

## MEDIA RELEASE

9 February 2007

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### **Tatura announces Bega Cheese to take Major Cornerstone position**

The Tatura Milk Industries Limited (“Tatura”) Board of Directors announced today that it has signed an historic agreement with The Bega Cheese Co-operative Society Limited (“Bega Cheese”).

Subject to shareholder approval, Bega will invest approximately \$39m into Tatura for a 70% share of Tatura and thereby become a significant cornerstone investor.

The cash provided by Bega Cheese will be distributed to existing shareholders who continue to provide all of their milk to Tatura.

Tatura will continue to operate as a stand alone Co-operative.

Mr Ian Bertram, Chairman of Tatura said “This is a very exciting outcome for Tatura and its shareholders. Tatura will be a stronger business as Bega will bring management depth, cost savings and synergies, along with the potential of new retail and wholesale markets for our products, and further business development opportunities.”

Bega Cheese is a profitable 106 year old co-operative and has a history of paying excellent prices for milk. Bega Cheese has grown from turnover of circa \$100m 5 years ago to \$300m today and employs 500 people.

Mr Barry Irvin, Chairman of Bega Cheese commented “This is an important strategic move for Bega Cheese at a time when increasing competition, challenging markets and difficult environmental conditions dictate that dairy businesses take every opportunity to rationalise and grow.”

Mr Ian Bertram said “The Tatura Board has been impressed by the cultural similarities of the two businesses and firmly believes that Bega’s financial and management input at Tatura will give our business new energy and options for growth which we cannot obtain on our own. This will flow through to the financial strength of our farms.”

The agreement recognises that the value of Tatura is in the support and on-going supply of milk from Tatura shareholders. The deal is structured to encourage and reward on-going and increased supply of milk. Importantly, Tatura’s supplying shareholders will continue to hold their shares in Tatura and the option for further realisation of value may occur in the future.

The agreement comes after a lengthy review process with the assistance of advisors, Kidder Williams, during which Tatura solicited proposals from many local and international dairy businesses about making Tatura a bigger and stronger business.

Farmer meetings to introduce Bega Cheese and to explain the agreement will be held next Thursday 15 February at three locations in the region.

A formal shareholder meeting to approve the agreement is expected in early April.

Tatura is a regionally significant and successful business located near Shepparton in the Goulburn Valley. Its modern manufacturing plant, owned and supplied by approximately 350 dairy farmers, processes milk into a range of products such as cream cheese, milk powders, infant formula and nutritional products.

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Further Information:

	<u>Bega</u>	<u>Tatura</u>
Age	106 years	100 years
Turnover	\$300m	\$270m
Employees	500	370
	<ul style="list-style-type: none"><li>- Largest cheese cut and pack plant in southern hemisphere</li><li>- 70,000 tonnes of cheese products manufactured and value-added annually</li><li>- Exports to 60 countries</li></ul>	<ul style="list-style-type: none"><li>- Largest exporter of cream cheese</li><li>- 70% export mainly cream cheese, milk powders, including infant formula</li><li>- Exports to a dozen countries</li></ul>