

BILLABONG INTERNATIONAL LIMITED ABN 17 084 923 946

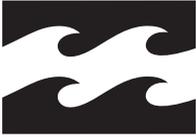


NOTICE OF ANNUAL GENERAL MEETING 2014 AND EXPLANATORY MEMORANDUM



Notice is given that the 2014 Annual General Meeting of Billabong International Limited is to be held at 10.00am (Queensland time) on Friday, 21 November 2014 at Jupiters Gold Coast, Coolangatta Rooms 1 and 2, Broadbeach Island, Broadbeach, Queensland.

This is an important document and requires your immediate attention. If you are in any doubt as to how to deal with this document, please consult your financial, legal, tax or other professional adviser immediately.



**BILLABONG  
INTERNATIONAL  
LIMITED**  
ABN 17 084 923 946

16 October 2014

Dear Fellow Shareholder,

I am pleased to extend to you an invitation to participate in the 2014 Annual General Meeting of Billabong International Limited ("**Billabong**" or the "**Company**").

The meeting will commence at 10.00am (Queensland time) on Friday, 21 November 2014 at Jupiters Gold Coast, Coolangatta Rooms 1 and 2, Broadbeach Island, Broadbeach, Queensland.

In the 2013/14 financial year, three linked sequences of events reset Billabong's course after a long period of uncertainty and together provide the foundations for the long term success of the Company. The first was the recapitalisation agreement with cornerstone investors Centerbridge and Oaktree announced in September 2013 that led to the rights issue and share placement in early 2014, collectively resolving the ownership of the Company, underpinning the balance sheet and substantially reducing our net debt. The second was the appointment of Neil Fiske as our Chief Executive Officer in September 2013 and the subsequent internal and external appointments to complete his team of direct reports. The third was Neil's announcement in December 2013 of his seven-part turnaround strategy and the subsequent progress in its implementation.

These matters are covered in more detail in the 2014 Annual Report, and Neil and I look forward to reporting to you further at the 2014 Annual General Meeting.

This booklet includes the Notice for the 2014 Annual General Meeting and the Explanatory Memorandum. A Proxy Form accompanies this booklet. I encourage you to read this booklet carefully as it contains important information and will assist you in making informed decisions.

This booklet and Billabong's Annual Report are available on the website [www.billabongbiz.com](http://www.billabongbiz.com). Only shareholders who have elected to receive either an Annual Report or a Shareholder Review will receive a copy of Billabong's Annual Report by post.

If you are attending the meeting, please bring your Proxy Form with you to assist us in the efficient processing of your registration. Registration will commence at 9.00 am. If you are unable to attend, you may appoint a proxy to vote for you at the meeting by completing the Proxy Form that accompanies this booklet. If you intend to appoint a proxy, please return the completed Proxy Form in accordance with the directions on the form by 10.00 am (Queensland time) on Wednesday, 19 November 2014.

Your Directors look forward to seeing you at this meeting.

Yours sincerely

Ian Pollard  
Chairman

## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Billabong International Limited (“**Billabong**” or the “**Company**”) will be held at 10.00am (Queensland time) on Friday, 21 November 2014 at Jupiters Gold Coast, Coolangatta Rooms 1 and 2, Broadbeach Island, Broadbeach, Queensland.

### BUSINESS

#### Financial Report and Directors’ and Audit Reports

To receive and consider the financial report of the Company for the year ended 30 June 2014 and the related Directors’ Report and Auditor’s Report.

#### Re-election of Directors

To consider, and if thought fit, to pass each of the following resolutions as an ordinary resolution:

1. That Mr. Gordon Merchant, who retires in accordance with Article 6.3(i) of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company; and
2. That Dr. Sally Pitkin, who retires in accordance with Article 6.3(i) of the Company’s Constitution and, being eligible, offers herself for re-election, be re-elected as a Director of the Company.

