



AUSTRALIAN WOOL INNOVATION LIMITED

ABN 12 095 165 558

NOTICE OF ANNUAL GENERAL MEETING

ANNUAL GENERAL MEETING 2009

Friday 27 November 2009
10am Australian Eastern Daylight Saving Time

The Grace Hotel
Wilarra-Marra Room
77 York St
Sydney
New South Wales

9am - Registration commences

For more information about the AGM contact:
Link Market Services on 1800 113 373

LETTER FROM THE AWI CHAIRMAN

Dear Shareholder

I am pleased to provide you with this notice and strongly encourage you to attend the Australian Wool Innovation Limited ('the Company') Annual General Meeting ('AGM') at 10am on Friday 27 November 2009 at:

The Grace Hotel
Wilarra-Marra Room
77 York St
Sydney
New South Wales

The AGM is an opportunity for you to vote for Directors of the Board of the Company, to vote on a proposed change to the Company's Constitution and to hear an update on all the Company's activities.

If the proposed changes to the Constitution are approved, an election of directors will be held every two years, rather than every year (which is the current requirement).

The Board believes that this change will provide greater stability for the Board, while avoiding the distraction and saving the cost of an annual election of directors.

If you are unable to attend the AGM, then I encourage you to complete and return your proxy voting form to **Link Market Services before 10am Wednesday 25 November 2009**, Australian Eastern Daylight Saving Time. Alternatively, appoint a proxy online using the share registry's website at www.linkmarketservices.com.au

If you plan to attend the AGM, please bring the enclosed proxy form to facilitate your registration, which will commence at 9am.

Yours sincerely



Walter B Merriman
Chairman

NOTICE OF ANNUAL GENERAL MEETING OF AUSTRALIAN WOOL INNOVATION LIMITED ('THE COMPANY')

Notice is given that the Annual General Meeting of the Company is to be held at:

The Grace Hotel
Wilarra-Marra Room
77 York St
Sydney
New South Wales

on

Friday **27 November 2009**, commencing at **10am** Australian Eastern Daylight Saving Time (registration commences at 9am AEDST).

ANNUAL GENERAL MEETING AGENDA

Shareholders are directed to the Explanatory Notes which follow items 2 and 3 on this Notice of Annual General Meeting. The Explanatory Notes contain important information relevant to your decision whether to vote for or against the resolutions set out below and they will aid shareholders in understanding the purpose and effect of those proposed resolutions.

ORDINARY BUSINESS

1. Consideration of Reports

To receive and discuss the Financial Report of the Company, the Directors' Report and the Auditor's Report, for the financial year ended 30 June 2009.

2. Re-election of Directors

- 2.1 To re-elect as a Director **Mr Walter B Merriman**, who retires as a Director in accordance with Rule 13.3(a) of the Company's Constitution and, being eligible, offers himself for re-election.
- 2.2 To re-elect as a Director **Mr Charles (Chick) Olsson**, who retires as a Director in accordance with Rule 13.3(a) of the Company's Constitution and, being eligible, offers himself for re-election.
- 2.3 To re-elect as a Director **Mr Roger Fletcher**, who retires as a Director in accordance with Rule 13.3(a) of the Company's Constitution and, being eligible, offers himself for re-election.

The election of each Director will be proposed and voted upon as a separate resolution.

EXPLANATORY NOTE TO ITEM 2

In accordance with the Company's Constitution (Rule 13.3(a)) three Directors **Mr Walter B Merriman** (Chairman), **Mr Charles (Chick) Olsson** and **Mr Roger Fletcher** will retire by rotation. Each of the directors has satisfied the requirements to be eligible for, and is seeking, re-election.

Short biographical details and notes for each of the candidates follows.

The respective biographies and notes were provided by the candidates and Australian Wool Innovation Limited has not sought to verify the accuracy of or to edit these statements.

Candidates' biographies and notes:

Mr Walter B Merriman

Mr Merriman is Managing Director of the Merryville Stud. He oversees extensive commercial pastoral interests giving him broad farming and grazing experience. Mr Merriman has served on several industry boards, including National Woolgrower Forum, Major Woolgrowers Group and is past president of both NSW and Australian Stud Merino associations.

Mr Charles (Chick) Olsson, BEc, MAICD

Mr Charles (Chick) Olsson is part of the Olsson family group of companies, known for their agricultural and salt mining interests throughout Australia. His business career has essentially been involved in business management and marketing roles. Mr Olsson runs fine wool Merinos at 'Royal Oak' Goulburn NSW.

