

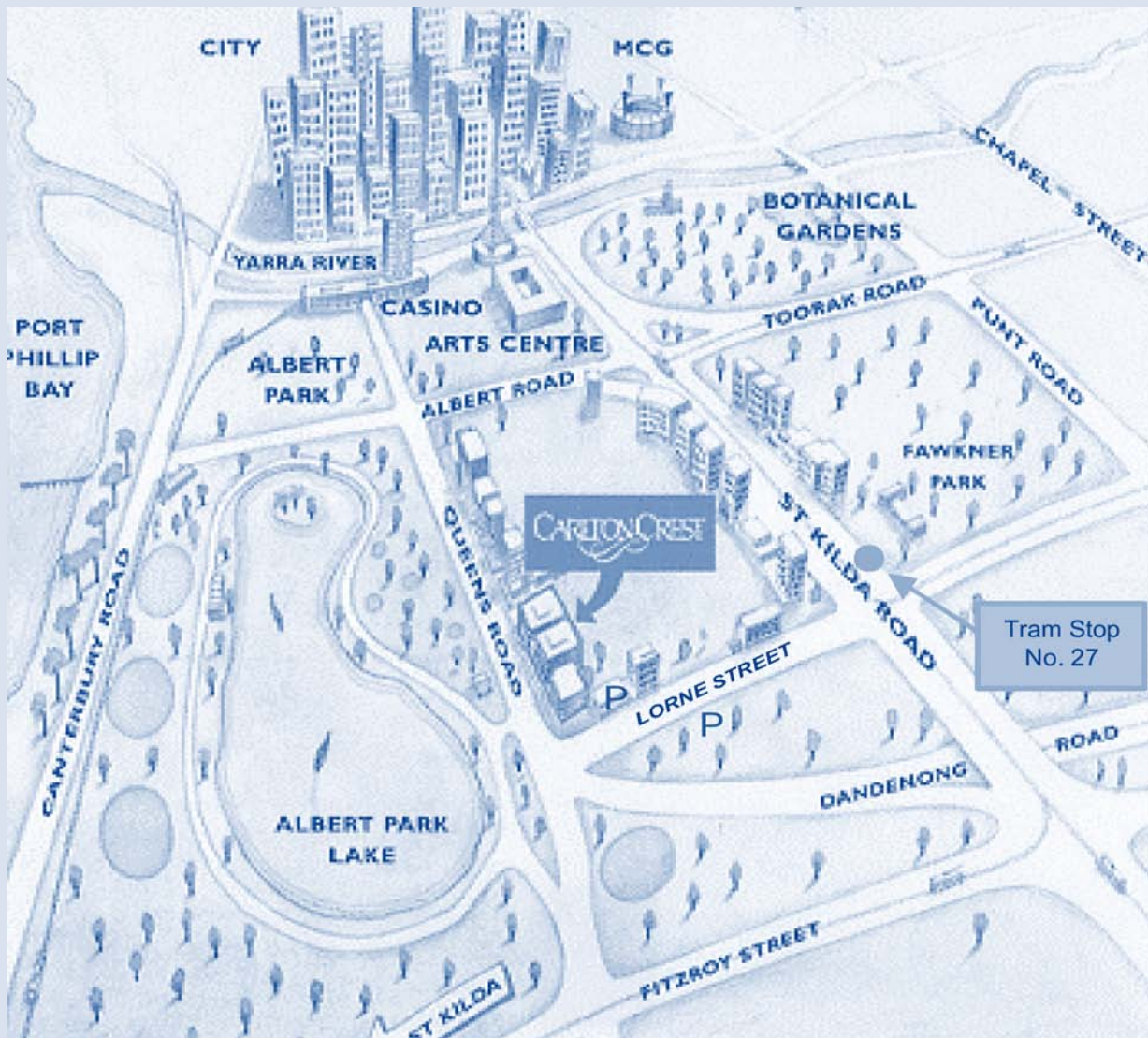


**Tattersall's**  
Limited

ABN 19 108 686 040

# Notice of Annual General Meeting

Venue Location: **CARLTON CREST**  
HOTEL • MELBOURNE



**Get off at Tram Stop No. 27**

Melways Ref: 58 A6

P: Parking off Lorne Street

Trams that go down St Kilda Road from Flinders Street Station: Tram No's 3, 5, 6, 16, 64, 67

The Annual General Meeting will also be webcast live via the Investor section of the Tattersall's website ([www.tattersalls.com.au/investors](http://www.tattersalls.com.au/investors)).

