

2 May 2013

Recommended takeover offer

Dear Shareholder

I would like to update you on recent developments regarding GrainCorp.

On 26 April 2013 GrainCorp announced it had entered into a conditional agreement with Archer Daniels Midland Company ("ADM") under which ADM would make a takeover offer to acquire GrainCorp. This was subject to the satisfactory completion of confirmatory due diligence.

On 2 May 2013 GrainCorp announced that the confirmatory due diligence process had been completed and ADM is now required to confirm its takeover offer ("ADM Offer") in accordance with the Takeover Bid Implementation Deed.

Should the ADM Offer be declared unconditional, GrainCorp shareholders will receive \$13.20 per share, comprising a cash payment of \$12.20 per share and dividends totalling \$1.00 per share¹.

The dividends are expected to be fully franked, providing up to an additional \$0.43 per share for those shareholders who can capture the full benefit from franking.

The ADM Offer represents a 15%² increase to ADM's initial approach in October 2012 and a 49% premium to the trading price of GrainCorp's shares prior to the first proposal.

This improvement highlights the strategic value of GrainCorp and the excellent work by management in growing the business and enhancing performance through delivering on our program of operational and strategic initiatives.

The ADM Offer will be subject to a number of conditions including a 50.1 per cent minimum acceptance; and regulatory approvals. The conditions are detailed in the Takeover Bid Implementation Deed available on the GrainCorp website (graincorp.com.au) and will also be outlined fully in a Bidder's Statement.

If the regulatory condition of the ADM Offer has not been satisfied or waived by 1 October 2013, an additional fully franked dividend of 3.5 cents per share will be payable to all shareholders for each full month from October until that condition is satisfied or waived, subject to GrainCorp being profitable over the relevant period.

GrainCorp's Board has indicated it will unanimously recommend the ADM Offer subject to: there being no superior proposal and it continuing to be in the best interests of shareholders; an independent expert determining that the offer is fair and reasonable; and certain regulatory conditions being satisfied or waived by 31 December 2013.

You are not required to do anything at this stage. You will receive full details of the offer in a Bidder's Statement from ADM which is expected to be sent to you in June. At the same time, you will be sent GrainCorp's Target's Statement which will outline the Directors' recommendation and the opinion of the Independent Expert.

In the meantime, if you have any questions you can contact the Shareholder Information line on 1300 883 034 (within Australia) or +61 1300 883 034 (outside Australia) from 3 May 2013.

Yours sincerely



Don Taylor
Chairman

¹ This amount includes any dividend declared relating to the 12 months ending 30 September 2013 which, at the discretion of Directors, may include an interim dividend and / or a full year dividend.

² This premium includes the 35c per share dividend paid in December 2012, following ADM's initial approach.

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