



# Company announcement

GrainCorp Limited ABN 60 057 186 035

Date: 22 January 2008  
To: The Manager  
Announcements  
Company announcements office

Lodged via [www.asxonline.com](http://www.asxonline.com)

## PUBLIC ANNOUNCEMENT

Please find attached for immediate release the Notice of Meeting and Proxy Form for the Annual General Meeting.

A handwritten signature in black ink, appearing to read "N. Hart".

**Nigel Hart**  
Company Secretary

GrainCorp Limited  
Level 17, Tower 1, Darling Park 201 Sussex Street, Sydney NSW 2000  
PO Box A268, Sydney South NSW 1235  
Telephone: (02) 9325 9100 Facsimile: (02) 9325 9180  
[www.graincorp.com.au](http://www.graincorp.com.au)





**GrainCorp**

GrainCorp Limited  
ABN 60 057 186 035  
PO Box A268  
Sydney South NSW 1235

## From the Chairman

22 January 2008

Dear Shareholder

I am pleased to invite you to this year's Annual General Meeting of GrainCorp Limited to be held at the Black Wattle Room, Crowne Plaza Hotel, Darling Harbour, 150 Day Street, Sydney on Wednesday 27 February 2008, commencing at 1pm. Please find enclosed a Notice of Meeting detailing the business to be dealt with at the Annual General Meeting.

This year's meeting will involve the usual business of receiving and considering the accounts, adoption of the remuneration report and the election of a director. In addition to these items, at this year's meeting shareholders will be asked to consider and vote on a very important matter which will undoubtedly directly impact the Company's future direction. For the second time since the Company was listed on the Australian Securities Exchange (**ASX**), at this year's meeting shareholders will be considering and voting on the retention of the rights and limitations attached to the Foundation Share held by Grain Growers Association Limited in the Company. The requirement for shareholders to regularly consider and vote on the retention of the Foundation Share was approved by shareholders in February 1998 to help facilitate listing of the Company on the ASX. The Company's Constitution requires that a vote on its retention occurs every five years. Accordingly, in February 2003, shareholders voted on and passed a special resolution to retain the rights and limitations attached to the Foundation Share for a further five years. Given that another five years has elapsed between the vote in February 2003 and the present, another vote by shareholders about whether to retain the rights and limitations attached to the Foundation Share is required to be held in February 2008.

The key issues to be considered by shareholders in determining whether to retain the Foundation Share are included in the Explanatory Notes. This is clearly an important issue for our Company and its future direction, and for that reason we encourage all shareholders to carefully review and consider the information provided in the Explanatory Notes. The Committee of the Board appointed to review the issues relating to the retention of the Foundation Share (which excludes the directors of the Company who are also directors of GGA because of their conflict of interest in the review process) undertook a review of the Foundation Share, and an analysis of the advantages and disadvantages of retaining the rights and limitations attached to the Foundation Share for a further five years. Following this review, the Committee has concluded that the disadvantages of retaining the rights and limitations attached to the Foundation Share for a further five years far outweigh the single advantage identified and, accordingly, the Committee has unanimously resolved that it is not in the best interests of the Company to retain the Foundation Share for a further five years. As part of the review process, the Committee also appointed Ernst & Young Transaction Advisory Services Ltd (**Ernst & Young**) to prepare an independent expert's report on whether the retention of the Foundation Share was in the best interests of the Company. The report concludes that in the opinion of Ernst & Young, it is not in the best interests of the Company to retain the Foundation Share.

**As a result of both the Committee's and the independent expert's conclusions, the directors comprising the Committee unanimously recommend that shareholders vote against the special resolution to retain the rights and limitations attached to the Foundation Share for a further five years.**

If you are unable to attend the Annual General Meeting, I encourage you to vote using the attached Proxy Form. If attending, please bring this letter with you to facilitate your entitlement to vote.

A copy of the 2007 Annual Report, which provides full details of the Company's activities for the year and looks at what is ahead for GrainCorp Limited, is available on the GrainCorp website ([www.graincorp.com.au](http://www.graincorp.com.au)) or by calling 1300 833 034.

Thank you for your continued investment and support.

Yours sincerely

A handwritten signature in black ink, appearing to read "D. Taylor", with a stylized flourish at the end.

Don Taylor  
Chairman

The Annual General Meeting of the Company will be held

at: Black Wattle Room, Crowne Plaza Hotel,  
Darling Harbour, 150 Day Street, Sydney,  
New South Wales

on: 27 February 2008, 1pm.

