

DOWNER EDI DIVIDEND REINVESTMENT PLAN

TERMS AND CONDITIONS

1 INTERPRETATION

1.1 Where used herein, unless the context otherwise requires:

- a) **“ASX”** means ASX Limited ABN 98 008 624 691, or as the context requires, the financial market operated by it;
- b) **“ASX Market Rules”** means the market rules that form part of the operating rules of the ASX for the purposes of the Corporations Act (as amended from time to time);
- c) **“Corporations Act”** means the Corporations Act 2001 (Cth) and regulations and rules made pursuant to that Act;
- d) **“Company”** means Downer EDI Limited ACN 003 872 848;
- e) **“Directors”** means the Board of Directors of the Company from time to time;
- f) **“Notice of Dividend Election”** means a notice of election to participate in the Plan in the form prescribed by the Directors from time to time;
- g) **“Listing Rules”** means the official listing rules of the ASX as modified or waived from time to time;
- h) **“Non Participant”** means a shareholder who is not participating in the Plan;
- i) **“Participant”** means a shareholder who elects to participate in the Plan;
- j) **“Participating Shares”** means shares which are subject to the terms and conditions of the Plan;
- k) **“Plan Shares”** means fully paid ordinary shares in the capital of the Company allotted pursuant to the Plan;
- l) **“Plan”** means the Downer EDI Dividend Reinvestment Plan and incorporates the terms and conditions of the Plan as defined herein;
- m) **“Record Date”** means the date and time, as determined by the Directors, at which a person holds or is taken to hold Shares for the purposes for the purposes of determining dividend entitlements;
- n) **“Shareholder”** means a person, including a corporation, being the registered holder of Shares;
- o) **“Shares”** means fully paid ordinary shares in the capital of the Company;
- p) **“Share Register”** means the register of members of the Company;
- q) **“Trading Day”** means a trading day as specified in the Listing Rules;

- r) “**VWAP**” means the daily volume weighted average market price for all Shares sold on the ASX automated trading system, excluding Shares which are sold otherwise than in the ordinary course of trading (which include but are not limited to transactions defined in the ASX Market Rules as special crossings, crossings prior to the commencement of the open session state, portfolio special crossings, equity combinations, crossings during overnight trading, overseas trades or trades pursuant to the exercise of options over Shares) and any other sales that the Directors determine should be excluded on the basis that they are not fairly reflective of genuine supply and demand;

- 1.2 Words denoting the singular number shall include the plural number and vice versa; words denoting a gender including all genders; words denoting an individual or person include a corporation, firm, authority, government or government authority and references to clauses are to those clauses of these terms and conditions.

2 PARTICIPATION IN THE PLAN

- 2.1 Participants in the Plan shall be subject to the terms and conditions herein.
- 2.2 Participation in the Plan is optional and not transferable.
- 2.3 Subject to certain restrictions on overseas Shareholders, all Shareholders are eligible to participate in the Plan.
- 2.4 A Shareholder who is subject to the laws of a country or place other than Australia may not participate in the Plan until the Directors are satisfied that such participation will not constitute a breach of laws of that country or place whether or not that Shareholder has received an invitation to participate in the Plan.
- 2.5 Participation may, subject to the terms and conditions, be varied or terminated by a Shareholder at any time.

3 NOTICE OF DIVIDEND ELECTION TO PARTICIPATE

- 3.1 A Notice of Dividend Election to participate in the Plan will only be effective if given on the form supplied by the Company for that purpose, if it contains sufficient details to enable the shareholder’s account to which the Notice of Dividend Election relates to be clearly identified, and if signed or executed (in the case of a corporation) by the Shareholder unless the Directors in their absolute discretion decide to accept and treat as valid a Notice of Dividend Election which does not satisfy these requirements.
- 3.2 A Notice of Dividend Election to participate in the Plan must be received by the Company for each shareholding account of a shareholder which they wish to nominate for participation in the Plan. Each Notice of Dividend Election will need to correctly identify the shareholding account to which that Notice of Dividend Election relates.
- 3.3 To enable Shares being the subject of a Notice of Dividend Election to participate in the Plan, it must be received by the Company before the Record Date for a particular dividend, the Shares the subject of the Notice of Dividend Election will not participate in the Plan for that dividend, but will, subject to these terms and conditions, participate in the Plan for all subsequent dividends. A duly completed and executed Notice of Dividend Election is, subject to these Terms and Conditions effective upon receipt and acceptance by the Company.
- 3.4 A Notice of Dividend Election remains in force until the Company receives a new Notice of Dividend Election by the Shareholder varying his election. Shares which are sold or

otherwise transferred will cease to participate in the Plan upon the date of registration of their transfer.

