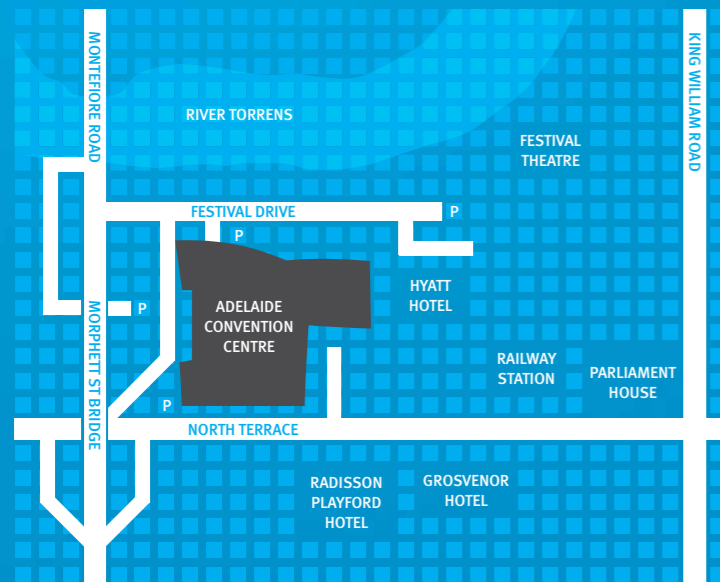


# Notice of 2005 Annual General Meeting



AGM LOCATION  
Adelaide Convention Centre  
North Terrace, Adelaide, South Australia



Australia and New Zealand Banking Group Limited ABN 11 005 357 522

# NOTICE OF 2005 ANNUAL GENERAL MEETING

Notice is given that the thirty seventh Annual General Meeting of Australia and New Zealand Banking Group Limited will be held at the Adelaide Convention Centre, North Terrace, Adelaide, South Australia on Friday, 16 December 2005 at 10.00am (Adelaide time).

## ORDINARY BUSINESS

### 1 ANNUAL REPORTS

To consider the Concise Annual Report, Financial Report and the Reports of the Directors and of the Auditors for the year ended 30 September 2005.

### 2 ADOPTION OF THE REMUNERATION REPORT

To adopt the Remuneration Report for the year ended 30 September 2005.

The vote on this resolution is advisory only.

### 3 RE-ELECTION OF DIRECTORS

#### a) To re-elect a Director – Dr R.S. Deane

Dr Deane retires in accordance with the Company's Constitution, and being eligible, offers himself for re-election.

#### b) To re-elect a Director – Mr D.M. Gonski AO

Mr Gonski retires in accordance with the Company's Constitution, and being eligible, offers himself for re-election.

#### c) To re-elect a Director – Mr C.B. Goode AC

Mr Goode retires in accordance with the Company's Constitution, and being eligible, offers himself for re-election.

## OTHER BUSINESS

### 4 MODIFICATION OF THE CONSTITUTION

To consider and, if thought fit, to pass the following as a special resolution:

"That the Company's Constitution be altered by making the amendments contained in the document tabled at the 2005 Annual General Meeting and signed by the Chairman for the purposes of identification."

### 5 AMENDMENTS TO THE DIRECTOR'S ACCESS, INSURANCE AND INDEMNITY DEED

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

"That:

a) approval is given to the Company to enter into the Director's Access, Insurance and Indemnity Deed between the Company and each current and future Director of the Company in substantially the same form as that which is submitted to the 2005 Annual General Meeting, and signed by the Chairman for the purposes of identification, and to the Company providing the benefits in accordance with the Deed to current and future Directors; and

b) any Director and Secretary of the Company be authorised to execute on behalf of the Company, Director's Access, Insurance and Indemnity Deeds."

