

**IMMEDIATE RELEASE**

**30 July 2010**

**GRAINCORP AND AWB ENTER INTO MERGER IMPLEMENTATION DEED:  
CREATING AUSTRALIA'S LEADING DIVERSIFIED AGRIBUSINESS**

GrainCorp Limited (GrainCorp) and AWB Limited (AWB) today announced they have entered into a Merger Implementation Deed (MID) under which GrainCorp will merge with AWB under a Scheme of Arrangement (Scheme) between AWB and its shareholders.

**Highlights:**

- **Creates one of Australia's largest diversified agribusinesses, operating in the grains, merchandise, fertiliser and livestock sectors, that is also the world's fourth largest commercial malt producer**
- **Combined company market capitalisation over \$2 billion, an ASX 100 company**
- **EPS accretive for both GrainCorp and AWB shareholders with synergies in excess of \$40 million per annum to be realised**
- **Increased attractiveness to investors with greater stock liquidity, improved access to capital, significant efficiencies**
- **Directors of GrainCorp and AWB unanimously support the proposal**

**Scheme of Arrangement**

GrainCorp will issue to AWB shareholders, one GrainCorp share for every 5.75 AWB shares they own subject to an AWB shareholder vote. The transaction will result in a nil premium merger with the exchange ratio based on the volume weighted average prices of shares in each company over the last six months.

GrainCorp's shareholders will hold 58%, and AWB shareholders 42%, of the merged company.

The Directors of AWB will commission an Independent Expert's report to determine whether the Scheme is in the best interests of AWB shareholders.

Subject to the Independent Expert confirming that the Scheme is in the best interests of shareholders and absent a superior proposal, each of the directors of AWB will recommend that AWB shareholders vote in favour of the Scheme and the removal of the 10% shareholder cap to permit the scheme, and have indicated they intend to vote in favour of the Scheme and the shareholder cap removal in relation to their own shares.

The Scheme is conditional on certain regulatory and other approvals and conditions that are set out in the MID attached to this announcement. The necessary regulatory processes are expected to be completed during the second half of 2010.

AWB has agreed to customary obligations that limit its ability to engage with third parties on a competing proposal, although these obligations are subject to fiduciary exceptions. The MID attached to this announcement contains full details of these arrangements. A break fee of 1% of the transaction value is payable by AWB in certain circumstances.

**Strategic Rationale**

GrainCorp Chairman Mr Don Taylor said, "The merged company will have the scale to compete more effectively against the large global grain companies now competing domestically, and exporting grain from Australia, and places us in a strong position to take advantage of the growing food demand from Asia, the Middle East and North Africa."

AWB Chairman Mr Peter Polson said "The merger will deliver synergies of in excess of \$40 million per annum. There are obvious benefits in merging the two head offices and by cutting duplication throughout the organisation. "

Mr Taylor said, "The merged company will be one of the largest rural focused businesses in the ASX 100. Australian grain growers will benefit from stronger relationships with international buyers and a wider range of grain marketing alternatives, continued operation of AWB pools, finance and rural merchandising services. The new company will be a significant grain exporter, a leading Australian flour miller and the world's fourth largest commercial malt producer."

Mr Polson said, "The business and geographic diversification that results from combining these two companies, delivers a more stable earnings profile for shareholders, with the potential for increased revenues and reduced earnings risk across the company's operations."

Mr Taylor said, "Shareholders, staff and customers will benefit from a business focused on the significant growth opportunities in rural and regional Australia. The combination of grains, wool, livestock and a major rural retail business will provide unique insights and opportunities."

### **Board, Governance and Management**

Under the merger proposal, AWB Chairman, Mr Peter Polson, will become Chairman of the new company, GrainCorp Chairman Mr Don Taylor, will become Deputy Chairman and Ms Alison Watkins, Managing Director of GrainCorp, would become Managing Director. The Chief Financial Officer (CFO) of AWB, Mr Philip Gentry will become CFO of the merged entity. The two boards will merge.

The senior management team of the combined company will be drawn from the current management teams of both GrainCorp and AWB.

The merged entity will operate as GrainCorp Limited. The corporate head office will be located in Sydney, and business functions shared across the locations where best suited.

The intention, in the absence of unforeseen circumstances, is for GrainCorp to pay a final fully franked dividend of approximately 10 cents per share, to which AWB shareholders will be entitled following implementation of the Scheme, and a 5 cent per share fully franked special dividend to all shareholders of the merged company.

### **Timing**

Subject to the Supreme Court making appropriate orders, it is currently expected that AWB shareholders will be sent Scheme Documentation in September 2010. This will contain the basis for the AWB Board's recommendation and an Independent Expert's Report.

AWB Shareholders will vote at a Scheme Meeting, expected to be held in late 2010. If the Court makes an order approving the Scheme, the Scheme will become effective on the date determined by the Court, and GrainCorp and AWB will become bound to implement the Scheme.

### **For further information:**

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### **Advisers**

GrainCorp advised by Flagstaff Partners

AWB advised by Deutsche Bank

Legal advisers to GrainCorp – Gilbert and Tobin

Legal advisers to AWB – Freehills