## Ordinary Business

### 1. Discussion of financial statements and reports

To receive and consider the financial statements and the reports of the directors and auditors for the year ended 30 September 2007.

(See the Explanatory Notes with regard to a shareholder's right to submit written questions to the auditors in connection with the auditor's report or the conduct of the audit.)

### 2. Adoption of the Remuneration Report

*To consider and if thought appropriate, pass the following ordinary resolution:*

*"That the Remuneration Report for the financial year ended 30 September 2007 set out in the Directors Report be adopted".*

*Note: The vote on this resolution is advisory only and does not bind the directors of the Company.*

(See the Explanatory Notes with regard to the reasons for the resolution in connection with the Remuneration Report.)

### 3. Election of Directors

Mr G.D.W (Doug) Curlewis retires from office in accordance with the Company's Constitution. Mr Curlewis, being eligible, offers himself for re-election as an Elected Director of the Company in accordance with the Company's Constitution.

*To consider and, if thought appropriate, pass the following ordinary resolution with effect from the close of this meeting:*

*"That Mr. Curlewis be elected as an Elected Director of the Company."*

(See the Explanatory Notes for more information on the nominee.)

## Special Business

### 4. Retention of the GGA Foundation Share

*To consider and, if thought appropriate, pass the following special resolution of the holders of ordinary shares (including the holder of the Foundation Share exercising special voting rights in accordance with article 9.18(b) of the Company's Constitution):*

*"That the rights and limitations attaching to the GGA Foundation Share as contained in articles 2.15, 2.16, 2.17, 2.18, 2.19, 2.20 and 9.18(b) of the Constitution of the Company be retained for a further 5 years from the date of the passing of this resolution."*

(See Explanatory Notes for more information regarding this resolution)

# Notice of Annual General Meeting

GrainCorp Limited ABN 60 057 186 035 ("Company")

## Notes

### Number of proxies and proportion of votes per proxy

A shareholder entitled to attend and vote is entitled to appoint one or two proxies to attend and vote in their place. If two proxies are appointed, the shareholder may specify the proportion or number of votes which each proxy may exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

### Proxy need not be shareholder

A proxy need not be a shareholder of the Company.

### Lodgement of proxy forms

A proxy form and the authority (if any) under which it is signed or a certified copy of that authority must be deposited or faxed to Link Market Services, not less than 48 hours before the time for commencement of the meeting.

Proxy Forms may be lodged using the reply paid envelope or:

- by posting, delivery or facsimile to GrainCorp Limited's share registry as follows:

GrainCorp Limited  
C/- Link Market Services Limited  
Locked Bag A14, Sydney South NSW 1235  
Australia

Fax (02)9287 0309

- by delivering it to Level 12, 680 George Street, Sydney, NSW, 2000.

to be received by no later than 1pm (Sydney time) on Monday, 25 February 2008.

### Directing your proxy

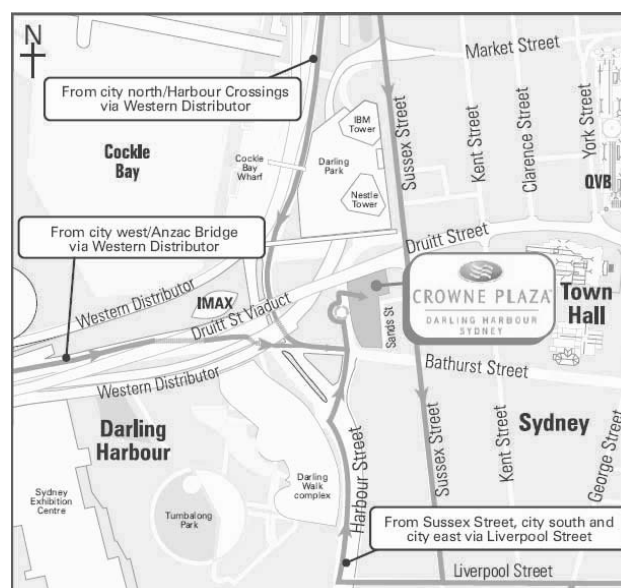
You can direct your proxy how to vote by marking the "for", "against" or "abstain" boxes on the Proxy Form. If you choose to direct your proxy but do not mark the boxes correctly, the

proxy's vote will be invalid. If you have appointed someone other than the Chairman as your proxy and do not direct them how to vote, that person may vote, or abstain from voting, at their discretion.

