



**Coote Industrial Limited**  
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21 April 2010

Dear Shareholder,

I write in order to update you on some developments in relation to Coote Industrial Ltd ("Coote") and the proportional takeover offer for your shares in Coote ("Offer") made by Elph Pty Ltd ("Elph").

You should by now have received Coote's Target's Statement, which is the Board's formal response to the Offer. In the Target's Statement, the Board unanimously recommends that you **REJECT the Elph Offer**.

I am pleased to confirm that, subsequent to the despatch of the Target's Statement, Coote has also finalised negotiations with its bankers in relation to the terms of new debt facilities that will take the company through to February 2011. Details can be found in Coote's First Supplementary Target's Statement, which is available from the ASX and from the company's website.

We have received numerous calls from shareholders advising that they have been contacted by a call-centre acting on behalf of Elph, seeking shareholder support for the Elph offer. If you are contacted, please note that these calls are being made on behalf of Elph, and not Coote. **You are under no obligation to take these calls or to inform Elph in advance of your intentions in relation to the offer.**

If you hold your Coote shares in a CHESS holding (ie, through your broker), you should also be aware that Elph has announced that it is offering so-called "Broker Handling Fees" to brokers who procure acceptances of the Offer. **These fees provide a financial reward to brokers whose clients accept the Offer.** You should be aware of this if you are contacted by your broker with a recommendation that you accept the Offer.

**I reaffirm the Board's recommendation that you REJECT the Offer, which the Independent Expert has found to be neither fair nor reasonable.**

The Board has been encouraged by expressions of support it has received from a number of shareholders. The management team continues to work extremely hard to achieve a turnaround in the fortunes of the company and while challenges remain, the successful completion of negotiations with our bankers represents a very important milestone.

Please contact the company on +61 8 9251 8000 if you have any queries in relation to the Offer.

**To REJECT the Elph Offer, you need take no further action.**

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Donald Hector'.

Donald Hector  
Chairman