



**Notice of Annual General Meeting
&
Information Memorandum**

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (**Meeting**) of Bega Cheese Limited ABN 81 008 358 503 (**Bega Cheese or Company**) will be held at the Sapphire Coast Turf Club, 1695 Sapphire Coast Drive, Kalaru NSW on Tuesday, 27 October 2015 at 11:00 am.

Business

1. Annual Financial Report and Directors' and Auditor's Reports

To consider the Company's Financial Report and the Directors' and Auditor's Reports for the financial year ended 30 June 2015.

2. Adoption of the Remuneration Report

To adopt the Remuneration Report for the year ended 30 June 2015.

3. Re-election of directors

- (a) Mr Barry Irvin, who retires by rotation in accordance with the Company's Constitution, offers himself for re-election.
- (b) Mr Rick Cross, who retires by rotation in accordance with the Company's Constitution, offers himself for re-election.
- (c) Mr Jeff Odgers, who retires by rotation in accordance with the Company's Constitution, offers himself for re-election.
- (d) Ms Raelene Murphy, who was appointed as a director by the Board and, in accordance with the Company's Constitution, ceases to hold office at this Meeting, offers herself for re-election.

4. Consideration of Shareholding Limit in Constitution

To consider and, if thought fit to pass, the following resolution:

"That, in accordance with Rule 3.10 of the Constitution, the members approve the continuation of the Shareholding Limit under Rule 3 of the Constitution."

Date: 25 September 2015

BY ORDER OF THE BOARD

Brett Kelly
Company Secretary

Bega Cheese Limited

ABN 81 008 358 503

Further information

Right to vote

A member can vote at the Meeting:

- (a) in person;
- (b) by proxy;
- (c) by attorney; or
- (d) by corporate representative (if you are a corporate shareholder).

You will be eligible to attend and vote at the Meeting if you are registered as a holder of shares in the Company at 11:00am on Sunday 25 October 2015.

Proxies

A member entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote for the member. The person appointed as proxy may, but does not need to be, a member of the Company. A proxy form accompanies this notice.

If the member is entitled to cast two or more votes, the member may appoint two proxies. If you appoint two proxies, each will require a separate form. If you require a second proxy form please contact the Company Secretary on (02) 6491 7777. If a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes that each proxy may exercise, each proxy may exercise half of the votes.

An instrument of proxy in which the name of the appointee is not filled in is taken to be given in favour of the Chairperson of the meeting to which it relates.

If the member does not instruct its proxy on how to vote, the proxy may, subject to the restrictions to the voting of undirected proxies outlined below, vote as he or she sees fit at the Meeting.

Please refer to the enclosed proxy form for instructions on completion and lodgement. In order for the appointment of a proxy to be valid, the proxy form MUST be received by the Company at least 48 hours before the time for holding the Meeting. Where the proxy form is executed under a power of attorney, the original or an attested copy of the power of attorney or other authority (if any) under which it is signed MUST also be lodged with the Company at least 48 hours before the time for holding the Meeting. Proxy forms received after this time will be invalid.

How the Chairperson will vote undirected proxies

Subject to the voting restrictions set out in the Voting Restriction Statement below and the *Corporations Act 2001* (Cth) (**Corporations Act**), the Chairperson will vote undirected proxies on, and in favour of, all of the proposed resolutions.

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Voting Restriction Statement

The Company will disregard any votes cast on the resolution relating to the adoption of the Remuneration Report by or on behalf of a member of the key management personnel for the Bega Cheese consolidated group (**Bega Cheese Group**) whose remuneration details are included in the Remuneration Report and any closely related party of such member. However, the Company will not disregard a vote if:

- (a) it is cast by a member of the key management personnel, or a closely related party of such a member, as a proxy appointed by writing that specifies how the proxy is to vote on that resolution; or
- (b) it is cast by the Chairperson as a proxy where the proxy appointment does not specify the way the proxy is to vote on the resolution and expressly authorises the Chairperson to exercise the proxy even if the resolution is connected with the remuneration of a member of the key management personnel,

and the vote is not cast on behalf of a member of the key management personnel or any closely related party of such member. The proxy form prepared by the Company includes this authorisation to enable the Chairperson to vote undirected proxies.

