

Brambles Limited  
2006 Performance Share Plan

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## 1. Definitions and Interpretations

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1.1 (**Definitions**) In this Plan, unless the context otherwise requires:

**ASX** means ASX Limited;

**Automatic Exercise** means the exercise of a Share Right in accordance with sub-rule 10.2.

**Award** means an award of a Conditional Right or Share Right or Phantom Award under the Plan;

**Award Date** means, except in the circumstances set out in sub-rule 4.8, the date on which an Award is made;

**Board** means the board of directors of the Company or a committee appointed by that board or, with respect to any matters relating to the Plan considered by the board to be administrative in nature, any individual duly authorised by the board;

**Business Day** has the meaning given in the Listing Rules;

**Cash Equivalent** has the meaning given to that term in sub-rule 12.1.

**Company** means Brambles Limited (ACN 118 896 021) of Level 40 Gateway, 1 Macquarie Place, Sydney, NSW 2000, Australia;

**Conditional Right** means a right, upon Vesting, to receive Shares on the terms specified in the Plan without any further action being required by the Participant;

**Enhanced STI Award** means an Award designated as an Enhanced STI Award in accordance with rule 4.1;

**Exercise Price** means the price payable to exercise an Award which is a Share Right;

**Group Company** means a Participating Company or a related body corporate of the Company;

**Joint Venture Company** means any company which is determined by the Board to be a joint venture company for the purpose of this Plan;

**Leaving Date** means the date on which a Participant leaves the employment (whether as a director or an employee) of a Group Company for any reason.

**Listing Rules** means the listing rules of the ASX as amended from time to time;

**LTI Award** means an Award designated as a LTI Award in accordance with sub-rule 4.1;

**Notification Date** has the meaning given to that term in sub-rules 13.1 and 13.3.

**Participant** means a person who is given an Award under the Plan;

**Participating Company** means the Company or any Subsidiary or any Joint Venture Company;

**Performance Condition** means the condition, if any, to which an Award is subject under sub-rule 4.2;

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**Performance Period** means the period over which the Performance Condition is measured and:

- (a) for Awards granted in respect of the 2006 Year means the period beginning on 21 February 2007 and ending on 30 June 2009 (except in the circumstances described in sub-rules 11.1(b) and 13.5(b)(ii)(B)); and
- (b) for Awards granted in respect of any year other than the 2006 Year, the period of 3 years measured from the end of the financial year preceding the Award Date (**Year End**) to the third Anniversary of the Year End;

**Phantom Award** means an Award granted in accordance with sub-rule 12.1;

**Plan** means the Brambles Limited 2006 Performance Share Plan as described in these rules but subject to any alterations made under rule 15;

**Restrained Activity** means:

- (a) a business or activity of a type the same or substantially the same in all material respects as the business of any Participating Company (or any material part of it);
- (b) a business or activity of a type which is competitive in any material respect with the business of any Participating Company (or any part of it);
- (c) joining any organisation (whether incorporated or not) which is engaged in a business or activity covered by paragraphs (a) or (b). For these purposes a Participant will be deemed to have joined an organisation if the Participant is involved in any way in the establishment of the organisation and/or provides services to such an organisation, either directly or indirectly on the Participant's own behalf or in the service of or on behalf of others as an officer, employee, consultant, partner, independent contractor or in any other capacity, whether remunerated or not;
- (d) directly or indirectly soliciting or enticing away or endeavouring to solicit or entice away any director, employee, consultant, officer, contractor or agent of a Participating Company; and
- (e) directly or indirectly soliciting any person or entity who was a customer or client of a Participating Company at any time in order to render to that person or entity services similar to, competitive with or intended to replace the services provided to that person or entity by a Participating Company.

**Share Right** means an option to subscribe for or acquire Shares on the terms specified in the Plan;

**Share** means an ordinary share in the Company;

**Short Term Incentive Target** means the personal and financial goals in relation to a financial year (and such other conditions) as the Board may set in relation to an employee;

**STI Award** means an Award designated as a STI Award in accordance with rule 4.1;

**STI Cash Award** has the meaning given to that term in rule 2;

**Subsidiary** means a body corporate which is a subsidiary of the Company within the meaning of section 9 of the *Corporations Act 2001*;

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**Tax Liability** has the meaning given to that term in sub-rule 10.2.

**Total Fixed Remuneration** means, unless the Board decides otherwise, total annual fixed income (including salary and benefits in kind (excluding any bonus)), payable by the Participating Companies to the Participant as at the Award Date.

