

Tuesday, 24 August 2010

## **AWB Board recommends Agrium's proposal**

On 20 August 2010, AWB Limited announced that it had entered into a scheme implementation agreement with Agrium Inc., under which Agrium would acquire all of the issued capital of AWB under a scheme of arrangement at a price of A\$1.50 per share, subject to foreign investment and shareholder approval.

AWB announces that the Board has today unanimously recommended that, in the absence of a superior proposal and subject to the independent expert opining that the scheme is in the best interests of AWB shareholders, shareholders vote in favour of the scheme with Agrium and a resolution to amend AWB's 10% shareholding cap to permit the acquisition of AWB shares by Agrium under the scheme.

As a consequence, the AWB Board has withdrawn its previous recommendation of the merger with GrainCorp Limited and will terminate the merger implementation deed between AWB and GrainCorp.

The Agrium agreement allows AWB to pay a dividend of up to 20 cents per share, fully franked, subject to obtaining a favourable ATO ruling, which would be funded by a loan from Agrium. The price payable under the scheme would be reduced by the cash amount of any dividend paid.

The price of A\$1.50 per share represents a:

- 57% premium to AWB's closing share price on 29 July, 2010 – the day prior to the GrainCorp merger proposal announcement;
- 49% premium to the 6 month volume weighted average price; and
- 37% premium to AWB's closing prices on 13 August – the day prior to the announcement of the Agrium proposal.

AWB Chairman, Peter Polson said the AWB Board believes this transaction represents better value for our shareholders.

"Agrium's extensive experience in crop inputs and range of products, and commitment to the grain handling business, can only help to better serve our customers," said Mr Polson.

### **Timing**

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

AWB Shareholders will vote at a Scheme Meeting, approximately one month after the Scheme booklet has been sent out to shareholders. If the Court makes an order approving the Scheme, the Scheme will become effective on the date determined by the Court, and Agrium and AWB will become bound to implement the Scheme.

Further details of the proposed scheme of arrangement with Agrium are set out in AWB's announcement dated 20 August 2010.

### **For Further Information:**

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