4 DEGREE OF PARTICIPATION

- 4.1 Shareholders may participate in the Plan in respect of all Shares registered in a Shareholder's name ("**full participation**") or in respect of a specific number of Shares which is less than the total number of Shares so registered ("**partial participation**").
- 4.2 A Shareholder who is eligible and wishes to participate in the Plan shall specify on a Notice of Dividend Election the degree to which they wish to participate in the Plan, subject to any minimum and/or maximum number of shares to participate in the Plan that the Directors may specify from time to time (currently the minimum participation in the Plan is 300 Shares), by either ticking the box marked "Full Participation" for full participation or specifying the number of Shares which the Shareholder wishes to have participate in the Plan for partial participation.
- 4.3 Under full participation, all Shares registered in the Participant's name from time to time, including Plan Shares issued pursuant to the Plan, will be subject to the Plan.
- 4.4 Under partial participation only that number of shares specified by the Participant will be subject to the Plan. However, a Participant may elect that Plan Shares issued pursuant to the Plan, will be subject to the Plan by lodging an additional Notice of Dividend Election subsequent to the receipt of the Plan statement in respect of those Plan Shares.
- 4.5 A Notice of Dividend Election received by the Company which do not indicate the degree of participation will be deemed to be a Notice of Dividend Election for full participation and the Company shall not be liable to the Shareholder for any loss, damage or claim in respect of this participation as a result of the operation of this provision.
- 4.6 No responsibility will be taken by the Company for transfers that are not entered on, or removed from, the Share Register prior to the relevant Record Date.
- 4.7 A Notice of Dividend Election received by the Company which indicates a number of Shares participating in excess of the number of Shares held by the Shareholder making the election are deemed to be elections for full participation.

5 OPERATION OF THE PLAN

- 5.1 Subject to clause 5.5 each dividend which is payable to a Shareholder in respect of Participating Shares and is available for payment to the Participant will be applied by the Company on the Participant's behalf in subscribing for and/or acquiring Shares other than a Dividend which the Directors in their absolute discretion determine will not be so applied.
- 5.2 The Directors will determine in their absolute discretion with respect to the operation of the Plan for any dividend whether to issue new shares, or to procure the transfer of existing Shares, to a Participant, or to apply a combination of both these options to satisfy the obligations of the Company under the Plan.
- 5.3 The Company will establish and maintain a Plan account for each Participant.
- 5.4 The Company will, in respect of each dividend payable to a Participant:

- 5.3.1 Determine the amount of the dividend to be payable in respect of Participating Shares.
- 5.3.2 Credit that amount to the Participant's Plan account.
- 5.3.3 Determine the number of Shares to be allotted in accordance with Clause 5.5.
- 5.3.4 Allot that number of Shares to the Participant.
- 5.3.5 Retain in the Participant's Plan account (without interest) any residual amount being less than the value of one share.

5.5 The number of Plan Shares issued or transferred shall be the whole number next below the value of the sum calculated by the formula:

$$\frac{(D - T) + R}{C}$$

Where D is the ordinary dividend payable in cents per share on the Participating Shares registered in the name of the shareholder as at the Record Date.

T is any withholding tax or other sum the Company is entitled to retain in relation to the dividend to which the Participating Shares are entitled.

R is the residual positive balance carried forward in the Participant's Plan account from previous allotments of dividend shares, as referred to in clause 5.3.5.

C is the price per Share at which Shares will be issued or transferred under the Plan, which will be an amount equal to the arithmetic average (rounded down to the nearest cent), of the daily VWAP, during the 10 Trading Days commencing on the second Trading Day after the Record Date (or such period as determined by the Directors in their absolute discretion), less any discount determined by the Directors from time to time. The price per Share at which Shares will be issued or transferred under the Plan will be calculated by the Directors, or another suitable person nominated by the Directors, by reference to information the Directors approve from time to time. The determination of that price by the Directors or some other person nominated by the Directors will be binding on all Participants.

5.6 Clause 5.1 will not apply where the application of the formula in clause 5.5 would otherwise result in the issue of less than 10 shares to a Participant, in which case Shares will not be issued under the Plan and dividends will be paid in cash.

6 PLAN SHARES ALLOTTED UNDER THE PLAN

6.1 Plan Shares allotted under the Plan will rank equally in all respects with existing Shares and will participate in all dividends subsequently declared.

6.2 Shares allotted under the Plan will be registered on the register on which the Participating Shareholder's existing holding of fully paid ordinary shares is registered at that time.

