



### **For Immediate Release**

Date: 19 May 2009  
Adelaide, Australia  
Listed: ASX: ABB

Calgary, Alberta  
Listed: TSX: VT

### **ABB Grain and Viterra Announce Agreement to Combine Operations**

ABB Grain Ltd. ("ABB") and Viterra Inc. ("Viterra") are pleased to announce they have signed an Implementation Agreement under which Viterra proposes to acquire all the issued and outstanding shares in ABB for a mixture of cash and scrip via a scheme of arrangement, which will be subject to shareholder and court approval.

The transaction, valued at approximately A\$1.6 billion (C\$1.4 billion<sup>1</sup>), is comprised of a combination of cash and shares, including a special dividend to be paid by ABB.

- **The value range is A\$9.11 – A\$9.41<sup>1</sup> per share (which includes a special cash dividend of A\$0.41 per share to be paid by ABB); and**
- The value range increases up to A\$9.29 – A\$9.59<sup>1</sup> per share for certain classes of shareholders who benefit from franking on the special cash dividend<sup>2</sup>.

The ABB Directors unanimously recommend that ABB shareholders vote in favour of the proposed scheme of arrangement, in the absence of a superior proposal and subject to an independent expert concluding that the proposal is in the best interests of ABB shareholders. The transaction has also been unanimously approved by the Board of Directors of Viterra.

### **Summary of the Proposed Terms**

ABB shareholders will be offered a Default Alternative consisting of cash and Viterra shares and, subject to the available cash and scrip pools described below, will have the ability to elect to increase the amount of cash they receive or increase the number of Viterra shares they receive. In addition, ABB intends to pay a fully franked special cash dividend of A\$0.41 per ABB share.

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<sup>1</sup> Based on the closing share price of CAD\$8.84 per Viterra share on 15 May 2009 (the last trading day in Viterra shares prior to this announcement) and an Australian Dollar:Canadian Dollar exchange rate of 0.8901.

<sup>2</sup> The ability of shareholders to use the franking credits will be subject to certain holding period rules.

ABB shareholders will have the ability to choose between the following alternatives:

- **Default Alternative: A\$9.26** per ABB share, consisting of A\$4.35 in cash and 0.4531 Viterra shares (A\$4.50<sup>3</sup>) plus the A\$0.41 special dividend; or
- **Maximum Cash Alternative: A\$9.11** per ABB share, consisting of A\$8.70 in cash plus the A\$0.41 special dividend;
  - Maximum Cash elections will be scaled down (to minimum cash of A\$6.53 and maximum scrip of 0.2266 Viterra shares (A\$2.25<sup>3</sup>)) if ABB shareholders in aggregate request more cash than the available cash pool of approximately A\$1,128mm (up to circa 75% of the consideration payable by Viterra); or
- **Maximum Scrip Alternative of A\$9.41** per ABB share, consisting of 0.9062 Viterra shares (A\$9.00<sup>1</sup>) per ABB share plus the A\$0.41 special dividend;
  - Maximum Scrip elections will be scaled down (to minimum scrip of 0.4531<sup>3</sup> Viterra shares and maximum cash of A\$4.35) if ABB shareholders in aggregate request more scrip than the available scrip pool of approximately 78million Viterra shares (up to circa 50% of the consideration payable by Viterra).

Including the franking benefits attached to the special cash dividend payment from ABB, there will be further value for certain classes of shareholders of up to A\$0.18<sup>4</sup> per share taking the proposed transaction value up to A\$9.29 - A\$9.59<sup>3</sup> per share.

The scrip component will be in the form of CHES Depository Interests ("CDI") to be listed on the Australian Securities Exchange (the CDIs will represent an equal interest in Viterra shares and will be exchangeable into TSX-listed Viterra shares on a one for one basis). Shareholders can also elect to have their scrip issued as Viterra shares listed on the Toronto Stock Exchange ("TSX").

**Cash Out Facility:** To the extent the maximum cash pool is drawn, ABB shareholders who have elected to take the Maximum Cash Alternative, will have the ability to have any Viterra shares that they would have otherwise received, aggregated and sold on their behalf. Shareholders would receive their pro-rata net cash proceeds from the sale (free of brokerage costs for small shareholders), net of any applicable taxes.

