Inc.) is publicly available and may be accessed by referring to [www.saputo.com](http://www.saputo.com).

Information on the website referred to above does not constitute part of this Bidder's Statement.

### I.14 Board of Directors and executive management team of Saputo Dairy Australia Pty Ltd

#### **Lino A. Saputo, Jr.** Director and Chief Executive Officer

Lino A. Saputo, Jr. joined Saputo Inc. in 1988 as Administrative Assistant. In 1993, he became Vice President, Operations and, in 1998, Executive Vice President, Operations. From July 2001 to January 2004, he was President and Chief Operating Officer of Saputo Inc.'s Dairy Products Division (USA). In March 2004, he was appointed to the position of President and Chief Executive Officer and, since 2011, he also holds the position of Vice Chairman of the Board. Mr. Saputo, Jr. serves on the Board of Directors of Transcontinental Inc., a Canadian printing company, and National Bank of Canada, a Canadian chartered bank.

#### **Dino Dello Sbarba, FCPA, FCMA** President and Chief Operating Officer

Dino Dello Sbarba obtained his bachelor's degree in Commerce, Management and Marketing, from Concordia University in 1978. In 1986, he became a member of the Order of Professional Chartered Accountants of Quebec and, was appointed Fellow (FCPA, FCMA) in 2005. Mr. Dello Sbarba joined Saputo Inc. in 1990 as National Director, Retail Sales and Marketing. In July 2001, he became President and Chief Operating Officer of Saputo Inc.'s Cheese Division (Canada). In January 2004, he took on the responsibilities of President and Chief Operating Officer of Saputo Inc.'s Cheese Division (USA) and in 2007 was named President and Chief Operating Officer, Dairy Products Division (Canada) and by interim (Europe & Argentina). Since April 2012, he is President & Chief Operating Officer, Saputo Inc.

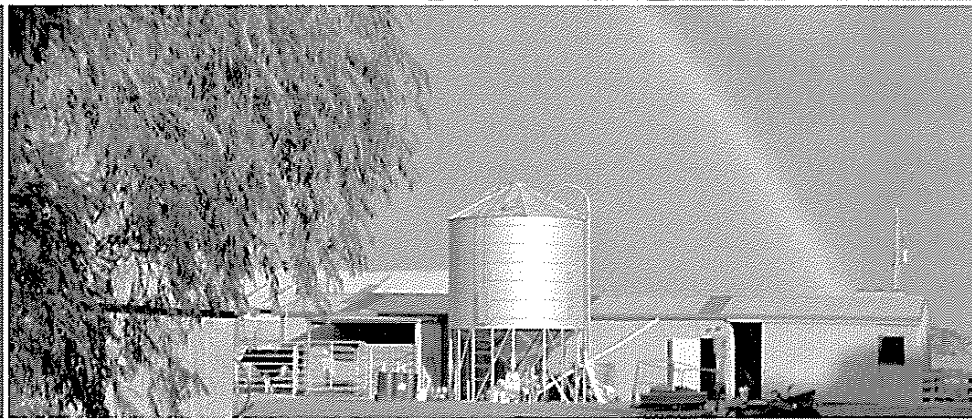
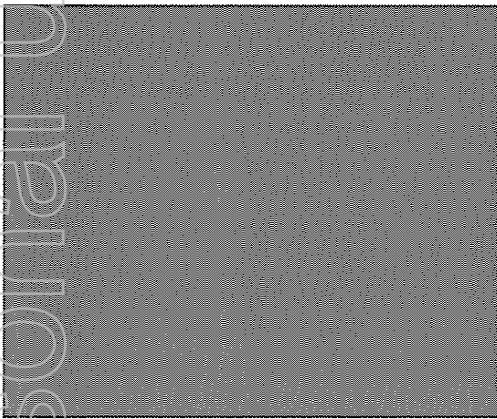
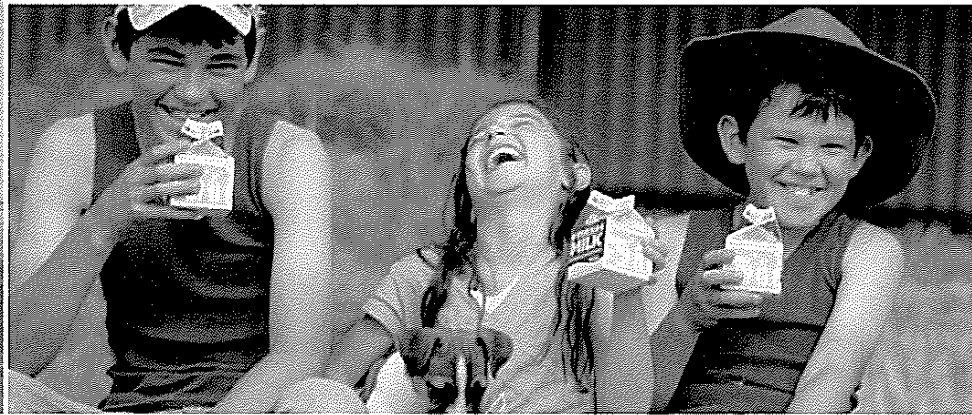
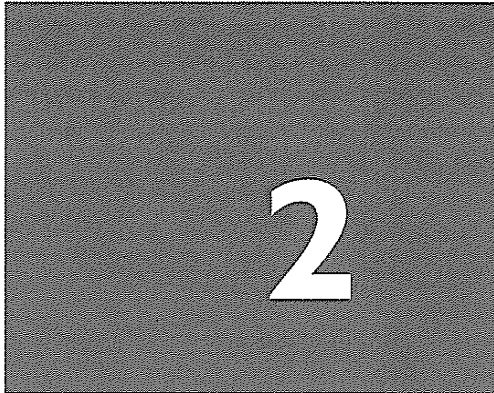
#### **Louis-Philippe Carrière, FCPA, FCA** Director, Company Secretary and Chief Financial Officer

Louis-Philippe Carrière graduated from Montréal's business school *École des Hautes Études Commerciales* (HEC) in 1983 with a bachelor's in Management. He received his CPA certification from the Order of Professional Chartered Accountants of Quebec in 1985, and a year later joined Saputo Inc. as Supervisor of Accounting. In 1988, he was named Director of Accounting and, in 1996, assumed the responsibilities of Corporate Controller. Within a year, he was named Vice President, Finance and Administration. Since 1998, Louis-Philippe Carrière has been acting as Executive Vice President, Finance and Administration. He was appointed FCPA, FCA, Fellow of the Order of Professional Chartered Accountants of Quebec in February 2007.

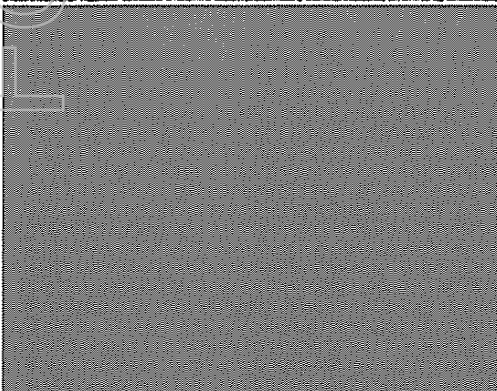
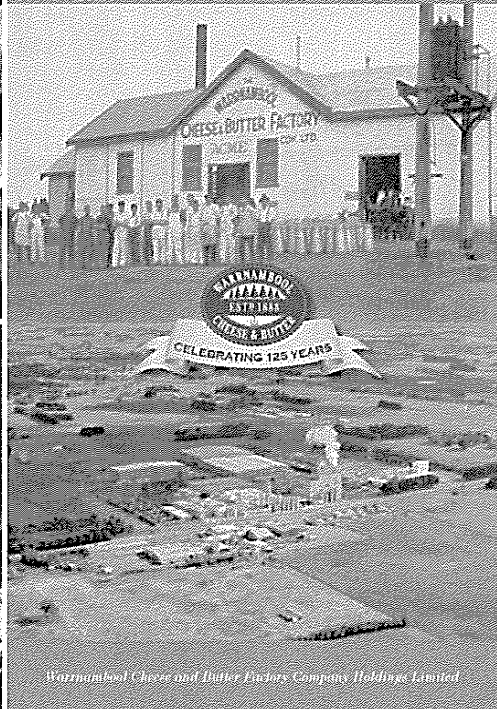
#### **Elisabeth Houston** Non - executive Director and Company Secretary

Elisabeth Houston graduated from *University of Sydney* in 1990 with Bachelor of Arts and from *University of Technology, Sydney* in 1996 with Bachelor of Laws. Ms Houston runs her own law practice under the name Derham Houston Lawyers, with offices in Gosford and Sydney, which provides legal services in the areas of business and commercial advice and litigation, family law, wills and deceased estates, elder law, property, leasing and conveyancing.

For personal use only



ANNUAL REPORT 2013



## 2. Overview of Warrnambool

### 2.1 Background

Warrnambool Cheese and Butter Factory Company Holdings Limited ACN 071 945 232 (ASX: WCB) is an Australian public company, listed on the Australian Securities Exchange.

Warrnambool's consolidated revenues for the financial year ended 30 June 2013 ("FY13") were \$496.5 million, with net profit after tax of \$7.5 million.

Warrnambool is located at Allansford in south west Victoria, one of the best dairy regions in Australia. Warrnambool was incorporated in 1888 and is Australia's oldest dairy processor. Warrnambool has been producing dairy products for over 125 years.

### 2.2 Major activities and locations

Warrnambool produces a range of dairy products for domestic and export markets. Its products include cheese, butter and butter blends, milk, cream and dairy ingredients. Warrnambool draws milk from some of the most productive dairying regions in Australia, including south west Victoria, southeast South Australia and the Fleurieu Peninsula.

2.2.1 Warrnambool's business is divided into three core business areas:

- (a) **Commodities** (85.3% of FY13 external revenue) – consisting of dairy products (such as cheese, milk powders, butter, cream and whey protein concentrate) which are sold to wholesale customers in domestic and export markets;
- (b) **Consumer goods** (11.4% of FY13 external revenue) – consisting of consumer dairy products sold in retail channels under consumer brands, such as Sungold and Great Ocean Road (milk), Enprocal (nutritional products) and Warrnambool and Great Ocean Road (cheese); and
- (c) **Other** (3.3% of FY13 external revenue) – various business that does not fall into the above segments.

Warrnambool 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.

2.2.2 Warrnambool has a series of arrangements, alliances and supply agreements with parties including Mondelez (formerly Kraft), The Tātua Cooperative of New Zealand, Lion, Coles and Mitsubishi Corporation. Warrnambool also has joint ventures with Royal FrieslandCampina (Great Ocean Ingredients) and Mori International Corporation (Warrnambool Cheese and Butter Japan Company Limited). These joint ventures are described below.

2.2.3 Warrnambool operates two manufacturing sites in Victoria and South Australia, in:

- (a) Allansford; and
- (b) Mil Lel.

The Warrnambool Group has 570 suppliers and over 420 employees.

### 2.3 Major subsidiaries and associated companies

Warrnambool has four major subsidiaries

Name of Subsidiary	Percentage held by Warrnambool
The Warrnambool Cheese and Butter Factory Company Limited ACN 004 032 053 (WCBFC)	100%
Australian Dairy Products Pty Ltd ACN 076 753 341	100%
Protein Technology Victoria Pty Ltd ACN 007 090 315	100%
Warrnambool Milk Products Pty Limited ACN 050 242 478	100% (held through WCBFC)



Warrnambool has the following associated companies (which Warrnambool describes as joint ventures).

### 2.3.1 Great Ocean Ingredients Pty Ltd ACN 124 185 566

Great Ocean Ingredients Pty Ltd is a 50:50 joint venture company with Royal FrieslandCampina NV, a large Dutch dairy co-operative. The joint venture operates a manufacturing plant at Allansford which produces Vivinal GOS, a prebiotic ingredient containing galacto-oligosaccharides. It is used for health benefits and for fibre enrichment, and is sold worldwide to infant nutrition companies.

In July 2013, the joint venture board commissioned and installed a capacity expansion for the joint venture's Allansford based plant.

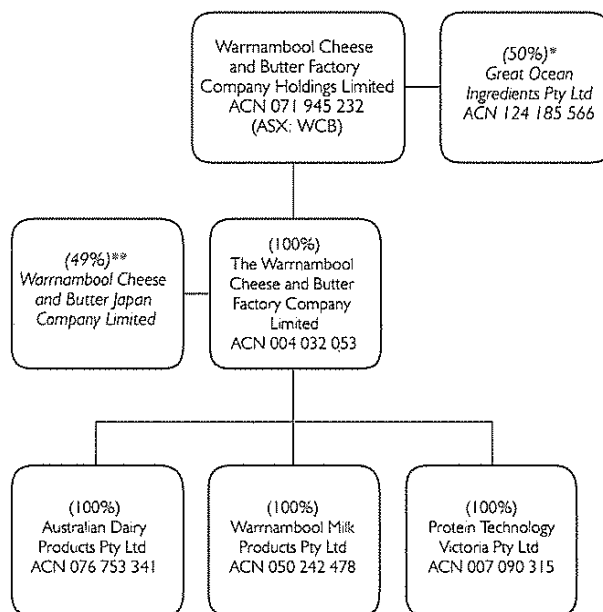
### 2.3.2 Warrnambool Cheese and Butter Japan Company Limited

Warrnambool owns 49% of Warrnambool Cheese and Butter Japan Company Limited, a joint venture with Mori International Corporation of Japan. This joint venture undertakes technical, research and product development activities to develop business with existing and new customers in the Japanese market.

The joint venture's operations in sales and marketing have recently been expanded to include agreements with other global dairy manufacturers to distribute their products to the joint venture's customer base.

## 2.4 Structure diagram

The following Structure Diagram sets out Warrnambool's position in respect of its subsidiaries and associated companies:



\* Joint venture with Royal FrieslandCampina NV of the Netherlands

\*\* Joint venture with Mori International Corporation of Japan

## 2.5 Ownership

- 2.5.1 Warrnambool was publicly listed on the ASX on 27 May 2004.
- 2.5.2 As at the date of this Bidder's Statement, Warrnambool has 55,969,511 ordinary shares on issue and has a market capitalisation of approximately \$456.15 million which is based on a price per share of \$8.15 on the last trading day before the date of this Bidder's Statement.
- 2.5.3 All 55,969,511 shares on issue in Warrnambool are ordinary shares. However 296,832 shares have been issued to employees under Warrnambool's employee share plan which imposes restrictions on disposal of those shares for 3 years from allotment unless the employee ceases employment with Warrnambool earlier.
- 2.5.4 As at the date of this Bidder's Statement, there are 68,627 Warrnambool Performance Rights.  
Warrnambool has advised the market that it may issue up to 60,659 Warrnambool Performance Rights to Mr. David Lord following receipt of shareholder approval to do so at the Warrnambool's annual general meeting on 24 October 2013.
- 2.5.5 As at 14 August 2013 there were 3,861 Warrnambool Shareholders.

## 2.6 Shareholders and number of Warrnambool Shares owned

The top twenty (20) shareholders of Warrnambool, as set out in the Annual Report for Warrnambool for the period ended 30 June 2013 and updated by Warrnambool as at 14 August 2013 and updated for subsequent shareholder disclosures, are set out below:

Bega Cheese Limited	10,007,290
Murray Goulburn Co-Operative Co Ltd	9,661,981
Est Thomas C Gall	759,200
Mr. John Andrew Gall	635,999
Geoffrey Charles Marsh	600,000
Bernard James Kavanagh	596,809
Chalmsbury Nominees Pty Ltd	552,188
J & H Renyard Pty Ltd	545,278
CG Nominees (Australia) Pty Ltd	552,188
RBC Investor Services Australia Nominees Pty Ltd	433,105
Keith Allan Bonnett & June Maree Bonnett	407,593
Myrtle I Gall	406,075
J & K McKinnon Pty Ltd	384,636
Donald J Gall	373,657
J P Morgan Nominees Australia Limited	340,035
J & K McKinnon Pty Ltd	325,000
Parsley Investments Pty Ltd	300,000
Mrs. Elizabeth Marie Murphy	295,485
Myrtle I Gall & John A Gall & Donald J Gall	281,812
Myrtle I Gall	280,000

## 2.7 Directors and associate Directors

---

Terence J Richardson	<i>Supplier Director and Chairman</i>
R.A. Andrew Anderson	<i>Supplier Director</i>
Kay Antony	<i>Supplier Director</i>
Michael Carroll	<i>Independent Non-Executive Director</i>
Neville Fielke	<i>Independent Non-Executive Director</i>
Robert Lane	<i>Independent Non-Executive Director</i>
David J Lord	<i>Managing Director and Chief Executive Officer</i>
John F McLean	<i>Associate Director</i>
Bruce J Morley	<i>Associate Director</i>
Raymond M Smith	<i>Independent Non-Executive Director</i>
Bruce G Vallance	<i>Supplier Director</i>

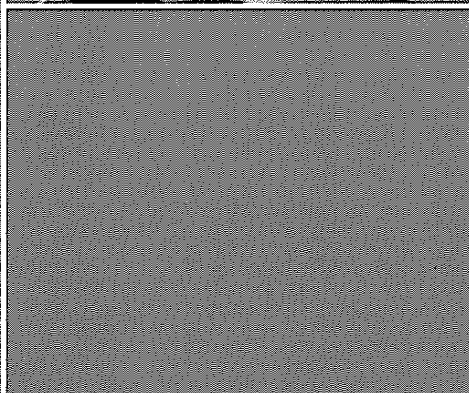
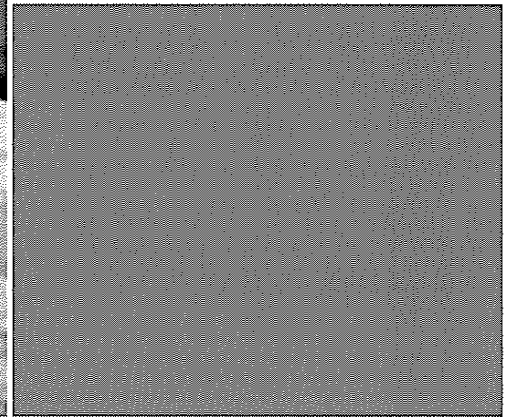
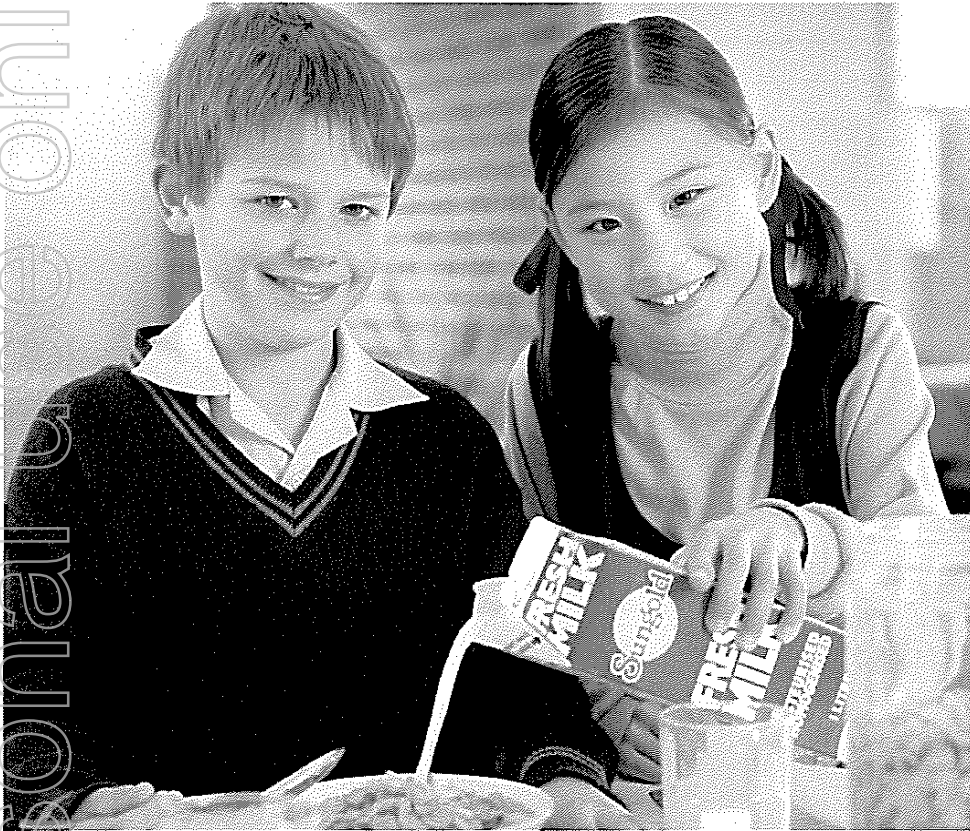
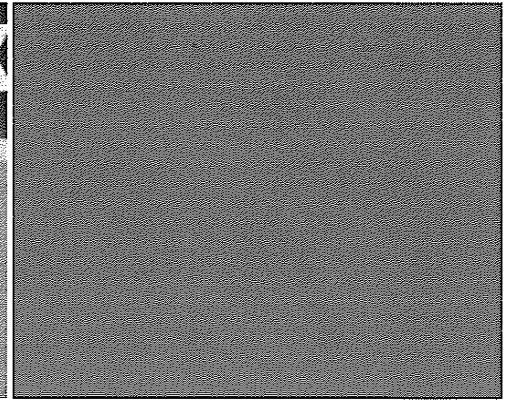
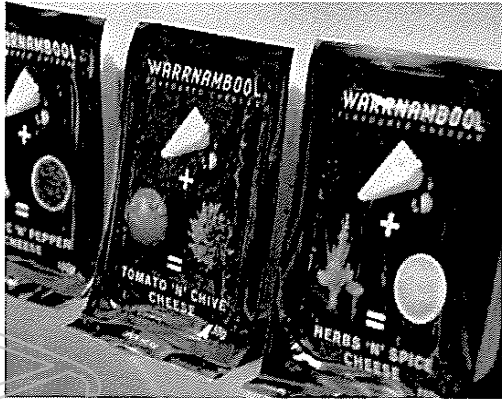
## 2.8 Management