### 6 CHANGES TO NON-EXECUTIVE DIRECTORS' RETIREMENT SCHEME

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

"That, due to the Company's existing Directors' Retirement Scheme being discontinued with effect on and from 1 October 2005, approval for all purposes is given to:

a) the amendment to the Directors' Retirement Scheme as described in the Notice of 2005 Annual General Meeting; and

b) the acquisition of an interest in fully paid ordinary shares in the Company by or on behalf of the Non-executive Directors specified in the Explanatory Notes, who would otherwise have become entitled to a payment on retirement under the Directors' Retirement Scheme."

### 7 INCREASE IN NON-EXECUTIVE DIRECTORS' FEE CAP

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

"That the maximum annual aggregate of remuneration (within the meaning of the Company's Constitution) that Non-executive Directors are entitled to be paid for their services as Directors out of the funds of the Company under rule 10.2(a) of the Constitution be increased by A\$500,000 and fixed at A\$3,000,000."

### ENTITLEMENT TO ATTEND AND VOTE

The Board has determined that, for the purposes of the Meeting (including voting at the Meeting), members are those persons who are the registered holders of shares at 6.30pm (Adelaide time) on Wednesday, 14 December 2005.

### VOTING BY PROXY

A member who is entitled to attend and cast a vote at the Meeting may appoint a proxy.

A proxy need not be a member. A person can appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, it must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Meeting.

A member who is entitled to cast 2 or more votes may appoint up to 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

The following addresses are specified for the purposes of receipt of proxy appointments and any authorities under which proxy appointments are signed (or certified copies of those authorities):

#### Australia

ANZ Share Registry  
GPO Box 242  
Melbourne  
Victoria 3001  
Australia

ANZ Share Registry  
Yarra Falls  
452 Johnston Street  
Abbotsford  
Victoria 3067  
Australia

#### United Kingdom

ANZ Share Registry  
PO Box 82  
The Pavilions  
Bridgewater Road  
Bristol BS99 7NH  
United Kingdom

#### New Zealand

ANZ Share Registry  
Private Bag 92119  
Auckland 1020  
New Zealand

Proxy appointments and any authorities under which they are signed (or certified copies of those authorities) may be sent by fax to facsimile number (61 3) 9473 2555.

Members may also submit their proxy instructions electronically with the ANZ Share Registry by visiting the Company's website [www.anz.com](http://www.anz.com) and clicking on the following links: shareholders (top of page) > Annual General Meeting (left hand side) > Electronic Proxy Form (body of text).

To be effective, a proxy appointment and, if the proxy appointment is signed by the member's attorney, the authority under which the appointment is signed (or a certified copy of the authority) must be received by the Company at least 48 hours before the Meeting.

For more information concerning the appointment of proxies and the addresses to which proxy forms may be sent, please refer to the reverse side of the proxy form.

### VOTING BY ATTORNEY


A member may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or one of the addresses listed above for the receipt of proxy appointments at least 48 hours before the Meeting.

### CORPORATE REPRESENTATIVES

A body corporate which is a member, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the

Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

By Order of the Board



Tim L'Estrange  
Secretary  
Melbourne  
16 November 2005

## EXPLANATORY NOTES

### ITEM 2 ADOPTION OF THE REMUNERATION REPORT

As required by the Corporations Act, the Board is presenting the Remuneration Report to the members for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about Board policy for determining the nature and amount of remuneration of the Company's Directors and senior executives;
- a description of the relationship between the remuneration policy and the Company's performance;
- a detailed summary of performance conditions, including a summary of why they were chosen and how performance is measured against them; and
- remuneration details for each Director and for each of the Company's specified executives.

The Remuneration Report, which is part of the 2005 Concise Annual Report, has been sent to members (except those who have made an election to not receive the Concise Annual Report). Copies of the Remuneration Report are available by contacting the ANZ Share Registry or by visiting the Company's website [www.anz.com](http://www.anz.com) and clicking on the following links: shareholders (top of page) > Annual General Meeting (left hand side) > Concise Annual Report 2005 / Part 2 of 2 / Concise Report (body of text).

