

10 April 2012

The Manager  
Company Announcements Office  
Australian Stock Exchange  
20 Bridge St  
Sydney NSW 2000  
Dear Sir/Madam

**FLSmith Compensation Notice**

Pursuant to the Takeovers Panel final orders dated 28 February 2012 (as varied on 15 March 2012 and 3 April 2012), attached is a copy of the compensation notice that FLSmith & Co. A/S has advised it will be publishing in certain newspapers tomorrow as part of the compensation process under those orders.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Day', written in a cursive style.

Mark Day  
Company Secretary

## **In the matter of Ludowici Limited [2012] ATP 3 – Compensation Notice**

On 23 January 2012, Ludowici Limited ("**Ludowici**") announced it had entered into a Process Agreement with FLSmidth & Co. A/S ("**FLSmidth**") in relation to an indicative non-binding proposal by FLSmidth to acquire by scheme of arrangement all the shares in Ludowici at \$7.20 per share.

On 23 January 2012, an article was published by Reuters titled '*FLSmidth says A\$7.20 per share Ludowici bid final*' ("**Reuters article**"). On 31 January 2012, The Australian newspaper published an article referring to the Reuters article. On 31 January 2012, FLSmidth issued a press release stating "*Certain Australian media today comment on [FLSmidth's] ability to raise the indicative offer price of AUD 7.20 per share, if it should wish to do so, under Australian takeover regulation. ... If [FLSmidth] decides to make a binding offer, it does not currently intend to make or increase any such offer price at a price above AUD 7.20 per share, but reserves its right to do so*" ("**Correction**"). On 31 January 2012, Reuters published a further article "*UPDATE 1-FLSmidth won't rule out higher Ludowici bid.*"

On 28 February 2012, the Australian Takeovers Panel made a declaration of unacceptable circumstances and final orders ("**Orders**") in relation to the affairs of Ludowici (which orders were varied on 15 March and 3 April 2012 to extend the time for implementation). The Orders require FLSmidth to compensate any eligible Ludowici shareholder who sold a net number of their Ludowici shares between 23 January 2012 and 31 January 2012 and who can prove to the satisfaction of an independent arbitrator ("**Arbitrator**") that they sold, at least in part, in reliance on statements in the Reuters article that FLSmidth would not increase the price of its proposal for Ludowici shares, and that some compensation is payable.

The amount of compensation is to be determined by the Arbitrator but must not exceed the difference between \$7.20 per Ludowici share (being the price which the Reuters article referred to as final) and \$9.87 (being the VWAP of Ludowici shares on the day of the announcement of FLSmidth's increased proposed offer price of \$10.00).

### **Eligibility for Compensation**

In order to be eligible for Compensation a person must establish to the satisfaction of the Arbitrator that:

- (a) they disposed of a net number of Ludowici shares between publication of the Reuters article on 23 January 2012 and publication of the Correction on 31 January 2012;
- (b) they (or a market participant who advised them or operated a discretionary account for them) were aware of the Reuters article at the time that they disposed of their Ludowici shares and, at least in part, relied on it; and
- (c) some compensation is payable.

Persons who satisfy these criteria ("**Eligible Shareholder**") must comply with the procedure outlined below in order to make a claim for compensation.

### **Amount of Compensation**

If a person satisfies the Arbitrator that the person is entitled to compensation, in determining the amount of compensation payable, the Arbitrator must take into account the following matters in accordance with the Orders:

- (a) the Ludowici share price at the time of sale;
- (b) the price obtained by the Eligible Shareholder;
- (c) the reasons given in a sworn statement by the Eligible Shareholder for selling; and
- (d) the likelihood that the Eligible Shareholder would have sold irrespective of the Reuters article.

### **Procedure for obtaining Compensation**

In order to obtain compensation, an Eligible Shareholder must:

- (a) register for a claim form by calling 1800 857 305 (within Australia) or +61-2-8256 3371 (for international callers) no later than 5pm (AEST) on 26 April 2012 (10 business days from the date of this notice) ("**Claim Form**");
- (b) complete the Claim Form in accordance with the instructions on the Claim Form;
- (c) complete the sworn statement attached to the Claim Form confirming that the Eligible Shareholder (or a market participant who advised the shareholder or operated a discretionary account for the shareholder) was aware of the Reuters article and the shareholder's or market participant's reasons for selling Ludowici shares ("**Sworn Statement**"); and
- (d) return the completed Claim Form and Sworn Statement to FLSmidth, in accordance with the instructions on the Claim Form, within 10 business days from the dispatch to you of the Claim Form.

The completed Claim Form and Sworn Statement will be provided to the Arbitrator who will assess the Eligible Shareholders' request for compensation in accordance with the arbitration rules that will govern the arbitration (a copy of which will be provided to persons who register to receive a Claim Form). The Arbitrator must make a decision as to whether the Eligible Shareholder is entitled to compensation within one month of FLSmidth receiving the completed Claim Form and Sworn Statement.

FLSmidth will retain a copy of the Claim Form and Sworn Statement and will be entitled to make written submissions to the Arbitrator.

### **Timing for payment**

If the Arbitrator determines that compensation is payable, FLSmidth will compensate the Eligible Shareholder within 10 business days after the determination of the amount.

### **Further Information**

If you require further information in relation to the compensation process please call our information line on 1800 857 305 (within Australia) or +61-2-8256 3371 (for international callers).