

# AWI-AWS Integration Update

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# Key Messages

- Both Chairmen are absolutely committed to completing the transaction
  - But, it is complicated
  - And not at any cost
- Peter McKeown and I have great confidence that we can resolve all outstanding issues
  - And present solutions to the Boards and ultimately to shareholders
- Timing – depends on IWS Pension Fund

# MOU

- Single parent company – RDI & marketing
- Development of AWS assets – the Woolmark
- Single Board and management
- AWI shareholder model
- Tax Exempt
- Designated R&D body
- Resolution of IWS Pension Fund in UK

# UK Pension Fund

- \$28m at March 2003 – current liability
- As at 31 March 2006?
  - Actuarial review underway
- UK Pension Regulator and the law
  - Moral Hazard provisions
- Buy-out deficit
- Implications for integration
- Australian Government support

# Other Issues

- Taxation
- Appointment of Advisors
- WoolPoll
- Shareholder approval

# Shareholders

- AWI and AWS had same 36,000 shareholders at formation in 2001.
- AWI has cancelled 10,000 shareholdings
  - 2,000 more to be cancelled
  - 1,000 further shareholdings to be transferred
  - 13,000 AWS shareholders are not shareholders of AWI
- AWI has added 6,000 new shareholders
  - 6,000 AWI shareholders are not shareholders in AWS
- Different constitutional rules

# The Way Ahead

- Press for report on IWS Pension Fund
- Resolve fund position with Australian Government, Trustees, UK Pension Fund Regulator
- Finalise details of the integration transaction
- Complete due diligence
- Present shareholder resolutions