27 October 2006

Dear Shareholder

I have much pleasure in inviting you to the Annual General Meeting (AGM) of Tattersall's Limited on Thursday, 30 November 2006.

The AGM will be held at the **Carlton Crest Hotel, 65 Queens Road, Melbourne, 3004** commencing at 10.30am. A venue location map is contained on the front of this notice of meeting. Registration will commence at 9.30am. Morning tea will be made available prior to the meeting and a light lunch after the meeting.

If you are attending this meeting, please bring this letter with you to facilitate your registration at the meeting.

If you are not able to attend the AGM, you are encouraged to either complete the enclosed personalised proxy form and return it in the envelope provided or lodge an electronic proxy online at [www.tattersalls.com.au/investors](http://www.tattersalls.com.au/investors). The completed proxy form must be received or lodged electronically (as the case may be) by no later than 10:30am Tuesday 28 November.

As an alternative to appointing a proxy, corporate shareholders may wish to appoint a representative. In such circumstances you will be required to complete a "Certificate of Appointment of Representative" to enable a person to attend on your behalf. A proforma of the form of this certificate can be obtained by calling 1300 367 346 within Australia or +61 4 9415 4199 outside Australia or at [www.computershare.com.au](http://www.computershare.com.au).

Shareholders can submit questions that they would like raised at the AGM using the enclosed form. We welcome your views and will endeavour to respond to the more frequently asked questions at the AGM.

Questions can also be submitted in advance using the interactive form in the Investors section of our website ([www.tattersalls.com.au/investors](http://www.tattersalls.com.au/investors)), or by email to: [investorrelations@tattersalls.com.au](mailto:investorrelations@tattersalls.com.au).

The AGM will be webcast live for those shareholders unable to attend in person. Links to the webcast, along with an electronic version of the Annual Report, will be accessible via the Investors section of our website.

Your participation at the AGM is welcome and my fellow directors and I look forward to meeting you at the AGM.

Yours sincerely



Harry Boon  
Chairman

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of shareholders of Tattersall's Limited will be held at the Carlton Crest Hotel, 65 Queens Road, Melbourne on Thursday 30 November 2006 commencing at 10.30am.

## Items of business

**1. Chairman and MD/CEO presentations**

**2. Financial Reports**

To receive and consider the Financial Report for the Company and its controlled entities for the period ended 30 June 2006, together with the Directors' Report and the Auditor's Report as set out in the Annual Report.

**3. Remuneration Report**

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

*"That the Remuneration Report forming part of the Directors' Report for the period ended 30 June 2006 be adopted."*

Please note that the vote on this resolution is advisory only, and does not bind the Directors or the Company.

**4. Approval of Retirement Package for Duncan Fischer**

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

*"That for the purposes of section 200E of the Corporations Act, the Company approve the benefit payable to Mr Duncan Fischer on his retirement as described in the Explanatory Notes accompanying the Notice convening this meeting."*

**5. Grant of Performance Options to Dick McIlwain**

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

*"That the grant of performance options under the Tattersall's Long Term Incentive Plan to Mr Dick McIlwain, as described in the Explanatory Notes accompanying the Notice convening this meeting, be approved."*

**6. Election and Re-election of Directors**

To elect three of the following four candidates as Directors of the Company:

- a. Mr. Kevin Seymour AM, who retires in accordance with Article 6.3 of the Company's Constitution, and, being eligible, offers himself for re-election;
- b. Mr. Robert Bentley, who retires in accordance with Article 6.3 of the Company's Constitution, and, being eligible, offers himself for re-election;
- c. Mr. George Chapman AO, who retires in accordance with Article 6.3 of the Company's Constitution, and, being eligible, offers himself for re-election;
- d. Professor Linda Hancock, who is nominated in accordance with Article 6.2 of the Company's Constitution, and offers herself for election.

# Notice of Annual General Meeting (continued)

## Voting Exclusion Statement

In respect of resolution 5, the Company will disregard any votes cast on the resolution by Mr Dick McIlwain and any associate of Mr McIlwain.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the 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.

