



Dear shareholder

2009 ANNUAL GENERAL MEETING

I have pleasure in inviting you to our Annual General Meeting (Meeting) for 2009, a notice of which is attached.

The Meeting will again be held in the Marble Room at the Radisson Plaza Hotel, 27 O'Connell Street, Sydney on Tuesday 21 April 2009 commencing at 10.00am.

If you would like to attend the Meeting, please bring the attached proxy form with you as the barcode printed on it will assist registration and admission.

If you cannot attend but wish to appoint a proxy, please complete the attached proxy form and return this to our share registry, Registries Limited, so that it is received prior to 10.00am on Sunday 19 April 2009. Details of how to complete and submit the proxy form are included on the proxy form.

Overview

2008 was a year of deteriorating economic and market conditions. Compounding this effect was the slow roll out and approval of the new *Viridian*TM cabinet and *Gen7*TM platform and the library of new games essential to their performance. While difficult market and economic conditions are expected to continue throughout 2009, the Company should benefit from the greater availability of the *Viridian*TM cabinet and *Gen7*TM platform, and an increasing library of new games in key jurisdictions for much of the year.

Results

Net profit after tax and minorities before one-off items of \$140.3 million, represents a 43.2% decrease on the prior year, reflecting both the difficult overall market and poor performance in the major markets of Australia and North America. The Group's third largest region, Japan, delivered significant growth, a strong turnaround from the prior two years. The lack of new venue openings in the Asia-Pacific region was also a key contributor to the decline in earnings, having been the fastest growth region in 2007. The decline in profit after tax has resulted in basic and fully diluted earnings per share before one-off items falling by 22.3 cents (down 42.2%) to 30.5 cents.

Focus

The Company remained focussed on the future and, despite the challenges of last year, increased its investment in research and development with expenditure rising 12.5%, all of which was fully charged against profit. This expenditure was broadly spread across the Company's existing and future product lines, with key projects including the new stepper product, the *Viridian*TM cabinet, enhancements to the *Gen7*TM platform and the provision of new games for this platform, server based gaming initiatives, enhanced systems capability and products directed at new and emerging markets.

Capital management

During the first half of 2008, the Company continued to execute its capital management initiatives as announced in August 2007. However during the second half, we have progressively scaled back execution of the capital management strategy, including suspending the on-market share buy back program. We also intend to suspend further supplementary dividend payments.

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In early February, we rolled over our annual short-term bank facilities, however the overall size of these facilities was revised down. We continue however to retain significant headroom in our facilities and it is our intention to continue to operate the Company at conservative debt coverage ratios, well within those considered consistent with our BBB minus (BBB-) investment grade credit rating.

We will seek to retain ample financial flexibility to meet day-to-day operational requirements and to deal with any strategic opportunities which might present themselves from time to time.

Dividends

Total dividends declared in respect of the 2008 year amount to 36 cents per share, with average franking of 66.7%. This represents a 26.5% reduction on the total dividend payout of 49 cents in 2007. Excluding supplementary dividends, the payout ratio for the 2008 year is 77.5%, fully franked.

Corporate governance

The Company continues to have a strong and independent Board which is engaged and questioning, with the focus on those areas that are considered important to stakeholders: strategy, risk management and people. Corporate governance remains a standing item at every Board meeting of the Company and all Board members are encouraged to contribute.

Directors

During 2008, Non-Executive Director Mr Alan Steelman retired after serving on the Board for 10 years and I would like to thank Alan for his contribution over that time. On 22 December 2008, the Board announced the nomination of Dr Rosalind Dubs as a Non-Executive Director subject to regulatory approval. Dr Dubs has extensive experience in the areas of innovation, technology and research and development. The Board is delighted that Dr Dubs has agreed to join the Board, and is confident that Dr Dubs' experience and qualifications will make a significant contribution to the Company's future.

Management and people

The Board works closely with management and both are committed to delivering sustainable and competitive returns to shareholders. Effective 1 February 2009, the Board appointed Mr Jamie Odell as Chief Executive Officer and Managing Director subject to regulatory approval. Jamie is an experienced executive from a consumer oriented industry, who has quickly developed knowledge of the Company and the gaming industry, and will provide inspired leadership to the Company going forward.

I look forward to seeing you at the Annual General Meeting on Tuesday 21 April 2009.

Yours faithfully



David Simpson
Chairman