aristocrat

Notice of Annual General Meeting and Explanatory Statement

Tuesday 3 May 2005

Aristocrat Leisure Limited ABN 44 002 818 368

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Notice of Annual General Meeting

Notice is given that the Annual General Meeting of the Members of the Company will be held at the time and location, and to conduct the business, specified below:

Date	Tuesday, 3 May 2005
Time	10.00 a.m.
Location	Ballroom 1, Star City 80 Pyrmont Street, Pyrmont NSW 2009

Business

Financial Statements

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:

Resolution 1

"That the Financial Report of the Consolidated Entity in respect of the year ended 31 December 2004 and the Directors' and Auditor's Reports thereon, be received by the Members of the Company".

(Refer to the Explanatory Statement annexed for more details)

Election of Director

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:

Resolution 2

"That Mr AW Steelman who, in accordance with Article 12.3 of the Constitution of the Company, retires from office and, being eligible, offers himself for re-election, be re-elected a Director of the Company".

(Refer to the Explanatory Statement annexed for more details)

Approval of Participation by Mr PN Oneile in the 2005 Long Term Performance Share Plan

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:

Resolution 3

"That Mr PN Oneile, Managing Director and Chief Executive Officer, be granted 68,343 performance share rights pursuant to the Company's Long Term Performance Share Plan in the manner set out in the Explanatory Statement to this Notice of Meeting and that this be approved for all purposes, including for the purpose of ASX Listing Rule 10.14".

Short Explanation

On 21 December 2004, a Special General Meeting of Shareholders of the Company approved the allocation of 380,000 performance share rights pursuant to the Company's Long Term Performance Share Plan ("PSP") for 2004 to Mr PN Oneile, Managing Director and Chief Executive Officer. The PSP is summarised in the Explanatory Statement. The Board of Directors recommends to shareholders an allocation for 2005 of 68,343 performance share rights. The ultimate allocation of shares to Mr PN Oneile pursuant to such share performance rights will depend on the Company's performance over a three year period which commenced on 1 January 2005.

(Refer to the Explanatory Statement annexed for more details)

Approval of Long Term Performance Option Plan

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:

Resolution 4

"That the Aristocrat Long Term Performance Option Plan, the principal terms of which are summarised in the Explanatory Statement to this Notice of Meeting, and the issue and exercise of options under that plan, be approved for all purposes (including as an exception to ASX Listing Rule 7.1)."

Short Explanation

The Long Term Performance Option Plan ("POP") is an executive incentive scheme to drive the continuing improvement in the Company's performance. The POP provides for eligible employees to be offered conditional entitlements to options over fully paid ordinary shares in the Company, such that shares may, on exercise of such options, be allocated to eligible employees, subject to meeting performance criteria specified by the Board within a set performance period.

The POP is not intended to provide eligible employees with additional remuneration but to permit the use of a mix of performance share rights and options (rather than just performance share rights) in setting individual remuneration arrangements.

(Refer to the Explanatory Statement annexed for more details)

Adoption of New Constitution

To consider and, if thought fit, pass the following resolution as a Special Resolution:

Resolution 5

"That the Constitution in the form produced at the meeting and signed by the Chair for the purposes of identification be approved and adopted to replace the existing Constitution (previously called the Memorandum and Articles of Association) of the Company, with effect from the date upon which the Directors announce to the Australian Stock Exchange that the Company has received any necessary approvals from regulatory authorities or legislative bodies."

Short Explanation

The Board believes that the existing Constitution of the Company should be updated to reflect changes in law and practice over recent years. Due to the significant number of amendments that are required, adopting a new Constitution rather than amending the current Constitution is considered a more practical means of achieving this objective. The change will not be effective until after all necessary approvals from relevant authorities are obtained.

(Refer to the Explanatory Statement annexed for more details)

Equal Capital Reduction

To consider and, if thought fit, pass the following resolution as a Special Resolution:

Resolution 6

"That the following reduction of share capital of the Company is approved for all purposes including for the purposes of section 256C(1) of the Corporations Act:

(a) a reduction of the share capital account of the Company by up to A$0.21 for each fully paid ordinary share on issue on the record date ("Record Date") to be set by the Directors of the Company for this purpose, but without any cancellation of any issued share; and

(b) with the reduction in respect of each ordinary share being effected and satisfied by the Company paying to the holders of ordinary shares as at the Record Date the sum of up to A$0.21 for each ordinary fully paid share at the Record Date, with the payment to be effected at a time determined by the Directors of the Company and in the manner provided at that time by the Constitution of the Company for the payment of dividends ("Payment Date"),

subject to the following occurring within 3 months of the date of this notice:

(i) the Company receiving a Class Ruling from the Commissioner of Taxation in a form acceptable to the Directors; and

(ii) having regard to the Class Ruling, the Directors determining the amount of the capital return per ordinary share (but not to exceed A$0.21 per ordinary share); and

(iii) the Directors causing an announcement to be made to the Australian Stock Exchange including the following: the amount of the capital return per ordinary share (but not to exceed A$0.21 per ordinary share), the Record Date and the Payment Date,

with this resolution to take effect from the time of the announcement under paragraph (iii)."