By Order of the Board



Marion Rodwell  
Company Secretary

Dated 27 October 2006

# IMPORTANT NOTES

## Proxy Forms

A proxy form is enclosed. To be valid, proxies must be received by one of the following methods not less than 48 hours before the commencement of the meeting or any adjournment of the meeting:

- (a) by mail or in person at the registered office of the Company or to the Company's Share Registry, Computershare Investor Services Pty Limited at:  
  
By mail: GPO Box 242, Melbourne, Victoria 3001, Australia  
  
Or  
  
In person: Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067, Australia;
- (b) by facsimile to the Company's Share Registry on (03) 9415 2555 within Australia or +61 3 9415 2555 from outside Australia or to the Company on +61 3 8517 7752; or
- (c) electronically, by visiting [www.tattersalls.com.au/investors](http://www.tattersalls.com.au/investors) and clicking on 'AGM Proxy Voting' and following the instructions provided.

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy. A proxy can be an individual or a body corporate. A proxy need not be a member. If a member is entitled to cast two or more votes they may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the proportion of the member's voting rights or the number of the member's votes is not specified, each proxy may exercise half the votes. If more than one proxy for a member is present at the meeting, neither may vote on a show of hands. If you require a second proxy form, please contact Computershare Investor Services Pty Limited from within Australia on 1300 367 346 and from outside Australia on +61 3 9415 4199.

A paper proxy form must be signed by the member or the member's attorney. In the case of shares held jointly by two or more persons, all joint holders must sign the paper proxy form. Electronic proxy forms do not need to be signed as they will be authenticated electronically.

Where a paper proxy form is executed by an attorney, the relevant power of attorney (or a certified copy of the power of attorney) must be received by the Company's Share Registry or the Company not less than 48 hours before the commencement of the meeting or any adjournment of the meeting (refer delivery details above). A proxy cannot be appointed online if they are appointed under Power of Attorney or similar authority.

A member of the Company which is a body corporate and which is entitled to attend and vote at the meeting, or a proxy which is a body corporate and which is appointed by a member of the Company entitled to attend and vote at the meeting, may appoint a person to act as its representative at the meeting by providing that person with a 'Certificate of Appointment of Representative'.

A proforma of this certificate can be obtained by calling 1300 367 346 within Australia and from outside Australia on +61 3 9415 4199 or at [www.computershare.com.au](http://www.computershare.com.au).

A copy of the signed Certificate of Appointment of Representative, or other evidence satisfactory to the Chairman of the meeting, must be produced prior to admission to the meeting.

## Voting entitlements

Pursuant to Regulation 7.11.37 of the Corporations Regulations, the Directors have determined that the shareholding of each shareholder for the purposes of ascertaining voting entitlements for the Annual General Meeting will be as it appears in the share register at 7:00pm (Melbourne time) on Tuesday 28 November 2006.

# EXPLANATORY NOTES

## Introduction

These Explanatory Notes provide information for shareholders in respect of Items 2 to 6 to be considered at the Annual General Meeting of the Company to be held at the Carlton Crest Hotel, 65 Queens Road, Melbourne on Thursday 30 November 2006 commencing at 10.30am.

## Item 2 - Financial Reports

The Corporations Act 2001 (Cth) ("Corporations Act") requires the Financial Report, Directors' Report and Auditor's Report to be laid before the meeting. There is no requirement in the Corporations Act or the Company's Constitution for shareholders to vote on, approve or adopt these Reports. Shareholders will have a reasonable opportunity at the meeting to ask questions and make comments on these Reports and on the business, operations and management of the Company.

The auditor of the Company is required to attend the meeting and will be available to take shareholders' questions and comments about the conduct of the audit and the content of the Auditor's Report. Shareholders may forward written questions on the enclosed form to the auditor on these matters for response at the meeting. These can be returned in the enclosed reply paid envelope or alternatively should be emailed to [investorrelations@tattersalls.com.au](mailto:investorrelations@tattersalls.com.au). Shareholders can also lodge questions online at [www.tattersalls.com.au/investors](http://www.tattersalls.com.au/investors). Questions may be submitted up to 5 business days before the meeting. The Company is required by law to forward all questions to the auditor and the auditor is required to prepare a list of questions that the auditor considers are relevant to the conduct of the audit and the content of the Auditor's Report. The auditor may omit questions that are the same in substance as other questions and questions that are not received in a timely manner. At the meeting the Chairman will give the auditor a reasonable opportunity to answer the questions on the question list. The list of questions prepared by the auditor will be available on the Company's website, [www.tattersalls.com.au/investors](http://www.tattersalls.com.au/investors), prior to the meeting. In addition copies of the list of questions will be available at the meeting.