#### Board Recommendation

The Board considers that the remuneration policies adopted by the Company are appropriately structured to provide rewards that are commensurate with the performance of the Company. On this basis, the Board recommends that members vote in favour of Item 2.

### ITEM 3 RE-ELECTION OF DIRECTORS

Dr Deane, Mr Gonski and Mr Goode retire by rotation. Each of these Directors offers themselves for re-election.

Candidates for re-election as Directors:

#### Dr Deane

DR R S DEANE  
PHD, B Com (HONS), FCA, FCIS, FNZIM

Company Director  
Independent Non-executive Director,  
first appointed in September 1994.

Dr Deane is a member of the Compensation & Human Resources Committee and the Technology Committee. He is Chairman of ANZ National Bank Limited, Fletcher Building Limited and Telecom Corporation of New Zealand Limited, and a Director of Woolworths Limited. Dr Deane is also Chairman of Te Papa Tongarewa (Museum of New Zealand) and New Zealand Seed Fund Management Limited, and is a former Director of TransAlta Corporation (Canada) and former Deputy Governor of the Reserve Bank of New Zealand.

Lives in Wellington, New Zealand. Age: 64.

Dr Deane has skills and experience across a variety of sectors including the government, banking and finance, economics, and telecommunications, and also with charitable and cultural organisations, which contribute to his role on the Board.

#### Mr Gonski AO

MR D M GONSKI, AO  
B Com, LLB, S.I.A. (AFF), FAICD, FCPA

Company Director  
Independent Non-executive Director,  
first appointed in February 2002.

Mr Gonski is Chairman of the Nominations, Governance & Corporate Responsibility Committee and a member of the Risk Management Committee. He is Chairman of Coca Cola Amatil Limited and a Director of The Westfield Group. Mr Gonski is also Chancellor of the University of New South Wales, Chairman of the Investec Group in Australia, the Australia Council for the Arts and the Sydney Grammar School Trust, and President of the Board of Trustees of Art Gallery of NSW. He is a former Director of John Fairfax Holdings Limited, and a former Chairman of Morgan Stanley Australia Limited and the National Institute of Dramatic Art.

Lives in Sydney. Age: 52.

A lawyer, Mr Gonski has a broad experience across business, the law and investment banking. He also brings to his role on the Board an appreciation for the community through his work in the arts and the not-for-profit sector.

#### Mr Goode AC

MR C B GOODE, AC  
B COM (HONS) (MELB), MBA (COLUMBIA UNIVERSITY, NEW YORK), HON LLD (MELB), HON LLD (MONASH)

Company Director  
Independent Non-executive Director, first appointed in July 1991 and Chairman since August 1995.

Mr Goode is an ex officio member of all Board Committees. He is Chairman of Woodside Petroleum Limited, Australian United Investment Company Limited and Diversified United Investment Limited, and a Director of Singapore Airlines Limited. He is also Chairman of The Ian Potter Foundation Limited.

Lives in Melbourne. Age: 67.

Mr Goode has a background in the finance industry and has been a professional non-executive director since 1989. He brings a wide a range of skills and significant experience of the finance industry to his role as Chairman of the Board.

#### Board Recommendation

The Board (excluding the relevant Director standing for re-election) endorses the re-election of each of Dr Deane and Messrs Gonski and Goode as a Director, as the case may be.

#### ITEM 4 MODIFICATION OF THE CONSTITUTION

The Company's current Constitution was adopted by members at the 1999 Annual General Meeting and most recently amended at the General Meeting on 13 August 2003. Since that time there have been a number of regulatory changes relevant to the Constitution, including changes to the Corporations Act and the ASX Listing Rules. Additionally, there have been changes in corporate governance practices. Accordingly, the Board considers that it is appropriate for the Company to take this opportunity to update the Company's Constitution to reflect these and other recommended changes.