---

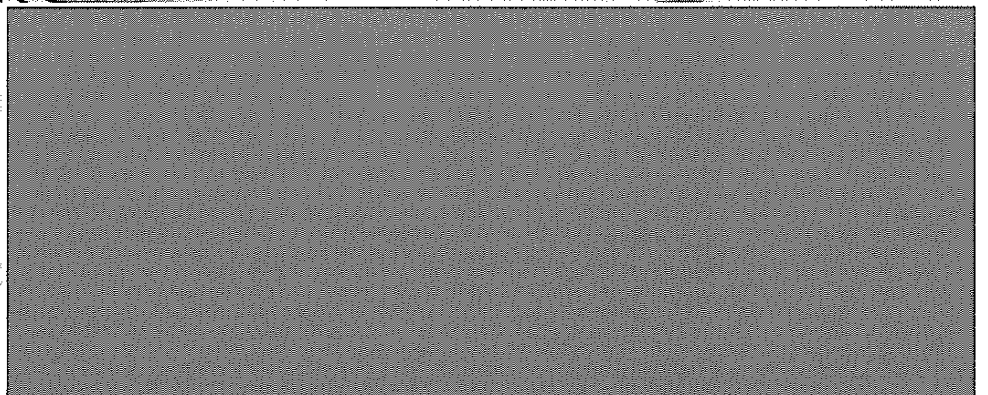
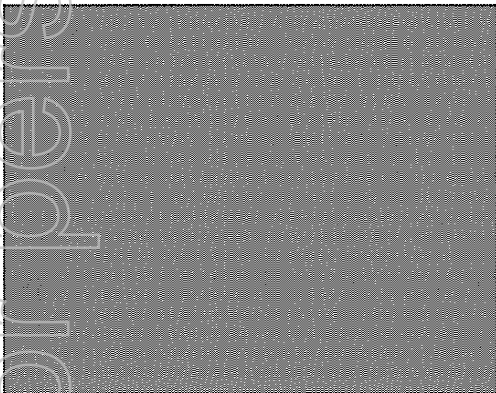
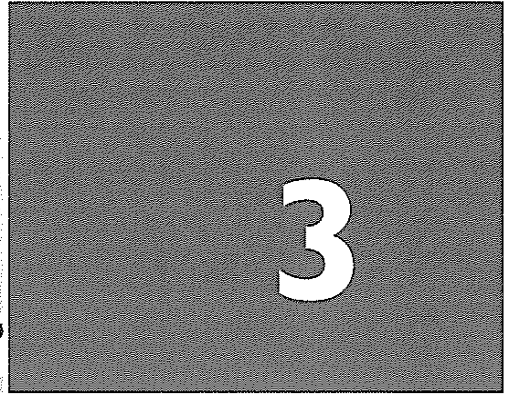
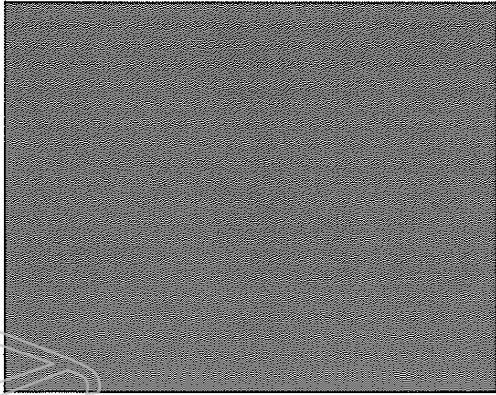
David J Lord	<i>Managing Director and Chief Executive Officer</i>
William D Hannah	<i>Chief Financial Officer</i>
Ross Martin	<i>General Manager – ICT &amp; Project Management Office</i>
William J Slater	<i>General Manager – Retail Dairy</i>
John S Williams	<i>General Manager – Sales, Marketing &amp; Innovation</i>
Anthony P Cook	<i>General Manager – Milk Supply</i>
Bernard J Kavanagh	<i>General Manager – Corporate Development</i>
Richard C Wallace	<i>General Manager – Operations</i>
Paul A Moloney	<i>Company Secretary</i>

## 2.9 Other Warrnambool information

- The above information about Warrnambool and the Warrnambool Group is based on public information and has not been independently verified. Neither Saputo nor Saputo Inc. makes any representation or warranty as to the accuracy or completeness of this information.
- Warrnambool Shares are listed on the ASX and Warrnambool is obliged to comply with the continuous disclosure requirements of the ASX.
- The Annual Report for the year ended 30 June 2013 was lodged with ASIC on 20 September 2013 and given to the ASX on that date.
- A list of the ASX announcements made in relation to Warrnambool between 30 June 2013 and the date of this Bidder's Statement is set out in Annexure A.
- Information about Warrnambool (including copies of the financial statements and Annual Reports) may also be obtained from either Warrnambool's website ([www.wcbf.com.au](http://www.wcbf.com.au)) or the ASX website ([www.asx.com.au](http://www.asx.com.au)).
- Warrnambool Shareholders should also refer to the Target's Statement for further information about Warrnambool and the Warrnambool Group.



Original Content



For personal use only

### 3. Saputo's intentions

#### 3.1 Overview

This section 3 sets out the intentions of Saputo and Saputo Inc. in relation to the following:

- 3.1.1 the continuation of the business of Warrnambool;
- 3.1.2 any major changes to be made to the business of Warrnambool, including any redeployment of the fixed assets of Warrnambool; and
- 3.1.3 the future employment of the present employees of Warrnambool,

on the basis of the facts and information concerning Warrnambool which were available to Saputo as at the time of the preparation of this Bidder's Statement.

Saputo is a wholly owned Subsidiary of Saputo Inc. and, accordingly, the intentions and beliefs of Saputo in the Bidder's Statement reflect the intentions and beliefs of Saputo Inc.

At the conclusion of the Offer Period, Saputo will, to the extent which it is able, conduct reviews of Warrnambool's assets, strategies, operations and organisation to evaluate Warrnambool's performance, profitability and prospects.

Final decisions will only be reached after those reviews and in light of all material facts known to Saputo and the circumstances at the relevant time, including the number of Warrnambool Shares owned at such time. Accordingly, any statements set out in this Bidder's Statement referring to intentions are current intentions and may vary as new information becomes available or circumstances change.

Saputo has undertaken to Warrnambool to give full effect to the intentions as set out in sections 3.3.4, 3.3.5, 3.3.6 and 3.4.3 if, acting in good faith, it reasonably concludes following its review that:

- (a) the assets, financial position, business and commercial circumstances of Warrnambool remain the same in all material respects as the assets, financial position, business and commercial circumstances of Warrnambool as at the time of preparing this Bidder's Statement; and
- (b) certain representations and warranties provided by Warrnambool in the Bid Implementation Deed remain correct in all material respects.

#### 3.2 Rationale for the Offer

Saputo Inc.'s strong interest in Warrnambool is motivated by its desire to enter the Australian market by acquiring and investing in a well-established and successful industry player with an experienced management team. This would allow Saputo Inc. to expand its international operations into Australia, a market that Saputo Inc. regards as strategic to its future growth plans both for its domestic and export market potential. Saputo Inc. does not currently have any operations in Australia and would see Warrnambool as the platform for growth in Australia and through which to expand in the Asia Pacific region, working with Warrnambool's management to capture those opportunities.

Saputo Inc.'s position as a leading international dairy processor would strengthen Warrnambool's ability to compete and accelerate Warrnambool's growth nationally as well as internationally, delivering benefits for Warrnambool's employees, its farmer suppliers and their local communities. Saputo Inc.'s approach to acquisitions is to make the necessary capital investments and devote the necessary resources to increase manufacturing capacity, grow the milk intake, drive ongoing improvements in operating efficiency and support innovation and new product development.

#### 3.3 Intentions upon ownership of 90% or more of Warrnambool

This section 3.3 sets out Saputo's current intentions if it acquires a Relevant Interest in at least 90% of Warrnambool Shares and is entitled to proceed to the compulsory acquisition of the outstanding Warrnambool Shares.

##### 3.3.1 Compulsory acquisition of Warrnambool Shares

Saputo intends to proceed with the compulsory acquisition of any Warrnambool Shares not acquired under the Offer, in accordance with section 661A of the Corporations Act.

##### 3.3.2 Directors and corporate structure

Saputo intends to amend the constitution of Warrnambool to reflect its status as a wholly-owned Subsidiary of Saputo Inc. The current name of Warrnambool will be retained. Saputo will appoint some new directors nominated by Saputo to the Warrnambool Board. Saputo intends to invite a number of the existing Warrnambool Directors to remain on the Warrnambool Board, so as to retain the benefit of those Directors' knowledge of the local market dynamics, the dairy industry, the Warrnambool business, and its key relationships.

For personal use only

### 3.3.3 ASX listing

As part of the compulsory acquisition process, Saputo will arrange for Warrnambool to be removed from the official list of the ASX in accordance with the requirements of the ASX.

### 3.3.4 Warrnambool's operations and assets

Saputo recognises and respects the heritage and value of Warrnambool and its brands, and intends to continue and grow its current business – in particular to:

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

Given that Saputo Inc. does not have any current activities in Australia, Saputo does not intend to rationalise or redeploy any of Warrnambool's fixed assets. In fact, Saputo would be looking to invest further to expand Warrnambool's operations by increasing existing capacity or building additional capacity. Saputo would seek to introduce new product lines, including from its own extensive portfolio of dairy products, as well as support Warrnambool's own innovation and new product development in order to service the combined customer base. Warrnambool would become an important part of Saputo Inc.'s global operations, the centre of its operations in Australia and its main platform from which to service the demand for dairy products in the Asia Pacific region.

### 3.3.5 Milk supply

Saputo Inc. views relationships with its suppliers as important to the success of its business and to achieve Saputo Inc.'s strategic growth objectives. Saputo would seek to develop mutually beneficial relationships with the farmer suppliers of Warrnambool through the payment of a leading competitive milk price to ensure that Warrnambool remains the preferred customer for their milk, and continues to grow its milk intake.

Saputo Inc. does not have any existing milk purchasing operations in Australia. As such, the acquisition of Warrnambool by Saputo will not reduce the choices available for farmer suppliers. Moreover, Saputo's intention to invest in and develop the Warrnambool operations should lead to a greater demand for milk, which should be to the benefit of farmer suppliers.

Saputo recognises Warrnambool's ongoing support to its supplier base through its field services teams, various supplier engagement projects and local community support, and it would continue to support such commitments. Saputo also expects to maintain initiatives such as Warrnambool's Supplier Relations and Pricing Policy Committee, which have been successful in building further lines of communication between processor and suppliers.

### 3.3.6 Employees

Saputo Inc.'s strategy to acquisitions is to retain and rely on the management and employees already in the business. Given that Saputo Inc. does not currently have a presence in Australia, it is Saputo's intention that the business of Warrnambool continue to be managed by the current senior management as a new division within Saputo Inc.

One of Saputo's objectives will be to provide an attractive and rewarding place for Warrnambool employees to work and to maintain a high level of employee engagement and commitment. Saputo will also have in place strategies to encourage the retention of staff with key skills, knowledge and experience. Warrnambool, as a division within Saputo Inc., 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 continued strong Australian roots.

### 3.4 Intentions upon ownership of less than 90% but more than 50% of Warrnambool

Set out below are Saputo's current intentions if Saputo acquires effective control of Warrnambool, but does not acquire a Relevant Interest in at least 90% of Warrnambool Shares and is therefore not entitled to compulsorily acquire the remaining Warrnambool Shares.

#### 3.4.1 Compulsory acquisition of Warrnambool Shares, if possible at a later date

If Saputo does not become entitled to compulsorily acquire Warrnambool Shares under section 661A of the Corporations Act, it may nevertheless become entitled to exercise the general compulsory acquisition power under Part 6A.2 of the Corporations Act if it later becomes a 90% holder as defined in that Part. Saputo intends to exercise that power in respect of Warrnambool Shares if it becomes entitled to do so.

#### 3.4.2 Directors

If Saputo does not become entitled to compulsorily acquire Warrnambool Shares, Saputo intends to, subject to the Corporations Act and the constitution of Warrnambool, appoint such number of persons to the board of directors of Warrnambool which better reflects Saputo's percentage shareholding in Warrnambool.

#### 3.4.3 Intentions with respect to matters at section 3.3 above

Saputo will endeavour to implement the intentions set out in sections 3.3.4, 3.3.5 and 3.3.6 above. The ability of Saputo to implement any of these intentions will be subject to the limitations identified in section 3.5.

#### 3.4.4 ASX listing

The ongoing listing of Warrnambool on the ASX will be subject to Warrnambool satisfying the ongoing requirements under the ASX Listing Rules (including there being the required spread of shareholders). ASX may delist Warrnambool if it does not meet these requirements. Any proposal to delist Warrnambool from the ASX will require ASX consent and may be subject to conditions imposed by the ASX.

#### 3.4.5 Dividends

Future dividends will be determined by the Warrnambool Board consistent with the company's policy, being dependent on various matters, including Warrnambool's financial performance, the contributions of its joint ventures, its capital structure and cash position.

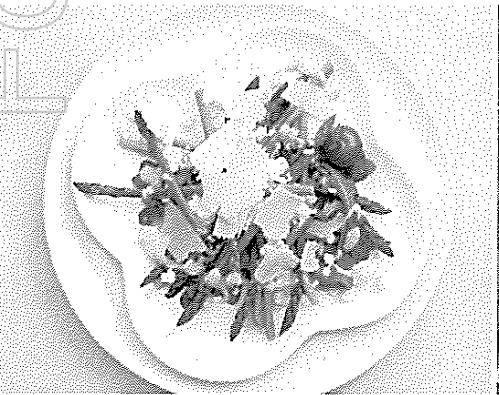
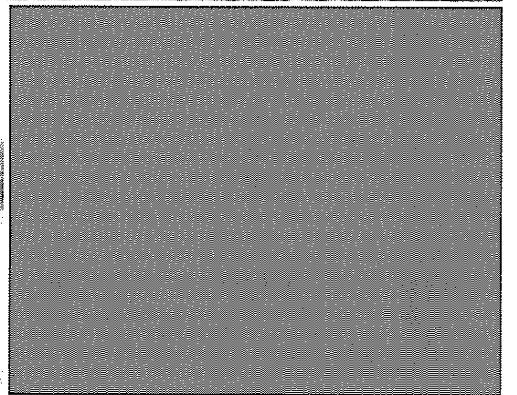
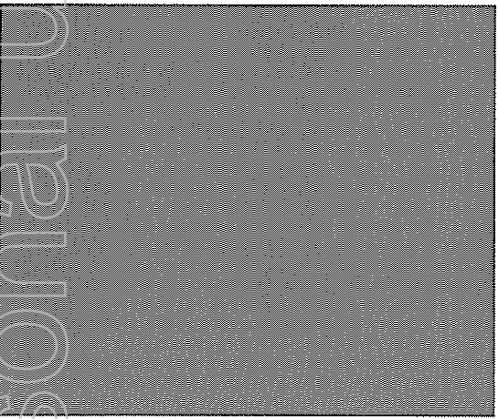
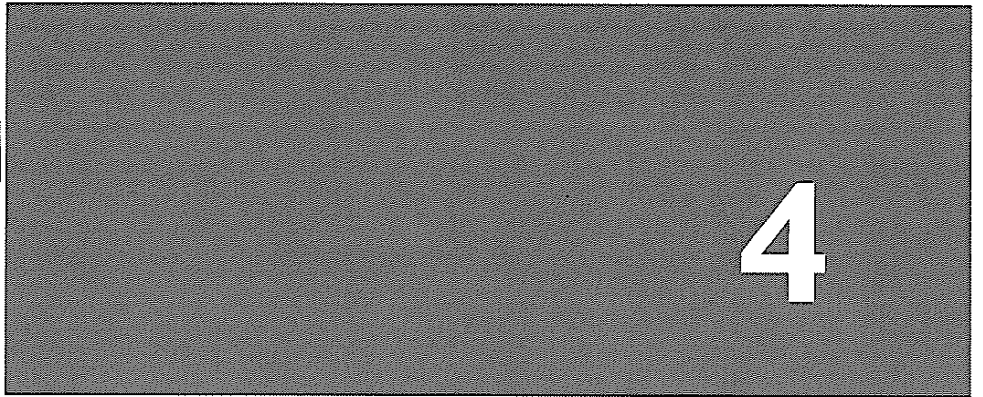
### 3.5 Limitation on intentions

The implementation of Saputo's intentions in the event of Saputo controlling less than 100% of Warrnambool, will be subject to the Corporations Act and ASX Listing Rules, Warrnambool's constitution and the obligations of Warrnambool's directors to act in the best interests of Warrnambool and all Warrnambool Shareholders.

In particular, if Saputo does not obtain a Relevant Interest in at least 90% of the Warrnambool Shares and therefore cannot compulsorily acquire the balance of Warrnambool Shares, the related party provisions of the Corporations Act (and the ASX Listing Rules) will apply.

Saputo will only make a decision on its courses of action in these circumstances after it receives appropriate legal and financial advice on such matters, where required, including in relation to any requirements for Warrnambool Shareholder approval.





