

To: The Shareholders
PGG Wrightson Limited

Disclosure to Shareholders of Offer to Acquire Shares

- 1 PGG Wrightson Limited (*PGW*) proposes to acquire on 29 October 2010 454,904 ordinary shares in PGW from Mr Michael Skilling (the *Shares*), which were purchased by Mr Skilling under his senior executive share incentive scheme (the *Scheme*). Details of the Scheme were disclosed to shareholders on 16 September 2008 when the Shares were purchased.
- 2 During Mr Skilling's employment with PGW, the Scheme was an effective incentive to him to improve PGW's performance for the benefit of PGW's shareholders, and aligned the interests of Mr Skilling with the interests of PGW's shareholders.
- 3 Mr Skilling left his employment with PGW on 2 July 2010, and his Scheme has terminated as a result of his departure. Under the terms of the Scheme, PGW is required to acquire the Shares from Mr Skilling at the August/September 2008 on-market purchase price originally paid for the Shares (an average of \$2.75 per share), in accordance with section 60(1)(b)(ii) of the Companies Act 1993. PGW's obligation under the Scheme to acquire the Shares where an Executive departs and where the market price of the Company's shares has decreased is a risk inherent in a scheme of this nature, but was a reasonable risk to incur in light of the advantages of the Scheme at the time of inception.
- 4 All proceeds for the sale of the Shares will be fully applied to repayment of the loans provided by PGW to Mr Skilling to originally purchase the Shares as part of the Scheme, i.e. no cash or other proceeds for the sale of the Shares will be retained by Mr Skilling.
- 5 The Shares will also be cancelled on acquisition, which will have an anti-dilutionary impact on the shareholdings of all PGW shareholders.
- 6 To initiate the proposed offer described above, the Board resolved on 1 October 2010 that:
 - *"the acquisition of the Shares under the Offer is in the best interests of the Company and of benefit to the remaining shareholders;*
 - *the terms of the Offer and the consideration offered for the Shares are fair and reasonable to both the Company and the remaining shareholders."*
- 7 This disclosure document is given to you pursuant to section 61(5) of the Companies Act 1993.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Julian Daly'.

Julian Daly
General Counsel/Company Secretary
For the Board of Directors
11 October 2010