



AWB Limited  
ABN 99 081 890 459

## **Notice of Annual General Meeting of AWB Limited**

Annual General Meeting of shareholders to be held at 2:00pm (Melbourne time) on Wednesday, 23 December 2009 at AWB Limited, 380 La Trobe Street, Melbourne, Victoria.

### **Business**

#### **Financial Report, Directors' Report and Auditor's Report**

- Item 1 To consider AWB Limited's Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 September 2009.

#### **Election of directors**

- Item 2 Mr Tony Howarth retires by rotation in accordance with AWB Limited's constitution and being eligible, offers himself for re-election.
- Item 3 Mr Stephen Mayne has nominated himself for election as a director in accordance with the AWB Limited constitution.

#### **Approval of grant of Performance Rights to Managing Director**

- Item 4 To approve the grant of Performance Rights under the AWB Limited Performance Rights Plan to AWB Limited's Managing Director, Mr Gordon Davis, in the manner set out in the Explanatory Notes to this Notice of Meeting.

*AWB Limited will disregard any vote cast on item 4 by Mr Gordon Davis or any of his associates, unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form or unless the vote is cast by a person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.*

#### **Adoption of the Remuneration Report**

- Item 5 To adopt the Remuneration Report (which forms part of the Directors' Report) for the year ended 30 September 2009.

Peter Patterson  
Company Secretary  
24 November 2009

## **Voter Information**

If you are not attending the meeting you may appoint a proxy or lodge a direct vote. Further information is provided on page 5.

## **Explanatory Notes**

### **Item 1 - Financial Report, Directors' Report and Auditor's Report**

The Financial Report, Directors' Report and Auditor's Report are presented for information purposes only and do not require a vote by shareholders.

A copy of AWB Limited's 2009 Financial Report, Directors' Report and Auditor's Report, may be accessed on the AWB website, [www.awb.com.au](http://www.awb.com.au).

### **Item 2 – Election of Director: Mr Tony Howarth**

Mr Tony Howarth retires by rotation in accordance with AWB Limited's constitution and being eligible offers himself for re-election.

Candidate's statement:

“Mr Tony Howarth – AO, FAICD, SF Fin

Mr Howarth was appointed to the Board of AWB Limited on 10 March 2005. He is currently a member of the Audit, Risk and Nomination and Remuneration Committees.

His career in banking and finance both in Australia and internationally has included appointments in a range of sectors including retail, commercial, corporate and stockbroking. Mr Howarth has had significant public company experience at an executive and non-executive level.

Mr Howarth offers himself as a candidate with a track record in public company corporate governance and performance including mergers and acquisitions and corporate restructuring. He believes this experience together with his finance and banking background and recent history of being a Non Executive Director of AWB Limited will be of assistance to the AWB Board as it deals with the challenges and opportunities ahead.”

Recommendation:

The Board (excluding Mr Howarth) recommends that shareholders vote in favour of the re-election of Mr Howarth.

### **Item 3 – Election of Director: Mr Stephen Mayne**

Mr Stephen Mayne has nominated himself for election as a director in accordance with AWB Limited's constitution.

Candidate's statement:

“Mr Stephen Mayne – Bcom (Melb)

Stephen Mayne is a Walkley Award winning business journalist, professional shareholder advocate and an elected local government councillor in the City of Manningham. He publishes the corporate governance online magazine the Mayne Report and in 2009 has been campaigning for equitable treatment of retail shareholders in capital raisings.

Mr Mayne is standing for the AWB board as a protest against the discounted \$100 million institutional placement in its recent capital raising. Mr Mayne also believes the accompanying 1-for-1 entitlement offer was both poorly structured and poorly marketed to retail investors, contributing to a \$106 million shortfall which was also scooped up by institutional investors.

Mr Mayne believes the AWB board ought to now offer its retail investors an attractive share purchase plan to offset the dilution caused by the recent \$459 million capital raising which resulted in the collective ownership of retail investors in AWB falling significantly.

If elected to the AWB board, Mr Mayne would work constructively on improving accountability and governance after the oil-for-food scandal and more recent problems in Brazil.”

Recommendation:

The Board recommends that shareholders vote against the election of Mr Mayne.

#### **Item 4 - Approval of grant of Performance Rights to Managing Director**

In order to align the Company’s long-term performance with the reward of the Managing Director, Mr Gordon Davis, it is proposed that Mr Davis be granted Performance Rights in accordance with the AWB Limited Performance Rights Plan.

