

ALUMINA LIMITED  
NOTICE OF ANNUAL GENERAL MEETING



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Notice is hereby given that the fortieth Annual General Meeting of Alumina Limited will be held in the Auditorium, Melbourne Exhibition Centre, 2 Clarendon Street, Southbank, Victoria, Australia at 9.30am on Friday, 7 May 2010.

## 1. Financial and Other Reports

To receive and consider the Financial Report and the Reports of the Directors and of the Auditor for the year ended 31 December 2009.

## 2. Remuneration Report

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

“That the Remuneration Report for the year ended 31 December 2009 is adopted.”

*Note – the vote on this resolution is advisory only and does not bind the Directors or the Company.*

## 3. Election of Directors

To re-elect Mr Peter A F Hay as a Director.

Mr Hay retires in accordance with the Company’s Constitution. Being eligible, Mr Hay offers himself for re election as a Director.

## 4. Grant of Performance Rights to Chief Executive Officer

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

“That approval is given for all purposes under the *Corporations Act 2001* (Cth) for the grant to Mr John Bevan, Chief Executive Officer of the Company, of rights to acquire ordinary shares in the capital of the Company in accordance with the terms contained in the Company’s Long Term Incentive Plan, as more fully described in the Explanatory Notes to the Notice convening this meeting.”

*The Company will disregard any votes cast on this resolution by Mr Bevan or an associate of him. However, the Company need not disregard a vote if:*

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

## 5. Other Business

To transact any other business that may be legally brought forward.

By Order of the Board

Stephen C Foster  
Company Secretary

Melbourne, Australia  
30 March 2010

# EXPLANATORY NOTES

## Item 2: Remuneration Report

The *Corporations Act 2001* (Cth) requires listed companies to provide information regarding the remuneration of Directors and senior executives in a Remuneration Report, which forms part of the annual Directors' Report.

The Company's Remuneration Report for the year ended 31 December 2009 is set out on pages 25 to 40 of the 2009 Annual Report and is also available on Alumina's website at [www.aluminalimited.com](http://www.aluminalimited.com)

The Remuneration Report includes an explanation of the Company's remuneration policy and the remuneration arrangements in place for Directors and certain senior executives whose remuneration arrangements are required by law to be disclosed.

As required by the *Corporations Act 2001* (Cth), a non binding resolution to adopt the Remuneration Report is to be put to shareholders at the meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company.

The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

## Item 3: Election of Director

### Peter A F Hay

Independent Non-Executive Director, Aged 59

In accordance with the Company's Constitution and the Australian Securities Exchange Listing Rules, Mr Peter A F Hay is to retire at the meeting.

In accordance with the Company's Constitution, Mr Hay is eligible for re-election and has submitted himself for re-election at the meeting.

The personal particulars of Mr Hay are set out as follows.

Mr Hay was elected as a Director of the Company from the time of the demerger of WMC Limited, and has been a Director since that time. Mr Hay is Chairman of the Advisory Board of Lazard in Australia and a Director of Australia and New Zealand Banking Group Limited, GUD Holdings Limited, NBN Co Limited and Myer Holdings Ltd, and he is a former Chief Executive Officer of the law firm Freehills.

The Directors (other than Mr Hay) unanimously recommend that shareholders vote in favour of the resolution to re-elect Mr Hay. Mr Hay makes no recommendation.

## Item 4: Grant of Performance Rights to Chief Executive Officer (Long Term Incentive Plan)

Item 4 relates to the proposed participation of the Chief Executive Officer, Mr John Bevan, in the Company's Long Term Incentive Plan (LTI) for the 2010 financial year, as part of his remuneration by the Company.