Short Explanation

Following the announcement made on 22 February 2005, the Company is proposing an equal capital return to shareholders of up to A$0.21 per fully paid ordinary share (approximately A$100 million in total). The capital return is conditional upon shareholder approval by special resolution (as prescribed by Article 9.2 of the Company's current Constitution) and upon the Company receiving a Class Ruling from the Australian Taxation Office in a form acceptable to the Directors. No shares will be cancelled as a result of the capital return. The Record Date will be set by the Directors.

(Refer to the Explanatory Statement annexed for more details)

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 or 4 by a Director of the Company and by any associate of any such person. The Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions to vote on the proxy form; or

(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Determination of Entitlement to Attend and Vote

For the purposes of determining entitlement to vote at this meeting, shares will be taken to be held by the persons who are registered as members at 10.00 a.m. Sydney time on Sunday, 1 May 2005.

By order of the Board

Bruce J Yahl
Company Secretary
Sydney
31 March, 2005

Proxies

A Member entitled to attend and vote at the meeting is entitled to appoint a proxy. If a Member is entitled to cast two or more votes the Member may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

An instrument appointing a proxy must be signed by the Member appointing the proxy or by the Member's attorney duly authorised in writing or, if the Member is a corporation, under seal or such other means as is contemplated by the Corporations Act and the Member's constitution. A proxy need not be a Member of Aristocrat Leisure Limited.

An instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed may be lodged:

- by mail, (address the envelope to: - Aristocrat Leisure Limited, C/- ASX Perpetual Registrars Limited, Locked Bag A14, Sydney South, New South Wales 1235, Australia); or
- by fax directed to the Company Secretary, Aristocrat Leisure Limited and sent to fax number (02) 9420 1352 or sent to the Registrar's fax number (02) 9287 0309 ; or
- by delivery to: -
  - the registered office of Aristocrat Leisure Limited, 71 Longueville Road, Lane Cove, New South Wales 2066, Australia marked for the attention of the Company Secretary; or
  - the Share Registry - ASX Perpetual Registrars Limited, Level 8, 580 George Street, Sydney, New South Wales 2000, Australia.

A proxy form must be received not later than 48 hours before the time for holding the meeting, otherwise it will be invalid.

A proxy form, which is signed under power of attorney or other authority, must be accompanied by that power of attorney or authority or a copy of that power of attorney or authority certified as a true copy by statutory declaration, unless it has previously been produced to the share registry.

Explanatory statement

Resolution 1

Financial Statements

This resolution calls for Members to resolve formally to receive the financial report for the year ended 31 December 2004 (which includes all the financial statements and notes) and the reports of the Directors and the Auditor. The Auditor will be in attendance at the Meeting and can answer questions on the conduct of the audit and the contents of their Report.

Resolution 2

Election of Director

Article 12.3 of the Company's Articles requires that at the Annual General Meeting in every year one third of the Directors of the Company for the time being (or the number nearest to one third) retire and offer themselves for re-election. The Managing Director is not subject to rotation and is not to be taken into account in determining the one third nor are Directors who are standing for election for the first time.

As at the date of this Notice of Meeting, the Board of the Company comprised four Non-executive Directors who are subject to rotation and therefore the Director with the longest service since his last election, Mr AW Steelman, is required to retire and offers himself for re-election.

The Board recommends that Mr AW Steelman be considered for re-election.

Mr AW Steelman, BA, MLA

Age: 62 Years

Business Experience:

- Former US Congressman
- Advisor, Alexander Proudfoot Consulting Board of Advisers
- Board Member, Texas Growth Fund
- Former Board Member, Sterling Software
- Former President, Maxager Technology
- Management Consultant with international experience in software, gaming strategy and government regulation

Mr AW Steelman has no material interest in any contract or relationship with the Company other than in relation to his directorship.

Resolution 3

Approval of Participation by Mr PN Oneile in the 2005 Long Term Performance Share Plan

On 21 December 2004, a Special General Meeting of Shareholders of the Company approved the allocation of 380,000 performance share rights pursuant to the Company's Long Term Performance Share Plan ("PSP") for 2004 to Mr PN Oneile, Managing Director and Chief Executive Officer. The Company's PSP is summarised below. If this resolution is passed, the grant of 68,343 performance share rights will be part of Mr PN Oneile's remuneration for 2005. However, the ultimate allocation of shares to Mr PN Oneile pursuant to such share performance rights will depend on the Company's performance over a three year period which commenced on 1 January 2005 and otherwise subject to the performance criteria and performance period specified by the Board of Directors (the "Performance Criteria" and the "Performance Period" respectively).

Recommendation to Shareholders as to Appropriate Number of Performance Share Rights

As announced on 22 December 2004 ("Managing Director's Package Update"), the Board determined that Mr PN Oneile's long term incentive ("LTI") be set at 55% of his base salary in respect of 2005. It was also announced, at that time, that Mr PN Oneile's salary had been reviewed and had been set at $1.225 million per annum. Advice had been obtained from Mercers, remuneration planning consultants, as to the appropriate level and form of LTI to be offered to Mr PN Oneile. In accordance with that advice and the announcement on 22 December 2004, the Board recommends the grant of 68,343 performance share rights. The recommended number of performance share rights has been calculated as 55% of $1.225 million (i.e. $673,750) divided by $9.8584, being the weighted average price of Aristocrat shares during the five trading days prior to commencement of the Performance Period.

