

**Directors' Report
for the 12 months ended 31 December 2009
Aristocrat Leisure Limited
ABN 44 002 818 368**

The Directors present their Report together with the financial statements of Aristocrat Leisure Limited (Company) and its controlled entities (Group) for the 12 months ended 31 December 2009. The information in this Report is current as at 23 February 2010 unless otherwise specified.

Directors' particulars, experience and special responsibilities

Current Directors

The Directors of the Company throughout the 12 months ended 31 December 2009 and up to the date of this Report are:

Director	Experience and other directorships	Special responsibilities
DJ Simpson FCPA Age 69	Nominated July 2003. Appointed February 2004. <ul style="list-style-type: none"> • Director, CSL Limited • Former Finance Director, Tabcorp Holdings Limited 	Non-Executive Chairman Member, Nomination and Governance Committee Member, Audit Committee Member, Human Resources and Remuneration Committee
JR Odell MBA Age 51	Nominated December 2008. Appointed May 2009. <ul style="list-style-type: none"> • Special Director and Chairman, Gaming Technologies Association Limited • Former Managing Director, Australia, Asia and Pacific, Foster's Group Limited • Former Executive, Allied Domecq in the UK and Asia Pacific 	Managing Director and Chief Executive Officer
WM Baker BA Age 70	Nominated August 1998. Appointed May 1999. <ul style="list-style-type: none"> • Director, J. Edgar Hoover Foundation • Former Assistant Director of the Federal Bureau of Investigations (FBI) • Former President, The Motion Picture Association 	Chair, Regulatory and Compliance Committee
RA Davis BEc (Hons), M Philosophy Age 58	Nominated November 2004. Appointed June 2005. <ul style="list-style-type: none"> • Consulting Director - Investment Banking, Rothschild's Australia Limited • Director, Territory Insurance Office (TIO), Trust Company Limited, Macquarie Office Management Limited, Ardent Leisure Limited and Bank of Queensland • Former Senior Executive, Citicorp and CitiGroup Inc in the United States and Japan • Former Group Managing Director, ANZ Banking Group Limited 	Chair, Nomination and Governance Committee Member, Audit Committee Member, Innovation and Development Committee

Director	Experience and other directorships	Special responsibilities
RV Dubs BSc (Hons), Dr ès Sc, FAICD Age 57	Nominated December 2008. Appointed June 2009. <ul style="list-style-type: none"> • Chair, Space Industry Innovation Council • Former Deputy Vice-Chancellor (External Relations), University of Technology Sydney • Former Director, Structural Monitoring Systems Plc • Former Director, Thales ATM Pty Ltd, Thales ATM Inc (USA) and Thales ATM Navigation GmbH (Germany) • Former Chairman, Thales ATM spA (Milan) 	Chair, Innovation and Development Committee Member, Regulatory and Compliance Committee
P Morris AM BArch (Hons), MEnvSc, Dip CD, FRAIA, FAICD Age 61	Nominated August 2003. Appointed February 2004. <ul style="list-style-type: none"> • Director, Mirvac Limited, Mirvac Funds Management Limited, Clarius Group Limited, NSW Institute of Teachers and Bowel Cancer and Digestive Research Institute Australia • Former Director, Jupiters Limited, Australia Post, Country Road Limited, Colonial State Bank, Howard Smith Limited, Energy Australia, Indigenous Land Corporation, Sydney Harbour Foreshore Authority, Landcom, Strathfield Limited and Principle Real Estate Investors (Australia) Limited • Former Director of Australian and Overseas Property for the Commonwealth Government • Former Group Executive, Lend Lease Property Services 	Chair, Audit Committee Member, Human Resources and Remuneration Committee Member, Nomination and Governance Committee
SAM Pitkin LLB, LLM, FAICD Age 50	Nominated November 2004. Appointed June 2005. <ul style="list-style-type: none"> • Director, ASC Pty Ltd, Export Finance and Insurance Corporation, Committee for Economic Development of Australia and UniQuest Pty Ltd • Member, Queensland Competition Authority • Trustee, Brisbane Girls Grammar School • Member, Council of the Queensland Division of the AICD • Former Director, Chandler Macleod Limited • Former Partner and Special Counsel, Clayton Utz, Lawyers 	Chair, Human Resources and Remuneration Committee Member, Regulatory and Compliance Committee Member, Innovation and Development Committee

Directors-elect

The following individuals were nominated by the Board during the year to be appointed Directors of the Company on receipt of regulatory approval:

Director	Experience and other directorships	Special responsibilities
ID Blackburne BSc (Hons), MBA, PhD Age 63	Nominated December 2009. Appointment pending regulatory approval. <ul style="list-style-type: none">• Chairman, CSR Limited• Director, Suncorp-Metway Limited• Director, Teekay Corporation (listed on the NYSE)• Former Chairman, Australian Nuclear Science and Technology Organisation• Former Managing Director, Caltex Australia Limited• Former Director, Symbion Health Limited	
SW Morro BA, Business Administration Age 51	Nominated December 2009. Nomination effective from 9 January 2010. Appointment pending regulatory approval. <ul style="list-style-type: none">• Former Chief Operating Officer and President, IGT Gaming Division	

Former Director

The following Director held office for part of the 12 months ended 31 December 2009:

SCM Kelly BA (Hons), FCA, CA, MAICD Age 46	Nominated and appointed February 2007. Ceased office on 31 July 2009.	Chief Financial Officer and Finance Director Company Secretary (from 25 July 2008)
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Company Secretary

The Company Secretary was Mr SCM Kelly until he ceased office on 31 July 2009. Mr JR Odell then acted as interim Company Secretary from 31 July to December 2009 pending Mr P McGlinchey's, BEc (SocSc) LLB (hons), regulatory approval in selected jurisdictions. Mr P McGlinchey was subsequently appointed Company Secretary in December 2009.

Principal activities

The principal activities of the Group during the 12 months under review were the design and development, assembly, sale, distribution and service of gaming machines and systems. The Company's objective is to be the leading global provider of gaming solutions. There were no significant changes in the nature of those activities during the 12 months ended 31 December 2009.

Dividends

Since the end of the year, the directors have recommended the payment of a final dividend of nil cents (2008: 10.0 cents, 100% franked) per fully paid ordinary share.

Review and results of operations

A review of the operations of the Group for the 12 months ended 31 December 2009 is set out in the attached Review of Operations which forms part of this Directors' Report. The operating result of the Group attributable to shareholders for the 12 months ended 31 December 2009 was a loss of \$157.8 million after tax and minority interests.

Significant changes in the state of affairs

Except as outlined below and elsewhere in this Report, there were no significant changes in the state of affairs of the Group during the twelve months ended 31 December 2009.

Events after balance date

No material matters requiring disclosure in this Report have arisen subsequent to 31 December 2009. To the best of their knowledge, the Directors are not aware of any other matter or circumstance that has arisen since 31 December 2009 that has significantly affected or may significantly affect:

- (a) the Group's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the Group's state of affairs in future financial years.

Likely developments and expected results

Likely developments in the operations of the Group in future financial years and the expected results of operations are referred to in the Review of Operations which forms part of this Report.

The Directors believe that disclosure of further information as to likely developments in the operations of the Group and the likely results of those operations would, in their opinion, be speculative and/or prejudice the interests of the Group.

Directors' attendance at Board and committee meetings during 2009

The attendance of members of the Board at Board meetings and attendance of members of committees at committee meetings of which they are members is set out below.

(Meetings attended/held)

Director	Board	Audit Committee	Human Resources and Remuneration Committee	Regulatory and Compliance Committee	Nomination and Governance Committee	Innovation and Development Committee
DJ Simpson	9/9	5/5	6/6		4/4	
JR Odell ¹	6/6					
WM Baker	9/9			6/6		
RA Davis	9/9	4/5			4/4	5/5
RV Dubs ²	6/6			3/3		5/5
SCM Kelly ³	5/5					
P Morris	9/9	5/5	6/6		4/4	
SAM Pitkin	9/9		6/6	6/6		5/5

1. JR Odell was nominated December 2008 and appointed May 2009.
2. RV Dubs was nominated December 2008 and appointed June 2009.
3. SCM Kelly ceased office on 31 July 2009.

Indemnities and insurance premiums

The Company's Constitution provides that the Company will indemnify each officer of the Company against any liability incurred by that officer in or arising out of the conduct of the business of the Company or in or arising out of the discharge of that officer's duties to the extent permitted by law.

An officer for the purpose of this provision includes any Director or Secretary of the Company or the Company's subsidiaries, executive officers or employees of the Company or its subsidiaries and any person appointed as a trustee by, or acting as a trustee at the request of, the Company and includes former Directors.

In accordance with the Company's Constitution, the Company has entered into deeds of access, indemnity and insurance with each Director and nominated officers of the Company. No amount has been paid pursuant to those indemnities in the year ended 31 December 2009 or since that date to the date of this Report.

The Company has paid a premium in respect of a contract insuring officers of the Company and its related bodies corporate against any liability incurred by them arising out of the conduct of the business of the Company or in or arising out of the discharge of their duties. In accordance with normal commercial practices, under the terms of the insurance contracts, the details of the nature and extent of the liabilities insured against and the amount of premiums paid are confidential.

Environmental regulation

The Group's operations have a limited impact on the environment. The Group is subject to a number of environmental regulations in respect of its integration activities. Since the end of 2007, the Company has ceased to manufacture gaming machines, games and systems at its Australian facilities. The Company now only integrates (assembles) machines and systems in Australia, the USA, Macau, Japan, UK, South Africa and New Zealand. The Company uses limited amounts of chemicals in its assembly process. The Directors are not aware of any breaches of

any environmental legislation or of any significant environmental incidents during the 12 months ended 31 December 2009.

Based on current emission levels, the Company is not required to register and report under the *National Greenhouse and Energy Reporting Act 2007* (Cth) (NGER Act). However, the Company continues to receive reports and monitors its position to ensure compliance with the NGER Act.

The Company is committed to not only complying with the various environmental laws to which its operations are subject, but also to achieving a high standard of environmental performance across all its operations. The Company is aware of, and continues to plan for, any new Australian regulatory requirements on climate change. It is the Company's view that climate change does not pose any significant risks to its operations in the short to medium term. Throughout the Group, new programs and initiatives have been introduced to ensure the Company is well prepared for new regulatory regimes and to reduce its carbon footprint.

Proceedings on behalf of the Company

No proceedings have been brought on behalf of the Company under section 236 of the *Corporations Act 2001* (Cth) (Act) nor has any application been made in respect of the Company under section 237 of the Act.

Auditors

PricewaterhouseCoopers continues in office in accordance with section 327 of the Act.

Non-audit services provided by auditor

The Company, with the prior approval of the Chair of the Audit Committee, may decide to employ PricewaterhouseCoopers, the Company's auditor, on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. The Company has a charter of audit independence which specifies those non-audit services which cannot be performed by the Company auditor. The charter also sets out the procedures which are required to be followed prior to the engagement of the Company's auditor for any non-audit related service.

Details of the amounts paid or payable to the Company's auditor, for audit and non-audit services provided during the year, are set out in Note 32 to the financial statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Act. The Directors are satisfied that the provision of non-audit services by the auditor as set out in Note 32 to the financial statements, did not compromise the auditor independence requirements of the Act for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration is attached to this Report.

Loans to Directors and executives

No Director or executive held any loans with the Company during the financial year.

Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the Directors' Report and financial statements. Amounts in the Directors' Report and financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This Report is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors.

A handwritten signature in black ink, appearing to read 'DJ Simpson', with a small dot at the end.

DJ Simpson
Chairman
23 February 2010

**Remuneration Report
for the 12 months ended 31 December 2009
Aristocrat Leisure Limited
ABN 44 002 818 368**

The Directors of Aristocrat Leisure Limited (Company) present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) (Act) for the Company and the consolidated Group for the year ended 31 December 2009.

