

Second Supplementary Bidder's Statement

1 Introduction

This document is a supplementary bidder's statement.

It is the second supplementary bidder's statement (**Second Supplementary Bidder's Statement**) issued by Murray Goulburn Co-operative Co. Limited ABN 23 004 277 089 (**Murray Goulburn**) in relation to its off market takeover bid for all the ordinary shares in Warrnambool Cheese and Butter Factory Company Holdings Limited ABN 15 071 945 232 (**WCB**).

This Second Supplementary Bidder's Statement supplements, and should be read together with, Murray Goulburn's first supplementary bidder's statement which was lodged with ASIC on 19 December 2013 (**First Supplementary Bidder's Statement**). The First Supplementary Bidder's Statement incorporates the same document that is the marked-up up version of the replacement bidder's statement Murray Goulburn lodged (and was released to ASX) on 16 December 2013 (**Replacement Bidder's Statement**).

2 Australian Competition Tribunal Process⁽¹⁾

Murray Goulburn's Australian Competition Tribunal (**Tribunal**) process is well advanced.

On 29 November 2013 Murray Goulburn filed its application for merger authorisation with the Tribunal. On 9 December 2013, the Tribunal made directions dealing with procedural matters, including preliminary steps in the timetable aimed at identifying key issues and permitting third parties submissions. The Tribunal is focused on delivering its decision on the merger authorisation process by the end of February, which is within the statutory time frame of three months.

Murray Goulburn remains confident in its approach to obtaining authorisation from the Tribunal and urges WCB shareholders to wait until the outcome of the merger application authorisation process has been determined so that Murray Goulburn's Offer can be considered on its merits.

(1) This section 2 supplements Part 5 of 'Why you should accept the Offer' and section 8.2 of the Bidder's Statement.

3 Saputo Offer⁽²⁾

3.1 Revised Saputo Offer

On 26 November 2013, Murray Goulburn made an application to the Takeovers Panel in relation to the affairs of WCB (**Application**). On 17 December 2013, the Takeovers Panel announced its decision in relation to the Application.

In compliance with the undertakings provided by Saputo to the Takeovers Panel, Saputo amended the Saputo Offer (as set out in Saputo's Third Supplementary Bidder's Statement dated 17 December 2013) by:

- extending the offer period to 7.00pm (Melbourne time) on 10 January 2014;
- increasing total offer price to \$9.60 cash per Share if Saputo reaches a relevant interest in WCB Shares of greater than 90%, and increasing total offer price to \$9.40 cash per Share if Saputo reaches a relevant interest in WCB Shares of greater than 75%. These changes are in addition to increasing the offer price from \$9.00 to \$9.20 cash per Share if Saputo reaches a relevant interest in WCB Shares of greater than 50%, which has been previously announced;
- declaring that the consideration under the Saputo Offer will not be increased (other than as set out above); and
- offering the ability for WCB shareholders who accepted the Saputo Offer on or before 17 December 2013 to withdraw their acceptances. This withdrawal right remains on foot until 7.00pm on 3 January 2014 as can be exercised through the election form sent to WCB shareholders by Saputo.

Murray Goulburn notes that these undertakings were necessary to avoid the Takeovers Panel making a declaration of unacceptable circumstances in relation to the Saputo Offer.

3.2 Risks regarding Saputo's conditional increases in offer consideration

Murray Goulburn believes that there is a significant risk that Saputo will not achieve the 50%, 75% or 90% ownership level in WCB required to trigger an increase in total offer price to \$9.20, \$9.40 or \$9.60 cash per WCB Share. This risk is heightened due to the presence of a number of industry participants on WCB's share register, who currently hold 46% of WCB Shares.

Murray Goulburn also notes that the Saputo Offer is now 'last and final' and therefore cannot be increased, as mentioned above.

If you are a WCB shareholder who is entitled to withdraw their acceptance of the Saputo Offer (see above), Murray Goulburn suggests that you exercise this withdrawal right in order to keep your options open. If you do not exercise this withdrawal right, your Shares will be sold to Saputo and you will lose the opportunity to accept Murray Goulburn's Offer (or to otherwise deal in your Shares, including by selling them on-market).