Summary of Performance Share Plan Rules ("PSP Rules")

The PSP is an employee incentive scheme, introduced in 2004, intended to drive the continuing improvement in the Company's performance, to provide a market competitive reward mechanism and to provide employees with the opportunity to acquire an ownership interest in the Company. It also aligns the interests of employees with the interests of shareholders. To achieve this aim, the PSP provides for employees to be offered conditional entitlements to fully paid ordinary shares in the Company such that shares may be offered and issued to employees, subject to meeting Performance Criteria within a set Performance Period. A full copy of the Plan is available on request.

a) Allocation

If the Performance Criteria are satisfied at the end of the Performance Period, the PSP provides for shares to be "allocated" to the employee and registered in the employee's name subject to disposal restrictions until the employee is entitled to have the disposal restrictions lifted in accordance with the Rules of the PSP. Shares allocated to the employee under the PSP may be forfeited by the employee, but only in limited circumstances such as where the employee acts fraudulently or dishonestly.

b) On Market Purchase

The PSP permits the Company, in its discretion, to issue or acquire shares on-market which are then registered in the employee's name or in the name of an agent or trustee on behalf of the employee prior to the employee becoming entitled to be allocated the shares, i.e. prior to Performance Criteria being satisfied. These are called "Unallocated Shares". The rights of an employee to Unallocated Shares will expire and they will be forfeited and sold or allocated to another employee or employees pursuant to the PSP, the Performance Option Plan ("POP"), subject to Resolution 4 being passed, or the General Employee Share Plan if the Performance Criteria are not satisfied.

c) The Comparator Group

The Comparator Group comprises 50 ASX listed companies of a similar size, based on the average market capitalisation of the Company for the 3 months up to 1 January 2005, excluding financial services companies, property trust/investment and resources companies. If any of the companies in the Comparator Group ceases to exist in its current form for any reason other than its liquidation or if the Board determines in its discretion that a company should no longer be in the Comparator Group because of an anomaly, distortion or other event that is not directly related to the financial performance of that company, that company will cease to form part of the Comparator Group. The same Comparator Group applies to both the Total Shareholder Return and Earnings Per Share Growth measures described below. The Total Shareholder Return and Earnings Per Share growth of all Comparator Group companies and the Company will be ranked at the end of the Performance Period.

d) Total Shareholder Return Performance Test

50% of the shares which are the subject of this allocation will be issued upon the Company achieving a Total Shareholder Return ("TSR") target over the Performance Period. A vesting scale determines how many shares are allocated. The TSR is the return to shareholders calculated by reference to share price appreciation plus dividends expressed as a percentage of the investment. The TSR therefore reflects the increase in value delivered to shareholders over the Performance Period. In summary, the TSR target is the achievement of a TSR ranking above the 50th percentile by the Company against the individual TSRs of the companies comprising the Comparator Group (see paragraph c) above). The Performance Period applicable to the proposed offer to Mr PN Oneile is 1 January 2005 – 31 December 2007.

In summary:

- None of the 50% of the shares which are the subject of this allocation (such 50% comprising "the relevant shares") will be allocated if the Company's TSR is below the 50.1 percentile;
- At the 50.1 TSR percentile ranking, 45% of the relevant shares will be allocated to the employee;
- If the Company's TSR ranking is at or above the 51st percentile, an additional 1% of the relevant shares will be allocated for each percentile increase (on a straight-line basis), up to 50% of the relevant shares at the 55th percentile ranking;
- If the Company's TSR ranking is above the 55th percentile, an additional 2.5% of the relevant shares will be allocated for each percentile increase above the 55th percentile (on a straight-line basis), up to a maximum of 100% of the relevant shares at or above the 75th percentile ranking; and
- This is represented in the table in paragraph f) below.

e) Earnings Per Share Performance Test

50% of the shares which are the subject of this allocation will be issued upon the Company achieving an Earnings Per Share ("EPS") growth target over the Performance Period. A vesting scale determines how many shares are allocated. EPS growth is the percentage increase in "basic" EPS over the Performance Period. In determining EPS growth, adjustments will be made for the Company and the Comparator Group companies for designated capital management initiatives. EPS growth for Comparator Group companies will be determined based on the last 3 annual reported results of each company as released by 28 February 2008. In summary, the EPS growth target is the achievement of an EPS ranking above the 50th percentile by the Company against the individual EPS growth recorded by the companies comprising the Comparator Group (see paragraph c) above). The Performance Period applicable to the proposed offer to Mr PN Oneile is 1 January 2005 – 31 December 2007.

In summary:

- None of the 50% of the shares which are the subject of this allocation (such 50% comprising "the relevant shares") will be allocated if the Company's EPS growth is below the 50.1 percentile;
- At the 50.1 EPS growth percentile ranking, 45% of the relevant shares will be allocated to the employee;
- If the Company's EPS growth ranking is at or above the 51st percentile, an additional 1% of the relevant shares will be allocated for each percentile increase (on a straight-line basis), up to 50% of the relevant shares at the 55th percentile ranking;
- If the Company's EPS growth ranking is above the 55th percentile, an additional 2.5% of the relevant shares will be allocated for each percentile increase above the 55th percentile (on a straight-line basis), up to a maximum of 100% of the relevant shares at or above the 75th percentile ranking; and
- This is represented in the table in paragraph f) below.

f) EPS Growth and TSR Criteria: Illustrative Table

The link between performance and the percentage of the relevant shares allocated is represented in the following table:

