

5 November 2007

Nufarm agrees to exclusivity for acquisition proposal at \$17.25 cash plus a dividend of up to \$0.30 per share

Nufarm advises that it has received a non-binding and conditional proposal from a consortium comprising China National Chemical Corporation ("ChemChina"), The Blackstone Group ("Blackstone") and Fox Paine Management III, LLC ("Fox Paine III") (collectively, the "Consortium") relating to a proposal to acquire, by way of scheme of arrangement, 100% of Nufarm shares for \$17.25 per share. Additionally, Nufarm will pay a dividend of up to \$0.30 per share based on the company's earnings and cashflow prior to the acquisition (for total consideration of up to \$17.55 per share).

Nufarm expects that its earnings and cashflow prior to completion of the transaction will support the payment of the maximum \$0.30 dividend per share.

The Board of Nufarm has thoroughly reviewed the proposal and on the basis that the Consortium agrees to allow Nufarm to pay the maximum \$0.30 dividend per share, has unanimously resolved that it proposes to recommend shareholders vote in favour of the scheme, should it proceed, subject to there being no superior proposal and subject to an independent expert finding that the scheme is in the best interests of Nufarm shareholders.

Nufarm has entered into an Exclusivity Deed with the Consortium to facilitate the negotiation of a Transaction Implementation Agreement. The principal terms of the Exclusivity Deed are set out in Annexure 1.

The proposal of \$17.25 per share and a dividend of up to \$0.30 per share values Nufarm's market capitalisation at up to \$3.0 billion, which represents:

- a 27% premium to Nufarm's closing share price on 30 October 2007, the day before significant takeover speculation in Nufarm shares;
- a 25% premium to Nufarm's volume weighted average share price for the three months prior to 30 October 2007; and
- a 35% premium to Nufarm's volume weighted average share price for the 12 months prior to 30 October 2007.

Commenting on the proposal Nufarm's Chairman Mr. Kerry Hoggard said "we acknowledge the Consortium's proposal which may lead to a transaction which realises fair value for Nufarm shareholders."

As contemplated, the transaction would combine Nufarm with certain agricultural chemical businesses of ChemChina to create the global leader in off-patent crop protection. The Consortium has proposed that the Nufarm management team continue to manage the combined operations of Nufarm and ChemChina, and has indicated that retaining senior management and preserving the Nufarm business culture is an important element of the transaction. The Consortium intends to maintain Nufarm's corporate headquarters in Melbourne.



ChemChina is the largest state-owned, diversified chemical enterprise in China with a significant focus on agricultural chemicals through its ChemChina Agrochemical Corporation subsidiary ("ChemChina Agchem"). At present, ChemChina Agchem is the largest producer of pesticides in China and is focused on growing its agrochemical enterprise, both domestically and through international acquisitions. ChemChina has demonstrated a successful track record of the acquisition and integration of market leading international businesses into the ChemChina group, including Adisseo Group, Rhodia's global silicones and sulfuric businesses and Qenos, Australia's leading petrochemical company.

The involvement of Blackstone and Fox Paine III in the transaction provides additional access to capital and focused expertise to facilitate execution of strategic growth through acquisitions.

The proposed dividend of up to \$0.30 per share does not include and is not affected by the \$0.21 per share dividend which was announced on 26 September 2007 and will be paid to Nufarm shareholders on 9 November 2007. It is customary for Nufarm to pay an interim dividend to shareholders in late April / early May. If the proposed acquisition of Nufarm shares has not completed prior to that time and if the Nufarm Board resolves to pay an interim 2008 dividend at the time Nufarm's 1H2008 results are announced, such dividend would be deemed to be part of the \$0.30 per share amount.

Shareholders should be aware that the Consortium's proposal is subject to a number of significant conditions and that there is no certainty that it will ultimately result in a formal offer to Nufarm shareholders. Nufarm will continue to keep shareholders informed of developments as appropriate.

Nufarm is being advised by Goldman Sachs JBWere and Arnold Bloch Leibler.

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Annexure 1

On 5 November 2007 Nufarm and the Consortium entered into an Exclusivity Deed. The Exclusivity Deed refers to and is based on the proposal submitted by the Consortium and is also based on the response of the Nufarm Board to that proposal as articulated in this announcement. The Exclusivity Deed includes the following principal terms:

- the Exclusivity Deed will terminate on the earlier of:
 - a) execution of a Transaction Implementation Agreement; and
 - b) 10 December 2007,the date on which the Exclusivity Deed terminates is the “Termination Date”;
- from 5 November 2007 to the Termination Date Nufarm will not solicit, invite, facilitate, encourage or initiate proposals which compete with the proposed acquisition of Nufarm by the Consortium, subject to Nufarm Directors’ fiduciary duties;
- from 12 November to the Termination Date Nufarm will provide due diligence to the Consortium;
- subject to various regulatory approvals, Nufarm and the Consortium intend to execute a Transaction Implementation Agreement by 10 December 2007; and
- Nufarm has agreed to reimburse certain out-of-pocket expenses of the Consortium up to a maximum of \$1 million, if a competing proposal, deemed by Nufarm’s Board of Directors to be superior, is received, and subject to certain other conditions.

In addition to the Exclusivity Deed, the Consortium members have each executed Confidentiality Deeds in favour of Nufarm which include standstill provisions.

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