# Terms of Issue

## 1 Issue Price and Allotment Date

(a) The issue price of each reset preference share ("**RPS**") will be $100 ("**Issue Price**").

(b) The allotment date for the RPS is expected to be on or around 1 October 2003 ("**Allotment Date**").

## 2 Dividends

### 2.1 Calculation of Dividends

(a) Subject to these Terms, the Holder on the relevant Record Date is entitled to receive on each relevant Dividend Payment Date a dividend ("**Dividend**") for each RPS ("**Dividend Entitlement**") calculated in accordance with the following formula:

**Dividend** = (N x Dividend Rate x Issue Price) / 365

where:

**N** is:

(i) the number of days from (and including) the Allotment Date until (but not including) the first Dividend Payment Date; and

(ii) thereafter the number of days from (and including) each Dividend Payment Date until (but not including) the first to occur of the next Dividend Payment Date or the Conversion Date or the Repurchase Date of that RPS (as the case may be).

and

**Dividend Rate** (expressed as a percentage) is:

(i) for the period to the first Reset Date, 6.5% per annum; and

(ii) for the period between succeeding Reset Dates, as reset by GrainCorp in accordance with clause 4.

(b) If any Dividend paid does not have attached to it the maximum franking credit under the Franking Provisions, the Dividend will be increased by an additional amount so that the following formula applies:

(DP + FA) = (DE + MF)

where:

**DP** is the amount of the Dividend paid after the increase under this clause 2.1(b);

**FA** is the amount of the franking credit under the Franking Provisions actually attached to the Dividend paid;

**DE** is the amount of the Dividend Entitlement for the Dividend Payment Date for the relevant Dividend; and

**MF** is the amount of the maximum franking credit under the Franking Provisions applicable to the amount of that Dividend Entitlement.

**2.2 Payment of Dividends**

The payment of a Dividend is subject to:

(a) the Corporations Act and any other law not prohibiting GrainCorp paying the Dividend; and

(b) GrainCorp having profits, either current or retained, available for the payment of the Dividend.

**2.3 Reinvestment of Dividends in DRP**

The Directors may, in their absolute discretion, determine to give Holders the choice of receiving the Dividend in cash or participating in a DRP in respect of that Dividend.

**2.4 Cumulative Dividends**

Dividends are cumulative so that, if on a Dividend Payment Date the Dividend paid is less than the Dividend Entitlement due at the end of the Dividend Period, the amount of the shortfall will form part of the Dividend Entitlement for the following Dividend Period ("**Shortfall Dividend**").

**2.5 Rounding of Dividends**

All calculations of Dividends will be rounded to four decimal places. For the purposes of calculating a Holder's aggregate Dividend Entitlement, any fraction of a cent will be disregarded.

**2.6 Dividend Payment Dates**

Subject to this clause 2 and clause 4.1, Dividends will be payable on the RPS in arrears on:

(a) 31 March 2004 and thereafter on each 30 September and 31 March until the RPS are Converted or Repurchased or, in the case of a change in the terms of the RPS pursuant to clause 4, in accordance with such change;

(b) the Conversion Date or the Repurchase Date in respect of that RPS (as the case may be).

**2.7 Record Dates**

A Dividend is only payable to those persons registered as Holders on the Record Date for that Dividend or, in the case of a Dividend payable under clause 2.6(b), to the Holders whose RPS have that Conversion Date or Repurchase Date (as the case may be).

A Shortfall Dividend is only payable to those persons registered as Holders on the Record Date in respect of the Shortfall Dividend.

**2.8 Deductions**

GrainCorp may deduct from any Dividend payable to a Holder the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of that amount. If any such deduction has been made and the amount of the deduction accounted for by GrainCorp to the relevant revenue authority and the balance of the amount payable has been paid to the Holder concerned, then the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by GrainCorp.

**2.9 Restrictions in the case of non-payment**

For as long as any Dividend Entitlement (including any Shortfall Dividend, if applicable) in respect of any Dividend Period has not been paid or satisfied in full, or extinguished, GrainCorp must not, without the approval of a special resolution passed at a separate meeting of Holders, pay any dividends, or return any capital, on any Ordinary Shares unless and until all RPS have been Converted or Repurchased.

Without derogating from clauses 2.2 and 2.4, the Directors may, in their absolute discretion, determine that GrainCorp pay a Shortfall Dividend from time to time.

**2.10 Dividend funded by issue of Ordinary Shares**

(a) In order to fund a Dividend, the Directors may, at their discretion and subject to the law and the Listing Rules:

(i) issue such number of Ordinary Shares as they shall determine; and

(ii) pay an amount equal to the proceeds of such issue (less any brokerage and other costs incurred by GrainCorp in relation to such issue) to the Holders as some or all of a Dividend.

(b) This clause does not limit the means by which a Dividend may be paid or funded or the purpose for which, or circumstances in which, Ordinary Shares may be issued.

(c) Nothing in this clause limits the operation of clause 2.2.

