

21 October 2009

Dear Shareholder,

This letter is to bring you up to date on an important development agreed by your Board and announced on 16 October. As you will know, we have an obligation to provide material announcements firstly through New Zealand Exchange (NZX) to maintain a properly informed market; but as these developments are particularly important for all Shareholders, I wanted to take this opportunity to communicate directly with you.

I am pleased to confirm that Agria Corporation (“Agria”) has agreed to make an investment in your company, and to form a strategic partnership under which a range of business opportunities will be explored. Agria is a China-based agricultural solutions provider listed on the New York Stock Exchange and engaged in research and development, production and sale of agricultural products.

It is gratifying to note that the initial reaction to this announcement, from customers and staff in particular, has been positive. I believe this reflects a clear understanding of the need for PGG Wrightson to be forward-thinking and proactive as it responds to trends in international markets, as well as those in New Zealand. There is no doubt that the changes taking place in China, and the opportunities arising from them, are among the most important of these trends.

It is also appropriate to comment briefly on the focus given in some media reports to governance and legal issues Agria is dealing with – ie. the filing of its 2008 annual report and the existence of class action lawsuits based on the company’s initial public offering in 2007. As announced this week, PGG Wrightson’s due diligence, with the assistance of professional advisers, found no issues of significant concern. We are confident these matters will be resolved satisfactorily and without any impact on the agreements between PGG Wrightson and Agria.

### ***Strategic partnership***

Under a Co-operation Agreement signed just prior to the announcement, PGG Wrightson and Agria have undertaken to work together to create value through the advancement of agricultural technology and the development of new markets, especially in China. The scope of co-operation includes:

- Joint development and international commercialisation of seed cultivars to which Agria, PGG Wrightson and their development partners have access;
- Development of livestock demand in China and export of livestock to meet that demand, from New Zealand, Australia, South America and other markets; and the establishment of livestock trading systems in China using PGG Wrightson’s technical expertise, particularly through the establishment of an auction system;

- Examination of the development of a rural services business in China, where there is currently no mature provider of rural services; and
- Examination of additional funding lines for growth through third party sources for PGG Wrightson Finance.

### ***Investment by Agria in PGG Wrightson***

Preliminary agreement has been reached for Agria to receive a placement of new equity representing 13 percent of PGG Wrightson's share capital, at 88 cents per share.

As you will likely be aware, your Board announced on 27 August that it was considering a potential equity raising, which could involve both existing Shareholders and new investors, including the introduction of a new cornerstone Shareholder. The preliminary agreement with Agria is the first outcome from this process.

While the timetable cannot be certain at this point, it is believed that an announcement on the terms of any further equity raising could be made by early November.

I believe the arrangements reached with Agria have the potential to create significant long-term value for both companies. The Co-operation Agreement provides a framework in which intellectual property, management know-how and financial resources can be deployed jointly and for mutual benefit, according to specific opportunities and requirements.

### ***Continued focus on the existing business platform***

This programme will be consistent with our existing business platform. Our primary focus will remain on our customers in New Zealand, Australia and South America – and on improving performance in our existing businesses and markets, while exploring new opportunities. Agria is investing on the same basis.

Your Board has for some time been looking to establish a strategy and business platform for entry into China. The relationship with Agria will enable that aspiration to be met. We also look forward to welcoming Agria as a third cornerstone Shareholder.

Fuller information on these developments is available on [www.pggwrightson.co.nz](http://www.pggwrightson.co.nz) in the form of a news release and a summary of the Co-operation Agreement between the two companies.

I look forward to updating you further when the relevant matters, especially in regard to the intended rights issue, are determined.

**Yours sincerely**



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**Keith Smith**  
Chairman