The auditor of the Company will also be available to take shareholders' questions at the meeting regarding accounting policies adopted by the Company in relation to the preparation of the financial statements, the preparation of the Auditor's Report and the independence of the auditor in relation to the conduct of the audit.

## Item 3 - Adoption of the Remuneration Report

The Corporations Act requires a resolution in relation to the Remuneration Report to be included in the business of the Annual General Meeting. During this Item there will be opportunity for shareholders at the meeting to comment on, and ask questions about, the 2006 Remuneration Report. The Remuneration Report is available on pages 22 to 31 of the Annual Report. It can also be accessed electronically at [www.tattersalls.com.au/investors](http://www.tattersalls.com.au/investors).

The vote on the proposed resolution in Item 3 is advisory only and will not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The Chairman of the meeting intends to vote undirected proxies in favour of the adoption of the Remuneration Report.

## EXPLANATORY NOTES (continued)

### Item 4 – Approval of Retirement Package for Duncan Fischer

Mr Duncan Fischer was the first Managing Director of the listed Tattersall's Limited, having been the Managing Director of Tattersall's Holdings Pty Ltd (the company which operated the business prior to listing) since 2000, and having been continuously employed by the Tattersall's group since 1992. Mr Fischer voluntarily agreed to stand aside as Managing Director to allow Mr Dick McIlwain to assume the role when it became clear that the merger with UNiTAB Limited may not proceed unless this occurred. Mr Fischer formally resigned on 12 October 2006.

Mr Fischer's contract of employment, dated 31 May 2005, provided for a five year initial term with a payment equivalent to 24 months of Fixed Annual Remuneration (FAR) in the event of early termination by the Company. As a consequence of his early retirement from the position of Managing Director of Tattersall's Limited, the Company has agreed (subject to shareholder approval) to pay Mr Fischer a retirement package made up of the following elements:

• Contractual payment of 24 months Fixed Annual Remuneration as above:	\$ 2,223,200.00
• Accrued Annual Leave:	\$ 581,608.49
• Accrued Long Service Leave:	\$ 263,956.95
• Ex gratia payment:	\$ 1,344,356.00
• <b>TOTAL</b>	<b>\$ 4,413,121.44</b>

The major part of the above package consists of Mr Fischer's contractual entitlements, together with an ex gratia payment of \$1,344,356.00, a sum considered by the Board to be appropriate in the circumstances. The ex gratia payment is designed to recognize Mr Fischer's outstanding contribution to the creation of Tattersall's Limited as a listed company and his agreement to relinquish his role in the best interests of shareholders. The ex gratia payment also recognizes that in so relinquishing his role, Mr Fischer has given up considerable value he would have reasonably expected to receive in the future, by virtue of his continued employment as Managing Director of Tattersall's Limited and from share rights and share options previously granted pursuant to Tattersall's Long Term Incentive Plan, as part of Mr Fischer's remuneration package.

In addition, the ex gratia payment recognizes Mr Fischer's willingness to make himself available to the Company to support the integration of the two organizations if requested by the Board to do so, and to assist in the resolution of any continuity issues which may arise. In addition, Mr Fischer has formally agreed that he will not compete with the Company, in any capacity, for the period of twelve months from leaving the Company.

The Corporations Act provides for the payment of certain exempt benefits in connection with the retirement of a director, up to a statutory maximum amount. Payment of any amount in excess of that statutory maximum requires shareholder approval. Specifically, Mr Fischer can receive without shareholder approval his accrued annual leave and long service leave. In addition, Mr Fischer can receive without shareholder approval a retirement benefit provided for by his contract of employment which does not exceed the total remuneration he has received from Tattersall's Limited and its related bodies corporate in the last 12 months prior to his retirement. In calculating this benefit the leave entitlements are included.

The Company is therefore entitled to pay Mr Fischer the maximum amount allowable pursuant to the Corporations Act, being \$1,344,044.00, without shareholder approval.

The Company seeks shareholder approval for the portion of Mr Fischer's retirement payment which is greater than the statutory maximum amount, being \$3,069,077.44, which includes the ex gratia payment.

The Directors' believe that the payments are reasonable and appropriate in all the circumstances, and recommend a vote in favour of the resolution. The Chairman of the meeting intends to vote undirected proxies in favour of the resolution.

