

November 2009

Australian Jockey Club Limited (ACN 130 406 852) (AJC)

To Members

Dear Member

RE: Board recommended changes to the AJC Constitution

Member concerns about Constitution

At the Extraordinary General Meeting of Members in April 2009, Members expressed concern regarding changes to the Club's Constitution upon incorporation. Your views are important to the AJC Board. Consequently I invited Members to make submissions to the AJC on those matters of concern, and the Board constituted a Board sub-committee of Alan Osburg and Julia Ritchie to review requested changes.

Members' submissions

The AJC received eight (8) written submissions from members. However, the Board acknowledges that several of those submissions represented the views of many more Members. The most common concerns raised were as follows:

- maximum tenure of the Chairman (with a request that the 8 year term be reduced to an aggregate of 4 years);
- current applications for membership did not require proposers from members;
- certain vacancies on the Board could be appointed by the Board;
- the Chief Executive of the AJC could be appointed to the Board, if permitted by law (with a requested change that this be prohibited); and
- Directors could be paid for performing specific functions for the AJC (with the request that the role of Director be truly voluntary).

Board recommended amendments

In addition the Board itself considered that the Constitution needed to re-establish certainty on the system of voting for Directors elections, rather than permit the Board to determine that system from time to time.

In view of these matters, the Board is pleased to recommend the amendments to the Constitution set out in the attached paper, which are the Board's recommended Resolutions numbered 1 to 6 in the Notice of Meeting. In accordance with the *Corporations Act 2001 (Cth)*, an amendment to a company's constitution requires a special resolution to be passed by members. This means the proposed resolution must be passed by at least 75% of the members' votes cast by members who are entitled to vote on the resolution.

Other matters

Some Members' submissions were not able to be pursued at this time. Several submissions raised concerns about the mechanics in the Constitution to reduce the Board from 10 to 7 Directors over time, and the ability of the Board to make Club Rules. Members will be aware of the current investigation into a potential merger of the AJC and the Sydney Turf Club (STC). Pending the outcome of those discussions with Government, Racing NSW and the STC, the Board considers that it is too early to propose any changes to the Constitution of this nature. However, the Board will consider this issue further once the future of these discussions is more certain.

Regarding the making of Club Rules, the Board considers that the making of rules for the responsible running of the AJC is a standard corporate power which every company possesses. The members elect the Board to run the company, and have an opportunity to express their views on the Board's success at this role every election.

I hope this fully explains what is proposed at this time. I look forward to seeing you at the Annual General Meeting on 27 November 2009.

Sincerely,
AUSTRALIAN JOCKEY CLUB

A handwritten signature in black ink that reads "Ron Finemore:".

Ron Finemore AO
Chairman

NOTICE TO MEMBERS

BOARD RECOMMENDED AMENDMENTS TO AJC CONSTITUTION

The Board gives notice to Members, and recommends that members vote in favour of the following proposed resolutions at the AJC 2009 Annual General Meeting.

1. Clause 6.3.3 (Application for membership)

Resolution 1: The AJC Board recommends that members vote in favour of the following resolution proposed by the Board:

"The members resolve to delete clause 6.3.3 of the Australian Jockey Club Limited Constitution and insert the following new clause 6.3.3:

6.3.3 *be signed by at least one (1) Full Member nominating the applicant for membership, unless this requirement is waived by the Board in relation to any particular applicant; and"*.

Explanatory note: This amendment enshrines in the Constitution the requirement for each new application for membership of the AJC to have at least one member propose the applicant as a member.

2. Clause 10.4 (Appointment of Directors)

Resolution 2: The AJC Board recommends that members vote in favour of the following resolution proposed by the Board:

"The members resolve to delete the word "either" and the words "or as an addition to the Board" in clause 10.4 of the Australian Jockey Club Limited Constitution".

Explanatory note: The effect of this amendment will be to require all permanent appointments to the AJC Board to be made by AJC Members. The AJC Board may make an appointment to fill a casual vacancy, however each person so appointed is required to retire at the first Annual General Meeting following his or her appointment.

3. Clause 12.14 (Chairman's tenure)

Resolution 3: The AJC Board recommends that members vote in favour of the following resolution proposed by the Board:

"The members resolve to delete clauses 12.10 and 12.14 of the Australian Jockey Club Limited Constitution, and replace them with the following new clauses 12.10 and 12.14:

"12.10 No Director may hold the office of Chair or Vice-Chair for longer than a total aggregate of 4 years.

12.14 The Chair is deemed to vacate the office of Chair at the annual general meeting following the date on which the Chair has held office for a total aggregate of 4 years and will not be eligible for re-appointment as Chair."

Explanatory note: The effect of the proposed amendment will be that the Chairman's tenure and Vice Chair's tenure will each be limited to a maximum aggregate of 4 years.

4. Clauses 12.22 and 16.3 – CEO appointment as Director.

Resolution 4: The AJC Board recommends that members vote in favour of the following resolution proposed by the Board:

"The members resolve to:

- (a) *delete the words "other than the Chief Executive" in clause 12.2 of the Australian Jockey Club Limited Constitution; and*
- (b) *delete clause 16.3 of the Australian Jockey Club Constitution and insert the following new clause 16.3:*

"The Chief Executive must not be appointed as a Director".

Explanatory note: The effect of this proposed amendment will be that the Chief Executive of the AJC will not be able to be appointed to the Board of the AJC, even if the law permitted this.

5. System of voting for Directors elections conducted by a postal ballot

Resolution 5: The AJC Board recommends that members vote in favour of the following resolution proposed by the Board:

"The members resolve to insert a new clause 10.3A into the Australian Jockey Club Constitution, as follows:

"10.3A Where the annual election of Directors is conducted by means of a members postal ballot, the counting of the votes to determine successful candidates must be on the basis of the number of votes each eligible candidate receives."

Explanatory note: The effect of this proposed amendment will be that a new clause will be inserted in the Constitution to require that each election of directors conducted by a postal ballot be determined on the basis of the number of votes each eligible candidate receives. This proposed system is a "first past the post" system of counting votes.

6. Remuneration of Directors who perform special functions

Resolution 6: The AJC Board recommends that members vote in favour of the following resolution proposed by the Board:

The members resolve to:

- (a) *delete clause 20.2.4 of the Australian Jockey Club Limited Constitution and replace ";or" at the end of clause 20.2.3 with a full stop; and*
- (b) *delete the text of clause 10.22 of the Australian Jockey Club Limited Constitution and replace it with "[Deleted clause]", to avoid re-numbering.*

Explanatory note: The effect of this proposed resolution will be that Directors engaged by the AJC in other capacities will perform the engagement on a voluntary basis and not for remuneration. If the amendment is accepted clause 10.22 will read "**10.22 [Deleted clause]**", to avoid renumbering.