#### Remuneration Report

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

3. That the Remuneration Report for the year ended 30 June 2014 be adopted.  
(Note: the vote on this resolution is advisory and does not bind the Directors or the Company).

#### Issue to Mr. Neil Fiske under the Billabong International Limited Executive Incentive Plan

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

4. That, for the purposes of Listing Rules 10.11 and 10.14 and for all other purposes, approval be given for the grant to Mr. Neil Fiske of up to \$1,250,000 worth of performance rights under the Billabong International Limited Executive Incentive Plan pursuant to the long term incentive provisions of Mr. Fiske’s employment contract with Billabong, on the terms summarised in the Explanatory Memorandum accompanying this Notice of Meeting.

#### By Order of the Board

Joanna Brand  
Company Secretary

## NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

### Proxies

If you are unable to attend the meeting, you are encouraged to appoint a proxy to attend and vote on your behalf. If you wish to appoint a proxy, please complete the Proxy Form that accompanies this booklet.

Shareholders are notified that:

- a member who is entitled to attend and cast a vote at the meeting may appoint a proxy to attend and vote for the member;
- the appointment may specify the proportion or number of votes that the proxy may exercise;
- a member who is entitled to cast two or more votes at the meeting may appoint up to two proxies and may specify the proportion or number of votes each proxy is entitled to exercise. If you appoint two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes; and
- a proxy may be an individual or a body corporate and need not be a member of the Company. If a shareholder appoints a body corporate as proxy, the body corporate will need to ensure that it appoints an individual as corporate representative and provides satisfactory evidence of that appointment.

You can direct your proxy how to vote by following the instructions on the Proxy Form. Shareholders are encouraged to direct their proxy how to vote on each item of business.

If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on your behalf, and on a poll or on a show of hands, the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

Any directed proxies that are not voted on a poll at the meeting by a shareholder's appointed proxy will automatically default to the Chairman of the meeting, who is required to vote proxies as directed on a poll.

If you intend to appoint a Director (other than the Chairman) or other member of the Key Management Personnel ("KMP") or their closely related parties as your proxy, you must ensure that you direct them how to vote on Resolutions 3 and 4, otherwise they will not be able to cast a vote as your proxy on those items.

If you have appointed the Chairman of the meeting as your proxy (or he becomes your proxy by default), he can be directed how to vote by ticking the relevant boxes next to each item on the Proxy Form (i.e. 'for', 'against' or 'abstain'). If you do not direct the Chairman how to vote on Resolutions 3 and 4, by completing and submitting the Proxy Form you will be taken to have expressly authorised the Chairman to vote your proxies as he sees fit even though Resolutions 3 and 4 are connected directly or indirectly with the remuneration of a member of the KMP.

The Chairman of the meeting intends to vote all undirected proxies in favour of each item of business.

The Proxy Form must be received by the Company or the Company's share registry, Computershare Investor Services Pty Limited, by 10.00 am (Queensland time) on Wednesday, 19 November 2014.

The completed Proxy Form may be:

- mailed to the Company's share registry, Computershare Investor Services Pty Limited, at GPO Box 242, Melbourne, Victoria, 3001, Australia; or
- faxed to Computershare Investor Services Pty Limited on 1800 783 447 or +61 3 9473 2555; or
- submitted online to the Company's share registry by visiting the website, [www.investorvote.com.au](http://www.investorvote.com.au). You will need your Security-holder Reference Number or Holder Identification Number and Control Number as shown on your Proxy Form. You will be taken to have signed the Proxy Form if you lodge it in accordance with the instructions on the website; or
- submitted by scanning the QR code on the front of the accompanying Proxy Form with your mobile device and inserting your postcode; or
- submitted online by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com) (for Intermediary Online Subscribers only (Custodians)).

### Voting Exclusion Statements

For all resolutions that are directly or indirectly related to the remuneration of a member of the KMP of the Company (being Resolutions 3 and 4), the *Corporations Act 2001 (Cth)* ("**Corporations Act**") restricts a member of the KMP and their closely related parties from voting in their own right and / or as proxies (where the appointment does not specify the way the proxy is to vote on the resolution) or in any other capacity in certain circumstances in respect of such resolutions.

Closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the KMP.

The KMP of the Company are those persons having authority and responsibility for planning, directing and controlling the Company's activities either directly or indirectly. It includes all Directors (executive and non executive) and selected members of the management team. The KMP of the Company during the financial year ended 30 June 2014 are set out on page 26 of the Remuneration Report for the year ended 30 June 2014 contained in the Company's 2013/14 Full Financial Report.

The following voting exclusions specifically apply under the ASX Listing Rules and the Corporations Act.

#### *Resolution 3 – Remuneration Report*

The Company will disregard any votes cast on Resolution 3:

- by or on behalf of a member of the KMP, whose remuneration is included in the Remuneration Report for the year ended 30 June 2014, and their closely related parties (regardless of the capacity in which the vote is cast); or
- as a proxy by a person who is a member of the KMP at the date of the meeting and their closely related parties,

unless the vote is cast as a proxy for a person entitled to vote on Resolution 3:

- in accordance with a direction on the Proxy Form; or
- by the Chairman of the meeting in accordance with an express authority to exercise the proxy as the Chairman sees fit.

*Resolution 4 – Award to Mr. Neil Fiske under the Billabong International Limited Executive Incentive Plan*

The Company will disregard any votes cast on Resolution 4:

- by or on behalf of Mr. Neil Fiske and any of his associates (regardless of the capacity in which the vote is cast); or
- as a proxy by a person who is a member of the KMP at the date of the meeting and their closely related parties,

unless the vote is cast as a proxy for a person entitled to vote on Resolution 4:

- in accordance with a direction on the Proxy Form; or
- by the Chairman of the meeting in accordance with an express authority to exercise the proxy as the Chairman sees fit.

Further details in respect of the resolutions to be put to the meeting are set out in the accompanying Explanatory Memorandum.

**Entitlement to vote**

The time for the purposes of determining voting entitlements pursuant to regulation 7.11.37 of the Corporations Regulations will be 7.00 pm (Sydney time) on Wednesday, 19 November 2014.

**Approval thresholds**

In this Notice of Meeting, the resolutions proposed as an ordinary resolution will be passed if more than 50% of the votes cast by shareholders entitled to vote on each such ordinary resolution are in favour of the resolution.

**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum is dated 16 October 2014 and forms part of the Notice of Meeting.

The purpose of this Explanatory Memorandum is to provide shareholders with information that the Board believes to be material to shareholders in deciding whether or not to approve the resolutions detailed in the Notice of Meeting. To assist shareholders, the voting recommendations detailed below are as follows:

- Resolutions 1 – 4: vote **IN FAVOUR**

**Financial Report and Directors' and Audit Reports**

As required by section 317 of the Corporations Act, the financial statements for the financial year ended 30 June 2014 together with the statement and report by the Directors and the report by the auditor will be laid before the meeting.

Shareholders will be provided with a reasonable opportunity to ask questions about, and make comments on, the reports and Billabong's management, business, operations, financial performance and business strategies.

Shareholders will also be given a reasonable opportunity during this item to ask a representative of Billabong's auditors, PricewaterhouseCoopers, questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by Billabong in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

However, there will be no formal resolution put to the meeting in relation to this matter.

Shareholders can access a copy of the 2013/14 Full Financial Report on Billabong's website at [www.billabongbiz.com](http://www.billabongbiz.com).

**Resolutions 1 and 2 – Re-election of Directors**

In accordance with Article 6.3(i) of the Company's Constitution, Mr. Gordon Merchant and Dr. Sally Pitkin retire and, being eligible, offer themselves for re-election.

