

Media Release



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NSW dairy farmers welcome sale to National Foods

NSW Farmers' Association has welcomed yesterday's announcement of the successful bid by National Foods to acquire Dairy Farmers.

NSW Farmers' Association Dairy Committee Chairman Adrian Drury says the \$910million sale will give dairy farmers a secure outlet for the raw milk they produce.

"Once the deal has been finalised, National Foods will have a greater market share and improved bargaining power with retailers," Mr Drury said.

"This will put National Foods in a better position to secure improved prices with retailers, which we hope will be passed onto producers," Mr Drury said.

While yesterday's announcement has been welcomed, the acquisition proposal must pass through the courts on 18 November for the deal to be finalised.

"It is expected that these final stages of the sale will run smoothly, with shareholders expected to receive their paid entitlements by 26 November 2008," Mr Drury said.

A successful sale will equate to \$5.65 per share for shareholders of Dairy Farmers.

In order for National Foods proposal to proceed, a special postal ballot was held for all Dairy Farmer shareholders. This ballot closed on 12 November and required the support of 75% or more of the active members who voted.

Yesterday, Dairy Farmers announced the release of this ballot. Of the 88% of those who voted, 96.3% were in favor of the National Foods' acquisition of Dairy Farmers.

"The fact that 88% of entitled dairy farmers voted in this ballot certainly shows the enormous interest and support this acquisition has generated," Adrian Drury said.

Dairy Farmers was put up for sale in early 2008, at which time the NSW Farmers' Association Dairy Committee provided a submission to the ACCC about the impact of the sale on producers and through the supply chain.

"The Association was also involved in ensuring that producers current supply contracts with Dairy Farmers Milk Cooperative, who supply Dairy Farmers, would be maintained or improved under National Foods," Mr Drury concluded.

Editor's note: Dairy Farmers is the trading name for Australian Cooperative Foods (ACF).

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