**Trustees** means the trustee or trustees for the time being of any employee share ownership plan trust established by the Company, the beneficiaries of which include Participants;

**Vest, Vested or Vesting** means:

- (a) in relation to a Conditional Right, the point at which a Participant becomes absolutely entitled to all or some of the Shares which are the subject of the Conditional Right in accordance with rule 9;
- (b) in relation to a Share Right, the point at which a Participant may exercise a Share Right in accordance with rule 9 and sub-rules 10.1 and 10.2; and
- (c) in relation to a Phantom Award which is a Conditional Right, the notional point in time set out at (a) above; in relation to a Phantom Award which is a Share Right, the notional point in time set out at (b) above;

**Vesting Date** means the date on which an Award Vests under sub-rule 9.1; and

**2006 Year** means the financial year of the Company ended 30 June 2006.

**1.2 (Interpretation)** Headings are inserted for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise:

- (a) the singular implies the plural and the converse;
- (b) words imparting gender include all genders;
- (c) where a word or phrase is defined, its other grammatical forms have corresponding meaning;
- (d) a reference to a rule or Schedule is a reference to a rule of, or Schedule to, this Plan;
- (e) a reference to an agreement or document is to the agreement or document as amended from time to time;
- (f) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;
- (g) a reference to **writing** includes a facsimile transmission and any visible means of reproducing words in a tangible and permanently visible form;
- (h) a reference to **conduct** includes an omission, statement or undertaking, whether or not in writing; and
- (i) mentioning anything after **include, includes** or **including** does not limit what else might be included.

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## 2. STI Cash Award

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- 2.1 The Board may determine that any employee of a Participating Company who receives a cash annual employment bonus (**STI Cash Award**) in respect of a financial year may also receive an STI Award. The Board may also determine that an employee of a Participating Company may receive an STI Award even though that employee has not received an STI Cash Award.
- 2.2 The value of the STI Award will be determined by the Board.

## 3. Grants of Awards

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- 3.1 (**Grant**) Subject to this rule 3 and to rules 5 and 6, the Board may make an Award to any employee of a Participating Company (including an employee who is also a director except as expressly stated otherwise in these rules). The Award will be on the terms set out in the Plan and on such other objective special terms, which are not inconsistent with the rules of the Plan, as the Board may specify.
- 3.2 (**No Interest in Shares**) Unless and until an Award Vests and, if relevant, is exercised, and the relevant Shares are either issued or transferred to the Participant, the Participant has no interest in those Shares.
- 3.3 (**New Issues**) Subject to the Listing Rules, an Award does not confer on a Participant the right to participate in new issues of shares by the Company until the relevant Shares are either issued or transferred to the Participant or, if relevant, it has been exercised.
- 3.4 (**Eligibility**) The Board may not make an Award to an employee of a Participating Company:
- (a) during the 6 months before the date on which they are bound to cease employment under the terms of their contract of employment; or
  - (b) after the employee has given or been given notice terminating their employment (unless the Board considers the circumstances to be exceptional or where the employee was employed by a Participating Company on the Award Date for Awards granted in respect of the 2006 Year as contemplated in sub-rule 4.8 (2006 Awards)).
- 3.5 (**Grant Period**) The Board may only make Awards:
- (a) in the period of 6 weeks beginning with:
    - (i) the date on which the Plan is approved by the Company in general meeting; or
    - (ii) the Business Day immediately after the date on which the Company announces its results for any period; or
  - (b) at any other time when the Board considers that the circumstances are sufficiently exceptional to justify the grant; and

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- (c) before the expiry of 10 years beginning on the date the Plan is approved, or last approved, by the Company in general meeting as mentioned above.

