

# TALLEY'S GROUP LIMITED

## PARTIAL OFFER FOR ORDINARY SHARES IN OPEN COUNTRY DAIRY LIMITED

**\$1.85 PER SHARE**

### **IMPORTANT**

If you are in doubt as to any aspect of this offer, you should consult your financial or legal adviser.

If you have sold all your shares in Open Country Dairy Limited to which this offer applies, you should immediately hand this offer document and the accompanying acceptance form to the purchaser or the agent (e.g. the broker) through whom the sale was made, to be passed to the purchaser.

Open Country Dairy Limited's target company statement, together with an independent adviser's report on the merits of this offer either accompanies this offer or will be sent to you within 14 days and should be read in conjunction with this offer.

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR URGENT ATTENTION**

## SUMMARY OF THE OFFER

Talley's Group Limited ("**Talley's**", "**we**" or "**us**") is offering to acquire 24.0171% (or 15,889,665 fully paid ordinary shares) of the fully paid ordinary shares ("**Shares**") in Open Country Dairy Limited ("**Open Country Dairy**") not already held or controlled by Talley's (our "**Offer**").

The key terms of our Offer are:

<b>Offer Price for Shares</b>	<b>\$1.85 per Share in cash.</b>
<b>Partial Offer</b>	Our Offer is a partial offer for 24.0171% of the Shares not already held or controlled by us.
<b>Conditions</b>	Our Offer is conditional on: <ul style="list-style-type: none"> <li>• us receiving acceptances to our Offer which, when taken together with the Shares already held or controlled by us, will result in us holding or controlling 70% of the Shares; and</li> <li>• none of the events set out in paragraph 8.1 of the Offer Terms and Conditions occurring in the period between 17 January 2014 and the business day after the date on which we receive acceptances in respect of 15,889,665 Shares.</li> </ul>
<b>Olam acceptance</b>	Olam International Limited (" <b>Olam</b> ") has agreed to accept our Offer in respect of 15,890,000 Shares by no later than 5.00 pm on the later of the date which is two business days after the date of despatch of our Offer and the date that Olam receives our Offer.
<b>Payment Date</b>	If you accept our Offer you will be paid no later than seven days after the later of the date on which we receive your acceptance, the date on which our Offer becomes unconditional or the Closing Date.
<b>Closing Date</b>	Our Offer closes at 11:59 pm on 24 May 2014 (" <b>Closing Date</b> ").

**THIS IS A SUMMARY OF THE OFFER ONLY. DETAILED TERMS AND CONDITIONS OF THIS OFFER ARE SET OUT ON THE FOLLOWING PAGES. YOU SHOULD READ THESE CAREFULLY AND IN FULL.**

## HOW TO ACCEPT THE OFFER

<p><b>Closing Date</b></p>	<p>Our offer closes on 24 May 2014 (“<b>Closing Date</b>”).</p> <p>If you wish to <b>ACCEPT</b> our Offer, you must ensure that your Acceptance Form, and, if applicable, Specified Holder Certificate, is sent <b>AS SOON AS POSSIBLE</b>, but in any event so that it is received by us on or before the Closing Date.</p>
<p><b>How to ACCEPT</b></p>	<p>Complete the enclosed Acceptance Form, and, if applicable, the enclosed Specified Holder Certificate, in accordance with the instructions set out on those forms and return them to us:</p> <p><b>By post</b></p> <p>Talley’s Group Limited c/- Link Market Services Limited PO Box 91976 Auckland 1142 New Zealand</p> <p><b>By hand delivery</b></p> <p>Talley’s Group Limited c/- Link Market Services Limited Level 7, Zurich House 21 Queen Street Auckland 1010 New Zealand</p> <p><b>By email</b></p> <p>Email it to Talley’s Group Limited, c/- Link Market Services Limited at <a href="mailto:operations@linkmarketservices.com">operations@linkmarketservices.com</a>. If you do this, please type “Talley’s Acceptance” in the subject line for easy identification and you should post your original Acceptance Form, and, if applicable, Specified Holder Certificate, to the address above.</p> <p><b>By facsimile</b></p> <p>Fax it to Talley’s Group Limited, c/- Link Market Services Limited on +64 9 375 5990. If you do this, you should post your original Acceptance Form, and, if applicable, Specified Holder Certificate, to the address above.</p>
<p><b>If you have lost your Acceptance Form or Specified Holder Certificate</b></p>	<p>Please contact Open Country Dairy’s share registrar, Link Market Services Limited, on (09) 375 5998 and they will provide you with a new form.</p>

## OFFER TERMS AND CONDITIONS

### 1. OUR OFFER

- 1.1 We, Talley's Group Limited, offer to purchase 24.0171% (the "**Specified Percentage**") of the fully paid ordinary shares in Open Country Dairy ("**Shares**") not already held by us on the terms, and subject to the conditions, set out in this Offer Document (our "**Offer**").
- 1.2 As at 7 February 2014, the Specified Percentage represents 15,889,665 Shares. That number, or any greater or lesser number that may result from an issue or buyback of Shares, is the "**Specified Number**".
- 1.3 Our Offer to purchase your Shares includes the purchase of all rights, benefits and entitlements (such as entitlements to dividends, bonuses and other payments and distributions of any nature) which attach to your Shares on, after, or by reference to 17 January 2014 ("**Entitlements**"). That date is the "**Effective Date**" for the purposes of our Offer.
- 1.4 Our Offer is dated 24 February 2014 ("**Offer Date**") and will remain open for acceptance by you until 11.59 pm on 24 May 2014 ("**Closing Date**").