### No direction (where Chairman is proxy)

If the Chairman is your proxy and you do not specifically direct how your proxy is to vote on any resolution, the Chairman will vote your undirected proxy on each resolution as specified under each Item of Business in the Explanatory Notes.

### Directions to AGM meeting venue



By order of the Board

Nigel Hart  
Company Secretary  
22 January 2008

## **EXPLANATORY NOTES**

### **Item 1 - Financial Statements and Reports**

The *Corporations Act 2001* requires that the Report of the Directors, the report of the Auditor and the Financial Reports be presented at the Annual General Meeting (**AGM**). The Annual Report has been previously made available to shareholders as requested and can also be found on the Company's website ([www.graincorp.com.au](http://www.graincorp.com.au)). Neither the *Corporations Act 2001* nor the Company's Constitution (**Constitution**) requires a vote of shareholders at the AGM on such reports and statements. However, shareholders will be given ample opportunity to raise questions at the meeting with both the Chairman and the Company's auditor, PricewaterhouseCoopers (**PwC**), with respect to these reports and statements.

In addition to asking questions at the meeting, shareholders may address written questions to the Chairman about the management of the Company. Similarly, a reasonable opportunity will be given to shareholders to ask the Company's auditor, PwC, questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Shareholders who are unable to attend the meeting or who may prefer to register questions in advance of the meeting are invited to do so by using the form attached to this Notice of Meeting.

Any shareholder who wishes to submit a question to the Company's auditor on these matters must submit that question in writing to the Company Secretary at PO Box A268, Sydney, South, NSW, 1235 no later than 20 February 2008, using the form attached to this Notice of Meeting. The Company will then pass the questions on to the auditor for consideration.

A list of questions that the auditor considers relevant to the matters outlined above will be made available to shareholders at the meeting. A representative of the Company's auditor, PwC, will attend the meeting.

### **Item 2 - Adoption of the Remuneration Report**

#### ***Resolution to adopt the Remuneration Report***

Shareholders entitled to vote at the AGM will also be entitled to vote on the adoption of the Remuneration Report set out in the Report of the Directors. In accordance with Section 250R(3) of the *Corporations Act 2001*, the vote on the resolution is advisory only and does not bind the directors or the Company.

A reasonable opportunity will be provided to shareholders to ask questions about or to make comments on the Remuneration Report at the meeting. Shareholders who are unable to attend the meeting or who may prefer to register questions in advance of the meeting are invited to do so by using the form attached to this Notice of Meeting.

**The Chairman of the meeting intends to vote any undirected proxies in favour of the resolution in Item 2.**

#### **Directors' Recommendation**

**The Directors' recommend that shareholders vote in favour of Item 2.**

### **Item 3 - Election of Directors**

The Board of the Company consists of up to 11 Directors, which under the Constitution comprises six non-executive Group Directors (Grain Growers Association Limited (**GGA**) Directors), four non-executive Elected Directors (elected by shareholders) and one Executive Director (appointed by the Board).

In accordance with the three year rotation cycle under the Constitution one of the four Elected Directors, Mr. G.D.W (Doug) Curlewis, will retire at the meeting.

Mr. Curlewis, being eligible, offers himself for re-election as an Elected Director of the Company.

The Remuneration and Nominations Committee of the Board has conducted an assessment of the performance of the retiring non-executive Director, Mr. Curlewis, and has reviewed the skills, knowledge, experience and diversity represented on the Board. Having conducted those assessments and that review, the Board recommends to shareholders the re-election of Mr. Curlewis.

The following is a profile of Mr. Curlewis:

Name: G.D. W (Doug) Curlewis

Occupation: Company Director

Qualifications: BA, MBA, FAICD.

Experience: Elected director of GrainCorp since 23 February 2005. Deputy Chairman of Nufarm Limited. Director of GUD Holdings Limited and Sigma Pharmaceuticals Limited. Member of Indec Consulting Advisory Board. Former Managing Director of National Consolidated Limited. Former Director of National Foods Limited, Pacifica Group Limited and Hamilton Island Limited.