Company Performance (TSR and EPS Growth Percentile Ranking)	% of Offered Shares allocated
Up to the 50.1 percentile	0%
At the 50.1 percentile	45%
At the 55th percentile	50%
At the 60th percentile	62.5%
At the 65th percentile	75%
At the 70th percentile	87.5%
75th percentile or above	100%

g) Subsequent Participation in PSP

Mr PN Oneile will next be eligible to participate in the PSP effective from 1 January 2006. Details of Mr PN Oneile's participation at that time will be provided to shareholders for their consideration and approval at the Annual General Meeting of the Company in May 2006.

h) Cessation of Employment and Change of Control

When an employee participating in the PSP ceases to be employed by Company, that employee's right to participate in the PSP ceases and all rights lapse unless the Board determines that either as a result of a "qualifying reason" (such as death, total and permanent disability, redundancy or sale of a subsidiary) or otherwise, at the discretion of the Board, shares should be allocated to the employee (or his or her estate) pro rata to the period of employment served during the Performance Period, irrespective of the Performance Criteria. There is an automatic pro rating and allocation of shares (irrespective of the Performance Criteria) in the event of a change of control of the Company.

Effect of Resolution

If this resolution is passed, the grant of rights to shares in the Company will be part of Mr PN Oneile's remuneration for 2005.

However the allocation of those shares to Mr PN Oneile will depend on the Company's performance over a three year period commencing on 1 January 2005 and otherwise subject to the PSP Rules.

Subject to shareholder approval, Mr PN Oneile is to be offered 68,343 performance share rights pursuant to the PSP.

ASX Listing Rule 10.14

Pursuant to ASX Listing Rule 10.14, the following information is provided to shareholders:

1. Mr PN Oneile is the Chief Executive Officer and Managing Director of the Company.
2. The maximum number of securities that may be acquired by Mr PN Oneile under this 2005 PSP offer is 68,343 shares.
3. The shares will be allocated to Mr PN Oneile, for no consideration, at the end of the Performance Period to the extent that the Performance Criteria under the PSP are satisfied.
4. No person has yet received any allocation of shares pursuant to the PSP as the first Performance Period is still running. On 21 December 2004, the Special General Meeting of Shareholders of the Company approved the allocation of 380,000 performance share rights to Mr PN Oneile and such rights have been issued to him.
5. The only Director of the Company entitled to participate in the PSP is Mr PN Oneile. No associate of any Director or other person described in ASX Listing Rule 10.14.3 will receive securities under the PSP.
6. A voting exclusion statement is included in this Notice of Meeting in relation to this Resolution.
7. No loan is applicable to the proposed offer to Mr PN Oneile.
8. Details of any securities issued under the PSP will be published in each annual report of the Company relating to a period in which securities have been issued, and that approval for the issue of the securities was obtained under ASX Listing Rule 10.14.
9. The share rights provided for in the PSP will be issued to Mr PN Oneile immediately after the Annual General Meeting of the Company on 3 May 2005. The shares that may be issued to Mr PN Oneile pursuant to those share rights will not be issued, if at all, until January 2008, at the earliest, subject to Performance Criteria being met, other than in the event of circumstances set out in paragraph h) above. The shares that may be issued to Mr PN Oneile pursuant to these share rights must, however, be issued no later than three years after the date of the annual general meeting which approves the grant of the share rights.

Resolution 4

Approval of Long Term Performance Option Plan

Approval is sought from shareholders for the Long Term Performance Option Plan ("POP"), which is summarised below. A full copy of the POP is available on request.

The Company is adopting a new approach to the reward of senior employees whose actions and decisions are of strategic and operational significance to the Company ("Eligible Employees"). The new approach focuses on rewarding Eligible Employees with a mixture of reward components as described below (to be determined as appropriate from time to time and with reference to particular Eligible Employees and groups of Eligible Employees). Pursuant to this new approach, Eligible Employees will be provided with a total annual reward package comprising a mix of base pay (consisting of salary and benefits), a short term incentive component and a long term incentive component which is currently limited to the PSP.

The POP is not a means of increasing the remuneration that the Company offers to Eligible Employees but provides the Company with greater flexibility in terms of determining the appropriate mix of remuneration packages for Eligible Employees. The POP will permit the Company to provide Eligible Employees with a long term incentive comprising a mix of performance options and performance share rights.

Performance options will have an exercise price based on the value of the underlying fully paid shares at grant with vesting to the Eligible Employee dependent on the satisfaction of performance criteria and within a performance period specified by the Board of Directors (the "Performance Criteria" and "Performance Period", respectively). By contrast, share rights allocated pursuant to the current PSP deliver the whole value of fully paid shares to the Eligible Employee.

The POP provides the Company with additional flexibility in terms of tailoring remuneration packages for Eligible Employees by requiring the Eligible Employee to pay an exercise price in order to benefit from the options. This is different to the PSP.

If the Performance Criteria are satisfied at the end of the Performance Period, the POP provides for shares to be "allocated" and registered in the name of the Eligible Employee on exercise of the option and payment of the exercise price, subject to disposal restrictions, until the Eligible Employee is entitled to have the disposal restrictions lifted, in accordance with the Rules of the POP. Shares allocated under POP may be forfeited by the Company, but only in limited circumstances such as where Eligible Employees act fraudulently or dishonestly.