A copy of the Constitution, marked-up to show the proposed amendments, can be obtained prior to the Meeting from the Company's website [www.anz.com](http://www.anz.com) by clicking on the following links: [shareholders \(top of page\)](#) > [Annual General Meeting \(left hand side\)](#) > [Constitution – Proposed Amendments \(body of text\)](#), or by contacting the ANZ Share Registry on 1800 11 33 99 (within Australia),

0800 174 007 (within New Zealand), 0870 702 0000 (within the United Kingdom) or 61 3 9415 4010 (outside Australia). A copy of the proposed amended Constitution will also be available for inspection at the Annual General Meeting.

The principal proposed amendments to the Constitution are summarised below.

#### Terminology

As a result of the Corporations Law being replaced by the Corporations Act, and the SCH Business Rules being replaced by the ASTC Settlement Rules, a number of the definitions used in the Constitution are outdated. The proposed amendments will update relevant definitions to reflect the changes in terminology in the Corporations Act, the ASX Listing Rules and the ASTC Settlement Rules.

For example, in rule 1.2 the definitions of "ASTC", "ASTC Settlement Rules" and "Corporations Act" are introduced into the Constitution. The definitions of "SCH business rules", "Law" and "Market Transfer" are deleted.

#### Directors' Share Qualification

It is proposed that the existing rule 3.2 be deleted, removing the requirement for Directors to hold a minimum of 2,000 ANZ shares. Related rule 3.9(f) would also be deleted. (Rule 3.9(f) currently provides that the office of a Director automatically becomes vacant if the Director ceases to hold the share qualification required by rule 3.2.)

Removal of rule 3.2 is proposed because a requirement for a 2,000 share holding qualification before a person can become a Director is considered inappropriate bearing in mind the Board's policy that Non-executive Directors accumulate over time a holding in shares in the Company that is equivalent in value to at least 100% of a Non-executive Director's base fee (200% in the case of the Chairman).

As a result of the deletion of rule 3.2, rules 3.3 to 3.11 (and any references to them in the Constitution) would be renumbered. For convenience, references in these Explanatory Notes are to rules 3.3 to 3.11 before being renumbered.

#### Rotation of Directors

Existing rule 3.6 provides that one third of the Directors (who have not been appointed to fill a casual vacancy) are required to retire by rotation each year. This rule has the practical effect that from time to time Directors are being required to retire by rotation at intervals of less than 3 years. It is proposed that rule 3.6 be amended to remove the requirement for one third of the Directors to retire at each annual general

meeting. The requirement for a Director to retire at the third annual general meeting after the Director was elected or last re-elected will be retained, which is consistent with ASX Listing Rule 14.4. A Director who retires will be eligible to stand for re-election.

Rule 3.6 will also require that an election of Directors must be held at each annual general meeting, in accordance with ASX Listing Rule 14.5. If an election is not scheduled to occur under rule 3.6 (or under rule 3.3 relating to the election of a Director appointed since the last annual general meeting) then 1 Director must retire from office at the annual general meeting.

To provide flexibility to the sequence of 3 year terms for the Directors, the amended rule 3.6 will also permit Directors to voluntarily retire and seek re-election before the end of their three year term.

As is currently the case, amended rule 3.6 will not apply to the Managing Director. Consequential amendments will also be made to rule 3.3 to reflect the changes described above.

#### Time period for nomination of Directors

Recently, ASX Listing Rule 14.3 has been amended. This Listing Rule required the Company to accept nominations for election of Directors received at least 35 business days before the date of the general meeting. The Listing Rule now allows a company's constitution to specify a longer period.

As such, rule 3.5 is to be amended to change the time period in which the Company must accept nominations for election of Directors from 35 business days to 45 business days before the general meeting, unless the Board recommends the appointment or the Director is retiring by rotation under rule 3.6 or under rule 3.3 because they were appointed to fill a casual vacancy.

The period of 45 business days has been proposed as it balances the need of the Company to have sufficient time to prepare notices of meeting, while not being too long so as to deny members a reasonable opportunity to nominate a person for election as a Director.

#### Automatic vacation of office in certain circumstances

Rule 3.9 sets out certain circumstances where the office of a Director automatically becomes vacant.