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Act. This Remuneration Report forms part of the Directors' Report.

This Remuneration Report details the policy and principles that govern the remuneration of the Company's Directors and Senior Executives (as that term is defined on page 14 of this Remuneration Report), the link between remuneration policy and principles and the Company's performance for the financial year, and the remuneration and service agreements of Directors and Senior Executives.

1 2009 Remuneration Report summary

The Company aims to deliver sustainable, superior returns to its shareholders and the remuneration strategy adopted by the Company is a key driver in achieving these objectives and is aligned with the Company's business strategy. It aims to attract, motivate, reward and retain Senior Executives through a remuneration framework that is globally relevant, performance driven, competitive, shareholder aligned and transparent and has a high perceived value.

The Board and Senior Executives are mindful of the challenging economic and business environment facing the Company and the extensive public debate on remuneration practices. During 2009, the following initiatives were taken by the Company with respect to its remuneration practices:

- introduced a requirement that 50% of any annual short term incentive payments payable for the 2009 financial year to Senior Executives could be satisfied by the grant of deferred share rights, with trading restrictions and forfeiture conditions that would apply to such shares transferred upon vesting;
- initiated a detailed review of the long term incentive program to drive improvements in the connectivity to company performance and shareholder value and ensure effectiveness;
- took extensive advice from Deloitte, an independent and experienced global remuneration consultant; and
- reviewed the report and recommendations of the Productivity Commission and other key reports on remuneration practices and trends.

Further details of these changes, and the requisite statutory information, are set out in the Remuneration Report.

1.1 Overview of remuneration components

Below is an overview of the components of remuneration of Non-Executive Directors and the Senior Executives. Further details on each remuneration component are set out in the corresponding page in the Remuneration Report.

Remuneration component		Participants		
		Non-Executive Directors	CEO and Managing Director	Senior Executives <i>(excluding CEO and Managing Director)</i>
Fixed	Fixed remuneration		<input checked="" type="checkbox"/> (page 18)	<input checked="" type="checkbox"/> (page 18)
	Fees	<input checked="" type="checkbox"/> (page 9)		
Short Term Incentive			<input checked="" type="checkbox"/> (page 19)	<input checked="" type="checkbox"/> (page 19)
Long Term Incentive			<input checked="" type="checkbox"/> (page 21)	<input checked="" type="checkbox"/> (page 21)
Post Employment	Superannuation	<input checked="" type="checkbox"/> (page 9)	<input checked="" type="checkbox"/> (page 26)	<input checked="" type="checkbox"/> (page 26)
	Termination	<input checked="" type="checkbox"/> (page 10) ¹		<input checked="" type="checkbox"/> (page 26) ²

¹ Relates to the post-termination benefit for WM Baker, which is payable on retirement or resignation as Director.

² Relates to payments made to SCM Kelly on cessation of office.

2 Non-Executive Directors

Details of the Non-Executive Directors of the Company during the year ended 31 December 2009 are provided in the Directors' Report.

2.1 Board policy on Non-Executive Director remuneration

The remuneration of the Non-Executive Directors is not linked to the performance of the Company in order to maintain their independence and impartiality. In setting fee levels, the Human Resources (HR) and Remuneration Committee, which makes recommendations to the Board, obtains advice from an independent remuneration consultant and takes into account the demands and responsibilities associated with the Directors' roles and the global scope and highly regulated environment that the Company operates in. The Board will continue to review its approach to Non-Executive Director remuneration to ensure it remains in line with high standards of corporate governance.

2.2 Components of remuneration

The table below summarises the components of Non-Executive Director remuneration.

	Element		
Directors' fees	Non-Executive Directors' fees (including committee fees) are set by the Board within the maximum aggregate amount of A\$1,750,000 approved by shareholders at the Annual General Meeting (AGM) in May 2004. Current fees for Directors, which have remained unchanged since 1 July 2007, are set out below. The Chairman does not receive any additional fees for his committee responsibilities.		
	Chairman	A\$365,000	
	Director	A\$155,000	
Committee fees		Chair	Member
	Audit	A\$30,000	A\$15,000
	HR and Remuneration	A\$20,000	A\$10,000
	Nomination and Governance	A\$15,500	A\$7,750
	Innovation and Development	A\$20,000	A\$10,000
	Regulatory and Compliance	A\$25,000	A\$12,500
Shares	Following the changes to Australian tax laws, Non-Executive Directors have ceased contributing a portion of their remuneration to purchase shares on-market under the Non-Executive Directors Share Plan (NEDSP) and the NEDSP is currently dormant. A decision whether the NEDSP will operate in the future will be made once the implications of the new tax laws have been fully reviewed and further considered.		
Superannuation	Superannuation contributions are made on behalf of the Directors in accordance with statutory superannuation obligations. Fees set out above include any superannuation payable.		
Other fees/benefits	Directors may be paid additional fees for extra services provided to the Board in accordance with the Company's Constitution. No such fees were paid during the year. Directors are also entitled to be reimbursed for all reasonable business related expenses, including travel, as may be incurred in the discharge of their duties. The Company does not make sign-on payments to new Non-Executive Directors.		

<p>Other post-employment benefits</p>	<p>A resolution was passed at the AGM in May 2004 to freeze the retirement allowances of certain 'eligible' directors. A director was considered to be an 'eligible' director if they were appointed as a Non-Executive Director before May 2003 and whose service agreement with the Company entitled them to a retirement allowance (Eligible Director). After the 2004 AGM, the Company entered into new service agreements with each of the Eligible Directors, the terms of which do not provide additional entitlements to any retirement allowance other than as approved by shareholders at the 2004 AGM.</p> <p>There currently remains one Eligible Director, Mr Baker, with existing accrued retirement allowances which, in accordance with the 2004 shareholder resolution, were frozen as at 1 June 2004 and indexed to the annual change in the Consumer Price Index (All Groups). The benefit may only be paid out to Mr Baker on his retirement, removal or resignation from the Board as a Director.</p> <p>No other Non-Executive Director is entitled to receive any retirement benefit other than the statutorily prescribed superannuation contributions referred to above.</p>
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2.3 Details of remuneration

The remuneration details of Non-Executive Directors and Non-Executive Directors (elect) for the financial year are set out below.

Name	Year	Short-term benefits			Post-employment benefits		Share-based payments	Total
		Cash salary and fees ¹	Cash bonus	Non-monetary benefits ²	Super-annuation ³	Retirement benefits ⁴	Options and PSRs	
		\$	\$	\$	\$	\$	\$	\$
DJ Simpson	2009	334,862	-	-	30,138	-	-	365,000
	2008	334,862	-	-	30,138	-	-	365,000
WM Baker	2009	199,517	-	-	2,330	7,201	-	209,048
	2008	188,452	-	16,128	2,133	8,211	-	214,924
RA Davis	2009	178,635	-	-	15,314	-	-	193,949
	2008	170,184	-	-	15,316	-	-	185,500
RV Dubs ⁵	2009	167,945	-	-	14,721	-	-	182,666
	2008	3,822	-	-	-	-	-	3,822
P Morris	2009	202,750	-	-	-	-	-	202,750
	2008	202,750	-	-	-	-	-	202,750
SAM Pitkin	2009	179,770	-	-	16,179	-	-	195,949
	2008	172,018	-	-	15,482	-	-	187,500
Non-Executive Directors (elect)⁶								
ID Blackburne	2009	12,917	-	-	-	-	-	12,917
	2008	-	-	-	-	-	-	-
Former Non-Executive Directors								
AW Steelman ⁷	2009	-	-	-	-	-	-	-
	2008	51,617	-	25,426	1,354	9,332	-	87,729
Total	2009	1,276,396	-	-	78,682	7,201	-	1,362,279
	2008	1,123,705	-	41,554	64,423	17,543	-	1,247,225

1. Amounts shown as cash salary and fees include amounts sacrificed in lieu of other benefits at the discretion of the individual. To the extent that any non-monetary benefits are subject to Fringe Benefits Tax (FBT), amounts shown include FBT.
2. Amounts relate to spousal travel provided for under the terms of a pre-existing service contract entered into before 2004.
3. Superannuation contributions include amounts required to satisfy the Company's obligations under applicable Superannuation Guarantee legislation.
4. Amounts provided for by the Company during the financial year in relation to the indexation of frozen retirement allowances, payable upon retirement from office. See section 2.2 of this Remuneration Report for further details. As at 31 December 2009, the total retirement benefit payable to Mr Baker was \$267,098.
5. RV Dubs was nominated to the Board on 22 December 2008, subject to regulatory approval. Her formal appointment as a Non-Executive Director received regulatory approval on 9 June 2009.
6. Non-Executive Directors (elect) are individuals nominated to be directors of the Company, pending regulatory approval. Upon receipt of regulatory approval, the directors (elect) will be formally appointed as Directors of the Company. Until such time, the directors (elect) are consultants to the Company and in accordance with the requirements of the Company's Constitution, are not entitled to vote

on any Board resolutions. The directors (elect) will be paid a consultant's fee that is equivalent to the fee that they would have otherwise been paid as a director. For completeness, any consultant's fees paid to Dr ID Blackburne in 2009 have been disclosed.

Dr ID Blackburne was nominated to the Board on 1 December 2009, subject to regulatory approval. Mr Morro's nomination to the Board, although announced in 2009, was not effective in the financial year ended 31 December 2009, but became effective on 9 January 2010, subject to regulatory approval. Their nominations were announced on 13 November 2009. For further information refer to page 3 of the Directors' Report.

7. AW Steelman ceased to be a director on 29 April 2008 and therefore his remuneration details are shown for comparative purposes only. The amount of \$231,520 shown in the 2008 Remuneration Report represents the total retirement benefit paid to him in 2008. The amount of \$9,332 disclosed in the table above represents the expense recorded in the 2008 accounts for indexation (see note 3 for further information on indexation). As explained in the last paragraph of section 2.2 of this Remuneration Report, the payment of retirement benefits to Non-Executive Directors relates to a previous arrangement disclosed and specifically approved by shareholders at the 2004 AGM. Mr Steelman was entitled to receive a retirement benefit upon cessation as a director as he was appointed as a director prior to May 2003 and the terms of his then existing service agreement entitled him to a retirement benefit.

3 Group performance

Over the past five financial years, the Board has set financial performance targets for management to align executive incentives to the achievement of those targets. When target performance is achieved, target executive rewards are earned, and when above target performance is achieved, executives earn above target rewards. This approach is reflected in the terms and performance conditions of the Short Term Incentive (STI) program and Long Term Incentive (LTI) program.

3.1 Earnings

The Group's earnings for the five years to 31 December 2009 are summarised below.

	2009*	2008**	2007	2006	2005
	\$M	\$M	\$M	\$M	\$M
Revenue from operating activities	908.6	1,079.9	1,122.0	1,074.5	1,296.3
Earnings before interest and tax	169.9	212.9	332.3	335.3	358.3
Profit before tax	156.1	193.1	326.2	332.9	363.9
Profit after tax before minority interest	116.9	141.0	247.9	240.0	244.3

* Before the impact of property sales, restructuring costs, legal settlement, impairment of multi-terminal gaming businesses and convertible bonds litigation, which are considered abnormal on the basis that they are non-recurring in nature and are not representative of the underlying operational performance of the Group.

** Before the impact of the Class Action settlement, disposal of land and buildings and the impairment charge against the investment in PokerTek, Inc., which were considered abnormal on the basis that they are non-recurring in nature and are not representative of the underlying operational performance of the Group.

3.2 Shareholder wealth

The table below shows the Group's Total Shareholder Return (TSR), fully diluted earnings per share, dividends per share and the share price from 2005 to 2009, all of which measure the impact of Group performance on shareholder wealth.