**Resolution 1 – Re-election of Mr. Gordon Merchant**

Mr. Merchant founded Billabong's business in 1973 and has been a major stakeholder in the business since its inception. He was first appointed a Non-Executive Director on 4 July 2000. Mr. Merchant is not considered an independent Director because of his substantial shareholding in the Company. Mr. Merchant has extensive experience in promotion, advertising, sponsorship and design within the surfwear apparel industry. Mr. Merchant was awarded a Member of the Order of Australia in the 2010 Australia Day Honours List for service to business, particularly the manufacturing sector, as a supporter of medical, youth and marine conservation organisations, and to surf lifesaving.

Mr. Merchant has no other material directorships.

**Resolution 2 – Re-election of Dr. Sally Pitkin**

Dr. Pitkin was appointed as a Non-Executive Director of Billabong on 28 February 2012. Dr. Pitkin is a former corporate partner of a leading Australian law firm, has extensive experience as a non-executive director in listed companies, private entities, and public sector and non-profit organisations, and holds a Ph.D. in governance. She is the Deputy President of the Queensland Division of the Australian Institute of Company Directors.

Dr. Pitkin is an independent Non-executive Director. She is currently a member of the Nominations Committee and the Audit Committee, and chairs the Human Resource and Remuneration Committee.

Dr. Pitkin has been a Director of Super Retail Group Limited since 1 July 2010. She is also currently a Director of ASC Pty Ltd.

**Board Recommendation**

The Board (in each case, in the absence of the relevant Director), unanimously recommends that shareholders vote in favour of the re-elections of Mr. Merchant and Dr. Pitkin. The Chairman of the Meeting intends to vote undirected proxies in favour of each of Resolutions 1 and 2.

**Resolution 3 – Remuneration Report**

Section 250R of the Corporations Act requires that shareholders vote on whether or not the Remuneration Report should be adopted. In accordance with the Corporations Act, this vote is **advisory only** and the outcome will not be binding on the Directors or the Company. However, the Directors will have regard to the outcome of the vote and any discussion on this item of business when setting the Company's remuneration policies.

Shareholders should note that under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, shareholders will be required to vote at the second of these annual general meetings on a resolution (a spill resolution) that another meeting be held within 90 days at which all of the Company's Directors (other than the Chief Executive Officer and Managing Director who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office) must be re-elected.

The Remuneration Report is set out on pages 20-46 of the Directors' Report in the Company's 2013/14 Full Financial Report.

The Remuneration Report:

- explains the Company's remuneration reward framework for its executives and key management team;
- discusses how the remuneration reward framework aligns reward with achievement of strategic and financial objectives and creation of value for shareholders; and
- sets out the remuneration arrangements in place for each Director and for the Company's executives and key management team.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

A voting exclusion statement applies to this item of business, as set out in the Notice of Meeting.

#### **Board Recommendation**

The Board unanimously recommends that shareholders vote in favour of Resolution 3. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 3.

#### **Resolution 4 – Issue to Mr. Neil Fiske under the Billabong International Limited Executive Incentive Plan**

##### ***Overview of grant of Performance Rights under the Long Term Incentive (LTI) component of remuneration for the CEO and MD***

During the 2013-2014 financial year, the Board approved amendments to the Billabong International Limited Executive Incentive Plan ("**Plan**"). The Plan forms a key element of the Company's incentive and retention strategy for senior executives.

The primary objectives of the Human Resource and Remuneration Committee and the Board in setting Mr. Fiske's remuneration and providing him with equity based long term incentives under the Plan for the 2014-2015 financial year are to:

- focus Mr. Fiske on Billabong's long term performance and drive long term shareholder value creation;
- ensure Mr. Fiske's remuneration outcomes are aligned with shareholder interests; and
- ensure Mr. Fiske's remuneration is competitive and aligned with Australian market practice, while recognising that Billabong is a global company and the need to take account of international market practice, particularly in North America.

It is proposed that a grant of Performance Rights be made to Mr. Fiske as the long term incentive ("**LTI**") component of his remuneration, under the terms of the Plan. For the 2014-2015 financial year, Mr. Fiske will be entitled to receive an LTI grant of 125% of his total fixed remuneration in the form of performance rights, which are subject to performance conditions.