#### **4. Terms of Awards**

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- 4.1 **(Type of Award)** When an Award is made the Board will decide whether it is:
- (a) an STI Award;
  - (b) an Enhanced STI Award; or
  - (c) an LTI Award.
- 4.2 **(Performance Condition)** Enhanced STI Awards and LTI Awards will be subject to a performance condition specified by the Board as follows:
- (a) for an Enhanced STI Award, the Performance Condition set out in Schedule 1; and
  - (b) for an LTI Award, the Performance Condition set out in Schedule 2.
- An STI Award may be subject to any objective special condition specified by the Board under sub-rule 3.1.
- 4.3 **(Number of Shares subject to an STI Award)** Subject to sub-rule 5.1 (*Individual Limit*), the number of Shares subject to an STI Award is that number which has a market value (as that term is defined in sub-rule 5.2 (*Market Value*) below) equal to the value of the STI Award determined under sub-rule 2.2.
- 4.4 **(Number of Shares subject to an Enhanced STI Award)** Subject to sub-rule 5.1 (*Individual Limit*), the number of Shares subject to an Enhanced STI Award will be determined by the Board as a fraction of the number or value of Shares subject to the corresponding STI Award but must not be more than half the number of Shares subject to the corresponding STI Award.
- 4.5 **(Number of Shares subject to an LTI Award)** Subject to sub-rule 5.1 (*Individual Limit*), the number of Shares subject to an LTI Award will be determined by the Board in its absolute discretion.
- 4.6 **(Type of Award)** When the Board makes an Award, it will determine whether the Award will take the form of a Conditional Right, a Share Right or a Phantom Award.
- 4.7 **(Exercise Price)** If an Award is a Share Right, the Board will decide the Exercise Price of the Share Right. If no Exercise Price is decided, the price is zero.
- 4.8 **(2006 Awards)** Notwithstanding the actual date that Awards are granted under this Plan in respect of the 2006 Year, for all purposes under this Plan (except in the circumstances set out in sub-rule 12.2 (*Market Value*)), the Award Date for Awards granted in respect of the 2006 Year, is 30 August 2006 (being the date which is 5 trading days after the date of the announcement of the Brambles Industries Limited's results for the 2006 Year).

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## 5. Individual Limits

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- 5.1 (**Individual Limit**) The Shares over which an Award is made to any Participant in respect of any financial year must not have a market value equal to more than two times the Total Fixed Remuneration of that Participant. However the Board may at its discretion increase the individual limit to a market value of three times the Total Fixed Remuneration of any Participant in circumstances which the Board considers exceptional.
- 5.2 (**Market Value**) Except in the circumstance specified in sub-rule 5.3 (*2006 Awards*), for the purposes of sub-rules 4.3 (*Number of Shares subject to an STI Award*) and 5.1 (*Individual Limit*), the **market value** of the Shares over which an Award is made will be determined by the Board, but must not be less than:
- (a) if shares of the same class as those Shares are not quoted on the official list of the ASX, the market value of the Shares as determined by the Board immediately prior to the Award Date; or
  - (b) if shares of the same class as those Shares are quoted on the official list of the ASX, the volume weighted average price of Shares in that class during the 5 trading days (as defined in the Listing Rules) up to and including the Award Date.
- 5.3 (**2006 Awards**) For 2006 Awards, for the purposes of sub-rules 4.3 (*Number of Shares subject to an STI Award*) and 5.1 (*Individual Limit*) only, the market value shall be the volume weighted average price of the Shares traded on the ASX during the 5 trading days (as defined in the Listing Rules) up to and including 19 January 2007.

## 6. Plan Limits

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- 6.1 (**5% Limits**) No further Awards may be granted under the Plan if it would cause the Company to exceed the 5% limit in Class Order 03/184 (or if such limit is replaced, any limit specified by a regulatory authority from time to time to enable the Company to qualify for relief from any disclosure requirements under any law relating to the offer).
- 6.2 (**Issues to Trustees**) Any Shares which have been issued or which may be issued to the Trustees to satisfy any Awards made under the Plan or to satisfy awards under any other employee share plan adopted by the Company will be included for the purposes of the limits set out in sub-rules 6.1 (*5% Limits*) above to the extent any direct issue of the Shares to a Participant would be taken into account.
- 6.3 (**Calculation of Share Capital**) For the purposes of this rule 6 (*Plan Limits*), the issued share capital will be determined as at the date a calculation is made for the purposes of the above limits.

## 7. Payment for an Award

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A Participant is not required to pay anything for the grant of an Award unless the Board decides otherwise.



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## 8. Transfer and Bankruptcy

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An Award:

- (a) is not transferable except as expressly stated in these rules or as otherwise determined by the Board in its discretion; and
- (b) lapses immediately if a Participant is declared bankrupt.

## 9. Vesting

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9.1 (**Time of Vesting**) Subject to sub-rules 9.2 (*Performance Condition*) and 9.4 (*Forfeiture*) and rules 11 (*Leaving Employment and Sale Of Employer*) and 13 (*Takeover, Reconstruction and Winding-up*), an Award Vests three years after the Award Date or, if later, at the end of the Performance Period or on the date on which the extent to which the Performance Condition is met has been determined.

9.2 (**Performance Condition**) An Award only Vests to the extent that the Performance Condition (if any) is met.

9.3 (**Lapse of Award**) To the extent that an Award does not Vest because the Performance Condition (if any) is not met, it lapses.

