



asciano 

NOTICE OF GENERAL MEETINGS

ASCIANO LIMITED ABN 26 123 652 862
ASCIANO FINANCE TRUST ARSN 124 102 807

NOTICE OF GENERAL MEETINGS

THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF ASCIANO LIMITED (THE COMPANY) WILL BE HELD IN CONJUNCTION WITH A GENERAL MEETING OF UNITHOLDERS IN THE ASCIANO FINANCE TRUST (THE TRUST) (TOGETHER, ASCIANO) IN THE ARTHUR STREETON AUDITORIUM AT THE SOFITEL HOTEL, 25 COLLINS STREET, MELBOURNE, VICTORIA ON FRIDAY, 23 OCTOBER 2009 AT 2.00PM.

ITEMS OF BUSINESS

1. FINANCIAL STATEMENTS AND REPORTS – COMPANY & TRUST

To receive and consider the consolidated financial report of the Company and the separate consolidated financial report of the Trust as well as the reports of the Company Directors and the Auditors for the financial year ended 30 June 2009.

2. REMUNERATION REPORT – COMPANY ONLY

To adopt the remuneration report for the financial year ended 30 June 2009.

Note: The vote on this item is advisory only and does not bind the Company or its Directors.

3. ELECTION OF DIRECTORS – COMPANY ONLY

To consider and, if thought fit, pass the following resolutions as ordinary resolutions of the Company:

- (a) “That Malcolm Broomhead, who retires under Article 46(c) of the Company’s constitution and, being eligible, offers himself for election, be elected as a Director of the Company.”
- (b) “That Robert (Bob) Edgar, who retires under Article 46(c) of the Company’s constitution and, being eligible, offers himself for election, be elected as a Director of the Company.”

- (c) “That Geoff Kleemann, who retires under Article 46(c) of the Company’s constitution and, being eligible, offers himself for election, be elected as a Director of the Company.”

4. GRANT OF OPTIONS TO CHIEF EXECUTIVE OFFICER – COMPANY & TRUST

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company and the Trust:

“That approval be given for the grant of a maximum of 3,861,702 options to acquire stapled securities in Asciano to the Managing Director and Chief Executive Officer, Mark Rowsthorn in accordance with the rules of the Asciano Option and Rights Plan on the terms summarised in the Explanatory Notes.”

Voting restriction

Asciano will disregard any votes cast on resolution 4 by Mr Rowsthorn and his associates, and/or for and on behalf of Mr Rowsthorn or his associates unless the vote is cast:

- by Mr Rowsthorn and/or a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form specifying how the proxy is to vote; or
- by the Chairman 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.

5. NON-EXECUTIVE DIRECTORS' REMUNERATION – COMPANY ONLY

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

“That the maximum aggregate amount of remuneration which may be paid to Non-Executive Directors in any year as calculated under Article 50(a) of the Company’s constitution be increased by an amount of \$500,000 to \$1,500,000.”

Voting restriction

Asciano will disregard any votes cast on resolution 5 by any Director of the Company and their associates, unless the vote is cast:

- by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form specifying how the proxy is to vote; or
- by the Chairman 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 Boards

Fiona Mead, Company Secretary
9 September 2009

NOTES:

1. For the purposes of the meeting, stapled securities will be taken to be held by the persons who are registered as stapled securityholders as at 7.00pm (EST) on Wednesday, 21 October 2009.
2. A securityholder can attend and vote at the meeting and is entitled to appoint not more than 2 proxies.
3. A proxy need not be a securityholder of Asciano.
4. A proxy may be either an individual or a body corporate. If you wish to appoint a body corporate as your proxy, you must specify on the proxy form:
 - the full name of the body corporate appointed as proxy; and
 - the full name or title of the individual representative of the body corporate at the meeting.

5. Where 2 proxies are appointed, each proxy may be appointed to represent a specified proportion or number of the voting rights of the securityholder and neither proxy is entitled to vote on a show of hands if more than one proxy attends. If it is desired to appoint 2 proxies, an additional proxy form can be obtained from Computershare Investor Services Pty Limited.
6. Completed proxy forms (together with any authority under which the proxy was signed or a certified copy of the authority) must be returned:
 - personally or by post to:
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3000;
 - Online at www.investorvote.com.au
or
 - by facsimile:
Computershare Investor Services Pty Limited
+61 3 9473 2555
prior to 2pm (EST) on 21 October 2009.

CONDUCTING ASCIANO'S MEETINGS

Asciano's meetings are intended to give our securityholders the opportunity to:

- hear from the Chairman and the CEO about the performance and the operations of Asciano and the outlook for the year ahead;
- consider and vote on the resolutions before the meeting including a non-binding resolution on the adoption of the remuneration report; and
- ask questions of the Board, management and the auditor. The Chairman and the CEO will generally answer questions on behalf of the Board and the management team. If questions cannot be answered at the meeting we will seek to provide a response to the securityholder as soon as possible after the meeting.