**3 Conversion or Repurchase**

**3.1 Conversion by the Holder**

(a) Holders may give:

(i) a Holder Notice to GrainCorp at least 35 Business Days (but no more than six months) before a Reset Date in respect of some or all of their RPS; or

(ii) a Holder (Event) Notice to GrainCorp pursuant to clause 3.2 in respect of some or all of their RPS.

(b) Once a Holder has given a Notice under clause 3.1(a), that Holder must not deal with, transfer, dispose of or otherwise encumber the RPS the subject of the notice.

(c) On receipt of a valid Notice given by a Holder under clause 3.1(a), GrainCorp must, subject to all necessary Approvals being obtained and clause 3.4(c), Convert the RPS the subject of the notice into Ordinary Shares in accordance with clauses 3.5 and 3.6.

(d) To be valid, a Notice given by a Holder under clause 3.1(a) must comply with clause 3.4(b).

(e) The form of a Notice which may be used by Holders under clause 3.1(a) will be made available by GrainCorp on request.

(f) If a Holder gives a Notice in accordance with clause 3.1(a), the Conversion Date is:

(i) if the Notice is given pursuant to clause 3.1(a)(i), the Reset Date immediately following the delivery of the notice; or

(ii) if the Notice is given pursuant to clause 3.1(a)(ii):

(A) if the relevant Trigger Event is one specified in clauses 3.2(b)(i) or (ii), the next Dividend Payment Date; or

(B) otherwise, 50 Business Days after the first publication by or on behalf of GrainCorp of a Trigger Event notice under clause 3.2(c).

### 3.2 Trigger Event

(a) If a Trigger Event occurs, a Holder may deliver a Holder (Event) Notice to GrainCorp in respect of some or all of their RPS at any time after the Trigger Event occurs but no later than 20 Business Days after the first publication by or on behalf of GrainCorp of a Trigger Event notice under clause 3.2(c).

(b) A Trigger Event means the occurrence of any of the following events:

(i) the Directors determine that a Dividend is payable and that Dividend is not fully discharged within 20 Business Days after the relevant Dividend Payment Date;

(ii) a Dividend does not have the maximum franking credit attached under the Franking Provisions and the Dividend is not increased in accordance with clause 2.1(b) within 20 Business Days after the relevant Dividend Payment Date;

(iii) GrainCorp resolves in general meeting to be wound up;

(iv) a provisional liquidator is appointed to GrainCorp;

(v) a court makes an order to wind-up GrainCorp (other than to effect a solvent reconstruction);

(vi) an administrator of GrainCorp is appointed under the Corporations Act;

(vii) GrainCorp executes a deed of company arrangement;

(viii) subject to clause 3.2(d), a takeover bid is made to acquire all or some of the Ordinary Shares and the offer is, or becomes, unconditional and:

(A) the bidder has at any time during the offer period, a relevant interest in more than 50% of the Ordinary Shares on issue; or

(B) the Directors recommend that holders of Ordinary Shares accept the offer;

(ix) subject to clause 3.2(d), a court approves a scheme of arrangement which, when implemented, will result in a person other than GrainCorp having a relevant interest in more than 50% of the Ordinary Shares;

(x) the Ordinary Shares or the RPS are suspended from trading on ASX for more than 20 consecutive Business Days; or

(xi) GrainCorp enters into an agreement to sell all or substantially all of its business undertaking or assets (other than to effect a solvent reconstruction or where, after the sale, GrainCorp will retain a beneficial or economic interest in at least 50% of the business undertaking or assets sold).

(c) GrainCorp must notify Holders of the occurrence of a Trigger Event by publishing a notice in a newspaper which is generally available in each Australian state and territory which specifies the Trigger Event as soon as practicable after becoming aware of the applicable event.

(d) The Directors may in their absolute discretion (but prior to the giving of a notice under clause 3.2(c)) deem an event of the type referred to in clauses 3.2(b)(viii) or 3.2(b)(ix) not to be a Trigger Event where a concurrent or simultaneous unconditional takeover bid or scheme of arrangement is made or proposed that effectively includes all of the RPS on issue at the relevant time and under which Holders would receive consideration for their RPS at least equal to the Repurchase Amount. For the purposes of this clause 3.2(d), the Repurchase Amount is calculated on the basis that the Repurchase Date is the date that the Directors deem an event under this clause not to be a Trigger Event.

**3.3 Conversion or Repurchase by GrainCorp**

(a) GrainCorp may give to Holders:

(i) a Company Notice at least 21 Business Days (but no more than six months) before a Reset Date in respect of some or all of their RPS;

(ii) a Company (Event) Notice following the occurrence of a Tax Event or a Regulatory Event in respect of some or all of their RPS;

(iii) a Company (Event) Notice no later than 20 Business Days after the occurrence of an Acquisition Event in respect of some or all of their RPS; or

(iv) a Company (Remainder) Notice no later than 30 Business Days after:

(A) a Reset Date, if the aggregate Issue Price of RPS which remain on issue immediately after the Reset Date is less than $20 million; or

(B) the expiry of the period of 30 Business Days after the first publication by or on behalf of GrainCorp of a Trigger Event notice under clause 3.2(c), if the aggregate Issue Price of RPS which would remain on issue if all of the RPS in respect of which valid Notices have been received by GrainCorp at the time the Company (Remainder) Notice is issued were Converted or Repurchased is less than $20 million,

in respect of all of their RPS.