9.4 (**Forfeiture**) Where a Participant has engaged in a Restrained Activity either during the course of their employment or in the 24 months after ceasing to be employed by a Group Company (other than as contemplated in sub-rule 11.1 (*Leaver Provisions - Death, Illness, Injury, Disability, Redundancy, Retirement, Sale*), unless the Board determines otherwise, any Award:

- (a) to the extent it has not Vested, will lapse;
- (b) to the extent it has Vested but has not been exercised (in respect of a Share Right or a Phantom Award which is a Share Right) or the relevant Shares have not been issued or transferred to the Participant (in respect of an exercised Share Right or exercised Phantom Award which is a Share Right, or Conditional Right or Phantom Award which is a Conditional Right), will be forfeited,

notwithstanding that any other condition of Vesting is satisfied at the time that the Participant engaged in the Restrained Activity.

## 10. Consequence of Vesting

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10.1 (**Share Rights - Exercise**) Subject to sub-rule 9.4 (*Forfeiture*), a Share Right becomes exercisable, to the extent it has Vested, on the Vesting Date and remains exercisable:

- (a) where sub-rule 11.1 (*Leaver Provisions*) applies, up to and including the first anniversary of the Vesting Date;
- (b) where sub-rule 11.2 (*Other Leavers*) applies, up to and including the first anniversary of the Leaving Date;

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- (c) where rule 13 (*Takeover, Reconstruction and Winding Up*) applies, up to and including the date which is one calendar month (or such longer period as the Board may permit) after the Notification Date;
  - (d) in any other case where paragraphs (a) and (b) do not apply, up to and including the sixth anniversary of the Award Date (or such shorter period as the Board may have decided before the grant of the Award),

after which time it lapses if not exercised, except in the circumstances set out in sub-rule 13.1 (*Takeover*) in which case the Share Right will not lapse until the earlier of the date which is 6 months after the date of the first offer under the takeover bid and the date which is one month after the date that a compulsory acquisition notice is first served in connection with the takeover bid. Subject to sub-rule 10.2 (*Automatic Exercise to Cover Tax Liability on Vesting*), a Share Right must be exercised by the Participant giving notice to the Company in such form as the Company may prescribe and paying the Exercise Price (if any).

#### 10.2 **Automatic Exercise to cover Tax Liability on Vesting**

- (a) Where any Group Company must (or would suffer a disadvantage if it did not) pay or account for any tax, social security contributions or other levies (in any jurisdiction) (together, the **Tax Liability**) in connection with the Vesting of a Share Right, the Board has a discretion to deem the Share Right to be exercised to the extent necessary in order to satisfy that Tax Liability in accordance with sub-rule 10.2(b).
- (b) Where the Board exercises its discretion pursuant to sub-rule 10.2(a), the Participant is deemed to have:
  - (i) submitted an exercise notice to the Company in respect of a number of Shares whose sale proceeds (less the Exercise Price, if any) are expected to be equal to the Tax Liability plus the costs of the sale of such Shares on the Vesting Date;
  - (ii) authorised the sale of the Shares which are the subject of the deemed notice; and
  - (iii) authorised the payment to or to the order of the relevant company of the required amount (including costs of sale) from the sale proceeds.

10.3 (**Issue or Transfer of Shares**) Subject to the Listing Rules, up to and including the date which is 60 days after a Share Right has been exercised by a Participant (or, if applicable, their personal representative) or a Conditional Right has Vested, the Board on behalf of the Company will arrange for the issue or transfer to the Participant (or a nominee for them, or, if applicable, their personal representative) of the relevant number of Shares. However, Shares may only be issued or transferred subject to sub-rule 9.4 (*Forfeiture*) and if:

- (a) the Board considers that the issue or transfer of the Shares would be lawful in the relevant jurisdiction; and

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- (b) in a case where any company must (or would suffer a disadvantage if it did not) pay or account for any Tax Liability in connection with the Vesting or exercise of any Award or the issue or transfer of Shares:
    - (i) in respect of a Tax Liability arising on the Vesting of any Share Right, the Board is satisfied that either Automatic Exercise has occurred or the circumstances in sub-rule 10.3(b)(ii) apply; or
    - (ii) in respect of a Tax Liability arising on the Vesting of any Share Right or in any other circumstances, the Board is satisfied that the Participant (or, if applicable, their personal representative):
      - (A) has paid an amount equal to the Tax Liability to the relevant company; or
      - (B) has made acceptable arrangements with the relevant company for the payment to be made (whether by authorising the sale of some or all of the Shares and the payment to that company of the required amount (including costs of sale) from the sale proceeds or otherwise).

