

Chief Executive Officer Long Term Incentive Plan Terms 2008

1 Interpretation

1.1 Except where the context otherwise requires:

"ASX" means Australian Stock Exchange Limited.

"ASX Listing Rules" means the Listing Rules of the ASX.

"Board" means the board of directors of the Company.

"Business Day" means a day on which the NZSX is open for trading, and that is not a Saturday or Sunday or a public holiday in Auckland;

"Cessation Date" means the date on which the Holder's employment with the Company or a wholly-owned subsidiary (as the case may be) ceases.

"Company" means SKYCITY Entertainment Group Limited.

"Confirmation Notice" means, in respect of a Right, the notice (if any) sent by the Company to a Holder pursuant to clause 4.1.

"Exercisable" means, in respect of a Right, that a Confirmation Notice has been given by the Company and that the Right may be exercised by the Holder.

"Exercise Date" means the date on which a Right is exercised.

"Exercise Period" means, in respect of a Right, the period from the date of the Confirmation Notice (if any) to and including the first anniversary of such date;

"Employee" means a person who is an employee of the Company or of any subsidiary (within the meaning of that term in section 5 of the Companies Act 1993) of the Company.

"Exchanges" means the ASX and NZX.

"Financial Year" means a financial year of the Company.

"Fundamental Change" means a material change to the terms and conditions of employment of the Holder so that there is a substantial diminution of the Holder's role, status and responsibility without the Holder's consent including where the Holder is no longer the Chief Executive Officer of a public listed company in New Zealand or Australia.

"Holder" means Nigel Morrison, the Chief Executive Officer of the Company, or (as the context requires) the person to whom a Right is transferred in accordance with clauses 3.2 or 3.3;

"Initial Performance Testing Date" means, in respect of a Right, the first Performance Testing Date.

"Issue" means the issue of a Right under these Terms.

"Issue Date" means:

- (a) in respect of Rights Issued in 2008, 1 March 2008; and
- (b) in respect of Rights Issued in any other year, the date on which a Right is deemed to have been issued, as determined in accordance with clause 2.3.

"Listing Rules" means the ASX Listing Rules and the NZSX Listing Rules.

"NZSX" means the main board equity market operated by NZX.

"NZX" means NZX Limited.

"NZSX Listing Rules" means the Listing Rules of NZX applying to issuers with securities quoted on the NZSX.

"Performance Hurdles" means the performance hurdle or hurdles in respect of the exercise of a Right as specified in the applicable Performance Hurdles Memorandum.

"Performance Hurdles Memorandum" means the performance hurdles explanatory memorandum adopted by the Board in connection with an issue of Rights under these Terms and provided to the Holder in conjunction with the issue of Rights to him.

"Performance Testing Date" means the last day of a period in respect of which achievement of the Performance Hurdles will be measured, as specified in the applicable Performance Hurdles Memorandum; and **"Performance Testing Dates"** means all such dates.

"Preliminary Full Year Announcement" means the preliminary announcement of the Company's results for a Financial Year to the Exchanges.

"Right" means a right to a Share issued under these Terms.

"Share" means a fully paid ordinary share in the Company.

"Shareholder" means the holder of a Share.

"Terms" means these terms and conditions.

- 1.2 Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa.
- 1.3 Where any calculations or adjustments to be made under these Terms produce a fraction of a Share, the fraction, unless otherwise provided, shall be eliminated by rounding to the nearest whole number favourable to the Holder.
- 1.4 Subject to any limits imposed by law, the Board may delegate the exercise of any responsibility or obligation under these Terms to any one or more directors of the company other than the Holder.
- 1.5 Notwithstanding any provision of these Terms, no Issue shall be made, nor shall any Shares be issued or transferred on the exercise of any Rights, unless such Issue, or issue or transfer of Shares, is permitted by or pursuant to the Listing Rules.