The POP Rules permit the Company, in its discretion, to issue or acquire on-market shares which are then registered in the name of the Eligible Employee or in the name of an agent or trustee on behalf of the Eligible Employee prior to the Eligible Employee becoming entitled to be allocated the shares, i.e. prior to Performance Criteria being satisfied and the option being exercised. These are called Unallocated Shares. Rights to Unallocated Shares (and the associated options) will expire and they will be forfeited and sold if the Performance Criteria are not satisfied.

Further details are set out in Appendix A.

Resolution 5

Adoption of New Constitution

Since the Company's Articles of Association were last amended in November 1998, the law relating to companies has been changed a number of times. The Corporations Law is now the Corporations Act 2001, what were the Articles of Association are now called the Constitution and the Memorandum of Association has been abolished.

Shareholder approval is sought for the adoption of a new Constitution for the Company (the New Constitution). If the special resolution seeking the approval is passed, the New Constitution will be effective from the date upon which the Directors announce to the Australian Stock Exchange that the Company has received any necessary approvals from regulatory authorities or legislative bodies.

The Board believes that the existing Constitution of the Company (the Current Constitution) should be updated to reflect changes in law and practice over recent years. Due to the significant number of amendments that are required, adopting the New Constitution rather than amending the Current Constitution is considered a more practical means of achieving this objective.

Copies of the New Constitution and a mark-up between the New Constitution and the Current Constitution can be obtained from the Company's website www.aristocratgaming.com or by contacting John Carr-Gregg, Company Secretary on (02 9413 6666) or Vanessa Gilbert, Assistant Company Secretary on (02 9413 6643) either prior to or at the Annual General Meeting.

The following are the key proposed changes:

- enhancing communication with shareholders through electronic means;
- expressly allowing the Company to make payments to shareholders, such as dividends, by direct credit to bank accounts;
- updating any provisions required by the Corporations Act or ASX Listing Rules to be contained in a listed company's constitution so that they reflect the current Act and Rules;
- deleting provisions from the Current Constitution which merely repeat provisions from the Corporations Act or ASX Listing Rules where such repetition is not required;
- improving procedural provisions relating to company meetings;
- addressing shortcomings in the Corporations Act dealing with proxies; and
- allowing the Company to sell the shares of shareholders who have less than a marketable parcel (subject to the right of shareholders to elect to keep their shares).

The Directors consider that the adoption of the New Constitution is in the best interests of the shareholders and recommend that shareholders vote in favour of the resolution.

More detail on the changes to the Constitution can be found in Appendix B.

Resolution 6

Equal Capital Reduction

Following the announcement made on 22 February 2005, the Company is proposing a pro-rata capital return to shareholders of up to A$0.21 per fully paid ordinary share (approximately $100 million in total). The capital return is conditional upon shareholder approval by special resolution (as prescribed by Article 9.2 of the Company's Constitution) and upon the Company receiving a Class Ruling from the Australian Taxation Office in a form acceptable to the Directors. No shares will be cancelled as a result of the capital return.

The capital return is proposed to be an equal capital reduction for each fully paid ordinary share on issue on the Record Date. The Record Date will be set by the Directors as soon as practical after a satisfactory Class Ruling is received.

More details are set out in Appendix C.

Appendix A: Summary of POP

The POP is a new employee incentive scheme intended to drive the continuing improvement in the Company's performance, to provide a market competitive reward mechanism and to provide appropriate senior employees ("Eligible Employees") with the opportunity to acquire an ownership interest in the Company. It also aligns the interests of Eligible Employees with the interests of shareholders. No options have yet been issued under the POP.

1. Performance Criteria

The POP provides for Eligible Employees to be offered options in respect of fully paid ordinary shares in the Company such that Shares may be offered and issued to Eligible Employees, subject to meeting Performance Criteria specified by the Board within a set Performance Period and subject to the exercise of the options.

2. Exercise Price

The Board will set the exercise price in respect of options. Typically, it will be the value of the underlying fully paid shares at grant.

3. Allocation

If the Performance Criteria as set by the Board are satisfied at the end of the Performance Period, the POP provides, subject to the exercise of options and the payment of the option exercise price, for shares to be "allocated" to the Eligible Employee and registered in the Eligible Employee's name subject to disposal restrictions until the Eligible Employee is entitled to have the disposal restrictions lifted in accordance with the Rules of the POP. Shares allocated to the Eligible Employee under the POP may be forfeited by the Eligible Employee, but only in limited circumstances such as where the Eligible Employee acts fraudulently or dishonestly.

4. On Market Purchase

The POP permits the Company, in its discretion, to issue or acquire ordinary shares on-market which are then registered in the Eligible Employee's name or in the name of an agent or trustee on behalf of the Eligible Employee prior to the Eligible Employee becoming entitled to be allocated the shares, i.e. prior to Performance Criteria being satisfied and the exercise of options. For the purposes of POP, these are called "Unallocated Shares".

The rights of an Eligible Employee to Unallocated Shares and the associated options will expire and they will be forfeited and sold or re-allocated to another Eligible Employee pursuant to a further offer pursuant to the POP or the PSP if the Performance Criteria are not satisfied.

The purchase of shares on market for this purpose would avoid any dilution of shareholders and is accordingly regarded by the Board as in the interests of shareholders if it can be achieved in the circumstances prevailing at the relevant time.