(2) This section 3 supplements section 8.1(a) of the Bidder's Statement.

4 Murray Goulburn's Offer⁽³⁾

Murray Goulburn's all cash Offer of \$9.50 per WCB Share is the highest current offer made for WCB (before accounting for any increase in offer price which is contingent on achieving certain ownership thresholds).

Murray Goulburn's Revised Offer represents:

- a 6% premium to the Saputo Offer of \$9.00 cash per Share if Saputo achieves a relevant interest in WCB Shares of less than 50%;
- a 3% premium to the Saputo Offer of \$9.20 cash per Share if Saputo achieves a relevant interest in WCB Shares of greater than 50%;
- a 1% premium to the Saputo Offer of \$9.40 cash per Share if Saputo achieves a relevant interest in WCB Shares of greater than 75%;
- a 1% discount to the Saputo Offer of \$9.60 cash per Share if Saputo achieves a relevant interest in WCB Shares of greater than 90%; and
- an 11% premium to the implied value of the Bega Offer based on the closing price of Bega shares on ASX on 17 December 2013.

Murray Goulburn also reiterates that it wishes to engage with the WCB Board to explore the potential for WCB to pay special dividends to WCB shareholders in order to deliver franking credit benefits to some shareholders. WCB has stated that it will not pay any dividends during the offer period for the Saputo Offer.

5 WCB Board recommendation

Murray Goulburn believes its Offer represents a demonstrably superior value outcome relative to other competing proposals for WCB, and has hence sought a recommendation from the WCB Board in relation to its Offer.

6 Bega Offer

On 18 December 2013, Bega announced that the Bega Offer will not be extended and will close as scheduled at 7.00pm (Melbourne time) on Friday 20 December 2013. Bega also stated that, once its offer is closed, Bega will consider its options regarding its shareholding in WCB.

7 Timetable and process

Murray Goulburn's Offer is scheduled to close at 7.00pm (Melbourne time) on 14 March 2014, unless extended.

WCB shareholders who have any questions in relation to the takeover bid or who would like another acceptance form should call the Murray Goulburn Offer Information Line on 1800 679 874 (within Australia) and +61 3 9415 4172 (outside Australia).

(3) This section 4 supplements the comparisons between the Saputo Offer, the Bega Offer and Murray Goulburn's Offer as set out in the Chairman's Letter (under 'Highly attractive offer') and Part 1 of 'Why you should accept the Offer' of the Bidder's Statement.

8 Other notices

Unless the context otherwise requires, terms defined in the Replacement Bidder's Statement have the same meaning as in this Second Supplementary Bidder's Statement.

A copy of this Second Supplementary Bidder's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents.

9 Additional information

9.1 ASIC modifications and extension of time for sending offers

Murray Goulburn has sought and received from ASIC:

- A modification of section 633A of the Corporations Act (as inserted by ASIC Class Order [CO 13/528]) in relation to the lodgement and dispatch of the Second Supplementary Bidder's Statement and the First Supplementary Bidder's Statement. This modification was provided to address technical issues associated with Murray Goulburn's lodgement and dispatch of the Replacement Bidder's Statement.
- A modification of section 631(1)(b) of the Corporations Act in relation to the making of the Offer. This modification extends the time within which Murray Goulburn must send its Offer to WCB shareholders to 24 December 2013 (being an extension of six days from the prescribed two month period), and was announced on ASX on 18 December 2013.

9.2 Approval

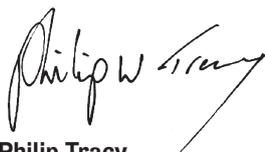
Signed for and on behalf of Murray Goulburn following a resolution of the directors of Murray Goulburn.

Date: 19 December 2013

Signed for and on behalf of

Murray Goulburn Co-operative Co. Limited

by



Philip Tracy
Chairman