**The Chairman of the meeting intends to vote any undirected proxies in favour of Mr. Curlewis.**

#### **Directors' Recommendation**

**Each Director of the Company (excluding Mr. Curlewis) recommends that shareholders vote in favour of the resolution in Item 3.**

#### **Item 4 - Retention of GGA Foundation Share**

##### **Introduction**

GrainCorp was listed on the Australian Securities Exchange (**ASX**) in 1998. At that time, the ASX imposed a number of conditions to be observed by the Company to allow listing to proceed. One of these conditions concerned the continuing existence of the Foundation Share in GrainCorp held by GGA. The condition, which is embodied in the Constitution, requires that a vote of shareholders be held every five years from the date of admission of the Company to the official list of the ASX to determine if the rights and limitations attached to the Foundation Share in the capital of the Company should be retained for a further five years from the date of the relevant resolution. The result is that the Foundation Share is not held in perpetuity, but must instead be reviewed by shareholders periodically. Accordingly, in February 2003 - being the date on which the first five year

period since listing of the Company expired - shareholders voted on, and passed a special resolution to retain the rights and limitations attached to the Foundation Share for a further five years.

It is now five years since that resolution was passed by shareholders, and therefore the resolution in Item 4 of the Agenda on whether the rights and limitations attached to the Foundation Share should be retained for a further five years is being put to shareholders to consider again at this AGM (**Foundation Share Resolution**).

##### **Background**

In September 1993, GrainCorp implemented a new company structure issuing, by prospectus, class A shares to the public and class B shares and a Foundation Share to GGA.

In August 2001, shareholders passed a resolution to reduce the capital of the Company by cancelling all of the existing class B shares held by GGA. This was done to simplify the Company's capital structure and prevent the potential for dilution of value of the class A shares.

One of the rights attached to the class B shares was the right to vote on any resolution to retain the Foundation Share. At the same time as the class B shares were cancelled, shareholders approved a change to the Constitution, which gave GGA, as the holder of the Foundation Share, the same number of votes (being 60,119,264 votes) on a vote on the retention of rights and limitations attached to the Foundation Share as it would have held if the class B shares had continued in existence.

As a result of shareholders approving this Constitutional change, under the Constitution, GGA is entitled to 60,119,264 votes on the Foundation Share Resolution being proposed at this AGM in addition to the 8,717,046 votes it has by virtue of its holding of ordinary shares in GrainCorp.

## Review of Foundation Share

### *Process adopted by GrainCorp in conducting the review*

Under the Constitution, for so long as there is a Foundation Share, a maximum of six GGA directors are automatically entitled to be Directors of GrainCorp. The GGA directors who are also GrainCorp Directors are not subject to election or re-election by GrainCorp shareholders. Out of a current Board of eleven Directors, six Directors, namely Messrs Millear, Mangesldorf, Flanery, Lane, Eastburn and Freeman, are also directors of GGA (**GGA Nominee Directors**). As a result, the GrainCorp Board of Directors (**Board**) consists of a majority of Directors who are also directors of GGA.

Before the Foundation Share review began, the full Board unanimously agreed that the GGA Group Directors had a conflict of interest in the review process, and that they should not take part in that process or the preparation of this part of the Explanatory Notes. This was consistent with the approach taken in the lead-up to the 2003 review of the Foundation Share.

The Board therefore established a Foundation Share Review Committee (the **Committee**) consisting of the remaining Directors, namely Messrs Taylor, Curlewis, Groves, Trebeck and Keene. The Committee's mandate is to deal with all matters relating to the five year review of the Foundation Share, including overseeing the preparation of this part of the Explanatory Notes and the Foundation Share Resolution to be put to shareholders for consideration at this AGM.

### *Review by Committee*

The Committee undertook a review of the Foundation Share and an analysis of the advantages and disadvantages of retaining the Foundation Share for a further five years.

Following its review the Committee unanimously concluded that the retention of the rights and limitations attached to the Foundation Share is not in the best interests of GrainCorp for a number of reasons, including the following:

- **Foundation Share inhibits the Company's value and ability to participate in corporate activity:** The Committee believes that the existence of the Foundation Share inhibits the value of GrainCorp shares, including by removing any control premium that the market may

be willing to build into the Company's share price in an agribusiness sector which is increasingly looking like moving into a consolidation phase in 2008 and beyond, as well as deters or makes more complex any merger or acquisition activity involving the Company.

The Committee believes that any merger or acquisition activity involving the Company is deterred or made more complex, because of the rights and limitations attached to the Foundation Share, for the reasons set out below.

- GGA's willingness to support any raising of new equity which might be required by such a transaction may be affected by the fact that its level of control over the Company could be diluted or that it would need to inject further capital to maintain its level of control.

