

Notice of Annual General Meeting 2008

Notice of Annual General Meeting 2008 To: The Shareholders

Notice is hereby given that the Annual General Meeting of the shareholders of Downer EDI Limited ("Company") will be held at:

**Thomas Keneally Room
Sydney Harbour Marriott Hotel
30 Pitt Street
Circular Quay, Sydney**

on Thursday 30 October 2008, commencing at 10:00 am, to transact the following:

Ordinary Business

- 1 To receive and consider the Financial Statements and Reports of the directors and auditor for the year ended 30 June 2008.
- 2 To re-elect director:
Mr John Humphrey retires by rotation, and in accordance with the Constitution of the Company, being eligible, offers himself for re-election.
- 3 To elect director:
Mr Geoffrey Knox, having been appointed as managing director since the last annual general meeting, retires in accordance with the Constitution and, being eligible, offers himself for election.
- 4 To elect director:
Ms Sally (Annabelle) Chaplain having been appointed to fill a casual vacancy since the last annual general meeting, retires in accordance with the Constitution and, being eligible, offers herself for election.
- 5 To elect director:
Mr Richard (Mike) Harding having been appointed to fill a casual vacancy since the last annual general meeting, retires in accordance with the Constitution and, being eligible, offers himself for election.

- 6 To adopt the remuneration report for the year ended 30 June 2008.

Note: Under section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and is not binding on the Board or the Company.

Special Business

- 7 To approve the increase in the maximum total amount of directors' fees that may be payable by the Company to the non-executive directors from \$800,000 to \$2,000,000.

Voting Exclusion Statement

In connection with Resolution 7, the Company will disregard any votes cast by any Director and any of his associates. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the 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.

Invitation

After the meeting all shareholders are invited to join the Directors for light refreshments.

Proxies

1. A proxy form is attached.
2. A member entitled to attend and vote at the meeting is entitled to appoint not more than 2 proxies.
3. Where more than one proxy is appointed, each proxy should be appointed to represent a specified proportion of the member's voting rights. In the absence of such a specification, each proxy will be entitled to exercise half the votes.
4. You may appoint either an individual or a body corporate as your proxy. A proxy need not be a member of the Company.

5. A proxy form must be signed by the member or the member's attorney. Proxies given by corporations must be signed either under seal or in accordance with the constitution of the corporation. In the case of joint holdings, both joint holders must sign the proxy form.
6. The proxy form and the power of attorney or other authority (if any) under which it is signed (or a notary certified copy of the power of attorney or authority) must be received, not later than 48 hours before the time for holding the meeting, at the office of the Company's Share Registry:

Computershare Investor Services
Pty Limited
GPO Box 242
Melbourne VIC 8060
AUSTRALIA

Fax: (08) 8236 2305

Shareholders can also cast their votes online at www.investorcentre.com.au and follow the prompts. To use this facility, you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode as shown on the proxy form. You will have taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.

Eligibility to Vote

For the purpose of the meeting, shares will be taken to be held by persons who are registered as members as at 5:00 pm Sydney time on Tuesday 28 October 2008. Accordingly, transactions registered after that time will be disregarded in determining members entitled to attend and vote at the meeting.

Annual Report

Downer EDI's Annual Report is now available at www.downeredi.com

EXPLANATORY MEMORANDUM FOR SHAREHOLDERS

Resolution 1 – to consider and receive the Financial Statements and Reports for the year ended 30 June 2008

The Chairman will allow shareholders a reasonable opportunity to ask questions on the financial statements and reports of the directors and auditor and on the performance of the Company.

The Directors unanimously recommend that shareholders vote in favour of this resolution. The Chairman intends to vote undirected proxies in favour of this resolution.

Resolution 2 – re-election of Mr John Humphrey as a director

Mr Humphrey is a Partner in Mallesons Stephen Jacques, based in Brisbane where he specialises in corporate and resource project work. Mr Humphrey is currently a director of Horizon Oil Limited and Wide Bay Australia Limited and is a former Chairman of Villa World Limited. He was appointed to the board of Evans Deakin Industries Limited in 2000 and, subsequently, to the board of Downer EDI Limited. He is currently Chairman of the Audit & Risk Management Committee. Mr Humphrey holds a Bachelor of Laws degree from the University of Queensland.

The Directors, in the absence of Mr Humphrey, unanimously recommend that shareholders vote in favour of this resolution. The Chairman intends to vote undirected proxies in favour of this resolution.

Resolution 3 – election of Mr Geoffrey Knox as a director

Mr Knox was appointed Chief Executive Officer and Managing Director on 1 February 2008.