	2009*	2008**	2007	2006	2005
Share price as at 31 December (A\$)	4.02	3.88	11.25	15.90	12.32
Total dividends paid (cps)	4.5	36.0	49.0	36.0	30.0
Capital returns (cps)	-	-	-	-	21.0
Share buy-back (\$m)	-	68.6	52.4	34.6	102.4
Fully diluted earnings per share (cps)	23.0	30.5	52.8	50.9	51.1
Total Shareholder Return (%)***	4.8%	-62.3%	-26.2%	32.0%	26.8%

* The earnings used in the fully diluted earnings per share calculation for 2009 are before the impact of the property sales, restructuring costs, legal settlement, impairment of multi-terminal gaming businesses and convertible bonds litigation, which are considered abnormal on the basis that they are non-recurring in nature and are not representative of the underlying operational performance of the Group.

** The earnings used in the fully diluted earnings per share calculation for 2008 are before the impact of the Class Action settlement, disposal of land and buildings and the impairment charge against the investment in PokerTek, Inc., which were considered abnormal on the basis that they are non-recurring in nature and are not representative of the underlying operational performance of the Group.

*** The closing share price for 2004 of \$9.95 used in the TSR calculation has not been restated to reflect the capital return of 21 cents per share paid in 2005.

4 Senior Executives

The term 'Senior Executives' is used throughout this report to mean the group of executives consisting of:

- the Chief Executive Officer (CEO) and Managing Director;
- key management personnel (KMPs) with authority and responsibility for planning, directing and controlling the activities of the Company and the Group during the financial year; and
- the five most highly remunerated Company and Group executives during the financial year as required under section 300A(1)(c)(iii) and (iv) of the Act, unless they are already classified as a KMP (Nominated Executives).

The following table lists all the Senior Executives referred to in this Remuneration Report. For completeness, any relevant former Senior and Nominated Executives have also been included.

CEO and Managing Director	
JR Odell	CEO and Managing Director (Appointed, subject to regulatory approval*, on 1 February 2009. His appointment received regulatory approval on 13 May 2009)
Executive KMP	
A Korsanos	Chief Financial Officer (Appointed, subject to regulatory approval*, on 14 July 2009. Prior to this, A Korsanos was General Manager, Group Finance. Her appointment received regulatory approval on 12 January 2010)
WP Jowett	Managing Director, EMEA (Europe, Middle East, Africa), Asia Pacific and Japan (Appointed 14 July 2009. Prior to this, WP Jowett was Executive General Manager, Australasia and Asia Pacific)
NR Khin	President, Americas
TJ Croker	Managing Director, Australia and New Zealand (Appointed, subject to regulatory approval*, on 12 October 2009. His appointment received regulatory approval on 15 December 2009)
Nominated Executive	
AG Weston	Chief Human Resources Officer (Appointed 11 May 2009)
Former KMP – Continuing in office	
PK Kitchin	Chief Marketing Officer (Change of title effective on 14 July 2009. PK Kitchin's appointment was not subject to regulatory pre-approval as he had previously obtained the requisite regulatory approvals in his role as Group General Manager, Marketing on 3 March 2009. In that role, Mr Kitchin was included in the 2008 Remuneration Report as an Executive KMP. It was considered that from 1 January 2009 his role does not fall within the definition of a KMP. Mr Kitchin continues to play an integral role in the marketing activities of the Company)

Former Senior and Nominated Executives – Cessation of office	
GS Phillips	Chief Technology Officer (On 5 October 2009, GS Phillips was appointed as Global Technology Consultant. His revised role with the Company does not fall within the definition of section 300A(1)(c) of the Act. Mr Phillips subsequently announced his intention to resign from that role, effective 30 June 2010)
SCM Kelly	Chief Financial Officer and Finance Director, Company Secretary (Ceased office on 31 July 2009)
IH Timmis	Group General Manager, Corporate Development (Ceased office on 1 July 2009)
PN Oneile	Chief Executive Officer (Ceased office on 29 September 2008)
SJ Parker	Group General Manager, Business Innovation (Ceased office on 15 August 2008)
BJ Yahl	Group General Manager, Commercial and Legal and Company Secretary (Ceased office on 25 July 2008)
TJ Parrott	President, Americas (Ceased office on 12 September 2008)

*Regulatory pre-approval required only in certain jurisdictions. Even after those pre-approvals are obtained, the Senior Executive may need to continue to obtain regulatory approval in other jurisdictions, as required.

4.1 Board policy on Senior Executive remuneration

Senior Executive remuneration is designed to remunerate executives for increasing shareholder value and for achieving financial targets and business strategies. It is also set to attract, retain and motivate appropriately qualified and experienced executives. Accordingly, the Board considers it desirable for remuneration packages of Senior Executives to include both a fixed component and an at-risk or performance related component (governing both short term and long term incentives). This is consistent with generally accepted Australian corporate practice. The Board views the at-risk component as an essential driver of a high performance culture. The HR and Remuneration Committee has recommended, and the Board has adopted, a policy that remuneration will:

- (a) support the short, medium and long-term financial targets and business strategies of the Company as set out in the strategic business plans endorsed by the Board;
- (b) provide a common interest between executives and shareholders by aligning the rewards that accrue to management to the creation of shareholder value; and
- (c) be competitive in the markets in which the Company operates in order to attract, motivate and retain high calibre executives.

The Company's remuneration policy requires that remuneration levels properly reflect the duties and responsibilities of Senior Executives. When Senior Executives meet target levels of performance, the combined elements of remuneration are designed to provide remuneration at the market median. For superior performance, the Company aims to remunerate Senior Executives in the range of the upper quartile, of their performance based incentives, in comparison to benchmark companies. The Board also considers it important that key employees have ongoing share ownership in the Company through the award of Performance Share Rights (PSRs).

Details of the composition and responsibilities of the HR and Remuneration Committee are set out in the Corporate Governance Statement. The HR and Remuneration Committee continues to receive external, independent advice on matters relating to remuneration.

Review of variable pay programs

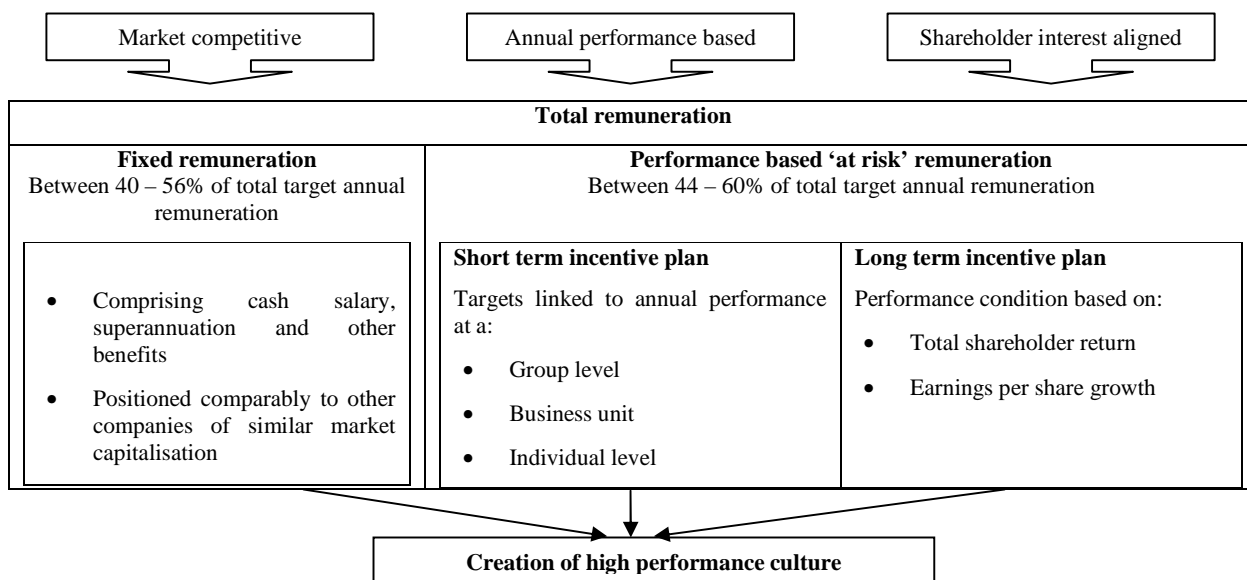
A review of the Company's variable pay programs was initiated in 2009 in order to further continue alignment of the STI and LTI programs with business goals and outcomes and sustainable superior shareholder returns.

The Company engaged an external remuneration advisor, Deloitte, to facilitate the review which included a review of market data and remuneration practices in the Company's key markets and against high standards of corporate governance expected for an Australian listed company.

The review identified a number of possible refinements both in the structure and measurement of the variable pay programs. The Board has approved further detailed review work to be undertaken which the Company aims to have completed in 2010.

4.2 Components of remuneration

As indicated above, current remuneration for Senior Executives comprises fixed remuneration, a short term incentive and a long term incentive as demonstrated diagrammatically below.



The Board aims to achieve a balance between fixed and performance related components of remuneration that reflect market conditions at each job and seniority level and attain high standards of corporate governance.

The actual remuneration mix for the Senior Executives will vary depending on the level of performance achieved at a Group, business unit and individual level. Where stretch targets for short term and long term incentives are met, then the proportion of total remuneration derived from at-risk components will be higher. This higher weighting of performance related remuneration reflects the Board's commitment to performance-based reward.

The relative target proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk – STI		At risk – LTI	
	2009 %	2008 %	2009 %	2008 %	2009 %	2008 %
CEO and Managing Director						
JR Odell	40.0	-	20.0	-	40.0	-
Executive KMP						
A Korsanos	50.0	-	25.0	-	25.0	-
WP Jowett	50.0	50.0	25.0	25.0	25.0	25.0
NR Khin	50.0	50.0	25.0	25.0	25.0	25.0
TJ Croker	50.0	-	25.0	-	25.0	-
Nominated Executive						
AG Weston	56.0	-	22.0	-	22.0	-

For full details of the remuneration paid to Senior Executives for the 2009 financial year, refer to section 4.4.

4.2.1 Fixed remuneration

Senior Executives receive a competitive base salary comprising cash salary, superannuation and other benefits which make up the ‘fixed remuneration’ component of their total remuneration package.

Fixed remuneration is reviewed annually against the external market and compared to similar sized roles from a specifically identified peer group of companies based on market capitalisation and in similar circumstances to the Company (in terms of highly regulated operations and significant presence outside Australia) to ensure competitive positioning. The international nature of the Company’s operations and the global responsibilities of the Senior Executives, in addition to the mix of knowledge, skills, experience and performance are considered when determining remuneration. The onerous probity requirements placed on certain Senior Executives by regulators of the global jurisdictions in which the Company operates are also considered in determining remuneration levels.

Senior Executives have the choice to have a combination of benefits including additional superannuation contributions and the provision of a vehicle provided out of their fixed remuneration.

Senior Executives also receive other benefits including salary continuance, trauma, death and disability insurance. Executives are able to maintain memberships to appropriate professional associations. As appropriate, expatriate executives receive additional support including accommodation allowances, travel and life insurance and taxation advice.

Senior Executives do not receive retirement benefits other than those disclosed in section 4.3 of this report.