### 2. WHAT YOU WILL BE PAID

- 2.1 We will pay you **\$1.85 in cash** for each Share that we take up from you under our Offer.

### 3. WHEN YOU WILL GET PAID

- 3.1 We will pay you the price for your Shares no later than seven days after the later of:
- (a) the date on which we receive your acceptance of our Offer;
  - (b) the date on which our Offer becomes unconditional; and
  - (c) the Closing Date.
- 3.2 If we do not send you payment for your Shares in the period specified in paragraph 3.1, you may withdraw your acceptance of this Offer by notice in writing to us, but only:
- (a) after the expiration of seven days written notice to us of your intention to do so; and
  - (b) if you do not receive payment for your Shares during the seven day period referred to in paragraph (a).

- 3.3 Further information about **how** we will pay you is set out in paragraph 9.

### 4. HOW TO ACCEPT OUR OFFER

- 4.1 To accept our Offer, you need only:
- (a) complete the Acceptance Form for our Offer in accordance with the instructions on the Acceptance Form; and
  - (b) return the completed Acceptance Form, and, if applicable, Specified Holder Certificate, to us by hand delivery, email, facsimile or post (in the reply-paid envelope which is enclosed with this Offer Document) **AS SOON AS POSSIBLE**

after receipt of our Offer, but in any event so that it is received by us by no later than 11.59 pm on the Closing Date, to:

**By post**

Talley's Group Limited  
c/- Link Market Services Limited  
PO Box 91976  
Auckland 1142  
New Zealand

**By hand delivery**

Talley's Group Limited  
c/- Link Market Services Limited  
Level 7, Zurich House  
21 Queen Street  
Auckland 1010  
New Zealand

**By email**

Email it to Talley's Group Limited, c/- Link Market Services Limited at [operations@linkmarketservices.com](mailto:operations@linkmarketservices.com). If you do this, please type "Talley's Acceptance" in the subject line for easy identification and you should post your original completed Acceptance Form, and, if applicable, Specified Holder Certificate, to the address above (although if you do not your acceptance will still be valid).

**By facsimile**

Fax it to Talley's Group Limited, c/- Link Market Services Limited on +64 9 375 5990. If you do this, you should post your original completed Acceptance Form, and, if applicable, Specified Holder Certificate, to the address above (although if you do not your acceptance will still be valid).

We will not provide you with any acknowledgement of receipt of your Acceptance Form or Specified Holder Certificate (if applicable).

**Share certificates**

- 4.2 If you have share certificates for any of your Shares, you **MUST** return those share certificates with your completed Acceptance Form. If you do not provide share certificates for all of your Shares with your Acceptance Form, then you give the warranty in paragraph 5.15.

**If you hold Shares on behalf of other persons**

- 4.3 If you hold your Shares on behalf of more than one person then you are a "Specified Holder" and you **MUST** complete the Specified Holder Certificate for our Offer and return it to us with your Acceptance Form in accordance with paragraph 4.1(b), so as to be received by us by no later than 11.59 pm on the Closing Date. If you fail to do so, your acceptance of our Offer is invalid (including for the purposes of paragraphs 6, 7 and 9).
- 4.4 Paragraph 4.3 applies regardless of:

- (a) whether the holdings are direct or indirect;
- (b) whether you are a custodian or not;
- (c) the particular arrangements between you and the person on whose behalf you hold Shares.

For further information on whether you need to complete and return a Specified Holder Certificate see the “Questions and Answers” section of the Specified Holder Certificate.

- 4.5 You do not need to complete and return a Specified Holder Certificate if you hold Shares for yourself or on behalf of only one other person.

#### **Acceptance Forms and Specified Holder Certificates**

- 4.6 An Acceptance Form and Specified Holder Certificate are enclosed with this Offer Document. If you lose or damage your Acceptance Form or Specified Holder Certificate, please request another one from Open Country Dairy’s share registrar, Link Market Services Limited, at the contact details set out above, or by calling (09) 375 5998.

- 4.7 If we receive an Acceptance Form and/or Specified Holder Certificate after the Closing Date which bears a postmark or other evidence of postage or despatch on or prior to 11.59 pm on the Closing Date, that Acceptance Form and/or Specified Holder Certificate will be deemed to have been received by us prior to 11.59 pm on the Closing Date (including for the purposes of the condition in paragraph 7).