A summary of the key terms of the LTI grant is set out below.

#### ***Why is shareholder approval being sought?***

The ASX Listing Rules require shareholder approval in order for a director to be issued equity securities in the Company. Accordingly, shareholders are asked to approve the grant of Performance Rights to Mr. Fiske on the terms and conditions set out below.

#### ***LTI - Summary of the key terms of the grant of Performance Rights***

A brief overview of the key terms of the proposed grant is set out in the table commencing on the following page.

Details of the LTI grant	<p>The Board proposes to grant Mr. Fiske up to \$1,250,000 worth of Performance Rights over shares in the Company in respect of the 2014-2015 financial year. This grant represents the long term incentive component of Mr. Fiske's remuneration package ("<b>LTI grant</b>") in respect of the 2014 – 2015 financial year.</p> <p>The value of the LTI grant is calculated as 125% of Mr. Fiske's total fixed remuneration. Mr. Fiske's remuneration arrangements are disclosed in the Remuneration Report and shareholders approved the terms of his 2013 – 2014 financial year long term incentive and sign-on bonus at the 2013 Annual General Meeting.</p> <p>The actual number of Performance Rights to be granted to Mr. Fiske will be calculated following the AGM by dividing the LTI grant value by the allocation price.</p> <p>The allocation price of Performance Rights will be calculated as the volume weighted average market price of the Company's shares over the five day period immediately following the 2014 Annual General Meeting.</p> <p>Each Performance Right is a right to acquire one share in the Company, subject to the achievement of the performance conditions set out below.</p> <p>Performance Rights do not carry any dividend or voting rights.</p>										
Date of grant	<p>If shareholder approval is obtained, the Performance Rights will be granted to Mr. Fiske shortly after the Annual General Meeting but, in any event, within 12 months after the date of the meeting.</p>										
Performance hurdles	<p>The Performance Rights are subject to two performance hurdles, which are independent and will be tested separately. The Board will determine at the time of grant the number of Performance Rights in two equal tranches, one of which will be subject to the relative total shareholder return ("<b>TSR</b>") hurdle ("<b>Relative TSR Hurdle</b>") and the other will be subject to the earnings per share ("<b>EPS</b>") performance hurdle ("<b>EPS Hurdle</b>").</p> <p><b>(1) Relative TSR Performance</b></p> <p>Consistent with previous periods, 50% of the Performance Rights will be subject to the Relative TSR Hurdle. Broadly, TSR is a method of calculating the return shareholders would have earned if they had held a notional number of shares over a period of time. TSR measures the growth in the Company's share price together with the value of dividends during the period, assuming that all those dividends are re-invested into new shares.