- Due to their expertise and interests being more focused on grain growing related areas, GGA appointed directors may be less likely to support a merger or acquisition transaction outside of these areas.

- Under the Constitution, the rights and limitations attached to the Foundation Share cease if the Company's activities change in a material way from those at the time of its admission to the official list of the ASX. This could affect GGA's willingness to support any merger or acquisition activity which could materially alter the Company's business.

As a result, GrainCorp's ability to participate in mergers and acquisitions transactions is potentially inhibited or made more complex.

- **Cumbersome and ineffective governance structure:** The Committee believes that the Foundation Share gives rise to an archaic governance structure in the Company which is cumbersome and inhibits the Company's efficiency. For so long as GGA is automatically entitled to appoint up to six representative GGA directors to the Board (a right attached to the Foundation Share), the Committee believes that neither the composition nor the operation of the Board will reflect standard governance expectations for Australian listed companies. Concerns that the Committee has about governance issues that arise from the continuing

existence of the Foundation Share include the following:

- The size of the Board is partly the result of the automatic appointment of up to six GGA directors to the Board. The Committee believes that the size of the current Board is too large relative to Australian listed companies with a similar market capitalisation to GrainCorp.

- The Committee does not believe that the qualifications and experience of all the directors on the Board are appropriate given the size and complexity of GrainCorp's business. Six of GrainCorp's current directors are not selected to hold office based on the skills, experience and expertise that they can bring to bear to serve the best interests of all of GrainCorp's shareholders - instead, due to the rights attached to the Foundation Share, the GGA Nominee Directors currently hold office merely because they also hold office as GGA directors. The Committee believes that it is important that shareholders understand that the factors that may result in a suitably qualified candidate being elected as a director of GGA are unlikely to be the same factors that would be taken into account in determining whether a person is an eligible candidate to be a director of a listed company such as GrainCorp, should the candidate be freely elected by GrainCorp's shareholders to be a director.

- GrainCorp is not currently in compliance with one of the main tenets of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (**ASX Principles**) which require that directors of a listed company be elected by shareholders. The

Committee believes that the failure to comply with the ASX Principles makes investment in the Company less attractive to institutional shareholders than would otherwise be the case.

- GrainCorp currently expends significant management time and resources, and incurs costs and expenses in dealing with governance issues that would not arise but for the existence of the Foundation Share. The Committee believes it would be far more productive if the Company's resources were, without exception, productively applied to growing the Company's business in the best interests of the Company as a whole rather than having part of those resources dedicated to managing its relationship with GGA in its capacity as holder of the Foundation Share.

- **Foundation Share no longer enhances the Company's focus on grower interests:** The Committee believes that the Foundation Share is no longer relevant or imperative to preserving the Company's focus on its relationship with growers. At the time the Foundation Share was brought into existence in 1993, growers were operating in a different business environment which was characterised by a lack of choice, amid grower concerns about securing a viable supply chain. These issues are no longer features of a grain market which 14 years later is instead characterised by a wide range of choice for growers in respect of storage, marketing and transport options. Given the changes in the market since 1993, the Committee does not consider the argument that the Foundation Share 'guarantees' that the interests of the Company will remain contiguous with the interests of growers is a viable one. The Company is driven to focus on

growers' interests because growers are its key customers, and therefore it is in the best interests of the Company as a whole to enhance the Company's service offering to growers - in other words, this focus arises despite of and not because of the existence of the Foundation Share.

- **Low liquidity:** The Company's shares have historically been, and remain, thinly traded on the ASX. The Committee's experience is that this operates as a direct disincentive to investment in the Company by institutional investors who have a strong preference for building investment portfolios of liquid stocks. Accordingly, the Committee does not believe that the Company has attracted the breadth or depth of institutional investor support which it may be capable of attracting if the Foundation Share ceases to exist, or that the strength of the Company's underlying business deserves. Additional institutional investor support may well result in more analysts following the Company, thereby giving GrainCorp a wider level of market support and understanding in Australia and offshore than currently exists. An increase in liquidity may lead to inclusion of the Company's shares in market indices such as the S&P/ASX200. Inclusion would likely result in index-related funds and institutional investors being more inclined to invest in the Company therefore further raising liquidity and the profile of the Company's shares.
- **Entrenchment of control and voting rights:** The Foundation Share has attached to it certain special voting rights which enhance GGA's control of GrainCorp by, amongst other things, effectively giving GGA a veto over the passing of ordinary and special resolutions of the Company (with some limited exceptions). These voting rights are embedded in the Constitution and are capable, if exercised in certain circumstances, of hindering the Company's strategic options, particularly in a consolidating market for agribusiness companies. It is possible that GGA's focus in exercising these voting rights in such a

