

## Notice of Annual General Meeting

The Annual General Meeting of Fleetwood Corporation Limited ABN 69 009 205 261 (**Company**) will be held in Meeting Room 7 on Level 2 of the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia 6000 at 9.30am on Friday, 28 November 2014.

### Agenda

**1. Chairman's Address – Michael Hardy**

**2. Directors' Report and Financial Statements**

To receive and consider the financial report of the Company for the year ended 30 June 2014, together with the directors' declaration and report and the auditor's report included in the annual report.

**3. Resolution 1 – Election of Mr. Michael Hardy** (refer to Explanatory Memorandum)

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

*"That Mr. Michael Hardy, who retires in accordance with the Company's constitution and is eligible for re-election, be re-elected as a director."*

**4. Resolution 2 – Election of Mr. Peter Gunzburg** (refer to Explanatory Memorandum)

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

*"That Mr. Peter Gunzburg, who retires in accordance with the Company's constitution and is eligible for re-election, be re-elected as a director."*

**5. Resolution 3 – Remuneration Report** (refer to Explanatory Memorandum)

To consider and, if thought fit, pass the following as an **advisory resolution**:

*"That the Remuneration Report for the year ended 30 June 2014 be adopted."*

**6. Resolution 4 – Approval of Employee Long Term Incentive Plan** (refer to Explanatory Memorandum)

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

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and section 260C(4) of the Corporations Act, and for all other purposes, approval is hereby given for the grant of rights under the Company's Employee Long Term Incentive Plan from time to time upon the terms and conditions specified in the rules of that Plan (which are summarised in the Explanatory Memorandum)."*

**7. Resolution 5 – Approval of Executive Long Term Incentive Plan** (refer to Explanatory Memorandum)

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

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and section 260C(4) of the Corporations Act, and for all other purposes, approval is hereby given for the issue of securities including ordinary fully paid shares in the capital of the Company and options to acquire such shares under the Company's Executive Long Term Incentive Plan from time to time upon the terms and conditions specified in the rules of that Plan (which are summarised in the Explanatory Memorandum)."*

**8. Resolution 6 – Approval of issue of options or shares to Mr. Brad Denison, the Company’s Managing Director, under the Executive Long Term Incentive Plan (refer to Explanatory Memorandum)**

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

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is hereby given for the Company to grant to Mr. Brad Denison up to 200,000 options to acquire ordinary fully paid shares in the capital of the Company or 170,000 ordinary fully paid shares in the capital of the Company under the Executive Long Term Incentive Plan on the terms and conditions set out in the Explanatory Memorandum to this Notice of Meeting.”*

**9. Resolution 7 - Change of Auditor**

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

*“That, subject to the Australian Securities and Investments Commission (ASIC) consenting to the resignation of Deloitte Touche Tohmatsu as auditor of the Company, pursuant to section 327B of the Corporation Act and for all other purposes Grant Thornton be appointed as auditor of the Company with effect from the conclusion of the 2014 Annual General Meeting.”*

**10. Other Business**

To deal with any other business that may be considered in accordance with the constitution of the Company and the Corporations Act.

---

**Important information regarding voting on Resolutions 1, 2 and 7**

**Chairman authorised to exercise undirected proxies on Resolutions 1, 2 and 7**

Shareholders who appoint the Chairman as proxy (either expressly or by default) are encouraged to expressly direct the Chairman how they wish to vote in respect of **Resolutions 1, 2 and 7** by marking either ‘for’ or ‘against’ the relevant Resolution on the proxy form.

If a Shareholder appoints the Chairman or the Chairman is appointed by default and the Shareholder’s proxy does not direct the Chairman how to vote in respect of **Resolutions 1, 2 and 7** then the Shareholder will have expressly authorised the Chairman to vote the Shareholder’s proxy in accordance with the Chairman’s stated voting intention in respect of that Resolution, being a vote in favour of Resolutions 1, 2 and 7 (as applicable).

**Voting exclusions under the Listing Rules**

In accordance with Listing Rule 14.11, the Company will disregard any votes on the respective Resolutions cast by or on behalf of the following persons:

<b>Resolution</b>	<b>People excluded from voting</b>
<b>Resolution 4</b>	Directors (other than those Directors who are ineligible to participate in any of the Company’s employee incentive schemes) and any of their associates.
<b>Resolution 5</b>	Directors (other than those Directors who are ineligible to participate in any of the Company’s employee incentive schemes) and any of their associates.
<b>Resolution 6</b>	Mr Brad Denison and his associates.