### (a) Background

As part of Mr Bevan's remuneration package, the Company has, subject to obtaining the necessary shareholder approval – invited Mr Bevan to participate in the LTI, pursuant to which Performance Rights may be issued to him. Performance Rights are conditional rights to acquire ordinary shares in the Company. Under the Company's Remuneration Policy, all executive employees are required to receive a portion of their overall remuneration in the form of variable or "at risk" remuneration. In addition to a short-term incentive component, this portion of "at risk" remuneration consists of a long-term incentive component, or "LTI". The Board considers that the proposed issue of Performance Rights for 2010 to Mr Bevan is an important component of his overall remuneration package. His participation is designed to provide him with an incentive to strive for high performance personally and at a Company level, and to align his remuneration over an extended period with the financial interests of shareholders.

The Performance Rights to be issued to Mr Bevan for 2010 will be on the same terms as those applicable to all other participants in the LTI.

While the ASX Listing Rules do not require the Company to obtain the approval of shareholders for the participation of Mr Bevan in the LTI, the Board considers that it is appropriate from a governance perspective for such participation to be subject to approval.

### (b) Date the Performance Rights will be provided

If approved by shareholders, the Performance Rights will be issued to Mr Bevan as soon as practicable after the meeting.

### (c) Maximum number of Performance Rights to be provided

In the case of the Chief Executive Officer, the Company's Remuneration Policy requires that the LTI component of annual remuneration be equivalent in value to a maximum of 50 per cent of his fixed remuneration.

The number of Performance Rights to be issued to Mr Bevan (being 312,900) has been determined by dividing \$510,000 (being 50 per cent of the amount of Mr Bevan's fixed remuneration for 2010) by the volume weighted average sale price of ordinary shares in the Company on the Australian Securities Exchange in the twenty trading days up to and including the date the Board determined to offer the Performance Rights to Mr Bevan (subject to shareholder approval being obtained).

### (d) LTI performance condition

The number of those Performance Rights in the award to be made to Mr Bevan (subject to shareholder approval being obtained) that will vest will be determined in accordance with the vesting conditions applicable to the award, as outlined below.

The Performance Rights to be issued to Mr Bevan may vest at the expiry of a 3 year period in December 2012, with a potential vesting during a further 12 month period in which two retests are undertaken (the **Vesting Period**), subject to the satisfaction of the performance hurdles described below. Any Performance Rights that have not vested at the end of the Vesting Period will expire. Following each test date (as described below), the Company will issue a vesting notice to Mr Bevan notifying him of the percentage of his Performance Rights that have vested (if any).

The performance hurdle that will apply in respect of the grant of the Performance Rights to Mr Bevan is relative Total Shareholder Return (TSR).

Two comparator group tests are applied to determine the number of Performance Rights that may vest under the LTI, with each accounting for 50 per cent of the maximum possible vesting of Performance Rights under the LTI (i.e. the Performance Rights are divided into two equal tranches with performance testing applied by reference to different comparator groups). The performance tests compare the Company's TSR performance with the TSR performance of each of the entities in the comparator group applicable to a tranche of Performance Rights over the performance period of three years and a further 12 month period.

The methodology used for each comparator group is identical. The performance tests are defined as follows.

The comparator groups are respectively a group of 100 Australian-listed entities and a group of 30 international metals and mining entities listed on stock exchanges inside and outside Australia (as applicable).

Under the performance tests, the TSR for each entity in the comparator groups and for the Company is calculated and the entities (or securities, as appropriate) in each comparator group are then ranked by TSR performance. The number of Performance Rights that vest in the tranche relating to a particular comparator group is then determined according to the scale below.

ALUMINA LIMITED TSR COMPARED TO MEDIAN OF RELEVANT COMPARATOR GROUP	VESTING OF TRANCHE
If the Company's TSR is less than the TSR of the company at the 50th percentile of the comparator group, ranked by TSR performance	0 per cent
If the Company's TSR is equal to the TSR of the company at the 50th percentile of the comparator group, ranked by TSR performance*	50 per cent
If the Company's TSR is equal to or greater than the TSR of the company at the 75th Percentile of the comparator group, ranked by TSR performance*	100 per cent

\* If the Company's TSR performance is between that of the entities (or securities, as appropriate) at the median (i.e. the 50th percentile) and the 75th percentile of the relevant comparator group ranked by TSR performance, the number of Performance Rights in a tranche that vest will increase by 2 per cent for each 1 per cent by which the Company's percentile ranking is higher than the 50th percentile.

