

Timbercorp Limited

ABN 87 055 185 067

Notice of Annual General Meeting and Explanatory Statement

To be held in the Arthur Streeton Auditorium, Sofitel Melbourne Promenade,
First Floor, 25 Collins Street Melbourne on Friday 27 February 2009,
Commencing at 10.30 am.

Corporate Directory

| | |
|--------------------------|--|
| Directors* | Rodney M Fitzroy – Non-Executive Chairman Sol C Rabinowicz – Executive Director & CEO Robert J Hance – Non-Executive Director Gary W Liddell – Non-Executive Director Kevin A Hayes – Non-Executive Director David A McKinna – Non-Executive Director |
| Secretaries | Gideon Meltzer and Mark Pryn |
| Registered Office | Level 8, 461 Bourke Street Melbourne VIC 3000 Telephone: 03 8615 1200 Facsimile: 03 9670 4271 |
| Auditor | Deloitte Touche Tohmatsu Level 14, 180 Lonsdale Street Melbourne VIC 3000 |
| Share Registry | Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Telephone: (within Australia) 1300 360 965 (outside Australia) +61 9415 4198 Facsimile: (within Australia) 1800 783 447 |
| ASX Code | TIM |

* Directors as at the date of this Notice. Kevin A Hayes will retire from the Board effective 30 January 2009.

Notice of Annual General Meeting

The Annual General Meeting of Timbercorp Limited to be held in the Arthur Streeton Auditorium, Sofitel Melbourne Promenade, First Floor, 25 Collins Street Melbourne on Friday 27 February 2009, Commencing at 10.30 am.

ORDINARY BUSINESS

1 Chairman's Address and Presentation by the Chief Executive Officer

2 Financial Statements and Reports

To receive and consider the financial report of the Company, together with the directors' and auditor's reports for the year ended 30 September 2008.

3 Remuneration Report

To adopt the Remuneration Report for the year ended 30 September 2008.

The vote on this resolution is advisory and does not bind the Directors or the Company.

4(a) Re-election of Director – Robert J Hance

Mr Robert Hance retires in accordance with Article 8.1(d) of the Company's Constitution and being eligible, offers himself for re-election.

The vote on this resolution is by ordinary resolution.

4(b) Re-election of Director – Gary W Liddell

Mr Gary Liddell retires in accordance with Article 8.1(d) of the Company's Constitution and being eligible, offers himself for re-election.

The vote on this resolution is by ordinary resolution.

4(c) Election of David A McKinna

Dr David McKinna, who was appointed as a Non-Executive Director on 19 January 2009, retires in accordance with Article 8.1(c) of the Company's Constitution and being eligible offers himself for election.

The vote on this resolution is by ordinary resolution.

SPECIAL BUSINESS

5 Increase in Non-Executive Directors' Fees

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

“That in accordance with clause 8.3(a) of the Company's Constitution approval be given under ASX Listing Rule 10.17 for the increase in the maximum aggregate remuneration payable to Non-Executive Directors in any one financial year from \$400,000 to \$550,000 per annum.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by the Directors and any of their 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 person chairing 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.

6 Timbercorp Employee Option Plan (“EOP”)

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

“That issues of securities under the Timbercorp Employee Option Plan, the terms of which are outlined in the Explanatory Notes accompanying this Notice of Meeting, be approved for all purposes, including for the purposes of Listing Rule 7.2 Exception 9.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by the Directors and any of their 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 person chairing 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.

7 Issue of Securities to the Chief Executive Officer under Timbercorp Employee Option Plan

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

“That approval be given for all purposes, including ASX Listing Rules 7.1 and 10.14, for the issue of securities to the Chief Executive Officer, Mr Sol C Rabinowicz, pursuant to the Timbercorp Employee Option Plan and on the terms and conditions set out in the Explanatory Notes accompanying this Notice of Meeting.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by the Directors and any of their 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 person chairing 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.

8 Approval of the Timbercorp Deferred Employee Share Plan (“DESP”)

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

“That the Timbercorp Deferred Employee Share Plan, the terms of which are outlined in the Explanatory Notes accompanying this Notice of Meeting, be approved for all purposes, including for the purposes of Listing Rule 7.2 Exception 9 of the Corporations Act 2001.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by the Directors and any of their 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 person chairing 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.

Determination of entitlement to vote

Regulation 7.11.37 of the Corporations Regulations 2001 permits the Company to specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting.