## 4. Provision of cash consideration

### 4.1 Cash consideration

The Consideration for the acquisition of your Warrnambool Shares under the Offer is to be satisfied wholly by payment in cash. The Consideration will be paid at the time specified in section 6.14.1 below.

### 4.2 Amount payable

Based on the number of Warrnambool Shares on issue as at the date of this Bidder's Statement, and assuming that there are 129,286 Warrnambool Performance Rights on issue or issuable as at the date of this Bidder's Statement and all of them vest and are exercised into Warrnambool Shares prior to the end of the Offer Period and assuming that no Warrnambool Shares are issued pursuant to any Warrnambool share plan prior to the end of the Offer Period, the maximum number of Warrnambool Shares which could be acquired by Saputo under the Offer is 56,098,797 Warrnambool Shares (being all 100% Warrnambool Shares currently on issue and up to 129,286 Warrnambool Performance Rights). The maximum amount payable by Saputo to Warrnambool Shareholders under the Offer upon acquisition of those Warrnambool Shares, is approximately \$448.8 million (not including any transaction costs).

If any Permitted Dividend is determined and subsequently declared and paid, the cash amount of that Permitted Dividend will be deducted from the consideration that would otherwise be due to Warrnambool Shareholders under the Offer, reducing the maximum amount payable by Saputo by the aggregate cash amount of the Permitted Dividend.

### 4.3 Source of funds

Saputo will fund the acquisition from a new credit facility which has been secured by Saputo Inc. in connection with the Offer.

#### Bid Funding Agreement

Saputo has entered into a Bid Funding Agreement. Under the terms of the Bid Funding Agreement, Saputo Inc. has undertaken to:

- (a) lend to Saputo any amount required to satisfy its obligations to pay Accepting Shareholders under the terms of the Offer;
- (b) cover the consideration payable if Saputo acquires a Relevant Interest in at least 90% and is entitled to proceed to compulsory acquisition; and
- (c) meet all transaction and other costs associated with the Offer.

The loan from Saputo Inc. is a simple, unconditional and unsecured interest free loan with a repayment date being the earlier of receiving at least 60 days prior written notice from Saputo Inc. and 6 years from the date of when any amount is first advanced (unless that date is extended by agreement).

#### New Credit Facility

On 17 October 2013, Saputo Inc. entered into a term loan with National Bank of Canada and Bank of Montreal.

With CAD184 billion in assets as at 31 January 2013, National Bank of Canada together with its subsidiaries, forms one of Canada's leading integrated financial groups, and has been named among the 20 strongest banks in the world by Bloomberg Markets. The bank has close to 20,000 employees and is widely recognised as a top employer. Its securities are listed on the Toronto Stock Exchange.<sup>7</sup>

Established in 1817 as Bank of Montreal, BMO Financial Group, with its shares listed on both Toronto Stock Exchange and the New York Stock Exchange, is a highly diversified financial services organization. With total assets of CAD549 billion as of 31 July 2013, and more than 46,500 employees, BMO provides a broad range of retail banking, wealth management and investment banking products and solutions.<sup>8</sup>

This new facility in an amount of up to CAD500 million (AUD505 million) consists of a non-revolving term facility which may be used, among other things, to finance the Offer. Any amounts under the new term facility unused by 31 December 2014 will be cancelled. The new term facility is due three years from the initial drawdown made under it and is unsecured. The new term facility is immediately available for drawdown subject only to the delivery of a compliance certificate by Saputo Inc. attesting to or demonstrating the absence of a default or event of default which has occurred or is continuing, or would occur as a result of a drawdown and the compliance with certain financial covenants; the satisfaction of mechanical and customary conditions precedent (such as the giving of a drawdown notice and the payment of any fees or expenses which are owing and due); and the delivery of customary support documentation relating to the Offer (including confirmations from Saputo Inc. that no third party consents or regulatory approvals are required). Saputo Inc. and Saputo are not aware of any reason why the foregoing conditions precedent would not be satisfied at such time as necessary to allow the proceeds of the new term facility to be available to fund the acquisition as required by the terms of the Offer.

<sup>7</sup> National Bank of Canada website: [http://www.bnc.ca/bnc/cda/newsdetail/0.2714.articleCode=17619\\_divld=2\\_langld=1\\_navCode=6100\\_viewFilter=2013.00.html](http://www.bnc.ca/bnc/cda/newsdetail/0.2714.articleCode=17619_divld=2_langld=1_navCode=6100_viewFilter=2013.00.html)

<sup>8</sup> Bank of Montreal website: <http://www.bmo.com/home/ef/about/banking/corporate-information/about-us/bmo-2-national-group>

The new term facility contains events of default, subject to applicable grace periods, that are customary for facilities of this nature, including:

- (a) non-payment of principal, interest or other amounts;
- (b) breaches of covenants;
- (c) cross-default and cross-acceleration under certain other indebtedness; and
- (d) material monetary judgments against Saputo Inc.

Saputo Inc. has no reason to believe that any of the events of default will occur such that a drawdown will not be able to be made.

The new term facility is in addition to the existing line-of-credit described below.

#### Line-of-credit

On 1 August 2012, Saputo Inc. entered into a syndicated revolving line-of-credit co-lead by National Bank of Canada and Bank of Montreal in the amount of USD500 million (AUD525 million). The revolving line-of-credit is due in full on 31 July 2017 and is unsecured. As at the date of the Bidder's Statement, less than CAD140 million (AUD141.4 million) had been drawn from this credit facility, and letters of credit totalling not more than CAD47 million (AUD47.5 million) were issued and outstanding, which limits the borrowing capacity on a dollar-for-dollar basis.

#### Exchange rate movements

The funds available to Saputo Inc. under the new credit facility and the line-of-credit which may be advanced to Saputo are denominated in CAD. At the indicative exchange rates of CAD1.00 = AUD1.01 and CAD1.00 = USD1.05, the funds available are significantly in excess of the amount required to complete the Offer. This would remain the case even if there were significant adverse movements in the CAD/AUD exchange rate during the Offer Period.

In aggregate, the funds available under the credit facilities are more than sufficient to fund the maximum consideration payable by Saputo pursuant to the Offer and all associated transaction costs.

## 5. Taxation Information

The following is a general description of Australian income tax consequences to Warrnambool Shareholders of the acceptance of the Offer and does not take into account the specific circumstances of any particular Warrnambool Shareholder. It does not constitute tax advice and should not be relied upon as such.

The comments below only apply to Warrnambool Shareholders who are Australian residents for income purposes and are individuals, complying superannuation entities or companies that hold their Warrnambool Shares on capital account.

The tax treatment for Warrnambool Shareholders who hold their Warrnambool Shares on revenue account, such as banks and other trading entities, has not been addressed. In addition, these comments do not take into account the circumstances of Warrnambool Shareholders who acquired their Warrnambool Shares in respect of their, or an associate's, employment with Warrnambool or an associated company of Warrnambool or Warrnambool Shareholders who are subject to the taxation of financial arrangement rules.

Warrnambool Shareholders should consider the taxation impact prior restructures of the company may have on their Warrnambool Shares, including:

- the scheme of arrangement in March 1996, when Warrnambool Cheese and Butter Factory Company Limited became a wholly owned Subsidiary of the Warrnambool Cheese and Butter Factory Company Holdings Limited and whether scrip-for-scrip rollover relief was sought at the time. In this scheme of arrangement, Warrnambool Cheese and Butter Factory Company Limited shareholders were issued shares in Warrnambool in consideration for their shares in Warrnambool Cheese and Butter Factory Company Limited;
- a further scheme of arrangement, effective in 2000, which involved capital raising and a change from being a public company limited by shares and guarantee to a public company limited only by shares; and
- Warrnambool shares being listed on the ASX on 27 May 2004.

All investors should seek independent professional advice on the consequences of their disposal of Warrnambool Shares, based on their particular circumstances. This information is not intended to be taxation advice to any particular Warrnambool Shareholder.

The following description is based upon the law in effect at the date of this Bidder's Statement, but it is not intended to be an authoritative or complete statement of the applicable law.

## 5.1 Permitted Dividends

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

- (a) that Warrnambool Shareholders are not precluded from entitlement to the franking credits and associated tax offset attached to any Permitted Dividend;
- (b) whether any Permitted Dividend is included in the amount of the capital proceeds received by Warrnambool Shareholders for the Offer; and
- (c) 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 any Permitted Dividend.

The Permitted Dividends (both the Initial Permitted Dividend and the Additional Permitted Dividend) are intended to be fully-franked dividends.

Australian resident Warrnambool Shareholders should include any Permitted Dividend in their assessable income in the income year in which it is paid.

For a Warrnambool Shareholder who is a 'qualified person', the amount included in the assessable income should be the cash amount of the Permitted Dividends, 'grossed-up' by the franking credits, attached to the dividend. Such a Warrnambool Shareholder will be entitled to a franking offset in the calculation of their income tax payable equal to the franking credit gross up included in their assessable income.

Where the franking tax offset is higher than their tax liability for an income year, an Australian resident Warrnambool Shareholder who is an individual or complying superannuation fund may be entitled to a refund of the excess franking tax offset received.

For a Warrnambool Shareholder to be a 'qualified person' it must hold its Warrnambool Shares 'at risk' for at least 45 clear continuous days in the period commencing 45 days before and ending 45 days after the day after the Record Date. The Record Date is the last day by which a person must be on the register of Warrnambool Shareholders to be entitled to receive a Permitted Dividend.

Whether a Warrnambool Shareholder holds its Warrnambool Shares 'at risk' will depend on any arrangements it may have entered into in respect of its Warrnambool Shares, such as any hedging strategy, etc., which might materially diminish the risk of financial loss or opportunity for gain on its Warrnambool Shares. Whether a Warrnambool Shareholder holds its Warrnambool Shares at risk will also depend on when it accepts the Offer to dispose of its Warrnambool Shares.

Warrnambool Shareholders who acquired Warrnambool Shares after the Offer is announced will only obtain franking credits on a Permitted Dividend if they are a 'qualified person' and hold the shares 'at risk' for the requisite period noted above.

Warrnambool Shareholders who do not accept the Offer and continue to hold their Warrnambool Shares 'at risk' should qualify for franking credits on a Permitted Dividend. If Saputo acquires 90% of the Warrnambool Shares and can compulsorily acquire the remaining Warrnambool Shares, then the Warrnambool Shareholders cease to hold their Warrnambool Shares 'at risk' the day before the date of compulsory acquisition.

Warrnambool Shareholders who accept the Offer before it is declared unconditional should continue to hold their Warrnambool Shares 'at risk' until the day before the date Saputo declares the offer unconditional.

Warrnambool Shareholders who accept the Offer after the Offer is declared unconditional, but before compulsory acquisition, should hold their Warrnambool Shares 'at risk' until the day before they accept the Offer.

However, if 95% or more of the Warrnambool Shares are acquired or able to be controlled by Saputo, all Warrnambool Shareholders at the Record Date would not be able to benefit from the franking credits in respect of any Permitted Dividend that is paid after that time (subject to some specific exceptions).

For personal use only

## 5.2 Taxation on disposal of Warrnambool Shares

The sale of Warrnambool Shares pursuant to the Offer will constitute a disposal of Warrnambool Shares and a CGT event for Australian capital gains tax purposes. If, for any reason the Offer does not proceed, no disposal will occur.

For Warrnambool Shares acquired before 20 September 1985, no capital gain should arise on the disposal of those shares pursuant to the Offer.

A Warrnambool Shareholder, who is an Australian tax resident and holds Warrnambool Shares acquired on or after 20 September 1985, may make a capital gain or a capital loss from the disposal of those shares pursuant to the Offer. These amounts will be relevant in determining whether a Warrnambool Shareholder is required to include a net capital gain in their assessable income for the year.

Generally, in any given income year, capital gains and capital losses are firstly aggregated to determine whether there is a net capital gain, which is calculated after taking into account any discount capital gains or other concessions that may be available in respect of the capital gains. The remaining net capital gain is included in the taxpayer's assessable income. Where a net capital loss arises, it may not be deducted against assessable income for income tax purposes, but rather, may be carried forward to be offset against future capital gains, subject to satisfaction of the loss recoupment rules for companies.

### 5.2.1 Capital Gain

If the capital proceeds received by a Warrnambool Shareholder from the disposal of Warrnambool Shares exceeds the tax cost base (or if applicable, the indexed cost base) of those Warrnambool Shares, a capital gain should arise.

The capital proceeds of the CGT event should generally be the consideration received by the Warrnambool Shareholder for the sale of their Warrnambool Shares under the Offer. The capital proceeds received for the sale of the Warrnambool Shares may be:

- reduced by the amount of the Initial Permitted Dividend; and
- reduced by the amount of the Additional Permitted Dividend except that to the extent the amount of the Additional Permitted Dividend is funded by the loan from Saputo, it may be deemed to be part of the capital proceeds received by the Warrnambool Shareholders under the Offer.

Should the Additional Permitted Dividend form part of the capital proceeds, an anti-overlap rule will reduce any assessable capital gain by the amount of the dividend to ensure double taxation does not arise.

Warrnambool Shareholders' cost base in their Warrnambool Shares should generally include the cost of acquisition of the shares plus any incidental costs on acquisition (such as brokerage and stamp duty), subject to any adjustments as a result of any transactions in respect of the shares such as capital reductions.

If the Warrnambool Shares were acquired at or before 11:45am on 21 September 1999, Warrnambool Shareholders who are individuals, complying superannuation entities or trustees of a trust may elect to adjust the cost base of the Warrnambool Shares to include indexation for inflation (by reference to changes in the Consumer Price Index from the calendar quarter in which those shares were acquired) until the quarter ended 30 September 1999.

Warrnambool Shareholders who are individuals, complying superannuation entities or certain trustees and who do not or cannot elect to adjust their cost base for indexation (as outlined above) may be able to discount the amount of any capital gain in respect of the disposal of Warrnambool Shares if they acquired their Warrnambool Shares at least 12 months before the date of disposal (referred to as the **CGT Discount**). The CGT Discount is applied only after any available capital losses have been applied to reduce the capital gain. For individuals and trustees the CGT discount rate is 50% and for complying superannuation entities the discount rate is 33 $\frac{1}{3}$ %. Certain small business concessions may also be available to some shareholders.

Warrnambool Shareholders which are companies do not qualify for the CGT Discount.

### 5.2.2 Capital Loss

If the capital proceeds received by a Warrnambool Shareholder are less than the reduced cost base of Warrnambool Shares, a capital loss should arise. Generally, the reduced cost base of Warrnambool Shares is the cost base of Warrnambool Shares (discussed above) subject to certain adjustments. The reduced cost base cannot be indexed and the CGT Discount does not apply to capital losses.

If the Additional Permitted Dividend is included in capital proceeds it will reduce the amount of the capital loss.

As above, where a net capital loss arises, it may not be deducted against assessable income for income tax purposes, but rather, may be carried forward to be offset against future capital gains, subject to satisfaction of the loss recoupment rules for companies.

### 5.3 Stamp duty

The Warrnambool Shareholders will not be liable to pay any stamp duty as a consequence of the acceptance of the Offer and the disposal of their Warrnambool Shares.

### 5.4 Goods and services tax (GST)

The GST implications of the sale by Warrnambool Shareholders of their Warrnambool Shares will depend on whether they are registered, or required to be registered for GST.

For Warrnambool Shareholders who are registered, or required to be registered for GST, no GST will apply to the sale of their Warrnambool Shares as it will be an input taxed financial supply. However, depending on their particular circumstances, there may not be an entitlement to claim input tax credits in relation to GST paid on fees associated with partaking in the Offer (such as fees for advisory services provided to those Warrnambool Shareholders).

For Warrnambool Shareholders who are not registered, or required to be registered for GST, there will be no GST implications as the disposal of their Warrnambool Shares will be outside the scope of GST. As they are not registered for GST, there will be no entitlement to claim input tax credits in relation to GST paid on fees associated with partaking in the Offer.

## 6. Terms of the Offer

### 6.1 Identity of Saputo

Saputo is making the Offer to each Warrnambool Shareholder. Saputo is a proprietary limited Australian company incorporated in Victoria. It is a special purpose vehicle created for the purpose of making the Offer, and is wholly owned by Saputo Inc.

Saputo Inc. is a Canadian-based public company listed on the Toronto Stock Exchange under the symbol "SAP".

### 6.2 Date of the Offer

The Offer is dated [# #] 2013.

### 6.3 Offer

6.3.1 Saputo offers to acquire from you on the terms of the Offer all of your Warrnambool Shares.

6.3.2 You may only accept the Offer in respect of all of your Warrnambool Shares.

6.3.3 It is a term of the Offer that:

- (a) Saputo will be entitled to, and you agree to transfer to Saputo, all Rights attaching to or arising from your Warrnambool Shares acquired by Saputo pursuant to the Offer, subject to section 6.3.3(c) and section 6.3.3(d);
- (b) the Offer will not vary as a result of the declaration, payment or existence or accrual of any Rights;
- (c) Saputo will waive all rights relating to a Warrnambool Shareholder's entitlement to any Permitted Dividend (and the benefit of any franking credits attached to any Permitted Dividend) that is determined and subsequently declared and paid by Warrnambool where that Warrnambool Shareholder was the holder of the relevant Warrnambool Share on the Record Date for that dividend; and
- (d) Saputo will deduct from the consideration otherwise to be paid to Warrnambool Shareholder under the Offer the amount equal to the cash amount of any Permitted Dividend that is determined and subsequently declared and paid by Warrnambool.

6.3.4 An Offer in this form is being made to each Warrnambool Shareholder registered in the Warrnambool Shareholder register as at 7:00pm Melbourne time on 25 October 2013. It also extends to:

- (a) any Warrnambool Shares that are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, vesting of, or exercise of rights conferred by, securities (including the Warrnambool Performance Rights existing at the Register Date and any New Warrnambool Performance Rights); and
- (b) any person who becomes registered as a holder of your Warrnambool Shares during the Offer Period.

- 6.3.5 If, at the time the Offer is made to you, or at any time during the Offer Period, another person is registered as the holder of some or all of Warrnambool Shares to which the Offer relates:
- (a) a corresponding offer on the same terms and conditions as the Offer will be deemed to have been made to that other person in respect of those Warrnambool Shares;
  - (b) a corresponding offer on the same terms and conditions as the Offer will be deemed to have been made to you in respect of any other Warrnambool Shares you hold to which the Offer relates; and
  - (c) the Offer will be deemed to have been withdrawn immediately at that time in relation to Warrnambool Shares you have ceased to hold.
- 6.3.6 The Warrnambool Dividend Reinvestment Plan will not apply to any Permitted Dividend.

#### 6.4 Consideration

- 6.4.1 The Consideration Saputo offers you, as a Warrnambool Shareholder, is a cash payment of \$8.00 for each of your Warrnambool Shares.
- 6.4.2 If Warrnambool determines and subsequently declares and pays any Permitted Dividend, provided that you are the registered and eligible holder of a Warrnambool Share on the relevant dividend Record Date(s), you will be entitled to the amount of any Permitted Dividend. Where you accept the Offer in respect of your Warrnambool Shares and the Offer becomes unconditional in circumstances where a Permitted Dividend has been declared and paid to you, Saputo will deduct the cash amount of that Permitted Dividend from the consideration that would otherwise be due to you under the Offer. You will receive a total of \$8.00 cash per Warrnambool Share, comprising the amount of any Permitted Dividend with the balance being the Consideration under the Offer (less the amount of the Permitted Dividend). Certain details concerning the obligation to repay any part of the Consideration are contained in sections 6.17.2 (g) and (h)(iv) (Your agreement).
- 6.4.3 If you become a Warrnambool Shareholder during the Offer Period and you were not a registered and eligible holder of the Warrnambool Shares on each relevant Permitted Dividend Record Date and you accept the Offer in respect of your Warrnambool Shares, you will not be entitled to any Permitted Dividend and the amount of any Permitted Dividend will be deducted from the consideration that would otherwise be due to you under the Offer.

