



Notice of Annual General Meeting 2010

Notice of Annual General Meeting 2010

To: The Shareholders

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

**Grand Ballroom 1
Shangri-La Hotel
176 Cumberland Street
The Rocks, New South Wales, Australia**

on Wednesday 3 November 2010, commencing at 10:00am Sydney time.
Registration will commence at 9:30am.

Ordinary Business

Financial Statements and Reports

1. To consider and receive the Financial Statements and Reports of the directors and auditor for the year ended 30 June 2010.

Election of Directors

The following Directors retire under the Constitution and, being eligible, submit themselves for re-election or election:

2. Mr John Humphrey retires by rotation, and in accordance with the Constitution of the Company, being eligible, offers himself for re-election.
3. Ms Annabelle Chaplain retires by rotation, and in accordance with the Constitution of the Company, being eligible, offers herself for re-election.

4. Dr Grant Thorne was appointed a Director by the Board since the last Annual General Meeting and retires in accordance with the Constitution of the Company, and being eligible, offers himself for election.

Remuneration Report

5. To adopt the remuneration report for the year ended 30 June 2010.

Note: Under section 250R(3) of the Corporations Act 2001 (Cth), the vote on this resolution is advisory only and is not binding on the Board or the Company.

Special Business

Adoption of new Constitution

6. To consider and, if thought fit, to pass the following resolution as a special resolution:

“That the new Constitution tabled at the Annual General Meeting, and signed by the Chairman of the meeting for the purposes of identification, be approved and adopted as the Constitution of the company, in place of the current Constitution, with effect from the close of the meeting or any adjournment of it.”

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 Company. 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: 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

Shareholders can also cast their votes online at www.investorvote.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.

Custodian voting - For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

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 close of business on Monday 1 November 2010. Accordingly, transactions registered after that time will be disregarded in determining members entitled to attend and vote at the meeting.

Annual Report

Downer EDI Limited's Annual Report is available at www.downergroup.com.

EXPLANATORY MEMORANDUM FOR SHAREHOLDERS

The explanatory notes that follow provide important information regarding the items of business proposed for the Annual General Meeting.

Resolution 1

To consider and receive the Financial Statements and Reports for the year ended 30 June 2010

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

Independent Non-executive Director since April 2001

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.

Mr Humphrey holds a Bachelor of Laws from The University of Queensland.

Mr Humphrey lives in Brisbane.

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

Re-election of Ms Annabelle Chaplain as a director

Independent Non-executive Director since July 2008

Ms Chaplain is a former investment banker with extensive experience in public and private sector debt financing. She also has considerable experience as a director of government-owned corporations which includes ten years as a director of Seqwater Ltd, with over three years as its Chairman.

She is currently a member of the Board of Taxation in addition to holding directorships with a number of private companies and the Australian Youth Orchestra.

A Fellow of the Australian Institute of Company Directors, she holds a Bachelor of Arts degree majoring in Economics and Mandarin, in addition to an MBA from the University of Melbourne.

Ms Chaplain lives on the Gold Coast.

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 4

Election of Dr Grant Thorne as a director

Independent Non-executive Director since July 2010

Dr Thorne is currently a group executive reporting to Rio Tinto's Chief Executive Officer. He has over 35 years of experience in the mining and extraction industry, specifically in senior operational and executive roles across a broad range of product groups and functional activities in Australia and overseas.

His most recent assignments have been as head of Rio Tinto's coal businesses in Indonesia and Australia, and as global head of its technology, innovation and project engineering functions. From 2006 to 2009, he was Group Executive Technology and Innovation and a member of Rio Tinto's Executive and Investment Committees.

Dr Thorne is a Fellow and Chartered Professional (Management) of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Academy of Technological Sciences and Engineering. He holds Bachelor and Doctoral degrees in Metallurgy from The University of Queensland.

Dr Thorne lives on the Sunshine Coast.

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

Resolution 5

Adoption of remuneration report

The remuneration report is contained in the Directors' Report in the 2010 Annual Report. Under section 250R(2) of the *Corporations Act 2001* (Cth), a resolution that the remuneration report be adopted must be put to the vote of the shareholders at the annual general meeting. This resolution is advisory only and will not bind the Board or the Company.