(b) If GrainCorp gives a Notice in accordance with clause 3.3(a), GrainCorp may (subject to all necessary Approvals being obtained):

(i) Convert the RPS into Ordinary Shares in accordance with clauses 3.5 and 3.6; or

(ii) Repurchase the RPS on the Repurchase Date for the Repurchase Amount unless the Notice is a Company Notice and is given before the first Reset Date.

(c) If GrainCorp gives a Notice in accordance with clause 3.3(a):

(i) the Conversion Date is:

(A) for a Company Notice, the Reset Date immediately following the date the Notice was given; and

(B) for a Company (Event) Notice or a Company (Remainder) Notice, 21 Business Days after the Notice was given;

(ii) the Repurchase Date is:

(A) for a Company Notice, the Reset Date immediately following the date the Notice was given; and

(B) for a Company (Event) Notice or a Company (Remainder) Notice, 21 Business Days after the Notice was given.

(d) For the purposes of clause 3.3(b)(ii), each Holder is taken to irrevocably offer to sell any or all of its RPS to GrainCorp, which GrainCorp may accept, if permitted by law, by giving a Notice which specifies that the RPS will be bought back or cancelled upon a return of capital, provided that GrainCorp may only accept the offer if:

(i) the buy-back or cancellation upon return of capital is structured so that the Holder will receive the Dividend to which it would be entitled under clause 2.6(b); and

(ii) GrainCorp is otherwise entitled to give a Notice under these Terms.

## 3.4 Notices

(a) **Notices are irrevocable**: A Holder Notice or Holder (Event) Notice given by a Holder under clause 3.1(a), or a Company Notice or a Company (Event) Notice or a Company (Remainder) Notice given by GrainCorp under clause 3.3(a) is irrevocable.

(b) **Validity of Notices**: To be valid:

(i) a Notice given by a Holder must be accompanied by evidence of title reasonably acceptable to GrainCorp for each RPS being Converted and is not taken to be a valid notice unless and until such evidence is received by GrainCorp;

(ii) a Notice given by a Holder must:

(A) indicate under which clause the Holder is giving the Notice; and

(B) apply to a minimum of the lesser of:

(i) a Marketable Parcel of RPS; and

(ii) the number of RPS registered in the name of the Holder who gives the Notice;

(iii) a Notice given by GrainCorp in accordance with clause 3.3(a) must indicate which mechanism described in clause 3.3(b)

GrainCorp intends to use in respect of the RPS the subject of the notice.

(c) If GrainCorp gives a Notice to a Holder and the Holder gives or has given a Notice to GrainCorp, the Notice given by GrainCorp will prevail if there is any inconsistency.

(d) A Notice is taken to be given by GrainCorp for the purposes of these Terms when it is mailed in a prepaid envelope to an address, or sent to a fax number or electronic address, if permitted by the Constitution, irrespective of when it is actually received by the Holder. This clause 3.4(d) does not limit the means by which GrainCorp may give Notices to the Holder.

(e) A Notice is taken to be received by GrainCorp if it is received at GrainCorp's nominated share registry.

(f) Where a Holder gives a Notice either:

(i) the RPS the subject of the notice must be reserved in a Subposition established under the CHESS Rules for the purpose (and the Holder authorises GrainCorp to take all actions that GrainCorp thinks appropriate on the Holder's behalf to cause the RPS to be so reserved); or

(ii) if those RPS are not entered in GrainCorp's Issuer Sponsored Sub-register, the Holder authorises GrainCorp to take all actions that GrainCorp thinks appropriate on the Holder's behalf to cause RPS to be so entered.

### 3.5 Meaning of Conversion

Each RPS confers all of the rights attaching to one fully paid Ordinary Share but these rights do not take effect until the Conversion Date. At that time:

(a) all other rights or restrictions conferred on the RPS under these Terms will no longer have effect (except for rights relating to a Dividend payable on or before the Conversion Date which will subsist); and

(b) each RPS will rank equally with all other fully paid Ordinary Shares then on issue and GrainCorp will issue a statement that the Holder of those shares holds a share so ranking.

The taking effect of the rights of a RPS under this clause 3.5 and any allotment of additional Ordinary Shares under clause 3.6 is, for the purposes of these Terms, together termed "**Conversion**" (and "**Convert**" has a corresponding meaning).

Conversion does not constitute cancellation, redemption or termination of a RPS nor an issue, allotment or creation of a new share (other than any additional Ordinary Shares allotted under clause 3.6).