scenario may become unduly influenced by seeking to retain control of GrainCorp rather than improving returns to GrainCorp's other shareholders. To be able to adapt to the changing market and circumstances that are beyond the control of the Company (such as the impact of the drought on grain receivables), the Committee strongly believes that the Company must have a flexible capital structure which is embodied around the basic principle of all shareholders having fundamentally equal voting rights on all resolutions put before shareholders for consideration.

- **Independent Expert's conclusion:** As part of the review process, the Committee appointed Ernst & Young Transaction Advisory Services Limited (**Ernst & Young**) to prepare an independent expert's report on whether the retention of the Foundation Share was in the best interests of GrainCorp. Ernst & Young has concluded that it is not in the best interests of the Company to retain the Foundation Share. The Committee has also noted that in their report, Ernst & Young only identify one advantage in retaining the Foundation Share compared with seven disadvantages that arise if the Foundation Share is retained. The Committee agrees with Ernst & Young conclusion that it is not in the best interests of the Company to retain the Foundation Share, and strongly believes that the one advantage of retaining the Foundation Share identified by Ernst & Young is heavily outweighed by the multiple disadvantages that arise if the Foundation Share is retained.

#### *Appointment of Independent Expert*

Further to their appointment by the Committee as an independent expert, Ernst & Young have prepared a report for the Committee on their findings (the **IER**). Ernst & Young has consented to the full IER to be made available to shareholders at their request by contacting GrainCorp on 1300 883 034, or for it to be viewed by accessing it on GrainCorp's website ([www.graincorp.com.au](http://www.graincorp.com.au)).

While there is no legal or regulatory requirement for an IER to be prepared in connection with the Foundation Share Resolution, the Committee requested the independent expert's report be prepared to assist both the Committee and shareholders with their consideration of the Foundation Share Resolution.

The IER considers whether or not the likely advantages to GrainCorp of retaining the Foundation Share outweigh the likely disadvantages. The IER identifies only one potential advantage in retaining the Foundation Share, namely that it may enhance grower loyalty to GrainCorp. Further discussion of the one advantage that arises from retaining the Foundation Share appears in the IER in the 'Summary of Opinion' section under the heading 'Advantages in retaining the Foundation Share'.

The report identifies a number of disadvantages in retaining the Foundation Share, including control; the composition and structure of the Board; alignment of interests; restriction on corporate activity; limited liquidity; GrainCorp's ability to raise finance; and the potential negative impact that the Foundation Share has on GrainCorp's value. Further discussion of the disadvantages that arise from retaining the Foundation Share appear in the report in the 'Summary of Opinion' section under the heading 'Disadvantages in retaining the Foundation Share'.

#### *Independent Expert's conclusion*

**The IER concludes that in Ernst & Young's opinion, it is not in the best interests of GrainCorp to retain the Foundation Share.**

The Committee notes that Ernst & Young's conclusion is consistent with the conclusion reached by another independent expert retained on behalf of the Company when the retention of the Foundation Share was last considered by shareholders in February 2003.

## **The Foundation Share Resolution**

### *Explanation*

The Foundation Share Resolution in Item 4 of the Notice of Meeting proposes that GrainCorp resolve to retain the rights and limitations attaching to the Foundation Share contained in certain articles of the Constitution for a further five years from the date of passage of the resolution. The wording of the Foundation Share Resolution accords with what is required to be put to shareholders under article 2.21A of the Constitution.

The specific rights and limitations referred to in the Foundation Share Resolution are:

- Reclassification of share (Article 2.15) - as at the date of the adoption of the Constitution on 27 July 1993, the \$10 share held by GGA was reclassified as a convertible preference share to be known as the GGA Foundation Share;
- Non-transferable (Article 2.16) - the Foundation Share may only be held by GGA;
- Ordinary resolution (Article 2.17) - except for the appointment and removal of certain Elected Directors, GrainCorp may not pass any ordinary resolution without the affirmative vote of GGA;
- Meetings (Article 2.18) - GGA is entitled to receive notice of, and, either by proxy or representative, attend and vote at any general meeting of GrainCorp and speak on any matter relating to rights attaching to the Foundation Share;
- No right to capital or profits except on a winding up (Article 2.19) - the Foundation Share does not confer any right to participate in the capital or profits of GrainCorp other than the right in a winding up to a distribution of capital *pari passu* with other shareholders entitled to share in a distribution of capital on a winding up;
- Convertible share (Article 2.20) - GGA may convert the Foundation Share into an

ordinary share in the capital of GrainCorp at any time upon written notice being given to GrainCorp and upon conversion, there shall cease to be a Foundation Share and the Constitution will be amended accordingly;