4.2.2 Short Term Incentive (STI) program

<p>What is the STI and who participates?</p>	<p>The STI program is an annual incentive program that, in respect of Senior Executives, may involve a cash and/or equity-based reward, payable subject to the satisfaction of performance conditions.</p> <p>Participants in the STI include Senior Executives and other employees who hold positions that are identified as being able to directly influence the Company's performance.</p>								
<p>What are the maximum and minimum amounts that Senior Executives can earn under the STI?</p>	<p>Senior Executives can earn between nil and 200% of that Senior Executive's target STI, subject to the satisfaction of performance conditions.</p> <p>A Senior Executive's target STI will vary from 20% to 25% of their total remuneration depending on the role and seniority of the individual.</p> <p>No payment is made under the STI program if minimum performance across the Company (i.e. the 'Business Score', as defined below) does not meet the required threshold, being the achievement of a Business Score of 85% or greater, except in special mitigating circumstances which will be determined or approved on a case by case basis by the CEO, and subject to approval by the HR and Remuneration Committee and the Board.</p> <p>The 'Business Score' is further explained below.</p>								
<p>What are the performance conditions for Senior Executives participating in the 2009 STI program?</p>	<p>The performance conditions for Senior Executives participating in the 2009 STI program include the 'Business Score' and the Senior Executive's 'Individual Performance Score'. A matrix of the aforementioned performance conditions determines the final incentive payable.</p> <p>The Business Score is determined as set out in the table below:</p> <table border="1" data-bbox="480 1025 1366 1285"> <thead> <tr> <th colspan="2" data-bbox="480 1025 1366 1070"> <p>'Business Score'</p> </th> </tr> </thead> <tbody> <tr> <td colspan="2" data-bbox="480 1070 1366 1137"> <p>The Business Score is a combination (average) of the Company Score and the Regional Score.</p> </td> </tr> <tr> <th data-bbox="480 1137 922 1182"> <p>'Company Score' (50 per cent)</p> </th> <th data-bbox="922 1137 1366 1182"> <p>'Regional Score' (50 per cent)</p> </th> </tr> <tr> <td data-bbox="480 1182 922 1285"> <ul style="list-style-type: none"> • Net Operating Profit After Tax (NOPAT) • Average Funds Employed (AFE) </td> <td data-bbox="922 1182 1366 1285"> <ul style="list-style-type: none"> • Local Contribution Profit (LCP) • Local Average Funds Employed (LAFE) </td> </tr> </tbody> </table> <p>The Individual Performance Score is an assessment of the performance of each Senior Executive against objectives specific to their role and responsibilities. The Individual Performance Score has five ratings and ranges from 'Unsatisfactory' (lowest) to 'Exceptional' (highest).</p> <p>The final incentive payout is determined by a matrix of the Business Score and the 'Individual Performance Score' which is then combined (or essentially multiplied) against the participant's STI target.</p> <p>Participants are eligible to receive an incentive payment if the Business Score is above 85% of target and the participant's Individual Performance Score is at least 'Strong Performer' or if the Business Score is between 100-114% of target and their Individual Performance Score is at least 'Developing Performer'.</p>	<p>'Business Score'</p>		<p>The Business Score is a combination (average) of the Company Score and the Regional Score.</p>		<p>'Company Score' (50 per cent)</p>	<p>'Regional Score' (50 per cent)</p>	<ul style="list-style-type: none"> • Net Operating Profit After Tax (NOPAT) • Average Funds Employed (AFE) 	<ul style="list-style-type: none"> • Local Contribution Profit (LCP) • Local Average Funds Employed (LAFE)
<p>'Business Score'</p>									
<p>The Business Score is a combination (average) of the Company Score and the Regional Score.</p>									
<p>'Company Score' (50 per cent)</p>	<p>'Regional Score' (50 per cent)</p>								
<ul style="list-style-type: none"> • Net Operating Profit After Tax (NOPAT) • Average Funds Employed (AFE) 	<ul style="list-style-type: none"> • Local Contribution Profit (LCP) • Local Average Funds Employed (LAFE) 								

<p>Why were these performance conditions chosen?</p>	<p>Performance conditions are based on a mixture of Company, regional business unit and individual objectives and are also based on the individual's ability to influence the Company's performance.</p> <p>The hurdles are set so that achievement of internal financial goals (i.e. Business Score of 100%) and personal objectives (i.e. an Individual Performance Score of 'Strong Performer') results in the participant being rewarded 100% of the STI amount. Additional incentive payments are available for performance exceeding target objectives.</p> <p>Performance measures and conditions are reviewed annually and are subject to change as considered appropriate. Financial targets are established following Board review and approval of the annual plan for the following year.</p> <p>The Board considers these performance measures to be appropriate as they are aligned with the Company's objectives of delivering profitable sustainable growth and sustainable superior returns to shareholders. In addition, Senior Executives have a clear line of sight to the targets and are able to affect results through their actions.</p>
<p>Who assesses performance and when?</p>	<p>In respect of the CEO's performance, the HR and Remuneration Committee assesses the CEO's performance against the performance conditions and makes a recommendation to the Board.</p> <p>In respect of the Senior Executives (other than the CEO), the CEO assesses the Senior Executive's performance against the performance conditions and makes recommendations to the HR and Remuneration Committee. The Committee reviews the recommendations and the performance review process and makes recommendations to the Board.</p> <p>The assessment is finalised after the completion of the audit of the accounts for the financial year.</p>
<p>Is the STI a cash award and when is it paid?</p>	<p>For Senior Executives participating in the 2009 STI program, the STI is not a 100% cash award.</p> <p>Once the HR and Remuneration Committee recommends and the Board determines that the performance conditions have been met, the payment of cash or the grant of rights in the Company's shares (Share Rights) will also then be approved.</p> <p>50% of the STI will be made by cash payment within 14 days of the auditor's sign-off of the Company's annual accounts (the STI payment date).</p> <p>The remaining 50% of the STI will be deferred and will be satisfied by the grant of Share Rights. Each Share Right is a right to one fully paid ordinary share in the Company.</p> <p>50% of the Share Rights granted to the Senior Executive will vest after one year and the remaining 50% will vest after two years. There will be no additional performance conditions applicable to the vesting of the Share Rights to the Senior Executive, with the exception of the continued employment by the Senior Executive with the Company (see below for further information on forfeiture of Share Rights).</p> <p>The Share Rights will be issued at the volume-weighted average price (VWAP) over the five trading days immediately prior to the announcement of the Company's full year results.</p>
<p>Can the Share Rights be forfeited?</p>	<p>Unvested Share Rights will be forfeited if the Senior Executive leaves employment for any reason other than a qualifying reason, unless the Board, in its discretion, determines otherwise.</p>

Specific information relating to the percentage of the STI which was paid and the percentage that was forfeited for the Senior Executives is set out in section 4.4.

4.2.3 Long Term Incentive (LTI) program

The following table summarises the terms of the 2009 LTI program. A review of the LTI program is being conducted with the aim of improving the alignment between Company performance and shareholder value.

<p>What is the LTI?</p>	<p>The LTI program links reward with ongoing creation of shareholder value through the grant of equity instruments known as 'performance share rights' (PSRs). Each PSR granted will entitle the participant to one ordinary share in the Company, subject to satisfaction of performance conditions.</p> <p>Details of the grants made to Senior Executives during the 2009 financial year are set out in section 4.4.</p> <p>The LTI program was first implemented in 2004. Prior to the introduction of the current LTI program, the Company operated the Employee Share Option Plan (ESOP). Further information in relation to the ESOP is set out in section 4.2.4.</p>
<p>Who participates in the LTI?</p>	<p>Participants in the LTI program include Senior Executives as well as any employee of the Company or Group who is invited by the Board to participate. The Board ordinarily invites employees of the Company or Group to participate in the LTI program where those employees are key to sustainable and superior Company performance.</p>
<p>What are the key terms of the PSRs?</p>	<p>PSRs are granted at no cost to the participant. Each PSR granted will entitle the participant to one ordinary share in the Company, subject to satisfaction of performance conditions set by the Board in respect of the grant.</p> <p>If the relevant performance conditions are satisfied at the end of the performance period, then the PSRs will vest automatically and fully paid shares in the Company will be allocated to the participant at no cost.</p> <p>PSRs granted under the plan are not transferable, and participating Senior Executives are prohibited from entering into hedging arrangements in respect of unvested PSRs.</p> <p>Performance measures, the designated performance period and the quantity of the PSRs offered to each participant is determined by the HR and Remuneration Committee and approved by the Board. Further information in relation to the performance conditions and performance periods are set out below.</p>
<p>Why does the Board consider the LTI to be an appropriate incentive?</p>	<p>The LTI facilitates share ownership by the Senior Executives and other key employees and links a significant proportion of their potential remuneration with the key performance drivers which underpin sustainable and superior shareholder returns.</p>

<p>What are the performance conditions for the PSRs?</p>	<p>The PSRs are subject to a performance condition based on the Company's Total Shareholder Return (TSR) and growth in earnings per share (EPSG) over the performance period relative to a group of 50 Australian Securities Exchange (ASX) listed companies of a similar size (Comparator Group). The Comparator Group for Series 12 and 13 PSRs (which were granted in 2009) are set out below.</p> <p>Total shareholder return or 'TSR' performance test (series A)</p> <p>The TSR is the return to shareholders, calculated by reference to share price appreciation plus dividends expressed as a percentage of the investment. Therefore, the TSR represents the increase in value delivered to shareholders over the performance period.</p> <p>Earnings per share growth or 'EPSG' performance test (series B)</p> <p>EPSG is the percentage increase in fully diluted earnings per share over the performance period. In determining EPSG, adjustments are made for capital management initiatives of the Company and the Comparator Group companies, including the effect of net changes in capital and any other distortionary items which unduly impact reported EPSG in order to ensure an appropriate like-for-like comparison.</p> <p>Determination of rankings</p> <p>At the end of the performance period, the TSR and EPSG of the Company is ranked against the TSR and EPSG of each company within the Comparator Group.</p> <p>The ranking of the Company will determine the portion of the PSRs that will vest. The vesting scale is described below.</p> <p>Series 12, 13 and 14 PSRs were granted in 2009. The table on page 31 sets out further information on the PSRs granted to Senior Executives in 2009.</p> <p>The abovementioned performance conditions apply to Series 12 and 13. The performance period for Series 12 and 13 is 1 January 2009 to 31 December 2011.</p> <p>On 30 June 2009, 25,907 Series 14 PSRs were granted to AG Weston, Chief Human Resources Officer, in consideration of the forfeiture of his Wesfarmers share rights upon accepting his position with the Company. The Series 14 PSRs will vest subject to his continued employment with the Company between 1 July 2009 and 31 December 2010. The Series 14 PSRs will vest, and the shares in the Company will be allocated, as soon as practicable after 1 January 2011.</p>
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<p>How is the number of the PSRs to be vested determined?</p>	<p>A vesting scale determines how many PSRs are to be vested (and therefore shares to be allocated). The link between performance and the percentage of the relevant PSRs which will vest is represented in the following table:</p> <table border="1" data-bbox="478 331 1347 757"> <thead> <tr> <th data-bbox="478 331 954 398">Company performance (TSR and EPSG percentile ranking)</th> <th data-bbox="954 331 1347 398">% of vesting</th> </tr> </thead> <tbody> <tr> <td data-bbox="478 398 954 450">Up to the 50.1st percentile</td> <td data-bbox="954 398 1347 450">0%</td> </tr> <tr> <td data-bbox="478 450 954 501">At the 50.1st percentile</td> <td data-bbox="954 450 1347 501">45%</td> </tr> <tr> <td data-bbox="478 501 954 607">Between 51st — 55th percentile</td> <td data-bbox="954 501 1347 607">46 – 50% pro-rata vesting (for each percentile improvement, an additional 1% vesting)</td> </tr> <tr> <td data-bbox="478 607 954 712">Between 56th — 74th percentile</td> <td data-bbox="954 607 1347 712">52.5 — 97.5% pro-rata vesting (for each percentile improvement, an additional 2.5% vesting)</td> </tr> <tr> <td data-bbox="478 712 954 757">At the 75th percentile or above</td> <td data-bbox="954 712 1347 757">100%</td> </tr> </tbody> </table> <p>The vesting scale applies to each of the TSR tranche (being 50% of total PSRs granted) and the EPSG tranche (being the remaining 50% of total PSRs granted). Each of the TSR and the EPSG tranches are tested independently. For example, upon the Company achieving a TSR ranking above the 50th percentile, but failing to reach above the 50th percentile in respect of the EPSG, a proportion of the PSRs will still vest.</p> <p>In respect of the Series 14 PSRs granted to Mr Weston, as mentioned above, those PSRs will vest if he remains employed with the Company until 31 December 2010. Accordingly, the above vesting scale does not apply to issues of Series 14 PSRs.</p>	Company performance (TSR and EPSG percentile ranking)	% of vesting	Up to the 50.1st percentile	0%	At the 50.1st percentile	45%	Between 51st — 55th percentile	46 – 50% pro-rata vesting (for each percentile improvement, an additional 1% vesting)	Between 56th — 74th percentile	52.5 — 97.5% pro-rata vesting (for each percentile improvement, an additional 2.5% vesting)	At the 75th percentile or above	100%
Company performance (TSR and EPSG percentile ranking)	% of vesting												
Up to the 50.1st percentile	0%												
At the 50.1st percentile	45%												
Between 51st — 55th percentile	46 – 50% pro-rata vesting (for each percentile improvement, an additional 1% vesting)												
Between 56th — 74th percentile	52.5 — 97.5% pro-rata vesting (for each percentile improvement, an additional 2.5% vesting)												
At the 75th percentile or above	100%												
<p>Why were these performance conditions chosen?</p>	<p>TSR was selected as a performance measure on the basis that it:</p> <ul style="list-style-type: none"> • ensures an alignment between comparative shareholder return and reward for the executive; and • provides a relative, external, market-based performance measure against those companies with which the Company competes for capital, customers and talent. <p>EPSG was selected as a performance measure for vesting of PSRs on the basis that it:</p> <ul style="list-style-type: none"> • is a relevant indicator of increases in shareholder value; and • is a target that provides a suitable line of sight to encourage executive performance. <p>In respect of the Series 14 PSRs the Company considered that the issue of PSRs on the terms set out to Mr Weston was preferable than paying any type of cash amount to Mr Weston.</p>												
<p>Who assesses performance and when?</p>	<p>TSR and EPSG results are calculated by an external remuneration consultant as soon as practicable after the end of the relevant performance period. The external consultant's calculations are considered by the Board to determine vesting outcomes.</p>												
<p>Is there any re-testing of performance conditions?</p>	<p>The performance conditions are tested once at the end of the performance period. There is no re-testing of performance conditions.</p>												
<p>Are the shares granted upon vesting of PSRs subject to restrictions?</p>	<p>Shares allocated on vesting of the PSRs are subject to certain disposal restrictions set out in the LTI Plan Rules, and carry full dividend and voting rights upon allocation.</p>												

