

# NEWS RELEASE

GrainCorp Limited (ASX: GNC)



24 June 2013

## GrainCorp releases Target's Statement in relation to recommended takeover bid

GrainCorp Limited ("GrainCorp") today released its Target's Statement in which the GrainCorp Directors unanimously recommend that shareholders accept the offer from ADM Australia Holdings II Pty Limited ("ADM Australia"), a wholly owned subsidiary of Archer Daniels Midland Company, to acquire all of the GrainCorp shares not already held by it ("Offer"), in the absence of a superior proposal.<sup>1</sup>

The Target's Statement contains GrainCorp's formal response to the Offer, including detailed reasons for the GrainCorp Directors' recommendation, as well as other relevant information for shareholders to consider in deciding whether or not to accept the Offer. Shareholders are advised to read the Target's Statement, together with ADM Australia's Bidder's Statement, carefully and in their entirety.

### The Offer

Should the Offer become unconditional, GrainCorp shareholders who accept the Offer and hold shares at the relevant times will receive cash payments of \$13.20 per share, comprising:

- a payment from ADM Australia of \$12.20 per share; and
- permitted dividends totalling \$1.00 per share. The dividends are expected to be fully franked, providing additional value of up to \$0.43 per share for those shareholders who can capture the full benefit from franking credits.

GrainCorp shareholders may also become entitled to receive an earnings dividend, being a dividend equal to 3.5 cents per share for each full month between 30 September 2013 and the earnings dividend end date (expected to be the date the regulatory conditions of the Offer ("Regulatory Conditions") have been satisfied or waived) ("Earnings Dividend"). The Earnings Dividend is expected to be fully franked and provides compensation to shareholders in the event there are delays in satisfying the Regulatory Conditions. Payment of the Earnings Dividend is subject to GrainCorp being profitable over the period during which the Earnings Dividend accrues, the GrainCorp Directors maintaining their recommendation of the Offer over that period and the Offer becoming unconditional.

### The GrainCorp Directors' recommendation

In making their recommendation for shareholders to accept the Offer, in the absence of a superior proposal<sup>1</sup>, GrainCorp's Directors have carefully considered the following matters, among other factors:

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<sup>1</sup> Any GrainCorp Director may withdraw or change his or her recommendation if any of the Regulatory Conditions have not been satisfied or waived by 31 December 2013, the Independent Expert concludes in any written update to the Independent Expert's Report that the Offer is either not fair or not reasonable or that director ceases to be of the view that the Offer is in the best interests of Shareholders.

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- the cash payments of \$13.20 per share represent a significant premium to GrainCorp's trading prices, prior to the announcement of ADM's initial takeover proposal, including:
  - o a 49% premium to the closing share price of \$8.85 on 18 October 2012, being the last trading day prior to the announcement of ADM's initial takeover proposal;
  - o a 48% premium to the 1 month volume weighted average price of \$8.90 per share to 18 October 2012; and
  - o a 44% premium to the 3 month volume weighted average price of \$9.14 per share to 18 October 2012;
- the Independent Expert, Grant Samuel, has concluded that the Offer is fair and reasonable, in the absence of a superior proposal;
- the GrainCorp Directors believe that the price of GrainCorp shares on the ASX is likely to fall if the Offer is not successful and no superior proposal emerges, at least in the near term;
- no superior proposal has been received by the GrainCorp Board as at the date of the Target's Statement;
- shareholders are being offered the certainty of cash for their GrainCorp shares; and
- shareholders who can capture the full benefit from franking on the permitted dividends will receive additional value of up to \$0.43 per share.

### **Independent Expert's Report**

Included with the Target's Statement is the Independent Expert's Report prepared by Grant Samuel. As mentioned above, the Independent Expert has concluded that the Offer is fair and reasonable, in the absence of a superior proposal, and the cash payments of \$13.20 per share fall within the Independent Expert's valuation range of \$12.74 to \$13.97 per share.

### **Lodgement and Despatch**

A copy of the Target's Statement has today been lodged with the Australian Securities & Investments Commission and given to ASX Limited and ADM Australia. The Target's Statement will shortly be despatched to shareholders and is available for review and downloading on the GrainCorp website (**[graincorp.com.au](http://graincorp.com.au)**).

Shareholders who are in any doubt about what to do should seek independent advice from their legal, financial or other professional adviser. The Offer is scheduled to close at 7pm (Sydney time) on 31 August 2013, unless extended or withdrawn. Shareholders can call the GrainCorp Shareholder Information Line on 1300 883 034 (within Australia) or +61 1300 883 034 (outside Australia) if they require assistance.

Credit Suisse and Greenhill are acting as financial advisers and Gilbert+Tobin is acting as legal adviser.

## **FOR FURTHER INFORMATION**

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