The directors have determined that all shares of the Company that are quoted on ASX at 7.00 pm EDST on Wednesday, 25 February 2009 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the shares at that time.

Proxies

Please note:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.
- (d) The appointment of a proxy will be valid –
 - if it is received no later than 10.30am Melbourne time on Wednesday 25 February 2009; and
 - if it is signed by the appointer’s attorney, it is accompanied by the original authority under which the appointment was signed or a certified copy of the authority.

How to Vote

You may cast your vote in person at the Meeting, or by appointing a proxy to vote on your behalf. If you wish to appoint a proxy you may do so:

1. online by visiting www.investorvote.com.au and using the secure access information included on the proxy form enclosed with this Notice of Meeting.

Please note that you will be taken to have signed the proxy form if you lodge it in accordance with your instructions on the website. A proxy cannot be appointed electronically if it is appointed under a Power of Attorney or similar authority;
2. by facsimile to Computershare Investor Services Pty Limited, to one of the following numbers:
 - (within Australia) 1800 783 447
 - (outside Australia) +61 3 9473 2555

3. by mail to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001 or by using the enclosed Business Reply Envelope; or
4. by hand to either –
 - the Registry, Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067; or
 - the Company at its registered office, Level 8, 461 Bourke Street, Melbourne VIC 3000

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

Corporate Representative

If a representative of a corporate shareholder or proxy is to attend the meeting, a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share registry at www.computershare.com.

To be effective, this certificate should be received by the Company prior to the commencement of the meeting or presented at the registration desk on the day of the meeting.

By Order of the Board



Gideon Meltzer
Company Secretary

23 January 2009

Explanatory Notes

The purpose of these Explanatory Notes is to provide shareholders with information that may reasonably be required by shareholders to decide how to vote upon the resolutions put to the Annual General Meeting (“AGM” or “Meeting”).

The Chair of the Meeting intends to vote undirected proxies in favour of all resolutions, where permitted under the ASX Listing Rules.

Ordinary Business

Item 2 – Financial Statements and Reports

The Corporations Act 2001 (Cth) (‘Corporations Act’) requires the Directors to lay before the Meeting the Financial Report, Directors’ Report and Auditor’s Report for the year ended 30 September 2008.

Neither the Corporations Act nor Timbercorp’s Constitution requires shareholders to vote on the reports. However shareholders will be given ample opportunity to raise questions or comments on the management of the Company and the performance of the Company generally.

Also, a reasonable opportunity will be given to members to ask the Company’s auditor questions relevant to the conduct of the audit, the preparation and content of the auditor’s report, the accounting policies adopted by the Company in relation to the preparation of the Company’s financial statements, and the independence of the auditor in relation to the conduct of the audit.

Item 3 – Remuneration Report

The Corporations Act requires a non-binding resolution to be put to shareholders for the adoption of the Remuneration Report. Shareholders will be given a reasonable opportunity to comment on and ask questions about the Remuneration Report.

The Remuneration Report is set out in the Annual Report on pages 37 to 42. Copies of the Annual Report are available on Timbercorp’s website at www.timbercorp.com.au under “Company Information” or may be obtained from the Company by calling (61 3) 8615 1200.

Pursuant to section 250R of the Corporations Act, the vote on this resolution is advisory and does not bind the Directors. However, the Directors will take the outcome of the vote into consideration for future remuneration policy reviews.

The Board unanimously recommends that shareholders vote in favour of Item 3.

Background information to Item 3:

The Company's 2008 Remuneration Report is set out under the following key headings:

- a. Identification of key management personnel
- b. Update from the previous report
- c. Commentary on Company performance, shareholder wealth and remuneration
- d. Details of remuneration paid for the year compared to the previous year
- e. Remuneration policies

In 2008 the Company operated in an increasingly challenging environment which included regulatory uncertainty, on-going and intensifying drought conditions, rising farm management costs, and a substantial deterioration in economic conditions characterised by volatility in equity markets. For the second successive year the Company recorded reduced diluted earnings per share, returns on equity, dividends and overall negative total shareholder returns. Fixed salary increases for the senior executives were generally capped at the rate of CPI increases with exception to the current CEO who stepped up from the position of deputy CEO with effect from 1 July 2008. The short term executive incentives approved for the 2008 financial year represent a balance between acknowledgement of the financial performance deterioration and the objective of retaining, attracting, and motivating appropriately qualified and experienced executives.