Rule 3.9(g) provides that the office of a Director automatically becomes vacant if the Director reaches 70 years of age or any other later date determined by the Board. It is proposed that rule 3.9(g) be deleted.

This requirement is no longer appropriate in light of legal and policy changes in relation to the age of Directors and age discrimination.

Rule 3.9(d) provides that the office of a Director automatically becomes vacant if the Director fails to attend Board meetings for a continuous period of 3 months without leave of absence from the Board. It is proposed that this rule be amended to provide that a Director's office becomes vacant if the Director fails to attend 3 consecutive Board meetings (not including Board committee meetings).

It is considered that this amended rule better reflects the expectation that Directors should attend Board meetings (unless they have the leave of the Board) as and when the meetings are scheduled, rather than specifying a maximum monthly period that a Director can be absent without the leave of the Board.

#### Managing Director

It is proposed that rules 7.2 and 7.3 be amended to make it clear that the appointment of a new Managing Director is not subject to confirmation at the next annual general meeting after the Managing Director's appointment. This is consistent with ASX Listing Rule 14.4. While members are responsible for the election of Directors, it is the responsibility of the Directors to select and appoint a Managing Director and Chief Executive Officer who serves on the terms determined by the Board.

#### Officers' indemnity and insurance

Rule 11 is proposed to be amended to delete references to "the Law" (which was a reference to what is now the Corporations Act) and to substitute the phrase "applicable law".

This change is being made because restrictions on the ability of the Company to indemnify officers of the Company may not be contained only in the Corporations Act. Proposed amendments to the Trade Practices Act will also restrict the ability of the Company to indemnify officers in certain circumstances. These amendments are to ensure that the Company's Constitution is consistent with changes to applicable laws.

#### Auditor's right to attend meeting

New rule 14.7 provides, consistent with the Corporations Act, that the Company's auditor is entitled to attend general meetings of the Company.

#### Proxy appointments

The following minor amendments are proposed to clarify the operation of rule 15 relating to proxies:

- in rule 15.1(b) the word "acknowledged" will be replaced with "authenticated" to reflect changes to the Corporations Act;
- rule 15.4 will be amended to make it clear that a revocation of a proxy appointment is effective upon the instrument of revocation being received by the Company at least 48 hours before the time of the general meeting;
- the concept of a proxy appointment being "authenticated" will be included in rule 15.5(a), consistent with recent changes to the Corporations Act; and
- rule 15.10 will be amended to make it clear that acts of a proxy at a meeting will still be valid, unless notice of the revocation of the proxy appointment is received in the manner contemplated by rule 15.4.

#### Distribution of assets as shares to members

Existing rule 28.6 will be amended, and a new rule 33.6 included, to clarify the ability of the Company to distribute assets in the form of shares in another company to members, without an additional requirement to separately obtain the member's consent to become a member of that company.

Under the Corporations Act, a person must consent to become a member of a company. If the Company was to make distributions to members in the form of shares in another company, amended rule 28.6 and rule 33.6 will facilitate this process.

#### Introduction of share plans without member approval

Member approval is no longer required under the ASX Listing Rules for the introduction of share plans. It is proposed that rule 29.1 be amended to allow the Board to introduce share plans without member approval. It is noted, however, that under the ASX Listing Rules, any issue of shares to Directors under an employee incentive plan would still require member approval.

#### Miscellaneous amendments

Rules 30.1, 30.3, 30.6(a) and 32.5 are proposed to be amended to make minor and technical amendments resulting from terminology in the ASTC Settlement Rules (which have replaced the SCH Business Rules).

#### Board Recommendation

The Board considers that the proposed amendments to the Company's Constitution are appropriate and uncontroversial as they relate to changes to update terminology or to simplify and improve the operation of the rules. Accordingly, the Board recommends that members vote in favour of Item 4.

