

Chief Executive Officer Long Term Incentive Plan 2008

Performance Hurdles Memorandum for 2008 Rights

Rights issued under the Chief Executive Officer Long Term Incentive Plan Terms (**Terms**) may become Exercisable depending on the total shareholder return achieved by SKYCITY Entertainment Group Limited (**SKYCITY**) relative to comparable companies and other companies on the New Zealand sharemarket. That is, the total returns SKYCITY generates for its shareholders will be compared to:

- (a) those generated by a group of entities (**Peer Comparator Group**) the board considers to be appropriate peers of SKYCITY; and
- (b) those generated by the entities whose securities comprise the NZSX 50 index on the issue date of the Rights (**Index Comparator Group**).

Rights will become Exercisable in accordance with the Terms if SKYCITY achieves a total shareholder return (**TSR**) greater than or equal to the average (**Average Median TSR**) of:

- (a) the TSR representing the 50th percentile of the TSRs of the members of the Peer Comparator Group (**Peer Median TSR**); and
- (b) the TSR representing the 50th percentile of the TSRs of the members of the Index Comparator Group (**Index Median TSR**)

for the relevant assessment period. The number of Rights that will become Exercisable depends on the TSR achieved by SKYCITY equal to or in excess of the Average Median TSR relative to the average of the TSRs representing the 75th percentiles of the TSRs achieved by the Peer Comparator Group and the Index Comparator Group respectively (**Average 75th Percentile TSR**) for the relevant assessment period. In addition, the board has a discretion to determine that up to 25% of Rights will become Exercisable in the event that SKYCITY's TSR for the relevant assessment period does not exceed the Average Median TSR, but exceeds one or other of the Peer Median TSR or Index Median TSR.

Defined Terms

Capitalised terms used in this document but not otherwise defined will have the meaning given in the Terms, unless the context otherwise requires.

Total Shareholder Return

The TSR achieved by each of SKYCITY and the members of the Peer Comparator Group and the Index Comparator Group will be measured by the change in that entity's total shareholder return index (**TSRI**). For these purposes the listed securities of an entity that is not a company are treated as "shares" and the holders of those securities are treated as "shareholders". The TSRI measures the total return received by shareholders from the increase in the market price of an ordinary share of the relevant entity and the receipt of dividends and other distributions, from the issue date of the Rights (**Issue Date**) to the relevant performance testing date (**Performance Testing Date**). To minimise the impact of short term volatility in the market price of an ordinary share on the Issue Date and the Performance Testing Date, the TSRI will be calculated using the volume weighted average sale price of the relevant share on its designated exchange over the five trading days up to and including the Issue Date or Performance Testing Date (as the case may be).

The TSRs achieved by SKYCITY, and the members of the Peer Comparator Group and the Index Comparator Group will be calculated by a recognised independent party, being an investment bank, firm of chartered accountants or other person or body whom the board reasonably considers has the expertise, experience and access to the

necessary data to carry out the calculation. The Company's auditor will review the calculations if it is not appointed to undertake the initial calculations.

The board reserves the right to adjust the TSRI for SKYCITY, or any member of the Peer Comparator Group or the Index Comparator Group, on the recommendation of the independent party selected to undertake the TSR calculation, to take account of any capital reconstructions, corporate transactions or other circumstances which materially alter the balance between the interests of SKYCITY shareholders and the holder of the Rights (**Holder**), so as to ensure that the balance between the interests of the Holder and the shareholders of SKYCITY is repositioned in line with the original intention of the Performance Hurdles.

Peer Comparator Group

The Peer Comparator Group against whom SKYCITY's TSR will be assessed will comprise the entities listed in the Appendix.

In the event the ordinary shares of a member of the Peer Comparator Group cease to be listed on the Australian Stock Exchange or the main equity board operated by NZX Limited (**NZX**) during the term of the Rights, that entity will be removed from the Peer Comparator Group unless the board determines that it is still possible to calculate the entity's TSR on a comparable basis to that for SKYCITY and the other members of the Peer Comparator Group e.g. because the entity continues to be listed on another recognised exchange. The board also reserves the right to remove an entity from the Peer Comparator Group if it considers that it has ceased to be an appropriate performance comparator for SKYCITY as a result of one or more capital reconstructions, corporate transactions or other changed circumstances. The board may, in its absolute discretion, replace any entity that is removed from the Peer Comparator Group with another entity that the board considers is an appropriate member of the Peer Comparator Group.

Index Comparator Group

The NZSX 50 index is calculated by NZX to measure the gross returns generated by the 50 largest entities listed on the New Zealand Stock Exchange by market capitalisation, taking into account changes in their share price and distributions to shareholders. The Index Comparator Group will be those entities making up the NZSX 50 index on the Issue Date. SKYCITY will be excluded from the Index Comparator Group for the purposes of any calculation of performance relative to members of the Index Comparator Group.