The executive short-term incentives were allocated based upon individual performance assessments subject to a cap at 80% of the previous year. The "cap" applied on an individual basis, where appropriate, and also on a total pool basis. By comparison, in 2007, the short term incentive performance pool was limited to 50% of the pool available for the 2006 financial year.

The cash component of the 2008 short term incentives represented 75% of the total approved short term incentives. The Remuneration Report noted that the remaining 25% was to be taken as an equity benefit, under the proposed DESP, which will vest over the ensuing two financial years. After final Board approval, the DESP was activated in late December 2008, and the remaining 25% of the approved executive short term incentives were applied by the Trustee of the DESP by the on-market purchase of shares in the Company.

The Remuneration Report also refers to work underway with the assistance of an external remuneration consultant to ensure equity incentive benefits are more closely aligned with industry "best practice" whereby the vesting of such benefits is subject to appropriate long term performance hurdles. The Board subsequently approved a long term incentive plan allowing for the issue of zero exercise price options ("Performance Rights") to executives and other selected employees under the existing EOP. Performance hurdles will be measured over a three year period.

In summary, the following items of Business to be considered at the Annual General Meeting relate to the Company's various remuneration plans:

- Item 6 - The Company has elected to seek shareholder approval of the terms of the EOP for all purposes, including for the purposes of Listing Rule 7.2, exception 9;
- Item 7 - seeks approval of the issue of Performance Rights to the CEO (an Executive Director) under the EOP; and
- Item 8 - The Company is seeking shareholder approval of the terms of the DESP for all purposes, including for the purposes of Listing Rule 7.2 exception 9 of the Corporations Act.

Items 4(a)-(c) – Election of Directors

In accordance with article 8.1(d) of the Constitution, at every AGM, a minimum of two Directors must retire from office (other than the Managing Director, and a Director appointed by the directors since the previous AGM and standing for election). The Directors to retire are to be those who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, determined by agreement. Further, pursuant to article 8.1(e) no Director who is not the Managing Director may hold office without re-election beyond the third AGM following the meeting at which the Director was last elected or re-elected.

Item 4(a) Re-election of Director – Robert J Hance

Non-Executive Director, age 65

Appointed a Director in August 1997 and Chief Executive Officer in June 2000, a position he held until June 2008 when he retired from an executive role with the Company. He is a member of the Audit, Risk and Compliance Committee, the Remuneration Committee and the Nominations Committee. Mr Hance is a Director of Costa Exchange Limited, Boundary Bend Limited and Australian Garlic Producers Pty Ltd, in which Timbercorp holds equity interests. Mr Hance co-founded Timbercorp in 1987 and jointly owns Timbercorp WA Pty Ltd, a substantial shareholder of Timbercorp Limited. Mr Hance has over 20 years experience in the agribusiness sector across forestry, horticulture and viticulture. His expertise includes analysis of agribusiness opportunities, structuring and distributing specialist agribusiness investment products and the review and direction of agricultural operations.

The Board, with Mr Hance abstaining, recommends that shareholders vote in favour of Mr Hance's re-election.

Item 4(b) Re-election of Director – Gary W Liddell

Non-Executive Director, age 68

Mr Liddell was appointed a Director in August 1997. He is Chairman of the Audit, Risk and Compliance Committee and a member of the Remuneration Committee and served as Chairman of Timbercorp Limited from 29 June 2001 to 14 October 2002. Mr Liddell is an associate of the Institute of Chartered Accountants in Australia and is a partner in chartered accounting firm Liddell Weight & Co. Mr Liddell has a long

professional background in financial management and compliance work and has a detailed knowledge of primary production structures and operations.

The Board, with Mr Liddell abstaining, recommends that shareholders vote in favour of Mr Liddell's re-election.

Item 4(c) – Election of Dr David A McKinna

Non-Executive Director, age 61

DDA, BEc (Hons), MEc, PhD

Dr McKinna was appointed as a Non-Executive Director of the Company on 19 January 2009 to fill a casual vacancy on the Board. The Company's Constitution requires that Directors who are appointed during the year, only hold office until the conclusion of the next AGM following his or her appointment. Dr McKinna will retire and offer himself for election.