However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## Voting prohibitions under the Corporations Act

Because Resolutions 3 to 6 relate to the potential remuneration of the Key Management Personnel of the Company, the Corporations Act requires that the following people are prohibited from voting on the respective Resolutions:

Resolution	People prohibited from voting
<b>Resolution 3</b>	<p>The following people are prohibited from voting in any capacity:</p> <ul style="list-style-type: none"><li>(a) members of the Key Management Personnel details of whose remuneration are included in the Remuneration Report for the year ended 30 June 2014; and</li><li>(b) Closely Related Parties of those members.</li></ul> <p>However, that person may vote as a proxy if the vote is cast on behalf of a person who is not mentioned above as being prohibited from voting and either:</p> <ul style="list-style-type: none"><li>(c) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or</li><li>(d) the person is the Chairman and the appointment expressly authorises the Chairman to exercise the proxy in respect of the Resolution even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</li></ul>
<b>Resolutions 4, 5 and 6</b>	<p>The following people are prohibited from voting as proxy where the appointment does not specify the way the proxy is to vote on the relevant Resolution:</p> <ul style="list-style-type: none"><li>(a) members of the Key Management Personnel; and</li><li>(b) Closely Related Parties of those members.</li></ul> <p>However, the Chairman may vote as proxy where the appointment does not specify the way the proxy is to vote on the relevant Resolution and expressly authorises the Chairman to exercise the proxy in respect of the Resolution even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>

## Important information regarding voting on Resolutions 3 to 6

### Chairman authorised to exercise undirected proxies on remuneration related Resolutions

Shareholders who appoint the Chairman as proxy (either expressly or by default) are encouraged to expressly direct the Chairman how they wish to vote in respect of **Resolutions 3 to 6** by marking either 'for' or 'against' the relevant Resolution on the proxy form.

If a Shareholder appoints the Chairman or the Chairman is appointed by default and the Shareholder's proxy does not direct the Chairman how to vote in respect of **Resolutions 3 to 6 then the Shareholder will have expressly authorised the Chairman to vote the Shareholder's proxy in accordance with the Chairman's stated voting intention in respect of that Resolution, being a vote in favour of Resolutions 3 to 6 (as applicable)**. This express authorisation acknowledges that the Chairman may vote the Shareholder's proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

## Proxies

A Shareholder has the right to appoint a proxy, who need not be a Shareholder of the Company. If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. To vote by proxy, please go online to [www.investorvote.com.au](http://www.investorvote.com.au), or return the enclosed proxy form via post to the share registry of the Company which is Computershare Investor Services Pty Limited, GPO Box 242 Melbourne, Vic 3001 or by facsimile on 1800 783 447 or from overseas on +61 3 9473 2555 no later than 48 hours before the commencement of the meeting. For intermediary online subscribers (custodians), please visit [www.intermediaryonline.com](http://www.intermediaryonline.com).

In light of the important information highlighted in this document regarding the Chairman's ability to vote undirected proxies, any Shareholder in doubt as to how to complete or the procedure for completing a proxy form is encouraged to contact either the Company or Computershare to discuss their concerns.

## Voting Entitlements

The Board has determined in accordance with the Company's Constitution and the Corporations Act that a shareholder's voting entitlement at the meeting will be the entitlement shown in the register of members as at 7.00pm (Sydney time) on 26 November 2014.

## **Electronic Delivery**

By corresponding with you electronically, Fleetwood is able to reduce costs and provide more timely information. Information such as Notice of Meeting, Online Proxy and Dividend Advice can be accessed through web address links that will be sent to you via email. You will also be able to update certain information relating to your shareholding such as Tax File Number Notification, Direct Credit Instruction and Change of Address. To register your email address, go to [www.computershare.com](http://www.computershare.com). The default method for receiving an annual report is via the Company's website. Accordingly, if you have not requested a printed copy of the annual report, you can now download your 2014 Annual Report at [www.fleetwoodcorporation.com.au](http://www.fleetwoodcorporation.com.au).

If you have any questions about your security holding, please contact Computershare Investor Services Pty Ltd on (08) 9323 2000 or visit their website at [www.computershare.com](http://www.computershare.com).

**By order of the Board**



**Yanya O'Hara**  
**Company Secretary**  
**27 October 2014**

## Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting of the Company to be held on Friday, 28 November 2014.

The Directors recommend Shareholders read this Explanatory Memorandum and the Notice of Annual General Meeting in full before making any decision in relation to the Resolutions. Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the meaning given to them in the glossary contained in this Explanatory Memorandum.

### Financial Statements, Directors' Report and Auditor's Report – 2014 Annual Report

Shareholders will be provided with a reasonable opportunity to ask questions or make statements in relation to the Company's Annual Report for 2014 but no formal resolution to adopt the reports will be put to Shareholders at the Annual General Meeting (save for Resolution 3 being the adoption of the Remuneration Report).

Shareholders will be given an opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report. In addition to taking questions at the Annual General Meeting, the Chairman will accept written questions about the management of the Company, or the Company's auditor about the finances of the Company. Written questions are to be received at the registered office of the Company no later than 5 business days before the Annual General Meeting.