5. Cessation of Employment and Change of Control

When an Eligible Employee participating in the POP ceases to be employed by Company, that Eligible Employee's right to participate in the POP ceases and all rights lapse unless the Board determines that either as a result of a "qualifying reason" (such as death, total and permanent disability, redundancy or sale of a subsidiary) or otherwise, at the discretion of the Board, shares should be allocated to the Eligible Employee (or his or her estate) pro rata to the period of employment served during the Performance Period, irrespective of the Performance Criteria (subject to the exercise of options and payment of the exercise price within 6 months of the Eligible Employee ceasing to be employed by the Company).

There is an automatic pro rating and allocation of shares (irrespective of the Performance Criteria) in the event of a change of control of the Company (subject to the exercise of options and payment of the exercise price within 3 months of the change of control).

Appendix B: Explanation of Changes to Constitution

1. Communication with shareholders through electronic media

A number of clauses are to be amended to enhance the ability of the Company to use appropriate technology in relation to the holding of general meetings and Directors' meetings by use of technology, voting electronically at general meetings, distributing electronic notices and utilising electronic proxy forms. For example, this is reflected in new Clause 1.2(f) which extends the concept of writing to electronic communication and in Clause 11.28.

2. Direct credit to bank accounts

The Directors will be expressly authorised under the New Constitution to pay dividends and other amounts to shareholders by directly crediting to an account with a bank or other financial institution nominated by the shareholder. The Directors believe that this is a faster and safer method of paying dividends (see Clause 18.13).

3. Updating provisions

Various provisions are to be updated to reflect the current state of the law including the following. Clause 12.3 deals with Directors being required to submit for re-election. It is to be amended to delete the provision requiring one third of the Directors to retire each year, as this is no longer required by the ASX Listing Rules. However a Director is required to retire after 3 years following election so a Director's term remains limited in substantially the same way. Clause 18.1 is to be changed to reflect the amendment to section 254V of the Corporations Act which no longer requires a "declaration" of a dividend such that the Directors may now merely "determine" that a dividend is payable.

4. Deleting repetition

The Current Constitution of the Company includes several articles which merely repeat what is in the Corporations Act and the ASX Listing Rules eg Clause 2.4 which repeats the ASX Listing Rule prohibition on issues to Directors or associates, Clause 2.5 dealing with class rights, Clause 2.9 which permits the payment of brokerage and commission and Clause 9 which deals with the power of the Company to alter capital. These repetitious provisions and others in this category are to be deleted or shortened.

5. Procedural provisions relating to company meetings

A number of changes to Clause 11 are proposed including: limiting substantive resolutions to be considered by a general meeting to those resolutions set out in the notice of meeting (Clause 11.2), the quorum for a shareholders meeting is to be increased to 10 as it is considered inappropriate to hold a meeting with fewer shareholders (Clause 11.3), detailing the procedure for the chair to temporarily withdraw and later resume his or her role during the proceedings (Clause 11.7) and detailing the powers of the chair (Clause 11.8).

6. Shortcomings in the Corporations Act dealing with proxies

Clause 11.25 is to be amended to provide that Directors and officers who are proxies must vote on a poll as directed. This goes beyond the current state of the law (s250A(4)) which requires only the chair to vote proxies on a poll as directed.

7. Small holdings

Pursuant to ASX Listing Rule 15.13, new Clause 7A will allow the Company to sell the shares of shareholders who have less than a marketable parcel of shares after complying with the procedure set out in the Constitution and the ASX Listing Rules. A small shareholder is a person whose parcel of shares is worth less than $500. Shareholders will be given at least 6 weeks written notice of the intention to invoke the relevant provisions and can elect to retain their non-marketable parcel if they so wish. The intention behind this provision is to reduce administrative costs.

8. Proportional Takeover Approval

The Current Constitution includes provisions which prohibit the registration of a transfer resulting from a proportional takeover until a resolution to approve the bid is passed in accordance with the Corporations Act (called a Takeover Approval Provision). Under the Corporations Act a company is empowered to include a Takeover Approval Provision in its constitution with the approval of shareholders. These provisions were last renewed in the Current Constitution in 2002. The New Constitution will include, as a new Clause 24, a Takeover Approval Provision. In accordance with the Corporations Act, the Takeover Approval Provision, to remain operative, will need to be renewed by special resolution of the shareholders 3 years after being adopted.

Effect of adoption of Takeover Approval Provision

Under a proportional bid, the bidder seeks a certain percentage of each shareholder's parcel of shares. The effect of adoption of the Takeover Approval Provision is that if a proportional takeover offer is received, the Directors are required to convene a meeting of shareholders (or a postal ballot) to consider approving the offer. Shareholders are provided with the opportunity of voting upon a resolution to approve or reject the proportional takeover. If the resolution is approved, transfers of shares under the proportional takeover offer will be registered (provided that in all other respects things are in order for registration). If the resolution is rejected, registration of the transfers is prohibited and the offer is deemed to be withdrawn.

Reasons for including the clause in the New Constitution

A proportional takeover can result in a change in effective control of the Company. The purpose of the Takeover Approval Provision is that it provides shareholders with a democratic process to express their collective views in a formal way, rather than leaving the issue to each individual's decision as to whether or not to accept or reject the offer.