</p> <p>The Relative TSR Hurdle for the proposed grant of Performance Rights compares the Company's TSR performance over the Performance Period against the TSR performance over the same period of a group of comparator companies. The group of comparator companies will comprise approximately 20 ASX listed companies within an appropriate market capitalisation range in the "Consumer Discretionary" industry sector and five selected U.S. listed peer companies, being Pacific Sunwear of California Inc, Quicksilver Inc, Tilly's Inc, V.F. Corporation and Zumiez Inc. The Board believes that this group of comparator companies appropriately reflects Billabong's direct competitors for capital and sales. To further ensure that the mix of comparator companies is aligned with Billabong's situation and geographic business mix, the comparator companies will be weighted such that the ASX listed companies will have a weighting of 100% each and the five selected US listed peer companies will have a weighting of 200% each (i.e., the ASX listed companies will be counted once in the comparator group and the US peer companies will be counted twice).</p> <p>The Board may adjust the comparator group to take into account events including but not limited to takeovers, mergers or de-mergers that might occur during the Performance Period and may determine how share price performance will be measured through such events.</p> <p>The percentage of Performance Rights subject to the Relative TSR Hurdle that vest, if any, will be determined by reference to the percentile ranking achieved by Billabong over the Performance Period, compared to the other entities in the comparator group as follows:</p> <table border="1" data-bbox="328 1574 1429 1887"> <thead> <tr> <th data-bbox="328 1574 797 1632">Relative TSR of Billabong ranked against the comparator group</th> <th data-bbox="805 1574 1429 1632">Performance Rights subject to Relative TSR Hurdle that vest (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="328 1656 797 1695">75th percentile or above</td> <td data-bbox="805 1656 1429 1695">100%</td> </tr> <tr> <td data-bbox="328 1712 797 1750">Between 50th and 75th percentile</td> <td data-bbox="805 1712 1429 1769">Progressive pro rata vesting from 50% to 100% (i.e. on a straight line basis)</td> </tr> <tr> <td data-bbox="328 1791 797 1830">50th percentile</td> <td data-bbox="805 1791 1429 1830">50%</td> </tr> <tr> <td data-bbox="328 1846 797 1885">Below 50th percentile</td> <td data-bbox="805 1846 1429 1885">0%</td> </tr> </tbody> </table> <p><b>(2) EPS performance</b></p> <p>As in previous periods, 50% of the Performance Rights will be subject to the EPS Hurdle. Broadly, EPS measures the earnings generated by the Company attributable to each share on issue. The EPS Hurdle measures the EPS achieved in the final year of the Performance Period.</p>	Relative TSR of Billabong ranked against the comparator group	Performance Rights subject to Relative TSR Hurdle that vest (%)	75th percentile or above	100%	Between 50th and 75th percentile	Progressive pro rata vesting from 50% to 100% (i.e. on a straight line basis)	50th percentile	50%	Below 50th percentile	0%
Relative TSR of Billabong ranked against the comparator group	Performance Rights subject to Relative TSR Hurdle that vest (%)										
75th percentile or above	100%										
Between 50th and 75th percentile	Progressive pro rata vesting from 50% to 100% (i.e. on a straight line basis)										
50th percentile	50%										
Below 50th percentile	0%										