A copy of the 2014 Annual Report is available from the Financial Reports section of the Investor area on the Company website [www.fleetwoodcorporation.com.au](http://www.fleetwoodcorporation.com.au).

### Resolution 1 – Election of Mr. Michael Hardy

In accordance with the Company's constitution Mr. Hardy will retire at the 2014 AGM and will be eligible for re-election.

Mr. Hardy was appointed to the Board in 2005 and is Chairman of the Board. Mr. Hardy is an establishing partner of Hardy Bowen and specialises in property, commercial and administrative law. Mr. Hardy brings a wealth of experience to the Board and the Directors unanimously support the re-election of Mr. Hardy.

The Board recommends that Shareholders vote in favour of Resolution 1.

### Resolution 2 – Election of Mr. Peter Gunzburg

In accordance with the Company's constitution Mr. Gunzburg will retire at the 2014 AGM and will be eligible for re-election.

Mr. Gunzburg was appointed to the Board in 2002 and is Chairman of the Remuneration and Audit Committees. Mr. Gunzburg has over 20 years' experience as a stockbroker and has an in-depth understanding of the Company and each of its businesses.

The Directors unanimously support the re-election of Mr. Gunzburg and recommend that Shareholders vote in favour of Resolution 2.

### Resolution 3 – Remuneration Report (advisory resolution)

The Company's Remuneration Report for the financial year ended 30 June 2014 is contained within the Directors' Report in the Company's 2014 Annual Report. The Remuneration Report:

- (a) sets out remuneration policies of the Company;
- (b) discusses the relationship between remuneration policies and the Company's performance; and
- (c) details remuneration arrangements for Directors, senior executives and Key Management Personnel.

Shareholders will be given the opportunity to comment on and ask questions about the Remuneration Report.

A resolution for the adoption of the Remuneration Report is required to be considered and voted on at the Meeting in accordance with the Corporations Act. The Corporations Act provides that the vote on Resolution 3 is advisory only and does not bind the Directors or the Company. However, the Board will take into account any discussions on this Resolution and the outcome of the vote when considering the future remuneration arrangements of the Company.

The Corporations Act provides that if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, a resolution must then be put to Shareholders at the second of those Annual General Meetings as to whether another meeting should be held within 90 days at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable directors' report considered at the second Annual General Meeting must stand for re-election. This process is referred to as the '2 strikes rule'. At last year's Annual General Meeting the Company did not receive 25% or more of votes cast against the adoption of the Remuneration Report.

## **Resolutions 4 and 5 – Approval of Company’s Long Term Incentive Plans**

### ***Background***

The Board believes that the success of the Company will depend in large part on the skills and motivation of its employees. As such, it has undertaken a review of its current Employee Long Term Incentive Plan as well as its Executive Long Term Incentive Plan. The review resulted in the establishment and approval by the Board of a new Employee Long Term Incentive Plan (**Employee Plan**) the subject of Resolution 4, and a new Executive Long Term Incentive Plan (**Executive Plan**), the subject of Resolution 5.

The Employee Plan is aimed at offering long term incentives to employees other than executives and directors of the Company and its subsidiaries. The Executive Plan is aimed at offering long term incentives to executives of the Company and its subsidiaries including executive Directors.

These new Plans will form an important part of the Company’s strategy to attract, retain and incentivise its employees. The Plans are specifically aimed at driving long term performance for Shareholders through vesting conditions and employee share ownership that will encourage a focus by employees on the long term performance of the Company.

The Employee Plan will replace the previous Employee Option Plan. No more options will be granted pursuant to the existing Employee Option Plan which will continue until all granted options have been exercised, forfeited or expired. The new Employee Plan will involve the Company inviting employees to apply for rights to acquire Shares (often referred to as ‘performance rights’) upon the satisfaction of pre-defined service-related conditions set by the Board. It is currently intended that the rights, and any Shares issued upon their exercise, would be issued for no consideration.

Similarly, the Executive Plan will allow the Company to invite specified executives to apply for securities, either directly or through a trust established for the purpose of the Plan, which will allow those executives to acquire Shares upon the satisfaction of performance and service-related conditions for consideration.

It is the current intention of the Board that:

- a trust be established for the Plans;
- that the offers made under either the Employee Plan or the Executive Plan may utilise that trust structure (for example by the issue of units in the trust to which options or Shares will be allocated or the trust acquiring securities on market and transferred to the eligible employee to satisfy obligations on the conversion of rights); and
- for the purposes of the Executive Plan, the Company may lend funds on interest-free, non-recourse terms to eligible participants to acquire the units, with such loans being repaid upon the sale or transfer of the underlying Shares.