Asciano will webcast the meeting for the benefit of securityholders who are unable to attend and will also allow securityholders a chance to raise questions before the meeting.

At the meeting, Asciano will inform securityholders of the proxy position with respect to the resolutions to be considered by the meeting and the manner in which the Chairman intends to vote undirected proxies.

We ask that securityholders:

- are courteous and respectful to all attendees at the meeting, including not photographing, videotaping or recording the meeting;
- keep their questions to a reasonable length to allow as many securityholders as possible to participate; and
- confine their questions to matters being considered at the meeting and matters relevant to securityholders as a whole. Questions relating to the securityholder's personal circumstances can be raised with Company or Computershare representatives who will be available at the meeting.

EXPLANATORY NOTES

ITEM 2. REMUNERATION REPORT – COMPANY ONLY

Shareholders are asked to adopt the Company's Remuneration Report for the financial year ended 30 June 2009. The Remuneration Report is set out in the Directors' Report contained in the 2009 Annual Report and is also available on Asciano's website at www.asciano.com.au

In light of the challenging economic conditions over the past year, coupled with the enhanced community focus on executive remuneration, the Board of Asciano Limited has made a number of decisions in relation to the remuneration arrangements of our Managing Director and senior executive team during the year. These include:

- a change to the performance 'gate' for participation in Asciano's Short Term Incentive (STI) plan for 2010, such that executives must achieve an increased performance review rating to be eligible to receive a bonus;
- the primary financial measure for the STI plan will change to EBIT (from EBITDA) to better align the interests of executives and securityholders, as management will be focused on ensuring capital expenditure spend translates into higher earnings after depreciation and amortisation; and
- a decision to continue to operate the Asciano Option and Rights Plan for the 2010 financial year, following further consideration of the implications of the proposed legislative changes to the taxation of employee share plans, as announced by the Federal Government. The LTI plan will operate on essentially the same terms as for the 2009 financial year, with some minor modifications to take account of the proposed tax changes.

We have made some changes to the format of the Remuneration Report from last year. We have included details of the 'take home' pay of the executives disclosed in this year's Remuneration Report to give you a better understanding of the amount executives actually receive for each component of remuneration for the 2009 financial year – as opposed to the 'accounting values' and provisions for certain items (such as our previous long term incentive arrangements), which are required to be included in the statutory section of the Report.

Asciano's underlying remuneration philosophy is to ensure that the remuneration package properly reflects the executives' duties, responsibilities and level of performance, and that remuneration is market competitive and linked to the creation of securityholder wealth. We hope that the presentation of this year's Remuneration Report assists your understanding of Asciano's remuneration strategy and objectives.

The vote on this resolution is advisory only and does not bind the Company or its Directors. However, shareholders will be provided with a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. The Remuneration Committee will take the discussion on this resolution and the outcome of the vote into account when considering the future remuneration arrangements of the Company.

The Board unanimously recommends that shareholders vote in favour of resolution 2.

ITEM 3. ELECTION OF DIRECTORS – COMPANY ONLY

The current Non-Executive Directors of Asciano Limited were appointed following the demerger of the Asciano business from Toll Holdings in April 2007. After a year of stabilisation, the 2009 financial year has seen the Group enter an expansion and growth phase, and the substantial capital raisings undertaken in July will enable Asciano to take advantage of future business opportunities as they arise. Accordingly, the Board believes that the appointment of additional Directors is necessary and desirable to take the business forward.

Following a comprehensive review of Board composition and consideration of the desired characteristics for new Directors, the Nomination & Succession Planning Committee, having identified the preferred candidates for appointment, made recommendations to the Board.

The backgrounds of each of the Directors who are seeking election in accordance with Article 46(c) of the Company's constitution are set out below. As announced to the market on 4 September 2009, each of these Directors has consented to appointment, and the Board intends appointing them at the Board meeting on 22 September 2009.

(a) Malcolm Broomhead

MBA, BE, FIE (Aus), FAusIMM, FAIM, MICE (UK), FAICD

Following this annual general meeting, it is intended that Mr Broomhead will be appointed Chairman of the Board.

Mr Broomhead was Managing Director and Chief Executive Officer of Orica Limited from 2001 until September 2005 where he oversaw a strongly performing global business that controlled interests in more than 45 countries. Prior to joining Orica, Mr Broomhead held a number of senior positions at North Limited including as Managing Director and Chief Executive Officer.

Before joining North Limited, Mr Broomhead held senior management positions with Halcrow (UK), MIM Holdings, Peko Wallsend and Industrial Equity.