Dr McKinna is currently a director and principal of McKinna et al Pty Ltd, a global strategy consultancy company, which he founded 25 years ago. He has undertaken high level consulting projects at every link in the agribusiness supply chain from farm gate to end-user including input supply, banking, food manufacturing, supply logistics, branding and consumer research. He has vast experience in industry development particularly in agrifood sectors. Dr McKinna is considered one of Australia's leading agrifood opinion makers and is actively engaged in market development in most traditional and emerging markets of the world.

He was the architect of some of the most successful and global multi-award winning strategies in Australia such as Meat and Livestock Australia's turnaround strategy for red meat consumption, Woolworth's The Fresh Food People supply chain program and the award-winning Big M cooperative marketing strategy for Australian Milk Marketing. Dr McKinna was one of the founding fathers of the David Syme Business School and the Agribusiness program at Monash University.

The Board, with Dr McKinna abstaining, recommends that shareholders vote in favour of Dr McKinna's election.

Special Business

Item 5 – Increase in Non-Executive Directors' Fees

Purpose

The Board undertook a review of its performance during the 2008 financial year. A major outcome of the review was the recognition that the Board needs to increase the number, diversity and expertise of directors commensurate with a fully integrated agribusiness company.

Item 5 seeks shareholder approval pursuant to ASX Listing Rule 10.17 for the increase in the maximum aggregate remuneration payable to Non-Executive Directors ("NED") in any one financial year from \$400,000 to \$550,000 per annum."

Under the Company's Constitution and ASX Listing Rule 10.17, the annual maximum remuneration of NEDs must not exceed the amount fixed by the Company in a general meeting ("Aggregate Remuneration Pool") and may only be increased with the approval of the shareholders.

The Aggregate Remuneration Pool was last considered at the 2005 AGM for the Company where the amount was fixed at \$400,000.

Increases in the Aggregate Remuneration Pool (2002 to 2009) are listed below -

| 2002 | 2005 | 2009 |
|----------------------|---------------------|---------------------|
| \$200,000- \$300,000 | \$300,000-\$400,000 | \$400,000-\$550,000 |

The proposed increase of \$150,000 represents a percentage increase of 37.5%. The remuneration pool will be inclusive of all payments to be made to NEDs, including superannuation. NEDs will not receive options or retirement benefits as part of their remuneration. Currently, NEDs are not entitled to any additional fees for services performed as a member of the Company's committees. The remuneration pool will be apportioned between NEDs as determined by Board resolution. For the year ended 30 September 2008, the total fees payable to the Chairman and other NEDs was \$245,000 or 61.3% of the maximum amount of \$400,000. On 1 October 2008, the Board resolved to increase the fees payable to the Chairman and the other NEDs by \$15,000 per annum each. The following table sets out the annual fees payable to the Chairman and the NEDs:

| | Previous Fee | New Fee |
|-----------------|--------------|-----------|
| Chairman | \$110,000 | \$125,000 |
| Other directors | \$60,000 | \$75,000 |

Before determining the proposed increase, the Board considered the following –

- the advice of an independent remuneration consultant, retained by the Company to conduct a review of NED remuneration to aid in the replacement of retiring NEDs;
- whether the proposed increased Aggregate Remuneration Pool is 'reasonable' relative to the Company's peers and the overall performance of the Company;
- the need to recruit and retain appropriately skilled and qualified NEDs in the highly competitive financial services and agribusiness industries;
- the fact that whilst the existing Aggregate Remuneration Pool was not fully utilised in the previous financial year, the Board then included 3 Executive Directors, one of whom has since retired and another of whom is now a Non-Executive Director; and
- the potential for the current fee cap to be exceeded in light of the factors set out above.

The proposed increase in the Aggregate Remuneration Pool, if approved, will:

- maintain Timbercorp's ability to continue to attract and retain NEDs of the highest calibre, with the balance of skills and experience critical in the increasingly competitive, regulatory and legislative environment in which the Company operates; and
- give the Board capacity to have up to a total of 7 directors.

A voting exclusion statement applicable to this item 5 is included in the Notice of Meeting.

Given the interest in this matter by each NED, the Board as a whole makes no recommendation on this item.

Item 6 – Timbercorp Employee Option Plan (“EOP”)

ASX Listing Rule 7.1 provides a formula that limits the number of equity securities the Company may issue without shareholder approval within any 12 month period to 15% of its share capital.

ASX Listing Rule 7.2 Exception 9, provides that a company's shareholders may approve the issue of any securities under an employee incentive scheme as an exception to Rule 7.1 and that such approval has effect for three years.