- 4.8 We may, in our discretion:

- (a) treat any Acceptance Form as valid even if that Acceptance Form does not comply with paragraph 4.1, or any instructions on the Acceptance Form;
- (b) rectify any errors in, or omissions from, any Acceptance Form to enable that form to constitute a valid acceptance of our Offer and to facilitate registration of the transfer of Shares to us; and
- (c) subject to the Takeovers Code:
  - (i) treat any Specified Holder Certificate as valid even if that Specified Holder Certificate does not comply with any instructions on the Specified Holder Certificate; and
  - (ii) rectify any errors in, or omissions from, any Specified Holder Certificate to enable that certificate to comply with rules 14B and 14D of the Takeovers Code and to facilitate the taking up of Shares in accordance with rule 14E of the Takeovers Code and paragraph 6.

#### **Our final discretion**

- 4.9 We will determine, in our discretion, all questions about Acceptance Forms, Specified Holder Certificates and related documents, including the validity, eligibility, time of receipt, and effectiveness, of an acceptance of our Offer. Our determination will be final and will bind you and all other persons. You may not challenge or appeal that determination.

## 5. KEY TERMS OF OUR OFFER

### Who may accept our Offer

- 5.1 Our Offer is made to all holders of Shares in Open Country Dairy and is open for acceptance in accordance with its terms by each such person, whether or not that person acquired Shares before, on or after the Offer Date.

### Acceptance of our Offer and your agreement to sell Shares

- 5.2 You may accept our Offer for all or some of your Shares. Your acceptance may be subject to scaling, as set out in paragraph 6.
- 5.3 The number of Shares that you may sell to us under our Offer will be determined by reference to the number of Shares that you hold at 11.59 pm on the Closing Date, as recorded in Open Country Dairy's share register.
- 5.4 If you accept our Offer you create a binding contract with us. You agree to sell, and we agree to purchase, the Shares for which you accept our Offer and all Entitlements attaching to those Shares on the terms, and subject to the conditions, of our Offer and the provisions of the Takeovers Code.
- 5.5 Your acceptance of our Offer is irrevocable. You cannot withdraw your acceptance, whether or not we have varied the Offer in accordance with the Takeovers Code, except in accordance with paragraph 3.2 (which allows you to withdraw your acceptance if we do not pay you within a specified period). You may, however, be released from the obligations arising from your acceptance of our Offer in the limited circumstances set out in paragraph 5.17.
- 5.6 Your acceptance of our Offer must be free of any and all amendments, restrictions, or conditions of any nature whatsoever ("**Condition of Acceptance**"). If you attempt or purport to impose any Condition of Acceptance, it will be void and of no effect and we will be entitled to treat your acceptance as a valid and binding acceptance of our Offer free and clear of any Condition of Acceptance.

### Conditions of our Offer

- 5.7 Our Offer is subject to the conditions set out in paragraphs 7 and 8.1.
- 5.8 The latest date on which we can declare our Offer unconditional is the next business day after the date on which we receive acceptances for the Specified Number of Shares ("**Condition Date**"). We may, subject to paragraphs 8.4 and 8.5 and the Takeovers Code, invoke a condition of our Offer at any time prior to 11.59 pm on the Condition Date.

### Your obligations on acceptance of our Offer

- 5.9 Legal and beneficial ownership of, and title to, the Shares which we take up from you under our Offer and the Entitlements attaching to those Shares will pass and transfer to us, free of security interests, mortgages, liens, charges, encumbrances or other adverse interests of any nature ("**Encumbrances**"), on payment of the price for your Shares in accordance with paragraphs 3.1 and 9.
- 5.10 You must, on request by us, provide to us or to Open Country Dairy's share registrar satisfactory evidence of your entitlement to Shares for which you have, or wish to, accept our Offer and/or the full and immediately effective release and discharge of any and all Encumbrances over those Shares. We may treat your acceptance as invalid if

you do not comply with your obligations under this paragraph, and we are not obliged to notify you that we have done so.

- 5.11 You will not, and will not attempt or agree to, sell, transfer, grant an Encumbrance over or otherwise dispose of any interest in, or control over, any or all of the Shares for which you accept the Offer, except for acceptance of our Offer.
- 5.12 You irrevocably authorise and instruct Open Country Dairy and Open Country Dairy's share registrar to refuse, prior to the time at which:
- (a) legal and beneficial ownership of the Shares which we take up from you under the Offer passes to us under paragraph 5.9; or
  - (b) you are released from your obligations under paragraph 5.17,

to register any transfer of any or all of the Shares for which you accept our Offer, except for transfers of Shares to us in accordance with the terms of our Offer. You agree that Open Country Dairy and Open Country Dairy's share registrar may rely on the authorisation set out in this paragraph, even if you attempt to revoke your authorisation.