In the event the ordinary shares of a member of the Index Comparator Group cease to be listed on the main equity board operated by NZX during the term of the Rights, that entity will be removed from the Index Comparator Group unless the board determines that it is still possible to calculate the entity's TSR on a comparable basis to that for SKYCITY and the other members of the Index Comparator Group e.g. because the entity continues to be listed on another recognised exchange. The board also reserves the right to remove an entity from the Index Comparator Group if it considers that it has ceased to be an appropriate performance comparator for SKYCITY as a result of one or more capital reconstructions, corporate transactions or other changed circumstances. The board may, in its absolute discretion, replace any entity that is removed from the Index Comparator Group with another entity that the board considers is an appropriate member of the Index Comparator Group (including because that entity's securities are added to the NZSX 50).

Performance Testing Dates

The TSRs of SKYCITY and the members of the Peer Comparator Group and Index Comparator Group will be calculated as at the General Testing Dates and Special Testing Dates noted below. Each of those dates is a "Performance Testing Date" for the purposes of the Terms. The TSRs will be calculated as soon as reasonably possible following any relevant Performance Testing Date.

General Testing Dates

The TSR of SKYCITY, and each of the members of the Peer Comparator Group and the Index Comparator Group, will be calculated for the periods from the Issue Date to:

- (i) the third anniversary of the Issue Date (**Initial Testing Date**);
- (ii) (if applicable) six months after the Initial Testing Date (**Second Testing Date**);
and
- (iii) (if applicable) twelve months after the Initial Testing Date (**Third Testing Date**).

If the Holder ceases to be an employee of SKYCITY or a wholly owned subsidiary (as the case may be) prior to the Initial Testing Date, Rights that have not otherwise lapsed in accordance with the Terms, will only have one Performance Testing Date i.e. the Initial Testing Date. Similarly, if the Holder ceases to be an employee of SKYCITY or a wholly owned subsidiary (as the case may be) after the Initial Testing Date, Rights that have not otherwise lapsed in accordance with the Terms will only have one further Performance Testing Date. That is, Rights that have not become Exercisable after the calculation of TSR for the period from the Issue Date to the Performance Testing Date immediately following the Holder's Cessation Date (other than because SKYCITY is unable to issue or transfer ordinary shares to the Holder) will lapse.

Rights that have not become Exercisable after the calculation of the TSRs for the period from the Issue Date to the Third Testing Date (other than because SKYCITY is unable to issue or transfer ordinary shares to the Holder) will lapse.

Special Testing Dates

Takeover/Amalgamation/Scheme of Arrangement

Subject to the board's determination referred to below and provided that Rights have not previously lapsed in accordance with the Terms, in the event a takeover offer for the acquisition of SKYCITY's ordinary shares is formally made, or an amalgamation or scheme of arrangement involving SKYCITY's ordinary shares is formally proposed, that will result in a change in control of SKYCITY if it is successful:

- (i) the board will determine a date (**TO Calculation Date**) prior to the final date on which holders of SKYCITY's ordinary shares may participate in the takeover offer, amalgamation or scheme of arrangement (as applicable); and
- (ii) the TSRs achieved by SKYCITY, and the members of the Peer Comparator Group and the Index Comparator Group will be calculated, and the change in the TSRI will be determined, for the period from the Issue Date to the TO Calculation Date.

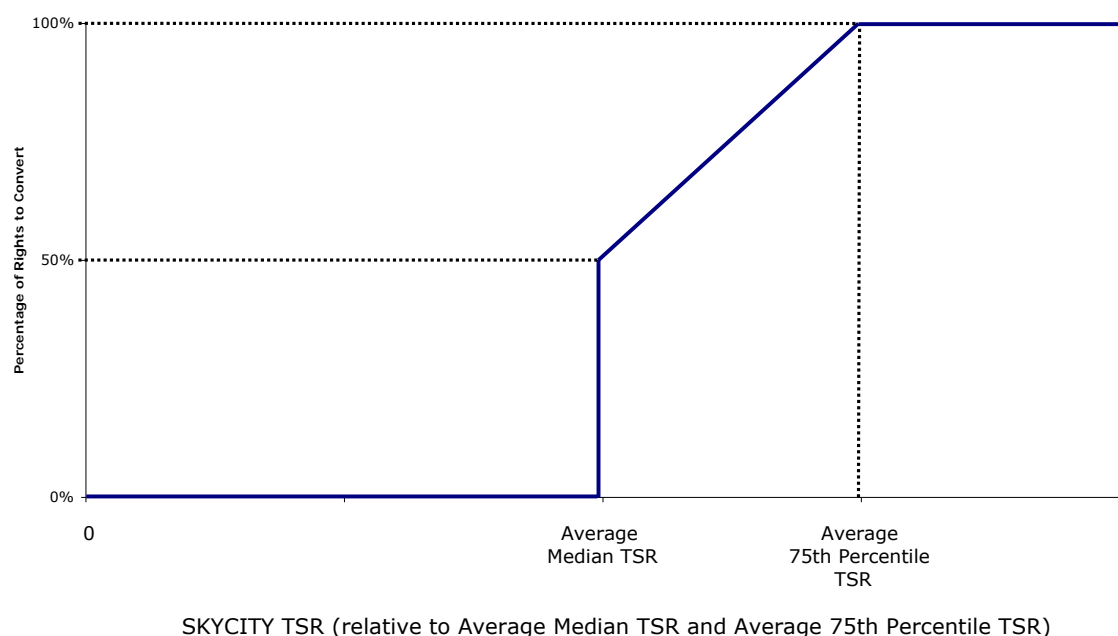
The board may determine that the performance calculation referred to above will not occur if it considers:

- (i) Holders will have the opportunity to participate in the takeover offer, amalgamation or scheme of arrangement on terms that are fair and reasonable as between Holders and holders of other classes of SKYCITY securities; or
- (ii) there are no reasonable grounds to believe that the takeover offer, amalgamation or scheme of arrangement will be successful.

Rights that become Exercisable

As noted above, the number of Rights that become Exercisable (if any) will be determined by the TSR generated by SKYCITY on its ordinary shares relative to those generated by the Peer Comparator Group and the Index Comparator Group on their ordinary shares.

The TSR achieved by each member of the Peer Comparator Group and Index Comparator Group, respectively, for the period from the Issue Date to the applicable Performance Testing Date will be ranked to determine the 50th and 75th percentile TSRs in each group. The Average Median TSR and Average 75th Percentile TSR will then be calculated by averaging the respective 50th and 75th percentile TSRs for the Peer Comparator Group and the Index Comparator Group. A percentage of the Rights that have not otherwise lapsed in accordance with the Terms will become Exercisable based on the TSR achieved by SKYCITY for the period from the Issue Date to the relevant Performance Testing Date relative to the Average Median TSR and Average 75th Percentile TSR according to the graph below. A number of points have been extracted from the graph and are set out in the table attached in Schedule 1.



In addition to the above, the board in its absolute discretion may determine that up to 25% of a Holder's Rights will become Exercisable in the event that SKYCITY's TSR for the period from the Issue Date to any Performance Testing Date does not exceed the Average Median TSR, but exceeds one or other of the Peer Median TSR or Index Median TSR.

The number of Rights that will become Exercisable based on the TSR achieved by SKYCITY for the period from the Issue Date to a Performance Testing Date will be net of the number of Rights that have become Exercisable as at any previous Performance Testing Dates.

APPENDIX

2008 Peer Comparator Group

<i>Entity</i>	<i>Designated Exchange</i>
1. Crown Limited (CWN)	ASX
2. Tabcorp Holdings Limited (TAH)	ASX
3. Tatts Group Limited (TTS)	ASX
4. Aristocrat Leisure Limited (ALL)	ASX
5. Flight Centre Limited (FLT)	ASX
6. Amalgamated Holdings Limited (AHD)	ASX
7. Village Roadshow Limited (VRL)	ASX
8. Auckland International Airport Limited (AIA)	NZSX
9. Vector Limited (VCT)	NZSX
10. Sky Network Television Limited (SKT)	NZSX
11. Warehouse Group Limited (WHS)	NZSX
12. Air New Zealand Limited (AIR)	NZSX
13. Fisher & Paykel Healthcare Corporation Limited (FPH)	NZSX
14. Infratil Limited (IFT)	NZSX
15. Ryman Healthcare Limited (RYM)	NZSX
16. Fisher & Paykel Appliances Limited (FPA)	NZSX
SKYCITY Entertainment Group Limited	NZSX

SCHEDULE 1

Exercisable Rights

SKYCITY TSR relative to Average Median TSR and Average 75 th Percentile TSR	Percentage of Rights that become Exercisable
<A	0
A	50
A + 0.04X	52
A + 0.08X	54
A + 0.12X	56
A + 0.16X	58
A + 0.20X	60
A + 0.24X	62
A + 0.28X	64
A + 0.32X	66
A + 0.36X	68
A + 0.40X	70
A + 0.44X	72
A + 0.48X	74
A + 0.52X	76
A + 0.56X	78
A + 0.60X	80
A + 0.64X	82
A + 0.68X	84
A + 0.72X	86
A + 0.76X	88
A + 0.80X	90
A + 0.84X	92
A + 0.88X	94
A + 0.92X	96
A + 0.96X	98
≥ Average 75 th Percentile TSR	100

A = Average Median TSR
X = Average 75th Percentile TSR – Average Median TSR