The shareholders of the Company last approved issues of securities under the EOP on 22 February 2007. The Company announced on 14 December 2007 that it had issued 1,0376,480 options at an exercise price of \$1.71 and no other options or rights have been issued under the EOP.

There are currently 2,713,740 options that remain outstanding under the EOP at the date of these Explanatory Notes.

Item 6 seeks shareholder approval for the issue of securities under the EOP pursuant to ASX Listing Rule 7.2 Exception 9. Previous grants under the EOP have been made in the form of market price or above market price options. Going forward it is intended that grants will also be made in the form of zero exercise price options (“Performance Rights”), including to the CEO on the terms outlined in the Explanatory Notes for Item 7.

If the resolution is passed, securities issued under the EOP within three years from the date of the Annual General Meeting will not be included towards the Company's 15% cap under Listing Rule 7.1.

A summary of the key terms of the Timbercorp EOP is set out in the following pages (“EOP Summary”). A full copy of the EOP Rules is available for inspection at the registered office of the Company during normal business hours up to the date of the Meeting. References to “options’ in the EOP Summary includes references to market and above market price options and Performance Rights.

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| Eligibility | <p>The following employees are eligible to participate in the EOP:</p> <ul style="list-style-type: none"> ▪ a full-time or permanent part-time employee of any member of the Timbercorp Group; or ▪ an executive director or secretary of any member of the Timbercorp Group, <p>other than a person who has been given notice of dismissal for misconduct (or has given notice of resignation in order to avoid such dismissal).</p> <p>The Board has a discretion to determine which eligible employees will receive offers under the EOP, having regard to factors such as the person's position, length of service and contribution to the Company.</p> <p>Non-executive directors are ineligible to participate in the EOP.</p> |
| Form of grant | Options to acquire fully paid ordinary shares in the Company. Each option granted will entitle the participant to one fully paid ordinary share. |
| Participation | Eligible Employees accept an offer to participate by submitting an application form. The Board then has a discretion whether to accept the application. |
| Issue price | Although the Board has the discretion under the EOP to set an issue price, it is intended that options will be issued at no cost to the participant (on the basis that the issue forms part of the employee's total remuneration). |
| Exercise price | <p>Options may be subject to an exercise price. The Board may determine to issue Performance Rights and full market or above market price options. Unless the Board determines otherwise, the exercise price for market or above market price options will generally be calculated based on the weighted average price at which the Company's shares are traded on ASX over the 5 trading days up to and including the grant date.</p> <p>All options must be exercised by the participant (i.e. shares will not be automatically allocated upon vesting).</p> |
| Performance conditions | <p>The Board has a discretion under the Rules to set performance conditions which will apply to a grant of options. These conditions may vary between grants.</p> <p>The performance conditions that will apply to the proposed grant of Performance Rights to the CEO are summarized in the Explanatory Notes for Item 7. Performance conditions for future grants of options to the CEO and other key management personnel will be summarised in the Remuneration Report each year.</p> |

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| Exercise period | Options are exercisable from the time they vest until such time as they lapse under the EOP Rules. Options will generally lapse upon the earlier of: <ul style="list-style-type: none"> ▪ a specified period after the grant date (as set by the Board); or ▪ a specified period after the participant ceases to be employed by the Timbercorp Group (see below). |
| Restrictions attaching to options | Unless the Board in its absolute discretion determines otherwise, a participant must not sell, transfer, mortgage, charge or otherwise deal with or encumber their options (or attempt to do any of those things) - except where the options have vested and the transfer is to a nominee. |
| Restrictions attaching to shares | Shares issued to participants upon exercise of their options are not subject to restrictions on dealing, and rank equally with all other ordinary shares on issue. |
| Cessation of employment | Unless the Board determines otherwise, where a participant ceases to be employed by a Group Company: <ul style="list-style-type: none"> ▪ all unvested options lapse; and ▪ in relation to vested options: <ul style="list-style-type: none"> ○ the participant will have 3 months to exercise the options where their employment ceases due to resignation; ○ the participant will have 6 months to exercise the options where their employment ceases due to retirement, redundancy or permanent disability; ○ the participant's personal representative will have 12 months to exercise the options where the participant's employment ceases due to death; and ○ where employment ceases for any other reason, the options will lapse. |
| Takeover/scheme of arrangement | Where a takeover bid or scheme of arrangement is made or undertaken in respect of the Company, the Board has the discretion to determine that some or all of the options will vest and become exercisable. |
| Capital reconstructions/new issues | Subject to the Listing Rules, the Board may adjust the terms of options where the Company conducts a rights issue, bonus issue or other capital reconstruction, reduction or distribution. |
| Administration of the EOP | The Board will administer the EOP in accordance with the Rules. The Board may from time to time suspend the operation of, or cancel, the EOP. The suspension or cancellation of the EOP will not prejudice the existing rights of participating executives. |
| Amendment to the EOP | Subject to the Listing Rules and to specified restrictions in the Rules, the Board may amend all or any of the provisions of the EOP Rules. |

