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ASX Announcement

Proposed merger with Tatura Milk Industries

Earlier this year we announced that Bega Cheese and 70 percent owned Tatura Milk Industries, had signed a Merger Principles Agreement which provided a pathway for a full merger of Tatura Milk and Bega Cheese. It was proposed the merger would proceed shortly after Bega Cheese had listed on the ASX. This intention and the detail of the MPA was included in the July 2011 Bega Cheese IPO Prospectus.

I am now pleased to announce that a Merger Implementation Agreement has been signed, and subject to the approval of Tatura Milk Industries Redeemable Preference Shareholders ("Tatura Milk RP Shareholders") and the court, the merger should be completed by the end of this year.

The merger will involve the issue of two (2) Bega Cheese shares in exchange for each Tatura Milk redeemable preference share.

This will result in the issue of 24.1 million new Bega Cheese shares (representing 16.0 percent of the expanded issued capital base of the Bega Cheese Group) to approximately 320 current Tatura Milk RP Shareholders (who are also milk suppliers to Tatura Milk). Once issued, these shares will rank equally with existing Bega Cheese shares including entitlements to dividends.

The Bega Cheese Board is pleased to proceed with the merger, as the full integration of the businesses should provide both operational and financial benefits to all stakeholders.

Two of the TMI supplier directors will join the Bega Cheese Board following the merger.

Yours sincerely,

B.A. Irvin

Barry Irvin
Executive Chairman