



Company announcement

GrainCorp Limited ABN 60 057 186 035

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PUBLIC ANNOUNCEMENT

Contents for immediate release:

**GRAINCORP LIMITED ANNOUNCES SCRIP TAKEOVER OFFER FOR
RIDLEY CORPORATION LIMITED**

A handwritten signature in black ink, appearing to read "N. Hart".

Nigel Hart
Group Executive – Corporate Services and
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Media Release

GrainCorp Limited ABN 60 057 186 035

FOR IMMEDIATE RELEASE

16 May 2008

GRAINCORP LIMITED ANNOUNCES SCRIP TAKEOVER OFFER FOR RIDLEY CORPORATION LIMITED

GrainCorp Limited ("GrainCorp") (ASX Code: GNC) today announced its intention to make an off-market takeover offer ("the Offer") for all the issued shares in Ridley Corporation Limited ("Ridley") (ASX Code: RIC).

Under the Offer, GrainCorp is offering Ridley shareholders one (1) GrainCorp ordinary share for every nine (9) Ridley ordinary shares.

- ❑ The Offer values Ridley at \$1.39 per share (the "Implied Offer Price"), based on the closing price of GrainCorp shares on 15 May 2008 of \$12.48. The Implied Offer Price implies a Ridley equity value of approximately \$415 million¹ and an enterprise value of approximately \$592 million².
- ❑ The Implied Offer Price represents a premium of 22% to Ridley's one month volume weighted average price up to 15 May 2008 and a premium of 25% to Ridley's three month volume weighted average price up to 15 May 2008.

GrainCorp Managing Director Mr. Mark Irwin said the proposed acquisition has a strong strategic rationale for both companies.

"The acquisition of Ridley will further consolidate our strategy of being Australasia's leading handler and supplier of agriproducts and bulk products.

There is a strong fit between GrainCorp and Ridley given the complementary nature and linkages between the businesses. GrainCorp is already directly involved in the key inputs that represent the majority of stock feed production costs, being grain and other co-products.

Ridley and our subsidiary Allied Mills would process up to 2 million tonnes of grain per annum, providing base load consumption within our average grain receivals of 10 million tonnes per annum."

GrainCorp currently has a relevant interest in approximately 19% of Ridley's issued shares through pre-bid acceptance arrangements.

¹ Assumes 299.2 million ordinary Ridley shares on issue

² Assumes net debt of \$177.3 million as at 30 December 2007 calculated as the sum of interest bearing debt less cash and equivalents

BENEFITS FOR RIDLEY SHAREHOLDERS

GrainCorp's Offer provides compelling benefits for Ridley shareholders including:

- ❑ **Full and fair value**
 - An Implied Offer Price of \$1.39 per Ridley share based on the closing price of GrainCorp shares on 15 May 2008
 - The Implied Offer Price exceeds the closing price of Ridley shares on any day during the two years preceding the announcement of the Offer
 - Potential for scrip-for-scrip Capital Gains Tax rollover relief for Australian domiciled shareholders if certain conditions are met
- ❑ **An attractive up-front premium**
 - The Implied Offer Price represents:
 - A 22% premium to the one month volume weighted average price of Ridley shares up to 15 May 2008
 - A 25% premium to the three month volume weighted average price of Ridley shares up to 15 May 2008
- ❑ **Cash out facility**
 - GrainCorp is considering putting in place arrangements to allow Ridley shareholders to cash out their GrainCorp shares received as consideration under the Offer, subject to regulatory requirements
- ❑ **Enhanced growth opportunities**
 - Ridley shareholders are being offered the opportunity to participate in the significant long-term value generation potential within GrainCorp, including:
 - growth from the removal of the export wheat monopoly, in terms of marketing export bulk wheat and supporting freight, storage and handling arrangements
 - growth and diversification at GrainCorp's 9 port terminals, through business development opportunities involving non-grain products
 - growth in Allied Mills' business (in which GrainCorp has a 60% interest, with Cargill Australia Limited holding 40%) with the commissioning of a new 'state of the art' flour mill at Picton NSW in late 2008 and the expansion of value added flour products to supermarkets and food companies
- ❑ **Clear strategic direction, proven leadership and business integration capability**
 - GrainCorp offers a strong, reputable and successful leadership team that is committed to maximising the operational and financial performance of the business
 - GrainCorp has a proven track record of:
 - integrating businesses as a result of acquisitions worth more than \$400 million in aggregate during the past eight years including Vicgrain, Allied Mills, Grainco and Hunter Grain
 - implementing efficient procurement and supply arrangements for grain and supply chain services for Allied Mills and our other domestic and international customers
- ❑ **Improved liquidity**
 - The market capitalisation of the combined group is anticipated to be in excess of \$1 billion and may warrant inclusion as part of the S&P/ASX 200 index which should provide additional demand for shares and could lead to a re-rating of the combined group
 - The dollar value of GrainCorp's average monthly trading volumes over the six month period to 15 May 2008 exceeds the corresponding value for Ridley by a factor of four