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| Maximum number of options to be issued | <p>At any time, the aggregate of:</p> <ul style="list-style-type: none"> ▪ options outstanding under the EOP (i.e. those which have been granted but not yet exercised, as well as those which may be granted if a current offer to participate is accepted); and ▪ shares issued upon exercise of options granted under the EOP in the previous 2 years, <p>excluding those issued under an exempt offer as set out in the EOP Rules, must not exceed 5% of the Company's total share capital.</p> |
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A voting exclusion statement is included with the Notice of Meeting.

The Board, other than Mr Rabinowicz due to his personal interest, recommends that shareholders vote in favour of Item 6.

Item 7 - Approval of Issue of Securities to the Chief Executive Officer under the Executive Option Plan

Purpose

Item 7 seeks shareholder approval for the issue of up to 820,000 zero exercise price options ("Performance Rights") to the Chief Executive Officer, Mr Sol C Rabinowicz, under the Timbercorp Employee Option Plan (the "EOP"). Each Performance Right will, upon vesting and exercise, entitle Mr Rabinowicz to one fully paid ordinary share in the Company.

This proposed issue is subject to the conditions set out below.

Shareholder approval is required under ASX Listing Rule 10.14 as Mr. Rabinowicz is a Director of the Company. In addition, approval is sought to exclude the Performance Rights and any shares issued upon vesting and exercise of such rights from the 15% cap on new issues of securities under ASX Listing Rule 7.1. ASX Listing Rules 10.15A and 7.3 require this Notice of Meeting to include the following information in relation to the proposed issue.

| | |
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| The date of issue of Performance Rights | If approved, the Performance Rights will be issued on or about 2 March 2009. |
| Maximum number | The maximum number of Performance Rights to be granted to Mr Rabinowicz is 820,000, which is also the maximum number of shares that may be acquired by Mr Rabinowicz upon exercise of vested rights. |
| Issue price | There will be no issue price for the Performance Rights, as the grant constitutes part of Mr Rabinowicz's remuneration package. |

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| Exercise price | The exercise price of the Performance Rights will be nil. |
| First exercise date for Performance Rights | The Performance Rights become exercisable on the earlier of the fulfilment of the performance conditions set out below or where a special circumstance giving rise to an earlier exercise occurs. |
| Last exercise date for Performance Rights | All Performance Rights will lapse automatically if not exercised by a date which is, 48 months after the proposed issue date ("Last Exercise Date"). For example, if the Performance Rights are issued on 2 March 2009, they will lapse automatically if they are not exercised by 1 March 2013. |
| Method for Calculating the Number of Performance Rights to be issued | <p>The Performance Rights are granted in satisfaction of a long term incentive of \$150,000 awarded to Mr Sol C Rabinowicz which will be expensed by the Company over the Performance Period described below, in accordance with the Australian Accounting Standards (AASB 2).</p> <p>The Company has determined that the number of Performance Rights to be issued is based on the volume weighted share trading price of the Company's ordinary shares on the ASX over the period 20 November 2008 to 4 December 2008 (\$0.1827), being the five trading days prior to the release of the 2008 financial year preliminary final results, the day of the release of the results and the five ensuing trading days.</p> |
| Performance conditions | <p>Performance will be assessed over the period from 2 March 2009 to 1 March 2012 ("Performance Period") calculated on the basis of the Company's relative TSR ranking at the end of that period compared with the TSR performance over the same period of the entities that comprise the S&P/ASX 300 Accumulation Index at the start of the TSR Performance Period ("Comparator Group").</p> <p>Performance Rights subject to the relative TSR performance condition will not vest unless the Company's TSR over the Performance Period is at least equal to the TSR of the company which is at the median of the Comparator Group. If the Company's TSR is at the median then 50% of the performance rights will vest. 100% of the performance rights will vest when the TSR of the Company equals or exceeds the 75th percentile of the Comparator Group.</p> <p>The proportion of Performance Rights subject to the relative TSR performance condition that vest for relative performance between the median (50th percentile) and the 75th percentiles increases by 2% for each 1 percentile increase in the Company's relative TSR performance.</p> |
| Availability of vested Performance Rights | All vested rights are available up to the Last Exercise Date. |