Mr Broomhead holds a Bachelor of Engineering and an MBA from the University of Queensland and was the Chartered Accountants Business Leader of the Year in 2004.

He is also a Non-Executive Director with the Coates Group.

(b) Robert (Bob) Edgar
BEC (Hons), PhD

Since his appointment, Mr Edgar has joined the Remuneration Committee.

Mr Edgar recently retired from a successful career at the ANZ Banking Group spanning more than 25 years where his most recent role was as Deputy Chief Executive Officer. Other roles with ANZ included Chief Operating Officer, Managing Director, Institutional Financial Services and Chief Economist.

Before joining ANZ, Mr Edgar held senior positions with the Australian Banker's Association and prior to that he worked at the Reserve Bank of Australia.

Mr Edgar holds a Bachelor of Economics (Hons) from the University of Adelaide and a PhD from Ohio State University.

Mr Edgar has recently been appointed as a Non-Executive Director with Nufarm Limited and with the Transurban Group. He is also Chairman of the Prince Henry's Institute of Medical Research.

(c) Geoff Kleemann
CA

Since his appointment, Mr Kleemann has joined the Audit Committee.

Mr Kleemann has had a long career as a senior executive in a listed company environment and recently resigned from his role as Chief Financial Officer at Crown Limited. Prior to that Mr Kleemann was the Chief Financial Officer at Publishing & Broadcasting Limited. He was also Chief Financial Officer at Woolworths Limited from 1996–1998.

Mr Kleemann has a Chartered Accounting background, commencing his career with Deloitte and working there for a number of years before becoming Chief Accountant at Industrial Equity Limited and Finance Director at Pioneer Concrete.

The Board considers Messrs Broomhead, Edgar and Kleemann to be independent Directors and strongly supports their election.

ITEM 4. GRANT OF OPTIONS TO CHIEF EXECUTIVE OFFICER – COMPANY AND TRUST

The Asciano Options and Rights Plan (**Option Plan**) was established as part of the Group's overall senior executive remuneration strategy and is designed to link the reward of selected individuals who have the capacity to influence the long term performance of the Group with the generation of securityholder wealth.

Under the Option Plan, Asciano may grant to executives, including the Company's CEO, options to acquire stapled securities. The Remuneration Committee has set a remuneration value for the long term incentive component of Mr Rowsthorn's remuneration as the Company's CEO. The number of options Mr Rowsthorn has been invited to apply for was determined by dividing the target remuneration amount by a Black-Scholes option value.

Why is securityholder approval required?

Under ASX Listing Rule 10.14, securityholder approval is required in order for a director to be issued securities under an employee incentive scheme. Accordingly, approval is sought for the grant of up to 3,861,702 options to the Company's Managing Director and Chief Executive Officer, Mr Mark Rowsthorn, under the Option Plan.

Details of grant of options to Mr Rowsthorn

The primary objectives of the Remuneration Committee and the Board in reviewing Mr Rowsthorn's remuneration package are to:

- align Mr Rowsthorn's interests with the interests of securityholders (that is, the options will only have value if the Asciano security price increases);
- ensure that Mr Rowsthorn's remuneration is competitive and aligned with market remuneration in the Australian transport infrastructure sector; and
- encourage the achievement of performance goals and growth of Asciano's business.

A brief overview of the details of the proposed grant is set out below. Further details of Mr Rowsthorn's remuneration package for the 2009 financial year are set out in the Remuneration Report on pages 28 to 30 of the Annual Report.

Number of options and stapled securities

The Board has invited and Mr Rowsthorn has applied for a grant of up to 3,861,702 options over stapled securities in Asciano. The grant of those options to Mr Rowsthorn is conditional on receiving securityholder approval.

Each option is to acquire one stapled security in Asciano. Accordingly, the maximum number of stapled securities that may be acquired by Mr Rowsthorn is 3,861,702 stapled securities (subject to any adjustment made in accordance with the Option Plan).

Date of grant of options

If securityholder approval is obtained, the options will be granted to Mr Rowsthorn shortly after the meeting but, in any event, within 12 months after the date of the meeting.

Performance hurdles

The options are subject to two performance hurdles.

First, 75% of the options granted are conditional on the level of growth in Asciano's earnings before interest and tax (EBIT) per security relative to growth in Gross Domestic Product (GDP) over a 3 year period. This vesting schedule has been chosen because of the recognition of the correlation between Asciano's EBIT growth and growth in GDP. The target growth rate per security for 50% vesting is 2 times GDP growth, with the stretch hurdle to achieve 100% vesting set at 2.5 times GDP growth. Options will vest on a straight line basis for performance between 2 and 2.5 times GDP.