ABB shareholders will also receive a fully franked interim cash 2009 dividend of A\$0.10 with a record date of 16 June 2009 to be paid in the usual course of business on 30 June 2009.

### Implied Premium Analysis

The valuation range of A\$9.11 - A\$9.41<sup>3</sup> (which includes a special dividend of A\$0.41 to be paid by ABB) per ABB share represents a premium of:

- 30 – 34% to the ABB closing price of A\$7.00 on 27 April 2009 (the day prior to the announcement that ABB and Viterra were in discussions);
- 47 – 51% to ABB's 1 month Volume Weighted Average Price ("VWAP") in the 1 month up to and including 27 April 2009;
- 55 – 60% to ABB's 3 month VWAP in the 3 months up to and including 27 April 2009.

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<sup>3</sup> Based on the closing share price of CAD\$8.84 per Viterra share on 15 May 2009 (the last trading day in Viterra shares prior to this announcement) and an Australian Dollar:Canadian Dollar exchange rate of 0.8901.

<sup>4</sup> The ability of shareholders to use the franking credits will be subject to certain holding period rules.

The Default Alternative (including the special dividend) values ABB at A\$1.61 billion on an equity basis and A\$2.09 billion on an enterprise value basis.<sup>5</sup>

### **Deal Based on Solid Relationship and Understanding**

Commenting on the transaction, Mayo Schmidt, President and CEO of Viterra said;

"Over a considerable period of time our respective companies have developed a solid understanding of each others operations, management philosophies and strategic goals. This relationship has culminated into a transformational combination that will drive significant value for all shareholders, destination customers and growers. We are creating a leading global food ingredients supplier at a time when markets are expanding. With assets in the key exporting geographies of Australia and Canada, the new company will have enhanced access to high growth markets and margin opportunities. We will be financially stronger and better able to access capital and manage risks required to succeed in the global marketplace."

Until now, ABB and Viterra have focused primarily on marketing grains from their respective countries. Demand for core commodities is forecast to increase by 20% over the next ten years, with much of the new demand coming from Asia. Dual origin capabilities from Australia and Canada are expected to represent a significant competitive advantage in serving this growing demand.

Michael Iwaniw, Managing Director of ABB, commented;

"The transaction is consistent with our respectively companies' strategy to expand our global footprint through geographic diversification and investments in value-added processing. The transaction will diversify the new company's earnings profile, offering counter seasonal cash flows and a more even distribution of earnings."

Each of the directors of ABB intends to vote their shares in favour of the transaction in respect of ABB shares they own or control in the absence of a superior proposal and subject to an independent expert concluding that the proposal is in the best interests of ABB shareholders. Following completion of the transaction, four ABB current directors are expected to join Viterra's expanded Board of Directors, including a member as the Deputy Chairman.

The transaction is expected to result in a number of benefits for the combined business, including the following:

- **Gateway to Asia:** Provides greater exposure to the higher growth Asian import market, which is becoming increasingly important given its current trend of growing demand
- **Largest Export Origination Capability for Core Commodities:** Dual origin capability, with respective countries maintaining a 37% market share of net exports of wheat, barley and canola
  - Opportunity to take advantage of logistics arbitrage opportunities
- **Business and Geographic Diversification:** Reduces concentration and proportionate earnings in any one geography and business segment
  - Also provides a more consistent distribution of earnings throughout the year
- **Increased Scale:** Larger, more diverse operations are expected to enhance position within global markets, both from grain origination and marketing, as well as the capital markets

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<sup>5</sup> Based on shares outstanding of 172.8mm and reported average net debt 2H08 and 1H09 of A\$483.1 million.

- Conservative capital structure retains flexibility to continue to pursue further growth opportunities
- **Synergies:** Expected synergies of A\$30 million per annum
  - Combination of reciprocal best practice efficiencies, as well as leveraging international scale
  - Synergies expected to be fully realised within three years

The Australian, New Zealand and South East Asian operations of the new company will be based in Adelaide, which will be the worldwide headquarters of its malt business. As such, Adelaide will become a centre of excellence for barley marketing and barley research and development. The new company is also committed to grower education and training and will commit significant resources to improve farm business management skills, marketing expertise, and best practices among Australian growers, just as it has in the Western Canadian market.