- Voting rights on special resolution and retention of Foundation Share (Article 9.18(b)) - GGA is entitled to 75% of the total number of votes entitled to be cast in relation to special resolutions of GrainCorp, other than a special resolution of a meeting to consider the retention of the Foundation Share, in which case GGA is entitled to 60,119,264 votes at that meeting.

In addition to those rights and limitations expressly provided for in the Foundation Share Resolution there are other rights and limitations attaching to the Foundation Share which exist so long as the Foundation Share is in existence, including:

- Alteration of rights - the rights and limitations attached to the Foundation Share under articles 2.15, 2.16, 2.17, 2.18, 2.19, 2.20 and 9.18(b) must not be altered without the consent in writing of the holder of the Foundation Share;
- Appointment of Directors - Article 10.3 gives up to six directors of GGA an automatic position on the Board (which is restricted to a total of 10 Non- Executive Directors and one Managing Director);
- Quorum for general meetings – under Article 9.5, a quorum for a general meeting of shareholders is not present unless the holder of the Foundation Share is present in person or by proxy, attorney or representative; and
- Quorum for Director's meetings - a quorum of any five Directors is required under Article 12.5.

#### *Voting on the Foundation Share Resolution*

The Constitution requires that the Foundation Share Resolution be a special resolution of the holders of ordinary shares (including the holder of the Foundation Share exercising special voting rights in accordance with the Constitution).

#### *Consequences of the Foundation Share Resolution being approved*

If the Foundation Share Resolution is approved by shareholders at the AGM by the requisite majority, the Foundation Share will

continue in existence for a further five years with the same rights and limitations.

#### *Consequences of the Foundation Share Resolution not being approved*

If the Foundation Share Resolution is not approved by shareholders at the AGM by the requisite majority, under the Constitution, the rights and limitations attaching to the Foundation Share will cease and the Foundation Share will automatically convert into one ordinary share ranking *pari passu* with all other ordinary shares in issue.

Despite the cessation of the rights and limitations attaching to the Foundation Share which will occur if the Foundation Share Resolution is not approved, under the existing form of the Constitution, the six GGA directors who are appointed to the Board are entitled to hold office, unless otherwise removed in accordance with the Constitution, until the annual general meeting in 2009 at which time they must retire. However, the retiring Directors will be eligible for re-election to the Board if approved by shareholders at that time.

#### **Committee recommendation**

The directors comprising the Committee responsible for overseeing the Foundation Share review, being Messrs Taylor, Keene, Curlewis, Trebeck and Groves unanimously recommend that shareholders **vote against the special resolution to retain the rights and limitations attached to the Foundation Share for a further five years.**

**The Chairman of the meeting intends to vote any undirected proxies against the special resolution to retain the rights and limitations attached to the Foundation Share for a further five years.**

#### **Appointment of proxy**

To assist you in exercising your right to vote at the Company's Annual General Meeting, you are encouraged to appoint one or two persons to attend as your proxy if you are unable to attend the meeting. When completing the proxy form, please note:

Insert the name of the person you wish to appoint as your proxy. Your proxy need not be a shareholder of the Company. If you submit the form but do not name a proxy, or the person you have appointed does not attend, the Chairman of the Meeting will act as your proxy.

# Notice of Annual General Meeting

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GrainCorp Limited ABN 60 057 186 035 ("Company")

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## **Number of proxies and proportion of votes per proxy**

A shareholder entitled to attend and vote is entitled to appoint one or two proxies. If you wish to appoint a second proxy, you should complete a second proxy form (which will be supplied upon request). If you appoint two proxies, you may specify the proportion or number of your votes which each proxy may exercise. If you do not, each proxy may exercise half of your votes.

## **Directing your proxy how to vote**

You can direct your proxy how to vote by marking the "for", "against" or "abstain" boxes on the proxy form. If you have appointed someone other than the Chairman as your proxy and you do not direct them how to vote, that person may vote, or abstain from voting, at their discretion.