6.3 A statement of holdings will be issued for the total number of Plan Shares allotted under the Plan in respect of each dividend and will be forwarded to Participants as soon as practicable thereafter.

- 6.4 Within ten business days of each allotment the Company will apply for Shares allotted under the Plan to be quoted on the official list of Australia Stock Exchange Limited (provided that the Company's Shares are listed on Australian Stock Exchange Limited), and to be quoted, as soon as practicable, on all other stock exchanges on which the Company's Shares are listed for quotation.

7 COSTS

Participants will not be liable for the payment of any brokerage, commission or other transaction costs in respect of any allotment of Plan Shares. All administrative costs will be borne by the Company.

8 STATEMENT TO PARTICIPANTS

- 8.1 Following the payment of each dividend, the Company will provide each Participant with a statement detailing:
- 8.1.1 the number of Shares nominated which are participating in the Plan;
 - 8.1.2 the dividend paid on those Shares, its status as a franked or unfranked dividend, and any imputation tax credit or withholding tax;
 - 8.1.3 the number of new Shares issued and the value at which each has been issued; and
 - 8.1.4 any residual balance, being an amount less than the issue price of one Share, and being retained by the Company.

9 VARIATION OR TERMINATION OF PARTICIPATION WHERE NOTICE GIVEN

- 9.1 After joining the Plan a Participant may, at any time, give notice to the Share Registry to:
- 9.1.1 increase or decrease the number of Participating Shares subject to any minimum and or maximum number of shares to participate in the Plan that the Directors may from time to time specify; or
 - 9.1.2 terminate the participation in the Plan.
- 9.2 Notices must be given on the Notice of Dividend Election form supplied by the Company and correctly signed or executed (in the case of a corporation) by the Shareholder and should be received at the Share Registry of the Company. Alternatively, shareholders can provide Notice of Dividend Election online at www.computershares.com.au/easyupdate/dow. Holders will have taken to have signed the Election Notice if lodged in accordance with the instructions on the website.
- 9.3 A Notice of Dividend Election must be received by the Company for each of the shareholding accounts for which the shareholder wishes to vary their participation in the Plan.
- 9.4 Upon the death of a Participant, participation in the Plan will be terminated upon receipt by the Company of a notice of death from the Participant's legal personal representative.
- 9.5 Within six months of termination the Company will send to the Participant, or the Participant's legal representative, a cash payment of the amount, if any, retained in the Participant's Plan account as at that date.

10 REDUCTION OR TERMINATION

- 10.1 Where a Participant's holding of Participating shares is partially disposed of, the Participant's right to participate cannot be transferred on sale and the Shares disposed of will cease to be Participating Shares from the date of registration of the transfer.
- 10.2 Where a Participant's entire holding of Shares is disposed of, such thereof as are Participation Shares will cease to participate in the Plan from the date of registration of the transfer and any amount, if any, at that time retained in the Participant's Plan account will be sent to the Participant (soon after the Record Date for the next dividend on Shares) in the form of a cash payment provided that the balance retained in the Plan account is at least equal to the weighted average price for Shares traded on Australian Stock Exchange Limited during the period being the Record Date for the next dividend on Shares and the ten trading days immediately prior to that date. In any other case, the Company will be entitled to withdraw the amount in the Participant's Plan account and retain it for the Company's benefit.

11 NOTICES

Notices of Dividend Election together with all other notices and requests to the Company shall in the required form as directed by the Company from time to time and shall be effective upon receipt by the Share Registrar:

Computershare Investor Services Pty Ltd	OR	Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street		G.P.O BOX 1903
Adelaide, South Australia, 5000		Adelaide SA 5001

OR

Online at www.computershare.com.au/easyupdate/dow

or such other address as is notified to Shareholders from time to time.

12 VARIATION OF THE PLAN

- 12.1 The terms and conditions of the Plan may be varied by the Directors when they consider it appropriate and the Plan may be suspended or terminated by the Directors when they consider such to be expedient. Participants will be advised of any variation, suspension or termination of the Plan in such form and in such manner as the Directors may in their absolute discretion determine, and in particular, without limiting the generality of the foregoing, may be given by advertisement published in any newspaper circulating generally in Australia.
- 12.2 A suspension of the Plan will continue until such time as the Directors resolve either to recommence or terminate the Plan. If the Plan is recommenced, elections as to participation in respect of the previously suspended Plan shall be valid and have full force and effect in accordance with these terms and conditions for the purposes of the recommenced Plan.
- 12.3 Should the Plan be terminated the Company will send to Participants the amount, if any, retained in the Participant's Plan account as at the date of termination.
- 12.4 The accidental omission to give notice of variation, suspension or termination to any Participant or the non-receipt of any notice by any Participant will not invalidate the variation, suspension or termination of the Plan.

