LION
NATHAN

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Lion Nathan and Coca-Cola Amatil Merger Discussions

Sydney, 17 November 2008: Lion Nathan Limited ("Lion Nathan") today confirmed that it is in discussions with Coca-Cola Amatil Limited ("CCA") regarding a potential merger between Lion Nathan and CCA where Lion Nathan would acquire all of the issued shares in CCA via a scheme of arrangement.

The combination of Lion Nathan and CCA as proposed would create:

- the leading Australian and New Zealand beverage company, with a strong and diversified business comprising leading brands spanning almost all drinking occasions including beer, soft drinks, spirits and fine wine;
- a conservatively geared group, with a strong balance sheet and significant growth opportunities; and
- a combination of best in class routes to market in each company's respective areas of alcoholic / non-alcoholic focus.

Lion Nathan intends to maintain separate alcoholic and non–alcoholic beverage businesses to ensure that the growth momentum of the respective businesses can be continued (including in respect of The Coca-Cola Company brands) and as such Lion Nathan would seek to retain CCA's key operational management. It is proposed that the current Chairman and CEO of Lion Nathan will lead the combined group and that two CCA non-executive directors will be offered non-executive board seats in Lion Nathan.

Lion Nathan believes the proposed combination would create significant benefits for shareholders of CCA and Lion Nathan, as well as other partners including The Coca-Cola Company.

The proposed offer consideration is $6.15 in cash plus 0.469 Lion Nathan ordinary shares per CCA share ("Base Offer") which implies a total equity value for CCA of approximately $8.0 billion (including share options), with a consideration mix of approximately $4.5 billion of cash and approximately 346 million Lion Nathan ordinary shares.

The cash component of the proposed offer consideration ($4.5 billion) will be financed via:

- a fully committed placement to Kirin Holdings Company, Limited ("Kirin") of up to 327 million new Lion Nathan ordinary shares at a subscription price of $11.50 per Lion Nathan ordinary share[1]. The placement will raise approximately $3.76 billion of cash, will require

Lion Nathan shareholder approval and is conditional upon the proposed merger proceeding; and

- a limited amount of transaction debt (approximately $800 million) for which Lion Nathan has obtained committed bank facilities. The debt raised by Lion Nathan is sized to ensure that the combined business has a strong balance sheet and significant financial flexibility going forward.

The value of the Base Offer is $10.80 per CCA share ("Base Offer Value") which reflects the effective "uplift" in the value of Lion Nathan scrip received by CCA shareholders as a result of the placement of Lion Nathan shares at a premium to the current market price. Based on Lion Nathan's share price of $8.95 per share as at 14 November 2008, Lion Nathan's Ex-Placement Price ("EPP") will be $9.92 per Lion Nathan share. The Base Offer Value is summarised in the table below.

Table: Base Offer Value per CCA share

CASH		LION NATHAN SCRIP	PRE–PLACEMENT PRICE	BASE OFFER VALUE
$6.15	*plus*	0.469	$10.35 [2]	**$10.80** [3, 4, 5]

The Base Offer Value represents:

- a premium of 31% to the closing CCA share price of $8.25 on Friday 14 November 2008.
- a premium of 31% to CCA's volume weighted average share price ("VWAP")[6] since the release of its third quarter results on 16 October 2008 of $8.24 as at Friday 14 November 2008.
- a premium of 31% to CCA's one month VWAP of $8.24 as at Friday 14 November 2008.
- a premium of 27% to CCA's three month VWAP of $8.51 as at Friday 14 November 2008.
- a premium of 36% to CCA's six month VWAP of $7.95 as at Friday 14 November 2008.

The proposed consideration mix under the Base Offer (approximately 60% cash/40% scrip) would provide CCA shareholders with both an attractive cash premium and an ongoing participation in the benefits of the merged group. Lion Nathan has also proposed a mix and match facility which would provide CCA shareholders with the opportunity to select either the Base Offer (which is $6.15 cash plus 0.469 Lion Nathan ordinary shares per CCA share), Maximum Cash Consideration (representing $10.25 cash per CCA share), or Maximum Scrip Consideration (which is 1.171 Lion Nathan ordinary shares per CCA share valued at $11.61 per CCA share based on an EPP of $9.92). Both the Maximum Cash Consideration and the Maximum Scrip Consideration are subject to scale back.

The proposed combination is expected to realise synergy benefits in a range of $100 to $130 million per annum (on a pro-forma basis) and satisfies all of Lion Nathan's acquisition criteria. The proposed transaction financing would result in a conservatively geared merged entity balance sheet.

If the proposed merger is successfully completed, Kirin's resulting shareholding in Lion Nathan will be 47.5%, up from 46.1%, and Lion Nathan and Kirin intend adopting replacement "Partnership Principles", consistent with Lion Nathan's and Kirin's existing Partnership

Principles. These principles are intended to ensure that the merged entity continues to be run as an Australian business with the majority of the board of directors being independent.

The Board of Lion Nathan has sought the Board of CCA's endorsement and recommendation of this proposal, which it firmly believes is in the best interests of both CCA shareholders and Lion Nathan shareholders.