BENEFITS FOR GRAINCORP SHAREHOLDERS

In addition to strengthening GrainCorp's leadership in Australasian agribusiness, the acquisition is accretive to earnings per share for GrainCorp shareholders and will provide material benefits to GrainCorp shareholders, including:

- ❑ **Creation of a clear agribusiness leader with an unmatched footprint in Eastern Australia**
 - The acquisition will result in an overlapping geographic footprint of Ridley's 23 Australian stock feed mills with GrainCorp's 250 country silos and marketing network
 - The combined group will process up to 2 million tonnes of grain per annum, representing approximately 20% of Australia's eastern seaboard domestic grain consumption
- ❑ **Diversification in earnings**
 - Ridley's business mix and stability of earnings will further enhance and diversify GrainCorp's existing earnings
- ❑ **Strengthened position for future growth**
 - The combined group's enhanced scale, greater liquidity and improved access to capital will:
 - facilitate the pursuit of new growth opportunities associated with the removal of the export wheat monopoly, the handling of other bulk products at GrainCorp's ports and further development of Ridley's quality salt assets when such opportunities arise
 - position the combined group for growth including possible broader industry consolidation
 - The acquisition increases GrainCorp's share of the domestic stock feed market and improves access to key market sectors, including poultry and dairy
 - Ridley's North American subsidiary, Ridley Inc., provides an opportunity to secure a presence in the North American grain market and, pending a strategic review, may complement expansion of GrainCorp's international marketing activities
- ❑ **Accretive to earnings per share with achievable synergies anticipated by the second year of full ownership**
 - GrainCorp has successfully integrated and improved the performance of various businesses as evidenced by its previous acquisitions of Vicgrain, Allied Mills, Grainco and Hunter Grain
 - GrainCorp expects the combination of the two companies to result in:
 - material cost savings through the elimination of duplicate corporate costs and other functions
 - improvement in Ridley's grain and co-product procurement in Australia through GrainCorp's accumulation arrangements
 - greater utilisation of GrainCorp's silo, trading and transport network given the proximity of Ridley's Australian stock feed plants to this network

BOARD AND MANAGEMENT

Following the successful completion of the Offer, the GrainCorp Board will consider Ridley director representation on the GrainCorp Board. Mr. Don Taylor will continue as Chairman and Mr. Mark Irwin as Managing Director of GrainCorp.

CONDITIONS OF THE OFFER, DOCUMENTATION AND TIMING

The Offer is subject to certain conditions including a 90% minimum acceptance condition. The conditions are set out in full in the Annexure.

GrainCorp expects to lodge its Bidder's Statement with ASIC and Ridley within three weeks. The Bidder's Statement will be despatched to shareholders, and the offer open for acceptance, approximately two weeks after it is lodged with Ridley.

FURTHER INFORMATION

Lazard Carnegie Wylie is acting as financial advisor, Mallesons Stephen Jaques as legal advisor and KPMG as accounting and tax advisor to GrainCorp in relation to the Offer.

More detailed information about the Offer will be contained in the Bidder's Statement.

CONTACTS

For further information please visit www.graincorp.com.au or contact:

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GrainCorp Limited's (ASX: GNC) vision is to be Australasia's leading handler and supplier of agriproducts and bulk products. GrainCorp operates 250 silos and 9 port terminals on the Australian eastern seaboard for grain and other bulk products and a national and international grain and protein meal trading business. It provides transport and finance services to the rural sector and has a network of farm input service centres.

ANNEXURE: CONDITIONS TO THE GRAINCORP OFFER

1. Minimum acceptance

That during, or at the end of, the Offer Period GrainCorp has acquired a relevant interest in at least 90% by number of the Ridley Shares.

2. No restraining order

That between the Announcement Date and the end of the Offer Period:

- a. there is not in effect any preliminary or final decision, order or decree issued by a Public Authority; and
- b. no application is made to any Public Authority (other than by any member of the GrainCorp Group), or action or investigation is announced, threatened or commenced by a Public Authority,

in consequence of or in connection with the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act), which:

- c. restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely affects, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of GrainCorp in respect of Ridley and the Ridley Shares to be acquired under the Offer; or
- d. requires the divestiture by GrainCorp of any Ridley Shares, or the divestiture of any assets of the GrainCorp Group or the Ridley Group or otherwise.

3. No material adverse effect

That no 'Specified Event' occurs that will, or is reasonably likely to, have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses or prospects of Ridley and its Subsidiaries, including as a result of making the Offer or the acquisition of Ridley Shares pursuant to the Offer.

'Specified Event' means an event, occurrence or matter, other than an event, occurrence or matter ascertainable from information publicly available before the Announcement Date:

- a. that occurs on or after the Announcement Date and before the end of the Offer Period;
- b. that occurs on or before the Announcement Date but is only announced or publicly disclosed between the Announcement Date and the end of the Offer Period; or
- c. that will or is likely to occur following the Offer Period and which has not been publicly announced prior to the Announcement Date.

