



10 December 2008

MYOB and Manhattan agree on terms of improved offer

MYOB Limited ("MYOB") and Manhattan Software Bidco Pty Limited ("Manhattan") are pleased to announce that the Board of MYOB has agreed with Manhattan a basis for the restructure of Manhattan's offer for all the outstanding shares in MYOB. Under the restructured offer, the headline price has been improved, the majority of conditions have been removed and greater flexibility has been provided to MYOB shareholders.

The restructured offer from Manhattan is as follows:

- With Manhattan's consent, subject to Manhattan declaring the offer unconditional, MYOB will resolve to pay a special fully franked dividend of 8.15 cents per share, representing value equivalent to 11.64 cents per share grossed up for franking credits, with the record date being the earlier of 30 days after the offer becomes unconditional or 27 January 2009 with payment as soon as practicable thereafter. Manhattan's payment terms and registration of transfers will be timed to ensure shareholders on the register at the record date (including those shareholders that have already accepted the offer) receive the benefit of the dividend;
- Subject to Manhattan's minimum acceptance condition of 50.1% being satisfied, shareholders who accept Manhattan's offer will receive value of \$1.0564 per share. This comprises \$0.94 cash per share and the fully franked special dividend of 8.15 cents per share, representing value equivalent to 11.64 cents per share grossed up for franking credits;
- If Manhattan receives acceptances of at least 50.1%, Manhattan will establish an institutional acceptance facility under which all shareholders (both institutional and retail) can lodge acceptance instructions on the condition that the offer is increased to a value of \$1.1564 per share ("90% IAF");
- If acceptances received by Manhattan and the shares held in the 90% IAF total 90% or more of shares on issue, MYOB shareholders will receive value of \$1.1564 per share. This comprises \$1.04 cash per share and the fully franked special dividend of 8.15 cents per share, representing value equivalent to 11.64 cents per share grossed up for franking credits;
- MYOB will offer option holders the cancellation of their options in return for a payment of \$1.1215 less the strike price, plus any accrued capital returns conditional upon, amongst other things, 90% acceptances being received by Manhattan and the offer being increased. Payment by MYOB of the consideration under those agreements will be funded by Manhattan.

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The directors of MYOB unanimously recommend that, in the absence of a higher offer, shareholders lodge acceptance instructions with respect to their shareholdings into the 90% IAF, once established. The directors of MYOB intend, in the absence of a higher offer, to lodge acceptance instructions into the 90% IAF.

Simon McKeon, Chairman of the MYOB Board, stated, "The Board is pleased that we have been able to agree an improvement to the bid structure, which now allows shareholders to gain a higher price for their shares without risking being forced into accepting the lower price. We encourage shareholders to think carefully about the options presented to them. Whilst the Board is not recommending accepting the lower bid, the Board notes that the offer will not proceed unless 50.1% acceptances are received prior to 18 December, either directly or into the existing acceptance facility. The Board is unanimous in its recommendation that shareholders lodge acceptance instructions into the 90% IAF, once established. Furthermore, all Board shareholders have indicated they intend to accept into the 90% acceptance facility, in the absence of a higher offer."

Andrew Gray, Chairman of Manhattan, stated, "We are pleased that the MYOB Board has agreed to the restructure of Manhattan's offer and we look forward to working closely with MYOB to facilitate acceptances such that our offer may be increased".

Manhattan will waive the defeating conditions to its offer referred to in sections 8.7 (c), (d), (e) and (f) of its Bidder's Statement, being the No Material Adverse Change, Earnings Confirmation, Cash Confirmation and Liabilities Confirmation conditions. This means that Manhattan's offer will be subject only to the defeating conditions 8.7(a) (minimum acceptance), 8.7(i) (no dividends), 8.7(j) and 8.7(k) (prescribed occurrences).

Manhattan also notes that it has received confirmation from its bank syndicate that it has agreed to the waiver of the offer conditions referred to above (sections 8.7 (c), (d), (e) and (f)) and to the waiver of the material adverse change condition referred to in section 4.6(i) of the Manhattan Bidder's Statement.

Shareholders should seek their own independent advice regarding tax consequences of accepting the offer and their entitlement to the dividend.

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