No presently proposed acquisitions

The Directors are not aware, as at the date on which this Notice of Meeting was issued, of a proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

Advantages and disadvantages

The main concern with a proportional bid from the point of view of shareholders is that it "locks in" shareholders, who can see control pass without the opportunity to make a complete exit. This is because the bidder is not offering to buy all of each holder's shares. Consequentially, there is an advantage to shareholders in providing a mechanism whereby the Company as a whole can preclude that outcome. The disadvantages of the Takeover Approval Provision for shareholders include that, as a practical matter, it may deter the making of proportional bids, thereby reducing the likelihood of that type of bid being made. As regards the advantages and disadvantages of the Takeover Approval Provision for the Directors, it is the Directors' view that there are none, as the inclusion of the Takeover Approval Provision does not affect their ability to make such recommendations as they consider appropriate in relation to any potential proportional takeover.

Appendix C: Proposed Reduction of Capital

1. Background and Reasons for the Proposal

The proposed capital return ("the capital return") forms part of the Company's active capital management strategy and its commitment towards maximising shareholder returns.

In August 2004, the Company announced a $100 million on-market share buy-back. As at 22 March 2005, approximately $10.7 million worth of shares had been bought back. The time required to complete the buy-back will largely depend on market conditions and future investment opportunities.

In addition to the on-market buy-back program, and as a result of the Company's ongoing strong cashflows, the Company is well positioned to make a return of capital to shareholders of up to approximately $100 million. The Company's strong earnings and cashflow mean it is able to undertake the proposed capital return without adversely affecting its ongoing growth opportunities. The Company continues to evaluate a range of investment opportunities and remains committed to pursuing growth while maximising returns to shareholders.

The capital return will not prejudice the Company's ability to pay its creditors.

2. Terms of Proposal

The Company is proposing a pro-rata capital return to shareholders of up to A$0.21 per fully paid ordinary share (approximately A$100 million in total).

The capital return is conditional upon shareholder approval by Special Resolution (as prescribed by Article 9.2 of the Company's Constitution) and upon the Company receiving a Class Ruling from the Australian Taxation Office in a form acceptable to the Directors. No shares will be cancelled as a result of the capital return.

The capital return is proposed to be an equal capital reduction for each fully paid ordinary share on issue as at 7.00 p.m. on the Record Date. The Record

Date will be set by the Directors as soon as practical but no later than three months from the date of this notice.

3. Directors' Recommendation

The Directors have assessed the range of capital management alternatives available to the Company and believe the capital return is the best mechanism to achieve the Company's capital management objectives.

The Directors are of the opinion that the capital return is fair and reasonable to all shareholders and unanimously recommend that shareholders vote in favour of the proposed resolution. No Director of the Company will receive any payment or benefit of any kind as a consequence of the proposed return of capital other than as a shareholder of the Company or by way of adjustments to performance share rights as detailed on page 11 of this Notice of Meeting.

4. Effect on the Company

(i) Impact on Capital Structure

After the proposed capital return, the number of fully paid ordinary shares on issue will remain the same but the share capital of the Company will be reduced by up to approximately A$100 million, representing a return per fully paid ordinary share of up to A$0.21.

(ii) Financial Implications for the Company

The key financial implications of the capital return on the Company are as follows.

- the Company's share capital will be reduced by the total size of the capital return, ie by up to approximately A$100 million;
- the Company's total interest expense (net of interest income) is expected to increase as a result of the capital return. Such increased interest costs would be reflected in the after tax earnings and would reduce earnings per share and return on equity for the financial year ending 31 December 2005 and for later years; and
- interest cover and gearing will remain well within the Company's target levels following the proposed capital return.

(iii) Funding for the Capital Return

The capital return will be funded from cash reserves.

(iv) Taxation Implications

No adverse income tax consequences should arise for the Company from the capital return.

(v) Growth Strategies and Future Acquisitions

The capital return will not materially impact the Company's capacity to fund growth and future acquisitions, given the profitability of its existing businesses, the strong operating cashflow of the Company and its capacity to raise debt and equity financing, if required.

5. Effect on Shareholders

(i) Generally

Subject to shareholder approval and other conditions precedent, shareholders will receive a cash payment of up to A$0.21 per fully paid ordinary share held as at the Record Date. The capital return will not result in the cancellation of any shareholder's shares or the dilution of any shareholder's shareholding in the Company (other than as disclosed in paragraph (iii) on page 11 in relation to option plans and, subject to the Board's discretion, performance share rights).

(ii) Taxation

The income tax consequences of the capital return will depend on the personal circumstances of each shareholder. The Company recommends that each shareholder seeks professional tax advice to confirm the specific tax treatment of the capital return. The following is a brief commentary on the potential income tax implications of the capital return. These comments are of a general nature and are not specific to individual circumstances. The Company accepts no liability in respect of the comments in this section.

The Company has sought a Class Ruling from the Australian Taxation Office in relation to the tax treatment of the capital return to the shareholders. The capital return is conditional on the Class Ruling confirming that the Australian tax consequences will be as set out below:

Dividend: The capital return will not be treated as a dividend for Australian income tax purposes.

Capital Gains Tax: Where the shares are held on capital account, the capital gains tax ("CGT") treatment should be as follows:

(1) Resident shareholders

(i) Pre-CGT shares

Shareholders who acquired their shares before 20 September 1985 will not be subject to CGT in respect of the capital return as any capital gain will be disregarded for Australian CGT purposes.

(ii) Post-CGT Shares – capital return less than cost base

Where shareholders acquired shares on or after 20 September 1985 and the capital return is less than the cost base of those shares for CGT purposes, the shareholders will not realise a capital gain from the capital return in respect of those shares but the cost base and reduced cost base of the shares will be reduced by the amount of the capital return.