2 Issue of Rights

- 2.1 The Board shall send to the Holder, in respect of each Issue:
 - 2.1.1 a notice specifying:
 - 2.1.1.1 the number of Rights Issued to the Holder;
 - 2.1.1.2 the Issue Date and the Performance Testing Dates for those Rights; and
 - 2.1.1.3 the period during which the Holder may reject the Issue; and
 - 2.1.2 a copy of the Performance Hurdles Memorandum in respect of those Rights and a copy of these Terms; and
 - 2.1.3 a certificate for those Rights.
- 2.2 A Right may not be issued in any Financial Year earlier than the 10th Business Day after the day on which the Preliminary Full Year Announcement is made for the immediately preceding Financial Year, or later than 30 November immediately following the Preliminary Full Year Announcement.
- 2.3 Other than for Rights Issued in 2008, the Issue Date of a Right shall be deemed to be the relevant 10th Business Day referred to in clause 2.2.
- 2.4 The Holder may reject an Issue by giving the Board notice, and returning the certificate for those Rights to the Board, within 20 Business Days after the date of the notice given pursuant to clause 2.1. If the Holder rejects an Issue, the Rights will lapse immediately.
- 2.5 By retaining (and electing not to reject) an Issue of Rights the Holder acknowledges:

- 2.5.1 these Terms are binding on him;
- 2.5.2 the Issue does not affect the terms of the Holder's employment; and
- 2.5.3 in no event will the Company be deemed, by making an Issue or otherwise, to have represented that the Holder will continue to be an Employee until and/or beyond any Performance Testing Date.

3 Transferability of Rights

- 3.1 A Right is not transferable, except as provided in clauses 3.2 and 3.3.
- 3.2 Subject to the prior approval of the Board, a Right may be transferred to an associate of the Holder on such conditions as the Board may determine.
- 3.3 If the Holder dies, any Right held by or on behalf of the Holder shall be transferred to, and (subject to these Terms) Shares will on exercise of that Right be issued or transferred to, the personal representative of the Holder.

4 Exercise of Rights

- 4.1 As soon as possible following each Performance Testing Date, the Board will:
 - 4.1.1 determine:
 - 4.1.1.1 whether the Performance Hurdles have been satisfied as at that Performance Testing Date, and if so the number of Rights that became Exercisable;
 - 4.1.1.2 whether, notwithstanding that the Performance Hurdles have not been satisfied, any discretion to declare that a percentage of the Rights should become Exercisable, as set out in the Performance Hurdles Memorandum, should be exercised; and
 - 4.1.1.3 whether a Confirmation Notice should be issued; and
 - 4.1.2 (if applicable) issue a Confirmation Notice to the Holder.
- 4.2 Each Confirmation Notice shall specify:
 - 4.2.1 the number of Rights that became Exercisable; and
 - 4.2.2 the Exercise Period for those Rights.
- 4.3 A Right that has become Exercisable may be exercised at no cost to the Holder on a Business Day during the Exercise Period. The Holder will be responsible for any tax costs and obligations arising as a result of the exercise of a Right.