Mr Knox was previously Global Executive Director, Hatchcos Holdings, Executive Chairman Hatch Associates Pty Ltd and Global Managing Director, Hatch Infrastructure. Mr Knox is the former President of BHP Engineering and Vice President of BHP Project Management. He is a director of the Australian Constructors Association and holds a Bachelor of Civil Engineering from the University of Western Australia and completed the Executive Program at the University of Michigan Business School.

The Directors, in the absence of Mr Knox, unanimously recommend that shareholders vote in favour of this resolution. The Chairman intends to vote undirected proxies in favour of this resolution.

Resolution 4 – election of Ms Sally (Annabelle) Chaplain as a director

Ms Chaplain is currently Chairman of the Queensland Bulk Water Supply Authority and of Honeycombes Property Group Pty Limited, and holds non-executive directorships with Cannex (Aust) Pty Limited, George Street Finance Pty Limited and the Australian Youth Orchestra. She has had extensive experience as a company director over the past fifteen years. Ms Chaplain has held management positions as Head of Public Sector Client Management at ABN AMRO, Director Corporate and Project Finance at AIDC Limited and Vice President for Citibank Limited. Ms Chaplain holds a Bachelor of Arts degree, majoring in Economics and Mandarin and an MBA from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors.

The Directors, in the absence of Ms Chaplain, unanimously recommend that shareholders vote in favour of this resolution. The Chairman intends to vote undirected proxies in favour of this resolution.

Resolution 5 – election of Mr Richard (Mike) Harding as a director

Mr Harding is currently Chairman of Clough Limited, Chairman of the Army Project Governance Board of the Department of Defence, a non-executive Director of Santos Limited and previously was a non-executive Director of ARC Energy Limited. He has held management positions around the world with British Petroleum, including President and General Manager of BP Exploration Australia. Mr Harding holds an MSc in Mechanical Engineering.

The Directors, in the absence of Mr Harding, unanimously recommend that shareholders vote in favour of this resolution. The Chairman intends to vote undirected proxies in favour of this resolution.

Resolution 6 – adoption of remuneration report (non-binding resolution)

The remuneration report is contained within the Directors' Report in the 2008 Annual Report. Under section 250R(2) of the Corporations Act, a resolution that the remuneration report be adopted must be put to the vote of the shareholders at the AGM. This resolution is advisory only and will not bind the Board or the Company.

The remuneration report:

- sets out the Board's policies with regard to the structure, nature and level of remuneration paid to directors and senior executives
- summarises the performance conditions and explains why and how they are used
- discusses the link between remuneration and the Company's performance
- sets out the remuneration details for directors and senior executives
- discusses the key features of the Company's Long Term Incentive Plan

Shareholders as a whole will be given a reasonable opportunity to ask questions about, or make comments on, the remuneration report.

Resolution 7 – increase in total amount of non-executive directors' fees

The proposal before the meeting is to increase the maximum aggregate amount available for non-executive directors' fees by \$1,200,000 from \$800,000 per annum to \$2,000,000 per annum. Shareholder approval for the increase is required under Australian Securities Exchange Listing Rule 10.17.

The last increase in the aggregate directors' fees was previously authorised at the annual general meeting of the Company in 1998.

The increased amount takes account of the current marketplace remuneration for directors, and provides for an aggregate amount which will allow for the possible appointment of additional directors, as well as normal market changes in any year. The increase is sought to enable the Company to continue to appoint and retain directors with the necessary qualifications and experience to ensure the continued growth of the Company.

The proposed increased limit of \$2,000,000 will be the total amount that may be paid to all non-executive directors of the Company, and it will not be the amount that could be paid to individual directors. The amount that is payable to individual directors is determined by reference to market rates and after consideration of a number of factors including the time commitment of directors, the size and scale of the Company's operations, the skill sets of board members, the quantum of fees paid to non-executive directors of comparable companies, participation in committee work and other factors.

Fees for non-executive directors are fixed and are not linked to the financial performance of the Company in any way. The board believes this is necessary so that board members maintain their independence. In addition, non-executive directors do not receive any bonus payment nor participate in any share or incentive plan operated for executives of the Company.

For details of the amount of directors' fees paid for the year ended 30 June 2008, please refer to the 2008 Annual Report.

The Directors do not make any recommendation in respect of this resolution given the interest of the non-executive directors in the resolution. The Chairman intends to vote undirected proxies in favour of this resolution.

By Order of the Board
Stephen Mockett, Secretary
Sydney, 1 September 2008