#### (e) Testing period for TSR

If less than 100 per cent of the Performance Rights in a tranche vest when tested at the expiry of the initial three year period, a further 2 tests are conducted (as required) at two 6 monthly intervals after the initial test.

The number of Performance Rights of the retested portion that vest will be determined according to the Company's relative TSR performance over the period from the commencement of the performance period to the relevant six monthly retest date, according to the same scale used at the initial test.

Performance Rights that are unvested will generally lapse on cessation of employment.

#### (f) Price of the Performance Rights

No amount is payable on the grant of an award of Performance Rights under the LTI.

If the applicable vesting conditions are met, and Mr Bevan wishes to exercise any Performance Rights granted to him, he will be entitled to receive one fully paid ordinary share in the Company in respect of each vested Performance Right.

Where Performance Rights vest under the LTI, Mr Bevan's right to acquire a share in respect of each Performance Right will be satisfied by the Company acquiring existing shares on-market on behalf of Mr Bevan and transferring them to him.

#### (g) Exercise and lapse of Performance Rights

On the vesting of Performance Rights, Mr Bevan will acquire fully paid ordinary shares in the Company and will receive full voting and dividend rights corresponding to the rights of all other holders of ordinary shares in the Company.

Performance Rights that have not vested by the end of the Vesting Period will expire.

Termination of the employment of Mr Bevan does not have any impact on vested Performance Rights.

In the event of Mr Bevan's employment ceasing for any reason, unvested Performance Rights will lapse unless otherwise determined by the Board.

In the event of a change in control of the Company, the outstanding Performance Rights for which performance hurdles are met at that time will vest to Mr Bevan. A change of control will generally occur upon an entity acquiring unconditionally more than 50 per cent of the issued shares of the Company.

#### (h) Other matters

There are no loans to be granted by the Company to Mr Bevan in relation to the acquisition of the Performance Rights.

#### (i) Recommendation

The Directors (other than Mr Bevan) unanimously recommend that shareholders vote in favour of the resolution proposed on item 4. Mr Bevan makes no recommendation.

#### Entitlement to vote

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Company has determined that, for the purposes of the meeting, all shares in the Company will be taken to be held by the persons who held them as registered members at 7pm (Melbourne time) on 5 May 2010. All holders of ordinary shares in the Company at that time are entitled to vote at the meeting.

#### Voting

Members entitled to vote at the meeting can vote in any of the following ways:

- *by attending the meeting and voting in person or, in the case of corporate shareholders, by corporate representative; or*
- *by appointing an attorney to attend and vote on their behalf; or*
- *by appointing a proxy to attend and vote on their behalf, using the proxy form accompanying this Notice.*

#### Voting in person or by corporate representative

Members entitled to vote who plan to attend the meeting are asked to arrive at the venue 30 minutes prior to the time designated for the meeting, if possible, so that the Company may check their shareholding against the Company's share register and note attendances.

In order to vote in person at the meeting, a corporation which is a member may appoint an individual to act as its representative. The appointment must comply with the requirements of section 250D of the *Corporations Act 2001* (Cth), meaning that the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the *Corporations Act 2001* (Cth). The Certificate must be lodged with the Company before the meeting or at the registration desk on the day of the meeting. The Certificate will be retained by the Company.

If a Certificate is completed by an individual or a corporation under Power of Attorney, the Power of Attorney under which the Certificate is signed, or a certified copy of that Power of Attorney, must accompany the completed Certificate unless the Power of Attorney has previously been noted by the Company.

## Voting by attorney

A member entitled to attend and vote at the meeting is entitled to appoint an attorney to attend the meeting on the member's behalf. Each attorney will have the right to vote on a poll and also to speak at the meeting.