The remuneration report provides information about the remuneration arrangements for key management personnel, which includes non-executive directors and the most senior group executives (including the five highest remunerated) for the year to 30 June 2010.

The remuneration report provides the following information:

- remuneration policy, principles and practices;
- the relationship between remuneration policy and the Company's performance;
- the Board's role in remuneration;
- description of executive remuneration;
- details of director and executive remuneration;
- key terms of employment contracts; and
- legacy equity-based remuneration plans.

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

Note: Under section 250R(3) of the Corporations Act 2001 (Cth), the vote on this resolution is advisory only and is not binding on the Board or the Company.

Resolution 6

Adoption of new Constitution

Shareholder approval is being sought for the adoption of a new Constitution for the Company in place of its existing Constitution. Resolution 6 is a special resolution. If passed, the new Constitution will be effective from the date of the Annual General Meeting.

The existing Constitution was adopted on 12 May 1998 (at which time it comprised memorandum and articles of association), and was last amended with some minor changes on 27 October 2003.

A review of the existing Constitution has been conducted, as a result of which the Board believes that the Constitution should be brought up to date with the current provisions of the *Corporations Act 2001* (Cth) ("Corporations Act") and the Listing Rules of the ASX Limited ("ASX"). In addition, the Board considers that numerous provisions in the existing Constitution should be clarified, and in some cases simplified, to bring the Constitution into line with best practice corporate governance practices and current market practice for ASX listed companies.

The structure and effect of the proposed new Constitution is not materially different from the existing Constitution, and has been approved by ASX. The principal substantive differences between the existing Constitution and the proposed new Constitution are summarised below. The summary is not exhaustive and does not identify all of the differences between the existing Constitution and the proposed new Constitution.

A copy of the new Constitution is available from the Company's website (www.downergroup.com), or it can be obtained free of charge at any time prior to the meeting by contacting the Company Secretary by telephone (+61 2 9468 9700) or email (info@downeredi.com).

A copy of the new Constitution, signed by the Chairman for the purposes of identification, will be tabled at the meeting.

Summary of the substantive differences

1. Regulatory amendments

The new Constitution reflects various legislative changes which have occurred since the existing Constitution was adopted, including the enactment of the *Company Law Review Act 1998* (Cth), *Corporate Law Economic Reform Program Act 1999* (Cth), *Financial Services Reform Act 2001* (Cth) and *Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004* (Cth).

As a consequence of these and other legislative developments, a number of provisions in the existing Constitution refer to concepts which are out of date or no longer applicable. For example, there are various references to concepts such as share premium, par value, stock and superseded takeover concepts. The relevant provisions have been updated in the new Constitution.

In addition, the existing Constitution contains references to outdated terminology, including references to the Corporations Law (now the Corporations Act), the SCH Business Rules (now the ASX Settlement Operating Rules) and the Australian Securities Commission (now the Australian Securities and Investments Commission). The new Constitution adopts current legislative and regulatory terminology.

2. Technology

The new Constitution contains various rules relating to the facilitation of electronic communication. In particular, the new Constitution provides that:

- (a) the Company may hold meetings of shareholders at two or more venues using any technology that gives shareholders a reasonable opportunity to participate;
- (b) evidence of proxy appointment forms, powers of attorney and other appointments may be given electronically; and
- (c) the Company may send notices to shareholders by electronic means (if nominated by the relevant shareholder).

These rules are consistent with recent amendments to the Corporations Act designed to encourage the use of technology and current market practice for ASX listed companies.

The Board considers that the potential benefits of introducing these changes include:

- (a) providing the Company with a more convenient means of disseminating information to shareholders and directors;
- (b) faster delivery of information;
- (c) greater ease of communication with overseas shareholders; and
- (d) potential material cost savings through reduced reliance on printed material.

3. Dividends

The new Constitution reflects recent amendments to the Corporations Act which came into effect on 28 June 2010. These amendments replace the existing profits test for the payment of dividends with a more flexible requirement, which allows a company to pay dividends if:

- (a) the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the dividend payment;
- (b) it is fair and reasonable to the Company's shareholders as a whole; and
- (c) it does not materially prejudice the Company's ability to pay its creditors.