#### **Your warranties to us**

- 5.13 You represent and warrant to us that:
- (a) you are the:
    - (i) sole legal and beneficial owner of the Shares for which you accept our Offer; or
    - (ii) sole legal owner of the Shares for which you accept our Offer and you are entitled to deal with those Shares,

and, in either case, that you have all necessary power, capacity and authority to sell those Shares to us and accept our Offer;
  - (b) the Acceptance Form has been duly completed and executed, is free of Conditions of Acceptance and is binding on you in accordance with its terms and the terms of our Offer; and
  - (c) legal and beneficial ownership of, and title to, the Shares that we take up from you under our Offer will pass to us in accordance with paragraph 5.9.
- 5.14 If you have:
- (a) completed and returned a Specified Holder Certificate, you represent and warrant to us that the Specified Holder Certificate is true and correct and has been duly completed and executed;
  - (b) not completed and returned a Specified Holder Certificate, you represent and warrant to us that you do not hold your Shares on behalf of more than one person.
- 5.15 If you do not return with your Acceptance Form share certificates for all of your Shares (such Shares being the "**Uncertified Shares**"), you represent and warrant to us there are no share certificates for your Uncertified Shares or that the share certificates for your Uncertified Shares have been lost or destroyed. You agree that Open Country



Dairy may rely on this warranty for the purposes of section 95(5) of the Companies Act 1993.

- 5.16 Despite anything to the contrary in the Acceptance Form or Specified Holder Certificate, if you are a joint holder of Shares (whether or not as a trustee of a trust) and the Acceptance Form and/or Specified Holder Certificate is signed by one or some, but not all, joint holders, then you represent and warrant to us that:
- (a) the holder(s) who has/have signed the Acceptance Form and/or Specified Holder Certificate do(es) so on behalf of and as duly authorised agent(s) for the joint holder(s) who has/have not signed, that such authority has not been revoked, and that the acceptance and/or certificate is binding on the joint holder(s) who has/have not signed the Acceptance Form and/or Specified Holder Certificate; and
  - (b) if you hold the relevant Shares as a trustee of a trust, the instrument constituting the trust permits the execution of the Acceptance Form and/or Specified Holder Certificate in the manner in which it was executed.

**All obligations will be released in certain circumstances**

- 5.17 You will be, and we will be, released from any and all obligations arising from our Offer and/or from your acceptance of our Offer if we withdraw our Offer with the consent of the Takeovers Panel or if our Offer lapses as a result of any condition in paragraph 7 or 8.1 not being satisfied or waived (to the extent capable of waiver) by the Condition Date. If our Offer is withdrawn or lapses, we may destroy all Acceptance Forms.

**6. SCALING OF ACCEPTANCES**

- 6.1 If you accept our Offer for the Specified Percentage of your Shares, or a lesser number of Shares, and our Offer becomes unconditional, then we will purchase all of the Shares for which you accepted the Offer. If you accept our Offer for more than the Specified Percentage of your Shares then your acceptance may be subject to scaling in accordance with this paragraph 6.
- 6.2 If we receive acceptances to our Offer for a number of Shares in excess of the Specified Number, we will have received acceptances from some or all Open Country Dairy Shareholders who accepted our Offer for more than the Specified Percentage of their Shares (each a “**Surplus Acceptor**” and those Shares being “**Surplus Shares**”). If this occurs then in accordance with the Takeovers Code:
- (a) we will take up from each Open Country Dairy Shareholder who accepted our Offer the lesser of:
    - (i) the number of Shares that represents the Specified Percentage of the Shares held by that Open Country Dairy Shareholder; or
    - (ii) the number of Shares in respect of which that Open Country Dairy Shareholder has accepted the Offer; and
  - (b) if the number of Shares that we acquire under paragraph (a) is less than the Specified Number, then we will take up further Shares from each Surplus Acceptor. The further number of Shares to be taken up from each Surplus Acceptor is the number of Shares which bears the same proportion to that Surplus Acceptor’s Surplus Shares, as the balance of the Shares that is required by us to acquire the Specified Number bears to the total of all of the Surplus Acceptors’ Surplus Shares.

- 6.3 If we receive one or more Specified Holder Certificates, we will take up Shares in accordance with rule 14E of the Takeovers Code and paragraph 6.2 will apply accordingly. In broad terms, rule 14E provides that where a Specified Holder holds Shares on behalf of more than one person (each such person being a “**Specified Person**”), in certain circumstances we must treat the Specified Person (and not the Specified Holder) as the Surplus Acceptor for the purposes of scaling calculations. For example, a Specified Person will be treated as a Surplus Acceptor where that Specified Person accepts our Offer (through the Specified Holder) for more than the Specified Percentage of the Shares held by the Specified Holder on behalf of the Specified Person.

## 7. MINIMUM ACCEPTANCE CONDITION

Our Offer and any contract arising from acceptance of it are conditional on us receiving acceptances to our Offer by no later than the Closing Date that when taken together with the Shares already held or controlled by us will, on our Offer being declared unconditional and the Shares being transferred to us, result in us holding or controlling 70% of the voting rights in Open Country Dairy.