An attorney need not be a member of the Company.

The Power of Attorney appointing the attorney must be duly executed and specify the name of each of the member, the Company and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

To be effective, the Power of Attorney must also be received by the Company or the Share Registry in the same manner, and by the same time, as outlined below for proxy forms.

## Voting by proxy

A member entitled to attend and vote at the meeting is entitled to appoint one or two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.

A proxy need not be a member of the Company, and may be an individual or a body corporate. If a body corporate is appointed as a proxy, it must ensure that it appoints a corporate representative, in the same manner as outlined above in relation to appointments by members, in order to exercise its powers as proxy at the meeting.

A member wishing to appoint a proxy should use the form provided. If a member wishes to appoint two proxies, a request should be made to the Company's Share Registry for an additional proxy form. Alternatively, proxy forms may be obtained by printing them off the Company's website at [www.aluminalimited.com](http://www.aluminalimited.com). Replacement proxy forms can also be requested from the Share Registry.

Where two proxies are appointed, neither proxy may vote on a show of hands and, for the appointments to be effective, each proxy should be appointed to represent a specified proportion of the member's voting rights. If the proxy appointments do not specify the proportion of the member's voting rights that each proxy may exercise, each proxy may exercise half of the member's votes.

If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as that person thinks fit.

If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the member's behalf on a show of hands or on a poll, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

Members who return their proxy forms but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with the directions on the proxy form. Proxy appointments in favour of the Chairman of the meeting or any Director or the secretary of the Company which do not contain a direction will be used to vote in favour of the resolutions to be proposed at the meeting.

To be effective, proxy forms must be received, by post or by facsimile, at either the registered office of the Company, or at the Company's Share Registry at:

## Alumina Limited Share Registry

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne, Victoria, 3001,  
Australia

Facsimile: (outside Australia)  
+61 (0)3 9473 2555  
(within Australia) 1800 783 447  
by 9.30am (Melbourne time) on  
Wednesday, 5 May 2010.

Proxy forms received after this time will be invalid.

The instrument appointing a proxy is required to be in writing under the hand of the appointor or of that person's attorney and, if the appointor is a corporation, in accordance with the *Corporations Act 2001* (Cth) or under the hand of an authorised officer or attorney. Where two or more persons are registered as a member, each person must sign the proxy form.

If a proxy form is completed by an individual or a corporation under Power of Attorney, the Power of Attorney under which the form is signed, or a certified copy of that Power of Attorney, must accompany the completed proxy form unless the Power of Attorney has previously been noted by the Company.

## Shareholders' questions to the Auditor

Shareholders may submit written questions to PricewaterhouseCoopers (PwC) to be answered at the meeting, provided the question is relevant to the content of PwC's audit report or the conduct of its audit of the Company's financial report for the year ended 31 December 2009.

Written questions must be received no later than 5.00pm (Melbourne time) on Friday, 30 April 2010. A list of qualifying questions will be made available to shareholders attending the meeting.

Any written questions to PwC should be sent to:

- *Computershare Investor Services Pty Ltd at the address on the enclosed reply paid envelope;*
- *To the Company's registered office – Level 12, 60 City Road, Southbank, Victoria, 3006;*
- *By facsimile to +61 (0)3 8699 2699; or*
- *By email to [judith.downes@aluminalimited.com](mailto:judith.downes@aluminalimited.com)*

To respect the privacy of individual shareholders attending the meeting, photographs, video recording or audio recording of the meeting is not permitted.

## CONTACT DETAILS

Computershare Investor Services Pty Limited  
Yarra Falls 452 Johnston Street  
Abbotsford, Victoria, 3067, Australia

Telephone: +61 (0)3 9415 4027  
or 1300 556 050 (for callers within Australia)

Facsimile: +61 (0)3 9473 2555  
or 1800 783 447 (for callers within Australia)

Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)

## ALUMINA LIMITED

ABN 85 004 820 419

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