#### ITEM 5 AMENDMENTS TO THE DIRECTOR'S ACCESS, INSURANCE AND INDEMNITY DEED

The current form of the Director's Access, Insurance and Indemnity Deed (**Deed**) was previously approved by members at the Company's 1999 Annual General Meeting. The wording of the Deed has not been changed since that time. Changes are proposed to the form of the Deed to update operative provisions, to reflect developments in the law, and to make some minor cosmetic and grammatical changes.

The revised form of the Deed expands the potential benefits available to a Director. Legal advice has been obtained that the proposed changes to the Deed are lawful. Consistent with the Company's practice in the past, member approval is being sought for the revised form of the Deed.

A copy of the proposed amended Deed can be obtained by contacting the ANZ Share Registry. A copy will also be available for inspection at the Annual General Meeting.

The principal changes to the form of the Deed are described below.

#### Indemnification for appeals

The Deed is expressed to indemnify a Director against the costs of representation at administrative or quasi-judicial investigations or inquiries. Amendments are proposed to expressly state that the indemnity extends to costs incurred in respect of legitimate appeals against determinations or findings of such bodies.

#### Advances for legal expenses to a Director where an insurance claim is denied

Changes are being made to the Deed to ensure that a Director is provided with funding of legal expenses to challenge an improper claim rejection by the Company's Directors' and Officers' liability insurers. However, the operation of the provision is subject to safeguards, allowing the Company to exercise reasonable control over the costs and the process. Advancement of legal expenses to challenge an improper claim rejection by the Company's insurers is conditional on the Director complying with a number of requirements, including, for example, that:

- the Director take any reasonable action that the Company requests in the conduct of the claim;
- the Director must obtain advice from a senior and experienced legal counsel that the proceedings may be pursued with reasonable prospects of success; and
- the Company may, during the proceedings, obtain a reassessment of the merits of the case. If the prospects of the Director

succeeding against the insurers have substantially deteriorated, the Company may review its commitment to continue to pay legal expenses incurred by the Director and may compromise the litigation upon such terms as the solicitors and/or counsel who are conducting the litigation may recommend, subject to indemnifying the Director in respect of any adverse costs order.

#### Good faith

Reflecting the interests of both the Company and each Director, a good faith clause is being included. This will ensure

that each party acts towards each other in good faith in respect of any matter arising under or in relation to the Deed.

#### Other changes

The following are some of the minor changes that are being made to the form of the Deed:

- a new effective notice provision is being included in the Deed which specifies when a notice or communication for the purposes of the Deed is taken to have been given to the Company or a Director;
- obsolete references to the Corporations Law are being deleted;
- a new provision will state that the new Deed in the amended form proposed cancels all previous ones but that any revocation does not affect any accrued rights or responsibilities of the parties;
- changes are being made to certain definitions to make it clear that the Deed extends to matters involving foreign jurisdictions, for example, actions brought against a Director in a foreign jurisdiction; and
- specifying that the definition of “Liabilities” in the Deed also includes interest.

Messrs C. B. Goode, J. K. Ellis and D. M. Gonski elected to receive the Shares Alternative for 100% of their accrued retirement benefit. Under the proposed revised arrangement, they would be entitled to receive 56,172 shares, 22,384 shares and 10,675 shares respectively if members approve the proposed changes to the Scheme. The other Non-executive Directors elected the Cash Alternative for their accrued retirement benefits.

#### Purchase of shares

Where a Non-executive Director elected the Shares Alternative, shares were purchased on-market with funds loaned by the Company to the trustee of the ANZ Employee Share Trust (ANZEST), and placed in trust under ANZEST. The share purchases occurred on 27 October 2005, which was the first full day after the Scheme was discontinued when shares could be purchased in compliance with the Company’s share trading policy.

If members approve the changes to the Directors’ Retirement Scheme, ANZEST will hold the shares on trust until the Non-executive Director retires. The Director will not be able to deal in any of the shares until their retirement date, but will be entitled to receive dividends on the shares (including the dividend payable on 16 December 2005) and to direct the exercise of the voting rights attaching to the shares.