## 8. FURTHER CONDITIONS OF OUR OFFER

- 8.1 Our Offer and any contract arising from acceptance of it are subject to the conditions that, except as otherwise agreed in writing by us, during the period from the Effective Date until the Condition Date:

- (a) no action, claim, litigation, prosecution or other form of proceedings that, as at the Effective Date, were not publicly notified or commenced, are notified or commenced against Open Country Dairy or any subsidiary of Open Country Dairy (together, the “**Open Country Dairy Group**”) that are material to the Open Country Dairy Group, taken as a whole;
- (b) no action, claim, litigation, prosecution or other form of proceedings are notified or commenced against any member of the Open Country Dairy Group, or us, in respect of our Offer;
- (c) no liquidator, receiver, receiver and manager, statutory manager, voluntary administrator or similar official is appointed in respect of any member of the Open Country Dairy Group or any of its assets and no proceeding or other actions to appoint such a person is commenced or announced;
- (d) there not having occurred any events, circumstances or conditions of the natures referred to in paragraphs (a) to (c) (ignoring, for this purpose, any materiality or similar qualifications therein) which (while not causing a failure of any of the conditions set out in any such paragraphs), when aggregated with all other events, changes, circumstances or conditions of any of the natures referred to in such paragraphs (ignoring, for this purpose, any materiality or similar qualifications therein) that have occurred, mean that the overall impact of all such aggregated events, changes, circumstances or conditions taken as a whole is material, or could be material, to the Open Country Dairy Group, taken as a whole;
- (e) no board resolution or shareholders’ resolution of any member of the Open Country Dairy Group is passed to do or authorise the doing of any act or matter referred to in any of paragraphs (a) to (c) (inclusive); and

- (f) there is no person exercising or purporting to exercise or stating an intention to exercise any rights or failing to give any required waiver or consent under any provision of any agreement or other instrument to which any member of the Open Country Dairy Group is a party, or by or to which any member of the Open Country Dairy Group or any of its assets may be bound or be subject, which results, or could result, to an extent which is material in the context of the Open Country Dairy Group taken as a whole, in:
- (i) any moneys borrowed by any member of the Open Country Dairy Group becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
  - (ii) any such agreement or other such instrument being terminated or modified or any action being taken or arising thereunder; or
  - (iii) the interest of any member of the Open Country Dairy Group in any firm, joint venture, trust corporation or other entity (or any arrangements relating to such interest) being terminated or modified or required to be transferred or offered for sale.

#### **Nature of the conditions of our Offer**

- 8.2 Each condition in paragraphs 7 and 8.1 is a separate and independent condition, and is solely for our benefit. We may waive any or all of those conditions (other than the condition in paragraph 7), in whole or in part, and on any terms, in our discretion. If we waive a condition, in whole or in part, the waiver will apply only in accordance with its terms, and will not operate as a waiver of or consent to any similar matter or thing. You have no right to waive any condition.
- 8.3 Our Offer will only proceed if each of the conditions set out in paragraphs 7 and 8.1 is satisfied or waived by us (to the extent capable of waiver) and we declare our Offer unconditional. If this does not occur, our Offer will lapse and paragraph 5.17 will apply.
- 8.4 Where any condition requires a determination before it may be relied on as to whether a matter is material or not, such determination must be made by a suitably qualified expert appointed by us that is not an associate of ours, prior to our being able to invoke the condition.

#### **When we will not rely on a condition**

- 8.5 We will not allow our Offer to lapse:
- (a) in unreasonable reliance on a condition of our Offer; or
  - (b) in reliance on a condition of our Offer that restricts Open Country Dairy's activities in the ordinary course of Open Country Dairy's business during the period commencing on 7 February 2014 (being the date on which we gave a takeover notice to Open Country Dairy under rule 41 of the Takeovers Code) and ending on the Condition Date.

### **9. HOW WE WILL SETTLE OUR OFFER AND PAY YOU**

- 9.1 We will pay you for your Shares in accordance with paragraph 3 and this paragraph 9, if:
- (a) we declare our Offer unconditional;

- (b) your Acceptance Form is in order (or we rectify any error or omissions from the Acceptance Form or otherwise accept your Acceptance Form as valid under paragraph 4.8); and
- (c) if applicable, your Specified Holder Certificate is received and is in order (or we rectify any error or omissions for the Specified Holder Certificate or otherwise accept your Specified Holder Certificate as valid under paragraph 4.8).

9.2 We will pay you for your Shares by sending you a cheque (by ordinary post) or, if you choose in your Application Form, by making an electronic funds transfer to a New Zealand dollar account with a New Zealand registered bank.

9.3 However, if:

- (a) you do not select a method of payment;
- (b) your desired account is not a New Zealand dollar account with a New Zealand registered bank; or
- (c) the details that you provide to us are not sufficient for us to make an electronic funds transfer to your desired account,

we will pay you by electronic funds transfer to any existing New Zealand dollar account that you have advised to Open Country Dairy's share registrar (such as for dividend payments), or failing that by cheque.