Further details of the Permitted Dividend, and any franking credits attached to them, are set out in section 5 and section 6.13 of Part B of this Bidder's Statement. You should also refer to the Target's Statement.

#### 6.5 Benefit of improved Consideration

If Saputo improves the Consideration offered, the Corporations Act contains provisions to ensure that any Warrnambool Shareholder who has already accepted the Offer receives the benefit of the improved consideration.

#### 6.6 Offer Period

The Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of the Offer being [##] 2013, and ending at 7.00pm (Melbourne time) on:

- 6.6.1 [##] 2013; or
  - 6.6.2 any date to which the period of the Offer is extended in accordance with the Corporations Act,
- whichever is the later.

Saputo reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act. In the Bid Implementation Deed, Saputo has agreed with Warrnambool not to extend the Offer Period beyond the date which is 6 months after the Offer Period commences, without Warrnambool's prior written consent.

If within the last 7 days of the Offer Period, the Offer is varied to improve the consideration offered, then the Offer Period will be automatically extended so that it ends 14 days after the day on which the Offer is varied to improve the consideration offered.

## 6.7 Conditions of the Offer

Subject to section 6.9 of Part B, the Offer and any contract arising from acceptance of the Offer is subject to fulfilment of the following Conditions:

### 6.7.1 FIRB Condition

Before the end of the Offer Period the occurrence of either of the following:

- (a) (**unconditional approval**) the Treasurer of Australia gives an approval, or states that it does not object, to the acquisition by Saputo of the Warrnambool Shares under the FATA (that approval or statement of no objection to be subject to no conditions or only to those that Saputo considers in its discretion, acting reasonably, to be acceptable); or
- (b) (**expiry of notice period**) the expiry of the relevant period following the giving of notice relating to the acquisition by Saputo of Warrnambool Shares under the FATA without any interim or permanent order of prohibition being made under the FATA.

### 6.7.2 No regulatory actions

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) no preliminary or final decision, order or decree issued by a Regulatory Authority is in effect;
- (b) no action or investigation is announced, commenced or threatened by any Regulatory Authority; and
- (c) no application is made to any Regulatory Authority (other than by Saputo or any of its Associates),

(other than an application to, or decision of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act in consequence of or in connection with the Offer) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially adversely impacts on (or is reasonably likely to restrain, prohibit or impede or materially adversely impact on) the making or completion of the Offer, the acquisition of any Warrnambool Shares under the Offer, the completion of any of the transactions contemplated by the Offer or the rights of Saputo in respect of Warrnambool or any Warrnambool Shares.

### 6.7.3 Minimum acceptance

During or by the end of the Offer Period, Saputo has a Relevant Interest in greater than 50% of the Warrnambool Shares on a fully diluted basis.

In the Bid Implementation Deed, Saputo must not waive this condition until Saputo has obtained a Relevant Interest in 40% of the Warrnambool Shares without Warrnambool's prior written consent.

### 6.7.4 No Prescribed Occurrences Condition

Between the period from the Announcement Date and before the end of the Offer Period (each inclusive), no Prescribed Occurrence occurs.

### 6.7.5 No Material Adverse Change

Between the Announcement Date and the end of the Offer Period (each inclusive), no Material Adverse Change occurs.

### 6.7.6 No material acquisitions, disposals or new commitments

Between the Announcement Date and the end of the Offer Period (each inclusive), (other than Permitted Actions or as disclosed in writing to Saputo or as disclosed in a public filing with ASX before the Announcement Date) no member of the Warrnambool Group:

- (a) (**no material acquisitions**) acquires, offers to acquire, agrees to acquire or announces an intention to acquire, one or more shares, companies, businesses, properties or assets (or an interest in one or more shares, companies, businesses, properties or assets), other than in the ordinary course of business, the total consideration for which, or the value of which, in aggregate exceeds \$10 million;
- (b) (**no material disposals**) disposes of, offers to dispose of, agrees to dispose of or announces an intention to dispose of, one or more shares, companies, businesses, properties or assets (or an interest in one or more shares, companies, businesses, properties or assets), other than in the ordinary course of business, for an amount, or for which the book value (as recorded in the Warrnambool's statement of financial position as at 30 June 2013) is, in aggregate, greater than \$10 million; or
- (c) (**no material commitments**) enters into, offers to enter into, or announces an intention to enter into, any agreement, lease, joint venture, partnership, management agreement, arrangement or commitment which would require expenditure other than in the ordinary course of business, or the foregoing of revenue, by any member(s) of the Warrnambool Group of an amount or value which, in aggregate, exceeds \$10 million (for each separate agreement, lease, joint venture, partnership, management agreement, arrangement or commitment).



#### 6.7.7 No distributions

Between the Announcement Date and the end of the Offer Period (each inclusive), Warrnambool does not declare, determine as payable or pay a distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie), other than any Permitted Dividend.

#### 6.7.8 Conduct of Warrnambool's business

Between the Announcement Date and the end of the Offer Period (each inclusive) and other than Permitted Actions, no member of the Warrnambool Group:

- (a) **(no entry into new contract of service)** enters, or agrees to enter, into any contract of service for the appointment of a director or senior manager;
- (b) **(no change in existing contract of service)** varies, or agrees to vary any existing contract of service with any director or senior manager, including making or agreeing to make any substantial change in the basis or amount of remuneration of any director or senior manager (except as required by law). This condition does not apply to the vesting of any Warrnambool Performance Rights or the issue of Warrnambool Shares under the exercise of any Warrnambool Performance Rights that are in existence at the Announcement Date or are granted to Mr. David Lord;
- (c) **(no material contracts)** enters into, amends in a material respect, terminates or waives or otherwise forgoes any material rights under any agreement, arrangement or understanding to which Warrnambool or any Subsidiary of Warrnambool is a party that is material to the business or operation of Warrnambool or any Subsidiary of Warrnambool;
- (d) **(no scheme of arrangement)** implements or agrees to implement any scheme or arrangement or compromise (including one for a reconstruction or amalgamation of any members of the Warrnambool Group), or any analogous procedure, scheme or arrangement in any jurisdiction;
- (e) **(no special resolution)** makes any changes to its constitution or passes any special resolution;
- (f) **(no new indebtedness)** other than in the ordinary course of business or to fund the Initial Permitted Dividend:
  - (i) borrows any money or incurs new financial indebtedness (or agrees to do so); or
  - (ii) enters into any guarantee or indemnity on behalf of, or provides security for the obligations of, any person or (agrees to do so); or
- (g) **(no new Encumbrances)** other than in the ordinary course of business, grants or agrees to grant, any Encumbrances over any of its assets.

#### 6.7.9 Warrnambool Performance Rights

Between the Announcement Date and the end of the Offer Period (each inclusive) and other than the Permitted Actions, no Warrnambool Performance Rights are granted or issued.

## 6.8 The nature and benefit of the Conditions

The FIRB Condition is a condition precedent to the acquisition by Saputo of any interest in Warrnambool Shares of a kind which would cause a breach of the provisions of the FATA.

Notwithstanding your acceptance of the Offer, unless and until the FIRB Condition is satisfied:

- (a) no contract for the sale of your Warrnambool Shares will come into force or be binding on you or on Saputo;
- (b) Saputo will have no rights (conditional or otherwise) in relation to your Warrnambool Shares;
- (c) if any of your Warrnambool Shares are held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Warrnambool Shares by having your Controlling Participant transmit a valid originating message to ASX Settlement specifying the Warrnambool Shares to be released from sub position, in accordance with Rule 14.16 of the ASX Settlement Operating Rules, at any time prior to the satisfaction of the FIRB Condition; and
- (d) if any of your Warrnambool Shares are not held in CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Warrnambool Shares by sending a notice to that effect signed by you (or on your behalf, in which case documentation proving that the person or persons signing the notice are authorised to do so must accompany the notice) to any of the addresses specified on the Acceptance and Transfer Form, so that it is received at the relevant address at any time prior to the satisfaction of the FIRB Condition.

Saputo may waive the FIRB Condition, but it will only do so if such waiver would not be in breach of the FATA.

Each of the Conditions described in sections 6.7.2 to 6.7.9 of Part B is a condition subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period, or, in the case of No Prescribed Occurrences Condition, until the third Business Day after the Offer Period, prevent a contract to sell your Warrnambool Shares resulting from your acceptance of the Offer, from arising, but entitles Saputo, by written notice to you, to rescind the contract resulting from your acceptance of the Offer. If this occurs, Saputo will return by post the Acceptance and Transfer Form (if any) together with all documents forwarded by you to the address shown on the Acceptance and Transfer Form or destroy those documents, and notify the ASX of this.

Subject to the Corporations Act, Saputo alone is entitled to the benefit of the Conditions in section 6.7 of Part B, or to rely on any non-fulfilment of any of them.

Each Condition in section 6.7 of Part B is a separate, several and distinct condition. No Condition will be taken to limit the meaning or effect of any other Condition.

## 6.9 Freeing the Offer from the Conditions

Saputo may waive the FIRB Condition, but it will only do so if such waiver would not be in breach of the FATA.

In the Bid Implementation Deed, Saputo has also agreed with Warrnambool that it will not waive the minimum acceptance condition described in section 6.7.3 without Warrnambool's prior written consent, until Saputo has obtained a Relevant Interest in at least 40% of the Warrnambool Shares.

Subject to section 650F of the Corporations Act and the restriction on the waiver of the minimum acceptance condition in 6.7.3 noted above, Saputo may, at any time and at its sole discretion, determine that the Offer is to be freed from all Conditions. Saputo has agreed to provide notice to Warrnambool of its intention to free the Offer from all remaining Conditions at least 10 Business Days before the last of the outstanding Conditions is to be freed so that the Offer becomes unconditional.

Subject to this notice obligation, Saputo may declare the Offer free from all Conditions in sections 6.7.2 to 6.7.9 of Part B, either generally or by reference to a specific fact, matter, event, occurrence or circumstance (or class thereof), by giving notice in writing to Warrnambool. This notice must be given:

- (a) in the case of the No Prescribed Occurrences Condition, no later than 3 Business Days after the end of the Offer Period; and
- (b) in the case of all other Conditions in section 6.7 of Part B, not less than 7 days before the end of the Offer Period.

If at the end of the Offer Period (or in the case of the No Prescribed Occurrences Condition at the end of the third Business Day after the end of the Offer Period), the Conditions in section 6.7 of Part B have not been fulfilled and Saputo has not declared the Offer (or it has not become) free from the Conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

For personal use only

## 6.10 Notice on the status of the Conditions

The date for giving the notice on the status of the Conditions required by section 630(3) of the Corporations Act is [# #] 2013, subject to variation in accordance with section 630(2) of the Corporations Act if the period during which the Offer remains open for acceptance is extended.

## 6.11 Withdrawal of the Offer

To the extent not accepted at the relevant time, Saputo may withdraw the Offer at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

If, at the time the Offer is withdrawn, all the Conditions in section 6.7 of Part B have been freed, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.

If, at the time the Offer is withdrawn, the Offer remains subject to one or more of the Conditions in section 6.7 of Part B, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).

## 6.12 Variation of the Offer

Saputo may vary the Offer in accordance with the Corporations Act.

## 6.13 Permitted Dividend

Saputo Inc. has agreed with Warrnambool in the Bid Implementation Deed that Warrnambool may determine and subsequently declare and pay Permitted Dividends, up to an aggregate maximum amount of \$1.31 per Warrnambool Share. The Permitted Dividends may be determined and subsequently declared and paid subject to the following:

- 6.13.1 if Saputo obtains a Relevant Interest of at least 50.1% of the Warrnambool Shares and the Offer is declared or becomes unconditional other than the No Prescribed Occurrences Condition, Warrnambool may (at its discretion) declare and pay the Initial Permitted Dividend; and
- 6.13.2 if Saputo obtains a Relevant Interest of at least 90% of the Warrnambool Shares and the Offer is declared or becomes unconditional other than the No Prescribed Occurrences Condition, Warrnambool may (at its discretion) declare and pay the Additional Permitted Dividend provided that the payment date for any Additional Permitted Dividend is no later than the date on which Saputo is obliged to pay for the acceptances that take its entitlement to at least 90% of the Warrnambool Shares then on issue.

Any Warrnambool Shareholder who accepts the Offer will be entitled to any Permitted Dividends that are determined and subsequently declared and paid by Warrnambool provided that such Warrnambool Shareholder was the holder of the relevant Warrnambool Share on the respective Record Date for the Permitted Dividends.

Saputo expects that Warrnambool will determine the Permitted Dividends as soon as practicable following the receipt by Warrnambool of notice from Saputo of Saputo's intention to free the Offer from the last of the Conditions remaining outstanding so that the Offer becomes unconditional. The Record Date for each Permitted Dividend is expected to be set by Warrnambool as early as possible under the ASX Listing Rules following determination of the Permitted Dividends.

If a Permitted Dividend is declared and paid, Saputo will be entitled to deduct an amount equal to the amount of that Permitted Dividend (Amount) from the consideration otherwise payable to you under this Offer. If you have received that Permitted Dividend, and Saputo does not, or cannot, deduct the Amount from the consideration otherwise payable to you under the Offer because Saputo has already paid you the consideration, you must repay the Amount to Saputo (**Repayment Obligation**). Your Repayment Obligation will be discharged in the manner set out in sections 6.17.2(g) and 6.17.2(h)(iv) of this Bidder's Statement.

If you acquired your Warrnambool Share after the Record Date for a Permitted Dividend and accept the Offer, you will be paid the Consideration less an amount equal to any Permitted Dividend amount that would have been payable to you if you had been the holder of that Warrnambool Share on the Record Date for that Permitted Dividend.

If a Permitted Dividend has been determined and subsequently declared and paid before you accept the Offer in respect of your Warrnambool Shares you will be paid the Consideration less the amount of any Permitted Dividend that was determined, declared and paid before you accept the Offer in respect of your Warrnambool Shares.

Where Warrnambool Shareholders receive a franked dividend, they may be entitled to the benefit of any attached franking credits that could deliver additional value estimated by Warrnambool to be of up to \$0.56 per Warrnambool Share, depending upon the individual tax circumstances of each Warrnambool Shareholder. If any Permitted Dividends are determined but subsequently not declared and paid, Warrnambool Shareholders will not receive the benefits of any franking credits attributable to that Permitted Dividend. We suggest you read the Taxation Information in section 5 of Part B of this Bidder's Statement and the Target's Statement and consult your tax or financial adviser.

## 6.14 Provision of Consideration

### 6.14.1 When Consideration is paid

Subject to this section 6.14 and the Corporations Act, if you accept the Offer, and the Conditions of the Offer and of the contract resulting from acceptance of the Offer are satisfied or waived, then Saputo will pay the Consideration for your Warrnambool Shares under acceptance of the Offer on or before the earlier of:

- (a) one month after the date the Offer is validly accepted by you, or if the Offer is subject to a defeating Condition when accepted, within one month after the contract resulting from your acceptance of the Offer becomes unconditional; and
- (b) 21 days after the end of the Offer Period.

Where a Permitted Dividend is determined and subsequently declared and paid, the dividend amount will be paid at the date specified by Warrnambool at the time that dividend is announced.

Certain details concerning the payment of Consideration in the context of the payment of any Permitted Dividend are contained in section 6.17.2.

### 6.14.2 Where additional documents are required

Where the Acceptance and Transfer Form requires additional documents to be given to Saputo with your acceptance of the Offer to enable Saputo to become the holder of your Warrnambool Shares (such as a power of attorney):

- (a) if the documents are given with your acceptance, Saputo will pay the Consideration in accordance with section 6.14.1 above;
- (b) if the documents are given after acceptance and before the end of the Offer Period and the Offer is subject to a defeating Condition at the time that Saputo is given the documents, Saputo will provide the Consideration by the end of whichever period ends earlier:
  - (i) within one month after the contract resulting from your acceptance of the Offer becomes unconditional; or
  - (ii) 21 days after the end of the Offer Period;
- (c) if the documents are given after acceptance and before the end of the Offer Period and the Offer is unconditional at the time that Saputo is given the documents, Saputo will provide the Consideration by the end of whichever period ends earlier:
  - (i) one month after Saputo is given the documents; and
  - (ii) 21 days after the end of the Offer Period; or
- (d) if the documents are given after the end of the Offer Period, and the Offer is unconditional at that time, Saputo will provide the Consideration within 21 days after the documents are given; but if at the time Saputo is given the documents, the Offer is still subject to a defeating Condition that relates to a happening of an event or circumstance referred to in section 652(C)(1) or (2) of the Corporations Act, Saputo will provide the Consideration within one month after the Offer becomes unconditional.

If you do not provide Saputo with the required additional documents within one month after the end of the Offer Period, Saputo may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

### 6.14.3 No interest

Under no circumstances will interest be paid on the Consideration payable under the Offer, regardless of any delay in paying the Consideration or any extension of the Offer.

### 6.14.4 Delivery of Consideration

Payment will be by cheque in Australian currency. The cheque will be sent at your risk to you at your address shown in the copy of the register of the Warrnambool Shareholders Saputo last received from Warrnambool by prepaid ordinary mail or, in the case of addresses outside Australia, by prepaid airmail.

### 6.14.5 Return of Documents

If the Offer does not become unconditional or any contract arising from the Offer is rescinded by Saputo on the ground of a breach of a condition of that contract, Saputo will, at its election, return by post to you at the address shown on the Acceptance and Transfer Form any Acceptance and Transfer Form and any other documents sent by you, or destroy those documents, and notify the ASX of this.

#### 6.14.6 Where Saputo is entitled to any Rights

Where Saputo becomes entitled to any Rights on acceptance of the Offer, you must give Saputo all documents that Saputo needs to give Saputo title to those Rights, except where Saputo has waived its entitlement to a Right. If you do not give those documents to Saputo, or if you have received the benefit of those Rights before Saputo provides the Consideration to you, Saputo will deduct from the consideration otherwise due to you under the Offer the amount (or value, as reasonably assessed by Saputo) of those Rights.

If Saputo does not, or cannot, make such a deduction, you must pay that amount to Saputo.

Certain details concerning the payment of Consideration in the context of the payment of any Rights are contained in sections 6.17.2 (g) and (h)(iv) (Your agreement).

### 6.15 Who may accept

#### 6.15.1 During the Offer Period:

- (a) any person who is able to give good title to a parcel of your Warrnambool Shares may accept (if they have not already accepted an offer in the form of the Offer) as if an offer on terms identical with the Offer has been made to them;
- (b) any person who holds one or more parcels of Warrnambool Shares as trustee or nominee, or otherwise on account of another person, may accept as if a separate and distinct offer had been made in relation to:
  - (i) each of those distinct parcels; and
  - (ii) any distinct parcel they hold in their own right; and
- (c) any person who is issued Warrnambool Shares during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of the rights attached to, their Warrnambool securities (including the Warrnambool Performance Rights) may accept the Offer in respect of the Warrnambool Shares.

#### 6.15.2 Registered holders

A person is taken to hold Warrnambool Shares if the person is registered as the holder of those Warrnambool Shares.

