HD **Treasury Wine Estates Ltd Annual Shareholders Meeting - Final**

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Presentation

PAUL RAYNER, CHAIRMAN, TREASURY WINE ESTATES: Good afternoon ladies and gentleman, and welcome to the Annual General Meeting of your Company. My name is Paul Rayner and I'm delighted to address this meeting as your Chairman. In the event of an emergency we kindly ask for you to remain calm, and follow the instructions of the Melbourne Recital Centre front of house staff, who will advise patrons of the necessary action and guide patrons accordingly. Exit signs are clearly visible throughout the venue, and all Melbourne Recital Centre staff are first aid trained.

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As today's meeting is being webcast live, I also extend a warm welcome to shareholders who are joining us online. The Company Secretary informs me that we have a quorum present, and I therefore declare the meeting open.

Let me start by introducing my fellow Board members, as well as our Chief Financial Officer and General Counsel and Company Secretary, who are all present today. On my immediate right is Mike Clarke, our Chief Executive Officer, who you will hear from later today. Next to him are Warwick Every-Burns, Garry Hounsell who is the Chairman of our Audit and Risk Committee, Ed Chan and Tony Reeves -- who is our Chief Financial Officer.

On my immediate left is Paul Conroy our Company Secretary, and next to him are Lyndsey Cattermole, thanks Lyndsey, Peter Hearl who is the Chairman of our Human Resources Committee, and Michael Cheek. Also in attendance is Paul McDonald who is the lead audit partner from KPMG, and he is available to answer any questions regarding the conduct of the audit and the preparation and content of the Auditor's Report that pertains to the accounts for the year ended 30 June, 2014.

Scott Hudson, and other representatives of Computershare, the Company's share registry, are also with us today. Scott will act as returning officer for the polling that will take place and Paul McDonald will act as the scrutineer. Before we commence with the formal part of the meeting. I would like to make a number of points regarding the Company and its future.

I will then invite the CEO, Mike Clarke, to provide an overview of the Company's businesses, its products and brands, and strategies future growth and development. As most of you are well aware, the last financial year was an extremely eventful one for TWE, with a considerable number of external events, and internal changes that impacted the Company's performance.

Despite this volatile operating environment, I strongly believe that the Company today is in a much stronger, and more focused, position, with an enhanced management team and with some genuine signs of improvement in our financial performance. I am confident that in fiscal 2015 we are better positioned to execute the Company's strategic roadmap and deliver sustainable profit growth for shareholders over the longer term.

Given the context of a reduced EBITs result against the prior year, our fiscal 2014 performance was disappointing. However, EBITs of AUD184.6 million for the year, or AUD193 million after adjusting for foreign exchange rates that underpinned our guidance range that was announced January 30, 2014, were delivered despite a number of operational and trading headwinds.

The underlying strength of TWE's viticultural capability and the appeal of our exceptional wine brands provided a positive foundation for the Company's financial performance. Fiscal 2014 showed, once again, that TWE wines consistently beat the competition for awards and trophies at the world's leading wine shows, and within the world's leading wine publications.

This very month Penfolds Grange holds pride of place on the front cover of probably the world's most prestigious wine magazine, Wine Spectator.

The Board and executive management are taking the tough, but necessary, steps to drive improvements in the Company's performance by tackling barriers to growth by making change to our structure, and making changes to our operating model and our cost base.

Despite the difficulties presented by taking action on aged and excess inventory in the United States, and the impairments required as a result of historical prices paid for pre-demerger acquisitions and the decline in market growth rates for Commercial wine globally, the Company is now investing behind its brands, in order to establish strong foundations from which to sustainably grow in all of our regions.

It is also imperative to stress that despite many challenges, and the distraction caused by external interest in TWE, the Company's full year financial results met the revised earnings guidance that we provided to the market back in January. Mike will speak more on this matter in his address, but it is clear that the process of resetting the Company's foundations to deliver improved shareholder returns will continue to gather pace in fiscal 2015.

The Board remains confident in the future, and I am pleased to report a final dividend of AUD0.07 per share unfranked, to give a full year dividend of AUD0.13 per share which is unchanged from last year.

Fiscal 2014 was also a year in which we were very pleased to appoint Mike Clarke as our new Chief Executive Officer. Despite obvious pressures to appoint a new CEO quickly, the Board oversaw a robust and rigorous process which we completed ahead of our own stated timeline, and at the end of it we were delighted to secure someone of Mike's undoubted capability, international experience and talent.

I would also like to thank Warwick Every-Burns for stepping in as our Company's interim CEO, and keeping the team motivated and the Company in good shape, until we had secured Mike's appointment. A key challenge for TWE remains to deliver a strong set of financial results in all four regions over a single fiscal year.

However, differing consumer dynamics, retail environments and economic conditions, across Australia and New Zealand, Europe, Middle East and Africa -- or EMEA as we call it -- and Asia, and the Americas, reinforced the challenges of achieving this objective whilst also reinforcing the benefits of the truly global nature of TWE's operations.

Trading conditions in ANZ and Asia were tough in fiscal 2014, but particularly so during the first six months. However, efforts by current management to bolster relationships with our major trading partners provide a source of optimism for fiscal 2015 and beyond.

It was pleasing to see signs of progress for our Company in the Americas. Whilst a lot of hard work remains to be done the fundamental strengths of this market, and our presence in it, are now becoming visible.

Set against the backdrop of a weak European economy TWE's operations in EMEA also look promising.

Our capital management program allowed the Company to increase the average duration of debt, and further diversify funding sources, over the course of the fiscal year. The successful negotiation of a US Private Placement for the equivalent of $250 million in December 2013, was an integral part of this strategy.

New banking facilities further reinforced the strength of our balance sheet, and enabled greater operational flexibility for your Company. Together with low levels of debt, these developments should continue to provide shareholders with confidence in the Company's financial foundations.

