



ASX / NZX / Media Release

Lion Nathan and Kirin Agree Key Offer Terms

Sydney, 27 April 2009: Lion Nathan Limited ("Lion Nathan") today announced that Lion Nathan's Independent Board Committee ("IBC")⁽¹⁾ and Kirin Holdings Company, Limited ("Kirin") had agreed key terms under which Kirin would acquire all of the issued shares in Lion Nathan that it does not already own for an offer consideration of \$12.22 per share (the "Offer").

The IBC agreed that subject to the finalisation of a satisfactory Scheme Implementation Agreement ("SIA"); no superior proposal emerging; and confirmation from an independent expert that the Offer is in the best interests of Lion Nathan's non-Kirin shareholders, it would unanimously recommend to shareholders that they approve the Offer.

The Offer is intended to be effected by way of a scheme of arrangement under section 411 of the Corporations Act and is subject to non-Kirin shareholder approval and other approvals (amongst other matters). The key terms of the Offer are set out in Appendix A.

Summary of the Offer

- **Cash consideration of \$12.22 per share (comprising scheme cash consideration of \$11.50 per share and a fully franked cash payment of \$0.72⁽²⁾ by Lion Nathan, collectively the "Offer Consideration")**
 - **Including the franking benefits attached to the payment from Lion Nathan, the Offer Consideration has a value of up to \$12.37 per share for certain classes of shareholders**
- **Offer values Lion Nathan at \$6.5 billion on an equity basis and \$8.2 billion on an enterprise value basis⁽³⁾**
- **Transaction is intended to be implemented by way of a scheme of arrangement**
- **The IBC will recommend that Lion Nathan's non-Kirin shareholders vote in favour of the transaction, subject to the finalisation of a satisfactory SIA, no superior proposal emerging and confirmation by an independent expert that the Offer is in the best interests of non-Kirin shareholders**

The Offer Consideration of \$12.22 per share represents a premium of:

- 47.1% to the ASX closing share price of \$8.31 on Wednesday 22 April 2009 (the day prior to Lion Nathan's announcement of the receipt of an indicative privatisation proposal);
- 52.9% to the volume weighted average ASX share price (VWAP) of \$7.99 in the one month up to and including 22 April 2009; and
- 48.9% to the VWAP of \$8.20 in the three months up to and including 22 April 2009.

(1) The IBC comprises all of the Directors of Lion Nathan other than Kirin representatives. The Board has established protocols and procedures so that any potential conflicts of interest are managed.

(2) The amount of the fully franked cash payment will be reduced by the amount of any interim dividend determined.

(3) Based on fully diluted shares of 534.2 million and reported net debt as at 30 September 2008 of \$1,629 million.

The Offer Consideration compares favourably with recent precedent transaction multiples and represents:

- 13.8 times reported FY08 EBITDA of \$592 million; and
- 12.5 times mean consensus broker forecasts of FY09 EBITDA of \$654 million⁽⁴⁾.

The IBC and Kirin will work together to determine the most appropriate form of fully franked cash payment, having regard to shareholder objectives.

The Chairman of Lion Nathan, Mr Geoff Ricketts said: "The Independent Board Committee of Lion Nathan will unanimously recommend that non-Kirin shareholders approve the Offer, subject to agreeing a satisfactory scheme implementation agreement, no superior proposal emerging and an independent expert's opinion confirming that the Offer is in the best interests of non-Kirin shareholders."

Mr Ricketts went on to say: "We believe this is a very attractive outcome for Lion Nathan's non-Kirin shareholders. It is a compelling Offer at a significant premium to Lion Nathan's share price."

"The company has provided strong shareholder returns over the last few years. For non-Kirin shareholders who did not exit the business through Kirin's initial acquisition in April 1998, the Offer Consideration implies a total shareholder return of 338%⁽⁵⁾, compared to 101% for the ASX S&P 200 over the same period."