The new Constitution also provides flexibility for the Company in relation to the payment of dividends, which could include the direct crediting of dividends into shareholders' bank accounts. This is in line with current market practice.

4. Direct voting

The new Constitution allows the Company to permit shareholders to vote directly on resolutions considered at a general meeting by submitting their votes to the Company before the meeting (for example, by mail or email). If introduced by the Board, this additional method of voting would provide shareholders with an alternative to appointing a proxy when they cannot attend the meeting in person. Shareholders would continue to be entitled to appoint proxies if they so desire even if the Company decides to introduce direct voting at future meetings. The Board has no immediate intention to introduce direct voting.

5. Shareholders' meetings

The provisions of the existing Constitution relating to proceedings at general meetings have been updated to reflect current practice. Differences between the existing Constitution and the new Constitution include:

- (a) the new Constitution provides that the quorum for a meeting of shareholders is two voting shareholders, rather than three shareholders as required under the existing Constitution;

- (b) the new Constitution provides that a quorum must be present within 15 minutes of the start of the meeting, rather than 30 minutes under the existing Constitution; and
- (c) the new Constitution expands the powers of the chairman to control the conduct of the meeting in line with current market practice.

6. Proxies, attorneys and representatives

The new Constitution updates and clarifies the existing Constitution, to reflect the requirements of the Corporations Act relating to proxies, attorneys and representatives, including recently introduced provisions to permit electronic lodgement and authentication of proxies.

7. Election of chairman

The existing Constitution provides for the directors to elect a chairman at a board meeting held after each annual general meeting (ie once a year). The new Constitution permits the board to elect a chair at any time and decide the period for which he or she holds that office. This is consistent with current market practice for ASX listed companies.

8. Casting vote of Chairman

The new Constitution provides that, if an equal number of votes is cast for and against a resolution at a meeting of shareholders, the chairman has a casting vote (whether or not the chairman is a shareholder), except if the chairman of the meeting is not (or if the chairman were a shareholder would not be) entitled to vote, in which case the matter is decided in the negative. There is no similar provision in the existing Constitution.

9. Directors

The existing Constitution provides that one-third of directors (other than the managing director, and those appointed as additional directors or to fill casual vacancies) are required to retire by rotation each year.

The new Constitution adopts the requirements of the ASX Listing Rules to have an election of directors each year, and to require a director to retire at the third annual general meeting after the director was elected or last re-elected (excluding the Managing Director and Alternate Directors). Directors appointed as additional directors or to fill casual vacancies are required to stand for election at the next annual general meeting held after they are appointed.

The existing Constitution requires nomination of directors proposed to be elected at a general meeting (except directors recommended by the board or retiring by rotation) to be received at least 30 business days before the meeting. The new Constitution extends this to 45 business days before the meeting. This will ensure that there is sufficient time to notify shareholders of candidates in the notice of meeting.

10. Reduction of capital

The existing Constitution contains outdated provisions relating to reduction of capital (eg it requires a special resolution to be passed for the Company to undertake a capital reduction). Following legislative amendments:

- (a) a special resolution is no longer required by the Corporations Act for equal capital reductions (although a special resolution is still required for selective capital reductions); and
- (b) there is no requirement that there be authority in the Constitution to increase or reduce capital.

The new Constitution reflects the current requirements under the Corporations Act and the ASX Listing Rules for reductions of capital.

11. Proportional takeover approval provisions

Under the Corporations Act, a company may include provisions in its constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by the shareholders.

Proportional takeover provisions were contained in the Company's existing Constitution. However, they are no longer operative as it has been more than three years since they were last approved by the shareholders.

Rule 37 of the new Constitution includes provisions requiring shareholder approval of a proportional takeover bid. If the new Constitution is approved, these provisions will have effect for 3 years. The Board considers it in the interests of shareholders to include these provisions in the new Constitution. The provisions can be renewed after the 3 year period.

Where the approval of shareholders is sought to include proportional takeover provisions in a constitution, the Corporations Act requires certain information to be included in the notice of meeting. That information is set out below.

