



29 May 2007

## ASX ANNOUNCEMENT

### A.B.C. LEARNING CENTRES LIMITED (ASX : ABS)

#### **\$401.5 MILLION PROPOSED PLACEMENT AND \$600 MILLION NOTES OFFER**

A.B.C. Learning Centres Limited (**ABC**) today announced two major capital initiatives.

1. A proposed \$401.5 million placement of new ordinary shares with Everitt Investments Pte Ltd, a wholly-owned subsidiary of Temasek Holdings (Private) Limited, which represents a share holding of close to 12% on a fully diluted basis; and
2. A \$600 million issue of subordinated notes, which have a maturity date of June 2016, underwritten by Commonwealth Securities to replace existing debt facilities.

These funding initiatives represent a major milestone in ABC's ongoing capital management plans and will allow it to take advantage of further opportunities in the large and fragmented US childcare market.

Eddy Groves, CEO Operations (Global) welcomed the addition of Everitt Investments as a shareholder to ABC's share register. "In addition, the \$600 million of subordinated notes, which have been structured and underwritten by CommSec, represent a new long term and flexible source of debt funding." Mr Groves said.

In addition to these \$1 billion capital initiatives, ABC's long term funding providers, Commonwealth Bank of Australia and Westpac Banking Corporation, are currently negotiating a new \$1.44 billion multi-option facility to refinance ABC's existing bank facilities.

Consistent with previous guidance issued earlier this month there will be no impact on FY 2007 guidance from these capital initiatives.

#### **\$401.5 million proposed placement to Everitt Investments Pte Ltd**

ABC proposes to place 55 million new ordinary shares at \$7.30 to raise \$401.5 million with Everitt Investments Pte Ltd, a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Temasek Holdings is an Asia investment firm headquartered in Singapore.

The proposed placement is subject to a number of conditions including approval by the Foreign Investment Review Board and shareholder approval for the purposes of ASX Listing Rule 7.1. The shareholder approval will be sought at an extraordinary general meeting of shareholders anticipated to be held on 5 July 2007. Austock Corporate Finance Limited acted as lead manager for the placement.

## **\$600 million ABC Notes offer**

ABC has lodged a prospectus with the Australian Securities and Investment Commission in relation to an offer to professional and sophisticated investors of up to \$600 million of unsecured subordinated reset convertible notes (**ABC Notes**) in ABC (**Offer**). The Offer is underwritten by Commonwealth Securities Limited (**CommSec**).

A summary of the key terms of the ABC Notes are:

Offer size	\$600 million (subject to ABC shareholder approval for approximately \$200 million of \$600 million).
Use of proceeds	To partly repay existing bank debt of the ABC Group.
Coupon rate	6 month bank bill swap rate plus margin of 250 basis points, subject to reset
Exchange	ABC and/or the holder may exchange the Notes on certain events. The option to redeem or convert the Notes is generally at ABC's election.
Conversion	Conversion into ABC ordinary shares is at a 2.5% discount to the VWAP of the ABC ordinary shares in the 20 trading days prior to the Conversion.
Final Maturity Date	13 June 2016.

A full version of the key terms of the ABC Notes is set out in Attachment 1. Key dates of the Offer are set out in Attachment 2.

## **Extraordinary General Meeting on or about 5 July 2007**

Shareholders will soon receive a notice of meeting relating to the extraordinary general meeting anticipated to be held on 5 July 2007.

Ends

**ATTACHMENT 1**  
**Key Terms Of The ABC Notes**

Face Value	\$100
Ranking	ABC Notes will be unsecured, subordinated to all other creditors of ABC and rank ahead of ordinary shareholders for the payment of Coupons.
Offer size	\$600 million (subject to ABC shareholder approval for approximately \$200 million of \$600 million).
Use of proceeds	To partly repay existing bank debt of the ABC Group.
Coupon dates	Floating rate paid semi-annually in arrears, subject to reset, and also paid on the Exchange Date. ABC may choose to defer Coupons subject to payment of interest and not paying distributions on ABC securities which rank equally with or behind the ABC Notes.
Coupon rate	6 month bank bill swap rate plus margin of 250 basis points, subject to reset.
Holder Exchange	Holders may Exchange their ABC Notes in connection with a Reset, a Takeover Event or a Sale of Core Assets Event. ABC may then choose to Convert or Redeem the Notes. ABC must Redeem the ABC Notes on an Acceleration Event.
ABC Exchange	ABC may Redeem the ABC Notes in connection with a Reset, a Tax Event, a Change in Law Event, an Accounting Event, a Takeover Event or if the aggregate Face Value of ABC Notes on issue is less than \$50 million. ABC must Redeem the ABC Notes on the Final Maturity Date.
Conversion	Conversion into ABC ordinary shares is at a 2.5% discount to the VWAP of ABC ordinary shares in the 20 trading days prior to the Conversion.
Redemption	Redemption will be for the Face Value of the ABC Notes.
First Reset Date	13 June 2010.
Reset	The Coupon Rate, Conversion Discount, next Reset Date, timing of Coupon Payments and definition of Accelerated Event may be changed by ABC on a Reset Date.
Final Maturity Date	13 June 2016.

**ATTACHMENT 2**  
**Key Dates For The Offer**

Offer period	6 - 12 June 2007
Settlement and allotment of approximately \$400 million of ABC Notes	13 June 2007
EGM	5 July 2007
Transfer of approximately \$200 million of ABC Notes from CommSec to applicants (subject to shareholder approval at EGM)	6 July 2007