

BETWEEN Australian Wool Innovation (AWI), its successors, and the remaining Applicants, collectively the "Applicants"

AND People for the Ethical Treatment of Animals Inc (PETA), Newkirk, Akin, Matthews, Ruckley and Rice (collectively the "PETA Respondents")

#### TERMS

1. The Federal Court litigation No: 1630 of 2004 against the PETA Respondents will be dismissed by consent with no orders as to costs (existing costs orders to be vacated).
2. The PETA Respondents will maintain a Moratorium on their Australian Wool industry campaign until 31 December 2010. "Moratorium" in this agreement means the temporary suspension world-wide of any activities which call for, or threaten to call for, a consumer boycott of any specific retailer in relation to the sale of products from mulesed wool.
3. The PETA Respondents will maintain the Moratorium beyond 31 December 2007 only for so long as:
  - a) a training program has been established, rolled out and is being satisfactorily implemented for woolgrowers across Australia, to educate, train and support those woolgrowers who mules their sheep about animal husbandry and farm management practices that may be implemented by those woolgrowers to manage and reduce the incidence of fly-strike to reduce mulesing;
  - b) a system has been implemented for identifying unmulesed Australian wool throughout the Australian wool supply chain, including a label available to garment manufacturers and retailers who wish to identify a non-mulesed garment at the retail level;
  - c) a system has been implemented to periodically collect, collate and publish data to identify:
    - (i) the proportion of non-mulesed to mulesed sheep in Australia each year; and
    - (ii) the proportion of non-mulesed wool to mulesed wool produced in Australia each year;and
  - d) AWI has established a genetic research program which is subject to biannual review by a panel of independent experts ('the Panel') to be agreed by PETA and AWI, and that AWI is satisfactorily implementing any Panel-recommended changes and providing biannual reports to PETA, retailers and the Panel, which the Panel will review to assess whether AWI is satisfactorily implementing the program and the program is making adequate progress.
4. AWI will meet with PETA's nominated experts within 120 days of the execution of this Agreement to fully inform, and discuss with, PETA on AWI's program (including scientific programs) and investments into Genetic-Based Mulesing Alternatives. In this agreement, "Genetic Based Mulesing Alternatives" means a technique of producing in wool growing sheep (Merino) a bare breech area that is not susceptible to blow-fly strike.
5. AWI will provide to PETA a copy of each of its quarterly reports to retailers, which is audited by the Australian Veterinary Association, of the progress being made in its research programs into Genetic-Based Mulesing Alternatives.



6. A party to this Agreement, when advised by another party of a perceived inaccuracy in its representations, if any, will, in good faith, engage in communications with the other party to avoid misleading and deceptive statements of fact.
7. AWI will encourage the development, approval and use of products to provide relief from pain associated with mulesing.
8. AWI will fast-track the development of Genetic-Based Mulesing Alternatives and will do all in its power to encourage the adoption of such alternatives when developed.
9. The Applicants will not oppose any market place development that purports to classify Australian wool as being sourced from mulesed or other sheep.
10. This Agreement is not confidential.
11. A breach by either Party of a condition of this Agreement will constitute a breach of agreement, giving rise to a right on the other party to terminate this Agreement.
12. This Agreement terminates on 31 December 2010 unless the parties agree to continue it.



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Leslie Targ  
Deputy CEO, Australian Wool Innovation  
On behalf of the Applicants



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Jeffrey S Kerr,  
General Counsel and Vice-President, Corporate Affairs  
PETA Foundation  
on behalf of the PETA Respondents

Dated: 29 June 2007