The merger would require the approval of a range of regulatory authorities including the ACCC, the NZCC, the FIRB, and would be subject to other customary conditions for a transaction of this nature. It will also require the support of both Lion Nathan shareholders (in relation to the placement) and CCA shareholders (in relation to the scheme of arrangement) in separate shareholder meetings. There is no certainty that a transaction will proceed or be consummated on the terms currently proposed.

Lion Nathan will announce its annual results for the year ended 30 September 2008 tomorrow.

Lion Nathan has engaged Caliburn as financial adviser, Deutsche Bank as broker to the offer, and Mallesons Stephen Jaques as legal adviser.

Key Highlights:

- Would create the leading Australian and New Zealand beverage company
- Will provide a combination of best in class routes to market in each company's respective areas of alcoholic / non-alcoholic focus
- A separate focus on the alcoholic and non-alcoholic beverage businesses will ensure momentum is maintained in both operations
- Proposed that the merger is effected by a CCA scheme of arrangement, together with an ordinary resolution of Lion Nathan shareholders to approve a placement of Lion Nathan ordinary shares to Kirin at $11.50 per Lion Nathan share
- The Base Offer Value is $10.80 per CCA share (based on a consideration mix of $6.15 in cash plus 0.469 Lion Nathan ordinary shares)
- The Base Offer Value represents a highly attractive premium of 31% to the 1 month VWAP of $8.24 per CCA share to 14 November 2008
- CCA shareholders will also have the option of electing maximum cash or maximum scrip alternatives (subject to scale back)
- The merged entity will maintain a conservatively geared balance sheet with a limited amount of transaction debt (approximately $800m) for which Lion Nathan has obtained committed bank facilities.

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Appendix:

Set out below is a summary of the value of the Base Offer Value which would be received by CCA shareholders, based on different underlying Lion Nathan share prices and the proposed Kirin placement price. As demonstrated in the table below, the proposed Kirin placement results in the value of consideration received by CCA shareholders being less sensitive to movements in Lion Nathan's share price, providing a greater degree of certainty over the value of consideration to be received.

Table: Base Offer Value at different Lion Nathan share prices

Cash	Scrip	Lion Nathan Share price	Pre–placement Price	EPP	Base Offer Value
$6.15	0.469	$8.70	$10.23	$9.76	$10.73
$6.15	0.469	$8.75	$10.25	$9.79	$10.74
$6.15	0.469	$8.80	$10.28	$9.83	$10.76
$6.15	0.469	$8.85	$10.30	$9.86	$10.77
$6.15	0.469	$8.90	$10.32	$9.89	$10.79
$6.15	0.469	$8.95	$10.35	$9.92	$10.80
$6.15	0.469	$9.00	$10.37	$9.95	$10.82
$6.15	0.469	$9.05	$10.39	$9.98	$10.83
$6.15	0.469	$9.10	$10.42	$10.01	$10.85
$6.15	0.469	$9.15	$10.44	$10.04	$10.86
$6.15	0.469	$9.20	$10.46	$10.07	$10.87

[1] On issue, the new Lion Nathan shares will have the same terms as, and rank equally with, existing Lion Nathan ordinary shares.

[2] The pre–placement price is calculated using the cash and scrip consideration that CCA shareholders will receive based on Lion Nathan's closing share price as at 14 November 2008 of $8.95 per share. Based on Lion Nathan's share price of $8.95 per share, CCA shareholders will receive a combined consideration of $10.35 comprising cash of $6.15 plus Lion Nathan scrip valued at $4.20 (0.469 exchange ratio multiplied by Lion Nathan's closing share price on 14 November 2008). We note this calculation ignores the value uplift created by the placement to Kirin as set out in the footnote below.

[3] As part of the proposed merger there will be a placement to Kirin of up to 327 million new Lion Nathan ordinary shares at a subscription price of $11.50 per share. On issue, the new Lion Nathan shares will have the same terms as, and rank equally with, existing Lion Nathan ordinary shares. The placement to Kirin at $11.50 per share will result in an increase in the value of existing Lion Nathan ordinary shares (hereafter referred to as the "Ex-Placement Price" or "EPP"). Based on Lion Nathan's closing share price of $8.95 per share as at 14 November 2008, Lion Nathan's EPP will be $9.92. The EPP reflects the blended value of Lion Nathan's current equity value and the value of placement shares to be issued to Kirin and represents the reverse of a "theoretical ex-rights price", which is the accepted methodology for calculating the impact that a capital raising has on a company's share price. Based on Lion Nathan's EPP of $9.92 per share, the aggregate value of the Lion Nathan scrip consideration offered to CCA shareholders is approximately $3.4 billion, and the Base Offer Value is $10.80 per share.

[4] The Base Offer Value is calculated using the cash and scrip consideration that CCA shareholders will receive based on Lion Nathan's EPP of $9.92 per share. Based on Lion Nathan's EPP of $9.92 per share, CCA shareholders will receive a combined consideration of $10.80 comprising cash of $6.15 plus Lion Nathan scrip valued at $4.65 (0.469 exchange ratio multiplied by Lion Nathan's EPP).

[5] To the extent that CCA declares any dividends prior to the proposed scheme of arrangement being implemented, the consideration offered to CCA shareholders will be adjusted by the amount of the dividend declared.

[6] Volume weighted average share price is calculated as the aggregate value of the total shares bought divided by the aggregate market volume of the total number of shares bought over the relevant period of time.