In each case, however, the Board reserves its discretion provided under the rules of the Plans to make offers under the Plans on such terms and conditions as it thinks fit from time to time, having regard to the circumstances of the Company and the proposed remuneration framework for its employees at the time.

When issuing invitations under either Plan, the Board will have the discretion to determine the terms and conditions of the securities granted to ensure that they are appropriate to the relevant employee or executive. The Board’s discretion will include determining:

- whether an employee or executive will be invited to participate in a Plan;
- the number of rights, options or other securities (as applicable) to be granted to the employee or executive; and
- the applicable performance and/or service-related conditions including the period of time over which the conditions are to be measured and satisfied.

At the discretion of the Board, any Shares to which employees or executives become entitled pursuant to a Plan may be by acquisition of Shares on-market and subsequent transfer or issued as new Shares.

Further details of the Plans and the offers to be made under them to eligible employees are set out below and in the summaries of the Plans in Schedules 1 and 2.

### ***Requirement for Shareholder approval***

Resolutions 4 and 5 are seeking Shareholder approval of the Employee Plan and Executive Plan respectively for the purposes of Listing Rule 7.2 (Exception 9(b)) and section 260C(4) of the Corporations Act.

These provisions are discussed in further detail below.

### **Listing Rule 7.2 (Exception 9(b))**

Listing Rule 7.1 provides, in summary, that the Company must not issue or agree to issue equity securities, in any 12 month period equal to more than 15% of the number of issued fully paid ordinary shares of the Company at the beginning of the 12 month period without the approval of Shareholders, unless an exception applies.

One of the exceptions to Listing Rule 7.1 is Listing Rule 7.2 (Exception 9(b)), which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within 3 years before the date of the issue, Shareholders have approved the issue of securities under the employee incentive scheme as an exception to Listing Rule 7.1.

Resolutions 4 and 5 seek Shareholder approval under Listing Rule 7.2 (Exception 9(b)) for the issuance of securities under the Employee Plan and Executive Plan respectively from time to time as an exception to Listing Rule 7.1. The impact is that for a period of three years the issue of securities under the Plans by the Company will be excluded from the number of securities used to determine the Company's annual 15% limit in each rolling 12 month period.

In accordance with Listing Rule 7.2 (Exception 9(b)), the following information is disclosed to Shareholders for the purposes of Resolutions 4 and 5:

- (a) a summary of the terms and conditions of the Plans are set out in Schedules 1 and 2 to this Explanatory Memorandum;
- (b) to date, no securities have been issued under either Plan; and
- (c) voting exclusion statements in respect of Resolutions 4 and 5 are contained in the Resolutions.

If Shareholders approve Resolutions 4 or 5, the issue of securities (and the issue of any new Shares pursuant to those securities) under the relevant Plan will not be included in the 15% limit imposed by Listing Rule 7.1 for a period of three years from the date of the Meeting.

If Shareholders do not approval Resolution 4 or 5, the Company may still issue securities (and the underlying Shares) under the relevant Plans, but any such issue will be taken into account when calculating whether the 15% limit under Listing Rule 7.1 has been reached.

### **Section 260C(4) of the Corporations Act**

Under section 260A of the Corporations Act, a company may only financially assist a person to acquire shares or units of shares in the company if the assistance falls within an exception or is approved by shareholders under section 260B of the Corporations Act.

Section 260C(4) of the Corporations Act provides an exception for employee share schemes where the Company may provide financial assistance under a plan approved by the Company in a general meeting.

If the Company elects to acquire and transfer Shares to an employee or executive to meet his or her entitlement under a Plan, rather than issue new Shares, the Company may be considered to be providing financial assistance to the employee or executive or any trustee that it appoints to acquire the Shares.

Similarly, if under the Executive Plan, the Company lends money to the executive to assist that person in paying for the securities (or units in a trust) granted under the Plan, that may also constitute financial assistance.

Accordingly, the Company is also seeking approval of the Employee Plan and Executive Plan for the purposes of section 260C(4) of the Corporations Act.

### **Board recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolutions 4 and 5 (other than in respect of Resolution 5 for which Mr. Denison is abstaining).

### **Resolution 6 – Approval of issue of options or shares to Mr. Brad Denison, the Company's Managing Director, under the Executive Long Term Incentive Plan**

Shareholder approval is sought for the proposed grant of options or shares to the Managing Director, Mr Brad Denison, under the terms of the Company's Executive Plan set out in Resolution 5 and otherwise on the terms and conditions set out below.

Under the terms of Mr. Denison's employment contract, Mr Denison is entitled to participate in the Executive Plan in accordance with the plan rules, and under the terms of the Executive Plan, Mr. Denison can elect to receive either options or shares.