9.4 If we choose to make payment to you in accordance with paragraph 9.3:

- (a) we are not obliged to notify you that we have done so; and
- (b) we will have no liability to you for our choice to do so.

9.5 In no circumstances will we be liable to you for interest on any payment due to you.

## **10. NOTICES**

10.1 Notices that we give to Open Country Dairy and the Takeovers Panel:

- (a) declaring this Offer unconditional; or
- (b) advising that our Offer is withdrawn in accordance with the Takeovers Code; or
- (c) advising that our Offer has lapsed in accordance with its terms or the Takeovers Code,

will, in each case, be deemed to be notice to you and all other offerees when so given.

10.2 Notice of any variation of our Offer will be sent to Open Country Dairy and the Takeovers Panel and, except where not required in accordance with the Takeovers Code, to you and each other offeree under our Offer.

## 11. FURTHER INFORMATION, INTERPRETATION AND GENERAL TERMS

### Takeovers Code information

- 11.1 Further information relating to our Offer, as required by Schedule 1 to the Takeovers Code, is set out in Schedule A and forms part of this Offer Document.

### Interpretation

- 11.2 In this Offer Document:

- (a) any reference to the Takeovers Code means the takeovers code approved in the Takeovers Code Approval Order 2000 (SR 2000/210) as amended by any applicable exemption granted by the Takeovers Panel under the Takeovers Act 1993;
- (b) except if expressly defined in this Offer Document, or where the context requires otherwise, terms defined in the Takeovers Code have the same meaning in this Offer Document;
- (c) references to amounts of money are to New Zealand currency and to times are to New Zealand time;
- (d) headings are for convenience only and do not affect the interpretation of this Offer Document or any Acceptance Form;
- (e) the singular includes the plural and vice versa;
- (f) “include” or any form of that word is to be construed as if followed by “without limitation”;
- (g) if you hold your shares jointly, unless otherwise expressly stated a reference to you is a reference to all joint holders together; and
- (h) other than the Specified Percentage, all percentages in Schedule A are rounded to two decimal places.

- 11.3 If there is an inconsistency between the terms and conditions of our Offer and the provisions of the Takeovers Act 1993 or the Takeovers Code, the provisions of the Takeovers Act 1993 or the Takeovers Code (as the case may be) will prevail to the extent of that inconsistency.

### Cheques, documents and transfers are at your risk

- 11.4 All cheques, electronic funds transfers, Acceptance Forms, Specified Holder Certificates and other documents to be delivered, sent or transferred by or to you will be delivered, sent or transferred at your own risk.

### Variation of our Offer

- 11.5 We may vary our Offer in accordance with rule 27 of the Takeovers Code.

### Acceptance Form is part of our Offer

- 11.6 The provisions set out in the Acceptance Form are part of the terms of our Offer.

**Governing law and jurisdiction**

- 11.7 Our Offer and any contract arising from it are governed by, and must be construed in accordance with, the laws of New Zealand.
- 11.8 You submit to the non-exclusive jurisdiction of the Courts of New Zealand.

<p><b>SCHEDULE A: INFORMATION REQUIRED BY SCHEDULE 1 TO THE TAKEOVERS CODE</b></p>
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The information required by Schedule 1 to the Takeovers Code, and not stated elsewhere in this Offer Document, is set out below. Where any information required by Schedule 1 is not applicable, no statement is made regarding that information. The following matters are stated as at the Offer Date.

**1. DATE**

1.1 The Offer is dated 24 February 2014.

**2. OFFEROR AND ITS DIRECTORS**

2.1 The name of the offeror is Talley's Group Limited, its registered office is:

Port Motueka  
Motueka  
New Zealand

2.2 The directors of Talley's are James Rory Ryder, Andrew Ivan Talley, Michael Anthony Talley, Milan Daniel Talley and Peter Ivan Talley.

**3. TARGET COMPANY**

The name of the target company is Open Country Dairy Limited.

**4. PARTICULARS OF VOTING SECURITIES SOUGHT**

4.1 The table below sets out the particulars of the Shares sought by Talley's under the Offer:

	<b>Number of Shares</b>	<b>Percentage of Shares</b>
The number of Shares that Talley's would hold or control after successful completion of the Offer	117,296,763	70.00%
The number of Shares that Talley's would hold or control if Talley's receives acceptances in respect of the minimum number of voting securities required to satisfy the minimum acceptance condition	117,296,763	70.00%
The number of Shares that Talley's already holds or controls <sup>1</sup>	101,407,098	60.52%
The number of Shares sought by Talley's	15,889,665	24.0171% <sup>2</sup>

<sup>1</sup> Talley's is the legal and beneficial owner of 99,398,671 of these Shares. The remaining 2,008,427 Shares are held by FNZ Custodians Limited as custodian and bare trustee for Talley's.

<sup>2</sup> This percentage is expressed as a percentage of the total number of Shares on issue not already held or controlled by Talley's (being the Specified Percentage as calculated in accordance with rule 9(6) of the Takeovers Code).