#### 6.15.3 Trustees and nominees

A person is taken to hold Warrnambool Shares on trust for, as nominee for, or on account of, another person if they:

- (a) are registered as the holder of particular Warrnambool Shares; and
- (b) hold their interest in Warrnambool Shares on trust for, as nominee for, or on account of, that other person.

#### 6.15.4 Required notice

In the case of a person who may accept under section 6.15.3 as if a separate offer, on the same terms and conditions as the Offer, has been made to that person for a parcel of Warrnambool Shares within a holding, an acceptance of that offer is ineffective unless:

- (a) the person gives the holder a notice stating that Warrnambool Shares consist of a separate and distinct parcel; and
- (b) the acceptance specifies the number of Warrnambool Shares in the distinct parcel.

#### 6.15.5 How to provide notice

A notice under section 6.15.4 must be made:

- (a) if it relates to Warrnambool Shares in a CHESS Holding, in an electronic form approved under the ASX Settlement Operating Rules for the purposes of Part 6.8 of the Corporations Act; or
- (b) otherwise, in writing.

#### 6.15.6 Two or more parcels

A person may, at the one time, accept for two or more parcels under this section 6.15.6 as if there had been a single offer for a separate parcel consisting of those parcels.

## 6.16 How to accept the Offer

### 6.16.1 All of your Warrnambool Shares

The Offer is for all of your Warrnambool Shares. You may accept the Offer at any time during the Offer Period only in respect of all of your Warrnambool Shares. You may not accept the Offer for part of your holding. The Offer extends to Warrnambool Shares that are issued on the conversion of Warrnambool Performance Rights and any New Warrnambool Performance Rights before or during the Offer Period.

### 6.16.2 Acceptance procedure for Warrnambool Shareholders

To validly accept the Offer:

- (a) for Warrnambool Shares held in your name on Warrnambool's issuer sponsored subregister (as indicated on the Acceptance and Transfer Form), you must:
  - (i) complete and sign the Acceptance and Transfer Form in accordance with the terms of the Offer and the instructions on the Acceptance and Transfer Form; and
  - (ii) ensure that the Acceptance and Transfer Form (including any documents required by the terms of the Offer and the instructions on the Acceptance and Transfer Form) is sent so that it is received before the end of the Offer Period, to the address specified on the Acceptance and Transfer Form; or
- (b) for Warrnambool Shares held in your name in a CHESS Holding (as indicated on the Acceptance and Transfer Form):
  - (i) if you are not a Participant, you should instruct your Controlling Participant to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
  - (ii) if you are a Participant, you should initiate acceptance of the Offer in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

Alternatively, you may sign and complete the Acceptance and Transfer Form in accordance with the terms of the Offer and the instructions on the Acceptance and Transfer Form and ensure that it (including any documents required by the terms of the Offer and the instructions on the Acceptance and Transfer Form) is sent so that it is received before the end of the Offer Period, to the address specified on the Acceptance and Transfer Form.

If your Warrnambool Shares are held in your name in a CHESS Holding (as indicated on the Acceptance and Transfer Form), you must comply with any other applicable ASX Settlement Operating Rules.

### 6.16.3 Mailing and delivery details

The mailing and delivery addresses for completed Acceptance and Transfer Forms and any associated documents are as follows:

mail the enclosed reply paid envelope to:

Computershare Investor Services Pty Limited  
Warrnambool Offer  
GPO Box 52  
Melbourne VIC 3001

A reply paid envelope has been enclosed for Warrnambool Shareholders with Australian addresses to return their completed Acceptance and Transfer Form. Overseas Warrnambool Shareholders should return their Acceptance and Transfer Form by airmail or if the Warrnambool Shares are in a CHESS Holding, make contact with their Controlling Participant about their form of instructions that are required.

The method chosen to deliver the Acceptance and Transfer Form and other documents is at the risk of each accepting Warrnambool Shareholder.

### 6.16.4 Acceptance and Transfer Form and instructions on it

The Acceptance and Transfer Form which accompanies the Offer forms part of the Offer. The requirements on the Acceptance and Transfer Form must be observed in accepting the Offer in respect of your Warrnambool Shares.

### 6.16.5 Power of attorney, deceased estate

When accepting the Offer you must also forward for inspection:

- (a) if the Acceptance and Transfer Form is executed by an attorney, a certified copy of the power of attorney; and
- (b) if the Acceptance and Transfer Form is executed by the executor of a will or the administrator of the estate of a deceased Warrnambool Shareholder, the relevant grant of probate or letters of administration.

#### 6.16.6 When acceptance is complete

Acceptance of the Offer is complete once the completed Acceptance and Transfer Form (together with all other documents required by the instructions on it) has been received at the address in section 6.16.3 above and the requirements of this section 6.16 have been met, provided that:

- (a) Saputo may in its sole discretion waive any or all of those requirements at any time; and
- (b) where such requirements have been complied with in respect of some but not all of your Warrnambool Shares, Saputo may, in its sole discretion, deem your acceptance of the Offer complete in respect those Warrnambool Shares for which such requirement has been complied with,

and Saputo is not required to communicate with you prior to making its determination as to the above matters and the determination of Saputo will be final and binding on all of the parties.

### 6.17 The effect of acceptance

#### 6.17.1 Effect of Acceptance and Transfer Form

By signing and returning the Acceptance and Transfer Form in accordance with section 6.16:

- (a) you authorise Saputo and each of its officers and agents to correct any errors in, or omissions from, the Acceptance and Transfer Form necessary to:
  - (i) make it an effective acceptance of the Offer in relation to your Warrnambool Shares which are not in a CHES Holding; and
  - (ii) enable the transfer of your Warrnambool Shares to Saputo; and
- (b) if any of your Warrnambool Shares are in a CHES Holding, you authorise Saputo and each of its officers and agents to:
  - (i) instruct your Controlling Participant to give effect to your acceptance of the Offer for those Warrnambool Shares under Rule 14.14 of the ASX Settlement Operating Rules; and
  - (ii) give to your Controlling Participant on your behalf any other instructions in relation to those Warrnambool Shares which are contemplated by the sponsorship agreement between you and your Controlling Participant and are necessary or appropriate to facilitate your acceptance of the Offer.

Once you have accepted this Offer, you will be able to revoke your acceptance at any time while the FIRB Condition remains unfulfilled. When the FIRB Condition has been fulfilled, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your Warrnambool Shares from the Offer or otherwise dispose of your Warrnambool Shares, except as follows:

- (a) if:
  - (i) in relation to the No Prescribed Occurrences Condition, no later than 3 Business Days after the end of the Offer Period; and
  - (ii) in relation to all other Conditions in section 6.7 of Part B, by the end of the Offer Period, the Conditions in section 6.7 of Part B have not all been fulfilled or freed, this Offer will automatically terminate and your Warrnambool Shares will be returned to you;
- (b) if the Offer Period is varied in any way that postpones for more than one month the time when Saputo has not met its obligations under the Offer and, at the time, this Offer is subject to one or more of the Conditions in section 6.7 of Part B, you may be able to withdraw your acceptance and your Warrnambool Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in that regard.

#### 6.17.2 Your agreement

By signing and returning the Acceptance and Transfer Form or otherwise accepting the Offer in accordance with section 6.16:

- (a) you irrevocably accept the Offer (and any variation of it) in respect of, and subject to all of the Conditions being fulfilled or freed, and agree to transfer to Saputo your Warrnambool Shares;
- (b) you represent and warrant to Saputo as a fundamental condition going to the root of the contract resulting from your acceptance that Saputo will acquire good title to and beneficial ownership of all of your Warrnambool Shares free from Encumbrances;
- (c) you represent and warrant to Saputo that you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership in your Warrnambool Shares to Saputo;

- (d) you irrevocably authorise Saputo to notify Warrnambool on your behalf that your address for the purpose of serving notices upon you in respect of your Warrnambool Shares is the address specified by Saputo in the notification;
- (e) you transfer, or consent to the transfer in accordance with the ASX Settlement Operating Rules, all of your Warrnambool Shares to Saputo subject to the conditions of the constitution of Warrnambool on which they were held immediately before your acceptance of the Offer (and Saputo agrees to take those Warrnambool Shares subject to those conditions) and acknowledge that your Warrnambool Shares will, at the time of transfer of them to Saputo, subject to you being in receipt of cleared funds of the Consideration payable to you under the terms of the Offer in respect of these Warrnambool Shares, vest in Saputo, free of Encumbrances and, subject to payment of any stamp duty, the name of Saputo will be entered in the register of members of Warrnambool;
- (f) you will be deemed to have irrevocably authorised and directed Warrnambool to pay to Saputo, or to account to Saputo for, all Rights in respect of your Warrnambool Shares except in relation to any Rights which Saputo has waived;
- (g) if a Permitted Dividend is determined and subsequently declared and paid and Saputo has not or cannot deduct the cash amount of that Permitted Dividend from the consideration otherwise payable to you under this Offer because Saputo has already paid you the Consideration, you will be deemed to have irrevocably authorised and directed Warrnambool to pay to Saputo, or to account to Saputo for, an amount equal to the amount of that Permitted Dividend payable to you in respect of your Warrnambool Shares, in full satisfaction of your Repayment Obligation;
- (h) if and when the contract resulting from your acceptance of the Offer becomes unconditional (even though Saputo has not yet provided the Consideration due to you) you irrevocably appoint Saputo and each director of, and any nominee of, Saputo as your attorney to:
- (i) exercise all your powers and rights in relation to your Warrnambool Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in respect of your Warrnambool Shares at all general and class meetings of Warrnambool or appoint a proxy or proxies to attend and vote in the manner directed by Saputo on your behalf in respect of your Warrnambool Shares at any such meeting and to request Warrnambool to register, in the name of Saputo or its nominee, your Warrnambool Shares, as appropriate, with full power of substitution;
  - (ii) execute all forms, notices, documents (including a document appointing a director of Saputo as a proxy for any of your Warrnambool Shares) and resolutions relating to your Warrnambool Shares and generally to exercise all powers and rights which you have as a registered holder of your Warrnambool Shares;
  - (iii) authorise and direct Warrnambool to pay to Saputo, or to account to Saputo for, all Rights attaching to your Warrnambool Shares subject however to any such Rights received by Saputo being accounted for by Saputo to you, in the event that the Offer is withdrawn or avoided; and
  - (iv) execute all forms, notices, documents required by Warrnambool to give effect to your payment direction under section 6.17.2(g);
- (i) you agree that in exercising the powers conferred by the power of attorney set out in section 6.17.2(h) above, Saputo and each of its directors and its nominees is entitled to act in the interest of Saputo;
- (j) you agree to do all such acts, matters and things that Saputo may require to give effect to the matters the subject of this section 6.17 (including the execution of a written form of proxy to the same effect as section 6.17 which complies in all respects with the requirements of the constitution of Warrnambool) if requested by Saputo;
- (k) you represent and warrant to Saputo that unless you have notified it in accordance with section 6.15.4 your Warrnambool Shares do not consist of separate parcels of securities;
- (l) if and when the contract resulting from your acceptance of the Offer becomes unconditional (even though Saputo has not yet provided the consideration due to you), you agree not to attend or vote in person at any general or class meeting of Warrnambool or to exercise or to purport to exercise, in person, by proxy or otherwise, any of the powers conferred on the directors of Saputo by section 6.17.2(h) above;
- (m) if and when the contract resulting from your acceptance of the Offer becomes unconditional (even though Saputo has not yet provided the consideration due to you), you authorise Saputo to transmit a message to ASX Settlement in accordance with Rule 14.17.1 of the ASX Settlement Operating Rules so as to enter those of your Warrnambool Shares, which are in CHESS Holding into Saputo's Takeover Transferee Holding;
- (n) if and when the contract resulting from your acceptance of the Offer becomes unconditional (even though Saputo has not yet provided the Consideration due to you), you authorise Saputo to enter those of your Warrnambool Shares, which are the Issuer Sponsored Holding into Saputo's name; and

For personal use only



- (o) you agree to indemnify Saputo and each of its agents in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Security Reference Number or in consequence of the transfer of your Warrnambool Shares being registered by Warrnambool without production of your Holder Identification Number or Security Reference Number or in consequence of the transfer of your Warrnambool Shares being registered by Warrnambool without production of your Holder Identification Number or your Security Reference Number.

The undertakings and authorities referred to in this section 6.17 will remain in force after you receive the Consideration for your Warrnambool Shares and after Saputo becomes registered as the holder of your Warrnambool Shares.

#### 6.17.3 Powers of attorney

If the Acceptance and Transfer Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power.

#### 6.17.4 Validation of otherwise ineffective acceptances

Except in relation to Warrnambool Shares in a CHESS Holding, Saputo may treat the receipt by it of a signed Acceptance and Transfer Form as a valid acceptance of the Offer even though it does not receive the other documents required by the instructions on the Acceptance and Transfer Form or there is not compliance with any one or more of the other requirements for acceptance. If Saputo does treat such an Acceptance and Transfer Form as valid, subject to section 6.14, Saputo will not be obliged to give the Consideration to you until Saputo receives all those documents and all of the requirements for acceptance referred to in section 6.16 and in the Acceptance and Transfer Form have been met.

### 6.18 Certain Warrnambool Shareholders

If at the time you accept the Offer you are a person to whom or to whose assets the following apply:

- 6.18.1 the *Banking (Foreign Exchange) Regulations 1959* (Cth) or any instrument issued under those regulations;
- 6.18.2 the *Autonomous Sanctions Regulations 2011* (Cth) or any instrument issued under those regulations;
- 6.18.3 the *Charter of United Nations (Dealings with Assets) Regulations 2008* (Cth);
- 6.18.4 the *Charter of the United Nations (Sanctions – Al-Qaida) Regulations 2008* (Cth);
- 6.18.5 the *Charter of the United Nations (Sanctions – Iraq) Regulations 2008* (Cth);
- 6.18.6 the *Charter of the United Nations (Sanctions – the Taliban) Regulations 2013* (Cth); or
- 6.18.7 any other law of Australia that would make it unlawful for Saputo to provide the Consideration for your Warrnambool Shares,

you will not be entitled to receive payment under the Offer until all requisite authorities and clearances have been obtained.

As far as Saputo is aware, as at the date of this Bidder's Statement, the places to which and persons to whom the *Banking (Foreign Exchange) Regulations 1959* (Cth) and the *Autonomous Sanctions Regulations 2011* (Cth) currently applies include specified supporters of the former Milosevic government of the Federal Republic of Yugoslavia, and specified ministers and senior officials of the government of Zimbabwe.

The places to which and persons to whom the *Charter of the United Nations (Dealings with Assets) Regulations 2008* (Cth) currently apply include the Taliban, a member of the Al-Qaeda organisation, and any person named on the list maintained by the Committee under the United Nations Security Council Resolution 1373.

The places to which and persons to whom the *Charter of the United Nations (Sanctions – Al-Qaida) Regulation 2008* (Cth) currently apply include the Al-Qaida and any person named on the list maintained by the Committee under the United Nations Security Council Resolution 1267 (1999).

The places to which and persons to whom the *Charter of the United Nations (Sanctions – the Taliban) Regulations 2013* (Cth) currently apply include the Taliban, and any person named on the list maintained by the Committee under the United Nations Security Council Resolution 1988 (2011).

The persons to whom the *Charter of the United Nations (Sanctions – Iraq) Regulations 2008* (Cth) currently apply include members of the previous government of Iraq (as that term is defined in the Regulations).

## 6.19 Notices

- 6.19.1 Any notice, nomination, or other communication to be given by Saputo to you under the Offer will be deemed to be duly given if it is given in writing and is signed or purports to be signed (whether in manuscript, printed or reproduced form) on behalf of Saputo by any of its directors and is delivered to or sent by post in a pre-paid envelope or by courier to your address as recorded on the last copy of the register of Warrnambool Shareholders supplied to Saputo.
- 6.19.2 Any notice, nomination, or other communication to be given by Saputo to Warrnambool by leaving it or sending it by mail to Warrnambool's registered office.
- 6.19.3 You or Warrnambool may give a notice to Saputo in relation to the Offer or this Bidder's Statement by leaving it or sending it by mail to Saputo's registered office which is:
- c/- Maddocks  
Level 27, Angel Place  
123 Pitt Street  
Sydney New South Wales 2000 Australia
- Attention: Peter Shaw, Partner
- 6.19.4 If:
- (a) the Offer is withdrawn after your Acceptance and Transfer Form has been sent to Saputo, but before it has been received; or
  - (b) for any other reason Saputo does not acquire Warrnambool Shares to which your Acceptance and Transfer Form relates,
- Saputo will, at its election, either dispatch at your risk your Acceptance and Transfer Form together with all other documents forwarded by you, to your address as shown on the Acceptance and Transfer Form or such other address as you may notify in writing to Saputo by, where such address is inside Australia, pre-paid ordinary post, or where such address is outside Australia, pre-paid airmail, or destroy those documents and notify the ASX of this.
- 6.19.5 All costs and expenses of the preparation, dispatch and circulation of the Offer and all stamp duty payable in respect of a transfer of your Warrnambool Shares in respect of which the Offer is accepted, will be paid by Saputo.

## 6.20 Brokerage and Stamp Duty

No brokerage or stamp duty is payable by you as a consequence of accepting the Offer.

## 6.21 Governing Law

The Offer and any contract that results from your acceptance of the Offer are governed by the laws in force in Victoria and the Commonwealth of Australia.

## 7. Additional Information

### 7.1 Bid Implementation Deed

#### Introduction

Warrnambool and Saputo entered into a Bid Implementation Deed on 7 October 2013. The Bid Implementation Deed sets out the terms and respective obligations of the parties in relation to the Offer.

A summary of the key terms of Bid Implementation Deed is set out below.

#### Recommendation of the Offer

- 7.1.1 Warrnambool represents and warrants to Saputo that each Warrnambool Director had confirmed that he or she will:
- (a) publicly recommend that Warrnambool Shareholders accept the Offer in respect of their Warrnambool Shares and not withdraw or change his or her recommendation or make any public statement, or take any other action, to the effect that the Offer is no longer recommended; and
  - (b) accept and procure acceptance of the Offer in respect of the Warrnambool Shares that they or their Associates own or control,
- in each case in the absence of a Superior Proposal and subject to the Bid Implementation Deed not being terminated.

For personal use only

- 7.1.2 Warrnambool undertakes to ensure that neither the Warrnambool Board nor any Warrnambool Director, will change or withdraw the recommendation referred to in section 7.1.1 and will not make any public statement that would suggest that the Offer is no longer recommended, unless the Warrnambool Board determines that a Competing Proposal is a Superior Proposal.

#### Variation and waiver

- 7.1.3 Subject to section 7.1.5, Saputo may vary the terms and conditions of the Offer in any manner which is permitted by the Corporations Act.
- 7.1.4 Subject to the Corporations Act and section 7.1.5, Saputo may at any time:
- declare the Offer to be free from any Condition; and/or
  - extend the Offer Period.
- 7.1.5 Saputo must not without Warrnambool's prior written consent:
- waive the minimum acceptance condition described in section 6.7.3 of Part B until Saputo has obtained a Relevant Interest in at least 40% of the Warrnambool Shares; or
  - extend the Offer Period beyond an aggregate Offer Period of 6 months.

