



## **ASX/ NZX/ Media Release**

### **Scheme of Arrangement - Chairman's Address**

Dear Sir / Madam

#### **Scheme of Arrangement – Scheme Meeting**

I attach a copy of the Chairman's Address to be delivered to the Scheme Meeting of Lion Nathan Limited this morning.

A handwritten signature in black ink, appearing to read "Duncan", enclosed within a large, loopy oval shape.

Yours sincerely

Duncan Makeig

General Counsel & Company Secretary

## LION NATHAN SCHEME MEETING

17 SEPTEMBER

### CHAIRMAN'S ADDRESS

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#### INTRODUCTION

**(cover page)**

Good morning ladies and gentlemen and welcome to this important meeting of the non-Kirin shareholders of Lion Nathan. My name is Geoff Ricketts and, as Chairman of the Company, I will be chairing today's meeting.

A quorum is present and, therefore, I declare open this Scheme Meeting of non-Kirin shareholders.

Before we start proceedings, can I ask you please to turn off all mobile phones and pagers.

First, let me introduce the Lion Nathan board members and senior executives who are seated with me on the podium.

- Seated at the far end of the table is Barbara Ward, Director of Lion Nathan;
  - Seated next to Barbara is Glenn Barnes, also Director of Lion Nathan;
  - Seated next to Glenn is Rob Murray, Executive Director and Chief Executive Officer of Lion Nathan.
  - Seated to my left is Duncan Makeig, our Group General Counsel and Company Secretary;
  - Seated next to Duncan is Andrew Reeves, Executive Director of Lion Nathan and Managing Director of Lion Nathan Australia.
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Gavin Walker and Peter Bush are unable to attend today, and pass on their apologies.

I would also like to acknowledge the presence of other members of Lion Nathan's management team who are sitting in the front row, and the presence of Fumio Miki, representative of Kirin Holdings Company, Limited and a Director of Lion Nathan. Kirin's other representatives on the Lion Nathan board, Hirotake Kobayashi and Senji Miyake, pass on their apologies.

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Representatives of the company's share registry, Computershare, are also present today to conduct the poll. I appoint Helen Potbury of Computershare as the returning officer. I appoint Richard Hannan of Computershare as the scrutineer. Both Helen and Richard have agreed to act in this capacity.

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Notice of the Scheme Meeting, dated 6 August 2009 and attached as Annexure F of the Scheme Booklet, has been given in accordance with the Company's Constitution, and the orders made by the Federal Court of Australia on 5 August 2009.

I will take the Notice of Meeting as read. This meeting has been convened in accordance with orders made by the Federal Court of Australia on 5 August 2009 and is for you to consider, and if you think fit, to approve a Scheme of Arrangement whereby, subject to all other conditions being satisfied or waived, Kirin Holdings Company, Limited (or its nominee) will acquire the remaining shares in Lion Nathan that it does not already own in accordance with a scheme of arrangement between Lion Nathan and non-Kirin shareholders.

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TRANSACTION

In a few moments, I will formally move to the resolution

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HIGHLIGHTS

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to approve the Scheme of Arrangement between Lion Nathan and non-Kirin shareholders. I will allow for questions on the resolution to be considered at today's meeting, and after any questions, we will move to a vote on that resolution by poll.

But first, I would like to say a few words about the proposed Scheme of Arrangement.

On 11 May 2009, Lion Nathan announced that it had signed an Implementation Agreement with Kirin relating to a proposal under which Kirin will acquire all the shares in Lion Nathan that it does not already own.

Under this proposal, relevant shareholders will receive Cash Payments of \$12.00 per share, comprising Scheme Consideration of \$11.50 per share and a Special Dividend of \$0.50 per share.

Your Independent Directors have carefully considered Kirin's proposal and unanimously recommend that you vote in favour of the Scheme.

The reasons for this recommendation were outlined in the Scheme Booklet.

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REASONS TO VOTE IN FAVOUR OF THE SCHEME

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I would like to take this opportunity to outline how the Independent Directors have arrived at this recommendation.

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Independent Expert

Firstly, the view is supported by the Independent Expert, Lonergan Edwards, which concluded that the Scheme is fair and reasonable and in the best interests of non-Kirin shareholders.

