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## **COMPANY ANNOUNCEMENT**

29 December, 2009

### **Strategic investment from Sumitomo and \$250m capital raising**

Nufarm Limited ("Nufarm") announced today that it has executed a Memorandum of Understanding ("MoU") with Sumitomo Chemical Company Limited ("Sumitomo") relating to a proposed strategic investment in Nufarm by Sumitomo.

Under the terms of the MoU, the Nufarm Board will (in the absence of a superior proposal) unanimously recommend the proposal from Sumitomo to acquire 20% of the issued ordinary shares of Nufarm from Nufarm shareholders for \$14.00 cash per share via a tender offer (the "Tender Offer"). Nufarm and Sumitomo will also enter into an agreement to co-operate across a number of business areas. Sumitomo will be invited to nominate one Director to the Nufarm Board following successful completion of the Tender Offer.

Following completion of the Tender Offer, Nufarm will undertake a \$250 million equity capital raising via a renounceable entitlement offer to all Nufarm shareholders, including Sumitomo (the "Entitlement Offer").

Nufarm's Chairman, Mr Kerry Hoggard welcomed Sumitomo's proposed investment in Nufarm saying "Sumitomo's proposal places an appropriate value on the company and provides all Nufarm shareholders with the opportunity to realise a fair price for some of their shares. It also establishes a strategic relationship between Nufarm and Sumitomo that is expected to deliver meaningful benefits to Nufarm and its shareholders."

"The companies have reached an in-principle agreement to co-operate across a number of areas, including research and development and co-distribution. Sumitomo's crop protection business generates annual sales of approximately US\$1.3 billion and its product portfolio is complementary to that of Nufarm, with more than 40% of revenues relating to sales of insecticides. Sumitomo also has excellent research capabilities and is represented in markets around the world."

"This investment and the resulting benefits to the business are expected to provide Nufarm with access to additional new products and increased opportunities to expand and strengthen Nufarm's position in various crop segments and geographic markets," Mr Hoggard said.

Mr Hoggard, added "the capital raising will allow existing shareholders to maintain their ownership interest in Nufarm at an attractive price while strengthening Nufarm's balance sheet and placing the company in a better position to pursue growth opportunities."

Sumitomo Representative Director and Agriculture Sector President, Mr Kenjiro Fukubayashi said he was very excited to be entering into a strong relationship with Nufarm.

“Nufarm is a first class company with strong growth prospects and Sumitomo looks forward to identifying additional opportunities for co-operation.”

### **Strategic investment from Sumitomo**

It is proposed that Sumitomo will make an offer to acquire 20% of the issued ordinary shares in Nufarm via the Tender Offer under which all Nufarm shareholders will have the opportunity to sell at least 20% of their Nufarm shares to Sumitomo at a cash offer price of \$14.00 per share. Nufarm shareholders who wish to sell more than 20% of their shares under the Tender Offer will have the opportunity to elect to do so, subject to other Nufarm shareholders not electing to sell 20% of their shares into the Tender Offer, and subject to pro-rata scaleback.

Shareholders who accept into the Tender Offer will be able to withdraw their acceptances at any time prior to close of the offer period.

Sumitomo has agreed that if a takeover offer or scheme proposal is made for Nufarm, at a price that exceeds Sumitomo’s weighted average purchase price for Nufarm Shares, Sumitomo is required to accept such takeover offer, or vote in favour of the scheme. These obligations will not operate until 12 months after the close of the Tender Offer period, and will cease to operate 15 years thereafter. These obligations will also be subject to Sumitomo’s right to make a matching or superior proposal.

The Tender Offer has been recommended by Sumitomo’s Management Committee but is subject to final approval by the Sumitomo Board, which is scheduled to meet on January 22. The Tender Offer is also subject to Nufarm shareholder approval which will be sought at a shareholder meeting in early March. Documentation providing details of the Tender Offer and Sumitomo’s obligations in relation to its shareholding in Nufarm will be sent to Nufarm shareholders prior to the shareholder meeting.

The Tender Offer will not be subject to any financing conditions. Nufarm has agreed to make available to Sumitomo information about its business which is needed to further develop the framework of the relationship between the parties.

Sumitomo has advised Nufarm that it has sought and received approval from Australia’s Foreign Investment Review Board for an investment in Nufarm.

If Sumitomo Board approval and Nufarm shareholder approval is obtained the Tender Offer will be made to shareholders in early March, with a proposed offer closing date in early April.

Nufarm has agreed that until the close of the Tender Offer period, it will not solicit or engage in discussions concerning competing proposals or transactions for Nufarm Shares. Nufarm has also agreed to notify Sumitomo if it is approached by a third party in relation to a competing transaction. All of the exclusivity, non solicitation and notification obligations are subject to a fiduciary exception - the obligations will not apply to Nufarm if the Nufarm Board has determined in good faith and acting reasonably (after consultation with Nufarm’s external legal adviser), that complying with the obligations in those clauses would be inconsistent with, or would constitute or give rise to a breach of the fiduciary or other legal duties of any Nufarm director.

Sumitomo has agreed that it may not acquire any Nufarm shares utilising the creep provisions in section 611(9) of the Corporations Act as a result of which it would have a Relevant Interest in more than 23% of the issued shares in Nufarm, without Nufarm's prior written consent.

### **Capital raising**

Following completion of the proposed Tender Offer, Nufarm will undertake an equity capital raising, via a renounceable entitlement offer to all shareholders. Sumitomo has undertaken to fully take up its entitlement under the Entitlement Offer, which would maintain its ownership interest in Nufarm acquired under the Tender Offer.

The Entitlement Offer will raise \$250 million and has been fully underwritten by UBS AG, Australia Branch. This announcement is not a prospectus or an offer document, and does not constitute an offer of securities.

Full details of the Entitlement Offer, including the offer price, will be sent to eligible Nufarm shareholders following completion of the Tender Offer.

### **Nufarm refinancing update**

Nufarm's Managing Director, Doug Rathbone, today provided an update on Nufarm's refinancing program, saying all renewals (approximately \$1 billion) scheduled to be completed by the end of the 2009 calendar year have been completed.

"Our focus on reducing working capital over the course of the full year is also on target and – together with today's announced capital raising – our balance sheet is expected to be in a strong position at year end, allowing us to pursue growth opportunities and to continue to support the ongoing needs of the business."

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### **About Sumitomo Chemical Company Limited**

Sumitomo Chemical Company Limited (SCC) is a publicly listed company based in Tokyo, Japan. SCC generates total annual revenues of approximately US\$19 billion. Sumitomo's crop protection business is one of its core businesses in the Life Science Sector, in which it continues to pursue further growth opportunities. The crop protection business is the market leader in Japan and has 27 sales subsidiaries in markets around the world.

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