Voting by corporate representative

Corporate shareholders who wish to appoint a representative to attend the Meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the corporate shareholder's representative. The authorisation may be effective either for this Meeting only or for all meetings of the Company.

Lodgement of proxy forms, powers of attorney and authorities

The appointment of a proxy or attorney for the Meeting is not effective unless the instrument appointing the proxy or attorney, and the original or an attested copy of the power of attorney or other authority (if any) under which the instrument is signed, are received by the Company at least 48 hours before the Meeting. Any forms received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

IN PERSON Link Market Services Limited
 Level 12, 680 George Street
 Sydney NSW 2000

BY MAIL Bega Cheese Limited
 C/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235
 Australia

BY FACSIMILE +61 2 9287 0309

ONLINE: at www.linkmarketservices.com.au using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) as shown on the front of the proxy form).

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Explanatory Notes

1. Annual Financial Report and Directors' and Auditor's Reports

The Financial Report, Directors' Report and Auditor's Report for the Company in relation to the year ended 30 June 2015 will be laid before the Meeting. There is no requirement for shareholders to approve these reports. However, the Chairperson will allow a reasonable opportunity for shareholders to ask questions about, or make comments on, the management of the Company.

Shareholders will be given a reasonable opportunity to ask questions of the Board, management or the auditor about the business and management of the Company, or the conduct of the audit and the content of the Auditor's Report.

2. Adoption of the Remuneration Report

The Remuneration Report explains the Company's remuneration policy for directors, chief executive officer and other key management personnel. The Remuneration Report forms part of the Directors' Report.

The vote on this resolution is advisory only and will not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Under the Corporations Act, if 25% or more of votes are cast against the adoption of the remuneration report at two consecutive annual general meetings, shareholders will be required to vote at the second of those annual general meetings on a resolution (**spill resolution**) that another meeting of the Company's shareholders be held within 90 days at which all of the Company's directors (other than the managing director) must go up for re-election.

In accordance with section 250R(4) of the Corporations Act, the Company will disregard any votes cast on this resolution by any member of the key management personnel of the Bega Cheese Group whose remuneration details are included in the remuneration report and any closely related party of such member. However, the Company will not disregard a vote if it is cast by such member of the key management personnel or closely related party as proxy on behalf of a person who is entitled to vote, in accordance with the directions on the proxy form. If the proxy is the Chairperson, the Chairperson can also vote undirected proxies on this resolution provided that the proxy appointment expressly authorises the Chairperson to exercise the proxy even though the resolution is connected with the remuneration of the key management personnel.

Key management personnel of the Bega Cheese Group are the directors of Bega Cheese and other persons having authority and responsibility for planning, directing and controlling the activities of the Bega Cheese Group, directly or indirectly.

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3. Re-election of directors

Barry Irvin

A summary of Barry Irvin's qualifications and experience can be found in the annual report.

Barry Irvin has been a director of the Company since 1989 and was last re-elected as a director of the Company on 31 October 2012. In accordance with the Constitution, and the ASX Listing Rules, he must retire from office at the Meeting, but is eligible to stand for re-election. Mr Irvin offers himself for re-election.

The Chairperson of the Meeting intends to vote undirected proxies in favour of the re-election of Mr Irvin.

Rick Cross

A summary of Rick Cross's qualifications and experience can be found in the annual report.

Rick Cross has been a director of the Company since 2012 and was last re-elected as a director of the Company on 31 October 2012. In accordance with the Constitution, and the ASX Listing Rules, he must retire from office at the Meeting, but is eligible to stand for re-election. Mr Cross offers himself for re-election.

The Chairperson of the Meeting intends to vote undirected proxies in favour of the re-election of Mr Cross.

Jeff Odgers

A summary of Jeff Odgers' qualifications and experience can be found in the annual report.