As set out in its report accompanying the Scheme Booklet, the Independent Expert valued 100% of the shares in Lion Nathan on a controlling interest basis at

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between \$10.95 per share and \$12.21 per share. The value of the Cash Payments lie above the mid-point of this range of \$11.58 per share.

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**Substantial Premium** The Cash Payments of \$12.00 per share also represent a substantial premium to the pre-proposal trading price of Lion Nathan shares, notably it represents a 54% premium to the volume weighted average price of Lion Nathan shares over the one month to 22 April 2009.

It is also worth noting that the offer is higher than the Lion Nathan all time high share price prior to receipt of the Kirin proposal, of \$9.85 per share.

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**Superior Proposal** Finally, the Independent Directors' recommendation was subject to no Superior Proposal emerging and I can confirm that no alternative proposal has been received.

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**REASONS TO VOTE AGAINST THE SCHEME** There are also a number of possible reasons to vote against the Scheme, including:

**(slide 3)**

- You may disagree with the Independent Directors and the Independent Expert and believe that the Scheme is not in your best interests;
  - If the Scheme proceeds non-Kirin shareholders will no longer be a shareholder of Lion Nathan and you will not participate in any potential upside that may result from being a shareholder of Lion Nathan;
  - If the Scheme proceeds, non-Kirin shareholders will not participate in future dividends of Lion Nathan (other than the Special Dividend); and
  - The tax consequences of the Scheme for you
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may not be optimal for your financial position

These possible reasons to vote against the Scheme were outlined in the Scheme Booklet.

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#### Summary

Your Independent Directors believe that the various reasons to vote in favour of the Scheme outweigh the reasons to vote against the Scheme. Accordingly, in the light of the factors referred to, and other factors set out in the Scheme Booklet, the Independent Directors believe that the Scheme is in the best interests of non-Kirin shareholders.

The Scheme is now principally conditional on two things occurring.

- One - non-Kirin shareholders must pass the resolution relating to the Scheme, which is being considered at the meeting today;
- Two - the Federal Court must approve the Scheme.

If non-Kirin shareholders approve the Scheme, the Court will be asked to give its approval at a hearing scheduled for Wednesday, 7 October 2009.

There are some other limited conditions, usual for a transaction of this nature, which are described in the Scheme Booklet.

We believe that all of these conditions will be satisfied or waived before the Second Court hearing scheduled for Wednesday, 7 October 2009.

In this context, each of your Independent Directors intends to vote in favour of the Scheme in respect of all Lion Nathan shares they own or control and recommends you do the same.

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LONG TERM VALUE  
CREATION FOR  
SHAREHOLDERS

At this point I wanted to touch briefly on the journey that over the last few years has created a business to which Kirin rightly attributes great value.

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A decade ago, Lion Nathan had its primary listing on the New Zealand Stock Exchange, and was trading at a share price of approximately three dollars and fifty three cents Australian (based on the 3-month VWAP prior to that date).

Since that time, those that have remained shareholders of Lion Nathan have seen a total shareholder return of nearly 293%. Five year figures also provide a pleasing picture at 132%.

This is a very strong performance, in particular when compared to the performance of the broader share market which returned only 80% over ten years.

Success such as this has come about as a result of the combined effort of all of the Lion Nathan people involved in the growth story over the last decade. I would like to take this opportunity to pay tribute and say thank you to all of you.

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THANKS TO THE TEAM  
FOR A GREAT JOB

I would also like to make specific reference at this stage to the contribution of Rob Murray who, as CEO since 2004, has led the company through its most recent period of transformation and improvement.

In recent years, the company has invested in its key assets: its brands, breweries and people.

As a consequence of this investment and through successful innovation, Lion Nathan now boasts an enviable portfolio of national brands. In Australia these national brands now make up 80% of Lion Nathan's volume, while in New Zealand, they

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constitute 77% of volume.

We have also executed a major investment program across our key breweries, enabling higher levels of flexibility, greater brewing capacity, reduced costs and even better beer.

We have continued to build a constructive culture where great results are delivered by the right behaviours. Lion Nathan is rightly recognised for high levels of people and customer engagement.

We have combined the operational strategies with a disciplined M&A and capital management approach to ensure that return on capital and shareholder value have been maximised.

All of the aforementioned factors have had the effect of building a fantastic business and the Independent Directors believe that shareholders have now received an offer that fairly reflects this achievement.