The Board (other than Mr. Denison) has approved the grant of either 200,000 options or 170,000 shares to Mr. Denison under the Executive Plan representing his FY2015 long term incentives, subject to obtaining Shareholder approval which is being sought at the Meeting.

The Board believes that an equity-based long-term incentive is an important component of Mr Denison's remuneration to ensure that part of his remuneration is linked to generating long-term returns for Shareholders. As such, the non-executive Directors consider that Mr. Denison's remuneration package, including his participation in the Executive Plan through the proposed grant of the above options or shares is reasonable and appropriate having regard to the circumstances of the Company and Mr. Denison's responsibilities as Managing Director.

ASX Listing Rule 10.14 does not permit any Director (or associate of the Director) to acquire securities under an employee incentive scheme without the approval of Shareholders. Accordingly, Shareholder approval for the issue of options or shares to Mr. Denison is sought for the purposes of ASX Listing Rule 10.14. If approval is given under this Resolution for the purposes of Listing Rule 10.14, approval is not required for the proposed grant of options or shares under the Executive Plan to Mr. Denison under Listing Rule 7.1, as exception 14 to Listing Rule 7.2 would apply and under Listing Rule 10.11, as exception 4 to Listing Rule 10.12 would apply.

If Shareholders do not approve Resolution 6, it will be necessary for the Board and Mr Denison to agree an alternative remuneration structure to provide Mr. Denison with an appropriate long-term incentive.

#### **Terms of the options/shares**

As Mr. Denison is entitled to elect to receive either options or shares, for the purposes of this next section and Schedule 2 Summary of the terms of the Executive Plan, references to securities will mean options or shares.

The securities will be granted under the Executive Plan and the Company may utilise a trust structure established for the Plan (for example by the issue of units in the trust to which the securities will then be allocated).

The amount payable for the options (or units) will be calculated in accordance with the accounting standard, and the amount payable for the shares (or units) will be calculated based on the volume weighted average price at which the Company's ordinary shares are traded on ASX ("VWAP") over five trading days commencing on 24 November 2014.

The Company may lend funds on interest-free, non-recourse terms to Mr. Denison for payment of the above amount, with such loans being repayable upon the eventual sale of any underlying Shares or transfer of the Shares from the trust.

Any options will not be quoted on ASX, will have an exercise price based on VWAP over five trading days commencing on 24 November 2014 and will expire on the date five years after they are granted. Upon exercise, each option will entitle Mr. Denison to receive one Share. Any shares will be quoted on the ASX and will rank pari passu with existing shares.

The securities will be subject to the following vesting conditions:

- the Total Shareholder Return of the Company for the period from the date of grant to the vesting date for the security (see below) equals or exceeds both 15% per annum and the All Ordinaries Index over the same period; and
- Mr. Denison has remained continuously employed over that period.

The vesting dates for the securities are as follows:

- for one third of the securities, the date that is at least a minimum of 1 year after being granted;
- for two thirds of the securities, the date that is at least a minimum of 2 years after being granted; and
- for the balance of the securities, the date that is at least a minimum of 3 years after being granted.

If the above conditions are satisfied, the securities will vest immediately on their vesting date and become exercisable by/available to Mr. Denison.

The securities will otherwise be on the terms set out in Schedule 2 to this Explanatory Memorandum.

#### **Additional information required by ASX Listing Rule 10.15**

In accordance with the notice requirements of ASX Listing Rule 10.15, the Company formally notes that:

1.	The maximum number of securities to be issued to Mr. Denison is 200,000 options or 170,000 shares.
2.	The amount payable for the shares (or units) will be calculated based on VWAP over five trading days commencing on 24 November 2014. The amount payable for the options (or units) will be calculated in accordance with the accounting standard, and will have an exercise price based on VWAP over five trading days commencing on 24 November 2014.
3.	The Executive Plan has not previously been approved under Listing Rule 10.14. Resolution 5 is the first time Shareholders will be asked to approve the Executive Plan.
4.	Mr. Denison is the only person referred to in Rule 10.14 (i.e. the only Director) entitled to participate in the Executive Plan.
5.	The voting exclusion statement is noted in the Resolution.
6.	The Company may lend funds on interest-free, non-recourse terms to Mr. Denison for payment of the above amount, with such loans being repayable by Mr. Denison upon the sale or transfer of underlying Shares.
7.	Under the ASX Listing Rules, the Company has up to 12 months after the Annual General Meeting to issue the securities to Mr. Denison. The Company intends to issue the securities to Mr. Denison (or the trust established for the purposes of the operation of the Plan to be held on his behalf) promptly after Resolution 6 is approved.



**Board recommendation**

The Board (with Mr. Denison abstaining) unanimously recommends that Shareholders vote in favour of Resolution 6.