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| Exercise of Performance Rights | Subject to any adjustments in accordance with the EOP Rules and/or the ASX Listing Rules, each Performance Right entitles the holder to acquire one (1) ordinary share in the capital of Timbercorp Limited on exercise of the Performance Right. |
| Exercise parcels | Exercise may be in whole or in part, as long as the Performance Rights are exercised in parcels of no less than \$5,000 worth of shares. |
| Other terms | No loan will be provided by the Company to acquire or exercise any of these Performance Rights. On the exercise of the Performance Rights, the Company may fund a trustee to acquire the shares relating to the exercise. |

The Listing Rules require the disclosure of the following additional information in relation to the proposed grant to Mr Rabinowicz:

- Performance Rights issued under the EOP will not be listed on ASX;
- Any shares allocated on exercise of the Performance Rights will rank pari passu in all respects with the Company's ordinary shares listed on ASX;
- The Company will bear all costs associated with the administration of the EOP;
- Since the last approval was obtained under Listing Rule 10.14, the following options were granted under the EOP to then current Executive Directors:

| | Date | Number and Exercise price | Options Exercised | Options Lapsed |
|-------------------|--------------|------------------------------------|--------------------------------------|----------------|
| Mr Sol Rabinowicz | April 2005 | 234,000 with \$1.70 exercise price | 46,800 at \$1.70 | 93,600 |
| | October 2005 | 294,300 with \$2.36 exercise price | | 117,720 |
| | October 2006 | 186,000 with \$2.87 exercise price | | 37,200 |
| Mr Robert Hance | April 2005 | 234,000 with \$1.70 exercise price | 46,800 at \$1.70 | 93,600 |
| | October 2005 | 294,300 with \$2.36 exercise price | | 117,720 |
| | October 2006 | Nil | | |
| Mr John Vaughan | April 2005 | 234,000 with \$1.70 exercise price | 93,600 at \$1.70 58,860 at \$2.36 | 46,800 |
| | October 2005 | 294,300 with \$2.36 exercise price | | 58,860 |
| | October 2006 | Nil | | |

- Mr Rabinowicz is currently the only Executive Director of the Company, and is the only Director entitled to participate in the EOP;
- Details of any options (market price and/or zero exercise price), or shares issued under the EOP will be published in each annual report of the Company relating to the period in which options, rights or shares have been issued, and that approval for the issue of options, rights or shares was obtained under ASX Listing Rule 10.14;

- Any Directors who become entitled to participate in the EOP after the resolution is approved who are not named in the Notice of Meeting will not participate in any issue of securities under the EOP until approval is obtained under Listing Rule 10.14 or a waiver has been received; and
- A voting exclusion statement is included with the Notice of Meeting.

Item 8 – Approval of Timbercorp Deferred Employee Share Plan (“DESP”)

Purpose

ASX Listing Rule 7.1 provides a formula that limits the number of equity securities the Company may issue without shareholder approval within any 12 month period to 15% of its share capital.

ASX Listing Rule 7.2 Exception 9, provides that a company’s shareholders may approve the issue of any securities under an employee incentive scheme as an exception to Rule 7.1 and that such approval has effect for three years.

Item 8 seeks shareholder approval for the issue of securities under the DESP pursuant to ASX Listing Rule 7.2 Exception 9. If the resolution is passed, securities issued under the DESP within three years from the date of the Annual General Meeting will not be included towards the Company’s 15% cap under Listing Rule 7.1.

