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Dear Shareholders

I am writing to you to explain and seek your support for changes to our executive compensation program that your Board believes is required to continue to appropriately remunerate and incentivise the executive management team.

Ansell's executive compensation program has a core principle of aligning shareholder and management interest by adopting a remuneration philosophy of greater weighting towards at-risk and long-term incentives in preference to fixed remuneration. There is also a preference towards making awards by providing shares. A typical compensation package, free of these at-risk and long-term measures, is at the 50th percentile when measured against the indicative market median. This is quite low when compared to industry standards.

Our program of greater weighting towards at-risk and long-term incentives and providing awards of shares therefore motivates management to adopt and execute the appropriate corporate strategies to deliver long-term growth. Senior management are also subject to mandatory shareholding targets. The benefits to shareholders are reflected in the strong Total Shareholder Return of the Company due to Ansell's share price growth and twelve consecutive years of dividend increases. It is our intention to continue to base remuneration practices around this core principle.

Our F'15 financial results demonstrated the ongoing success of our strategy in a difficult global economic environment. The results would have been stronger were it not for adverse foreign exchange rate movements against the US dollar in the main currencies in which Ansell operates its businesses. The F'16 Guidance also has strong underlying growth of US10¢ – US20¢ a share but with a net US14.0¢ – US18.0¢ negative impact on earnings resulting from the continuing weakness of the key currencies against the US dollar. In other words, while our core earnings are expected to grow strongly in the markets where we do business, there would be a negative impact when those results are converted in US dollars for reporting purposes.

This outlook has serious implications for our executive compensation program given its strong weighting to at-risk long-term incentive components. The at-risk long-term incentive components are earned through driving increases in the earnings growth rate (subject to a Return on Equity gateway), which in turn generates strong Total Shareholder Return. However, due to the significant foreign exchange headwinds, the F'14 Long Term Incentive (**LTI**) Plan is unlikely to vest even though the underlying business is still growing strongly. This also means that a key opportunity to accumulate equity by the management may not be realised. Your Board is therefore faced with a situation that, due to forces outside of management's control and in a potentially prolonged period of low economic growth, there is a risk of the delinking between the performance of the management and the compensation schemes.

The HR Committee, after extensive work with its remuneration advisors, has recommended the following proposal which is supported by the Board. The Company is now seeking your support for the following program:

1. A rethink of our total compensation plan for publication in F'16 and introduction over F'17 and F'18. The final introduction timing will depend on any transition complications. A new compensation plan will be devised and your views canvassed during the first half of calendar 2016.

2. An amended plan for the F'16 operating year:

2.1 The Company will maintain its existing Short-Term Incentive Plan with its current measures. In addition to this the Company is proposing to enhance the plan through adding a share based component that has a Return On Equity (**ROE**) gateway (1.5 times WACC) in addition to the other current measures.

Any shares earned will be subject to a clawback provision and once vested, the shares will either need to be held as part of the mandatory shareholding policy for Key Management Personnel or at least a further two further years for other plan participants. This award would be funded to half of the value of the F'14 LTI Plan by using the existing provisions for the F'14 LTI Plan. The F'14 LTI Plan would have matured in F'16 but has been deemed ineffective and cancelled due to the currency movements detailed above.

2.2 Issue our final F'16 LTI Plan based on an adjusted EPS from the F'15 final EPS and otherwise in line with the current model.

2.3 An adjustment to the packages of our CEO and CFO, as the Human Resources Committee's work with our remuneration advisers indicates that these packages are out of line with the agreed market benchmark, particularly in the LTI component. To close some of the gap, it is proposed to issue the CEO with 150,000 and the CFO with 50,000 share options. These would be based on a strike price determined by the weighted average five day trading price before the date of issue, a five-year to vesting period and a two-year exercise window post vesting. We believe that this will provide an appropriate incentive package and shareholder alignment between now and 2020 when the options would vest.

The Board believes that these changes are not only equitable and motivational but will enable the Company to move towards further enhancing our alignment of management and shareholder interests. The Board hopes you agree and will lend your support to both the immediate changes and the discussion and establishment of a new compensation plan for the future.

Yours faithfully

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Glenn Barnes
Chairman
Ansell Limited