### 3.6 Conversion and additional Ordinary Shares

(a) If:

(i) a Holder gives a Notice under clause 3.1(a); or

(ii) GrainCorp gives a Notice in accordance with clauses 3.3(a) and elects to Convert the RPS pursuant to clause 3.3(b)(i),

then, subject to all necessary Approvals being obtained, each RPS the subject of a Notice will Convert on the Conversion Date into one fully paid Ordinary Share and upon Conversion, each Holder will be allotted an additional number of Ordinary Shares equal to one less the Conversion Number where, subject to clause 3.6(b), the Conversion Number is an amount calculated in accordance with the following formula:

**Conversion Number** = Issue Price / (VWAP x (1 – CD))

where:

**CD** means until and including the first Reset Date, the discount ("**Conversion Discount**") of 2.5% (expressed as a decimal to four decimal places) and thereafter from each Reset Date until and including the next Reset Date, the rate (so expressed) specified in accordance with clause 4.1(d); and

**VWAP** means the VWAP on the Conversion Date.

(b) The Conversion Number shall not be less than the Minimum Conversion Number nor greater than the Maximum Conversion Number, where, subject to clauses 3.7 to 3.11 and 4.1(c):

**Minimum Conversion Number** means 5.6980 (calculated on the basis of an Ordinary Share price of $18.00 and a Conversion Discount of 2.5%); and

**Maximum Conversion Number** means 25.6410 (calculated on the basis of an Ordinary Share price of $4.00 and a Conversion Discount of 2.5%).

(c) Where the total number of additional Ordinary Shares to be allotted on Conversion to a Holder on a Conversion Date includes a fraction, that number will be rounded down to the next whole number.

### 3.7 Adjustments for bonus issues and rights issues

(a) Subject to clauses 3.7(b) and 3.7(c) below, if GrainCorp makes a pro rata bonus issue or a rights issue of Ordinary Shares to holders of Ordinary Shares, generally the Minimum Conversion Number and Maximum Conversion Number automatically adjust in accordance with the following formula:

$$CN = CNo \times P \times \frac{RD + RN}{(RD \times P) + (RN \times A)}$$

where:

**CN** means the Minimum Conversion Number and Maximum Conversion Number respectively applying immediately after the application of this formula;

**CNo** means the Minimum Conversion Number and Maximum Conversion Number respectively applying immediately before the application of this formula;

**P** means the VWAP during the period from and including the first Business Day after the announcement of the bonus or rights issue to ASX up to and including the last Business Day of trading cum rights or bonus issue;

**A** means the subscription or unit price per Ordinary Share for the rights issue and is zero in the case of a bonus issue;

**RN** means the number of Ordinary Shares issued pursuant to the rights or bonus issue; and

**RD** means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the rights or bonus issue.

(b) No adjustment to the Minimum Conversion Number or Maximum Conversion Number occurs if A is more than P.

(c) Clause 3.7(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan or a dividend reinvestment plan.

**3.8 Adjustments for off-market buy-backs**

(a) Subject to clause 3.8(b) below, if, after the Allotment Date, GrainCorp undertakes an off-market buy-back of Ordinary Shares (other than as a result of an agreement entered into, or an announcement made, by GrainCorp, before the Allotment Date), the Minimum Conversion Number and Maximum Conversion Number automatically adjust in accordance with the following formula:

$$CN = CNo \times P \times \frac{(BD - BN)}{(BD \times P) - (BN \times A)}$$

where:

**CN** means the Minimum Conversion Number and Maximum Conversion Number respectively applying immediately after the application of this formula;

**CNo** means the Minimum Conversion Number and Maximum Conversion Number respectively applying immediately before the application of this formula;

**P** means the VWAP during the 20 Business Days before the announcement of the buy-back;

**A** means the buy-back price per Ordinary Share;

**BN** means the number of Ordinary Shares bought back; and

**BD** means the number of Ordinary Shares on issue immediately prior to the buy-back.

(b) No adjustment to the Minimum Conversion Number or Maximum Conversion Number occurs if P is more than A.

### 3.9 Adjustments for return of capital

If GrainCorp makes a return of capital or a distribution by way of dividend to holders of Ordinary Shares (other than by way of a share buy-back) the Minimum Conversion Number and Maximum Conversion Number automatically adjust in accordance with the following formula:

$$CN = CNo \times \frac{P}{(P - C)}$$

where:

**CN** means the Minimum Conversion Number and Maximum Conversion Number respectively applying immediately after the application of this formula;

**CNo** means the Minimum Conversion Number and Maximum Conversion Number respectively applying immediately before the application of this formula;

**P** means the VWAP during the period from the first Business Day after the announcement of the return of capital to ASX up to and including the last Business Day of trading cum the return of capital; and

**C** means the extent that the amount of the cash and/or the value (as reasonably determined by the Directors) of any other property distributed to holders of Ordinary Shares per Ordinary Share on any account in the then current financial year (excluding distributions which have already been the subject of adjustment under these Terms) exceeds twice the amount of those distributions made in the previous financial year.

### 3.10 Adjustments for capital reconstruction or demerger

(a) If at any time the Ordinary Shares are reconstructed, consolidated, divided or reclassified (other than by way of a bonus issue, which is dealt with under clause 3.7) into a lesser or greater number of securities, RPS must, in accordance with the Listing Rules (as they apply to GrainCorp), be reconstructed, consolidated, divided or reclassified by the Directors on the same basis and the Issue Price (for the purpose of calculating the

Dividends) and the Conversion Number shall be adjusted by the Directors as appropriate.