If member approval is not obtained for the changes to the Directors’ Retirement Scheme:

- these shares will be sold on market;
- the net proceeds of the sale will be repaid to the Company;
- as the Company is not intended to benefit under the ANZEST trust, where the shares are sold at a profit, the profit will be used to meet the trust expenses of ANZEST and, if the shares are sold at a loss, the loss will be borne by the Company;
- any dividends paid on those shares before they are sold (including shares issued upon reinvestment of dividends) will be used by ANZEST to pay trust expenses; and
- the accrued retirement benefit will be managed under the Cash Alternative (within the limits prescribed by the Corporations Act).

#### Member approval

Member approval is sought for the proposed amended Scheme, to allow payments in excess of the statutory limit if required and to allow the acquisition of shares in lieu of the accrued retirement benefit for those Non-executive Directors who elected the Shares Alternative.

The Corporations Act regulates the maximum amount that may be paid to a Director upon retirement from office.

In summary, the retirement payment, together with all other amounts payable as a result of ceasing to hold office, must not, without member approval, exceed:

- for a Non-executive Director having held office for less than 3 years, the total remuneration paid to the Director during the period they have held office; or
- for a Non-executive Director who has held office for 3 or more years, an amount equal to the total remuneration during the last 3 years of service.

At the time the Directors’ Retirement Scheme was closed, the accrued retirement benefits did not exceed the limits specified in the Corporations Act. However, there is a small possibility that the final benefit payable to Non-executive Directors on retirement under the proposed revised arrangements may exceed the statutory limit if growth in the Company’s share price, or bank bill interest earnings, moves at a faster rate than increases in Non-executive Directors’ fees. The proposed resolution will avoid this complication.

#### ITEM 7 INCREASE IN NON-EXECUTIVE DIRECTORS’ FEE CAP

Currently, the maximum annual aggregate amount which may be provided as remuneration to all Non-executive Directors of the Company for their services as Directors is A\$2,500,000, as approved by members at the 2002 Annual General Meeting. This amount does not include the Non-executive Directors’ retirement benefits, as specified in the Constitution.

The remuneration provided to each Non-executive Director for the year ended 30 September 2005 is detailed in the Remuneration Report which is part of the 2005 Concise Annual Report. The total value of remuneration paid to all Non-executive Directors during the last financial year was A\$2,041,974 (excluding any retirement benefits payable).

The Company’s practice has been to bring forward a recommendation concerning the Non-executive Directors’ fee cap every four or five years. However, the discontinuance of the Directors’ Retirement Scheme necessitates bringing the matter forward to this year’s Annual General Meeting.

After consideration of advice from external remuneration consultants, and having reviewed the approach taken by other companies who have discontinued Non-executive Directors’ retirement benefits, the Board believes that to compensate Non-executive Directors for the removal of the retirement benefit, which is a contractual benefit, it is appropriate for a fee increase of 27.5% to be applied to all Non-executive Directors’ fees effective from 1 October 2005.

The amount of this increase is based on an actuarial valuation of the Directors’ Retirement Scheme conducted by Mercer Finance & Risk Consulting, as well as on advice from expert remuneration consultants PricewaterhouseCoopers. It is also in line with the approach taken by other Australian companies who have phased out retirement benefits – where increases have typically ranged from 25% to 30%.

The proposed increase in the Non-executive Directors’ fee cap of A\$500,000 would take the maximum annual aggregate amount to A\$3,000,000 – an amount which is considered necessary in order to:

- accommodate for the fee adjustment outlined above to compensate for removal of the Directors’ Retirement Scheme (i.e., 27.5%) – while the discontinued retirement benefits are outside the maximum aggregate limit, the compensating increase to fees will fall within it;
- allow for annual adjustments in line with market movement; and
- allow for the addition of another Non-executive Director in either 2006 or early 2007.