13 TAXATION

The Company takes no responsibility for the taxation liabilities of Participants. Specific taxation advice, if required, should be obtained by the Participant at the Participant's expense.

14 ADMINISTRATION OF THE PLAN

14.1 The plan will be administered by the Directors who shall have power to:

- 14.1.1 determine appropriate procedures for administration of the Plan consistent with the provision of these terms and conditions;
- 14.1.2 resolve conclusively all questions of fact or interpretation in connection with the Plan;
- 14.1.3 waive strict compliance with any of the provisions of these terms and conditions;
- 14.1.4 delegate to any one or more persons for such period and upon such conditions as they may determine, the exercise of any of their powers or discretions arising under the Plan; and
- 14.1.5 the Plan and the operation of the Plan shall be governed by the laws of the State of New South Wales, Australia.



DOWNER EDI LIMITED
DIVIDEND REINVESTMENT PLAN
EXPLANATORY NOTES

THE PLAN

The Downer Dividend Reinvestment Plan (the “**Plan**”) is a mechanism provided for shareholders to allow them to increase their shareholding in the Company without the usual costs associated with share acquisitions such as brokerage and stamp duty.

The method by which this benefit is provided is to offer shareholders the option of reinvesting all, or part of, the cash dividend entitlement in additional fully paid ordinary shares in the Company.

COST OF THE PLAN

There are no costs in participating. The issue of the Company’s shares under the Plan will not be subject to brokerage, commissions, or other transaction costs. All administrative costs will be borne by the Company.

PARTICIPATION

The Plan is entirely optional and can be applied to all or part of your shareholding subject to any minimum and/or maximum number of the Company’s shares to participate in the Plan that the Directors may from time to time specify (currently the minimum participation in the Plan is 300 shares in the Company). All shareholders, other than overseas shareholders whose participation might result in a breach of an applicable law and who may be restricted from participating at the discretion of the Directors, are eligible to participate in the Plan.

1 FULL PARTICIPATION

This option provides for reinvestment of dividends on all ordinary shares in the Company that you own now, or any you may hold in the future, including the Company’s shares issued under the Plan or any additional acquisitions or bonus shares in the Company you may be in receipt of in the future.

2 PARTIAL PARTICIPATION

The option to participate partially provides for reinvestment of dividends only on a specified number of your holding of ordinary shares in the Company. Should you elect for partial participation then the normal dividend payment will be made to you in respect of the balance of your shares which are not participating in the Plan. However, the Company’s shares issued as a result of partial participation in the Plan will be eligible to participate in the Plan upon lodgement of an additional Notice of Dividend Election.

JOINING THE PLAN

To join the Plan simply complete and forward the Notice of Dividend Election which specifies whether you would like full or partial participation to the Company’s Share Registrar, at the address referred to in page 4. Alternatively, lodge your Notice of Election online at www.computershare.com.au/easyupdate and follow the prompts.

A separate Notice of Dividend Election must be delivered to the Company in relation to each shareholding account which a shareholder wishes to nominate for participation.

A Notice of Dividend Election to participate in the Plan will only be effective if given on a form supplied by the Company, if it contains sufficient details to enable the shareholder's account to which the Notice relates to be clearly identified, and if signed or executed (in the case of a corporation) by the shareholder unless the Directors, in their absolute discretion, decide to accept and treat as valid a Notice of Dividend Election which does not satisfy these requirements.

Please note that if you wish to participate in the Plan for the next dividend, your completed and signed Notice of Dividend Election should be received no later than 5 pm on the advised day registrations close for entitlement to that dividend. The Notice of Dividend Election will become effective upon receipt so should it be received after that date, participation will then apply only to subsequent dividends.

VARYING THE LEVEL OF PARTICIPATION AT A LATER DATE

At any time you may vary your level of participation, subject to any minimum and/or maximum number of the Company's shares to participate in the Plan that the Directors may from time to time specify, by lodging a Notice of Dividend Election for each of the shareholding accounts which you wish to vary. To be effective, Notices of Dividend Election need to be received by the Company Share Registrar prior to the Record Date for any dividend from which you want your variation to be effective from.

Your new requirement, as stated in your Notice of Dividend Election, will apply thereafter for all future dividends unless you once again make subsequent variations.