The Plan includes the following features:

- a) Under the Performance Rights Plan, Mr Davis would be granted rights over 800,000 shares in the company with vesting occurring if prescribed performance conditions are met. On exercise, each performance right would entitle Mr Davis to one ordinary share in AWB Limited. The Board will determine at the time of exercise whether to purchase the shares on-market or to issue new shares. This decision will depend on factors such as dilution and cost to the Company;
- b) The performance rights will be granted for nil consideration and there is no fee payable for exercising the performance rights. Prior to vesting, they will not confer any right to participate in dividends or in new issues of shares by the Company (including bonus issues, rights issues or otherwise) and they may not be transferred;
- c) The performance rights will be subject to a performance condition based on the Company’s underlying Return on Funds Employed (ROFE) over a three-year performance period. The Board considers that ROFE is the most appropriate measure for Mr Davis’ Long-Term Incentive Plan so that he is incentivised to improve the Company’s performance on metrics he has the ability to positively affect and which still ensure strong alignment to long term share value growth. Underlying ROFE is calculated on the underlying Earnings Before Interest and Tax (EBIT) divided by shareholder funds plus interest bearing debt. This measure ensures the Managing Director is focused on the efficient use of capital regardless of the source of funds employed (equity/debt). The Board then determines whether the underlying ROFE hurdles have been achieved. Vesting occurs in accordance with the below table:

<b>Underlying ROFE Hurdle</b> (annual average over the performance period)	<b>% of performance rights that vest</b>
Below 6%	Nil
6%	50%
7.50%	60%
9%	70%
10.50%	80%
12%	90%
13.50%	100%

- d) In addition to performance rights vesting in the above circumstances, the Board also has discretion to vest performance rights in certain circumstances including change in control;
- e) If Mr Davis ceases to be employed by the Company and the performance rights have not vested, the performance rights will lapse (unless in circumstances of death, redundancy or retirement, in which case some rights may still become exercisable) in accordance with the Plan rules;
- f) Mr Davis is the only director entitled to participate in the Performance Rights Plan. No prior grants of performance rights have been made to Mr Davis under this Plan. Previously Mr Davis has been granted cash-based performance rights which entitle him to a cash payment subject to meeting or exceeding Board-approved performance hurdles. Shareholder approval was not required for this plan and as performance hurdles have not yet been met, no payments have been made;
- g) If rights have vested, Mr Davis has one year after the date of vesting to exercise his rights.

If shareholder approval is obtained, the performance rights will be granted by 23 January 2010.

Recommendation:

The Board (excluding Mr Davis) recommends that shareholders vote in favour of the approval of the grant of performance rights to the Managing Director.

#### **Item 5 - Adoption of the Remuneration Report**

The Company is required under the *Corporations Act 2001* (Cth) to include, in the Directors' Report, a detailed Remuneration Report relating to directors' and executives' remuneration, and to submit this for adoption by resolution of shareholders at the AGM.

The Remuneration Report discusses matters including:

- Board policies for determining the remuneration of directors and executives;
- the relationship between the policies and AWB's performance; and
- details of the performance conditions where the remuneration of directors and executives is performance based.

The Directors' Report for the year ended 30 September 2009 contains the Remuneration Report. The Directors' Report can be accessed on the AWB website, [www.awb.com.au](http://www.awb.com.au).

Adoption Requirements:

The shareholder vote is advisory only and does not bind the directors of the Company. Accordingly, the shareholder vote will not require the Company to alter any arrangements detailed in the Remuneration Report should the resolution not be passed. However, any discussion on this resolution and the outcome of the vote will be considered by the Board when reviewing future remuneration arrangements.

Recommendation of Directors:

The Board recommends that shareholders vote in favour of the resolution to adopt the Remuneration Report.

## Voter Information

### Entitlement to vote

AWB has determined that for the purposes of the Annual General Meeting, shares will be taken to be held by those persons who hold them at 7:00pm (Melbourne time) on 21 December 2009.

If you are not attending the meeting, you may appoint a proxy or lodge a direct vote.

### Methods of Voting

#### Appointing a proxy

Members have the right to appoint a proxy. A proxy need not be a member.

A member who is entitled to cast 2 or more votes may appoint 2 proxies (but no more) and may specify the proportion or number of votes each proxy is appointed to exercise.

To appoint a proxy you must complete the enclosed proxy form. Follow the instructions on the form if you wish to direct your proxy how to vote. Sign and return your completed proxy form in the reply paid envelope enclosed or by facsimile.

More details of how to appoint a proxy and where to send proxy appointments are provided on the accompanying form.

You may also appoint a proxy online by visiting [www.awb.com.au](http://www.awb.com.au) and following the online instructions. You will need your shareholder registration details.

#### Direct Vote

To lodge a direct vote you must complete the enclosed voting form in accordance with the instructions and return it in the reply paid envelope enclosed or by facsimile.

You may also lodge a direct vote online by visiting [www.awb.com.au](http://www.awb.com.au) and following the online instructions. You will need your shareholder registration details.

### Closing Time for Voting

Proxy instructions or direct votes must be received not later than 2:00pm (Melbourne time) on 21 December 2009 at AWB's share registry, **Computershare Investor Services Pty Limited** as follows:

<b>In person:</b>	Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067	
<b>By mail:</b>	GPO Box 242, Melbourne, Victoria, 3001	
<b>By facsimile:</b>	1800 800 053	
<b>Online:</b>	Shareholders/Employees	<a href="http://www.awb.com.au">www.awb.com.au</a>
	Custodians:	<a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a>