<p>What happens if the Senior Executive ceases employment during the performance period?</p>	<p>If a participant in the LTI program ceases employment with the Company during the first 12 months of the performance period, regardless of whether it is because of a ‘Qualifying Reason’ or otherwise, then any PSRs in relation to that performance period will lapse.</p> <p>If a participant ceases employment with the Company after the first 12 months of the performance period and the cessation is due to:</p> <ul style="list-style-type: none"> • a ‘Qualifying Reason’, the board may determine in its absolute discretion that some or all of the PSRs in relation to that performance period may vest on a pro-rated basis. • any other reason than because of a ‘Qualifying Reason’, any PSRs in relation to that performance period will lapse. <p>Where a participant acts fraudulently, dishonestly or is, in the Board’s opinion, in breach of his or her obligations to the Company, then any unvested PSRs will lapse and any shares in the Company allocated but not yet withdrawn pursuant to the terms of the LTI Plan Rules will be forfeited.</p>
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Comparator Group

The Comparator Group comprises 50 companies listed on the ASX of a similar size, based on the average market capitalisation of the Company for the three months prior to the beginning of the relevant performance period, excluding real estate, financial services and resources companies. The TSR and EPSG of all Comparator Group companies and the Company will be ranked at the end of the performance period.

The list below contains the peer group companies comprising the Comparator Group for the Company’s 2009 LTI program (being Series 12 and 13):

APN News & Media Limited, Austar United Communications, Billabong International Limited, Boral Limited, Coca-Cola Amatil Limited, Cochlear Limited, Computershare Limited, Consolidated Media Holdings, CSL Limited, CSR Limited, David Jones Limited, Downer EDI Limited, Fairfax Media Limited, Flight Centre Limited, Foster's Group Limited, Goodman Fielder Limited, Harvey Norman Holdings, Leighton Holdings Limited, Lion Nathan Limited, Macquarie Airports, Macquarie Communications Infrastructure Group, Macquarie Infrastructure Group, Metcash Limited, Mirvac Group, News Corporation Inc, Orica Limited, Primary Health Care Limited, Qantas Airways Limited, Ramsay Health Care Limited, ResMed Inc, SEEK Limited, Seven Network Limited, Sigma Pharmaceuticals, Sims Metal Management Limited, Singapore Telecommunications, Sonic Healthcare Limited, SP AusNet, Tabcorp Holdings Limited, Tattersalls Limited, Telecom Corporation NZ, Telstra Corporation Limited, Toll Holdings Limited, Transfield Services Limited, Transpacific Industries Group, Transurban Group, United Group Limited, Virgin Blue Holdings Limited, Wesfarmers Limited, West Australian Newspapers, Woolworths Limited.

Share trading policy

The Company’s share trading policy prohibits all Directors and employees of the Group from hedging any unvested equity instruments at all times, irrespective of whether the hedging takes place during a Trading Window. Vested positions, however, including those unexercised instruments or instruments subject to a holding lock, may be hedged, subject to compliance with the other provisions of the share trading policy.

An Executive must obtain the prior approval of the Chairman if he or she intends to enter into a margin loan or similar funding arrangement over the Company’s securities (or any other instrument which is linked in any way to the underlying price of shares in the Company). A Non-Executive Director is strictly prohibited from entering into a margin loan or similar funding arrangement to acquire the Company’s securities.

Breaches of the Company’s share trading policy are regarded very seriously and may lead to disciplinary action being taken (including termination of employment).

4.2.4 Employee Share Option Plan

Prior to the introduction of the LTI program described in section 4.2.3, the Company operated the Employee Share Option Plan (ESOP) as the long term incentive component of remuneration for Senior Executives. The Company no longer makes grants under the ESOP, the last grant having been made in September 2004.

The only outstanding Options granted pursuant to the ESOP were held by SCM Kelly, a former Executive Director, but those outstanding Options either did not vest as the performance hurdles were not met or the Options were not exercised and therefore were allowed to lapse. Further details in relation to the Options are set out in section 4.4 of this Remuneration Report.

Further information on the ESOP is available in the 2008 Annual Report.

4.2.5 General Employee Share Plan

The Company also operates the General Employee Share Plan (GESP), which was introduced to allow employees a tax effective way of acquiring an equity interest in the Company and thereby participate in the Company's future performance. All permanent full time employees of the Company, including the Senior Executives, are eligible to participate in the GESP.

Up to \$1,000 is contributed by the Company to fund the acquisition of shares in the Company for its participants. The Board, in its absolute discretion, determines the amount to be contributed by the Company each year.

The shares are acquired in the name of the participant, but are held subject to the GESP rules. Sale of the shares is restricted until the earlier of three years after grant and the cessation of employment.

4.3 Service agreements

The remuneration and other terms of employment for the Senior Executives are formalised in service agreements, which have no specified term. Each of these agreements provide for performance related bonuses under the STI program (the terms of which are described in section 4.2.2), and participation, where eligible, in the Company's LTI program (the terms of which are described in section 4.2.3). Any sign-on payments made to Senior Executives prior to them agreeing to take office are disclosed in section 4.4.

Other major provisions of the service agreements of the Senior Executives are as follows:

	Notice to be given by executive	Notice to be given by Company*	Termination payment	Post employment restraint
CEO and Managing Director				
JR Odell	3 months	9 months	-	6 months
Executive KMP				
A Korsanos	3 months	3 months	6 months (fixed remuneration)	6 months
WP Jowett	3 months	3 months	9 months (fixed and target remuneration)	12 months
NR Khin	3 months	3 months	6 months (fixed and target remuneration)	12 months
TJ Croker	3 months	3 months	6 months (fixed remuneration)	6 months
Nominated Executive				
AG Weston	3 months	3 months	6 months (fixed and target remuneration)	6 months

* Payments may be made in lieu of notice period.

The Company has moved to standardise Executive Contracts for Senior Executives appointed in 2009 and this explains variances in the terms for the Senior Executives who have been with the Company for an extended period of time.

4.4 Details of executive remuneration

Details of the 2009 remuneration (as defined in AASB 124 Related Party Disclosures) paid to the Senior Executives are set out below.

	Short-term benefits			Post-employment benefits		Long term benefits	Share-based payments ⁶		Total	% of share-based remuneration
	Cash salary ¹	Cash bonuses ²	Non-monetary benefits ³	Superannuation	Termination ⁴	Long service leave ⁵	STI PSRs ⁷	PSRs ⁸		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
CEO and Managing Director										
JR Odell	1,052,829	-	213,559	93,005	-	17,724	-	637,500	2,014,617	31.6
Executive KMP										
A Korsanos ⁹	198,886	-	-	6,725	-	5,433	-	-	211,044	-
WP Jowett	475,473	-	7,843	42,793	-	7,917	-	149,611	683,637	21.9
NR Khin	618,357	-	26,324	89,851	-	6,854	-	123,582	864,968	14.3
TJ Croker	107,034	-	17,428	9,633	-	1,765	-	-	135,860	-
Nominated Executive										
AG Weston	245,913	62,500	123,565	22,230	-	4,129	-	109,330	567,667	19.3
Former Senior Executives – Cessation of office										
GS Phillips ¹⁰	265,540	-	4,443	23,627	-	-	-	37,382	330,992	11.3
SCM Kelly ¹¹	457,945	520,723	19,619	11,693	1,129,713	76,397	-	(464,071)	1,752,019	-
IH Timmis ¹²	189,814	-	9,285	27,269	168,907	40,090	-	(308,896)	126,469	-
Total	3,611,791	583,223	422,066	326,826	1,298,620	160,309	-	284,438	6,687,273	4.3

1. Amounts shown as cash salary and fees include amounts sacrificed in lieu of other benefits at the discretion of the individual. To the extent that benefits are paid and subject to FBT, the above amount includes FBT.

2. On 14 August 2009, upon successful completion of his three months probation period, AG Weston received a sign on cash bonus of \$62,500.

Cash bonus for SCM Kelly includes a bonus amount of \$400,000 payable under a deed of release entered into between Mr Kelly and the Company on 31 July 2009. The deed of release recognises pre-existing contractual obligations that the Company had with Mr Kelly, including a prior contractual obligation in relation to retention arrangements. 100% of that amount was paid to Mr Kelly on 31 July 2009, under the deed of release. Mr Kelly was also paid an amount of \$120,723 for the STI payment he would have been entitled to in 2009 if his employment had continued for the full year, pro-rated for the proportion of his actual employment.

Cash bonuses other than those described above are payable after the end of the financial year upon completion of audit and are based on the amounts calculated and accrued in 2009 financial statements.