Proportional takeover bid

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Effect of the proposed provisions

If a proportional takeover bid is made, the directors must ensure that a resolution of shareholders to approve the takeover bid is voted on, in general, more than 14 days before the last day of the bid period. The vote is decided on a simple majority and each person (other than the bidder and their associates) who, as at the end of the day on which the first offer under the bid was made, held bid class securities, is entitled to vote. If the resolution is not passed, transfers giving effect to takeover contracts for the bid will not be registered and the offer will be taken to have been withdrawn. If the resolution is not voted on, the bid will be taken to have been approved.

If the bid is approved (or taken to have been approved), the transfers must be registered (provided they comply with other provisions of the Corporations Act and the Constitution).

The proportional takeover approval provisions do not apply to full takeover bids and will only apply until 3 years after the date of adoption of the new Constitution. The provisions may be renewed for a further term, but only by a special resolution of shareholders.

Reasons for the proposal?

The Corporations Act permits proportional takeover approval provisions to be contained in the Constitution if certain requirements are satisfied. The Board considers that shareholders should have the opportunity to have the proportional takeover approval provisions incorporated in the Constitution. Without these provisions, a bidder might be able to obtain control of the Company using a proportional takeover bid without shareholders having the opportunity to sell all their shares, potentially leaving existing shareholders locked into a minority position in the Company.

The proportional takeover approval provisions give shareholders the opportunity to decide whether a proportional takeover bid should proceed. If it does proceed, individual shareholders can make a separate decision as to whether they wish to accept the proportional offer for their shares.

Knowledge of any acquisition proposals

As at the date of this notice of meeting, none of the directors is aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages

Potential advantages

The potential advantages for shareholders of the proportional takeover provisions include:

- (a) shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) they may help shareholders to avoid being locked in as a minority;
- (c) they increase shareholders' bargaining power and may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) knowing the view of the majority of shareholders may help each individual shareholder assess the likely outcome of the proportional takeover bid and decide whether to accept or reject an offer under the bid.

Potential disadvantages

It may be argued that the proportional takeover approval provisions make a proportional takeover bid more difficult to achieve which may have the effect of discouraging proportional takeover bids. This in turn may possibly reduce opportunities for shareholders to sell some of their shares at an attractive price to persons seeking to secure control of the Company and may reduce an element of takeover speculation from the Company's share price, although this effect may be negligible as proportional takeover bids are less common today than they have been in the past. It may also be argued that the provisions constitute a potential restriction on the ability of shareholders to deal freely with their shares.

Since the existing Constitution was adopted, there have been no full or proportional takeover bids for the Company. Therefore there has been no example against which to review the advantages or disadvantages of the provisions for the Board and shareholders respectively, however, the Board is not aware of any potential takeover bid that was discouraged by these provisions.

The Board does not believe the potential disadvantages outweigh the potential advantages of including the proportional takeover provisions in the new Constitution.

Including the proportional takeover approval provisions in the new Constitution will not confer any particular advantages or disadvantages on the directors in their capacity as directors of the Company. The Directors therefore consider that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

Board Recommendation

The Board considers that the new Constitution is appropriate and in the interests of shareholders. Accordingly, the Board recommends that shareholders vote in favour of Resolution 6.



By Order of the Board

Bruce Crane, Secretary
Sydney, 20 September 2010



ABN 97 003 872 848

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 Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form



Vote online 24 hours a day, 7 days a week:
www.investorvote.com.au

- Cast your proxy vote**
- 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 10:00am (AEDST) Monday 1 November 2010

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. Delete titles as applicable.

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.investorcentre.com under the information tab, "Downloadable Forms".

**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 Downer EDI 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 Downer EDI Limited to be held at the Grand Ballroom 1, Shangri-La Hotel, 176 Cumberland Street, The Rocks, New South Wales on Wednesday 3 November 2010 at 10:00am (Sydney time) and at any adjournment of that meeting.

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
Item 1. To consider and receive the Financial Statements and Reports for the year ending 30 June 2010	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2. Re-election of Mr John Humphrey as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3. Re-election of Ms Annabelle Chaplain as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4. Election of Dr Grant Thorne as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5. Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

Item 6. Adoption of new Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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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

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____ Date ____/____/____