Jeff Odgers has been a director of the Company since 2012 and was last re-elected as a director of the Company on 31 October 2012. In accordance with the Constitution, and the ASX Listing Rules, he must retire from office at the Meeting, but is eligible to stand for re-election. Mr Odgers offers himself for re-election.

The Chairperson of the Meeting intends to vote undirected proxies in favour of the re-election of Mr Odgers.

Raelene Murphy

A summary of Raelene Murphy's qualifications and experience can be found in the annual report.

Raelene Murphy was appointed as a Director of the Company by the Board on 1 June 2015 and in accordance with the Constitution, she ceases to hold office at the Meeting. Ms Murphy offers herself for re-election.

The Chairperson of the Meeting intends to vote undirected proxies in favour of the re-election of Ms Murphy.

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4. Consideration of Shareholding Limit in Constitution

Rule 3 of the Constitution of Bega Cheese contains provisions that limit the maximum shareholding that may be held in the Company (**Shareholding Limit**).

In summary, the Shareholding Limit operates as follows:

- During the first two years of the Company's listing (16 August 2011 to 16 August 2013), the Shareholding Limit was 5%;
- During the period from the end of the second year of listing up to the fifth anniversary of listing, namely 16 August 2016 (Fifth Anniversary Date), the Shareholding Limit is 10%.
- On or before the Fifth Anniversary Date, the shareholders must consider the continuation of the Shareholding Limit. If shareholders approve its continuation, the Shareholding Limit increases to 15% as from the day after the Fifth Anniversary Date and continues until the tenth anniversary of listing (16 August 2021). If the shareholders do not approve the continuation of the Shareholding Limit, it will cease to apply as from the Fifth Anniversary Date.

As the Fifth Anniversary Date is 16 August 2016, it is convenient for shareholders to consider the continuation of the Shareholding Limit at this Annual General Meeting instead of having a separate meeting.

The resolution included in Item 4 in the attached Notice of Annual General Meeting has been formulated to reflect the requirement, set out in Rule 3.10 of the Constitution, that Bega Cheese seek the approval of the shareholders to the continuation of the Shareholding Limit. As noted above, if shareholders pass this resolution the Shareholding Limit will continue for a further five years (until 16 August 2021) at the higher level of 15%. This will be the last extension of the Shareholding Limit allowed under the Constitution. If the resolution is not passed, the Shareholding Limit will cease to apply after 16 August 2016.

Bega Cheese highlighted the Shareholding Limit in the prospectus prepared for its initial public offer of shares, noting that:

"The purpose of the Shareholding Limit is to provide shareholding stability for the Company for a minimum period following its listing on the ASX and ensure that a controlling interest can only be acquired with the approval of a special resolution (75% vote) of Shareholders."

The Board believes that it is appropriate for the Shareholding Limit to continue to apply at the higher level of 15% for one final period in accordance with the provisions of the Constitution and, accordingly, recommends that shareholders **vote in favour of the resolution included in Item 4** of the Notice of Annual General Meeting.

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In support of this recommendation, the Board notes the following:

- Consistent with the views expressed in Bega Cheese's prospectus, the Shareholding Limit is judged to have served its purpose and allowed the Company to pursue growth initiatives with the benefit of relative shareholder and corporate stability in an active market for dairy businesses.
- During the period since its listing on ASX (while the Shareholding Limit has been in place) the market capitalisation of Bega Cheese has significantly increased and the Company is now included in the S&P/ASX 200 index. The BGA share price at the close of the FY12 year was \$1.60 per share and has increased significantly throughout the period of the current Shareholding Limit to be \$4.33 per share at the close of the FY15 year. The current share price just prior to the date of this notice as at 11 September 2015 was \$4.50. The graph below demonstrates Bega Cheese's relative performance (BGA) in comparison with market indices and selected peers (Warrnambool Cheese & Butter Factory Company Holdings Limited – WCB and Tassal Group Limited – TGR) who did not have Shareholding Limits during the relevant period.