(b) If a "demerger" (as defined in the Demerger Provisions) happens to a "demerger group" (as defined in the Demerger Provisions) of which GrainCorp is the head entity, subject to clause 3.11, the adjustment to take account of the effect of the "demerger" on the value of RPS in accordance with the principles set out in clauses 3.7 to 3.10(a) is to be determined in the reasonable opinion of the Directors.

### 3.11 Discretion in adjustment of Conversion mechanism

Where:

(a) any of the provisions set out in clauses 3.7 to 3.10 or the number of additional Ordinary Shares to be allotted on Conversion of RPS, is not, in the reasonable opinion of the Directors, appropriate in any particular circumstances (including for the reason that more than one adjustment provision applies to a particular occurrence); or

(b) GrainCorp makes a distribution other than by way of dividend in the ordinary course of business in a way which does not, in the reasonable opinion of the Directors, result in an appropriate adjustment to the Minimum Conversion Number or Maximum Conversion Number; or

(c) any other event (including a demerger as defined in the Demerger Provisions) occurs in relation to GrainCorp that may have a diluting or concentrative effect on the value of the Ordinary Shares or otherwise affect the value of RPS,

and the Directors determine that any such occurrence would, in the reasonable opinion of the Directors, affect the relative values of RPS and the Ordinary Shares, the Directors may:

(d) make any alterations to the Issue Price, the Minimum Conversion Number, Maximum Conversion Number or Conversion Discount that the Directors reasonably consider appropriate or necessary to maintain that relativity; or

(e) extend an entitlement to the Holders to participate in such distribution based upon the number of Ordinary Shares to which those Holders would have been entitled if their RPS had been Converted on a date nominated by the Directors and adapting the formula in clause 3.6(a) as the Directors reasonably consider appropriate to maintain the relativity.

## 4 Reset of Terms

### 4.1 GrainCorp may vary Terms

GrainCorp may, prior to any Reset Date (the "**relevant Reset Date**"), make changes to any or all of the following terms:

(a) the next Reset Date following the relevant Reset Date;

(b) the Dividend Rate applying to those RPS from the relevant Reset Date until and including the next Reset Date ("**Reset Period**");

(c) the Minimum Conversion Number and Maximum Conversion Number applying during the Reset Period (subject to the operation of any or all of clauses 3.7 to 3.11);

(d) the Conversion Discount applying during the Reset Period; and

(e) the timing and frequency of Dividend payments during the Reset Period.

These new terms will apply from the day after the relevant Reset Date until and including the next Reset Date. Any change made by GrainCorp under this clause 4.1 must be notified in accordance with clause 4.2 ("**Reset Notice**").

### 4.2 Notification

(a) For a change made under clause 4.1 to be effective, the Reset Notice must be sent to all Holders no later than 50 Business Days immediately preceding the relevant Reset Date ("**Reset Notice Date**").

(b) If GrainCorp does not send a Reset Notice, GrainCorp will be deemed to have given a Reset Notice specifying the next Reset Date to be the fifth anniversary of the relevant Reset Date and the Dividend Rate, Minimum Conversion Number, Maximum Conversion Number, Conversion Discount and the timing and frequency of Dividend payments to apply during the Reset Period to be the same as those applying immediately before the relevant Reset Date.

(c) If GrainCorp sends a Reset Notice to Holders but, for some reason, a Reset Notice is not sent to a particular Holder, the Reset Notice and any change made under clause 4.1 will nonetheless be effective.

### 4.3 Holder acceptance of reset

A Holder who either:

(a) does not give a Holder Notice to GrainCorp by the time specified in clause 3.1(a)(i) in relation to the relevant Reset Date; or

(b) has given a Notice to GrainCorp in respect of some (but not all) of their RPS by the time specified in clause 3.1(a)(i) in relation to the relevant Reset Date,

is conclusively treated as having agreed to the terms specified in a Reset Notice applying to the Holder's RPS or the balance of the Holder's RPS (as the case may be) during the Reset Period.

## 5 RPS general rights

### 5.1 Ranking

(a) RPS rank equally among themselves in all respects.

(b) RPS are subordinated to all creditors of GrainCorp in respect of:

(i) return of capital (subject to these Terms, not exceeding the Issue Price for each RPS); and

(ii) payment of any Dividends determined by the Directors to be paid and which are due but unpaid.

### 5.2 Priority of Dividends

(a) If:

(i) a Dividend for each RPS held in respect of a Dividend Period; or

(ii) a dividend entitlement on any other shares in GrainCorp which rank equally with the RPS as to dividends,

has been determined by the Directors to be paid but has not been paid, or is not able to be paid in full, any Dividends and any dividends payable on those other shares must be paid pro rata.

(b) Until Conversion, the RPS rank in priority to Ordinary Shares and to the GGA Foundation Share for the payment of dividends.