Mr Roger Fletcher

Mr Fletcher is the Managing Director of Fletcher International Exports Pty Limited (Dubbo Abattoirs and Wool Scour & Top Making Plant) New South Wales, and Fletcher International WA (Narrikup Abattoirs) Western Australia. He is also a wheat and wool farmer. He is Chairman of the National Export Lamb, Sheep and Goat Industries Council, and Director of the Australian Meat Industry Council.

The order in which the candidates appear in the Notice of Annual General Meeting has been determined by an independent ballot conducted by the Company's Share Registry Link Market Services Limited.

The Board unanimously supports the election of **Mr Walter B Merriman, Mr Charles (Chick) Olsson and Mr Roger Fletcher** who all retire by rotation.

SPECIAL BUSINESS

It is proposed to change the Constitution of the Company so that an election of Directors by rotation must be held every two years, rather than every year (which is the current requirement).

3. Amendment of Constitution

To consider, and if thought fit, to pass the following resolution as a special resolution:

That the Constitution of the Company be amended as follows:

Primary amendments:

By deleting material struck through and inserting underlined material in the following paragraphs of Rules 13.2 and 13.3:

13.2 Board's Power to appoint Directors

The Board may at any time appoint any person as a Director, to fill a vacancy but so that the number of Directors does not exceed the maximum number determined under Rule 13.1. Any Director appointed under this Rule may hold office only until the next annual general meeting of the Company. That Director is ~~and is~~ then eligible for election at that annual general meeting if the Board so determines ~~nominated by the Board under paragraph 13.3(e), but that Director is not to be taken into account in determining the number of Directors who are to retire by rotation at the that annual general meeting under Rule 13.3 (if any).~~

13.3 Retirement and Election of Directors

- (a) At every annual general meeting held in a Rotation Year, one-third of the Directors (other than a Managing Director under Rule 14.2), or if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third, must retire from office.
- (b) Despite any other provision of this Constitution, a Director (other than a Managing Director under Rule 14.2) must retire from office at the conclusion of the ~~third~~ annual general meeting held in the third Rotation Year after ~~which~~ the Director was elected or re-elected. Any Director who retires at a meeting (whether under this Rule or otherwise) and seeks re-election at the meeting retains office until the earliest to occur of re-election and the conclusion of the meeting.

Subclauses 13.3 (c) – (h) remain unchanged.

Consequential and related amendments:

Rule 1.4: delete the definition of **retiring Director** and insert instead:

retiring Director means a Director who retires under Rule 13.2 or Rule 13.3.

Rule 1.4: insert after the definition of **Rolling Wool Levy Amount** the following definition:

Rotation Year means a year the last integer of which is 1, 3, 5, 7 or 9.

Rule 11.1: insert after "to elect Directors," in the first sentence the following:

in a Rotation Year or under Rule 13.2

EXPLANATORY NOTE TO ITEM 3

Item 3 proposes amendments to the Constitution as a single resolution, which is a special resolution.

It is proposed to change the Constitution of the Company so that an election of Directors by rotation must be held every two years, rather than every year (which is the current requirement).

For ease of reference Rule 13.2 and paragraphs (a) and (b) of Rule 13.3 as they currently exist have been set out above, and the changes proposed to them have been marked. The consequential amendments are set out more briefly.

The effects of the proposed amendments are:

- To change the system for election of Directors so that they generally occur only every second year, in what will be called a **Rotation Year**, when at least one third of the Board will be required to retire and stand for election. Currently, at least one third of the Directors must retire and stand for election every year.

This will have the practical impact that a Director elected this year may not be required to stand for election again until 6 years from now. A consequential impact will also occur to the terms of Directors elected in previous years. However, given that the current Board size is 8, at least 3 Directors would need to stand every 2 years, so that many (but not all) Directors will come up for retirement by rotation at least every 4 years. Note that the maximum Board size is 10 and the minimum Board size is 5 under Rule 13.1 of the Constitution.

- A Director appointed by the Board to fill a casual vacancy will still be required to stand for election at the next annual general meeting after his or her appointment.

These amendments do not, and cannot, remove the right of shareholders to remove directors in accordance with section 203D of the *Corporations Act 2001*.

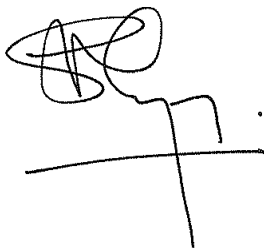
The Board is proposing this amendment to the Constitution to limit the disruption to the operations of the Company caused by annual elections and to promote strategic objectives with a longer term horizon.

