



17 April 2008

Dear Fellow Shareholders

We are writing to you about several resolutions we have proposed for the upcoming Annual Shareholder Meeting ("ASM") of Satara Co-operative Group Limited, being held on Tuesday 29 April 2008. We believe that now is a critical time for Satara and therefore we are appealing to you, the owners of Satara, for your support.

We believe that Satara has a strong asset base and some of the best growers in the world supplying it quality fruit. Given the support that loyal growers have provided the company over the years, we acknowledge that the co-operative nature of the company is one of the keys to its success. We have always been aware of the co-operative structure of the company and are **not** seeking any change to the "hybrid co-operative structure" whereby transactor (grower) shareholders hold 60% of the votes and investor shareholders hold 40% of the votes. Our key priority in the near and medium term is to ensure that the performance of the company is improved. Once this is achieved, a review of the structure to see what will deliver the best return to all constituencies going forward could be considered.

We provide below our responses to the Board's comments on some of the resolutions being put to the Annual Shareholders Meeting ("ASM"):

- **Directors Fees (Resolution 4):** Given the current uncertain industry outlook, rising costs and low returns as evidenced by the rebate to growers falling by 64%, Satara cannot afford to reward directors with a pay rise of 50%, in cash, until performance improves. Additionally, we note that key peer companies Seeka and Eastpack paid their directors fees of only \$168,000 and \$126,667 in 2007 versus the \$185,000 our directors received in 2007 and the \$300,000 that our directors are seeking for 2008¹. **Therefore, as returns have fallen and our directors are already the best paid in the peer group, we urge all shareholders to vote AGAINST this resolution.**
- **Director Rotation (Resolution 10):** We believe that annual elections of **all** directors is in the best interest of the company as it enables all shareholders to register their views annually on the performance of the Board of Directors and each individual director. This is well acknowledged international best practice – 53% of international large public companies listed in the U.S., including IBM, American Express, Time Warner and Yahoo, now require annual elections of all directors². International research shows that annual elections of all directors is not necessarily turbulent, risky or disruptive but instead contributes towards increasing value for all shareholders³. **Implementing international best practices at Satara should result in improved returns to all its constituents and therefore, we urge all shareholders to vote FOR this resolution.**
- **Shareholding Cap (Resolution 11):** As mentioned previously we are not seeking a change to Satara's unique hybrid co-operative structure whereby grower control is ensured. While we do not intend to acquire more than 10% of the number of investor shares on issue, we simply want to ensure that all shareholders have the right to vote all the shares that they own, without the directors having the unilateral ability to restrict this fundamental right. The right of shareholders to vote all shares that they have paid for and own is in line with both local and international best practice and acting to protect this right would serve to enhance value for all shareholders. **Therefore, we urge all shareholders to vote FOR this resolution.**
- **Director and Management Remuneration (Resolution 12):** Based on Satara's poor OGR and rapidly deteriorating financial performance it is clear that the Board's existing incentive framework has not worked. We believe that some simple changes to the Company's incentive framework

¹ Source: Seeka 2007 Annual Report and Eastpack 2007 Annual Report

² Source: "Get Ready For a Red Hot Proxy Season", Warner, J., Forbes, 2006

³ Source: "The Cost of Entrenched Boards", Bebchuk, L., Harvard University Program on Corporate Governance, 2004



could improve performance and increase the returns to all - growers, employees, creditors, and all shareholders. **Therefore, we urge all shareholders to vote FOR this resolution.**

- **Required Return (Resolution 13):** While our key near and medium term priority is to ensure that the performance of the company is improved we would **not** be supportive of a “fire sale” of the company or any other value-eroding transactions. In the coming year, Satara must focus on improving returns to growers and all shareholders. However, if the performance of the company does not improve during the current year, we believe that other strategic alternatives to improve returns must be implemented as the status quo of falling returns is unsustainable, for both growers and investors. **Therefore, we urge all shareholders to vote FOR this resolution.**
- **Board Sub-Committee (Resolution 14):** In our opinion, the establishment of a sub-committee with a specific mandate to actively investigate ways and means to improve returns to growers and investors will be beneficial to the company. Additionally, retaining a well recognised investment bank to prepare an independent expert’s report on ways and means to enhance value for all constituents would significantly assist the sub-committee with its task and ensure a truly independent view, that is in the company’s best interest, is formed. **Therefore, we urge all shareholders to vote FOR this resolution.**
- **Independent Chairman (Resolution 15):** Our goal is to ensure that Satara is led by an independent Chairman (or Chairwoman) who is able to instill “from the top down” a culture of judicious capital expenditure, accountability for performance and maximization of grower and investor shareholder returns. To this end, we would be wholly supportive of a grower who is independent of the current Board and is suitably qualified and experienced, being appointed Chair of our company. **Therefore, we urge all shareholders to vote FOR this resolution.**

We are taking the pro-active approach of putting resolutions to the Annual Shareholders Meeting because we believe it is time for some changes at Satara to ensure that the company achieves its full potential, thereby delivering growers an improved OGR and all shareholders an adequate return on assets. Simply speaking the status quo of below international best practice corporate governance and falling returns is unsustainable, for both growers and investors.

As fellow shareholders of Satara, we are sitting alongside you during what has been a difficult time, and we welcome contact from those of you who have any queries or concerns. We look forward to meeting those of you who attend the Annual Shareholders Meeting.

We reiterate that Elevation Capital’s vision is for Satara to be one of the strongest and most profitable co-operative companies in the industry. In our opinion, for this to be achieved, the Company needs to be run in a transparent, accountable and commercial manner. Therefore, we ask for your support in achieving this outcome and implore you to vote **FOR** all our resolutions, either in person at the ASM or by sending in your duly filled out proxy form before the due date.

Sincerely



Christopher Swasbrook
Managing Director
Elevation Capital Management Limited