Performance hurdles (continued)	<p>The EPS Hurdle for the 2014-15 issue of Performance Rights will be set by the Board at stretch and threshold performance. The Board is in the process of setting the stretch and threshold performance levels for the Performance Period, with a focus on setting hurdle rates that are aligned with the Company's turnaround strategy and focus on earnings growth. Due to the sensitive nature of the EPS Hurdles set by the Board, they will not be disclosed. The Board is, however, committed to providing annual tracking of performance against the EPS Hurdles and will disclose Billabong's performance against the EPS Hurdles retrospectively at the conclusion of the Performance Period.</p> <p>The percentage of Performance Rights subject to the EPS Hurdle that vest, if any, will be determined by reference to EPS achieved over the Performance Period compared to the threshold and stretch targets, as follows:</p> <table border="1" data-bbox="351 488 1279 765"> <thead> <tr> <th data-bbox="351 488 890 556"><b>Billabong's achieved EPS in the final year Hurdle of the Performance Period</b></th> <th data-bbox="905 488 1279 556"><b>Performance Rights subject to EPS that vest (%)</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="351 568 890 604">Equal to or greater than the stretch EPS target</td> <td data-bbox="905 568 1279 604">100%</td> </tr> <tr> <td data-bbox="351 616 890 683">Greater than the threshold EPS target, up to the stretch EPS target</td> <td data-bbox="905 616 1279 683">Progressive pro rata vesting from 50% to 100% (i.e. on a straight line basis)</td> </tr> <tr> <td data-bbox="351 695 890 732">Equal to the threshold EPS target</td> <td data-bbox="905 695 1279 732">50%</td> </tr> <tr> <td data-bbox="351 744 890 780">Less than the threshold EPS target</td> <td data-bbox="905 744 1279 780">0%</td> </tr> </tbody> </table> <p>The Board retains a discretion to adjust the EPS Hurdle to ensure that Mr. Fiske is neither advantaged nor disadvantaged by matters outside management's control that affect EPS (for example, by excluding one-off non-recurrent items or the impact of significant acquisitions or disposals).</p>	<b>Billabong's achieved EPS in the final year Hurdle of the Performance Period</b>	<b>Performance Rights subject to EPS that vest (%)</b>	Equal to or greater than the stretch EPS target	100%	Greater than the threshold EPS target, up to the stretch EPS target	Progressive pro rata vesting from 50% to 100% (i.e. on a straight line basis)	Equal to the threshold EPS target	50%	Less than the threshold EPS target	0%
<b>Billabong's achieved EPS in the final year Hurdle of the Performance Period</b>	<b>Performance Rights subject to EPS that vest (%)</b>										
Equal to or greater than the stretch EPS target	100%										
Greater than the threshold EPS target, up to the stretch EPS target	Progressive pro rata vesting from 50% to 100% (i.e. on a straight line basis)										
Equal to the threshold EPS target	50%										
Less than the threshold EPS target	0%										
Performance Period and vesting	<p>The Performance Period will be the three year period commencing 1 July 2014 and ending 30 June 2017.</p> <p>For the purposes of the TSR portion of the grant, the average share price in the three month period preceding and including each of 1 July 2014 and 30 June 2017 will be utilised.</p> <p>Following the end of the Performance Period, the performance hurdles will be tested and the Board will determine the extent to which the Performance Rights vest. Any Performance Rights that do not vest following testing of the performance hurdles at the end of the Performance Period will lapse.</p>										
Allocation of shares	<p>Following testing of the applicable performance conditions and determination of the level of vesting of Performance Rights, one fully paid share in the Company will be allocated in relation to each Performance Right which vests. The Company's obligation to allocate shares on vesting may be satisfied by issuing new shares, acquiring shares on market or transferring shares from the employee share trust.</p>										
Trading restrictions	<p>Shares allocated on vesting of Performance Rights will not be subject to any further trading restrictions, subject to complying with the Company's Securities Trading Policy.</p>										
Price payable for securities	<p>No amount will be payable in respect of the allocation of Performance Rights, nor in respect of any shares granted upon vesting of the Performance Rights.</p>										
Cessation of employment	<p>If Mr. Fiske ceases employment with the Company before the end of the Performance Period, his unvested Performance Rights will lapse.</p> <p>In exceptional circumstances (for example, ill health and death or other circumstances approved by the Board), the Board may in its absolute discretion, determine the applicable treatment of the performance rights, which may include that some or all of the unvested Performance Rights do not lapse and are tested at the end of the Performance Period or vest at the time of cessation, based on the portion of the Performance Period that has elapsed at the time of cessation and the degree to which the performance conditions have been achieved.</p>										
Securities Received Since Last Approval	<p>At the 2013 AGM, shareholders approved a grant of performance rights to Mr Fiske in respect of the 2013-14 financial year under the Executive Incentive Plan. Since the 2013 AGM (being the date of the last approval), 2,242,429 performance rights were granted to Mr Fiske. The grant was made on 18 December 2013, and no amount was payable for the grant.</p>										
Other information	<p>No other director of the Company is eligible to participate in the Plan or any other employee incentive scheme of the Company.</p> <p>Under ASX Listing Rule 7.1, every listed entity has the ability to issue 15% of its issued capital without security holder approval in a 12 month period. When an entity issues or agrees to issue securities under ASX Listing Rule 7.1 without security holder approval, that issue or agreement to issue uses up part of the 15% available under that rule. However, if approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that the Performance Rights granted to Mr. Fiske and any shares issued pursuant to this approval will not use up part of the 15% available under ASX Listing Rule 7.1.</p>										

A voting exclusion statement applicable to Resolution 4 is set out in the Notice of Meeting.

#### **Board Recommendation**

The Board (with Mr. Fiske abstaining) recommends that shareholders vote in favour of Resolution 4. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 4.