Lion Nathan understands that it will be an integral part of Kirin's growth strategy in the region and that the transaction will create exciting employment opportunities for existing management and people across the enlarged group. At this stage Lion Nathan management have had no engagement with Kirin on their specific roles.

Other Information

The two organisations have signed a scheme process agreement specifying that:

- Kirin will undertake a limited amount of confirmatory due diligence; and
- Kirin and Lion Nathan will use best endeavours to agree and execute the detailed terms of a mutually satisfactory SIA over the next 7 days which will reflect the commercial terms which have been agreed and are detailed in Appendix A.

Next Steps

After the SIA is signed and in due course, Lion Nathan shareholders will receive a scheme booklet containing full details of the Offer, including a copy of the independent expert's report. Further details on an anticipated transaction timetable will be provided in due course.

Lion Nathan has engaged Caliburn Partnership as financial adviser and Mallesons Stephen Jaques as legal adviser.

Enquiries to:

Media James Tait Corporate Affairs Director Phone: +61 2 9320 2236 Mobile: +61 (0) 400 304 147 Email: james.tait@lion-nathan.com.au	Investors Caroline Veitch Investor Relations Director Phone: +61 2 9290 6615 Mobile: +61 (0) 404 447681 Email: caroline.veitch@lion-nathan.com.au
Caliburn Partnership Ron Malek Joint Chief Executive Phone: +61 2 9229 1409 Mobile: +61 (0) 411 422 885	Caliburn Partnership Roger Feletto Managing Director Phone: +61 2 9229 1420 Mobile: +61 (0) 418 485 190

(4) Based on the average of broker forecast FY09 EBITDA of \$654m included within broker reports issued since Lion Nathan's H1'09 results announcement on 24 April 2009 (ABN Amro, Citigroup, Credit Suisse, GSJBW, Merrill Lynch and UBS).

(5) Based on Lion Nathan's 3 month VWAP prior to 27 April 1998 (including trading on both the ASX and NZX) and including dividends paid up to 22 April 2009.

Appendix A

Scheme Process Agreement

Agreed Proposal

- 1 Each of the directors of Lion Nathan (other than the Kirin Nominee Directors) recommends the Proposal in the absence of a superior proposal and subject to:
 - the Independent Expert expressing an opinion that the Proposal is in the best interests of the minority shareholders of Lion Nathan;
 - agreeing a satisfactory Implementation Agreement.

- 2 The terms of the Proposal are as follows:
 - a) Transaction to be implemented by scheme of arrangement.
 - b) Minority Lion Nathan shareholders will receive A\$11.50 per share from Kirin (“Kirin Payment”).
 - c) An additional special fully franked payment by Lion Nathan of A\$0.72 per share (including a proposed fully franked interim dividend of \$A0.22 per share) (“Additional Payment”).
 - d) The parties will work together in good faith to finalise the terms for the making of the Additional Payment.
 - e) The aggregate of 2(b) and 2(c) is a payment to minority Lion Nathan shareholders of A\$12.22. The value of the Proposal has been assessed by Lion Nathan directors on this basis.
 - f) Standstill on the terms proposed by Lion Nathan.
 - g) Implementation of the Proposal subject to the following key conditions precedent:
 - i) receipt of any required third party, regulatory or other consents; and
 - ii) there being no material adverse change (that concept to be reasonably agreed and to exclude from its operation any subsequent regulatory change or matter/event that does not relate specifically to Lion Nathan’s business) in the business of Lion Nathan between the date of this agreement and completion of the Transaction; and
 - iii) other customary conditions precedent concerning the scheme process.
 - h) Parties to cooperate to ensure that all outstanding Achievement Rights are acquired by Kirin or otherwise dealt with by the Record Date.
 - i) Parties would use best endeavours to complete a short and focussed confirmatory due diligence within 4 days.
 - j) Parties would use best endeavours to agree and execute an Implementation Agreement within 7 days.