It is critical that the Company has the capacity to pay adequate fees to Non-executive Directors in order to attract and retain Directors of the highest calibre. The proposed increase will provide the Company the flexibility to ensure that a top calibre Board of appropriate size continues to serve the Company and its members effectively.

#### VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on Items 6 and 7 by a Director or any associate of a Director unless:

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

#### UNDIRECTED PROXIES

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business, including Items 6 and 7 where members have authorised the Chairman of the Meeting to do so.

#### ITEM 6 CHANGES TO NON-EXECUTIVE DIRECTORS’ RETIREMENT SCHEME

The remuneration of all of the present Non-executive Directors of ANZ during the last financial year consisted of 4 elements:

**Base Fees**, which are intended to reflect the time involved in carrying out Board work and the degree of responsibility involved.

**Committee Fees**, which compensate Directors for work done on Board Committees, either as Committee Chair or Committee Member, or on associated entity boards.

**Superannuation contributions**, being 9% of base fee up to the maximum contributions base. Directors who have reached their superannuation reasonable benefits limit may elect to receive equivalent cash payments in lieu of superannuation contributions.

**Retirement Benefits**, which accrue under the Directors’ Retirement Scheme and are payable to Non-executive Directors at the time of their retirement from the Board.

The lump sum retirement benefit payable where a Non-executive Director has held office for 8 years or more is equal to the total remuneration (excluding retirement benefit accrual) of the Non-executive Director in respect of the 3 years immediately preceding the Non-executive Director ceasing to be a Director, subject to that sum not exceeding the amount the Company may lawfully pay. For periods of less than 8 years, a proportionate part of such remuneration is payable.

The aggregate of these 3 items for all Non-executive Directors in any year must not exceed the limit set by members under rule 10.2 of the Company’s Constitution. This limit was last set at the Annual General Meeting in 2002 at A\$2,500,000.

Under the Company’s Constitution, retirement benefits are not included within the Non-executive Director fee cap limit.

In addition, Directors are reimbursed for expenses incurred in carrying out their duties.

(Full details of Non-executive Directors’ remuneration for the year ended 30 September 2005 are set out in the Remuneration Report.)

It is now widely recognised that payment of retirement benefits to Non-executive Directors is not in line with best practice standards of corporate governance (see ASX Corporate Governance Council, Principles of Good Corporate Governance and Best Practice Recommendations, Box 9.3).

Accordingly, as foreshadowed in its 2004 Annual Report, the Board has decided as a matter of good corporate governance to discontinue the ANZ Directors’ Retirement Scheme with effect on and from 1 October 2005. As a result, no new Non-executive Directors are entitled to a retirement allowance benefit and the entitlements

of all current Non-executive Directors under the Scheme have been “frozen” as at 30 September 2005 and “preserved” in the manner outlined below, subject to member approval, until each such Director retires.

All current Non-executive Directors of the Company will be affected by these arrangements.

#### Proposal

Under the proposed revised arrangements, the amount that would have been payable by the Company under the Directors’ Retirement Scheme in the event that each Non-executive Director retired on 30 September 2005 has been calculated (**accrued retirement benefits**) and each Non-executive Director has been asked to elect to receive an equivalent benefit by way of one or a combination of the following alternatives:

- the Cash Alternative, being a payment to the relevant Director on retirement equal

to his or her accrued retirement benefit plus an additional amount (equal to the amount that would have been payable had the accrued retirement benefit been invested in an account bearing interest at the 30 day bank bill rate from 1 October 2005 to the date of retirement); and/or

- the Shares Alternative, being the acquisition of Company shares to the value of the relevant Director’s accrued retirement benefit plus an additional amount (equal to the interest which would have been earned on that sum at the 30 day bank bill rate from 1 October 2005 to the date of the share acquisition, namely 27 October 2005).

Prior to the closure of the Directors’ Retirement Scheme, the Non-executive Directors were each asked to nominate the proportion of their accrued retirement benefit that they wished to be directed towards each alternative (subject to the restructure being approved by members).