



4 September 2009

Company Announcements
Australian Securities Exchange

Elders announces comprehensive recapitalisation and refinancing

Key points

- Equity Raising of up to \$550 million (underwritten to \$475 million)
- Commitments from lenders to restructure debt funding with bulk of term debt on 3 year term
- Gross proceeds of over \$700 million realised or expected to be realised from asset sales by 2009 calendar year end
- Gearing reduces to 14% on a pro forma basis and pro forma net debt reduces from \$997 million to approximately \$200 million post the expected asset sales and the Equity Raising

Elders Limited (Elders) announces that it has completed equity raising initiatives and agreed credit terms which will provide the Company with a strong and sustainable balance sheet and renewed long term debt facilities, designed to underpin a secure outlook for the business.

The equity raising consists of a \$400 million fully underwritten conditional placement to institutional investors (Conditional Placement) and a share purchase plan of up to \$150 million (SPP), resulting in a total equity raising of up to \$550 million (Equity Raising). The SPP is underwritten to \$75 million. Both the Conditional Placement and SPP are conditional on shareholder approval at an Extraordinary General Meeting to be held on 15 October 2009.

The Equity Raising, debt refinancing and asset sales previously announced represent the culmination of a comprehensive restructuring and repositioning of the business carried out over the last 10 months under the Agenda for Change.

Elders Chief Executive Malcolm Jackman said, "The recapitalisation and refinancing secure our future, providing us with the strong balance sheet required to achieve our near term and longer term objectives.

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"Completion of the Equity Raising will provide the capital injection necessary to secure the longer term financing we have been seeking, thereby removing the uncertainty which has weighed on our business over the past 12 months.

"The Company now has the capacity to fully capitalise on the strong brand value, market appeal and earnings potential of the iconic Elders brand and network going forward."

Details of the Equity Raising

The \$400 million Conditional Placement was priced at \$0.15 per share and received strong support from existing institutions and new investors.

QBE will subscribe for \$55 million worth of New Shares as part of the Conditional Placement at the offer price of \$0.15 per share. This amount comprises \$45 million negotiated at the time of the sale of the Elders general insurance businesses announced on 31 July 2009, and a further \$10 million investment made as part of this Equity Raising. Following the Equity Raising, QBE will be a key cornerstone investor with a shareholding of approximately 8.2% to 9.2%.

The SPP will provide each shareholder with the opportunity to subscribe for up to \$20,000 worth of New Shares at the offer price of \$0.15 per share, to raise up to \$150 million. The SPP will open on 14 September 2009 and close on 23 October 2009. Should there be a shortfall in the take up of New Shares offered pursuant to the SPP, individual shareholders may be allowed to subscribe for additional shares over and above the \$20,000 limit.

Mr Jackman said: "While the structure of the Equity Raising has been tailored to secure the fully underwritten raising needed by the Company, we have also sought to provide the best possible opportunity for retail shareholders to participate by way of a substantial share purchase plan, at the same offer price as institutional investors received under the Conditional Placement.

"Approval and completion of the Equity Raising, together with the refinancing, will give Elders' shareholders, clients and employees a much stronger company which can now address its future with great confidence and even greater energy."

The \$400 million Conditional Placement has been fully underwritten, and the SPP has been underwritten to \$75 million, by Goldman Sachs JBWere and RBS.

The Conditional Placement and SPP (including the limit of \$20,000) are subject to shareholder approval by ordinary resolution at an Extraordinary General Meeting scheduled for 15 October 2009. Institutional investors who participated in the Conditional Placement will be ineligible to vote on the resolution to approve the Conditional Placement.

The key dates relating to the Equity Raising are set out in the Appendix.

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Debt repayment and refinancing

The net proceeds from the Equity Raising and asset sales previously announced, as agreed or expected, will be used to repay debt and recapitalise Elders' balance sheet. Assuming completion of these initiatives, Elders' pro forma gearing reduces to 14% and pro forma net debt / forecast FY 2010 EBITDA reduces to 1.5x.^{1,2} In addition, pro forma net debt as at 30 June 2009 reduces from \$997 million to approximately \$200 million.

Elders has received commitments from its lenders to restructure its debt funding with the bulk of the term debt on a 3 year term. The refinancing is subject to certain conditions, including entry into definitive documentation.

As part of the refinancing, Elders has negotiated terms and conditions which reflect a strongly recapitalised and repositioned business. Moving forward, Elders will be subject to three financial covenants as disclosed in Section 6.3 of the Prospectus. The covenant package has been designed to provide Elders with substantial headroom to facilitate the expected turnaround and growth in the business and better cater for variability in the seasonal cash flows.

Under this debt package, Elders has also suspended distributions to hybrid investors for a period of 2 years. Dividends on ordinary shares can not be paid until after 31 March 2012 and upon satisfaction of several conditions.