- 10.4 (**Applicable Regulation**) The exercise of a Share Right and the issue or transfer of any Shares under a Conditional Right or following exercise of a Share Right is subject to the provisions of any applicable regulation or enactment. Where:
  - (a) the exercise of a Share Right is prohibited under those provisions, the lapse of the Share Right will be delayed accordingly; or
  - (b) the issue or transfer of Shares is prohibited under those provisions, the issue or transfer will take place as soon as reasonably practicable after it is no longer prohibited.
- 10.5 (**Ranking**) All Shares allotted under the Plan will rank equally in all respects with the shares of the same class then on issue except for any rights which they have by reference to a record date before the allotment.
- 10.6 (**Quotation**) If Shares of the same class as those allotted under the Plan are quoted on any stock exchange, the Company must apply to the relevant stock exchange for the Shares which have been allotted to be quoted.

## 11. Leaving Employment and Sale of Employer

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- 11.1 (**Leaver Provisions - Death, Illness, Injury, Disability, Redundancy, Retirement, Sale**) If a Participant leaves the employment (whether as a director or an employee) of a Group Company before the Vesting Date in respect of an Award because of death, illness, injury, disability, redundancy or retirement (the fact of retirement being determined in the Board's absolute discretion), or only because their office or employment is in a company which ceases to be a Group Company, or relates to a business or a part of a business which is transferred to a person who is not a Group Company, then:

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- (a) in the case of a STI Award, the STI Award Vests immediately subject to any objective special term which may apply to the STI Award;
- (b) in the case of an Award other than a STI Award, the Participant may retain their Award until it Vests in accordance with sub-rule 9.1 (*Time of Vesting*) but the number of Shares in respect of which it Vests will be calculated by reference to the extent to which the Performance Condition has been satisfied under sub-rule 9.2 (*Performance Condition*) and further will be reduced pro rata to the period of employment of the Participant during the Performance Period up to the Leaving Date as compared with the total Performance Period (provided that in relation to Awards which are granted under this Plan in respect of the 2006 Year, the Performance Period shall, for the purpose of this paragraph (b) only, be deemed to commence on 1 July 2006). Any Awards which do not Vest under this sub-rule 11.1(b) will lapse.
- 11.2 (**Other Leavers**) If a Participant leaves the employment (whether as a director or an employee) of a Group Company for any reason other than those specified in sub-rule 11.1 (*Leaver Provisions*), the Award, to the extent it has not Vested, will lapse immediately. To the extent an Award has Vested on the Leaving Date, it will, subject to sub-rule 9.4 (*Forfeiture*):
- (a) if it is a Share Right, remain exercisable in accordance with sub-rule 10.1(b);
- (b) if it is a Conditional Right, be deliverable in accordance with sub-rule 10.3.
- 11.3 (**Group Company**) A Participant will not be treated for the purposes of sub-rule 11.1 (*Leaver Provisions*) above as leaving the employment (whether as a director or employee) of a Group Company until they are no longer an executive director or employee of any of the Group Companies.

## 12. Phantom Awards

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- 12.1 (**Phantom Awards**) The Board may decide, on the grant of any Award, that it is a Phantom Award. The terms of a Phantom Award will be the same as any other Award except that the Participant will only be entitled on Vesting or exercise to a cash equivalent of the Shares which are the subject of the Phantom Award (the **Cash Equivalent**). The holder of a Phantom Award has no entitlement to Shares. The Company will pay the Cash Equivalent up to and including the date which is 60 days after the date on which a Phantom Award which is a Conditional Right Vests or the date on which a Phantom Award which is a Share Right is exercised, subject to sub-rule 9.4 (*Forfeiture*).
- 12.2 (**Market Value**) The Cash Equivalent is, in the case of a Share Right, the amount by which the market value of the Shares exceeds the amount the Participant would have to pay for those Shares on exercise of the Share Right or, in the case of a Conditional Right, the market value of those Shares. For these purposes the market value is determined in accordance with sub-rule 5.2 (*Market Value*) as if "Award Date" were replaced with:

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- (a) in the case of Share Rights, "the day on which the Participant exercises the Share Right"; and
  - (b) in the case of Conditional Rights, "the day on which the Award Vests".

12.3 (**Deductions**) Any Group Company may deduct from any payment made under this rule 12 (*Phantom Awards*) any amount to pay any tax, social security contributions or other levies as are required by law or as the Board reasonably considers necessary or desirable.