#### Permitted Dividend

- 7.1.6 Warrnambool agrees that, other than any Permitted Dividend, it will not announce, determine as payable, declare or pay any other dividend, capital return or distribution until after the End Date.
- 7.1.7 Warrnambool and Saputo agree that any Permitted Dividend that is determined and subsequently declared and paid by Warrnambool will be subject to the following requirements and limits:
- if Saputo obtains a Relevant Interest of at least 50.1% of the Warrnambool Shares and the Offer is declared or becomes unconditional other than the No Prescribed Occurrences Condition, Warrnambool may (at its discretion) pay a fully franked dividend of up to \$0.46 per Warrnambool Share (**Initial Permitted Dividend**) which Warrnambool will fund from Warrnambool's Funding Resources; and
  - if Saputo obtains a Relevant Interest of at least 90% of the Warrnambool Shares and the Offer is declared or becomes unconditional other than the No Prescribed Occurrences Condition, Warrnambool may (at its discretion) pay an additional fully franked dividend of up to \$1.31 per Warrnambool Share less any Initial Permitted Dividend (**Additional Permitted Dividend**) provided the payment date for any Additional Permitted Dividend is no later than the date on which Saputo is obliged to pay for the acceptances that take its entitlement to at least 90% of the Warrnambool Shares then on issue.
- 7.1.8 Provided that Saputo has become entitled under Part 6A.1 of the Corporations Act to proceed to compulsory acquisition of all outstanding Warrnambool Shares, to the extent that Warrnambool is unable to fund all of the Additional Permitted Dividend then Saputo agrees that it will provide a loan on arm's length terms to Warrnambool to enable it to fund the payment of the Additional Permitted Dividend as contemplated in section 7.1.7(b).
- 7.1.9 Saputo acknowledges that Warrnambool intends to seek a class ruling on behalf of Warrnambool Shareholders from the ATO in relation to the determination and payment of any Permitted Dividend, which ruling may (without limitation) seek to confirm:
- that Warrnambool 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 Warrnambool 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.
- Saputo agrees to provide any reasonable assistance reasonably required by Warrnambool to obtain this class ruling on behalf of Warrnambool Shareholders from the ATO.
- 7.1.10 Warrnambool and Saputo acknowledge and agree that the receipt of this class ruling will not be a condition to the determination and payment of any Permitted Dividend.
- 7.1.11 Warrnambool and Saputo acknowledge and agree that:
- any Permitted Dividend which is determined and subsequently declared or paid, must be a fully franked dividend;
  - Warrnambool Shareholders who accept the Offer will receive the Consideration less any Permitted Dividend; and
  - the Warrnambool Dividend Reinvestment Plan will not apply in relation to any Permitted Dividend.

- 7.1.12 Warrnambool acknowledges and agrees that the calculation of the amount of any Permitted Dividend, any steps taken to obtain a class ruling as contemplated by section 7.1.9 and the provision to any person of any information concerning the taxation implications of the payment of a Permitted Dividend for Warrnambool or for any Warrnambool Shareholders is a matter for Warrnambool alone.
- 7.1.13 Saputo must notify Warrnambool in writing at least 10 Business Days before it intends to free the Offer from the last of the Conditions remaining outstanding (**Outstanding Conditions**) so that the Offer becomes unconditional (with the date on which Warrnambool receives this notification being the **Conditions Notification Date**).
- 7.1.14 Saputo agrees that:
- (a) it will not free the Offer from the No Prescribed Occurrences Condition before the date which is 10 Business Days after the Conditions Notification Date; and
  - (b) it will free the Offer from the Outstanding Conditions so that the Offer becomes unconditional on the date which is 11 Business Days after the Conditions Notification Date,
- provided that this section 7.1.14 will cease to apply if there is a breach of any Outstanding Condition after the Conditions Notification Date and that breach is not waived by Saputo (in its absolute discretion).

#### Reconstitution of the Board

- 7.1.15 Subject to section 7.1.16, Warrnambool must procure that no later than five Business Days after:
- (a) the Offer is declared or becomes unconditional; and
  - (b) Saputo acquires a Relevant Interest in more than 50% of the Warrnambool Shares,
- the following actions occur:
- (c) those persons nominated by Saputo are appointed to the Warrnambool Board and the boards of other members of the Warrnambool Group, provided that:
    - (i) those persons sign consents to act as a director of the relevant member(s) of the Warrnambool Group in a form satisfactory to Warrnambool (acting reasonably); and
    - (ii) those consents to act have been provided to Warrnambool; and
  - (d) those Warrnambool Directors and directors of other members of the Warrnambool Group, as nominated by Saputo, resign as a director of the relevant member(s) of the Warrnambool Group without any liability to those member(s), so that those persons nominated by Saputo to be appointed to the Warrnambool Board, once appointed to the Warrnambool Board, comprise a majority of the Warrnambool Directors.
- 7.1.16 Warrnambool's obligations under section 7.1.15 are subject to the following:
- (a) until the end of the Offer Period, there must be at least four members of the Warrnambool Board who are not nominees of Saputo or its associates and who are Supplier Directors;
  - (b) Saputo must procure that its nominees on the Warrnambool Board do not participate in any discussions or decisions of that board which relate to the Offer during the Offer Period; and
  - (c) Warrnambool will not be required to procure any change to the board of any member of the Warrnambool Group if that change would result in the composition of that board ceasing to comply with the constitution of the relevant company or any applicable law.

#### Exclusivity

##### 7.1.17 No Shop

During the Exclusivity Period, Warrnambool and its representatives or associates must not directly or indirectly continue, solicit, invite or otherwise encourage or initiate any Competing Proposal or any enquiries, negotiations or discussions with any third party in relation to or that could reasonably be expected to lead to a Competing Proposal or communicate an intention to do any of those things.

##### 7.1.18 No Talk

Subject to the exception set out in section 7.1.23, during the Exclusivity Period Warrnambool and its representatives must not negotiate, enter into, approve, recommend or participate in negotiations or discussions with (or enter into any agreement, arrangement or understanding with) any third party in relation to or that could reasonably be expected to lead to a Competing Proposal, even if:

- (a) the Competing Proposal was not directly or indirectly solicited, initiated or encouraged by Warrnambool or any of its representatives or associates; or
- (b) the Competing Proposal has been publicly announced.

**7.1.19 No Due Diligence**

Subject to the exception set out in section 7.1.23, during the Exclusivity Period Warrnambool or any of its representatives or associates must not make available to any person or permit any such person to receive any non public information relating to any member of the Warrnambool Group in connection with that third party submitting, formulating, developing, assessing or finalising a Competing Proposal.

**7.1.20 Notification**

Subject to the exception set out in section 7.1.23, during the Exclusivity Period, Warrnambool must immediately inform Saputo if Warrnambool is approached by any person to discuss or engage in any activity that would breach its obligations in relation to the 'No Talk' and 'No Due Diligence' restrictions.

Further, Warrnambool must provide in writing to Saputo a summary of all material terms of the Competing Proposal, including the identity of the third party who has made the approach and the terms and conditions of any Competing Proposal (to the extent known).

**7.1.21 Matching Right**

Subject to the exception set out in section 7.1.23, if Warrnambool receives a Competing Proposal, Warrnambool must not enter into an agreement in relation to the Competing Proposal and must procure that none of the Directors change their recommendation in favour of the Offer, publicly recommend the Competing Proposal or make any public statement, or take any other action, to the effect that the Offer is no longer recommended unless Warrnambool gives Saputo not less than 5 Business Days notice in writing of its intention to do so accompanied by all relevant details of the Competing Proposal, including the terms and conditions of the Competing Proposal and the identity of the relevant person or persons making the Competing Proposal.

Saputo will have the right at anytime during the 5 Business Days following the receipt of the relevant notice to amend the terms and conditions of the Offer including increasing the amount of consideration offered under the Offer (Counter Proposal) and, if Saputo does so, the Warrnambool Board must review the Counter Proposal in good faith.

If the Warrnambool Board (or a majority of the Directors) determine that the Counter Proposal would be equivalent to, or more favourable to Warrnambool Shareholders than the Competing Proposal (having regard to all aspects of the Counter Proposal and the Competing Proposal) Warrnambool and Saputo must use their respective best endeavours to agree to any amendments to the Bid Implementation Deed and to implement the Counter Proposal, in each case as soon as reasonably practicable.

**7.1.22 Equal Access to Information**

Subject to the exception set out in section 7.1.23, if Warrnambool or any of its representatives or associates provide any material confidential information in relation to the operations of any member of the Warrnambool Group to any third party in connection with or for the purposes of that third party submitting, formulating, developing, assessing or finalising an actual, proposed or potential Competing Proposal, which information has not previously been provided to Saputo, Warrnambool must provide a copy of that information to Saputo.

**7.1.23 Exceptions**

The 'No Talk', 'No Due Diligence', 'Notification', 'Matching Right' and 'Equal Access to Information' restrictions do not apply in respect of a Competing Proposal that is received by Warrnambool after the date of the Bid Implementation Deed if the Warrnambool Board, after having first obtained written advice from its legal and financial advisers, has determined in good faith that:

- (a) the Competing Proposal is or may be reasonably expected to lead to a Superior Proposal having regard to the steps that the Warrnambool Board proposes to take; and
- (b) failing to respond to such Competing Proposal would be likely to constitute a breach of the fiduciary or statutory duties of members of the Warrnambool Board.

7.1.24 For the purposes of these exclusivity provisions, the Bega Offer is a Competing Proposal and any potential or proposed improvement of that proposal notified by Bega to Warrnambool attracts the operation of these exclusivity provisions.

**Break fee****7.1.25 Payment by Warrnambool**

A break fee of \$3,925,000 (inclusive of any GST) will be payable by Warrnambool if any of the following occur:

- (a) at any time before the End Date, any Director fails to make or makes and then changes or withdraws a recommendation to Warrnambool Shareholders to accept the Offer for all Warrnambool Shares or otherwise makes any public statement that suggests that the Offer is no longer recommended (including in the context of any improvement in the terms or conditions of the Bega Offer), other than because the Bid Implementation Deed is terminated by Warrnambool under section 7.1.27;
- (b) a Competing Proposal is announced before the End Date other than the Bega Offer and, within six months after the End Date the person making the Competing Proposal (whether alone or together with one or more associates), completes in all material respects a transaction of the kind referred to in paragraphs (a) to (f) of the definition of Competing Proposal. For this purpose completes in all material respects means the relevant Competing Proposal is free from any defeating conditions;
- (c) a general meeting of Warrnambool is convened by the Warrnambool Board to consider and, if though fit, approve the implementation or taking of any step that would, or would be likely to, prevent a Condition being satisfied or result in a Condition not being satisfied, and any of the Warrnambool Directors recommend that Warrnambool Shareholders vote in favour of implementing or taking that step;
- (d) Saputo terminates the Bid Implementation Deed under section 7.1.27(a) or 7.1.28(a);
- (e) Warrnambool or any of its representatives or associates does (or omits to do) anything (whether or not permitted under the Bid Implementation Deed) that results in any of the Conditions being breached or becoming incapable of being satisfied, and Saputo does not waive the Condition;
- (f) Warrnambool announces, pays or declares any dividend (other than a Permitted Dividend) or makes, or undertakes to make, any distribution or capital return at any time before the End Date;
- (g) the happening of a Prescribed Occurrence which was not consented to by Saputo or has not been waived by Saputo; or
- (h) Warrnambool terminates the Bid Implementation Deed under section 7.1.29.

**7.1.26 Payment by Saputo**

A reverse break fee of \$3,925,000 (inclusive of any GST) will be payable by Saputo if:

- (a) Saputo does not pay the consideration due under the Offers in accordance with the terms and conditions of the Offer and the Bidder's Statement; or
- (b) Warrnambool terminates the Bid Implementation Deed under section 7.1.27(a).

**Termination****7.1.27 Termination by either party**

The Bid Implementation Deed may be terminated by either party if:

- (a) the other party is in breach of a material term and the breach has not been remedied within 5 business days of the terminating party providing notice to the other party of its intention to terminate the Bid Implementation Deed or there is a material breach of a representation or warranty;
- (b) a court or regulatory authority issues a final and non appealable order or ruling to takes an action which permanently restrains or prohibits the Offer;
- (c) Saputo withdraws the Offer for any reason including non satisfaction of a Condition;
- (d) the Offer Period ends without the Conditions being satisfied or waived; or
- (e) the Offer has not become unconditional by the End Date.

For personal use only

#### 7.1.28 Termination by Saputo

The Bid Implementation Deed may be terminated by Saputo if:

- (a) Warrnambool is in breach of its exclusivity obligations under section 7.1.17 to 7.1.24;
- (b) any Warrnambool Director changes or withdraws their recommendation that Warrnambool Shareholders accept the Offer in respect of all their Warrnambool Shares, or makes a public statement, or takes any other action, indicating that they no longer recommend or otherwise support the Offer or that they support a Competing Proposal other than because the Bid Implementation Deed has been terminated by Warrnambool under section 7.1.27; or
- (c) any of the Conditions are breached or become incapable of being satisfied.

#### 7.1.29 Termination by Warrnambool

The Bid Implementation Deed may be terminated by Warrnambool if the Warrnambool Board (or a majority of members of the Warrnambool Board) change or withdraw their recommendation in accordance with the Bid Implementation Deed provided that Warrnambool has complied with its obligations under section 7.1.17 to 7.1.24.

#### Warranties

The Bid Implementation Agreement contains warranties from each of Saputo and Warrnambool.

#### 7.1.30 Warranties provided by Saputo include that:

- (a) except for the FIRB Condition, Saputo does not require any further approvals to undertake the Offer;
- (b) Saputo is not aware of anything that would result in one or more Conditions not being satisfied or otherwise fulfilled; and
- (c) Saputo will have sufficient financial resources (debt and cash) to pay the Warrnambool Shareholders in accordance with the terms of the Offer.

#### 7.1.31 Warranties provided by Warrnambool include that:

- (a) Warrnambool is solvent;
- (b) the information contained in certain documents is accurate in all material respects, and none of the information provided is misleading in any material respect;
- (c) Warrnambool's 2013 financial statements were prepared in good faith and in accordance with applicable laws and generally accepted accounting principles in Australia and give a true and fair view of the financial position and performance of the Warrnambool Group;
- (d) Warrnambool has complied with its continuous disclosure obligations; and
- (e) Warrnambool is not actually aware of any change of control provisions in material contracts having been exercised.

## 7.2 Warrnambool Performance Rights

At its 2012 general meeting, Warrnambool approved the establishment of the plan in respect of the Warrnambool Performance Rights under which such Warrnambool Performance Rights may be issued to eligible employees. At the same meeting, Warrnambool approved the issue of up to 68,627 Warrnambool Performance Rights to Mr. David Lord.

Warrnambool has advised the market that it may issue up to 60,659 Warrnambool Performance Rights to Mr. David Lord following the Warrnambool's annual general meeting on 24 October 2013. If issued, a maximum of 129,286 Warrnambool Performance Rights will be then held by Mr. David Lord.

A holder of a Warrnambool Performance Right may exercise such right at any time during the relevant exercise period subject to the satisfaction or waiver of any exercise conditions. If, during the exercise period applicable to the Warrnambool Performance Rights issued to David Lord, a takeover is made for Warrnambool, the Warrnambool Board may determine in its discretion to bring forward the vesting date of, and waive or vary any conditions in relation to, his Warrnambool Performance Rights.

### 7.3 Status of the Conditions

At the date of this Bidder's Statement, Saputo is not aware of any events which would result in a breach or inability to satisfy any of the Conditions. At the date of this Bidder's Statement, the following is the status of each of the Conditions of the Offer:

- 7.3.1 **FIRB:** An application has been made under the FATA for a statement of no objection to, or approval of, Saputo's acquisition of Warrnambool Shares. At the date of this Bidder's Statement, FIRB has not provided a statement of no objection to, or prohibited, Saputo's acquisition of Warrnambool Shares. However, Saputo believes that the proposed acquisition of Warrnambool Shares under the Offer is consistent with Australia's Foreign Investment Policy and is not aware of any reason why the FIRB Condition will not be satisfied in due course.
- 7.3.2 **No regulatory actions:** Saputo is not aware of any regulatory actions;
- 7.3.3 **Minimum Acceptance Condition:** this Condition is not fulfilled as at the date of this Bidder's Statement;
- 7.3.4 **No Prescribed Occurrences:** Saputo is not aware of any Prescribed Occurrence having occurred;
- 7.3.5 **No Material Adverse Change:** Saputo is not aware of any Warrnambool Material Adverse Change having occurred, being announced or becoming known to Saputo;
- 7.3.6 **No material acquisitions, disposals or new commitments:** Saputo is not aware of any material acquisitions, disposals or new commitments;
- 7.3.7 **No distributions:** no distribution has been made by Warrnambool;
- 7.3.8 **Conduct of Warrnambool business:** Saputo is not aware of a new contract of service having been entered into, a change in an existing contract of service, entry into, amendment or termination of a material contract or waiver of material rights, any scheme of arrangement or compromise, a special resolution having been passed, new indebtedness or new Encumbrances;
- 7.3.9 **Warrnambool Performance Rights:** no new Warrnambool Performance Rights have been granted or issued (other than the proposed grant of New Warrnambool Performance Rights subject to Warrnambool shareholder approval).

### 7.4 Inducing benefits given during previous 4 months

Neither Saputo, nor any of its Associates, have during the period of 4 months ending on the day immediately before the date of the Offer, given, offered or agreed to give, a benefit to another person which was likely to induce the other person, or an associate, to:

- 7.4.1 accept the Offer; or
- 7.4.2 dispose of Warrnambool Shares,

and which benefit was not offered to all Warrnambool Shareholders under the Offer.

### 7.5 Acquisitions and disposals of Warrnambool Shares during the previous 4 months

Saputo did not acquire any Warrnambool Shares during the 4 months before the date of this Bidder's Statement.

### 7.6 No escalation agreement

Neither Saputo nor any of its Associates has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

### 7.7 Broker handling fee

Saputo will pay a handling fee to brokers in respect of valid acceptances received from retail Warrnambool Shareholders, on the terms set out below.

Subject to the terms below, if the Offer becomes or is declared unconditional, Saputo will pay a handling fee (**Handling Fee**) to participating ASX stockbrokers (**Brokers**) in respect of valid acceptances received from retail Warrnambool Shareholders in connection with the Offer (**Acceptances**), where such Acceptances are from clients of the Broker and were procured by the Broker.

A retail Warrnambool Shareholder is one who is:

- not a Broker or an Associate of a Broker (as determined in the sole discretion of Saputo); and
- recorded on the register of Warrnambool Shareholders as holding fewer than 1,000,000 Warrnambool Shares as at the date of Acceptance, unless otherwise agreed with Saputo.



The Handling Fee payable in respect of an Acceptance will be 0.50% of the Consideration payable by Saputo (i.e. \$8.00 per Warrnambool Share) under the Offer as a result of that Acceptance subject to:

- (a) there being no minimum Handling Fee in respect of any Acceptance; and
- (b) the maximum Handling Fee payable in respect of any Acceptance being \$750 (excluding GST).

The Handling Fee will not be increased.

The Handling Fee is payable to Brokers only in respect of Acceptances of the Offer which they procure from their clients. It will not be paid to Warrnambool Shareholders or in respect of the Warrnambool Shares held by a Broker or an associate of the Broker on their own account. In claiming the Handling Fee in respect of an Acceptance, the relevant Broker will be taken to have represented that neither it nor its associate is the accepting Warrnambool Shareholder, and that the Handling Fee will not be passed on or otherwise shared directly or indirectly with the accepting Warrnambool Shareholder.