Outlook for FY2010

Elders' 2010 financial year will commence on 1 October 2009 and conclude on 30 September 2010.

The Company has reviewed its financial performance outlook during the course of its refinancing with the assistance of independent accountants. The review has confirmed Elders' expectation of strong recovery in EBIT generation by Rural Services, as well as improved EBIT outcomes from Futuris Automotive and ITC.

Financial projections made at this stage are necessarily subject to change given the variation that can arise from factors such as seasonal and economic conditions and MIS sales over the next 13 months. Subject to these factors and as set out in the Prospectus, Elders expects underlying EBIT to turnaround in 2010 from \$16.8 million to \$84.2 million. Underlying NPAT from continuing operations is forecast to be \$55.7 million. See sections 6 and 7 of the Prospectus referred to below for further details of the assumptions underlying, and risks associated with, these financial projections.

Prospectus and shareholder enquiries

The offers comprising the Equity Raising will be made pursuant to a Prospectus lodged with the Australian Securities and Investments Commission today. Eligible shareholders will receive a copy of this Prospectus including a personalised

¹ Pro forma gearing based on 30 June 2009 pro forma balance sheet with gearing defined as net debt to equity

² Excludes amounts under Elders' securitisation programme and the indebtedness of certain joint ventures to which Elders is a party or entities in which Elders has a minority interest. Pro forma amounts are calculated on the basis described in Section 5.1 of the Prospectus and include assumed \$550 million proceeds post Conditional Placement and SPP, proceeds of insurance and timber sales, proposed but not yet agreed Hi-Fert sale (at book value) and the refinancing

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Application Form in relation to the SPP which they will need to complete in order to subscribe for New Shares under the SPP.

Shareholders who wish to obtain a copy of the Prospectus or have any queries about the SPP should contact the Elders Shareholder Information Line on 1300 022 710 (within Australia) or +61 3 9938 4347 (from outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday during the SPP offer period or go to the Elders website at www.elders.com.au.

The recapitalisation transactions and the financial projections referred to in this announcement are described in more detail in the Prospectus. The Prospectus contains important information including risk factors and foreign selling restrictions with respect to the Equity Raising. Investors should read the Prospectus carefully in its entirety before deciding to subscribe for New Shares under the Equity Raising.

Financial results for 12 months ended 30 June 2009

Elders today announced its financial results for the 12 months ended 30 June 2009:

- Underlying results impacted by market volatility and buyer uncertainty across all divisions, with prices, margins and volumes all substantially lower than in FY2008
- Total underlying³ EBIT of \$16.8 million
- Underlying loss of \$26.9 million after tax from continuing operations, within guidance
- Non-recurring items after tax of \$388.5 million arising from the Agenda for Change and impact of market conditions on asset valuations
- Reported loss after tax and minorities of \$415.4 million

Further detail regarding the financial results for the 12 months ended 30 June 2009 is reported in the Appendix 4F announcement released to ASX today.

Further Comment:

Malcolm Jackman 0439 642 876
Chief Executive Officer

Further Information:

Don Murchland 0439 300 932
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Chief Financial Officer

Elders is being advised by Caliburn Partnership, Goldman Sachs JBWere and Freehills.

³ Excludes significant items and discontinued operations

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Important Information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy securities in the United States, or to any person that is, or is acting for the account or benefit of, any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933 (the "U.S. Securities Act") ("U.S. Person")). The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless the securities are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available.

The pro forma financial information included in this announcement does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Readers should also be aware that certain financial data included in this announcement are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. The disclosure of such non-GAAP financial measures in the manner included in this announcement would not be permissible in a registration statement under the Securities Act. Elders believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and conditions of Elders. These non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Readers are cautioned, therefore not to place undue reliance on any non-GAAP financial measures and ratios included in this announcement.

This announcement may contain certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Elders, and its officers, employees, agents or associate, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. Readers are cautioned not to place undue reliance on forward-looking statements. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, Elders disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this presentation to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

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Appendix

Key dates⁴

Record Date for SPP	7.00pm (Sydney time) 4 September 2009
SPP opens	14 September 2009
Extraordinary General Meeting to vote on Conditional Placement and SPP	15 October 2009
Settlement of Conditional Placement	19 October 2009
Normal trading of New Shares issued under the Conditional Placement expected to commence on ASX	20 October 2009
SPP closes	5.00pm (Sydney time) 23 October 2009
Normal trading of New Shares issued under the SPP expected to commence on ASX	3 November 2009

⁴ The above timetable is indicative only. Elders reserves the right to amend any or all of these events, dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Elders reserves the right to extend the closing dates for the offers, to accept late applications either generally or, in particular cases, to withdraw the offers without prior notice. The commencement of quotation of the New Shares is subject to confirmation from ASX