- 4.4 The Holder may exercise a Right that has become Exercisable by notifying the Company in writing at least one Business Day prior to the proposed Exercise Date, specifying the proposed Exercise Date and the number of Rights being exercised, and attaching the certificate for the Rights.
- 4.5 The minimum number of Rights that may be exercised by the Holder on any one occasion shall be 5,000 Rights, provided that if the Holder has less than 5,000 Rights that are Exercisable then the Holder may exercise all (but not some) of such Rights.
- 4.6 On confirming that a Right the Holder wishes to exercise pursuant to clause 4.4 is exercisable in accordance with these Terms, the Company will (subject to clauses 4.7 and 4.8) issue, transfer or procure the transfer to the Holder one Share (subject to any adjustment made in accordance with clause 5) in respect of that Right.
- 4.7 If for any reason the Company is unable to issue, transfer or procure the transfer to the Holder of any Shares which the Holder is entitled to receive on an Exercise Date, then the relevant number of Shares will not be issued or transferred on the Exercise Date, but (subject to clause 4.8) will instead be issued or transferred immediately the Company is able to issue, transfer or procure the transfer of the relevant number of Shares to the Holder. The Company will also ensure that, on issue or transfer of the Shares, the Holder receives all benefits that would have accrued to the Holder if the Shares had issued or transferred to the Holder on the relevant Exercise Date.
- 4.8 If, after the expiry of six months from an Exercise Date ("**Cash Out Date**"), the Company is still unable to issue, transfer or procure the transfer to the Holder of any Shares which the Holder was entitled to receive on that Exercise Date, the Holder will be entitled to receive a gross cash amount equal to (i) the value of the relevant Rights on the Cash Out Date, plus (ii) the value of the benefits that would have accrued to the Holder if those Shares had been issued or transferred on the relevant Exercise Date and the Holder had retained those Shares until the Cash Out Date (together (i) and (ii) being the "**Right Value**") less (iii) the amount of any contribution to Kiwisaver or other superannuation scheme made by the Company for the benefit of the Holder in respect of the Right Value. The net amount of items (i)–(iii) is the "**Cash Amount**". The Right Value 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 calculation if it is not appointed to undertake the initial calculation. For the avoidance of doubt, the Cash Amount will be paid to the Holder less tax in accordance with the PAYE rules, and otherwise at the highest marginal tax rate applying to the Holder.
- 4.9 Without limiting clause 5, the Board may, in its absolute discretion, but subject to the Listing Rules, agree to determine whether the Performance Hurdles have been satisfied as at a date earlier than or in addition to a Performance Testing Date in such circumstances, and subject to such terms and conditions, as the Board deems appropriate. In such event the "Performance Testing Dates" referred to in these Terms will include any such earlier or additional date.
- 4.10 The Shares issued or transferred upon the exercise of a Right shall be fully-paid and shall rank equally in all respects with the Shares on issue at the Exercise Date (or if clause 4.7 applies, the date on which the relevant Shares were issued or transferred), except for any dividend in respect of which the record date occurred prior to the Exercise Date.
- ## 5 Adjustment to Entitlements upon Exercise
- 5.1 If, between the Issue Date and the Exercise Date of any Right:
- 5.1.1 any proportionate consolidation or subdivision of Shares is made by the Company, then, upon the exercise of that Right the number of Shares to which the Holder is entitled will be consolidated or subdivided in the same ratio. (For example, if the Company subdivides each Share into two Shares, upon exercise of any Rights the Holder will be entitled to twice the number of Shares that would otherwise have been issued or transferred to him under these Terms); or
- 5.1.2 any bonus issue of Shares (not involving the capitalisation of reserves or distributable profit) is made by the Company, then, upon the exercise of that Right the number of Shares to which the Holder is entitled will be increased by a factor as if those Shares had participated in such bonus issue. (For example, if the Company makes a one-for-three bonus issue, upon exercise of any Rights the Holder will be entitled to 4/3 times the number of Shares that would otherwise have been issued or transferred to him under these Terms).
- 5.2 If, between the Issue Date and the Conversion Date of any Right:
- 5.2.1 the Company makes or announces any rights issue or other offer to Shareholders to take up Shares or securities other than Shares; or

- 5.2.2 the Company undertakes a Share buyback (other than an on-market Share buyback executed at market prices) or a court-sanctioned return of capital; or
- 5.2.3 the Company issues Shares pro rata to Shareholders generally (otherwise than pursuant to any dividend reinvestment plan of the Company then in force) by way of a bonus issue involving the capitalisation of reserves or distributable profit; or
- 5.2.4 the Company undertakes any other change to its capital structure not referred to in clause 5.1;

the Board may make such adjustments or alterations to these Terms, as in the reasonable opinion of the Board are necessary to ensure that, so far as is reasonably possible, no benefit is conferred on the Holder that is not conferred on Shareholders (and vice versa) as a result of the occurrence of the event referred to in clauses 5.2.1, 5.2.2, 5.2.3, or 5.2.4. The adjustment or alteration shall be reviewed and approved 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 review. Such adjustments or alterations may include (without limitation):

- an adjustment to the number of Shares to be issued or transferred to the Holder upon the exercise of Rights;
- subject to satisfaction of the applicable Performance Hurdles, permitting Rights to be exercised earlier than would otherwise have been the case; or
- arranging for the Holder to participate in any offer or issue of securities made by the Company.