3. Non-monetary benefits include motor vehicle leasing payments, relocation costs, expatriate related costs and associated Fringe Benefits Tax.
4. Termination payment for IH Timmis represents the amount payable for balance of notice period. The total termination payment for SCM Kelly represents the amount payable for balance of notice period of \$224,289 and an amount of \$905,424 as pre-agreed contractual termination payment.
5. The amounts provided for by the Company during the financial year in relation to accruals for long service leave. The amount of \$76,397 and \$40,090 disclosed for SCM Kelly and IH Timmis, respectively, represent total long service leave amounts paid to them in 2009 upon their cessation of office.
6. In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual Senior Executives may ultimately realise should the equity instruments vest. An independent accounting valuation for each tranche of PSRs at their respective grant dates has been performed by Deloitte. In undertaking the valuation of the PSRs, Deloitte has used a TSR model and an EPSG model. These models are described below:

TSR model

Deloitte has developed a Monte-Carlo simulation-based model which incorporates the impact of performance hurdles and the vesting scale on the value of the shares. This pricing model takes into account factors such as the Company's share price at the date of grant, volatility of the underlying shares, the risk free rate of return, expected dividend yield and the likelihood that vesting conditions will be met. The accounting valuation of rights issued is allocated equally over the vesting period.

EPSG model

The Black-Scholes Generalised model was used to determine the fair value of PSRs which incorporates the impact of the earnings per share performance condition. This pricing model takes into account factors such as the Company's share price at the date of grant, current price of the underlying shares, volatility of the underlying share price, the risk free rate of return, expected dividend yield and time to maturity. The accounting valuation of rights issued is allocated over the vesting period so as to take into account the actual level of vesting over the performance period.

For the purposes of remuneration packaging, the TSR accounting valuation as at the commencement of the performance period is adopted for determining the total number of PSRs to be allocated as this valuation best reflects the fair value of PSRs to each executive at that time. The requirements of AASB 2 in relation to the treatment of non-market vesting conditions such as EPSG and share-based remuneration requiring shareholder approval results in accounting expense and disclosures differing from the value allocated for the purposes of remuneration packaging.

The fair value of the Series 14 PSRs granted to AG Weston on 30 June 2009 is calculated based on the market value of equity compensation at the grant date.

7. No PSRs were issued under the 2009 STI program.
8. Share based payments include shares to the value of A\$1,000 allocated under the General Employee Share Plan (GESP). Remuneration in the form of PSRs includes negative amounts for PSRs forfeited during the year.
9. A Korsanos was appointed as Chief Financial Officer on 14 July 2009. Amounts shown above only disclose amounts received by Ms Korsanos as a Senior Executive (i.e. from 14 July 2009).
10. GS Phillips was appointed Global Technology Consultant on 5 October 2009. Before this appointment, he was Chief Technology Officer. His revised role of Global Technology Consultant does not fall within the definition of section 300A(1)(c) of the Act and therefore, amounts disclosed above only include amounts paid to Mr Phillips in his position as Senior Executive (i.e. up until 5 October 2009). Mr Phillips announced his intention to resign from the role of Global Technology Consultant, effective 30 June 2010.
11. SCM Kelly's employment by the Company ceased on 31 July 2009. Total amounts received by Mr Kelly in 2009 include the following amounts payable under a deed of release between Mr Kelly and the Company on 31 July 2009, all of which were pre-agreed contractual arrangements: a bonus amount of \$400,000 (gross) (see Note 2); a pro-rated amount of his notional STI for 2009 of \$120,723 (see Note 2); and a total termination payment of \$1,129,713 (see Note 4).
12. IH Timmis left the Company on 1 July 2009.

Details of the 2008 remuneration (as defined in AASB 124 Related Party Disclosures) paid to the Senior Executives are set out below.

The amounts have been revised when compared to the prior year table to include Long Service Leave expense.

	Short-term benefits			Post-employment benefits		Long term benefits	Share-based payments ⁶	Total	% of share-based remuneration
	Cash salary ¹ \$	Cash bonuses ² \$	Non-monetary benefits ³ \$	Superannuation \$	Termination ⁴ \$	Long service leave ⁵ \$	Options and PSRs ⁷ \$		
CEO and Managing Director									
JR Odell	-	-	-	-	-	-	-	-	-
Executive KMP									
A Korsanos	-	-	-	-	-	-	-	-	-
WP Jowett	466,400	39,555	16,701	41,976	-	20,450	156,878	741,960	21.1
NR Khin	433,322	34,209	113,359	10,899	-	22,529	115,517	729,835	15.8
TJ Croker	-	-	-	-	-	-	-	-	-
Nominated Executive									
AG Weston	-	-	-	-	-	-	-	-	-
Former KMP – Continuing in office									
PK Kitchin	129,617	21,180	-	10,459	-	2,161	-	163,417	-
Former Senior and Nominated Executives – Cessation of office									
GS Phillips	368,062	8,344	6,210	33,126	-	-	101,858	517,600	19.7
SCM Kelly	689,930	116,359	42,375	11,248	-	25,466	235,944	1,121,322	21.0
IH Timmis	361,290	37,555	32,913	34,723	-	10,507	122,770	599,758	20.5
PN Oneile	1,353,877	420,000	23,700	10,003	454,626	-	(788,881)	1,473,325	-
SJ Parker	314,811	-	1,484	26,305	141,653	-	(114,037)	370,216	-
BJ Yahl	334,910	-	1,258	30,142	288,652	-	(189,308)	465,654	-

	Short-term benefits			Post-employment benefits		Long term benefits	Share-based payments ⁶	Total	% of share-based remuneration
	Cash salary ¹ \$	Cash bonuses ² \$	Non-monetary benefits ³ \$	Superannuation \$	Termination ⁴ \$	Long service leave ⁵ \$	Options and PSRs ⁷ \$	\$	%
TJ Parrott	372,575	-	20,737	6,931	139,417	-	(13,431)	526,229	-
Total	4,824,794	677,202	258,737	215,812	1,024,348	81,113	(372,690)	6,709,316	-

1. Amounts shown as cash salary and fees include amounts sacrificed in lieu of other benefits at the discretion of the individual. To the extent that benefits are paid and subject to FBT, the above amount includes FBT.
2. Cash bonuses are payable after the end of the financial year upon completion of audit and are based on the amounts calculated and accrued in 2008 financial statements.
3. Non-monetary benefits include motor vehicle leasing payments, relocation costs, expatriate related costs and associated Fringe Benefits Tax.
4. PN Oneile and SJ Parker termination payments represent amounts payable for balance of notice period. Termination payment for BJ Yahl represents transition fees associated with assisting with certain key objectives after ceasing employment.
5. The amounts provided for by the Company during the financial year in relation to accruals for long service leave.
6. In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should the equity instruments vest. An independent accounting valuation for each tranche of PSRs at their respective grant dates has been performed by Deloitte. In undertaking the valuation of the rights, Deloitte has used a TSR model and an EPSG model. These models are described below:

TSR model

Deloitte has developed a Monte-Carlo simulation-based model which incorporates the impact of performance hurdles and the vesting scale on the value of the shares. This pricing model takes into account factors such as the Company's share price at the date of grant, volatility of the underlying shares, the risk free rate of return, expected dividend yield and the likelihood that vesting conditions will be met. The accounting valuation of rights issued is allocated equally over the vesting period.

EPSG model

The Black-Scholes Generalised model was used to determine the fair value of PSRs which incorporates the impact of the earnings per share performance condition. This pricing model takes into account factors such as the Company's share price at the date of grant, current price of the underlying shares, volatility of the underlying share price, the risk free rate of return, expected dividend yield and time to maturity. The accounting valuation of rights issued is allocated over the vesting period so as to take into account the actual level of vesting over the performance period.

For the purposes of remuneration packaging, the TSR accounting valuation as at the commencement of the performance period is adopted for determining the total number of PSRs to be allocated as this valuation best reflects the fair value of PSRs to each executive at that time. The requirements of AASB 2 in relation to the treatment of non-market vesting conditions such as EPSG and share-based remuneration requiring shareholder approval results in accounting expense and disclosures differing from the value allocated for the purposes of remuneration packaging.

The fair value of the Performance Share Rights (series 14) received by AG Weston on 30 June 09 is calculated based on the market value of equity compensation at the grant date.

7. Share based payments include shares to the value of A\$1,000 allocated under the General Employee Share Plan (GESP). Remuneration in the form of PSRs includes negative amounts for PSRs forfeited during the year.

The following table provides the percentage of STI paid and forfeited for the year ended 31 December 2009. The 2009 STI constitutes a 50% cash component and 50% Share Rights component in respect of Senior Executives.

The key terms of the 2009 STI program are set out in section 4.2.2.

For the year to 31 December 2009	Actual STI payment \$	Actual STI payment as % of maximum STI	% of maximum STI payment forfeited
CEO and Managing Director			
JR Odell	-	-	100%
Executive KMP			
A Korsanos	-	-	100%
WP Jowett	-	-	100%
NR Khin	-	-	100%
TJ Croker	-	-	100%
Nominated Executive			
AG Weston	-	-	100%
Former Senior Executives – Cessation of office			
GS Phillips	-	-	100%
SCM Kelly ¹	120,723	16%	84%
IH Timmis	-	-	100%

1. On 31 July 2009, Mr Kelly was paid an amount of \$120,723 for the notional STI payment he would have been entitled to in 2009 if his employment had continued for the full year, pro-rated for the proportion of his actual employment. This payment was made on cessation of his employment with the Company and was payable under a deed of release entered into between Mr Kelly and the Company on 31 July 2009 reflecting pre-agreed contractual arrangements. Mr Kelly's STI is a 100% cash based award.

The PSRs granted to Senior Executives during the year were as follows:

	Series	Number of PSRs granted ^{1,2}	Grant date ³	Fair value ⁴	Maximum value of grant	Vested		Forfeited	
						No.	%	No.	%
CEO and Managing Director									
JR Odell	13A	330,311	21 April 2009	\$2.26	\$746,503	-	-	-	-
	13B	330,311	21 April 2009	\$3.53	\$1,165,998	-	-	-	-
Executive KMP									
A Korsanos ⁵	12A	26,856	1 January 2009	\$1.93	\$51,832	-	-	-	-
	12B	26,855	1 January 2009	\$3.35	\$89,964	-	-	-	-
WP Jowett	12A	73,349	1 January 2009	\$1.93	\$141,564	-	-	-	-
	12B	73,349	1 January 2009	\$3.35	\$245,719	-	-	-	-
NR Khin	12A	76,097	1 January 2009	\$1.93	\$146,867	-	-	-	-
	12B	76,096	1 January 2009	\$3.35	\$254,922	-	-	-	-
TJ Croker	-	-	-	-	-	-	-	-	-
Nominated Executive									
AG Weston	12A	43,524	1 January 2009	\$1.93	\$84,001	-	-	-	-
	12B	43,523	1 January 2009	\$3.35	\$145,802	-	-	-	-
	14 ⁶	25,907	30 June 2009	\$3.79	\$98,188	-	-	-	-
Former Senior Executives – Cessation of office									
GS Phillips	12A	20,586	1 January 2009	\$1.93	\$39,731	-	-	-	-
	12B	20,586	1 January 2009	\$3.35	\$68,963	-	-	-	-
SCM Kelly	13A	104,252	21 April 2009	\$2.26	\$235,610	-	-	104,252	100
	13B	104,251	21 April 2009	\$3.53	\$368,006	-	-	104,251	100
IH Timmis	-	-	-	-	-	-	-	-	-
Total		1,375,853			\$3,883,670			208,503	15.2

1. As the PSRs only vest on satisfaction of performance conditions, which are tested at the end of the performance period (1 January 2009 to 31 December 2011), none of the PSRs set out above have vested. However, where the Senior Executive ceased employment during the year, those PSRs were forfeited.
2. PSRs granted in 2009 will vest in 2012 (testing occurs after the performance period), subject to the satisfaction of performance conditions. Unvested PSRs will expire at that time if it has been determined that the performance conditions were not met.
3. For the purposes of this table and the valuation of the PSRs, the grant date is the first day of the performance period rather than the date of the letter of offer. The difference in valuation is considered not material.
4. The fair value of a PSR is determined by the Board based on an accounting valuation performed by Deloitte, having regard to the likelihood that vesting conditions will be met. This value will not be equal to the market value of a share at the commencement of the performance period as a result of PSRs being contingent rights to shares in the future. The fair value of the PSR at the commencement of a performance period is influenced by the Company's share price at the date of grant, volatility of the underlying shares, the risk free rate of return, expected dividend yield, time to maturity and the likelihood that vesting conditions will be met.