### 5.3 Return of capital on a winding up

Until Conversion, if there is a return of capital on a winding up of GrainCorp, Holders will be entitled to receive out of the assets of GrainCorp available for distribution to holders of shares, in respect of each RPS held, a cash payment equal to the sum of:

(a) the amount of any Dividend Entitlement (calculated on a daily basis (assuming a 365 day year) throughout the period from and including the preceding Dividend Payment Date to the date of commencement of the winding up), together with the amount of any previous Dividend which has been determined by the Directors to be paid and is due but unpaid;

(b) the Issue Price,

before any return of capital is made to holders of Ordinary Shares, the holder of the GGA Foundation Share or any other class of shares ranking behind the RPS.

### 5.4 Shortfall on winding up

If, upon a return of capital on a winding up of GrainCorp, there are insufficient funds to pay in full the amounts referred to in clause 5.3 and the amounts payable in respect of any other shares in GrainCorp ranking as to such distribution equally with the RPS on a winding up of GrainCorp, Holders and the holders of any such other shares will share in any distribution of assets of GrainCorp in proportion to the amounts to which they are entitled respectively.

### 5.5 Participation in surplus assets and profits

The RPS do not confer on Holders any further right to participate in the surplus assets of GrainCorp on a winding up, or in the property or profits of GrainCorp beyond the rights set out in these Terms.

### 5.6 Restrictions on other issues

(a) The issue by GrainCorp of any other preference shares which rank in priority to the RPS in respect of dividends or return of capital on a winding up constitutes an alteration of the rights attached to the RPS. Accordingly, until all the RPS have been Converted or Repurchased, GrainCorp must not, without approval of a special resolution passed at a separate meeting of Holders, issue, or permit the conversion of any existing shares into, shares ranking in priority to the RPS as to dividends or return of capital on winding up.

(b) The Directors are at all times authorised to issue further RPS or other securities ranking equally with or behind any existing RPS as to dividends or return of capital on winding up without approval of a special resolution passed at a separate meeting of Holders. Such an issue does not constitute a variation or cancellation of the rights attached to the then existing RPS.

### 5.7 Non-redeemable preference shares

The RPS are non-redeemable preference shares. However, this does not prejudice GrainCorp's rights or power to Repurchase RPS pursuant to these Terms of Issue, the Corporations Act or otherwise pursuant to law.

## 6 Voting rights

### 6.1 Notice and attendance

Holders have the same rights as Ordinary Shareholders to receive accounts, reports and notices of GrainCorp (including notices of general meetings) and to attend and speak at those meetings.

### 6.2 Voting

Holders may not vote at general meetings of GrainCorp except in the following circumstances:

(a) during a period in which a Dividend (or part of a Dividend) in respect of the RPS is in arrears;

(b) on a proposal:

- (i) to reduce the share capital of GrainCorp;
- (ii) that affects the rights attaching to the RPS;
- (iii) to wind up GrainCorp; or
- (iv) for the disposal of the whole of the property, business and undertaking of GrainCorp;

(c) on a resolution to approve the terms of a buy-back agreement; or

(d) during the winding up of GrainCorp,

in which case a Holder has the same right to vote as a holder of Ordinary Shares.

### 6.3 Votes

At a general meeting of GrainCorp where clause 6.2 entitles Holders to vote, each Holder is entitled:

(a) on a show of hands, to one vote; and

(b) on a poll, to one vote for each fully paid RPS held.

## 7 Quotation

GrainCorp must use all reasonable endeavours and furnish all documents, information and undertakings as may be reasonably necessary in order to procure, at its own expense, quotation on ASX of the RPS and all Ordinary Shares issued as a result of Conversion of RPS under clause 3.6.

## 8 Amendment to Terms

Subject to complying with all applicable laws, GrainCorp may amend or add to these Terms:

(a) without the authority, assent, or approval of Holders if such amendment or addition is, in the opinion of GrainCorp:

  (i) of a formal, minor or technical nature;

  (ii) made to correct a manifest error; or

  (iii) not likely (taken as a whole and in conjunction with all other modifications, if any, to be made contemporaneously with that modification) to be materially prejudicial to the interests of the Holders; or

(b) otherwise, with the approval of a special resolution passed at a separate meeting of Holders,

and such amendment or addition will be taken to bind all Holders from the date of the amendment or addition, or from an effective date specified in connection with the amendment or addition.

## 9 Definitions and interpretation

### 9.1 Interpretation

(a) Unless the context otherwise requires, if there is any inconsistency between the provisions of these Terms and the Constitution, then, to the maximum extent permitted by law, the provisions of these Terms will prevail.

(b) Unless otherwise specified, the Directors may exercise all powers of GrainCorp under these Terms as are not, by the Corporations Act or by the Constitution, required to be exercised by GrainCorp in general meeting.

(c) Except to the extent otherwise specified in these Terms, notices may be given by GrainCorp to a Holder in the manner prescribed by the Constitution for the giving of notices to members of GrainCorp and the relevant provisions of the Constitution apply with all necessary modification to notices to Holders.

(d) Unless otherwise specified, a reference to a clause is a reference to a clause of these Terms.