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Kirin's intentions

Throughout this journey, Kirin, as Lion Nathan's largest shareholder, has been closely aligned to Lion Nathan.

At this point I would like to briefly touch on Kirin's intentions if the Scheme is approved and implemented.

Kirin has stated its intentions to combine all of its Australasian operations (other than Kirin Australia Pty Ltd) into a single unified business structure. Lion Nathan's senior management team will become the senior management team for Kirin's Australasian operations, including Rob Murray as CEO of the Australasian operations.

It is proposed that Kirin's Australasian operations will be

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conducted out of Lion Nathan's head office in Sydney and National Foods Group's current head office in Melbourne.

The transaction has the potential to offer exciting employment opportunities for our people across the enlarged group.

Given the success of the partnership between Lion Nathan and Kirin over the years, I am sure that Kirin will continue to enjoy the benefits of its relationship with Lion Nathan's high calibre management team and excellent people.

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THANKS

Finally, I would like to say thank you to my fellow Board members for their professionalism and support during the past year which has been a landmark period for all of us.

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TRANSACTION  
PROCESS  
**(slide 5)**

Reverting back now to the matter in hand, I would like to briefly touch on the key dates with respect to the Scheme, as set out on the screen behind me.

If the Scheme is approved by shareholders today, the Special Dividend will become payable with a record date of Friday, 25 September 2009 and a payment date of Tuesday, 6 October 2009.

The second Court hearing, to approve the Scheme, is scheduled to take place on Wednesday, 7 October 2009. On the basis that the Scheme becomes effective on 7 October, the Scheme Record Date will be Wednesday, 14 October 2009, the Scheme Implementation Date will be Wednesday, 21 October 2009 and payment of the Scheme Consideration will be made within 5 business days after the Implementation Date.

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In accordance with legal requirements, and as advised in the Scheme Booklet, voting on the resolution to approve the Scheme will be by poll.

In accordance with the requirements of the Corporations Act, in order for this resolution to be passed, it needs to be approved by non-Kirin shareholders on two bases:

- first, by at least 50% in number of non-Kirin shareholders present and voting at this meeting, whether in person or by proxy; and
- second, by at least 75% of the total votes cast on the resolution.

I note that neither Kirin, nor any related body corporate of Kirin, will vote on the resolution to be considered at today's meeting. I also note that the Executive Directors, Company Secretary and those other Directors who hold shares have cast their votes in favour of the motion prior to the meeting.

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#### PROXY RESULTS

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Before commencing the poll, I wish to advise on the results of proxy voting.

Proxies have been received in respect of a total of 170,538,427 shares, representing 4,696 shareholders. In respect of those proxies:

- 166,280,987 votes *for* have been received from 3,851 shareholders;
- 2,229,387 votes *against* have been received from 370 shareholders;
- 2,028,053 *open* votes have been received from 475 shareholders.

In addition, 20 shareholders have advised that they will

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be abstaining from voting in respect of 748,251 votes.

As noted on the Proxy Form, I intend to vote *open* proxies which appoint the Chairman as proxy in favour of the resolution. There are 1,976,113 *open* votes which appoint the Chairman as proxy.

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Questions

I would now like to open the meeting to questions and discussion on the resolution.

I ask that any questions or comments be addressed to me as Chairman and, in that capacity, I will determine whether any other person present at the meeting will be asked to respond.

I should point out that, as this is a meeting of shareholders, only shareholders or persons in attendance as a proxy for a shareholder or a properly appointed attorney or representative of a shareholder or proxy are entitled to ask questions or make comments. I therefore ask anyone who wishes to speak to please state your name or the name of the shareholder or proxy you represent and confine your remarks to the subject of the resolution and use only a reasonable time to do so.

I now invite questions or comments regarding the resolution.

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Close

If there are no further questions or comments, we have now reached the stage where a vote is to be taken on the resolution.

Proxy votes in respect of this resolution will be advised at the conclusion of voting and incorporated into the result of the poll to be notified to the Australian Stock Exchange and New Zealand Stock Exchange.

I would like to close by saying thank you all for

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attending today and joining myself, the Board and Lion Nathan's management team on the journey of Lion Nathan.

Let us now move on to the key part of today's meeting, the vote.

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