Perry Gunner, ABB's Chairman, added;

"Australian growers and farmers in Canada can be assured that the combined company will remain firmly committed to marketing their respective crops. In fact, our Boards are confident that the combination will give the company more market presence, access to new markets and more opportunities to achieve premium prices for growers. We are bringing together two strong, well managed and strategically positioned businesses. The proposed combination de-risks the delivery of ABB's business strategy, creating a more diversified business and geographic earnings spread."

### **Implementation Agreement**

ABB has entered into an Implementation Agreement with Viterra under which ABB has agreed to propose a scheme of arrangement for the acquisition of its shares by Viterra. A copy of the Implementation Agreement dated 19 May 2009 accompanies this announcement as a separate document.

The transaction is subject to satisfaction of a number of customary closing conditions, including the receipt of required regulatory approvals and court approvals, as well as the approval of ABB shareholders. The transaction is subject to satisfaction of a number of customary closing conditions, including the receipt of required regulatory approvals and court approvals, as well as the approval of ABB shareholders. Regulatory approvals include approval by the Australian Foreign Investment Review Board, the New Zealand Overseas Investment Office and TSX (and ASX) in respect of the issue of new shares (and CDIs) under the scheme by Viterra.

The Implementation Agreement contains certain terms usual for a transaction of this nature including no shop and no talk provisions, mutual break fees, as well as providing Viterra the right to match a competing proposal.

### **Next Steps**

In due course, ABB's shareholders will receive a scheme booklet that will contain full details of the proposed scheme, including the basis for the ABB Board's recommendation that ABB's shareholders approve the proposed scheme (in the absence of a superior proposal and subject to the opinion of the Independent Expert). ABB will shortly appoint an Independent Expert to prepare a report on whether the proposed scheme is in the best interests of ABB's shareholders. The Independent Expert's report will be included in the scheme booklet.

It is currently anticipated that ABB will lodge the scheme booklet with ASIC in due course, and that the scheme meeting is expected to be held in September 2009.

Genuity Capital Markets and Macquarie Capital Advisers are acting as financial advisers to Viterra and Torsys LLP and Freehills as its legal advisers.

J.P. Morgan is acting as ABB's exclusive financial adviser and Johnson Winter & Slattery as legal adviser.

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### About Viterra

Viterra Inc. is Canada's leading agribusiness, with extensive operations and distribution capabilities across Western Canada, and with operations in the United States, Japan, Singapore and Geneva. The Company is diversified into sales and services of crop inputs and equipment, grain handling and marketing, livestock feed, agri-food processing and financial products. These operations are complemented by value-added businesses and strategic alliances, which allow Viterra to leverage its pivotal position between Prairie farmers and destination customers. The Company's common shares are listed on the TSX under the symbol VT.

### About ABB

ABB Grain Ltd. is a leading Australian agribusiness with a multi-faceted operation and international focus. ABB's diversified operations stretch across the entire supply chain. The company's core business divisions include national supply chain, grain marketing, malt and rural services. ABB employs 1100 staff across its divisions throughout Australia and its international operations.

### Forward-Looking Information

This release contains forward looking statements that involve certain risks and uncertainties concerning the parties' ability to close the transaction and the expected closing date of the transaction, the anticipated benefits and synergies of the proposed transaction, anticipated future combined operations, products and services. Actual events or results may differ materially from those described in this release due to a number of risks and uncertainties. Important factors that could affect these forward looking statements include, without limitation, the outcome of regulatory reviews of the proposed transaction; the satisfaction of closing conditions, including obtaining the required regulatory and ABB shareholder approvals; difficulties that could be

encountered in integrating the companies and that some of the anticipated benefits of the proposed transaction may not be realized on the schedule contemplated or at all; weather conditions; producer's decisions regarding total planted acreage, crop selection, and utilization levels of farm inputs such as fertilizers and pesticides; grain export levels; changes in government policy and transportation deregulation; world agricultural commodity prices and markets; changes in competitive forces including pricing pressures; global political and economic conditions, including financial market conditions, fluctuations in currency exchange rates and grain subsidy actions of the United States and European Union.