Summary of Timbercorp Deferred Employee Share Plan

A summary of the key terms of the DESP is set out below. A full copy of the DESP Rules is available for inspection at the registered office of the Company during normal business hours up to the date of the Meeting.

| | |
|------------------------------|---|
| Eligibility | The DESP allows invited eligible employees, including Directors, to receive Timbercorp shares as a bonus/incentive or as a remuneration sacrifice and, subject to certain conditions, defer tax for up to 10 years on the benefit. |
| Participation | Participating employees acquire the shares by way of remuneration sacrifice – agreeing to forego future income for share benefits. The Board may also approve a Company contribution to participating employees to further encourage their participation in DESP. The Board may also offer shares under DESP to selected executives subject to a range of performance and service vesting conditions for long term incentive purposes. |
| Operation of the DESP | The DESP operates under a trust. The participant’s rights in respect of the shares are governed by the rules set out in the Trust Deed. The shares are held by the Trustee until the shares have vested with the particular participant (upon satisfaction of any performance and/or service criteria) and an application for withdrawal has been accepted by the Company. The Company will meet the costs of DESP administration. |

| | |
|-----------------------------|--|
| Share entitlement | Prior to satisfaction of any performance and/or service criteria a participant will only have a conditional entitlement to the shares. The conditional entitlement to the shares will lapse if any performance and/or service criteria are not met. However participants may at any time submit a notice of withdrawal of shares held by them in the event of special circumstances. Special circumstances is defined as retirement, redundancy, death or permanent disablement of a participant, or such other circumstances determined by the Board from time to time. |
| Forfeiture of shares | Failure to satisfy the conditions of offer or where the Board is of the opinion that a participant has been dismissed with cause or has committed any act of fraud, defalcation or gross misconduct in relation to the Company, any shares allocated to a participant are forfeited unless the Board resolves otherwise. |
| Shareholding rights | Shares issued under the DESP carry full shareholder rights including in relation to rights and bonus issues, voting and dividends but will not be eligible to participate in any dividend reinvestment plan. |
| Change of control | The Board will notify participants to enable them to withdraw shares from the DESP where there is publicly announced any proposal in relation to the Company which the Board reasonably believes may lead to a change in control of the Company as that term is defined in the DESP. |
| Limitations on issue | <p>The number of shares that may be issued by the Company under the DESP when aggregated with the number of shares issued during the previous 5 years under all employee share plans established by the Company (including as a result of exercise of options to acquire shares granted during the previous 5 years) will not exceed 5% of the total number of shares on issue disregarding the following unregulated offers:</p> <ul style="list-style-type: none"> (a) an offer to a person situated at the time of receipt of the offer outside Australia; (b) an offer that is an excluded offer or invitation within the meaning of the Corporations Act 2001; (c) an offer made under a relevant Class Order (other than ASIC Class Order 03/184); or (d) an offer that does not need disclosure to investors under the Corporations Act 2001. |

As this is the first time approval has been sought for the DESP, no previous issues of securities have been made under the DESP in accordance with a shareholder approval.

A voting exclusion statement applicable to this item 8 is included in the Notice of Meeting.

Given that the Directors are eligible to participate in the DESP, the Board as a whole makes no recommendation on this item.



TIMBERCORP
 AGRIBUSINESS
 INVESTMENT MANAGERS
 (Timbercorp Limited)
 ABN 87 055 185 067

MR JOHN SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
 Computershare Investor Services Pty Limited
 GPO Box 242 Melbourne
 Victoria 3001 Australia

Alternatively you can fax your form to
 (within Australia) 1800 783 447
 (outside Australia) +61 3 9473 2555

For all enquiries call:
 (within Australia) 1300 360 965
 (outside Australia) +61 3 9415 4198

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:
www.investorvote.com.au

- Cast your proxy vote**
- Access the annual report**
- Review and update your securityholding**

Your secure access information is:

Control Number: 123456

SRN/HIN: I1234567890

PIN: 123456

 **PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 10.30am Wednesday 25 February 2009**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
 or turn over to complete the form →**

MR JOHN SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 1234567890

I N D

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Timbercorp Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Timbercorp Limited to be held at Arthur Streeton Auditorium, Sofitel Melbourne on Friday, 27 February 2009 at 10.30am and at any adjournment of that meeting.

Important for Item 5: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Item 5 below, please mark the box in this section. The Chairman of the Meeting intends to vote undirected proxies in favour of item 5 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 5 and your votes will not be counted in computing the required majority if a poll is called on this Item.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

| | | For | Against | Abstain |
|----|--|--------------------------|--------------------------|--------------------------|
| 3 | Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4a | Re-election of Director - Robert Hance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4b | Re-election of Director - Gary W Liddell | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4c | Election of Director - David A McKinna | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | Increase in Non-Executive Directors' Fees | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 | Timbercorp Employee Option Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 | Issue of Securities to the CEO under the Timbercorp Employee Option Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8 | Approval of the Timbercorp Deferred Employee Share Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____ Date ____/____/____