At 1 January 2009, for the 2009 grant of PSRs, the remuneration value of a PSR was determined, in accordance with the above methodology, as \$1.93 per share (series 12A) and as \$3.35 per share (series 12B) compared with a closing market price of the Company's share on 31 December 2008 of \$3.88. The minimum total value of the grant, if the applicable performance conditions are not met, is nil.

At 21 April 2009, for the 2009 grant of PSRs to the CEO and Managing Director, the remuneration value of a PSR was determined, in accordance with the above methodology, as \$2.26 per share (series 13A) and as \$3.53 per share (series 13B) compared with a closing market price of the Company's share on 20 April 2009 of \$3.98. The minimum total value of the grant, if the applicable performance conditions are not met, is nil.

5. Series 12 PSRs were granted to A Korsanos prior to her appointment as a Senior Executive on 14 July 2009.
6. For the 2009 grant of Series 14 PSRs to AG Weston on 30 June 2009, the remuneration value of a PSR was determined, based on the market value of the Company's shares at the grant date, as \$3.79 per share.

The following sets out details of the movement in numbers of PSRs during the year:

	Series	Performance period expiry date	Fair value per right at grant date	Balance at 1 January 2009	Granted during the year ¹	Vested ^{2,3}	Lapsed / forfeited ⁴	Balance at 31 December 2009
CEO and Managing Director								
JR Odell	13A	31-Dec-2011	\$2.26	-	330,311	-	-	330,311
	13B	31-Dec-2011	\$3.53	-	330,311	-	-	330,311
Executive KMP								
A Korsanos ⁵	10A	31-Dec-2010	\$5.01	9,980	-	-	-	9,980
	10B	31-Dec-2010	\$9.59	9,980	-	-	-	9,980
	12A	31-Dec-2011	\$1.93	-	26,856	-	-	26,856
	12B	31-Dec-2011	\$3.35	-	26,855	-	-	26,855
WP Jowett	6A ⁶	31-Dec-2008	\$6.01	20,516	-	-	(20,516)	-
	6B ⁶	31-Dec-2008	\$11.25	20,516	-	-	(20,516)	-
	8A ⁷	31-Dec-2009	\$7.79	16,791	-	-	-	16,791
	8B ⁷	31-Dec-2009	\$14.41	16,791	-	-	-	16,791
	10A	31-Dec-2010	\$5.01	28,197	-	-	-	28,197
	10B	31-Dec-2010	\$9.59	28,197	-	-	-	28,197
	12A	31-Dec-2011	\$1.93	-	73,349	-	-	73,349
	12B	31-Dec-2011	\$3.35	-	73,349	-	-	73,349
NR Khin	6A ⁶	31-Dec-2008	\$6.01	7,451	-	-	(7,451)	-
	6B ⁶	31-Dec-2008	\$11.25	7,451	-	-	(7,451)	-
	8A ⁷	31-Dec-2009	\$7.79	11,232	-	-	-	11,232
	8B ⁷	31-Dec-2009	\$14.41	11,232	-	-	-	11,232

	Series	Performance period expiry date	Fair value per right at grant date	Balance at 1 January 2009	Granted during the year ¹	Vested ^{2,3}	Lapsed / forfeited ⁴	Balance at 31 December 2009
	10A	31-Dec-2010	\$5.01	13,950	-	-	-	13,950
	10B	31-Dec-2010	\$9.59	13,950	-	-	-	13,950
	12A	31-Dec-2011	\$1.93	-	76,097	-	-	76,097
	12B	31-Dec-2011	\$3.35	-	76,096	-	-	76,096
TJ Croker								
	-	-	-	-	-	-	-	-
Nominated Executive								
AG Weston	12A	31-Dec-2011	\$1.93	-	43,524	-	-	43,524
	12B	31-Dec-2011	\$3.35	-	43,523	-	-	43,523
	14	31-Dec-2010	\$3.79	-	25,907	-	-	25,907
Former Senior Executives – Cessation of office								
GS Phillips	6A ⁶	31-Dec-2008	\$6.01	13,920	-	-	(13,920)	-
	6B ⁶	31-Dec-2008	\$11.25	13,920	-	-	(13,920)	-
	8A ⁷	31-Dec-2009	\$7.79	11,786	-	-	-	11,786
	8B ⁷	31-Dec-2009	\$14.41	11,786	-	-	-	11,786
	10A	31-Dec-2010	\$5.01	17,075	-	-	-	17,075
	10B	31-Dec-2010	\$9.59	17,075	-	-	-	17,075
	12A	31-Dec-2011	\$1.93	-	20,586	-	-	20,586
	12B	31-Dec-2011	\$3.35	-	20,586	-	-	20,586

	Series	Performance period expiry date	Fair value per right at grant date	Balance at 1 January 2009	Granted during the year ¹	Vested ^{2,3}	Lapsed / forfeited ⁴	Balance at 31 December 2009
SCM Kelly	7A ⁶	31-Dec-2008	\$6.01	25,123	-	-	(25,123)	-
	7B ⁶	31-Dec-2008	\$11.25	25,122	-	-	(25,122)	-
	9A	31-Dec-2009	\$8.41	21,629	-	-	(21,629)	-
	9B	31-Dec-2009	\$15.25	21,628	-	-	(21,628)	-
	11A	31-Dec-2010	\$3.70	37,666	-	-	(37,666)	-
	11B	31-Dec-2010	\$7.09	37,666	-	-	(37,666)	-
	13A	31-Dec-2011	\$2.26	-	104,252	-	(104,252)	-
	13B	31-Dec-2011	\$3.53	-	104,251	-	(104,251)	-
IH Timmis	6A ⁶	31-Dec-2008	\$6.01	16,838	-	-	(16,838)	-
	6B ⁶	31-Dec-2008	\$11.25	16,838	-	-	(16,838)	-
	8A ⁷	31-Dec-2009	\$7.79	13,536	-	-	(13,536)	-
	8B ⁷	31-Dec-2009	\$14.41	13,535	-	-	(13,535)	-
	10A	31-Dec-2010	\$5.01	22,309	-	-	(22,309)	-
	10B	31-Dec-2010	\$9.59	22,309	-	-	(22,309)	-

1. The value of the PSRs granted to Senior Executives during the year (including the aggregate value of PSRs granted) is set out in section 4.4 above. No Options were granted during the year to any Senior Executive.
2. The value of each PSR on the date of vesting is the closing price of the Company's shares on the ASX on the preceding trading day. The aggregate value of PSRs which vested during the year is nil as PSRs that expired during the year did not meet the required performance criteria.
3. As shares are immediately allocated upon the vesting of PSRs, there will be no instances where PSRs are vested and exercisable, or vested but not yet exercisable.
4. As the PSRs only vest on satisfaction of performance conditions which are to be tested in future periods, none of the PSRs under Series 10A, 10B, 11A, 11B, 12A and 12B have vested; however, where the executive ceased employment during the year those PSRs were forfeited. Further information on the Comparator Groups for Series 10 and 11 are available in the 2008 Annual Report.
5. Series 10 and 12 PSRs were granted to A Korsanos prior to her appointment as a Senior Executive on 14 July 2009.
6. On 24 February 2009, the Board determined that the PSRs under Series 6A, 6B, 7A and 7B had not met the required performance criteria and therefore lapsed.
7. On 22 February 2010, the Board determined that the PSRs under Series 8A, 8B, 9A and 9B had not met the required performance conditions and therefore lapsed. Further information on the Comparator Groups for Series 8 and 9 are available in the 2008 Annual Report.

The following sets out details of the movement in numbers of PSRs during the prior year:

	Series	Performance period expiry date	Fair value per right at grant date	Balance at 1 January 2008	Granted during the year ¹	Vested ^{2,3}	Lapsed / forfeited	Balance at 31 December 2008
Senior and Nominated Executives								
WP Jowett	1B	31-Dec-2007	\$6.25	46,593	-	(46,593)	-	-
	6A ⁴	31-Dec-2008	\$6.01	20,516	-	-	-	20,516
	6B ⁴	31-Dec-2008	\$11.25	20,516	-	-	-	20,516
	8A	31-Dec-2009	\$7.79	16,791	-	-	-	16,791
	8B	31-Dec-2009	\$14.41	16,791	-	-	-	16,791
	10A	31-Dec-2010	\$5.01	-	28,197	-	-	28,197
	10B	31-Dec-2010	\$9.59	-	28,197	-	-	28,197
NR Khin	1B	31-Dec-2007	\$6.25	16,575	-	(16,575)	-	-
	6A ⁴	31-Dec-2008	\$6.01	7,451	-	-	-	7,451
	6B ⁴	31-Dec-2008	\$11.25	7,451	-	-	-	7,451
	8A	31-Dec-2009	\$7.79	11,232	-	-	-	11,232
	8B	31-Dec-2009	\$14.41	11,232	-	-	-	11,232
	10A	31-Dec-2010	\$5.01	-	13,950	-	-	13,950
	10B	31-Dec-2010	\$9.59	-	13,950	-	-	13,950
Former KMP – Continuing in office								
PK Kitchin	-	-	-	-	-	-	-	-
Former Senior and Nominated Executives – Cessation of office								
GS Phillips	1B	31-Dec-2007	\$6.25	41,572	-	(41,572)	-	-
	6A ⁴	31-Dec-2008	\$6.01	13,920	-	-	-	13,920
	6B ⁴	31-Dec-2008	\$11.25	13,920	-	-	-	13,920
	8A	31-Dec-2009	\$7.79	11,786	-	-	-	11,786
	8B	31-Dec-2009	\$14.41	11,785	-	-	-	11,785
	10A	31-Dec-2010	\$5.01	-	17,075	-	-	17,075
	10B	31-Dec-2010	\$9.59	-	17,075	-	-	17,075

	Series	Performance period expiry date	Fair value per right at grant date	Balance at 1 January 2008	Granted during the year ¹	Vested ^{2,3}	Lapsed / forfeited	Balance at 31 December 2008
SCM Kelly	3A	31-Dec-2007	\$6.10	10,854	-	(4,518)	(6,336)	-
	3B	31-Dec-2007	\$6.10	10,853	-	(4,518)	(6,335)	-
	7A ⁴	31-Dec-2008	\$6.01	25,123	-	-	-	25,123
	7B ⁴	31-Dec-2008	\$11.25	25,122	-	-	-	25,122
	9A	31-Dec-2009	\$8.41	21,629	-	-	-	21,629
	9B	31-Dec-2009	\$15.25	21,628	-	-	-	21,628
	11A	31-Dec-2010	\$3.70	-	37,666	-	-	37,666
	11B	31-Dec-2010	\$7.09	-	37,666	-	-	37,666
IH Timmis	1B	31-Dec-2007	\$6.25	41,627	-	(41,627)	-	-
	6A ⁴	31-Dec-2008	\$6.01	16,838	-	-	-	16,838
	6B ⁴	31-Dec-2008	\$11.25	16,838	-	-	-	16,838
	8A	31-Dec-2009	\$7.79	13,536	-	-	-	13,536
	8B	31-Dec-2009	\$14.41	13,535	-	-	-	13,535
	10A	31-Dec-2010	\$5.01	-	22,309	-	-	22,309
	10B	31-Dec-2010	\$9.59	-	22,309	-	-	22,309
PN Oneile	4A	31-Dec-2007	\$6.10	34,172	-	(14,224)	(19,948)	-
	4B	31-Dec-2007	\$6.10	34,171	-	(14,224)	(19,947)	-
	7A	31-Dec-2008	\$8.18	99,001	-	-	(99,001)	-
	7B	31-Dec-2008	\$13.09	99,002	-	-	(99,002)	-
	9A	31-Dec-2009	\$8.41	89,859	-	-	(89,859)	-
	9B	31-Dec-2009	\$15.25	89,859	-	-	(89,859)	-
	11A	31-Dec-2010	\$3.70	-	139,721	-	(139,721)	-
	11B	31-Dec-2010	\$7.09	-	139,721	-	(139,721)	-
SJ Parker	1B	31-Dec-2007	\$6.25	38,165	-	(38,165)	-	-
	6A	31-Dec-2008	\$6.01	16,138	-	-	(16,138)	-
	6B	31-Dec-2008	\$11.25	16,137	-	-	(16,137)	-