**Resolution 7 – Change in Auditor**

Deloitte Touche Tohmatsu (Deloitte) has been the Company's auditor since 2003. Given Deloitte's tenure and as part of the Company's continuing focus on costs and operational efficiency, the Board undertook a detailed review of accounting firms with the necessary capabilities to undertake the Company's audit and invited them to tender. Following this review the Board recommends the appointment of Grant Thornton as auditor of the Company. Under the Corporations Act, Shareholders must approve the appointment of a new auditor.

Deloitte has submitted its resignation as auditor to the Company and advised the Company that it has applied to ASIC for consent to resign effective from the conclusion of the Meeting.

Grant Thornton has provided its consent to this appointment, subject to ASIC consenting to the resignation of Deloitte as auditor of the Company and the approval by members.

In accordance with the Corporations Act, Mr. Denison, a Shareholder, has nominated Grant Thornton of Level 1, 10 Kings Park Road, West Perth, WA 6005 to act as the auditor of the Company and a copy of the notice of nomination is included at the end of this Explanatory Memorandum.

The Board unanimously recommends that Shareholders vote in favour of Resolution 7.

## Glossary

“**Annual General Meeting**”, “**AGM**” or “**Meeting**” means the general meeting the subject of this Notice;

“**ASX**” means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

“**Board**” means the board of Directors;

“**Chairman**” means the person chairing the Meeting from time to time;

“**Closely Related Party**” of a member of the Key Management Personnel means:

- (a) a spouse or child of the member; or
- (b) a child of the member’s spouse; or
- (c) a dependent of the member or the member’s spouse; or
- (d) anyone else who is one of the member’s family and may be expected to influence the member or be influenced by the member in the member’s dealings with the Company; or
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth);

“**Company**” means Fleetwood Corporation Limited ABN 69 009 205 261;

“**Corporations Act**” means the *Corporations Act 2001* (Cth);

“**Director**” means a current director or alternate director of the Company;

“**Explanatory Memorandum**” means this Explanatory Memorandum attached to the Notice;

“**Key Management Personnel**” has the same meaning as in the accounting standards. Broadly speaking this includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Director;

“**Listing Rules**” means the Listing Rules of ASX;

“**Notice**”, “**Notice of Meeting**” and “**Notice of Annual General Meeting**” means the notice of meeting which accompanies this Explanatory Memorandum;

“**Remuneration Report**” means the remuneration report prepared in accordance with section 300A of the Corporations Act;

“**Resolution**” means a resolution referred to in the Notice;

“**Share**” means a fully paid ordinary share in the Company; and

“**Shareholder**” means a shareholder of the Company.

## Schedule 1 – Summary of terms of the Employee Long Term Incentive Plan

**Granting rights** - under the terms of the Plan, the Board may from time to time at its discretion grant rights to acquire Shares under the Plan to eligible employees selected by the Board on such terms and conditions as the Board in its discretion determines. The Board will also determine the procedure for granting rights, including the form and content of any offer, invitation or acceptance procedure.

**Eligible employees** – are full or part time employees of the Company or a related body corporate whom the Board determines is entitled to participate in the Plan, but excludes any director or associate of a director.

**Nominees** – upon receiving an offer or invitation of rights, an eligible employee may nominate a super fund or associate in which favour the employee wishes to renounce the offer who, if accepted by the Board (in its discretion), will accept the offer or invitation and be bound by the rules of the Plan.

**Vesting of rights** – a grant of rights does not confer any interest in Shares until the relevant vesting conditions have been satisfied or waived by the Board at its discretion. Vesting conditions will be determined by the Board at its discretion and advised to the eligible employee or nominee holding the right (the “participant”) at the time at which the offer of rights is made. Upon satisfaction or waiver of the vesting conditions, rights will become vested and capable of exercise by the participant. Upon rights vesting, the Company will notify the participant as to the number of Shares to be transferred or issued on exercise.

**Shares issued on vesting** – a participant who becomes entitled to Shares, will either be transferred existing Shares or issued new Shares, and may be delivered by the trustee of any trust established by the Company for the purposes of the Plan (see below).

**Transferability** – rights may not be transferred or encumbered without prior written approval by the Board.

**Limit on issuing Shares** – unless the Board determines otherwise, the Company will not offer rights if the issue of Shares on the exercise of the rights the subject of the offer, when aggregated with the Shares issued in the past 5 years under any employee or non-executive director scheme of the Company and the number of Shares which could be issued if all outstanding offers made and existing convertible securities and rights issued under those schemes were accepted and converted respectively, would exceed 5% of the Shares on issue. Securities offered or issued in certain exceptional circumstances are not counted towards that limit.