This resolution is proposed as a special resolution. To take effect, it must be approved by at least 75% of the votes cast on this resolution. If passed by the required majority, it will take immediate effect.

For your convenience, the following table sets out the dates on which all of the current Directors were last elected. Note that Messrs Merriman, Olsson and Fletcher retire by rotation at the 2009 Annual General Meeting and being eligible are standing for election at the meeting.

Director	Date of last appointment
Mr Walter B Merriman (Chairman)	14 November 2006
Mr Roger Fletcher (Deputy Chairman)	14 November 2007
Mr George B S Falkiner	19 November 2008
Mr Laurence Modiano	19 November 2008
Mr Charles (Chick) Olsson	14 November 2007
Dr Meredith Sheil	19 November 2008
Mr Brian P van Rooyen	19 November 2008
Mr David Webster	19 November 2008

The Board unanimously supports these proposed amendments to the Constitution.



Susan Myers
Company Secretary
Australian Wool Innovation Limited

Dated: 19 October 2009

VOTING

Individual shareholders may vote in person or by proxy. A corporate shareholder may vote by proxy or through a body corporate representative.

For the purposes of the meeting, shares in the Company are deemed to be held by those shareholders who held shares at 18 October 2009 as recorded in the Company's share register. The number of votes a shareholder is entitled to cast is determined in accordance with Rule 5.3 of the Company's Constitution.

Power of attorney

A shareholder intending to appoint an attorney to attend and vote at the meeting, or if the proxy is signed by an attorney, must lodge the power of attorney (or a certified copy of it) with the Company's Share Registry, Link Market Services Limited, by **10am Wednesday 25 November 2009**, Australian Eastern Daylight Saving Time.

Voting on behalf of a company

A shareholder that is a corporation intending to attend and vote at the meeting by a corporate representative and not by way of proxy must lodge the properly executed authority from the company in favour of the person attending with the Company's Share Registry, Link Market Services Limited, by **10am Wednesday 25 November 2009**, Australian Eastern Daylight Saving Time.

A company appointing a corporate representative may nominate its representative using the 'Corporate Representative Appointment' form provided with this notice.

PROXIES

A shareholder of the Company entitled to attend and vote at the meeting has the right to appoint a proxy. A proxy need not be a shareholder of the Company. A Form of Proxy accompanies this Notice of Annual General Meeting.

A shareholder who is entitled to vote may appoint up to two proxies and may specify the proportion or number of votes each proxy is to exercise.

If a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. Fractions of votes will be disregarded.

Votes may be cast 'for' or 'against' or you may 'abstain' from voting on a resolution. If you wish to direct a proxy how to vote on any resolution, place a mark (eg a cross) in the appropriate box on the proxy form and your votes may only be exercised in that manner. You may split your voting direction by inserting the number of shares or percentage of shares that you wish to vote in the appropriate box. If you place a mark in the 'abstain' box, your votes will not be counted in computing the required majority on a poll.

Proxy delivery

For the appointment of a proxy to be effective for a meeting, the following documents must be received by the Company's Share Registry, Link Market Services Limited, by post (using the reply-paid envelope enclosed) or fax to (02) 9287 0309 or by delivery to its offices at Level 12, 680 George Street, Sydney, New South Wales 2000 by **10am Wednesday 25 November 2009**, Australian Eastern Daylight Saving Time:

- (i) the Appointment of Proxy form properly completed and signed; and
- (ii) if the Appointment of Proxy form is signed by the appointor's attorney, the authority under which the Proxy form was signed or a certified copy of the authority.

Online proxy facility

Shareholders may alternatively submit their proxy instructions online at the Share Registry website (www.linkmarketservices.com.au) in accordance with the instructions given there (you will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website) by **10am Wednesday 25 November 2009**, Australian Eastern Daylight Saving Time.

Enquiries should be directed to the Company's Share Registry, Link Market Services Limited, on 1800 113 373.

Australian Wool Innovation Limited

ABN 12 095 165 558

Registered office

Level 30
580 George St
Sydney NSW 2000

Postal address

GPO Box 4177
Sydney NSW 2001

Tel +61 2 8295 3100 Fax +61 2 8295 4100
Website www.wool.com
Email info@wool.com
Helpline 1800 070 099 (free call within Australia)

Share Registry

Link Market Services Limited
1800 113 373 (free call within Australia)