The number of Shares that Talley's would hold or control after successful completion of the Offer plus the Shares held or controlled by Talley's associates <sup>3</sup>	142,788,163	85.21%
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4.2 The numbers and percentages in the table above are calculated based on the following assumptions:

- (a) Shares are the only class of voting security in Open Country Dairy;
- (b) there are 167,566,804 Shares on issue;
- (c) there is no change in the number of Shares on issue in the period between 7 February 2014 and successful completion of the Offer;
- (d) Olam is the sole associate of Talley's that holds or controls Shares; and
- (e) on successful completion of the Offer, Olam will hold or control 25,491,400 Shares.<sup>4</sup>

## 5. OWNERSHIP OF EQUITY SECURITIES OF OPEN COUNTRY DAIRY

5.1 The table below sets out the number, designation and percentage of equity securities of Open Country Dairy of any class held or controlled by:

- (a) Talley's (as offeror);
- (b) any related company of Talley's;
- (c) any person acting jointly or in concert with Talley's;
- (d) any director of any of the persons described in sub-paragraphs (a) to (c) above; and
- (e) any other person holding or controlling 5% or more of the class, to the knowledge of Talley's.

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<sup>3</sup> This number represents 99,398,671 Shares legally and beneficially owned by Talley's on 7 February 2014, 2,008,427 Shares held by FNZ Custodians Limited as custodian and bare trustee for Talley's on 7 February 2014, 15,889,665 Shares that will be legally and beneficially acquired by Talley's on successful completion of the Offer and 25,491,400 Shares assumed to be held by Olam on successful completion of the Offer (see footnote 4). Olam is an associate of Talley's as a result of entering into the Agreement Relating to Shares in Open Country Dairy Limited dated 23 December 2013 (see paragraph 7 of this Schedule A). Talley's considers that this association will end at the conclusion of the transactions contemplated by that Agreement.

<sup>4</sup> The number of Shares held by Olam on successful completion of the Offer will depend on the level of acceptance of the Offer by other Open Country Dairy Shareholders. Assuming that Olam holds 33,548,879 Shares on the Closing Date, Olam may sell between 15,889,665 Shares (if no other Open Country Dairy Shareholders accept the Offer) and 8,057,479 Shares (if all Open Country Dairy Shareholders accept the Offer for all of their Shares) to Talley's under the Offer. This would leave Olam with between 17,659,214 and 25,491,400 Shares on successful completion of the Offer.



Name	Description	Number of equity securities held or controlled	Type of equity security	Percentage of Class
Talley's	Talley's (as offeror) and person holding or controlling 5% or more of Shares	101,407,098 <sup>5</sup>	Ordinary shares	60.52%
Olam	Person holding or controlling 5% or more of Shares	33,548,879	Ordinary shares	20.02%
Dairy Investment Fund Limited	Person holding or controlling 5% or more of Shares	16,996,033	Ordinary shares	10.14%

5.2 Except as stated in the above table, no person referred to in paragraphs 5.1(a) to (d) holds or controls equity securities of Open Country Dairy.

## 6. TRADING IN OPEN COUNTRY DAIRY EQUITY SECURITIES

6.1 The table below sets out details of the acquisition or disposition of equity securities of Open Country Dairy by persons referred to in paragraphs 5.1(a) to (d) above during the 6 month period before the Offer Date.

Name	Date of transaction	Number of Equity Securities	Type of Equity Security	Acquisition or disposal	Consideration per share
Talley's	17 January 2014	8,342,788	Ordinary shares	Acquisition	\$2.05
Olam	17 January 2014	8,342,788	Ordinary shares	Disposal	\$2.05

6.2 Except as stated in the above table, no person referred to in paragraphs 5.1(a) to (d) has, during the 6-month period before the Offer Date, acquired or disposed of any equity securities of Open Country Dairy.

## 7. AGREEMENTS TO ACCEPT OFFER

7.1 By way of an Agreement Relating to Shares in Open Country Dairy Limited between Talley's and Olam dated 23 December 2013 ("**Agreement**"), Olam unconditionally agreed to accept the Offer. The material terms of the Agreement are as follows:

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<sup>5</sup> See footnote 1.

- (a) Talley's agreed to purchase 8,342,788 Shares from Olam ("**Creep Shares**") on 17 January 2014 for \$2.05 per Share and to pay for the Creep Shares on 30 June 2014. Talley's agreed not to dispose of the Creep Shares at a price above \$2.05 per Share prior to 31 December 2014.
- (b) Talley's agreed to make the Offer (being a partial takeover offer for 24.0171% of the Shares not already held or controlled by Talley's at \$1.85 per Share) on the terms set out in the Agreement in accordance with the Takeovers Code and the Agreement by no later than 28 February 2014.
- (c) Subject to the Offer being made in accordance with the Agreement, Olam agreed to accept the Offer for 15,890,000 of the Shares held by Olam ("**Bid Shares**") by no later than 5.00 pm on or before the later of the date which is two business days after the date of despatch of the Offer and the date that Olam receives the Offer.
- (d) Olam agreed not to dispose of the Bid Shares except to accept the Offer. Talley's and Olam agreed not to solicit or encourage any person to acquire any interest in the Creep Shares or the Bid Shares prior to termination of the Agreement, lapse of the Offer or the transfer of Bid Shares to Talley's under the Offer.
- (e) Olam may terminate the Agreement if Talley's fails to pay for the Creep Shares on 30 June 2014 or fails to make the Offer by 28 February 2014.