### Participation in future issues and reorganisations –

- a participant cannot participate in respect of rights in new issues of Shares or other securities to Shareholders unless the Shares the subject of those rights have been issued or transferred to and registered in the name of the participant before the date for determining entitlements to the new issue;
- rights will be adjusted for any bonus issues to reflect the Shares the participant would have received under the bonus issue if the Shares the subject of the rights had been provided to the participant;
- subject to the terms applicable to the rights and the Listing Rules, Corporations Act and any other applicable law, the number of rights held by a participant may be adjusted as the Board determines in its discretion for any pro rata issues of securities to Shareholders (other than bonus issues); and
- if a reorganisation of Shares occurs, the Shares to which rights relate or the amount payable for them (if any) will be reorganised as the Board determines in its discretion consistent with the Listing Rules applicable to options and convertible securities.

**Forfeiture** – the Board may determine in its discretion that rights and underlying Shares are subject to rules of forfeiture for a period of up to 7 years where those rights and Shares lapse or are forfeited (as applicable) upon the participant:

- committing any act which the Board considers detrimentally affects the Company or a related company including acts of dishonesty, fraud, wilful disobedience, misconduct or breach of duty; or
- becoming of unsound mind or becomes liable to be dealt with under mental health laws.

The Board in its discretion will determine how to deal with forfeited Shares and how any proceeds from sale may be applied, however, the participant shall have no rights to the proceeds. While rights and Shares are subject to the forfeiture rules, they may not be transferred. The Board may determine that rights and Shares are no longer subject to the forfeiture rules.

**Change of control** – upon any person and its associates acquiring a relevant interest in more than 50% of the issued Shares or any similar event which the Board determines, at its discretion, is a “change of control” of the Company, the Board may at its discretion resolve that vesting conditions of any rights are deemed to be satisfied.

**Cessation of employment** – except where the Board determines in its discretion, if the eligible employee ceases to be an eligible employee before rights vest for any reason other than death, illness, injury or the attainment of the normal age of retirement specified from time to time by the Board, or an associate holding the rights ceases to be an associate, those rights shall lapse and terminate.

**Trustee** – the Board may at any time establish a trust and appoint a trustee for the purpose of acquiring and holding Shares in respect of which a participant may exercise or has exercised rights and the Board may at any time amend the terms of the Plan to effect this. Where the terms of any rights include that Shares are to be acquired, delivered and/or held by the trustee, the Board will provide written instruction to the trustee to acquire and allocate the Shares and pay the trustee such amount necessary for that purpose.

**Administration of the Plan** – the Plan will be administered by the Board who may make rules and regulations for its operation consistent with the Plan’s rules, and may delegate any power or discretion.

**Amendment of Plan rules** – the Board may amend (including retrospectively), suspend or terminate the terms of the Plan at any time by resolution. Any amendment must not reduce the rights of participants in relation to existing rights, except with the agreement of that participant or in certain exceptional circumstances (for example, if the amendment is introduced primarily for the purpose of complying with the Listing Rules or the Corporation Act or to correct any manifest error or mistake).

## Schedule 2 – Summary of the terms of the Executive Long Term Incentive Plan

**Granting securities or units** – under the terms of the Plan, the Board may from time to time at its discretion invite eligible participants to participate in a grant of securities (either directly or as units allocated by the trustee mentioned below) upon the terms of the Plan and such additional terms (including vesting conditions and restrictions on transfer of securities) as the Board determines.

**Making and accepting offers** – certain minimum information must be provided by the Board to eligible participants regarding the securities including the number offered, vesting periods and conditions, expiry dates and the exercise price (if applicable). Unless the Board determines otherwise, payment is required for the grant of securities of an amount equal to their respective value as determined in accordance with accounting standards and, upon acceptance of an offer, securities will be granted in the name of the trustee and such securities must not be registered in any name other than that of the trustee of the eligible participant.

**Eligible participants** – are employees of Fleetwood or a related company (including directors, excluding non-executive directors) and any other persons who are declared eligible by the Board. (Generally the participants will be those employees who are not eligible to participate in the Employee Plan.)

**Nominees** – upon receiving an offer or invitation of rights, an eligible participant may nominate a super fund or associate in which favour the employee wishes to renounce the offer who, if accepted by the Board (in its discretion), will accept the offer or invitation and be bound by the rules of the Plan.

**Transferability** – securities are only transferable with the prior consent of the Board or by force of law upon death of the participant. Unless the Board otherwise determines, dealing in unvested securities (which includes hedging arrangements) is prohibited and any purported dealing with securities outside these rules will result in the security lapsing.

**Vesting** – an option granted under the Plan will only vest and become capable of exercise where the vesting conditions and any other relevant conditions advised to the participant by the Board in the offer have been satisfied. The Board may waive, amend or replace any performance measure in a vesting condition attaching to a security if the Board determines the original vesting condition is no longer appropriate or applicable (for example, if a particular stock market index is no longer published, there are extraneous economic circumstances or there is a corporation action, such as a rights issue, which impacts on the performance measure), provided that the interests of the participant are not, in the opinion of the Board, materially prejudiced or advantaged.