(iii) Post-CGT shares – capital return exceeds cost base

Where shareholders acquired shares on or after 20 September 1985 and the capital return is greater than the cost base of the shares for CGT purposes, the shareholders will realise a capital gain from the capital return to the extent that the capital return exceeds the cost base of the shares for CGT purposes.

Generally, shareholders who acquired a share on or after 20 September 1985 but on or before 11.45 a.m. on 21 September 1999 (by legal time in the Australian Capital Territory) will be entitled to indexation of the cost base. However, shareholders who are individuals, trusts or complying superannuation entities may be entitled to choose to calculate their capital gain from the capital return using either:

- the difference between the amount of the capital return and the indexed cost base of the shares (indexed to 30 September 1999); or
- the discount capital gains provisions (see below).

Broadly, shareholders who are individuals, trusts or complying superannuation entities who have held their shares for at least 12 months prior to the capital return may choose to apply the discount capital gains provisions to reduce any capital gain realised on the capital return as follows:

Entities	Discount percentage
Individuals/trusts	50%
Complying superannuation entities	$33\frac{1}{3}\%$

For shareholders who acquired shares after 11.45 a.m. on 21 September 1999, those shareholders will only be entitled to use the discount capital gains provisions provided that they satisfy all the conditions to qualify for the CGT discount (broadly as set out above).

(2) Non-resident shareholders

Non-resident shareholders will not be liable to CGT in respect of the capital return provided that they and their associates have not, at any time during the five years preceding the capital return, beneficially owned at least 10% (by value) of the shares in the Company.

Shareholders who hold shares on revenue account with a profit making intention or as trading stock should seek their own tax advice in relation to the Australian tax implications of the proposed capital return.

(iii) Effect on Convertible Bonds and Share and Option Plans

Bonds

The Company issued US$130 million of 5% Convertible Subordinated Bonds Due May 2006 in 2001 ("Bonds"). The bond indenture ("the Indenture") contained an error in the stated exchange rate, specifically a transposition of $A0.514 = $US1.00 instead of $US0.514 = A$1.00. The Indenture permits the Company to call for the redemption of the bonds after the Company's shares have traded for a period of more than 20 trading days during a period of 30 consecutive trading days at a price exceeding 140% of the Conversion Price. At the proper exchange rate, this condition was met on 22 November 2004. Consistent with its view of the parties' agreement, on 20 December 2004, the Company called for redemption of its bonds, issued a notice of redemption to the bondholders and filed a declaratory action in the United States District Court for the Southern District of New York to reform the Indenture and to clarify its rights under the Indenture. Subject to the foregoing, in the event that any bondholders still retain conversion rights under the Indenture or have submitted effective Conversion Notices thereunder, the Company notes that, under the Indenture, the Conversion Price of the Convertible Bonds is subject to an anti-dilution adjustment if, among other things, the Company makes any "Capital Distribution" to the Ordinary Shareholders. A "Capital Distribution" means any dividend charged or provided for in the Company's accounts for any financial period if the per share amount of the dividend, plus the per share amount of other dividends during the financial period, exceed a certain percentage designated by the Indenture. The proposed capital return by the Company, even together with the recently declared A$0.04 per share dividend, will not exceed the applicable percentage for 2005 and will not constitute a Capital Distribution that requires an anti-dilution adjustment to the Conversion Price.

Employee Share and Option Plans

The Company has issued options, share rights and shares under its employee share and option plans. In summary:

- where ordinary shares have already been issued to any person under any plan, such issued ordinary shares will participate in the capital reduction if issued prior to the Record Date. This will apply to the Company's General Employee Share Plan.
- where options or rights to shares exist and there is an amount payable on exercise of these options or share rights ("exercise price"), that exercise price per share will be reduced by the capital reduction amount per share. As no options have yet been issued under the POP referred to earlier in this notice, this will not apply to it. However, there are options outstanding under the Company's Employee Share Option Plan and these options will be adjusted in this manner.
- where there is no exercise price as is the case for share rights under the PSP, the Board, in its discretion, may determine that the number of rights previously granted to an employee be altered in accordance with the PSP rules.

A letter will be sent to affected holders.

6. Timing and trading implications

Subject to the capital return proceeding, it will take effect in accordance with the timetable to be agreed with the Australian Stock Exchange and notified to the market. Full details of the Record Date, Payment Date and any other dates relevant to the proposed capital return will be announced following receipt of a satisfactory Class Ruling from the Australian Tax Office.

7. Payment methods

If the proposed capital return is approved by shareholders, the payment of the capital return will ordinarily be satisfied by sending a cheque to those persons who are shareholders as at the Record Date.

Shareholders who have completed and returned to the Company, or the Company's share registry, an instruction for direct crediting of dividend payments, will receive the capital return, if approved, in the manner they have instructed in relation to the direct crediting of dividends.

Shareholders who have not previously completed and returned to the Company or the Company's share registry an instruction for direct crediting of dividend payments to a designated bank account will have received with this Notice of Meeting a direct credit authority form. If a shareholder wishes to have their entitlement to the proposed capital return (and future dividends) deposited to the same designated bank account rather than receive a cheque, the shareholder must complete the enclosed direct credit authority form and return it to the share registry so that it is received before the Record Date. While the Company will endeavour to comply with shareholder requests, it reserves absolutely the right to satisfy entitlements to the proposed capital return by cheque. Payment is effected at the risk of the shareholder.