(e) If a calculation is required under these Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.

(f) If an event under these Terms must occur, or anything must be done under these Terms, on or by a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.

(g) Definitions and interpretation under the Constitution will also apply to these Terms, subject to clause 9.1(a).

(h) The terms "takeover bid", "relevant interest" and "scheme of arrangement" when used in these Terms have the meaning given in the Corporations Act.

(i) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

### 9.2 Definitions

In these Terms:

**Acquisition Event** means either:

(a) the lodgement with ASIC by GrainCorp of a draft explanatory statement for a scheme of arrangement that it proposes to enter into, or the announcement by GrainCorp of any other form of proposed capital reconstruction, which if approved and implemented would result in a person other than GrainCorp having a relevant interest in more than 50% of the Ordinary Shares; or

(b) the publication by or on behalf of GrainCorp of a Trigger Event notice under clause 3.2(c) in relation to a takeover or scheme of arrangement as described in clauses 3.2(b)(viii) and 3.2(b)(ix);

**Allotment Date** has the meaning given in clause 1(b);

**Approvals** means approvals, consents or waivers from a third party (including, without limitation, ASIC or ASX) but, for the avoidance of doubt, does not include approval by Holders or by holders of Ordinary Shares;

**ASIC** means Australian Securities and Investments Commission;

**ASX** means Australian Stock Exchange Limited;

**Business Day** has the meaning given in the Listing Rules;

**Business Rules** means the Business Rules of ASX from time to time;

**CHESS** has the meaning given in the Business Rules;

**CHESS Rules** means the Business Rules of ASX Settlement and Transfer Corporation Pty Limited in its capacity as licensee of a clearing and settlement facility under the Corporations Act;

**Company (Event) Notice** means a notice given by GrainCorp to a Holder under clauses 3.3(a)(ii) or 3.3(a)(iii);

**Company Notice** means a notice given by GrainCorp to a Holder under clause 3.3(a)(i);

**Company (Remainder) Notice** means a notice given by GrainCorp to a Holder under clause 3.3(a)(iv);

**Constitution** means the constitution of GrainCorp;

**Conversion** has the meaning given in clause 3.5;

**Conversion Date** means:

(a) in the case of a Notice given by a Holder to GrainCorp under clause 3.1(a), has the meaning given in clause 3.1(f);

(b) in the case of a Notice given by GrainCorp to a Holder under clause 3.3(a) has the meaning given in clause 3.3(c)(i);

**Convert** has the meaning given in clause 3.5;

**Conversion Discount** has the meaning given in clause 3.6;

**Conversion Number** has the meaning given in clause 3.6;

**Corporations Act** means the Corporations Act 2001 (Cwlth);

**Demerger Provisions** means the provisions of Division 125 of the Tax Act;

**Director** means a director of GrainCorp;

**Dividend** has the meaning given in clause 2.1(a);

**Dividend Entitlement** has the meaning given in clause 2.1(a);

**Dividend Payment Date** means each date on which a Dividend is payable in accordance with clause 2.6, including as varied under clause 4.1, whether or not a Dividend is paid on that date;

**Dividend Period** means, in respect of a RPS:

(a) the period from (and including) the Allotment Date until (but not including) the first Dividend Payment Date; and

(b) thereafter the period from (and including) each Dividend Payment Date until (but not including) the first to occur of the next Dividend Payment Date or the Conversion Date or the Repurchase Date of that RPS (as the case may be);

**Dividend Rate** has the meaning given in clause 2.1(a);

**DRP** means a dividend reinvestment plan that may be adopted by GrainCorp (and as may be amended from time to time) under which Holders have the opportunity to reinvest a Dividend in additional securities of GrainCorp;

**Franking Provisions** means the provisions of Part 3-6 of the Tax Act (or any provisions that revise or replace that Part);

**GGA Foundation Share** has the meaning given in the Constitution.

**GrainCorp** means GrainCorp Limited (ABN 60 057 186 035);

**Holder** means a person whose name is for the time being registered in the Register as the holder of a RPS;

**Holder (Event) Notice** means a notice given by a Holder to GrainCorp under clause 3.1(a)(ii);

**Holder Notice** means a notice given by a Holder to GrainCorp under clause 3.1(a)(i);

**Issue Price** has the meaning given in clause 1(a);

**Issuer Sponsored Sub-Register** has the meaning given in the CHESS Rules;

**Listing Rules** means the Listing Rules of ASX and any other rules of ASX which are applicable while GrainCorp is admitted to the official list of ASX, each as amended or replaced from time to time except to the extent of any express written waiver by ASX;

**Marketable Parcel** has the meaning given in the Business Rules;

**Maximum Conversion Number** has the meaning given in clause 3.6(b);

**Minimum Conversion Number** has the meaning given in clause 3.6(b);

**Notice** means a Holder Notice or a Holder (Event) Notice given by a Holder to GrainCorp under clause 3.1(a) or a Company Notice or a Company (Event)

Notice or a Company (Remainder) Notice given to a Holder by GrainCorp under clause 3.3(a), as the case requires;