If the Chairman is your proxy and you do not specifically direct how your proxy is to vote on a resolution, please refer to the Explanatory Notes for each resolution on how your proxy votes will be cast by the Chairman.

## **Deadline for receipt of Proxy Forms**

To be effective, your proxy form and the authority (if any) under which it is signed or a certified copy of that authority must be received by the Company at Link Market Services not less than 48 hours before the time of the meeting.

Proxy Forms may be lodged using the reply paid envelope or:

- by posting, delivery or facsimile to GrainCorp Limited's share registry as follows:  
  
GrainCorp Limited, C/- Link Market Services Limited  
Locked Bag A14, Sydney South NSW  
1235 Australia  
Fax (02)9287 0309
- by delivering it to Level 12, 680 George Street, Sydney, NSW, 2000.

to be received by no later than 1pm (Sydney time) on Monday, 25 February 2008.



**GrainCorp**

GrainCorp Limited  
ABN 60 057 186 035  
PO Box A268  
Sydney South  
NSW 1235

### QUESTIONS FROM SHAREHOLDERS

The Annual General Meeting (“AGM”) of GrainCorp Limited to be held at the Black Wattle Room, Crowne Plaza Hotel, Darling Harbour, 150 Day Street, Sydney on Wednesday 27 February 2008, commencing at 1pm. Shareholders who are unable to attend the meeting or who may prefer to register questions in advance are invited to do so. This form is provided as a convenient way to submit any questions you may have to either the Chairman or the Auditor.

Any shareholder who wishes to submit a question on these matters must submit that question in writing to the Company Secretary at PO Box A268, Sydney South, NSW, 1235 no later than 20 February 2008. The envelope provided for the return of your proxy form may also be used for this purpose.

We will endeavour to address more frequently raised questions during the course of the AGM. If time does not permit us to address all questions at the AGM we will prepare responses and make these available on our website.

Your name/s: \_\_\_\_\_

Securityholder Reference Number (SRN) or Holder Identification Number (HIN)

I \_\_\_\_\_ or X \_\_\_\_\_

#### Questions

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

Thank you for your time in asking these questions.



**GrainCorp Limited**

ABN 60 057 186 035

**GrainCorp**

**APPOINTMENT OF PROXY**

If you would like to attend and vote at the Annual General Meeting, please bring this form with you. This will assist in registering your attendance.

**Please return your Proxy forms to:**  
Link Market Services Limited  
Level 12, 680 George Street, Sydney NSW 2000  
Locked Bag A14, Sydney South NSW 1235 Australia  
Telephone: 1300 883 034  
(02) 8280 7483  
Facsimile: (02) 9287 0309  
ASX Code: GNC  
Website: www.linkmarketservices.com.au



**X99999999999**

I/We being a member(s) of GrainCorp Limited and entitled to attend and vote hereby appoint

**A** the **Chairman of the Meeting** (mark box)

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held at 1:00pm on Wednesday, 27 February 2008, in the Blackwattle Room, at Crowne Plaza Hotel, Darling Harbour, 150 Day Street, Sydney and at any adjournment of that meeting.

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. The Chairman of the Meeting intends on voting for items 2 and 3 and against item 4.

**B** To direct your proxy how to vote on any resolution please insert  in the appropriate box below.

**ORDINARY BUSINESS**

For      Against      Abstain\*

**Item 2**

To adopt the Remuneration Report

**Item 3**

Re- election of director Mr G.D. W (Doug) Curlewis

**SPECIAL BUSINESS**

**Item 4**

Retention of GGA Foundation Share

\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**C SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED**

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the *Corporations Act 2001* (Cwth).

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website ([www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)).

**GNC PRX741**



## How to complete this Proxy Form

### 1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

### 3 Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### 4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

### 5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

### Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 1:00pm on Monday, 25 February 2008, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the reply paid envelope or:

- by posting, delivery or facsimile to GrainCorp Limited's share registry as follows:  
GrainCorp Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Facsimile: (02) 9287 0309
- delivering it to Level 12, 680 George Street, Sydney NSW 2000.

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**GrainCorp Limited**

Tower 1, Level 17, 201 Sussex Street, Darling Park Sydney NSW 2000  
PO Box A268, Sydney South NSW 1235  
Telephone: (02) 9325 9100 Facsimile: (02) 9325 9180  
[www.graincorp.com.au](http://www.graincorp.com.au)