### 13. Takeover, Reconstruction and Winding Up

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13.1 (**Takeover**) If any person obtains control of the Company (within the meaning of section 50AA of the *Corporations Act 2001*) as a result of making a takeover bid for the Company, the Board must within 7 days after becoming aware of this notify every Participant and, subject to sub-rules 10.1 (*Share Rights - Exercise*) and sub-rule 13.6 (*Rollover of Award*), each Award will Vest on the date of notification (**Notification Date**).

13.2 (**Control**) For the purposes of sub-rule 13.1 (*Takeover*) above, a person is taken to have obtained control of the Company if they and others acting in concert with them have obtained control of it.

13.3 (**Reconstruction and Winding Up**) If under Part 5.1 of the *Corporations Act 2001* the Court sanctions a compromise or arrangement (having substantially the same effect as a takeover within sub-rule 13.1 (*Takeover*) above), or if the Company passes a resolution for voluntary winding up, or if an order is made for the compulsory winding up of the Company, the Board must immediately notify every Participant of this, and subject to sub-rules 10.1 (*Share Rights - Exercise*) and sub-rule 13.6 (*Rollover of Award*), each Award will Vest on the date of notification (**Notification Date**).

13.4 (**Compulsory Acquisition**) If any person becomes bound or entitled to acquire Shares under Chapter 6A of the *Corporations Act 2001*, the provisions of that Chapter apply in relation to the compulsory acquisition of any Awards.

13.5 (**Effect on Conditions**) When any of the events specified in sub-rules 13.1 (*Takeover*) or 13.3 (*Reconstruction and Winding Up*) first takes place, the following provisions apply:

- (a) in the case of a STI Award, the STI Award Vests immediately on the date the event took place subject to any objective special term which may apply to the STI Award;
- (b) in the case of an Award other than a STI Award:
  - (i) the Performance Period is taken to end when the event took place, or, if this would be impractical, at another time selected by the Board acting fairly and reasonably (the **Relevant Time**); and
  - (ii) the Board must, at its discretion and acting fairly and reasonably, decide the number of Shares, if any, which are subject to Awards that will Vest at the Relevant Time, having regard to:

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- (A) the extent to which the Performance Condition has been satisfied; and
  - (B) the period of employment of the Participant during the Performance Period up to the Relevant Date as compared with the total Performance Period (provided that in relation to Awards which are granted under this Plan in respect of the 2006 Year, the Performance Period shall, for the purpose of this paragraph (B) only, be deemed to commence on 1 July 2006).

Any Awards which do not Vest under this sub-rule 13.5(b) will lapse.

- 13.6 (**Rollover of Award**) If a Participant is offered the opportunity to release their Award in consideration for the grant to them of another award (**Rollover**), then notwithstanding the provisions of sub-rules 13.1 (*Takeover*) and 13.3 (*Reconstruction and Winding Up*) above (which might otherwise have meant that the Award Vested), the Board may (acting fairly and reasonably) decide that the Award will be taken to have lapsed when the event took place (provided that for the avoidance of doubt, this will not prevent Rollover from taking place).

## 14. Variation of Capital

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- 14.1 (**Variation of Capital**) If there is a variation of the share capital of or a bonus issue or rights issue in relation to the Company (whenever it occurs) or there is a dividend in specie or demerger affecting a Group Company, the Board may make such adjustments as it considers appropriate under sub-rule 14.2 (*Adjustments*) below, and must make any such adjustments as may be required under the Listing Rules. The rights of Participants will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

- 14.2 (**Adjustments**) Subject to the Listing Rules, an adjustment made under this sub-rule may be to one or more of the following:

- (a) the number of Shares that are the subject of an Award; or
- (b) the Exercise Price.

and for all Awards, Participants have a right to the adjustments set out in the Listing Rules in respect of pro-rata issues and bonus issues.

- 14.3 (**Notice of Variation**) As soon as reasonably practicable after making any adjustment under sub-rule 14.2 (*Adjustments*) above, the Board must give notice in writing to any Participant affected by it.

## 15. Alterations

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- 15.1 (**Alterations**) Subject to the provisions of this rule 15 and the Listing Rules, the Board may at any time alter the Plan, or the terms of any Award made under it, in any way, including (for the avoidance of doubt) by the creation of sub-plans to comply with securities,

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exchange control, taxation or employment laws or regulations, or similar factors, in countries in which the Plan is to be implemented.