The vesting of the remaining 25% is conditional on Asciano's total securityholder return (TSR) performance relative to certain companies in the S&P/ASX 200 index over a 3 to 4 year period. This peer group has been chosen because the Board believes that it represents a broad based comparator group which more appropriately reflects Asciano's current market positioning.

No options will vest if Asciano's TSR performance is less than the 50th percentile. If performance is in the 50th percentile then 50% of options will vest. An additional 2% of options will vest for every 1 percentile increase above the 50th percentile up to the 75th percentile at which 100% of the options will vest.

Performance period and vesting

The performance period is 3 years, commencing 1 July 2009. Accordingly, the TSR performance hurdle will be tested on 30 June 2012. If the hurdle is not satisfied at that time, the TSR performance hurdle may be retested once on 30 June 2013.

In addition to the performance hurdles described above, the Board has approved additional vesting conditions following the recent proposed changes to the tax laws applying to employee equity schemes, such that:

- the security price at the date of vesting must be in excess of the option exercise price; and
- vesting must occur within a 'trading window' under Asciano's Securities Trading Policy

Any options which do not vest at the end of the applicable performance period will lapse.

Trading restrictions

Any stapled securities allocated following satisfaction of the vesting conditions, will be subject to a holding lock (which will mean the relevant executive will be precluded from dealing in the securities) for 7 years from the date the options are granted.

The Board may lift this restriction on trading in securities upon application by an executive in exceptional circumstances.

Price payable on grant or exercise of options	No amount will be payable in respect of the grant of the options. However, vested options will have an exercise price of \$1.52 which is based on the average trading price of stapled securities on the ASX over the 10 trading days immediately prior to the date the invitation to Asciano executives was made.
Cessation of employment	Where Mr Rowsthorn ceases employment with the Company, any unvested options or any vested options that have not been exercised within the required period will lapse, except in specified circumstances in accordance with the Plan Rules.
Other required information	Mr Rowsthorn is the only Director of the Company entitled to participate in the Option Plan. In 2008, following securityholder approval, he was granted a total of 2,164,679 options. The exercise price of these options is \$4.24 and details regarding their vesting are set out on page 31 of the Annual Report. In addition, Mr Rowsthorn was granted 1,120,370 options following the implementation of the scheme of arrangement, and the exercise price of these options is \$8.43.

The Board (other than Mr Rowsthorn) unanimously recommends that securityholders vote in favour of resolution 4.

ITEM 5. NON-EXECUTIVE DIRECTOR REMUNERATION – COMPANY ONLY

The Board asks for shareholder approval to increase the maximum aggregate amount of remuneration that may be paid to Non-Executive Directors of Asciano Limited in any year under Article 50(a) of the Company’s constitution from \$1 million to \$1.5 million. This amount is inclusive of statutory superannuation.

The current maximum aggregate amount was approved as part of the Toll demerger in April 2007. It is noted that the Non-Executive Director fees have not been increased since the Company was listed on the ASX in 2007.

As part of the process of recruiting new Directors to the Board (and based on external advice) the Board has approved a modest increase in the annual fee for a Director of the Company. The Board has also approved an increase in the fees to be paid to the Chairman, in line with the fees paid by comparable companies. The Chairman will no longer be paid additional fees for being a member of a Board Committee.

As a result of this Board-approved increase in fees and the appointment of the 3 additional Non-Executive Directors to the Board of Asciano (as proposed in Item 3 above), the current Non-Executive Director fee pool will not be sufficient to remunerate our current Board. Accordingly, the Board considers it necessary to increase the Non-Executive Directors’ fee pool.

In addition, this new fee pool will provide the Company with the ability over the next few years to:

- respond to the level of fees paid by our peers by allowing for modest future adjustments to the annual fees payable to Non-Executive Directors, within the approved maximum aggregate amount, in order to attract and retain the best Directors; and
- provide sufficient flexibility for the appointment of an additional Director, if considered to be appropriate in the circumstances of the Group.

While the expanded size of the Board will mean that the total fees paid to directors in the next 12 months will exceed the existing \$1 million shareholder approved fee pool, the Board does not intend distributing the full amount of the increase during the 2010 financial year.

Based on market data it has received, the Board has formed the view that the proposed increase is appropriate given the future direction of the Group and is in line with the non-executive director fee pools of and the fees paid by comparable companies.

Details of the amounts paid to each of the current Non-Executive Directors for the 2008 and 2009 financial years are set out on page 27 of the Remuneration Report.

The Board unanimously recommends that shareholders vote in favour of resolution 5.

The logo for Asciano, featuring the word "asciano" in a white, lowercase, sans-serif font. A red arrow-like graphic element points to the right from the end of the word. The background of the top half of the page is a black and white photograph of a large industrial conveyor belt system, likely for coal or minerals, with multiple curved sections and a large pile of material in the foreground.

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