The Handling Fee will be payable to any Broker who submits to Computershare:

- (a) a valid and duly completed claim form (**Claim Form**) which sets out the Broker's participation identification number and a representation that neither the Broker nor its associate is the accepting Warrnambool Shareholder, and that the Handling Fee will not be passed on or otherwise shared directly or indirectly with the accepting Warrnambool Shareholder;
- (b) a list of Acceptances (**Acceptance List**) which contains:
  - (i) the registered name for each Warrnambool Shareholder to which the Claim Form relates;
  - (ii) the Holder Identification Number or Securityholder Reference Number for each Warrnambool Shareholder to which the Claim Form relates;
  - (iii) the number of Warrnambool Shares in respect of which each such Warrnambool Shareholder has accepted the Offer and the date of the relevant Acceptance(s); and
- (c) if the Acceptance(s) were effected by an Acceptance and Transfer Form, a copy of such form bearing the Broker's stamp, by 7:00pm (Melbourne time) on the day which is 5 Business Days after the end of the Offer Period. The Broker must provide any additional evidence reasonably requested by Computershare or Saputo to satisfy Saputo that such Acceptance(s) meet the requirements for payment of the Handling Fee.

No Handling Fee will be paid in respect of any Acceptance for which more than one Broker tenders a Claim Form. Each Broker firm should submit only one Claim Form, which covers all Acceptances in respect of which the Broker firm is claiming the Handling Fee.

Claim Forms and the Acceptance List schedule that must accompany the claim must be requested by email from the Computershare email address below. The Claim Form and the Acceptance List must be submitted to Computershare in hard copy format and must also be emailed in Microsoft® Excel® format to the Computershare email address below, in each case by 7:00pm (Melbourne time) on the day which is 5 Business Days after the end of the Offer Period.

Claim Forms and Acceptance Lists must be forwarded to:

Computershare Investor Services Pty Ltd  
 Marked Private and Confidential – Warrnambool Offer  
 Attention: Stephen Dear  
 Yarra Falls, 452 Johnston Street  
 ABBOTSFORD VIC 3067

email: [brokerhandlingfees@computershare.com.au](mailto:brokerhandlingfees@computershare.com.au)

For any Warrnambool Shareholder on the CHESS subregister, where the Warrnambool Shareholder directly request Saputo, and not the relevant Broker, to initiate acceptance of the Offer on their behalf, that Broker will not be entitled to receive the Handling Fee. No Handling Fee is payable in respect of an Acceptance where an Acceptance Form has been sent to Computershare directly by the Warrnambool Shareholder or through another agent. No Handling Fees are payable in respect of Acceptances that are not treated as valid by Saputo or are validly withdrawn (if a withdrawal right exists), even if an Acceptance is resubmitted later.

Saputo reserves the right to aggregate any Acceptances in determining the Handling Fees payable to any Broker if Saputo reasonably believes that a party has structured holdings of Warrnambool Shareholders to take advantage of the Handling Fees. Saputo may in its absolute discretion determine any disputes regarding whether a Handling Fee is payable.

No Handling Fees will be paid where the Offer does not become or is not declared unconditional.

Subject to the terms set out above including that the Offer has become or is declared unconditional, payment of the Handling Fee in respect of any Acceptances will be made by cheque by the later of:

- (a) 15 Business Days after the date of receipt by Computershare of:
  - (i) Acceptance Forms (where applicable) bearing the Broker's stamp (together with such additional material reasonably requested by Computershare or Saputo); and
  - (ii) the Claim Form and the Acceptance List in the formats described above (together with such additional material reasonably requested by Computershare or Saputo); and
- (b) one month after the end of the Offer Period.

Saputo reserves the right to amend the terms of the payment of the Handling Fee by notice to ASX.

## 7.8 Compulsory acquisition / Compulsory buy-out

### 7.8.1 Compulsory acquisition following the Offer Period

If, following the Offer Period, Saputo and its Associates:

- (a) have Relevant Interests in at least 90% (by number) of all Warrnambool Shares; and
- (b) acquired at least 75% (by number) of the Warrnambool Shares which Saputo offered to acquire under the Offer in which Saputo and its Associates did not at the date of the Offer already have a Relevant Interest,

(the Relevant Thresholds)

Saputo becomes entitled to compulsorily acquire Warrnambool Shares under Part 6A.1 of the Corporations Act. If Saputo elects to do so, the Corporations Act sets out procedures and safeguards for Warrnambool Shareholders. In order to compulsorily acquire Warrnambool Shares, Saputo must prepare and issue a notice in the form prescribed by the Corporations Act. A Warrnambool Shareholder covered by a compulsory acquisition notice under Part 6A.1 of the Corporations Act may apply to the court for an order that their Warrnambool Shares not be compulsorily acquired in this way. The court may make an order that a Warrnambool Shareholder's Warrnambool Shares not be compulsorily acquired under Part 6A.1 of the Corporations Act if the court is satisfied that the consideration is not fair value for the Warrnambool Shares.

### 7.8.2 Compulsory buy-out following the Offer Period

If it is required to do so under Part 6A.1 of the Corporations Act, Saputo will give notices to Warrnambool Shareholders under Section 662B of the Corporations Act (as applicable), offering to acquire their Warrnambool Shares as required by Section 662A of the Corporations Act. Saputo must despatch the notices to the Warrnambool Shareholders within one month of the end of the Offer Period. The terms on which Saputo would be required to acquire any Warrnambool Shares are the same as under the Offer.

Warrnambool Shareholders who receive such a notice may, but are not required to accept the offer made in that notice.

### 7.8.3 General compulsory acquisition

If Saputo does not compulsorily acquire any outstanding Warrnambool Shares under Part 6A.1 of the Corporations Act, or is not entitled to do so because it has not reached the Relevant Thresholds, it may nonetheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act.

If Saputo becomes entitled to compulsorily acquire Warrnambool Shares under Part 6A.2 of the Corporations Act, and elects to compulsorily acquire any outstanding Warrnambool Shares, it must despatch to each Warrnambool Shareholder a notice in the form prescribed by the Corporations Act. The notice must be provided together with an expert's report which states whether in the expert's opinion the terms proposed in Saputo's notice give a fair value for the relevant Warrnambool Shares. The expert commissioned to prepare that expert's report must be nominated by ASIC.

A Warrnambool Shareholder may object to compulsory acquisition of their Warrnambool Shares under Part 6A.2 of the Corporations Act. If Warrnambool Shareholders who hold at least 10% of the outstanding Warrnambool Shares validly object to that compulsory acquisition, Saputo will not be able to compulsorily acquire the remaining Warrnambool Shares unless it applies to the court for approval of the compulsory acquisition. Such approval may only be granted by the court where the court determines that Saputo has established that the terms set out in the compulsory acquisition notice give a fair value for the relevant Warrnambool Shares. In accordance with the Corporations Act, Saputo is required to bear the legal costs of any such Warrnambool Shareholder in relation to any application by Saputo for the court to approve the compulsory acquisition, unless the court is satisfied that the Warrnambool Shareholder acted improperly, vexatiously or otherwise unreasonably.

If Saputo becomes entitled to compulsorily acquire the Warrnambool Shares, that entitlement will expire at the end of the period of 6 months after Saputo becomes the holder of a Relevant Interest in 90% of Warrnambool Shares, unless that time period is extended in accordance with the Corporations Act or otherwise by relief of the court or ASIC.

## 7.9 Miscellaneous matters

### 7.9.1 ASIC modifications

Saputo has sought and obtained confirmation in relation to the extension of the Offer to the Warrnambool Performance Rights and relief in relation to the extension of the Offer to the New Warrnambool Performance Rights. In addition, ASIC has published various instruments providing modifications and exemptions that apply generally to all persons, including Saputo, and on which Saputo may rely.

### 7.9.2 Date for determining holders of Warrnambool Shares

For the purposes of section 633 of the Corporations Act, the date for determining the persons to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act is the Register Date.

### 7.9.3 Consents

This Bidder's Statement contains references to statements made by, and/or statements said to be based on statements made by Saputo Inc., which is the ultimate holding company of Saputo who has consented to the inclusion of each statement it has made and each statement which is said to be based on a statement it has made, in the form and context in which the statements appear and have not withdrawn that consent as at the date of this Bidder's Statement.

Rothschild and Rabobank have acted as financial advisers, Maddocks has acted as Australian legal adviser and Stikeman Elliott LLP has acted as a Canadian legal adviser to Saputo Inc. and Saputo and Computershare has acted as Share Registrar to Saputo in relation to the Offer. Each of Rothschild, Rabobank, Maddocks, Stikeman Elliott LLP and Computershare has consented to be named in this Bidder's Statement in the form and context in which the statements appear and has not withdrawn that consent as at the date of this Bidder's Statement, but should not be regarded as authorising the issue of this Bidder's Statement or any statements in it.

This Bidder's Statement contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of these documents (free of charge) please contact Offer Information Line on 1300 397 230 (toll free) (within Australia) or +613 9415 4292 (outside Australia).

### 7.9.4 Approval of Bidder's Statement

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a resolution passed by the directors of Saputo in accordance with section 637(1)(a)(i) of the Corporations Act.

### 7.9.5 No other material information

Except as set out in this Bidder's Statement (including any annexures), there is no other information that:

- (a) is material to the making of a decision by a Warrnambool Shareholder whether or not to accept the Offer;
- (b) is known to Saputo Inc. or Saputo; and
- (c) has not previously been disclosed to Warrnambool Shareholders.

## 8. Glossary

**ABN** means Australian business number.

**ACCC** means the Australian Competition and Consumer Commission.

**Acceptance and Transfer Form** means the form of acceptance accompanying this Bidder's Statement.

**Accepting Shareholder** means a Warrnambool Shareholder who accepts the Offer in respect of a Warrnambool Share.

**ACN** means Australian company number.

**Additional Permitted Dividend** means a fully franked dividend of up to \$0.85 per Warrnambool Share, or such amount so that the total of this dividend and the Initial Permitted Dividend is up to \$1.31 per Warrnambool Share, determined by the Warrnambool Board on or after the Announcement Date and before the end of the Offer Period, and is payable after the Offer becomes unconditional (other than the No Prescribed Occurrences Condition).

**Announcement Date** means the date the Offer was announced, being 8 October 2013.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691 or, as the context requires, the financial market operated by it.

**ASX Listing Rules** means the listing rules published by ASX from time to time.

**ASX Settlement** means ASX Settlement Pty Limited ACN 008 504 532.

**ASX Settlement Operating Rules** means the operating rules of the settlement facility provided by ASX Settlement.

**Associate** has the meaning given in section 12 the Corporations Act.

**ATO** means the Australian Taxation Office

**Bega** means Bega Cheese Limited ABN 81 008 358 503.

**Bega Offer** means the off-market takeover bid announced by Bega on 12 September 2013 and more fully set out in its Bidder's Statement dated 27 September 2013 and its Supplementary Bidder's Statement dated 11 October 2013.

**Bid Funding Agreement** means the bid funding agreement entered into between Saputo and Saputo Inc., dated 25 October 2013.

**Bid Implementation Deed** means the bid implementation deed entered into between Saputo Inc. and Warrnambool, dated 7 October 2013.

**Bidder's Statement** means this bidder's statement in respect of the Offer given by Saputo pursuant to Part 6.5 of the Corporations Act.

**Business Day** means a business day in Victoria.

**CGT** means capital gains tax under the *Income Tax Assessment Act 1936* (Cth).

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement.

**CHESS Holding** has the meaning set out in the ASX Settlement Operating Rules.

**CHESS Participant** means the Participant in CHESS who is designated as the Controlling Participant for securities in a CHESS Holding in accordance with the ASX Settlement Operating Rules (e.g., your sponsoring Broker).

**Closing Date** means 7:00 pm (Melbourne time) on [# #] 2013, unless extended or withdrawn.

**Competing Proposal** means any proposal, offer, arrangement or transaction by a Third Party that, if completed, would mean:

- (a) a person would acquire a Relevant Interest or Voting Power in 30% or more of Warrnambool Shares or of the securities of any of member of the Warrnambool 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 Warrnambool Shares or of the securities of any member of the Warrnambool 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, Warrnambool or any member of the Warrnambool Group;
- (d) a person would acquire control (as defined in Section 50AA of the Corporations Act) of Warrnambool or any member of the Warrnambool Group;
- (e) a person may otherwise directly or indirectly acquire, or merge with, Warrnambool or any member of the Warrnambool 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) any proposal by Warrnambool to implement any reorganisation of capital or dissolution.

Each successive material modification or variation of any proposal, offer or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.

For personal use only

**Condition** means each condition of the Offer as set out in section 6.7 of Part B of this Bidder's Statement.

**Consideration** means the aggregate amount of the consideration per Warrnambool Share payable to each Accepting Shareholder, being \$8.00 per Warrnambool Share.

**Controlling Participant** in relation to your Warrnambool Shares, means Participant that has the capacity in CHESS to transfer your Warrnambool Shares.

**Computershare** means Computershare Investor Services Pty Limited ACN 078 279 277.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Disclosed** means fairly disclosed in sufficient detail so as to enable a buyer with experience in the dairy industry or any of its representatives to reasonably be able to identify the nature, scope and significance of the relevant matter, event or circumstance.

**Encumbrance** means in relation to any asset:

- (a) a PPS Security Interest;
- (b) any other mortgage, charge, pledge or lien;
- (c) an easement, restrictive covenant, caveat or similar restriction over property;
- (d) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property (including a right to set off or withhold payment of a deposit or other money);
- (e) a right of any person to purchase, occupy or use an asset (including under an option, agreement to purchase, licence, lease or hire purchase);
- (f) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; or
- (g) an agreement to create anything referred to above or to allow any of them to exist.

**End Date** means the earlier of:

- (a) the date on which the Offer Period ends; and
- (b) 7 February 2014 or any later date as Saputo and Warrnambool agree in writing.

**Exclusivity Period** means the period starting on the date of the Bid Implementation Deed and ending on the first to occur of:

- (a) the termination of the Bid Implementation Deed; and
- (b) the End Date.

**FATA** means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

**FIRB** means the foreign investment review board, administered by the FATA.

**FIRB Condition** means the condition set out in section 6.7.1 of Part B of this Bidder's Statement.

**FY** means financial year ended 30 June of any year (e.g. FY13 means the financial year to 30 June 2013).

**GST** means Goods and Services Tax under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Great Ocean Ingredients** means Great Ocean Ingredients Pty Ltd ABN 50 124 185 566.

**Holder Identification Number** has the meaning given to **HIN** as set out in the ASX Settlement Operating Rules.

**Initial Proposal Date** means the day on which Bega announced its intention to make a takeover bid for Warrnambool, being 12 September 2013.

**Initial Permitted Dividend** means a fully franked dividend of up to \$0.46 per Warrnambool Share which is determined by the Warrnambool Board on or after the Announcement Date and before the end of the Offer Period, and is payable after the Offer becomes unconditional (other than the No Prescribed Occurrences Condition).

**Material Adverse Change** means one or more events, matters, changes or circumstances, including any litigation or dispute, which (individually or when aggregated) have or could reasonably be expected to have, a material adverse effect on the business, financial or trading position, assets or liabilities, profitability or prospects of Warrnambool or any of its Subsidiaries (taken as a whole), including any one or more events, matters, changes or circumstances which have had, or could reasonably be expected to have, the effect of:

- (a) diminishing the net assets of Warrnambool Group by \$10 million or more; or
- (b) diminishing the future recurring profit before income tax of the Warrnambool Group by at least \$5 million per year, other than:
  - (c) any event, matter, change or circumstance arising from actions taken by the Warrnambool Group with the prior written consent of the Saputo, that approval not to be unreasonably withheld or delayed;
  - (d) any event, matter, change or circumstance that is a Permitted Action;
  - (e) any event, matter, change or circumstance Disclosed to Saputo no later than 4 October 2013;
  - (f) any event, matter, change or circumstance Disclosed in public filings by a member of Warrnambool Group to ASX or ASIC no later than 4 October 2013; and
  - (g) any event, matter, change or circumstance in or relating to:
    - (i) economic, business, regulatory or political conditions in general;
    - (ii) credit, financial or currency markets in general or the state of the securities markets in general (including any reduction in market indices);
    - (iii) any change affecting the dairy industry generally and which impacts on the Warrnambool Group and its competitors in a similar manner; or
    - (iv) any change in accounting policy required by law.

**Murray Goulburn** means Murray Goulburn Co-operative Co. Limited ABN 23 004 277 089.

**Murray Goulburn Proposal** means the proposed off-market takeover bid by Murray Goulburn for all Warrnambool Shares, subject to the terms and conditions announced by Murray Goulburn on 18 October 2013.

**New Warrnambool Performance Rights** means each of the 60,659 performance rights that may be granted to Mr. David Lord following receipt of shareholder approval to do so at the general meeting of Warrnambool on 24 October 2013.

**No Prescribed Occurrences Condition** means the condition set out in section 6.7.4 of Part B of this Bidder's Statement.

**Offer or Saputo's Offer** means the offer by Saputo to acquire Warrnambool Shares made by way of an off-market takeover bid under Chapter 6 of the Corporations Act, on the terms set out in section 6 of Part B of this Bidder's Statement (and for the avoidance of doubt includes each other offer made by Saputo to Warrnambool Shareholders in the form of that offer), including, in each case, as varied in accordance with the Corporations Act.

**Offer Period** means the period that the Offer is open for acceptance, commencing on [##] 2013 and ending on the Closing Date.

**Participant** means an entity admitted to participate in CHESS under the ASX Settlement Operating Rules.

**Permitted Actions** means the following actions whether taken by Warrnambool or any Subsidiary:

- (a) any operating or capital expenditure incurred for the remainder of the 2014 financial year which is contemplated by the 2014 financial year budget, being an amount or amounts up to \$22.6 million in aggregate;
- (b) the proposed capital expenditure of approximately \$4.2 million for the purposes of purchasing bacteria separators for cheese milk; and
- (c) the grant of the New Warrnambool Performance Rights to David Lord.

**Permitted Dividend** means each of the Initial Permitted Dividend and the Additional Permitted Dividend.

**PPS Security Interest** means a security interest that is subject to the PPSA.

**PPSA** means the *Personal Property Securities Act 2009* (Cth).

**Prescribed Occurrence** means any of the following events or occurrences:

- (a) Warrnambool converts all or any of the Warrnambool Shares into a larger or smaller number of shares;
  - (b) Warrnambool or a Subsidiary of Warrnambool resolves to reduce its share capital in any way;
  - (c) Warrnambool or a Subsidiary of Warrnambool:
    - (i) enters into a buy-back agreement; or
    - (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
  - (d) Warrnambool or a Subsidiary of Warrnambool issues shares, or grants an option over its shares, or agrees to make an issue or grant an option over its shares, other than the issue of Warrnambool Shares under the:
    - (i) vesting and exercise of any Warrnambool Performance Rights in existence as at the Announcement Date; or
    - (ii) vesting and exercise of any Warrnambool Performance Rights that may be granted to David Lord if the grant of these Warrnambool Performance Rights is approved by the Warrnambool Shareholders at the Warrnambool's annual general meeting on 24 October 2013;
  - (e) Warrnambool or a Subsidiary of Warrnambool issues, or agrees to issue, convertible notes;
  - (f) Warrnambool or a Subsidiary of Warrnambool disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
  - (g) Warrnambool or a Subsidiary of Warrnambool grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
  - (h) Warrnambool or a Subsidiary of Warrnambool resolves to be wound up;
  - (i) a liquidator or provisional liquidator of Warrnambool or of a Subsidiary of Warrnambool is appointed;
  - (j) a court makes an order for the winding up of Warrnambool or of a Subsidiary of Warrnambool;
  - (k) an administrator of Warrnambool or a Subsidiary of Warrnambool is appointed under section 436A, 436B or 436C of the Corporations Act;
  - (l) Warrnambool or a Subsidiary of Warrnambool executes a deed of company arrangement; or
  - (m) a receiver, a receiver and manager, or other controller (as defined in the Corporations Act) is appointed in relation to the whole, or a substantial part, of the property of Warrnambool or of a Subsidiary of Warrnambool,
- provided that a Prescribed Occurrence will not include any matter that:
- (n) is a Permitted Action;
  - (o) is required to be done or procured by Warrnambool under the Bid Implementation Deed or which is otherwise contemplated by that deed; or
  - (p) is approved in writing by Saputo, that approval not to be unreasonably withheld or delayed.

