



## **2007 AGM QUESTIONS FROM SHAREHOLDERS**

(Received via telephone, email, share registry and the ASX website)

30 October 2007

### ***Why doesn't the ASX Board rotate one-third of its directors at each Annual General Meeting?***

Such rotation is one framework. The ASX Board follows the Listing Rule framework (Listing Rule 14.4) that states that a director is not permitted to continue being a director following their third Annual General Meeting without seeking re-election from the Shareholders.

### ***Why doesn't Shane Finemore have any shares? Does the Chairman encourage the directors to hold ASX securities?***

Mr Finemore joined the Board on 1 June 2007, at which time the trading window for ASX directors to deal in ASX securities was not open. The Chairman does not make any statements regarding the directors holding ASX securities. The holding of ASX securities is a matter of personal preference.

### ***Why do directors need a 25% increase in fees? CPI only should apply.***

ASX directors are not receiving a 25% increase in their individual remuneration. Page 4 of the Explanatory Memorandum accompanying the Notice of Meeting provides an explanation of the reasoning behind the fee increase:

'The ASX Board wishes to increase the maximum amount of fees that may be paid to non-executive directors by \$500,000 from \$2 million to \$2,500,000. The ASX Board has always maintained a fee buffer to give it the flexibility in planning its structure in advance of specific needs arising. This has included appointing new directors to the Board before the directors they are replacing retire, to allow an orderly succession and for optimal handover arrangements. To this end, Mr Gonski and Mr Finemore were appointed directors on 1 June 2007 bringing the Board size to a total of 10 directors (not including the Managing Director). Mr Shepherd will retire as a director at the conclusion of the 2007 AGM. Mr Newman will retire as a director at the conclusion of the 2008 AGM.

Board and Committee fee increases will be in line with the recommendations of an independent remuneration consultant who has been retained by ASX to conduct a review of ASX's non-executive directors' remuneration.'

### ***What is the starting earnings per share (EPS) figure in respect of the Managing Director and CEO's participation in the proposed 2007 ASX Long-Term Incentive Plan?***

With respect to the starting EPS for the Managing Director and CEO, this is the Normal EPS for the year ended 30 June 2007. This is 187.7 cents per share as disclosed in the ASX 2007 Annual Report (page 18).

***Is any information going to be provided as to what quantum each individual director will be paid under the new cap on an aggregate basis?***

Yes, following shareholder approval of Resolution 6, director fee disclosure information will be provided in the 2008 Annual Report to shareholders. The information will be the same level of disclosure for directors' fees as in the 2007 Annual Report (pages 51-52).

The exact quantum for each individual director has not yet been determined. An independent remuneration consultant is advising on these matters.

***In respect of the Managing Director and CEO's participation in the proposed 2007 ASX Long-Term Incentive Plan, who determined the EPS hurdle rates and how were they set?***

With respect to setting of the EPS hurdles, once ASX's EPS compound growth is 10% or more, 100% of the entitlement will vest. The EPS hurdles were determined by the Board in consultation with the Nomination and Remuneration Committee. This Committee commissioned PricewaterhouseCoopers, as an independent body, to provide a summary of market practice in setting EPS hurdles for ASX top 50 and top 100 companies. The EPS hurdles were considered appropriate taking into account many factors including:

- A majority of companies use a sliding vesting scale;
- Most companies have 100% vesting occurring in the range of 9-12% compounded EPS growth per annum (median is 10%);
- The growth rate is compounded over the entire three-year period, meaning that short-term achievement of these rates would not be sufficient; and
- The recent EPS growth has largely been due to synergies from the merger which cannot be repeated but therefore set the correct starting point.

***With respect to Resolution 7, in the event that shareholder approval is not granted, why will the Managing Director and CEO receive the long-term incentive in cash?***

With respect to the LTI plan if shareholder approval is not obtained, the Managing Director and CEO is entitled to receive a cash equivalent if determined by the Board. The reason for this condition in the Resolution is due to Mr Elstone's existing contract which contains similar provisions. These conditions were disclosed to the market on 14 July 2006 at the time that Mr Elstone was employed. For this reason ASX has included this condition in the Resolution in order to reflect all the facts to shareholders.

***Does the ASX have a Dividend Reinvestment Plan?***

No, not at this stage.