AMCOR

Amcor Limited
ABN 62 000 017 372

Taxation Information

Amcor 6.5% Undated Unsecured Subordinated Convertible Notes

The taxation information contained in this letter is a general guide to the principal Australian tax consequences applicable to you if:

- you are a resident of Australia for income tax purposes; and
- you hold your Notes on capital account.

It does not address the tax implications for non-residents or taxpayers who are dealers, brokers, traders in securities or other investors who hold their Notes on revenue account.

The tax implications to you of redeeming or converting your Notes will, of course, depend on your particular circumstances and, accordingly, you are advised to seek your own independent advice.

Conversion of Notes

What are the usual tax implications of converting Notes?

If you choose to convert your Notes into ordinary shares in the capital of Amcor, you may make a gain or loss upon conversion which is taxable on revenue account under the traditional securities provisions of the *Income Tax Assessment Act* 1936 (the ***Tax Act***).

The market value of the shares you receive upon conversion of your Notes will generally need to be compared with the amount you paid for those Notes. If the market value of the ordinary shares you receive exceeds the amount you paid for the Notes, you will make a gain which is taxable on revenue account. On the contrary, if the market value of the ordinary shares you receive is less than the amount you paid for your Notes, you will generally be entitled to a deduction equal to the difference.

Are there tax implications if I subsequently sell the shares I receive on conversion?

If you subsequently sell or dispose of your ordinary shares in Amcor, the capital gains tax (CGT) provisions will apply. The amount of any capital gain is calculated by comparing the cost base of your shares with the consideration which you receive for the disposal of them.

The cost base of the shares you receive upon conversion of your Notes will generally be equal to the sum of the amount which you paid to acquire the Notes and the amount of any gain that you are required to include in your assessable income at the time of conversion. If you do not make a gain at the time of conversion, the cost base of your ordinary shares will generally be equal to the amount you paid to acquire the Notes.

As the number of ordinary shares to which you will be entitled is 1.27 ordinary shares for each Note which is converted, it will be necessary to appropriately apportion your cost base in the Notes and any assessable gain you make upon conversion across the Amcor shares you receive upon conversion.

For example:

> Assume that you hold 1,000 Notes for which you paid $9.35 each. The cost base of your Notes is $9,350. If you choose to convert all of these Notes (on a 1:1.27 basis), you will receive 1,270 ordinary shares in Amcor. If the market value of the Amcor shares is $8.00 on the day that you receive them, you will be taken to have received consideration of $10,160 for the purposes of the Tax Act and will be required to include in your taxable income an assessable gain of $810 (being the difference between $10,160 and $9,350).
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> Your cost base of these ordinary shares for CGT purposes equals the sum of your cost of the Notes ($9,350) and the gain that was assessable to you in respect of the conversion ($810). This provides a total cost base in respect of your shares of $10,160. This cost base may be apportioned across your shares to give you a cost base for each share of $8, which will be used to determine whether you have a taxable capital gain or loss when you ultimately sell or dispose of those shares.

Certain taxpayers who hold shares in Amcor for more than 12 months may be entitled to reduce the amount of any nominal capital gain arising on disposal of their shares by a discount factor. For the purpose of applying this discount factor, Amcor shares acquired on the conversion of your Notes will be treated as being acquired on the date of issue of those shares, and not on the date of acquisition of the convertible notes.

Implications of the time at which you choose to convert your Notes

As indicated in the accompanying letter, unless you direct otherwise, Conversion Notices received by Amcor before 27 October 2003 will be deemed to be received by Amcor and take effect on 27 October 2003. In this way, you will be entitled to receive the 31 October 2003 interest payment on your Notes.

If Amcor receives your Conversion Notice before 27 October 2003 and you mark the box on the front page of the Conversion Notice (indicating that you want to convert your Notes into ordinary shares in Amcor with effect 5 business days after the physical delivery of the notice to Amcor), your Notes may convert into ordinary shares before 27 October 2003. In that situation, you will be entitled to receive a dividend payment equal to any final dividend declared and paid by Amcor for the financial year ended 30 June 2003.

If you receive the 31 October 2003 interest payment in respect of your Notes, that interest amount will be included in your assessable income and subject to tax.

If you receive a dividend in respect of ordinary shares, that dividend amount will be included in your assessable income. The amount of tax that you will be required to pay in respect of that dividend will depend, in part, on the extent to which the dividend is franked.

Redemption of Notes

What are the usual tax implications of redeeming Notes?

If your Notes are redeemed by Amcor, and the amount which you receive on redemption exceeds the amount you paid for the Notes, you will be required to include the difference in your assessable income under the traditional securities provisions of the Tax Act. If the consideration you receive on redemption of your Notes is less than the amount you paid for the Notes, you will generally be entitled to a deduction equal to the difference.

If your Notes are redeemed by Amcor, you will receive the final scheduled interest payment to be made to Noteholders on 31 October 2003 plus a further interest payment in respect of the period from 1 November 2003 to the date of redemption (which is expected to be on or about 10 November 2003). These interest amounts will also be included in your assessable income.