7.2 Other than disclosed in paragraph 7.1, no person has agreed conditionally or unconditionally to accept the Offer as at the Offer Date.

## **8. ARRANGEMENTS TO PAY CONSIDERATION**

8.1 Talley's confirms that sufficient resources will be available to it to meet the consideration to be provided on full acceptance of the Offer and to pay any debts incurred in connection with the Offer (including the debts arising under rule 49 of the Takeovers Code).

8.2 A statement setting out the rights of each holder of Shares under rule 34 of the Takeovers Code is set out in paragraph 3.2 of the Offer Terms and Conditions.

## **9. ARRANGEMENTS BETWEEN TALLEY'S AND OPEN COUNTRY DAIRY**

9.1 As at the Offer Date, except as set out in paragraphs 7.1 and 9.2, no agreement or arrangement (whether legally enforceable or not) has been made or is proposed to be made between Talley's (or any associate of Talley's) and Open Country Dairy or any related company of Open Country Dairy in connection with, in anticipation of, or in response to, this Offer.

9.2 Olam has asked Talley's to indicate its position on Olam's representation on the board of Open Country Dairy after completion of the Offer. In response, on 18 December 2013 Talley's wrote to Olam to advise that:

- (a) Talley's had no objection to Olam retaining its existing Open Country Dairy board representation after the Offer or to Olam continuing to have that representation while Olam remains a substantial shareholder in Open Country Dairy.
- (b) If circumstances arise that may potentially require a change in Olam's board representation, Talley's will discuss and work with Olam to explore options for Olam to maintain its board representation.

**10. ARRANGEMENTS BETWEEN TALLEY'S, AND DIRECTORS AND OFFICERS OF OPEN COUNTRY DAIRY**

- 10.1 As at the Offer Date, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Talley's or any associate of Talley's and any of the directors or senior officers of Open Country Dairy (or any related company of Open Country Dairy) in connection with, or in anticipation of, or in response to, this Offer.

**11. FINANCIAL ASSISTANCE**

- 11.1 No financial assistance (directly or indirectly) is to be provided by Open Country Dairy, or any related company of Open Country Dairy, for the purpose of, or in connection with, the Offer.

**12. LIKELIHOOD OF CHANGES IN OPEN COUNTRY DAIRY**

- 12.1 Talley's has no present intention to make any material changes to the business activities, material assets or capital structure of Open Country Dairy or its subsidiaries.
- 12.2 The statement in paragraph 12.1 is consistent with the information that has been given by Talley's to any regulatory body (in New Zealand or in an overseas jurisdiction) in relation to the Offer.

**13. PRE-EMPTION CLAUSES IN OPEN COUNTRY DAIRY'S CONSTITUTION**

- 13.1 There are no restrictions contained in the constitution of Open Country Dairy on the right to transfer Shares which would have the effect of requiring holders of Shares to offer such Shares for purchase to members of Open Country Dairy or another person before transferring the securities.

**14. ESCALATION CLAUSES**

- 14.1 There is no agreement or arrangement (whether legally enforceable or not) to which Talley's or any of its related entities is a party, under which any existing holder of equity securities in Open Country Dairy will or may receive in relation to, or as a consequence of, the Offer, any additional consideration or other benefit over and above the consideration set out in the Offer, or under which any prior holder of equity securities in Open Country Dairy will or may receive any consideration or other benefit as a consequence of the Offer.

**15. CLASSES OF SECURITIES**

- 15.1 No report is required under rule 22 of the Takeovers Code (which, if the offer is for more than one class of securities, requires a report by an independent adviser on the fairness and reasonableness of the consideration and terms of the offer as between the different classes of securities).

**16. CERTIFICATE**

- 16.1 To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this Offer Document is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by Talley's under the Takeovers Code.



**Andrew Ivan Talley**  
Person fulfilling the role of Chief Executive Officer  
for the purposes of the Offer  
Talley's Group Limited<sup>6</sup>



**James Rory Ryder**  
Chief Financial Officer  
Talley's Group Limited



**Milan Daniel Talley**  
Director  
Talley's Group Limited



**Peter Ivan Talley**  
Director  
Talley's Group Limited

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<sup>6</sup>While Talley's has no Chief Executive Officer, Andrew Talley, who is a director of Talley's, has fulfilled the role of Chief Executive Officer for the purposes of the preparation of this Offer Document and, as the most relevant senior executive of Talley's, has taken responsibility for the factual accuracy of this statement.