

Company Announcement

GrainCorp Limited ABN 60 057 186 035

Date: 17 December 2012

To: The Manager - Announcements

Company Announcements Office Australian Securities Exchange 20 Bridge Street, Sydney

Via On-Line Lodgement.

GRAINCORP LIMITED ("GNC")

LETTER TO SHAREHOLDERS

The attached Letter to Shareholders will be sent to shareholders this week.

Andrew Horne
Company Secretary

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17 December 2012

Shareholder update regarding interest in GrainCorp

Dear Shareholder

I would like to update you on recent developments regarding GrainCorp Limited ("GrainCorp").

On 19 October 2012, Archer Daniels Midland Company ("ADM"), a listed US-based agricultural processing company, approached GrainCorp with an indicative, non-binding and conditional proposal to acquire all the shares in GrainCorp at a price of \$11.75 cash per share. At the same time, ADM advised that it had acquired a 14.9% economic interest in GrainCorp.

The GrainCorp Board thoroughly evaluated ADM's proposal. In doing so, the Board reassessed the company's fundamental value, including a wide range of previously developed growth prospects across all business units. It also considered a number of recent and relevant transactions in terms of earnings multiples. Following this evaluation, the Board announced that the ADM proposal materially undervalued GrainCorp.

Subsequently, GrainCorp received a revised indicative, non-binding and conditional proposal from ADM to acquire all the shares in GrainCorp at a price of \$12.20 cash per share. ADM also advised GrainCorp that it had acquired a further 5% interest in GrainCorp, taking its total interest in the company to 19.9%. The revised proposal was also subject to a number of conditions, including due diligence, exclusivity, regulatory approvals and approval by the ADM Board.

The GrainCorp Board believes ADM's revised indicative, non-binding and conditional proposal still materially undervalues the company and has advised ADM and the market accordingly.

GrainCorp remains confident in its outlook and strategy to continue to deliver shareholder value. This confidence is underpinned by the company's:

- unique portfolio of grain storage and logistics assets, including the largest infrastructure network of grain storage sites and 7 bulk export grain terminals in Eastern Australia;
- strategic portfolio of grain processing assets as a leading Australian and global malt producer, Australasia's leading canola oil and refined edible oil producer and a leading Australian flour producer; and
- global exposure to attractive industry fundamentals, through assets that are strategically located to supply regions of demand growth, including the Middle East, Northern Africa and Asia.

GrainCorp recently announced strong FY12 results and provided a strategy update outlining a range of initiatives to deliver approximately \$110 million of incremental underlying annual earnings by the end of the 2016 financial year. The FY12 results and strategy update presentation can be accessed on the GrainCorp website¹. GrainCorp is confident and on track to realise this further growth.

It is important for all shareholders to be aware that the Board remains focused on maximising shareholder value and will remain constructive in any dealings in relation to proposals that have the potential to be in the best interests of shareholders.

GrainCorp's Annual General Meeting for the 2012 financial year will be held on 20 December. The Chairman's address and presentation will be made available on the GrainCorp website on that day.

Yours sincerely

Don Taylor Chairman

¹ http://www.graincorp.com.au/investors-and-media/presentation-and-events/results-releases