## EXPLANATORY NOTES (continued)

### Item 5 – Grant of Performance Options to Dick McIlwain

Approval is sought to grant a maximum of 2,000,000 performance options to Mr Dick McIlwain, who became Managing Director and Chief Executive Officer of the Company as a consequence of the merger of UNiTAB and Tattersall's Limited. These performance options will be issued under the Tattersall's Long Term Incentive Plan that was set out in the Company's Prospectus dated 2 June 2005. Shareholder approval is sought as a matter of good corporate governance.

The Board considers that the issuing of the performance options in full is an integral part of effectively rewarding and incentivising Mr McIlwain, taking into account the 3 year duration of his employment with the Company, an appointment which was a key part of the successful merger, and which culminated in the announcement of his intended appointment as Managing Director and Chief Executive Officer of the merged company on 21 August 2006. It will also align his performance with the longer-term interests of the Company and shareholders. As Chief Executive Officer of UNiTAB for 7 years, UNiTAB's share price has risen from \$2.00 to approximately 7.5 times this price in just under 7 years.

Mr McIlwain will not receive any other securities under the Tattersall's Long Term Incentive Plan (LTI) for the period of his employment, unless approved by shareholders. Mr McIlwain is the only director of Tattersall's Limited entitled to participate in the LTI. Since the company listed, 661,998 performance options and 59,793 performance rights were granted to Duncan Fischer. The performance options were granted with an exercise price of \$3.10. There was no exercise price for the performance rights.

### The Terms of the Performance Options

The principal terms of the performance options the subject of the proposed grant are as follows:

- The exercise price of the options, if granted, will be \$3.13. This is the "market value" of the Company's ordinary shares determined on the day of the announcement of Mr McIlwain's appointment as Managing Director and Chief Executive Officer. For that purpose, the "market value" was determined as the volume weighted average of the prices at which those shares were traded on the ASX during the 5 trading days up to 21 August 2006.
- The exercise price is the amount Mr McIlwain will pay upon *exercise* of the performance options, assuming that all vesting conditions have been satisfied.
- No amount will be payable on the *grant* of these performance options.
- The options can only be exercised three years after they are granted and will, unless otherwise determined by the Board, expire after five years if not previously exercised.
- Performance options awarded to Mr McIlwain in accordance with this resolution will vest subject to satisfaction of time and performance-based vesting conditions (hurdles). These hurdles are consistent with the LTI and are set out in detail in the Company's Prospectus dated 2 June 2005 and 2006 Annual Report.
- The Board has identified Total Shareholder Return (TSR) as the performance hurdle for 100% of the performance options to be granted as it directly aligns with the interests of shareholders.
- The vesting period will commence at the third anniversary of the allocation and will continue to the fifth anniversary (conclusion of the vesting period). Re-tests will occur at 6 monthly intervals during the vesting period. Performance options which have not vested by the conclusion of the vesting period will lapse.

## EXPLANATORY NOTES (continued)

Assuming satisfaction of all hurdles, the Board has determined that:

- 50% of performance options will vest where Tattersall's achieves TSR performance at the 50<sup>th</sup> percentile of its peer group;
- 100% of performance options will vest where Tattersall's achieves TSR performance at or above the 75<sup>th</sup> percentile of its peer group;
- where TSR performance is between the 50<sup>th</sup> and 75<sup>th</sup> percentiles, vesting will be determined on a sliding scale between 50% and 100%.

The peer group will comprise approximately 65 of the ASX Top 100 companies by market capitalisation, excluding companies in the oil and gas, real estate and metals and mining industries.

If approved, the proposed grant of performance options will be made to Mr McIlwain immediately following this meeting.

The Directors, with the exception of Mr McIlwain in abstention, recommend a vote in favour of this resolution. Mr McIlwain makes no recommendation on the basis of his interest in this resolution. The Chairman of the meeting intends to vote undirected proxies in favour of the resolution.

### Item 6 - Election and re-election of Directors

Messrs Bentley, Seymour and Chapman, all former directors of UNiTAB Ltd, joined the Tattersall's Board as a result of the recent Merger of Equals between the two companies. In accordance with the Company's Constitution, they will retire at the end of the meeting and, being eligible, offer themselves for re-election. In addition, Professor Linda Hancock has been nominated for election to the Board by a shareholder in accordance with Article 6.2(f) of the Company's Constitution. Professor Hancock has not been nominated to the Board as a result of a Board selection process.

The order in which the candidates appear in this Notice of Annual General Meeting, on the proxy form and on the poll voting paper to be distributed at the meeting has been independently determined by a ballot conducted by Clayton Utz .