- Looking forward, the Board is optimistic there will be new growth initiatives for the business which it would prefer to implement with the benefit of ongoing shareholding stability that will be provided by the continuation of the Shareholding Limit.
- Importantly, the Shareholding Limit does not preclude a take-over offer being made for Bega Cheese. If a party wishes to takeover Bega Cheese they will need to change or remove the Shareholding Limit in the Constitution, which requires a special resolution (75% vote) of shareholders. A benefit of the Shareholding Limit if a takeover approach is made is that all shareholders might receive the benefit of any premium, as opposed to a situation where an acquirer can build a pre-bid stake at lower prices without paying a premium to some shareholders.
- If shareholders approve the continuation of the Shareholding Limit, it will increase to 15% until 16 August 2021. In the Board's view, the 15% limit allows sufficient scope for investment in Bega Cheese by most investors and, therefore, should not significantly limit liquidity in the trading of Bega Shares.

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While the Board supports the continuation of the Shareholding Limit, some shareholders may take a different view. In the interests of presenting the shareholders with balanced position on the matter, the Board notes the following reasons why shareholders may consider not supporting the continuation of the Shareholding Limit after 16 August 2016:

- Bega Cheese has successfully navigated its initial period of listing on ASX to establish itself as part of the ASX200 and shareholders may feel the Company no longer requires the additional protection of the Shareholding Limit.
- The acquisition of shares in Bega Cheese (like other listed public companies) is subject to regulation under the Corporations Act (including the takeovers provisions), which apply regardless of whether the Shareholding Limit continues.
- A shareholder entitled to (say) 15% of the shares in Bega Cheese might prevent a takeover while the Shareholding Limit continues by voting against the necessary change to the constitution.
- The Shareholding Limit places an unnecessary restriction on investment in Bega Cheese.



Bega Cheese Limited
ABN 81 008 358 503

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Bega Cheese Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: +61 1300 554 474



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PROXY FORM

I/We being a member(s) of Bega Cheese Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box) **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am on Tuesday, 27 October 2015 at Sapphire Coast Turf Club, 1695 Sapphire Coast Drive, Kalaru NSW** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Item 2: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Item 2, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business (refer reverse of this form).

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an .

Items	For	Against	Abstain*		For	Against	Abstain*
2 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3d Re-Election of Ms Raelene Murphy as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3a Re-Election of Mr Barry Irvin as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4 Approve the continuation of the Shareholding Limit under Rule 3.10 of the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3b Re-Election of Mr Rick Cross as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3c Re-Election of Mr Jeff Odgers as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual) Joint Shareholder 2 (Individual) Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary Director/Company Secretary (Delete one) Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF A PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

VOTES ON RESOLUTIONS – PROXY APPOINTMENT

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a Resolution, your proxy may vote as he or she chooses subject to the restrictions applicable to the Resolution relating to the adoption of the Remuneration Report. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

The Corporations Act 2001 (Cth) provides that the key management personnel, whose remuneration details are included in the Remuneration Report, and their closely related parties must not vote on the Resolution to adopt the Remuneration Report. However, a member of the key management personnel or their closely related party who has been appointed as a proxy by a person, other than another member of the key management personnel or their closely related parties:

- can vote on the Resolution to adopt the Remuneration Report where this form specifies the way in which they are to vote on that Resolution; and
- if the proxy is the Chairman, the Chairman can also vote undirected proxies on the Resolution to adopt the Remuneration Report provided that this form expressly authorises the Chairman to vote even though the Resolution is connected with the remuneration of the key management personnel.

Key management personnel of the Company are the Directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2015. Their closely related parties are defined in the *Corporations Act 2001* (Cth), and include certain of their family members, dependants and companies they control.

APPOINTMENT OF A SECOND PROXY

If a shareholder is entitled to cast 2 or more votes at the Meeting, they may appoint 2 proxies. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them **both together**.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together.**

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the Company at least 48 hours before the commencement of the Meeting, unless you have previously lodged this document with the Company. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power

of Attorney to this form when you return it. The Power of Attorney may be lodged in the same manner as this proxy form.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Sunday, 25 October 2015**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be down-loaded for free on your mobile device.



BY MAIL

Bega Cheese Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**