- 15.2 (**Limits on Alterations**) Subject to sub-rule 15.3 (*Minor Alterations*) below, the Board may not make any alteration to sub-rules 3.1 (*Grant*), 4.8 (*Exercise Price*), rules 5 (*Individual Limits*), 6 (*Dilution Limits*), 9 (*Vesting*), sub-rule 10.1 (*Share Rights – Exercise*), rules 11 (*Leaver Provisions*), 13 (*Takeover, Reconstruction and Winding Up*) or sub-rules 14.1 (*Variation of Capital*) or 14.2 (*Adjustments*) which is to the advantage of Participants without the prior approval by ordinary resolution of the members of the Company in general meeting.
- 15.3 (**Minor Alterations**) Subject to the Listing Rules, sub-rule 15.2 (*Limits on Alterations*) above does not apply to the following alterations of the rules:
- (a) any minor alteration to benefit the administration of the Plan or any alteration to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or any Participating Company; or
  - (b) any alteration solely relating to the Performance Condition or to an objective special term specified by the Board under sub-rule 3.1 (*Grant*) above.
- 15.4 (**Changes to Conditions**) In respect of an Award which has been granted, the Board may, under sub-rule 15.1 (*Alterations*) above (and subject to the Listing Rules), amend any Performance Condition or any objective special term specified by the Board under sub-rule 3.1 (*Grant*) if:
- (a) an event occurs which causes the Board to reasonably consider that the Performance Condition or objective special term would not achieve its original purpose without the alteration provided that the alteration does not result in the Performance Condition being materially easier to satisfy, taking account of all relevant circumstances, after the event than would have been the case before the event; and
  - (b) the Board must act fairly and reasonably in making the alteration.

## 16. Miscellaneous

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- 16.1 (**Participants rights**) The rights and obligations of any individual under the terms of their office or employment with any Participating Company is not affected by their participation in the Plan or any right which they may have to participate in it. An individual who participates in it waives any and all rights to compensation or damages following the termination of their office or employment for any reason as far as those rights to compensation or damages arise or may arise from their ceasing to have rights under the Plan or under any Award under it because of that termination.
- 16.2 (**Disputes**) If there is any dispute or disagreement about the interpretation of the Plan, or as to any question or right arising from or related to the Plan, the decision of the Board will be final and binding on all persons.

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- 16.3 (**Termination**) The Board may at any time, and at its complete discretion, suspend or terminate the Plan or any sub-plan without notice to the Participants. The suspension or termination of the Plan or any sub-plan will not affect any existing Award already made under the Plan and the terms of the Plan (including, for the avoidance of doubt, the Performance Condition and any objective special term specified by the Board under sub-rule 3.1 (*Grant*) above) will continue to apply to that Award.
- 16.4 (**Notices**) Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending it by post, email or fax:
- (a) in the case of a company, to its registered office (or any other address notified by that company from time to time (**Notified Address**)) or the email address or fax number (if any) of that registered office (or Notified Address);
  - (b) in the case of an individual to their last known address, email address or fax number or, if they are a director or employee of a Participating Company, either to their last known address, email address or fax number or to the address of the place of business at which they carry out all or most of their duties, or to the email address or fax number relating to that address.
- 16.5 (**Costs**) The Company and any Group Company may be required to provide money or other property to a trustee or to a specified Group Company for the purpose of enabling an employee of a Participating Company to acquire an Award under the Plan or satisfying such an Award. In addition, the Company may require as a precondition to the issue of an Award to any employee of a Participating Company that the Participating Company (or Group Company responsible for the employee) enter into an agreement or arrangement as the Company considers necessary to oblige the Participating Company (or Group Company responsible for the employee) to reimburse the Company or a trustee or to a specified Group Company for any money or property provided by the Company in connection with the Plan, directly or indirectly, in relation to a Participant.
- 16.6 (**Governing Law**) This Plan and all Awards made under it will be governed by and construed in accordance with the law of New South Wales.



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## Schedule 1

### Enhanced STI Awards – Performance Condition

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1. The Vesting of Enhanced STI Awards is subject to the performance condition in paragraph 2 below based on Total Shareholder Return (**TSR**) (refer to Part A of Appendix 1 in relation to the calculation of TSR) measured for the Performance Period against a peer group of companies, and subject to the Board being satisfied, in its absolute discretion, that the financial performance of the Company over the Performance Period has been at an acceptable level. The peer group of companies consists of the S&P/ASX 100 (or relevant successor index) at the beginning of the Performance Period. The TSR comparison is made in accordance with Part B of Appendix 1 to produce the TSR Percentile.
2. For the purposes of measuring the Company's achievement and determining the extent to which a Participant's Enhanced STI Awards Vest, a Threshold TSR Percentile and Maximum TSR Percentile will be applied as indicated in the table below (the **Performance Condition**).

