



Wednesday, 21 September 2005

Coopers Brewery Limited 01 - Resolution of Matter

On 2 September 2005, the Takeovers Panel (**Panel**) received an application from Coopers Brewery Limited in relation to a letter sent from Lion Nathan dated 1 September 2005 to Coopers shareholders announcing a proposed off-market takeover offer (**Lion Nathan Offer**) by Lion Nathan Australia Pty Limited (**Lion Nathan Australia**), a wholly owned subsidiary of Lion Nathan Limited (together **Lion Nathan**).

The Panel has declined the Application. The Panel was concerned that before any of the formal documents relating to the Offer have been issued Coopers' shareholders may have been confused by communications they have received as to the operation of the pre-emptive rights regime contained in the Coopers' Articles of Association (**Pre-emptive Rights Regime**). The Panel has accepted an undertaking from Lion Nathan to send a letter to Coopers' shareholders explaining, as far as practicable, the operation of the Pre-emptive Rights Regime as it may operate in the context of the Lion Nathan Offer. On that basis, the Panel declined the Application. The Panel invited the board of Coopers to participate in the settling of the letter, but the board of Coopers advised the Panel that it considered it was inappropriate for a joint letter to be issued with a bidder whose bid the Coopers board is not recommending and, it did not think it could agree a form of words as to how the Pre-Emptive Rights Regime may operate in relation to the Lion Nathan Offer.

The application alleged that a letter sent by Lion Nathan to Coopers' shareholders on 1 September 2005 (**Lion Nathan Letter**) did not adequately explain that, as a result of the Pre-Emptive Rights Regime, shareholders who wished to accept the Lion Nathan Offer could not do so without following the Pre-emptive Rights Regime, and did not explain that as a result of the "fair value" mechanism set out in the regime, such shareholders may receive less than the price offered by Lion Nathan Australia under its Offer.

The Panel considered that the best way of resolving this matter was for both Lion Nathan and Coopers to prepare a letter for Coopers' shareholders which clearly explained the manner in which the Pre-emptive Rights Regime operates and its potential effect on the Lion Nathan Offer, both in terms of price and timing. The Panel proposed that Lion Nathan and Coopers prepare and send a joint letter which described the operation of the Pre-emptive Rights Regime and its implications for the Offer.

The Panel considered that it would be best for Coopers shareholders for both parties to undertake not to correspond with Coopers' shareholders, or meet them by telephone or in person until the joint letter had been sent out to all Coopers'

shareholder. Lion Nathan has agreed to send out the joint letter to Coopers' shareholders and to give the undertaking. Coopers has declined to participate in preparing or sending the joint letter or to give the undertaking.

Lion Nathan prepared a draft of letter which deals with the above issues, which the Panel has agreed to. Coopers has been given the opportunity to comment on this letter. The letter will be sent to all Coopers' shareholders on Thursday, 22 September 2005.

Nigel Morris
Director, Takeovers Panel
Level 47, 80 Collins Street
Melbourne, VIC 3000
Ph: +61 3 9655 3501
nigel.morris@takeovers.gov.au