Nufarm

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We attach a Press Release from Standard & Poor's which confirms that it has lowered Nufarm's credit rating to 'BB' from 'BBB-'.

Rodney Heath
Company Secretary

STANDARD
&POOR'S

Press Release

Rating On Nufarm Ltd. Lowered To 'BB'; Outlook Is Negative After Earnings Update

Melbourne, July 15, 2010—Standard & Poor's Ratings Services today said that it had lowered its long-term corporate credit rating on Nufarm Ltd. to 'BB', from 'BBB-', after the company's latest earnings downgrade. The rating on Nufarm's Step-Up Securities has also been lowered to 'B' from 'BB'. We have removed the ratings from CreditWatch with negative implications, where they were initially placed on Sept. 28, 2009. The rating outlook is negative.

"The ratings downgrade reflects our belief that Nufarm's business profile has deteriorated and the company will be unable to achieve a financial profile commensurate with our view of an investment-grade rating despite the recent A$250 million capital raising," Standard & Poor's credit analyst Richard Creed said.

In our view, a key driver of the weakening of Nufarm's business profile has been a structural change in the global glyphosate market, which faces conditions of oversupply and intense price competition that we believe are likely to persist in the medium term. We note that unfavorable climatic conditions were the primary driver for Nufarm's latest earnings downgrade, despite Nufarm's geographic diversity. Nevertheless, we believe this earnings downgrade highlights a business profile that continues to be vulnerable to volume and pricing pressures for its key glyphosate product.

We consider Nufarm's financial profile to be "aggressive" due to a combination of factors. In addition to weak near-term credit metrics, the company's liquidity continues to be exposed to a significant refinancing challenge as the group rolls over its seasonal debt facilities. These facilities are essential to fund the company's heavy use of working capital in the first half of its fiscal year to build inventory for sales that peak in the second half of the year. Moreover, the company's flexibility to manage any unexpected adverse variations to its business plan is constrained by the inherent bias to sales peaking late in the second half.

Mr. Creed added: "The negative outlook reflects the execution risks associated with Nufarm's ability to successfully refinance its bank lines—of which one-third mature before the end of calendar 2010—to provide adequate funding for the next season. Achieving a waiver of the likely breach of Nufarm's bank interest cover covenant in the wake of the earnings downgrade, in our view, will demonstrate the company retains the support of its lenders and lend confidence the company will have adequate liquidity to fund its working-capital needs. The outlook may be revised to stable following successful renewal of Nufarm's bank facilities without the imposition of any material adverse terms and conditions. The rating could be lowered if Nufarm were unable to secure its preferred level of financing, constraining its working-capital funding. Negative pressure on the ratings could also arise if we believe that Nufarm's funds from operations-to-debt ratio is likely to be sustained below 15%."

About Standard & Poor's
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