

Directors' Fee Pool Proposal and Directors' Retirement Allowance

Annual General Meeting
27 August 2010



The Rice Food Experts

Directors' Fee Pool Background

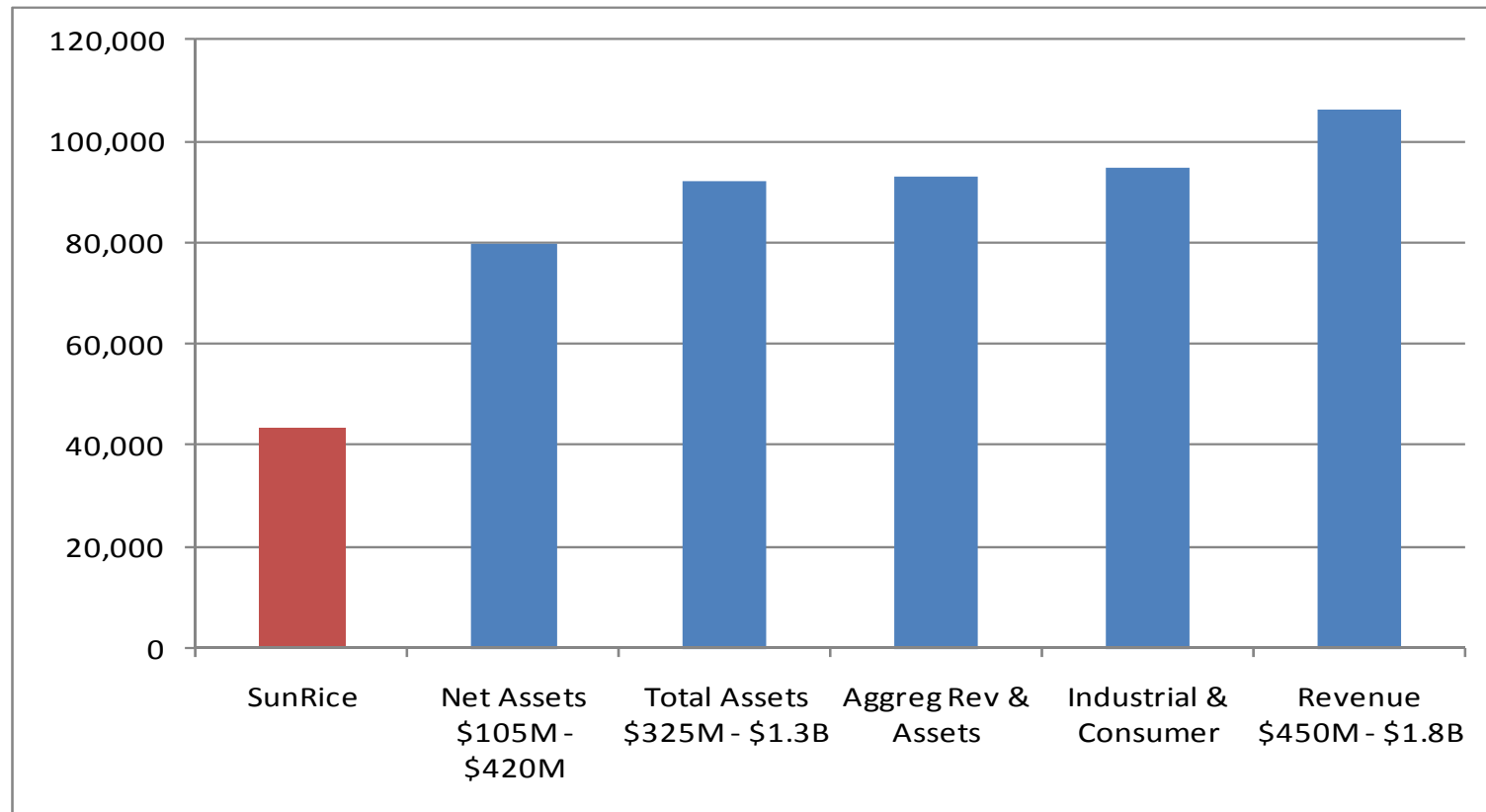
- No increase since 2002
- Large and complex international public company
 - Businesses in Middle East, US and PNG
 - Key alliances in Asia and Europe
 - Strategic global sourcing
- Transition to a listed entity – increasingly complex regulatory requirements