**Ordinary Share** means a fully paid ordinary share in the capital of GrainCorp;

**Record Date** means, for payment of:

(a) a Dividend, the date which is 11 Business Days before the Dividend Payment Date for that Dividend; and

(b) a Shortfall Dividend, the date prior to its payment that is determined by GrainCorp,

or such other date as may be required by ASX from time to time;

**Register** means the register of the GrainCorp RPS maintained by GrainCorp and includes any sub-register established and maintained under CHESS;

**Regulatory Event** means the Directors resolving on reasonable grounds (having received an opinion from a reputable legal counsel or other accounting adviser) that:

(c) Conversion or Repurchase (as the case may be) would prevent or remedy an event of default or other contravention under a financing arrangement affecting GrainCorp; and

(d) a change has occurred under accounting standards (as defined in the Corporations Act) or Australian generally accepted accounting principles (including the way in which Australian companies apply or implement those principles) affecting the accounting for RPS, including that RPS are, or will from a specified date be, not classified (in whole or in part) for the purposes of the financial statements of GrainCorp as equity;

**Repurchase** means either the buy-back or cancellation upon return of capital to the Holder by GrainCorp of RPS;

**Repurchase Amount** means an amount equal to the greater of:

(a) the Issue Price; and

(b) the amount determined by multiplying the Minimum Conversion Number at the Repurchase Date by the VWAP at that date;

**Repurchase Date** has the meaning given in clause 3.3(c)(ii);

**Reset Date** is 30 September 2006 for the first Reset Date and thereafter the date specified by GrainCorp in a Reset Notice under clause 4.2;

**Reset Notice** has the meaning given in clause 4.1;

**Reset Notice Date** has the meaning given in clause 4.2;

**Reset Period** has the meaning given in clause 4.1;

**RPS** has the meaning given in clause 1(a);

**Shortfall Dividend** has the meaning given in clause 2.4

**Subposition** has the meaning given to that term in the CHESS Rules;

**Tax Act** means:

(a) the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as the case may be, as amended, and a reference to any section of the Income Tax Assessment Act 1936 includes a reference to that section as rewritten in the Income Tax Assessment Act 1997 (Cth); and

(b) any other Act setting the rate of income tax payable and any regulation promulgated thereunder;

**Tax Event** means the Directors resolving on reasonable grounds (having received an opinion from a reputable legal counsel or other tax adviser) that a change in any taxation law, interpretation or ruling issued by any relevant governmental body has occurred (or has been announced) and that change may have a material adverse effect on the ability of GrainCorp to attach franking credits under the Franking Provisions to Dividends or may materially increase the payments, costs and expenses (including additional Dividend payments) incurred by GrainCorp in relation to the RPS;

**Terms** means these terms and conditions of issue of the RPS;

**Trigger Event** has the meaning given in clause 3.2(b);

**VWAP** means the average of the daily volume weighted average sale price of Ordinary Shares sold on ASX during:

(a) in the case of VWAP on the Conversion Date, the 20 Business Days preceding (and excluding) the Conversion Date;

(b) in the case of VWAP on the Repurchase Date, the 20 Business Days preceding (and excluding) the Repurchase Date; and

(c) in any other case, the period specified in these Terms,

excluding any transaction defined in the Business Rules as "special", crossings prior to the commencement of normal trading, crossings during the after hours adjust phase, crossings during the closing phase, overnight crossings and any overseas trades or trades pursuant to the exercise of options over Ordinary Shares, subject to the following adjustments:

(d) if GrainCorp received a Holder (Event) Notice following a suspension of trading of the Ordinary Shares, the VWAP will instead be calculated during the 20 Business Days preceding the day when the Ordinary Shares were suspended;

(e) subject to paragraph (ii), if the Ordinary Shares were suspended during any part of the 20 Business Day period over which VWAP is calculated, any day on which the Ordinary Shares were suspended (for all or part of that day) will be excluded in counting the 20 preceding Business Days;

(f) where, on some or all of the Business Days in the relevant period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and the RPS will Convert into Ordinary Shares after the date those Ordinary Shares no longer carry that entitlement ("Ex Date"), then the VWAP on the Business Days on which those shares have been quoted cum dividend or cum entitlement shall be reduced by an amount ("Cum Value") equal to:

(i) (in case of a dividend or other distribution) the amount of that dividend or distribution including, if the dividend or distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or distribution who is a natural person resident in Australia under the Tax Act;

(ii) (in the case of an entitlement that is not a dividend or distribution under (i) above and which is traded on ASX on any of those Business Days) the volume weighted average price of all such entitlements sold on ASX during the relevant period on the Business Days on which those entitlements were traded; or

(iii) (in the case of an entitlement that is not a dividend or distribution under (i) above and which is not traded on ASX during the relevant period) the value of the entitlement as reasonably determined by the Directors; and

(g) where, on some or all of the Business Days in the relevant period, Ordinary Shares have been quoted ex dividend, ex distribution or ex entitlement, and the RPS will Convert into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend, ex distribution or ex entitlement shall be increased by the Cum Value.