

W. Merriman  
"Beverley"  
Boorowa NSW 2586

25<sup>th</sup> October 2017

Dear Shareholder,

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Much has been made in the Press of my actions in the last few weeks, and those of you who disagree with my hands-on approach to the job will be able to vote for or against me at the next election.

I am writing to correct some untruths and innuendo presented in the Press regarding the candidature of Mr Will Wilson, and also to provide you with my view regarding the candidates endorsed by the Board Nomination Committee.

Mr Wilson has been a consultant to AWI for two years, and his work and expertise to bring the Wool Exchange Portal from concept to a reality, where Brokers, Buyers and Growers unanimously agree that it proceed, has been exemplary. He has the same right as anyone to stand for a position on the AWI Board after having obtained the necessary 100 or more supporting signatures for his nomination. There is no issue with AWI's Board Charter either. It states that the board must have a majority of independent directors. Mr Wilson will not qualify as an independent director if elected, due to this consultancy work for us. All of the current directors meet the definition of independent in the Charter. So AWI would have a board of seven with one who isn't classed as independent if he is elected.

I would suggest that the real issue for shareholders in this year's election is who among the candidates are likely to make the best contribution to the board based on the skills they would bring to the board

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Mr Wilson has been encouraged to stand by wool growers who can see that the Wool Exchange Portal will be an important tool in cutting costs in our industry. Already the Wool Exchange Portal has inspired complementary portals in China with Red Sun and Nanjing Wool Market both building complementary Portals, also Wool Handlers Australia in conjunction with Landmark are building a similar complementary Portal in their businesses. In this matter, voters have a clear choice. Mr Wilson, who is for the Wool Portal, and Mr MacDonald who has been against the Wool Portal. I note too that Mr MacDonald has previously been a member of NSW Wool Committee, which has called for an extra level of oversight of your elected board by an unelected body.

Mr James Morgan has fitted into the Board and impressed with his strong leadership and handling of the Chair role of the Science and Welfare Committee. He has large pastoral sheep interests at Broken Hill, and understands the problems of dogs and pests and seasons in that region. He also has country in North East NSW, and can connect with the problems of high rainfall areas as well as the pastoral.

Since joining the board in 2011, Colette Garnsey has given the board deep strategic and commercial insights gained from over 30 year experience in all facets of retail and marketing. She has given the board additional competency that is highly valued. Stepping away from full time executive roles into a non-executive director career allows AWI even more of Colette's time. She fulfils the role of Chair of Remuneration and Appointments Committee, and is held in high regard by myself and the Board.

Colette and James's reappointment will be critical to the operation of AWI, as they fulfil part of the skill sets that are outlined in our funding agreement with the Government, and reported on by the board Nomination Committee. Both of them are highly regarded internally at the company and contribute to the present cohesiveness at AWI. They are very important to the Board's succession plan going forward.

We have made a lot of strides over recent years. Most importantly, returns to woolgrowers, reflected in the wool price, have gone from 764 cents to 1568 cents over the period where I have been Chairman of AWI. The value of the industry has grown from a \$1.9 billion industry in 2010 to a \$3.3 billion industry today. I am enormously proud of the staff both here and around the world.

The other area I would draw your attention to is the mulesing position taken by Sheepmeats Council (the "peak" body on sheepmeats for NSW Farmers) and MLA. I would like to assure you that while I am at AWI, we will defend your right to care for your animals in the way you think is best for them.

Please take the time to vote, as it is important that we show the Press and other vested interests that you, the Woolgrowers, are in charge of who you have as your representatives on the Board of AWI.

Best regards,

A handwritten signature in black ink, appearing to read 'Wal Merriman', with a stylized flourish at the end.

Wal Merriman