

Wrightson Limited

**Special Shareholders' Meeting
21 September 2005**



Proposed Merger of Wrightson Limited and Pyne Gould Guinness

Keith Smith
Chairman



Background to the merger proposal

- A response to changing conditions and competition in agribusiness
- A move to get ahead of the game
- Creates a business with critical mass
 - To meet client needs in changing and highly competitive markets
 - To invest in R&D and commercial solutions that improve farm productivity and profitability
 - And by doing so, to deliver value for shareholders and staff

Initial response to the proposal

- Understood by clients
- Favourable share price reaction
- Top 30 NZX ranking
- Increased market liquidity
- Market and commentator reaction indicates the proposal's appeal

Growth in step with the nation

1840s	Levin & Co formed – exports wool from Wairarapa
1865	Wright Stephenson established
1906	Floats on the stock exchange London office established
1920s	Consolidation
1950s/60s	Expansion in associated businesses
1970s	Amalgamation with NMA
1980s	Part of Fletcher Challenge
1993	Refloated on the stock exchange
2004	Acquisition of Williams & Kettle

Change in 2004-05

- New Board and cornerstone shareholder
- Renewal of focus on clients
- Back to basics
 - Front-line accountability and decision-making
 - Simplifying the business
 - Reducing overheads

Business profile changes

- Insurance partnership
- Closure of Solutions
- Sale of Potatoes and Forestry
- Rebuilding in Finance
- Redirection of the Research business
- Acquisition of Williams & Kettle

Evaluation of future options

- Critical mass required for competitiveness
- Need to be catalyst for change in a fragmented industry
- Shared vision between PGG & Wrightson directors
- Complementary businesses
- Significant merger benefits – at least \$20m before tax in the second year
- Benefits exceeding any other proposal considered

PGG Wrightson profile

- \$1 billion-plus business
- Scale to service the demands of corporate farmers
- The critical mass to invest in people, products and services
- Leading positions and national coverage in a range of businesses catering to essential client needs

Livestock and Wool

- **Livestock marketing**
 - Farmers, Meat processors, Exporters
Breeders
 - Buying and selling
 - At auction and on-farm
- **Wool handling and marketing**
 - On-farm advice
 - Storage
 - Shipping
 - Supply contracts to end users



Wrightson

Seeds and Animal Nutrition

- Seeds
 - Domestic and International (global distribution)
 - Market-leading proprietary products
 - Strong research commitment
 - Pipeline of new products
- Animal nutrition
 - Importing, processing and wholesaling
 - Feeds, minerals, equipment, animal health products

Rural Supplies

- Largest national chain of stores
- Products including
 - Animal health
 - Seeds and grain
 - Chemicals
 - Clothing
 - Machinery
 - Fertiliser
 - Fuel
- Technical support



Wrightson

Finance, Real Estate & Insurance

- Finance
 - Deposits
 - Trading accounts, seasonal finance, overdrafts
 - Transactional banking
 - On-line banking
- Real estate
 - National network
 - Specialised in rural and lifestyle properties
- Insurance
 - JV with New Zealand's largest broker, Aon
 - Full range of targeted rural products



Wrightson

Irrigation

- **System design and construction**
- **Agriculture and horticulture clients**

Training

- **Agricultural and horticultural training delivered through New Zealand**

Financial comparisons – see notes

	Wrightson Year to 30.06.05	PGG Wrightson Year to 30.06.06 ¹
Assets	\$0.5b	\$1.1b
Revenue	\$0.7b	\$0.9b ²
Net earnings	\$20.5m	\$30m ^{2, 3}

Notes:

1 – Investment Statement & Prospectus

2 – Includes 9 months Wrightson only

3 – After \$10 million one-off merger costs



Preparing the organisation

- Vision and values aligned
- Interim MD appointed – Baird McConnon
- Search under way for CEO
- Management structure agreed – combining Divisional and geographical leadership
- Divisional managers and CFO appointed
- Integration complete by 30 June '06

Legal form of the merger

- Agreed merger – supported by both boards and overseen by High Court
- Wrightson shareholders will own 60% of the merged company
- Initial Board of 12 – six from each company
- Implemented by PGG purchase of Wrightson shares
- Requires 75% approval
- Effective date and allotment of shares likely to be 7 October

Summary

The proposed merger ...

- Is in the best interests of the company
- Is in keeping with the company's history and traditions
- Opens the door to a new phase of development and growth
- Is an exciting opportunity to create a special agribusiness

Directors are unanimous that this is the best way forward

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Questions and Discussion