**Rabobank** means each of Rabo Securities USA, Inc. and the Australian Branch of Coöperatieve Centrale Raiffeisen-Boerenleenbank B. A. ABN 70 003 917 655.

**Record Date** has the meaning given to that term in the ASX Listing Rules.

**Register Date** means the date set by Saputo under section 633(2) of the Corporations Act, being 7.00 pm (Melbourne time) on 25 October 2013.

**Regulatory Authority** includes:

- (a) ASIC, ASX and Toronto Stock Exchange;
- (b) a government or governmental, semi-governmental, administrative, fiscal or judicial body;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (d) any regulatory organisation established under statute or the rules of any financial market (as defined in Chapter 7 of the Corporations Act).

For personal use only

**Relevant Interest** has the meaning given in the Corporations Act.

**Rights** means all accretions and rights attaching to or arising from Warrnambool Shares, directly or indirectly, at or after the Announcement Date (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 Warrnambool or any of its subsidiaries), including the cash amount of any Permitted Dividend.

**Rothschild** means Rothschild Australia Limited ACN 008 591 768.

**Saputo** means Saputo Dairy Australia Pty Ltd ACN 166 135 486.

**Saputo Inc.** means the company Saputo Inc. listed on the Toronto Stock Exchange under the symbol "SAP".

**Security Reference Number** has the meaning given to SRN as set out in the ASX Settlement Operating Rules.

**Subsidiary** has the meaning given in the Corporations Act.

**Superior Proposal** means a bona fide Competing Proposal received on or after the Announcement Date (not resulting from a breach by Warrnambool of any of its obligations under the Bid Implementation Deed) that the Warrnambool Board determines acting in good faith and to satisfy what the Warrnambool 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 Warrnambool Shareholders as a whole than the Offer, taking into account all the terms and conditions of the Competing Proposal and all aspects of the Offer.

**Supplier Director** means a Warrnambool Director who is a nominee of a party that actively supplies milk directly or indirectly through another party to Warrnambool.

**Takeover Transferee Holding** means the CHESS Holding to which Warrnambool Shares on the CHESS subregister are to be transferred after acceptance of the Offer.

**Takeovers Panel** means the panel established by Part 10 of the *Australian Securities and Investments Commission Act 2001* (Cth) and having functions specified in Part 6.10, Division 2 of the Corporations Act.

**Target's Statement** means the target's statement to be issued by Warrnambool in response to the Bidder's Statement.

**Third Party** means any of the following:

- (a) a person other than any Saputo Inc. or any of its Related Bodies Corporate; or
- (b) a consortium, partnership, limited partnership, syndicate or other group in which none of Saputo Inc. or any of its Related Bodies Corporate has agreed in writing to be a participant.

**Toronto Stock Exchange** means the Toronto stock exchange operated by TMX Group Limited.

**your Warrnambool Shares** means the Warrnambool Shares in respect of which you are able to give good title at 7:00pm (Melbourne time) on 25 October 2013 and, where applicable, the number of such Warrnambool Shares specified in the Acceptance and Transfer Form relating to the Offer.

**Voting Power** has the meaning given to this term in Section 610 of the Corporations Act.

**Warrnambool** means Warrnambool Cheese and Butter Factory Company Holdings Limited ABN 15 071 945 232.

**Warrnambool Board** means the board of directors of Warrnambool.

**Warrnambool Cheese and Butter Japan** means Warrnambool Cheese and Butter Japan Company Limited.

**Warrnambool Dividend Reinvestment Plan** means Warrnambool's dividend reinvestment plan announced by Warrnambool before the Register Date.

**Warrnambool Executive** means a member of the executive team as set out in Warrnambool's 2013 Annual Report.

For personal use only



**Warrnambool Funding Resources** means any one or more of the following:

- (a) cash at bank;
- (b) existing lines of credit available to Warrnambool; or
- (c) new lines of credit available to Warrnambool on commercial terms similar to the existing credit facility of Warrnambool and not exceeding \$20 million,

provided that the application of these resources to fund any Initial Permitted Dividend does not materially interfere with:

- (i) the working capital needs of the Warrnambool Group to conduct its business in the usual and ordinary course consistent with the manner in which the business and operations have been conducted in the 12 months prior to the date of the Bid Implementation Deed; or
- (ii) the Warrnambool Group's capacity to take any of the Permitted Actions.

**Warrnambool Group** means Warrnambool and each of its subsidiaries.

**Warrnambool Performance Rights** means performance rights issued to eligible employees under the Warrnambool Executive Performance Rights Plan, being rights to acquire Warrnambool Shares for nil consideration, including each of the 68,627 rights granted to Mr. David Lord in 2012.

**Warrnambool Share** means a fully paid ordinary share in the capital of Warrnambool, and all Rights attaching to that share.

**Warrnambool Shareholder** means a person registered in the register of members of Warrnambool as a holder of a Warrnambool Share.

## 9. Interpretation

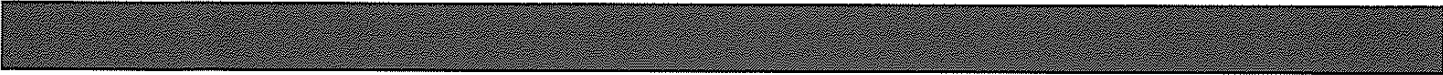
Terms used in this Bidder's Statement have the meaning (if any) given to them in Chapter 6 of the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules unless that meaning is inconsistent with the context in which the term is used.

In this Bidder's Statement (including the Offer) and the Acceptance and Transfer Form, the following principles of interpretation apply unless the context otherwise requires:

- 9.1.1 headings are for convenience only and do not affect the meaning of the paragraphs they introduce;
- 9.1.2 the singular includes the plural and vice versa;
- 9.1.3 words importing any gender include any other genders;
- 9.1.4 references to persons include corporations;
- 9.1.5 appendices and annexures to this Bidder's Statement form part of this Bidder's Statement;
- 9.1.6 references to AUD or \$ are references to Australian currency;
- 9.1.7 references to CAD are references to Canadian currency;
- 9.1.8 references to USD are references to United States of America currency;
- 9.1.9 references to a document or instrument include the document or instrument as novated, altered, supplemented, or replaced from time to time; and
- 9.1.10 references to sections are references to sections in this Bidder's Statement.

All foreign exchange calculations in this Bidder's Statement are done using the indicative exchange rates of CAD1.00 = AUD1.01 and USD1.00 = AUD1.05.

To the extent permissible under applicable law, this Bidder's Statement (including the Offer) and the Acceptance and Transfer Form are governed by the laws in force in Victoria and the Commonwealth of Australia.



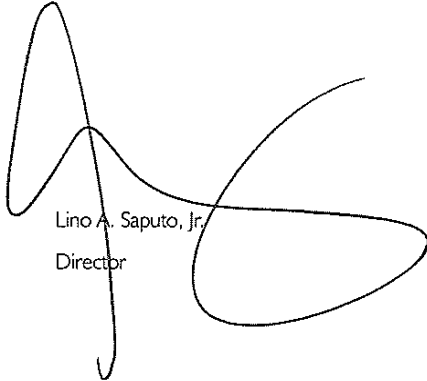
For personal use only

**10. Approval of Bidder's Statement**

This Bidder's Statement has been approved by a resolution of the directors of Saputo.

25 October 2013

Signed for and on behalf of  
Saputo Dairy Australia Pty Ltd ACN 166 135 486



Lino A. Saputo, Jr.  
Director

## Annexure A – Warrnambool ASX Announcements since 30 June 2013

24/10/2013 Results of Meeting

24/10/2013 WCB 2013 AGM Chairman's Speech

24/10/2013 WCB 2013 AGM Presentation

22/10/2013 BGA: WCB T/O Bid Notice of fulfilment of defeating condition

21/10/2013 AGM Resolution 8 – Bega Offer Condition

18/10/2013 WCB Response to Murray Goulburn Offer

18/10/2013 Intention to Make T/O Bid by Murray Goulburn Co-operative Co

16/10/2013 Target's Statement

14/10/2013 Independent Expert's Report

11/10/2013 BGA: Supplementary Bidder's Statement

09/10/2013 Presentation to RBS Morgans Annual Conference

08/10/2013 Saputo Announces Takeover Offer for WCB

08/10/2013 Directors Unanimously Recommend Saputo Offer

07/10/2013 Trading Update - FY14 EBITDA Assumptions

07/10/2013 Final Director's Interest Notice

07/10/2013 Initial Director's Interest Notice

07/10/2013 Appointment of Alternate director

04/10/2013 Change in substantial holding

04/10/2013 Change of Director's Interest Notices

04/10/2013 Appendix 3B

03/10/2013 BGA: Despatch of Bidder's Statement to WCB Shareholders

03/10/2013 Presentation to First NZ Capital Dairy Sector Conference

02/10/2013 BGA: Bidder's Statement Despatched to WCB Shareholders

02/10/2013 Letter to Shareholders

02/10/2013 Trading Update

27/09/2013 Replacement Bidder's Statement from BGA

27/09/2013 Supplementary Bidder's Statement from BGA

26/09/2013 Warrnambool Directors Unanimous Recommendation

20/09/2013 Notice of AGM/Proxy Form/Director Candidate Information

20/09/2013 2013 Annual Report

18/09/2013 Letter to Shareholders

12/09/2013 Warrnambool Response to Bega Offer

12/09/2013 BGA: Media Release - BGA takeover for Warrnambool

12/09/2013 Change in substantial holding from BGA

12/09/2013 BGA: Bidder's Statement

09/09/2013 Warrnambool FY2013 Results Presentation

30/08/2013 Initial Director's Interest Notice

30/08/2013 Final Director's Interest Notice

28/08/2013 Warrnambool Board Changes

28/08/2013 FY2013 Results Media Release

28/08/2013 FY2013 Preliminary Final Report

23/08/2013 Warrnambool and Tatua sign Lactoferrin agreement

30/07/2013 Trading Update

For personal use only

*Saputo*

For personal use only

[www.saputo.com](http://www.saputo.com)

# Saputo

Saputo Dairy Australia Pty Ltd  
ACN 166 135 486

## Return your Form:

**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne VIC 3001  
Australia

## For all enquiries:

**Phone:**  
 (within Australia) 1300 397 230  
 (outside Australia) +61 3 9415 4292

┌ 000001 000 WCBTKO  
MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

## Acceptance and Transfer Form

## ISSUER SPONSORED

 **Your form must be received by the end of the Offer Period.**

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer ("Offer") by Saputo Dairy Australia Pty Ltd (ACN 166 135 486) ("Saputo") to acquire all of your fully paid ordinary shares ("Warrnambool Shares") in Warrnambool Cheese and Butter Factory Company Holdings Limited (ACN 071 945 232) ("Warrnambool") the terms of which are set out in the Bidder's Statement from Saputo dated 25 October 2013 as replaced or supplemented (the "Bidder's Statement"). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the shareholding represented by the details printed above and in Step 1 on the reverse of this form.

### Step 1: Shareholding Details

Your Consideration will be issued to the name(s) as they appear on the latest copy of the Warrnambool register, as provided to Saputo. The current shareholding details (registration name and address) recorded by Saputo are printed above and in Step 1 on the reverse of this form. If you have recently bought or sold Warrnambool Shares your holding may differ from that shown. If you have already sold all your Warrnambool Shares, do not complete or return this form.

### Step 2: Consideration and Accepting the Offer

The Consideration payable to you for each of your Warrnambool Shares accepted is set out in the terms of Saputo's Offer.

Sign and return this form to accept the Offer for ALL of your Warrnambool Shares.

### Step 3: Signing Instructions

**Individual:** Where the holding is in one name, the shareholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the shareholders must sign.

**Power of Attorney:** Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

**Companies:** Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

**Overseas Companies:** Where the holding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

**Deceased Estate:** All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

### Contact Details:

Please provide us with the details of the person you authorise us to contact in relation to your acceptance.

**Turn over to complete the form** →

This Document is printed on Greenhouse Friendly™ ENVI Laser Carbon Neutral Paper



I 111111111 IND

# Acceptance and Transfer Form

## STEP 1 Shareholding Details

For your security keep your SRN/HIN confidential.

MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

Warrnambool Shareholding as at 7:00pm (Melbourne time) on 25 October 2013:

2000

## STEP 2 Consideration and Accepting the Offer

The Consideration Saputo offers you, as a Warrnambool Shareholder, is a cash payment for each of your Warrnambool Shares.

If Warrnambool determines and pays any Permitted Dividend, the Consideration will be reduced by the amount of that dividend paid or due to be paid by Warrnambool.

Information with regards to the Consideration and the effects of any Permitted Dividend are outlined in Section 6.4 "Consideration" in the Bidder's Statement.

Sign and return this form to accept the Offer for ALL of your Warrnambool Shares.

By accepting the Offer for ALL of your Warrnambool Shares, you are accepting the Offer for ALL the Warrnambool Shares as recorded by Saputo as being held by you at the date your acceptance is processed (even if different to the number stated in Step 1).

## STEP 3 Signature of Shareholder(s) *This section must be completed.*

I/We accept the Offer made by Saputo for ALL my/our Warrnambool Shares and I/we agree to be bound by the terms and conditions of the Offer and transfer ALL of my/our Warrnambool Shares as per the above instruction.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

[Signature box for Individual or Shareholder 1]

[Signature box for Shareholder 2]

[Signature box for Shareholder 3]

Sole Director and Sole Company Secretary/  
Sole Director (cross out titles as applicable)

Director

Director/Company Secretary  
(cross out titles as applicable)

Contact Name

Contact Daytime Telephone

Date / /

Contact Details:

Provide us with the details of the person you authorise us to contact in relation to your acceptance.

## Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS") on behalf of Saputo Dairy Australia Pty Ltd ("Bidder"), for the purpose of facilitating the Bidder's recently announced off-market takeover offer for all the shares on issue in the capital of Warrnambool Cheese and Butter Factory Company Holdings Limited and distributing any resultant consideration payments and communications relating to the offer. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by the Bidder in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS on +61 3 9415 5000 or e-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

For personal use only

# Saputo

Saputo Dairy Australia Pty Ltd  
ACN 166 135 486

┌ 000002 000 WCBTKO  
MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

## Return your Form:



**To Your Controlling Participant:**  
Return this form directly to your  
stockbroker



**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne VIC 3001  
Australia


## For all enquiries:



**Phone:**  
(within Australia) 1300 397 230  
(outside Australia) +61 3 9415 4292

## Acceptance and Transfer Form

## CHESS

 **Your form must be received with sufficient time to allow processing prior to the end of the Offer Period.**

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer ("Offer") by Saputo Dairy Australia Pty Ltd (ACN 166 135 486) ("Saputo") to acquire all of your fully paid ordinary shares ("Warrnambool Shares") in Warrnambool Cheese and Butter Factory Company Holdings Limited (ACN 071 945 232) ("Warrnambool") the terms of which are set out in the Bidder's Statement from Saputo dated 25 October 2013 as replaced or supplemented (the "Bidder's Statement"). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the shareholding represented by the details printed above and in Step 1 on the reverse of this form.

### Step 1: Shareholding Details

Your Consideration will be issued to the name(s) as they appear on the latest copy of the Warrnambool register, as provided to Saputo. The current shareholding details (registration name and address) as recorded by Saputo are printed above and in Step 1 on the reverse of this form. If you have recently bought or sold Warrnambool Shares your holding may differ from that shown. If you have already sold all your Warrnambool Shares, do not complete or return this form.

### Step 2: Consideration and Accepting the Offer

The Consideration payable to you for each of your Warrnambool Shares accepted is set out in the terms of Saputo's Offer.

Sign and return this form to accept the Offer for ALL of your Warrnambool Shares.

As your Warrnambool Shares are in a CHESS holding, you may contact your Controlling Participant directly (normally your stockbroker) with instructions to accept the Offer. If you do this, your Controlling Participant will provide you with details as to what they require in order to accept the Offer on your behalf. If you want Saputo to contact your Controlling Participant on your behalf, sign and return this form to the address above so that it is received in sufficient time to allow your instruction to be acted upon by the close of the Offer Period. This will authorise Saputo and Computershare Investor Services Pty Limited ("CIS") to request your Controlling Participant to initiate acceptance of the Offer on your behalf.

By signing this form, you warrant to Saputo (and authorise Saputo to warrant on your behalf) that you have full legal and beneficial ownership of the Warrnambool Shares to which this form relates and that Saputo will acquire them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

You should allow sufficient time for your Controlling Participant or Saputo to initiate the acceptance of Saputo's Offer on your behalf. Neither Saputo or CIS will be responsible for any delays incurred by the process of requesting your Controlling Participant to accept the Offer.

### Step 3: Signing Instructions

**Individual:** Where the holding is in one name, the shareholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the shareholders must sign.

**Power of Attorney:** Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

**Companies:** Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary OR a Sole Director (if no Company Secretary exists), OR
- two Directors, OR
- a Director and Secretary.

**Overseas Companies:** Where the holding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

**Deceased Estate:** All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

#### Contact Details:

Please provide us with the details of the person you authorise us to contact in relation to your acceptance.

**Turn over to complete the form** →



X 2222222222 IND

## Acceptance and Transfer Form

STEP 1

### Shareholding Details

MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

For your security keep your SRN/  
HIN confidential.

Controlling Participant Identifier:

Warrnambool Shareholding as at 7:00pm (Melbourne time) on 25 October 2013:

2000

STEP 2

### Consideration and Accepting the Offer

The Consideration Saputo offers you, as a Warrnambool Shareholder, is a cash payment for each of your Warrnambool Shares.

If Warrnambool determines and pays any Permitted Dividend, the Consideration will be reduced by the amount of that dividend paid or due to be paid by Warrnambool.

Information with regards to the Consideration and the effects of any Permitted Dividend are outlined in Section 6.4 "Consideration" in the Bidder's Statement.

Sign and return this form to accept the Offer for ALL of your Warrnambool Shares.

By accepting the Offer for ALL of your Warrnambool Shares, you are accepting the Offer for ALL the Warrnambool Shares as recorded by Saputo as being held by you at the date your acceptance is processed (even if different to the number stated in Step 1).

STEP 3

### Signature of Shareholder(s) *This section must be completed.*

I/We accept the Offer made by Saputo for ALL my/our Warrnambool Shares and I/we agree to be bound by the terms and conditions of the Offer and transfer ALL of my/our Warrnambool Shares as per the above instruction.

Individual or Shareholder 1

Sole Director and Sole Company Secretary/  
Sole Director (cross out titles as applicable)

Shareholder 2

Director

Shareholder 3

Director/Company Secretary  
(cross out titles as applicable)

Contact  
NameContact  
Daytime  
Telephone

Date / /

Contact Details:

Provide us with the details of the person you authorise us to contact in relation to your acceptance.

### Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS") on behalf of Saputo Dairy Australia Pty Ltd ("Bidder"), for the purpose of facilitating the Bidder's recently announced off-market takeover offer for all the shares on issue in the capital of Warrnambool Cheese and Butter Factory Company Holdings Limited and distributing any resultant consideration payments and communications relating to the offer. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by the Bidder in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS on +61 3 9415 5000 or e-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)