	Series	Performance period expiry date	Fair value per right at grant date	Balance at 1 January 2008	Granted during the year ¹	Vested ^{2,3}	Lapsed / forfeited	Balance at 31 December 2008
	8A	31-Dec-2009	\$7.79	16,092	-	-	(16,092)	-
	8B	31-Dec-2009	\$14.41	16,092	-	-	(16,092)	-
	10A	31-Dec-2010	\$5.01	-	26,773	-	(26,773)	-
	10B	31-Dec-2010	\$9.59	-	26,773	-	(26,773)	-
BJ Yahl	1B	31-Dec-2007	\$6.25	30,000	-	(30,000)	-	-
	6A	31-Dec-2008	\$6.01	24,746	-	-	(24,746)	-
	6B	31-Dec-2008	\$11.25	24,746	-	-	(24,746)	-
	8A	31-Dec-2009	\$7.79	19,894	-	-	(19,894)	-
	8B	31-Dec-2009	\$14.41	19,893	-	-	(19,893)	-
	10A	31-Dec-2010	\$5.01	-	32,170	-	(32,170)	-
	10B	31-Dec-2010	\$9.59	-	32,170	-	(32,170)	-
TJ Parrott	8A	31-Dec-2009	\$7.79	22,306	-	-	(22,306)	-
	8B	31-Dec-2009	\$14.41	22,306	-	-	(22,306)	-
	10A	31-Dec-2010	\$5.01	-	34,216	-	(34,216)	-
	10B	31-Dec-2010	\$9.59	-	34,216	-	(34,216)	-

1. The value of the PSRs granted to Senior Executives during the year (including the aggregate value of PSRs granted) is set out in section 4.4 above. No options were granted during the year to any Senior Executive.
2. The value of each PSR on the date of vesting was \$10.60 being the closing price of the Company's shares on the ASX on the preceding trading day. The aggregate value of PSRs which vested during the year is \$2,671,370.
3. As the shares are immediately allocated on vesting of PSRs, there will be no instances where PSRs are vested and exercisable, or vested but not yet exercisable.
4. On 24 February 2009, the Board determined that the PSRs under Series 6A, 6B, 7A and 7B had not met the required performance criteria and therefore lapsed.

The following sets out details of the movement in executive Options during the year.

	Series	Expiry date	Exercise price ¹	Balance at 1 January 2009	Vested during the year	Exercised during the year	Balance at 31 December 2009	Fair value at exercise date \$
Former Executive Director – Cessation of office								
SCM Kelly	31C ²	1-Sep-2009	\$7.7016	125,000	-	-	-	-
	31D ⁴	1-Sep-2009	\$8.2016	125,000	-	-	-	-

The following sets out details of the movement in executive Options during the prior year.

	Series	Expiry date	Exercise price ¹	Balance at 1 January 2008	Vested during the year	Exercised during the year	Balance at 31 December 2008	Fair value at exercise date \$
Senior and Nominated Executives								
WP Jowett	28 ³	26-Aug-2008	\$1.3497	50,000	-	(50,000)	-	455,015
Former Senior Executives – Cessation of office								
GS Phillips	30 ³	3-Nov-2008	\$2.2177	50,000	-	(50,000)	-	214,615
SCM Kelly	29D ⁴	1-Sep-2008	\$2.9503	125,000	125,000	(125,000)	-	937,463
	31C ²	1-Sep-2009	\$7.7016	125,000	125,000	-	125,000	-
	31D ⁴	1-Sep-2009	\$8.2016	125,000	-	-	125,000	-
SJ Parker	28 ³	26-Aug-2008	\$1.3497	50,000	-	(50,000)	-	473,515

^{1.} The option exercise price has been adjusted for the 21 cent capital return paid in July 2005. Where Options were exercised prior to the capital return the exercise price was 21 cents higher than shown above.

^{2.} Options were exercisable 42 months after grant date. Tranche 31C was not exercised and the Options were allowed to lapse.

^{3.} Options are exercisable in four equal tranches at intervals of 18, 30, 42 and 54 months after the grant date.

^{4.} Options were exercisable 54 months after grant date. Tranche 31D did not meet the performance hurdles and the Options did not vest.

The following sets out details of the movement in shares held under the GESP during the year:

	Balance as at 1 January 2009	Shares issued/granted during the year	Shares vested / lapsed during the year	Balance as at 31 December 2009
CEO and Managing Director				
JR Odell	-	-	-	-
Executive KMP				
A Korsanos	157	265	-	422
WP Jowett	305	265	(79)	491
NR Khin*	305	265	(79)	491
TJ Croker	-	-	-	-
Nominated Executive				
AG Weston	-	-	-	-
Former Senior Executives – Cessation of office				
GS Phillips*	143	265	(74)	334
SCM Kelly	79	-	(79)	-
IH Timmis	305	-	(305)	-

* As overseas employees, NR Khin and GS Phillips were granted a contingent right to 265 shares each during the year in lieu of a share allocation under the GESP, subject to continued employment for a period of three years.

The following sets out details of the movement in shares held under the GESP during the prior year:

	Balance as at 1 January 2008	Shares issued/granted during the year	Shares vested / lapsed during the year	Balance as at 31 December 2008
Senior and Nominated Executives				
WP Jowett	237	157	(89)	305
NR Khin*	237	157	(89)	305
Former KMP – Continuing in office				
PK Kitchin	-	-	-	-
Former Senior and Nominated Executives – Cessation of office				
GS Phillips	143	-	-	143
SCM Kelly	168	-	(89)	79
IH Timmis	237	157	(89)	305
PN Oneile	-	-	-	-
SJ Parker	237	157	(394)	-
TJ Parrott*	69	157	(226)	-
BJ Yahl	237	157	(394)	-

* As overseas employees, NR Khin and TJ Parrott were granted a contingent right to 157 shares each during the year in lieu of a share allocation under the GESP, subject to continued employment for a period of three years.

5 Shareholdings

5.1 Movement in shares

The number of shares (excluding those unvested under the GESP and the LTI program) in the Company held during the year ended 31 December 2009, and the comparative year by each Non-Executive Director and Senior Executive, including their personally related entities, are set out below.

No amounts are unpaid on any of the shares issued. Where shares are held by the Director or Senior Executive and any entity under the joint or several control of the Director or Senior Executive they are shown as 'beneficially held'. Shares held by those who are defined by AASB 124 *Related Party Disclosures* as close members of the family of the Director or Senior Executive are shown as 'non-beneficially held'.

The following sets out details of the movement in shares in the Company held by Directors and Senior Executives during the year:

	Type	Balance as at 1 January 2009	Options exercised, performance shares and GESP shares vested	Other net changes during the year	Balance as at 31 December 2009*
Non-Executive Directors					
DJ Simpson	Beneficially held	113,000	-	7,150	120,150
	Non-beneficially held	-	-	-	-
WM Baker	Beneficially held	4,700	-	-	4,700
	Non-beneficially held	-	-	-	-
RA Davis	Beneficially held	10,685	-	9,616	20,301
	Non-beneficially held	-	-	-	-
RV Dubs	Beneficially held	-	-	-	-
	Non-beneficially held	-	-	-	-
P Morris	Beneficially held	19,876	-	20,663	40,539
	Non-beneficially held	12,560	-	(1,173)	11,387
SAM Pitkin	Beneficially held	2,196	-	-	2,196
	Non-beneficially held	14,600	-	-	14,600
Non-Executive Directors (elect)					
ID Blackburne	Beneficially held	-	-	5,000	5,000
	Non-beneficially held	-	-	-	-

	Type	Balance as at 1 January 2009	Options exercised, performance shares and GESP shares vested	Other net changes during the year	Balance as at 31 December 2009*
CEO and Managing Director					
JR Odell	Beneficially held	-	-	-	-
	Non-beneficially held	-	-	64,457	64,457
Executive KMP					
A Korsanos	Beneficially held	-	-	2,308	2,308
	Non-beneficially held	-	-	-	-
WP Jowett	Beneficially held	361,482	79	-	361,561
	Non-beneficially held	40,800	-	-	40,800
NR Khin	Beneficially held	1,117	79	-	1,196
	Non-beneficially held	-	-	-	-
TJ Croker	Beneficially held	-	-	-	-
	Non-beneficially held	-	-	-	-
Nominated Executive					
AG Weston	Beneficially held	-	-	-	-
	Non-beneficially held	-	-	-	-
Former Senior Executives – Cessation of office					
GS Phillips	Beneficially held	147,946	74	-	148,020
	Non-beneficially held	-	-	-	-
SCM Kelly	Beneficially held	709,467	-	(506,311)	203,156
	Non-beneficially held	-	-	-	-
IH Timmis	Beneficially held	352	-	-	352
	Non-beneficially held	10,000	-	-	10,000

* Where applicable, the balance disclosed is the balance of shareholding as at the date of cessation of the employment.

The following sets out details of the movement in shares in the Company held by the Non-Executive Directors and the Senior Executives during the prior year:


	Type	Balance as at 1 January 2008	Options exercised, performance shares and GESP shares vested	Other net changes during the year	Balance as at 31 December 2008
Non-Executive Directors					
DJ Simpson	Beneficially held	106,000	-	7,000	113,000
	Non-beneficially held	-	-	-	-
WM Baker	Beneficially held	4,700	-	-	4,700
	Non-beneficially held	-	-	-	-
RA Davis	Beneficially held	6,654	-	4,031	10,685
	Non-beneficially held	-	-	-	-
P Morris	Beneficially held	9,488	-	10,388	19,876
	Non-beneficially held	12,560	-	-	12,560
SAM Pitkin	Beneficially held	2,061	-	135	2,196
	Non-beneficially held	11,100	-	3,500	14,600
Former Non-Executive Directors					
AW Steelman	Beneficially held	22,834	-	-	22,834
	Non-beneficially held	4,505	-	-	4,505
Former KMP – Continuing in office					
PK Kitchin	Beneficially held	-	-	2,000	2,000
	Non-beneficially held	-	-	-	-
Former Senior Executives – Cessation of office					
GS Phillips	Beneficially held	125,913	91,572	(69,539)	147,946
	Non-beneficially held	-	-	-	-
IH Timmis	Beneficially held	263	41,717	(41,628)	352
	Non-beneficially held	-	-	10,000	10,000
SCM Kelly	Beneficially held	700,431	134,036	(125,000)	709,467
	Non-beneficially held	-	-	-	-
PN Oneile	Beneficially held	380,000	28,448	(25,000)	383,448
	Non-beneficially held	6,000	4,000	-	10,000
SJ Parker	Beneficially held	169,028	88,558	(112,000)	145,586
	Non-beneficially held	-	-	-	-
BJ Yahl	Beneficially held	30,000	30,394	(60,394)	-
	Non-beneficially held	-	-	-	-

Auditor's Independence Declaration

As lead auditor for the audit of Aristocrat Leisure Limited for the year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Aristocrat Leisure Limited and the entities it controlled during the period.



R L Gavin
Partner
PricewaterhouseCoopers

Sydney
23 February 2010