	<b>TSR Percentile</b>	<b>% Vesting of Shares</b>
<b>Below Threshold</b>	Below 63 <sup>rd</sup>	No enhancement
<b>Threshold</b>	63 <sup>rd</sup>	4%
<b>Between Threshold and Maximum</b>	Between 63 <sup>rd</sup> and 75 <sup>th</sup>	8% for each additional 1% above the 63 <sup>rd</sup> percentile
<b>Maximum</b>	75 <sup>th</sup> or above	100%

3. For the avoidance of doubt, nothing in this Schedule 1 affects the Vesting of STI Awards or LTI Awards in accordance with the Plan.

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## Schedule 2

### LTI Awards - Performance Condition

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1. The Vesting of LTI Awards is subject to the performance condition in paragraph 2 below based on Total Shareholder Return (**TSR**) (refer to Part A of Appendix 1 in relation to the calculation of TSR) measured for the Performance Period against a peer group of companies, and subject to the Board being satisfied, in its absolute discretion, that the financial performance of the Company over the Performance Period has been at an acceptable level. The peer group of companies consists of the S&P/ASX 100 (or relevant successor index) at the beginning of the Performance Period. The TSR comparison is made in accordance with Part B of Appendix 1 to produce the TSR Percentile.
2. For the purposes of measuring the Company's achievement and extent to which a Participant's LTI Awards Vest, a Threshold TSR Percentile and Maximum TSR Percentile will be applied as indicated in the table below (the **Performance Condition**).

	<b>TSR Percentile</b>	<b>% Vesting of Shares</b>
<b>Below Threshold</b>	Below 50 <sup>th</sup>	No Vesting
<b>Threshold</b>	50 <sup>th</sup>	30%
<b>Between Threshold and Maximum</b>	Between 50 <sup>th</sup> and 75 <sup>th</sup>	Pro rata straight line Vesting
<b>Maximum</b>	75 <sup>th</sup> and above	100%

3. For the avoidance of doubt, nothing in this Schedule 2 affects the Vesting of STI Awards or Enhanced STI Awards in accordance with the Plan.

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## Appendix 1

### Total Shareholder Return Calculation and TSR Percentile

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#### Part A - TSR

TSR means the total shareholder return (including dividends) of either the Company's shares or the shares of another peer group company. It is calculated for both the Company and other companies in the peer group on the following basis:

**Step 1** Calculate:

The average daily closing price quotes by the ASX of an ordinary share of the Company over the three months immediately preceding the end of the Performance Period.

**Step 2** Calculate:

The average daily closing price quoted by the ASX of an ordinary share of the Company over the three months immediately preceding the start of the Performance Period OR for Awards granted in respect of the 2006 Year as contemplated in sub-rule 4.8 (*2006 Awards*), over all the trading days from the first trading day in January 2007 to the day before the announcement of the interim results of the Company for the 2006/2007 financial year inclusive (but on the basis that this period shall be used for all other companies in the peer group).

**Step 3**

For each net dividend or cash distribution paid on an ordinary share of the Company with an ex-date during the Performance Period divide the amount of the dividend or distribution by the closing price quoted by the ASX of the ordinary shares of the Company on the ex-date of the respective dividend or distribution. Add one to the result to give the number of shares that will result from reinvestment of the dividend or distribution.

**Step 4**

Multiply together all the results of Step 3 to give the total number of shares at the end of the Performance Period when all dividends and distributions have been reinvested.

**Step 5**

Multiply the result of Step 1 by the result of Step 4 to give the final value of the shareholding after reinvestment.

**Step 6**

Divide the result of Step 5 by the result of Step 2 and subtract one (1) to give the TSR of the Company

The Board may make such other adjustments as are appropriate to take into account any capital reconstruction during the Performance Period, including bonus issues, share splits and share consolidations.

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### **Part B – TSR Percentile**

The TSR Percentile is used to assess performance against the Performance Condition and is calculated as follows:

#### **Step 1**

The Company and the peer group companies are ranked in descending order – i.e. with the company with the highest TSR ranked first and the company with the lowest TSR ranked last (***TSR Ranking***).

#### **Step 2**

The TSR Percentile is calculated in accordance with the following formula (with the result from the formula rounded up to the nearest whole number):

$$\left( 1 - \left( \frac{\text{TSR Ranking (as per Step 1)}}{\text{Number of companies in the peer group (including)}} \right) \right) \times 100$$