CONSEQUENCES OF DISPOSING OF PART OR ALL SHARES IN THE COMPANY PARTICIPATING IN THE PLAN WITHOUT NOTIFYING THE COMPANY

Where you dispose of part of your shares in the Company participating in the Plan, your right to participate cannot be transferred on sale and the Company's shares disposed of will cease to be Participating Shares from the date of registration of the transfer.

Where you dispose of all your shares in the Company participating in the Plan, the Company's shares disposed of will cease to participate in the Plan from the date of registration of the transfer and any amount, if any, at that time retained in the Plan account will be sent to you (soon after the Record Date for the next dividend) in the form of a cash payment provided that the balance retained in the Plan account is at least equal to the weighted average price for the Company's shares traded on Australian Stock Exchange Limited during the period being the Record Date for the next dividend and the ten trading days immediately prior to that date. In any other case, the Company will be entitled to withdraw the amount in the Participant's Plan account and retain it for the Company's benefit.

REINVESTMENT OF THE DIVIDEND ON PARTICIPATING SHARES

As explained in the Terms and Conditions there is a formula for calculating the number of shares in the Company which will be issued in lieu of the cash dividend. This calculation will usually result in a residual amount which will always be less than the issue price of one share in the Company.

This residual amount will be retained for you by the Company and will be carried forward and added to the next dividend for reinvestment. No interest will accrue on the residual amount.

Further, where the number of the Company's shares which would otherwise be issued to a participant would be less than 10, the Plan will not apply in respect of that dividend and the dividend will be paid in cash.

STATEMENT TO PARTICIPANTS

Following each dividend payment date you will be sent a statement setting out the relevant information on the current standing of your Plan account.

CALCULATION OF THE ISSUE PRICE

The Company's shares are issued under the Plan at either market price or a discount to the market price. The issue price is calculated as the arithmetic average (rounded down to the nearest cent), of the daily VWAP, during the 10 Trading Days commencing on the second Trading Day after the Record Date (or such period as determined by the Directors in their absolute discretion), less any discount determined by the Directors from time to time.

The price per Share at which Shares will be issued or transferred under the Plan will be calculated by the Directors, or another suitable person nominated by the Directors, by reference to information the Directors approve from time to time. The determination of that price by the Directors or some other person nominated by the Directors will be binding on all Participants.

TAXATION

The Company takes no responsibility for taxation liabilities of participants and suggests that, if required, specific taxation advice should be obtained individually by each participant.

Taxation consequences will basically depend upon factors such as whether or not the dividends have been franked.

Generally, under current Australian tax laws, participants should not be at a disadvantage by participating in the Plan rather than receiving dividends by way of cash payments.

RIGHTS OF SHARES ISSUED UNDER THE PLAN

Both the ordinary shares you hold now and those issued under the Plan rank equally in every respect from the date of allotment and therefore carry the same voting rights and the same entitlements to dividends or other benefits.

The Company's shares allotted under the Plan will be registered on the register on which the Participating Shareholder's existing holding of fully paid ordinary shares is registered at that time.

STOCK EXCHANGE LISTING

Within ten business days of each allotment the Company will apply for shares in the Company allotted under the Plan to be quoted on the official list of Australian Stock Exchange Limited and, as soon as practicable, on the official list of all other stock exchanges on which the Company's shares are listed for quotation.

VARIATION OF THE PLAN

The Directors have the right at any time to vary, suspend or terminate the Plan at their discretion. Participants will be advised of any variation, suspension or termination of the Plan in such form and in such manner as the Directors may, in their absolute discretion determine, and in particular, without limiting the generality of the foregoing, may be given by advertisement published in any

newspaper circulating generally in Australia. The accidental failure to give notice of variation, suspension or termination to any Participant or the non-receipt of any notice by any Participant will not invalidate a variation, suspension or termination of the Plan.

FURTHER INFORMATION REGARDING THE PLAN

The best source of information regarding the Plan is to refer to the Terms and Conditions which are accompanying these Explanatory Notes. Any further queries should thereafter be directed to the Company Secretary of the Company. If there is an inconsistency between these Explanatory Notes and the Terms and Conditions, the Terms and Conditions prevail to the extent of any such inconsistency.

LODGEMENT

All Notices of Dividend Election (duly completed) should be lodged with the Company's Share Registrar whose address is:

Computershare Investor Services Pty Ltd	OR	Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street		G.P.O BOX 1903
Adelaide, South Australia, 5000		Adelaide SA 5001

OR

Online at www.computershare.com.au/easyupate/dow

Tel: 1300 556 161

Fax: 61 8 8236 2305

Website: www.computershare.com