The Company's Constitution provides that the Company must have not more than nine Directors and permits the Directors to determine the appropriate number of Directors which the Company will have. The Directors have previously determined that the appropriate number of Directors is eight. The Company currently has eight Directors, three of whom must retire at the Annual General Meeting.

Therefore, there are four candidates standing for three Board positions. Accordingly, only three candidates may be elected or re-elected. In the interests of representing the views of as many shareholders as possible, pursuant to Article 5.10 of the Company's Constitution, the Chairman of the meeting intends to call a poll in relation to Item 6 at the meeting. Subject to the Company's Constitution, on a poll, every shareholder has one vote for each fully paid share that the shareholder holds. The Chairman of the meeting also intends to allow each candidate to address the meeting, should individual candidates so desire.

## EXPLANATORY NOTES (continued)

To be successfully elected or re-elected as a Director, a candidate must receive more votes 'For' than 'Against'. In addition, a candidate must have the highest, second highest or third highest number of votes 'For' to be elected or re-elected. A candidate must meet both of these requirements to be elected.

If Professor Hancock does not receive the necessary approval from the relevant Gambling Regulator prior to the Annual General Meeting, she will not be eligible to join the Board and the Chairman of the Meeting will withdraw the resolution for her election to the Board.

Following are details in relation to the individuals standing for re-election and election. These resumes have been prepared by the candidates themselves. The resumes of Messrs Bentley, Seymour and Chapman are consistent with those contained in the Explanatory Memorandum issued by UNiTAB Limited in May 2006 in respect of the proposed UNiTAB – Tattersall's Merger of Equals. The Company has not had the opportunity to independently verify Professor Hancock's resume.

### **Robert Bentley**

Mr. Bentley was appointed to the UNiTAB Board as a non-executive director in July 1999. He was Chairman of the Queensland Thoroughbred Racing Board (since April 2002), and is the founding Chairman of Queensland Racing Limited. He is also a Director of the Australian Racing Board. Mr. Bentley was previously Chairman and Managing Director of Austral Plywoods Pty Ltd and Chairman of the Plywoods Manufacturers Association of Australia, Chair of the three Codes Racing Industry Coordinating Committee and Chair of the Statutory Thoroughbred Control Board from 1992 to 1996. Mr. Bentley has extensive business experience in the pastoral and timber related industries and property development.

### **Kevin Seymour AM**

Mr. Seymour was appointed to the UNiTAB Board as a non-executive director in September 2000. He is Deputy Chairman of Ariadne Australia Limited, Chairman of Watpac Limited, Independent Chairman of the Brisbane Housing Company Limited, and Chairman of Albion Park Harness Racing Club. He is also the Chairman of Briz31 Community TV and holds board positions with several private companies in Australia. Mr. Seymour has extensive property development and business experience.

### **George Chapman AO**

Mr. Chapman was appointed to the UNiTAB Board as non-executive Chairman in July 1999. He is a Fellow of the Australian Institute of Company Directors. He was previously Chairman of Telecasters North Queensland Limited, and was a Director of The Ten Group Limited and Ten Network Holdings Limited and Chairman of the Cairns Port Authority. A former surveyor, he has been engaged in real estate development for 40 years, and is heavily involved in the Tourism Industry. His family built and owns the Skyrail Rainforest Cableway in Cairns. Mr. Chapman is Executive Chairman of The Chapman Group, which is involved in a number of businesses.

### **Linda Hancock**

Linda Hancock, BA (hons) PHd (Monash) is a former Victorian Law Reform Commissioner and Presiding Member of the Social Security Appeals Tribunal and is currently a senior university academic specializing in governance, public policy and corporate social responsibility. As Chair of the Victorian Government's Gambling Research Panel (2000-2004), she developed an in-depth knowledge and internationally recognized expertise on issues of gambling policy, regulation and research and believes that her experience would help Tattersall's fulfill its corporate responsibilities. Prof Hancock is standing on a platform that a company like Tattersall's should be reducing its dependence on revenue from gaming machines, and believes they cause enormous social damage. She is currently standing as a candidate for South Eastern Region of the Upper House for the People Power Party in the 2006 Victorian state election.

The Directors have resolved to recommend that shareholders vote in favour of the re-election of each of Messrs Bentley, Seymour and Chapman and against the election of Professor Hancock. Messrs Bentley, Seymour and Chapman each abstained from voting in respect of their own nominations. The Chairman intends to vote undirected proxies on this resolution in accordance with this recommendation.

This page has been intentionally left blank