**Lapsing of securities** – a security will lapse upon the earliest to occur of:

- the date specified by the Board in the offer;
- upon the participant purporting to deal with the security as mentioned above;
- failure to meet any vesting condition applicable to the security within the prescribed time;
- in connection with the relevant participant ceasing employment;
- where, in the opinion of the Board, the relevant participant acts fraudulently or dishonestly, or is in breach of his or her obligations to the Company or its related companies and the Board has deemed that those securities (vested or unvested) should lapse.

**Cessation of employment** – except where the Board determines in its discretion, if the eligible employee ceases to be an eligible employee before securities vest for any reason other than death, illness, injury or the attainment of the normal age of retirement specified from time to time by the Board, those rights shall lapse and terminate.

**Fraudulent or dishonest actions** – where, in the opinion of the Board:

- a participant acts fraudulently or dishonestly, or is in breach of his or her obligations to the Company and its related companies, then the Board may deem any vested or unvested securities of the participant lapsed and any shares already held by or on behalf of the participant following exercise of options to be forfeited (for total consideration of the repayment of any related loan, but any exercise price will be repaid to the participant), and require the participant to pay to the Company all or part of the net profit realised on Shares already sold by the participant; or
- a participant's securities vest, or may vest, as a result of fraud, dishonesty or breach of obligations of another employee whether they would not otherwise have done so, the Board may determine that the securities have not vested and, subject to applicable laws, determine that the vesting conditions of the securities have been reset, that Shares issued be forfeited and, at the Board's discretion, securities may be reissued with new vesting conditions to ensure no unfair benefit is obtained by a participant.

**Change of control** – the Board may at its discretion determine that unvested securities have vested (on a pro rata basis having regard to performance over the period from the date of grant against the vesting conditions (with remaining unvested securities lapsing unless the Board otherwise determines)):

- upon a takeover event occurring;
- a court ordering a meeting to be held in relation to a proposed compromise or arrangement, or for the reconstruction of the Company or its amalgamation with any other company;
- Shareholders approving any such compromise or arrangement;
- any person becomes bound to acquire shares under any such compromise or arrangement approved by a court or under section 414 or the compulsory acquisition provisions of the Corporations Act;
- a resolution is proposed to be put to Shareholders for a voluntary winding up; or

- an order is sought for the compulsory winding up of the Company.

Unless the Board otherwise determines, where any event above occurs, any vested securities will become exercisable for a period notified by the Board to participants and the trustee (where relevant), trading restrictions (where relevant) on any securities will cease to have effect and the Company will require any securities held on behalf of participants by the trustee to be transferred to the participant.

If a company obtains control of the Company as a result of a takeover bid, scheme of arrangement, capital reduction or other corporate action and agrees with the Company and the participant, a participant may be provided with shares in that acquiring company on the same terms with appropriate adjustments.

**Participation in future issues and reorganisations** – the Board may at any time adjust the terms of securities granted to a participant in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from a corporate action, such as a capital raising, and where:

- Shares are issued by way of a bonus issue (other than in lieu of dividends or by way of dividend reinvestment) involving the capitalisation of reserves or distributable profits;
- Shares are issued by way of a rights issue; or
- any reorganisation of the issued capital of the Company is effected,

the number of options or underlying Shares, or the exercise price (or both if appropriate) will be adjusted in the manner determined by the Board, having regard to the Listing Rules and the above general principle regarding minimisation or elimination of material advantages and disadvantages, and in the case of rights issues will reflect application of the formula in Listing Rule 6.22.2.

**Loans** - The Plan may provide for an interest free loan to participants, equivalent to the value of the securities to enable the employee to subscribe for units in the trust. The loan is non-recourse (meaning the Company will only have recourse to the securities (or units) to which the loan relates), and interest free and can only be used to acquire units.

**Trustee** – the Board may at any time establish a trust and appoint a trustee for the purpose of acquiring and holding securities on behalf of a participant.

**Administration of the Plan** – the Plan will be administered by the Board who may make rules and regulations for its operation consistent with the Plan's rules, and may delegate any power or discretion.

**Amendment of Plan rules** – the Board may amend, suspend or terminate the terms of the Plan at any time by resolution. Any amendment must not reduce the rights of participants in relation to the securities, except with the agreement of that participant or in certain exceptional circumstances (for example, if the amendment is introduced primarily for the purpose of complying with the Listing Rules or the Corporation Act or to correct any manifest error or mistake).

**Waiver of terms and conditions** – the Board may at any time waive or reduce in whole or in part any terms and conditions (including vesting conditions) in relation to any securities granted to any participant.