No such adjustment or alteration shall be made by the Board if that adjustment or alteration is not permitted by, or would otherwise be in breach of, the Listing Rules.

6 Quotation

- 6.1 The Company will not apply, or be required to apply, for quotation of a Right on the Exchanges.
- 6.2 The Company will apply to the Exchanges for, and will use its best endeavours to obtain, quotation on the Exchanges of the Shares issued or transferred to the Holder pursuant to these Terms.

7 Lapse of Rights

7.1 If the Holder ceases to be an Employee as a result of the termination of his employment by the company for cause, those of the Holder's Rights which have not become Exercisable before the Cessation Date shall lapse on the Cessation Date and will not become Exercisable.

7.2 If the Holder:

- 7.2.1 gives notice terminating his employment as a result of a Fundamental Change; or
- 7.2.2 has his employment terminated by the Company without cause as provided in his employment agreement;

in the period of 12 months immediately preceding the Initial Performance Testing Date for any Rights, then those Rights will not lapse on the Cessation Date. Any such Rights that do not become Exercisable as at the Initial Performance Testing Date shall lapse immediately after the Initial Performance Testing Date (unless clause 4.7 applies).

7.3 If the Holder ceases to be an Employee in circumstances other than those described in clauses 7.1 or 7.2, then the Board may, in its discretion exercised reasonably, determine that some or all of the Holder's Rights which have not become Exercisable by the Cessation Date will lapse on the Cessation Date. In exercising its discretion under this clause, the Board shall have regard to such factors as the Board determines, including (without limitation):

- 7.3.1 the Holder's performance over the period prior to the Cessation Date; and
- 7.3.2 the circumstances under which the Holder ceased to be an Employee; and
- 7.3.3 if the Cessation Date is prior to the Initial Performance Testing Date, the period from the Cessation Date to the Initial Performance Testing Date (excluding any notice period in respect of the cessation of employment where the Company elects to pay the Holder in lieu of all or part of the notice period, with the consequence that the Cessation Date is earlier than the date it would have been had the Holder been employed until the end of the applicable notice period) as a proportion of the period from the Issue Date to the Initial Performance Testing Date.

7.4 If the Holder ceases to be an Employee, any Rights that do not lapse pursuant to clauses 7.1, 7.2 or 7.3, and that were not either Exercisable prior to the Cessation Date or do not become Exercisable as at the Performance Testing Date immediately following the Cessation Date, shall lapse immediately after that Performance Testing Date (unless clause 4.7 applies).

- 7.4 Unless clause 4.7 applies, a Right that has not otherwise become Exercisable or lapsed pursuant to clause 7.1, 7.2, 7.3 or 7.4, will lapse immediately after the last Performance Testing Date for that Right if it does not become Exercisable as at such date. A Right to which clause 4.8 applies will lapse on payment of the Cash Amount pursuant to clause 4.8.
- 7.5 Unless clause 4.7 applies, a Right that has become Exercisable but has not been exercised by the end of the Exercise Period will lapse.

8 Disputes

- 9.1 Any disputes or differences arising under the Terms shall be determined by the Board whose decision shall be final and binding in all respects.

9 Correspondence

- 9.1 Any correspondence from the Holder to the Company or the Board shall be delivered or posted to the registered office of the Company or to such other address as may be notified by the Board in writing.
- 9.2 Any correspondence from the Company or the Board to the Holder shall be delivered to the Holder or posted to his home address.

10 Amendment of Terms

The Board may amend these Terms in such manner as it thinks fit, provided that no such amendment that would adversely affect the position of the Holder may be made without the written consent of the Holder. No such amendment shall be made if it would cause a breach of the Listing Rules. Subject to the above, an amendment may be retrospective and/or prospective in effect in the Board's discretion.

11 Governing Law

These Terms, and the Issue of Rights, will be governed by and construed in accordance with New Zealand law. By accepting an Issue of Rights the Holder submits to the exclusive jurisdiction of the courts of New Zealand.