4. Prescribed occurrences

That during the period beginning on the Announcement Date and ending at the end of the Offer Period, none of the following events happen except with the prior written consent of GrainCorp:

- a. Ridley converts all or any of its shares into a larger or smaller number of shares;
- b. Ridley or a Subsidiary resolves to reduce its share capital in any way;
- c. Ridley or a Subsidiary:
 - i) enters into a buy-back agreement; or
 - ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act;
- d. Other than on exercise of a Ridley Option or Ridley Performance Right, Ridley or a Subsidiary issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;

- e. Ridley or a Subsidiary issues, or agrees to issue, convertible notes;
- f. Ridley or a Subsidiary disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- g. Ridley or a Subsidiary charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- h. Ridley or a Subsidiary resolves to be wound up;
- i. a liquidator or provisional liquidator of Ridley or a Subsidiary is appointed;
- j. a court makes an order for the winding up of Ridley or a Subsidiary;
- k. an administrator of Ridley or of a Subsidiary is appointed under section 436A, 436B or 436C of the Corporations Act;
 - i) Ridley or a Subsidiary executes a deed of company arrangement; or
 - ii) a receiver or a receiver and manager is appointed in relation to the whole, or a substantial part, of the property of Ridley or of a Subsidiary.

5. Distributions and capital reductions

That between the Announcement Date and the end of the Offer Period, Ridley does not make or declare or announce an intention to make or declare any distribution (whether by way of dividend, special dividend, capital reduction or otherwise and whether in cash or in specie) other than any distribution which has been publicly announced by Ridley before the Announcement Date.

6. No material acquisitions, disposals or new commitments

- a. That between the Announcement Date and the end of the Offer Period, Ridley does not:
 - i) dispose or agree to dispose of all or any part of its interest in Ridley Inc.; or
 - ii) consent or approve, or agree to consent or approve, to a disposal by Ridley Inc. of all or a substantial part of its business or assets.
- b. Except for any proposed transaction publicly announced by Ridley prior to the Announcement Date, none of the following events occurs during the period from the Announcement Date to the end of the Offer Period:
 - i) Ridley or a Subsidiary acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$20 million or makes an announcement in relation to such an acquisition, offer or agreement;
 - ii) Ridley or a Subsidiary disposes of, offers to dispose of or agrees to dispose of one or more companies, business or assets (or an interest in one or more companies, businesses or assets) for an amount, or in respect of which the book value (as recorded in Ridley's financial statements dated 30 June 2007) is, in aggregate, greater than \$20 million or makes an announcement in relation to such a disposition, offer or agreement;
 - iii) Ridley or a Subsidiary enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, partnership, management agreement or commitment which would involve a commitment of greater than one year, or require expenditure, or the foregoing of revenue, by Ridley and/or its Subsidiaries of an amount which is, in aggregate, more than \$20 million or makes an announcement in relation to such an entry, offer or agreement.

7. No persons exercising rights under certain agreements or instruments

That, on or after the Announcement Date and before the end of the Offer Period, no person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or other instrument to which Ridley or any Subsidiary of Ridley is a party, or by or to which Ridley or any Subsidiary of Ridley 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 Ridley or Ridley and its Subsidiaries taken as a whole, in:

- a. any monies borrowed by Ridley or any Subsidiary of Ridley being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
- b. any such agreement or other instrument being terminated or modified or any action being taken or arising thereunder;
- c. the interest or rights of Ridley or any Subsidiary of Ridley in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
- d. the business of Ridley or any Subsidiary of Ridley with any other person being adversely affected, as a result of the acquisition of Ridley Shares by GrainCorp.

8. Regulatory approvals

That all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under applicable laws or regulations of all relevant jurisdictions have expired, lapsed or been waived or terminated (as appropriate) and all regulatory obligations in all relevant jurisdictions have been complied with, in each case in respect of the Offer or any matter arising from the proposed acquisition of Ridley by GrainCorp, unless otherwise waived by GrainCorp.

9. Equal access to information

During the period from the Announcement Date to the end of the Offer Period, Ridley promptly provides GrainCorp a copy of all information that is generally not available (within the meaning of the Corporations Act) relating to Ridley or any Subsidiary of Ridley or any of their respective business operations that has been or is provided by Ridley or any Subsidiary of Ridley or any of their respective officers, employees, advisers or agents to any person (other than any member of the GrainCorp Group) for the purpose of, or in connection with, soliciting, encouraging or facilitating a proposal or offer by that person, or by any other person under which:

- a. any person (together with its associates) may acquire voting power of 10% or more in Ridley or any Subsidiary of Ridley;
- b. any person may acquire directly or indirectly, any interest in all, or a substantial part of the business or assets of the Ridley Group; or
- c. any person may otherwise acquire control of or merger or amalgamate with Ridley or any Subsidiary of Ridley.