Directors' Fee Pool Review Process

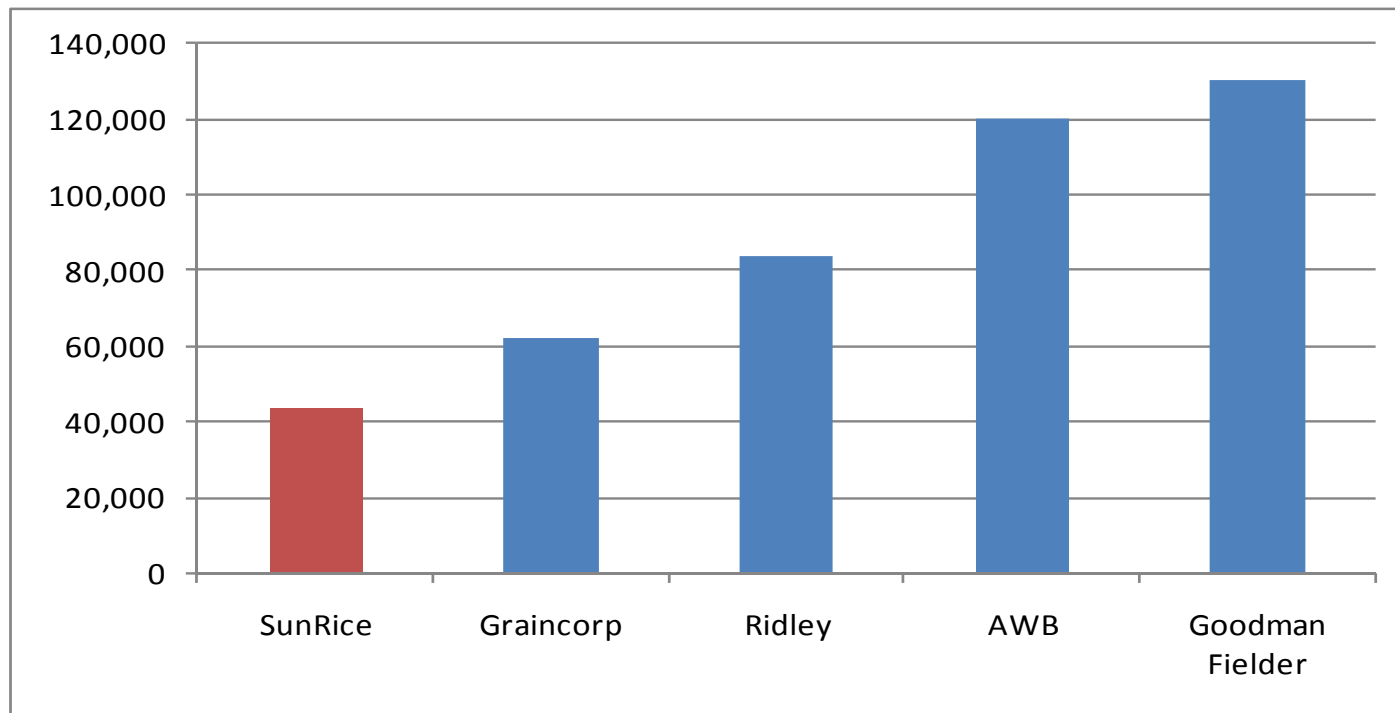
- Expert Remuneration Consultants - Egan Associates
- Review took into account:
 - Comparable companies
 - Workload and responsibilities
- Review indicated that:
 - Other companies increased fees by 8-10% pa in the last decade
 - Other companies have a total fixed annual fee pool which is allocated by the Board to individual Directors
 - SunRice constitution requires 9 Directors whereas other companies have 5 – 6
 - Owing to the above individual Directors' fees will be below other companies

Directors' Individual Fees

Egan Review – Average Data



Directors' Individual Fees Peer Companies



Directors' Fee Pool

Recommendation – Resolution 4

- Current fees are a combination of:
 - \$425,800 - annual allowance, sitting fees and super
 - \$85,000 - annualised retirement allowance
- Further to the Egan review resolution 4, subject to resolution 5, seeks approval to:
 - Replace current fees and fee structure with a \$750,000 fixed annual fee pool
 - If above approved retirement allowance will be cancelled and “grandfathered”
 - The Board will determine the allocation of the fee pool

Directors' Retirement Allowance Scheme

- Approved in 1993
- Provides for a retirement benefit of up to 3 years emoluments after 8 years of service – or pro rata
- SunRice makes up the difference between:
 - Accumulated superannuation contributions and earnings
 - Retirement benefit
- Comparable companies no longer have such schemes
- Legislative change - retirement payments over 1 year's fees require shareholder approval - previously over 3 year's fees

Directors' Retirement Allowance Scheme Recommendation – Resolution 5

- Resolution 5, subject to resolution 4, proposes:
 - Cancellation of the scheme
 - Amounts owing “grandfathered” and paid on retirement, at Board discretion
 - No interest on “grandfathered” amount
- SunRice’s liability of approx \$800,000 is provided for - therefore no additional cost - refer Note 21
- Approval sought for Directors to be paid up to the “grandfathered” amounts on retirement

Resolutions 4 and 5 - Interdependency

- Resolutions 4 and 5 incorporate:
 - An increase in annual fees from \$511,000 to \$750,000
 - The retirement allowance will be cancelled and “grandfathered” and paid out on retirement
- The retirement allowance is a fundamental component of current Directors’ fees
- The proposed changes to fees and the allowance are an integrated proposal
- Therefore Resolutions 4 and 5 are interdependent and will only take effect if both are approved



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