I now want to provide some detail on recent attempts by two private equity bidders to purchase the Company and the steps the Board took to ensure the right outcome occurred for all of our shareholders. A lot has already been written on this matter, and unfortunately some of it inaccurately, so I do think it is worthwhile to step you through the Board's role in this process and why, ultimately, a transaction did not occur.

Firstly, the Board rejected the initial conditional proposal from KKR, of AUD4.70 cash per share, because we were clear that such a price significantly undervalued the Company. This was subsequently reinforced in discussions with our major shareholders who wholeheartedly endorsed the approach of the Board.

However, some major shareholders indicated at that point that they expected the Board to engage with a bidder were they to come forward with an offer in excess of AUD5.00 cash per share. Given shareholder feedback, and expert advice we received from our advisors, we agreed to engage in non-exclusive due diligence with both bidders once they had submitted conditional proposals at AUD5.20 cash per share.

Due diligence coincided with our fiscal 2014 annual results process, and this provided an opportunity for shareholders to obtain a much clearer understanding of the Company's strategic roadmap. And it also enabled our executive management to pressure-test the Company's strategic plans and assumptions in a manner which perhaps would not have otherwise been impossible.

Ultimately it should be noted that due to regulatory hurdles for one bidder, and the other's inability to support a transaction on terms and at an acceptable price, meant that the Board did not receive a formal offer at AUD5.20 cash per share. So, in the end, there was no need for the Board to take a decision or to make a formal recommendation to you, the shareholders. However, I can assure you that the clear feedback from almost every major shareholder indicated that they believed a price of AUD5.20 per share undervalued the Company.

I would also like to make it crystal clear that throughout the bid, the Board only sought to act in the best interests of shareholders, and I am confident that we did what was right at every step of the process. Now that this process has concluded the Board is focused on the road ahead and working with management to deliver the value and growth that our shareholders expect.

As a Board we remain committed to a remuneration regime, and incentive structures, that provide an appropriate mechanism to ensure that management and shareholder interests are aligned. Linking pay with performance is a principle that will continue to underpin the Board's approach to remuneration.

Given the difficult financial results over the course of fiscal 2014, and in recognition that the Company's first half performance, in particular, was challenging, there were no base fee or wage and salary increases for directors or key management personnel unless they had been promoted. In line with market practice, the only exception to this was to bring the Chairman's fee of the Human Resources Committee in line with the fees for the Chairman of the Audit and Risk Committee.

In addition, based on fiscal 2014 results, no payout was made on our Short-Term Incentive Plan for staff. There was some limited vesting of fiscal 2012 Long Term Incentive Plans -- or LTIPs -- the first such plans issued by TWE, at 35%, due to total shareholder return performance being above the median for the three years leading up to that. However, the overall approach to remuneration remains both measured and responsible.

Later in today's proceeding I will be asking for shareholders to vote for the adoption of the Remuneration Report that is contained in the Directors' Report for the financial year ended June 30, 2014. There is also a separate resolution asking shareholders to approve a number of long term incentives for our Chief Executive Officer, Mike Clarke.

On these, I strongly ask for shareholder support. Mike has already demonstrated considerable capability, and delivered a number of transformative changes, in a very short time as our CEO. He is certainly an executive with an exemplary track record on the global stage.

I would like to thank those shareholders, and proxy advisors, who have already indicated their support for our remuneration framework. I would also like to stress that an EPS hurdle of 15% CAGR, which equates to 52% growth over three years, is very stretching. Why -- it's right at the top end of growth targets for ASX listed companies that retain EPS as a component of their long-term incentive programs.

Secondly, due to the challenges in our industry and the business historically operated by TWE, our earnings performance has, since the demerger, been generally flat to declining.

And third, an EPS hurdle of 15% CAGR is extremely competitively positioned considering all the resetting and fixing required within the base business. The metric is further challenged by our planned 50% plus increase in catch-up investments being made in consumer marketing that will deliver returns in the future years.

Fourth, current management are determined to drive sustainable behaviours and to re-set the business so that it is healthier in the longer term. When looked at as a package, I am clear that our approach to remuneration is in keeping with the best practice that is adopted by other leading ASX listed companies.

Further to, and in keeping with the above, the Board remains committed to the highest standard of corporate governance, ensuring that TWE is a positive contributor to the communities in which we work, and an industry leader in areas relating to the responsible consumption of wine.

During the year, TWE defined the key pillars of our corporate responsibility program with an enhanced focus on three priority areas -- responsible consumption, sustainable sourcing, and community engagement. The role of alcohol within our society continues to generate understandable concerns within governments and communities where the Company operates. TWE fully supports targeted and proportionate intervention to address the minority of individuals who consume alcohol in an irresponsible manner.

However, we also remain committed to championing the positive social, economic and cultural contribution of the alcohol beverages industry, and we will continue to defend the rights of the overwhelming majority to consume our wines in an appropriate and responsible manner.

The health and safety of the people who work for, and on behalf of, TWE was another priority for the Board and it was pleasing to see a continuance of the reduction in the Company's lost time injury frequency rate --- that is the lost-time injuries per million hours worked, and we achieved that in fiscal 2014.

Before closing, I would like to sincerely thank all Directors for their many and varied contributions over the last fiscal year. Later in this meeting I will ask you to endorse the re-election of Lyndsey Cattermole and Peter Hearl as Non-Executive Directors, a move the Board very strongly supports.

In conclusion, I remain incredibly excited by both the opportunities that lay ahead of us, and in the potential of this great business. I am also confident that the challenges faced in fiscal 2014, together with the actions now being taken to address them, have set TWE up for future financial success.

You have my assurance that the Board remains totally focused and committed to helping TWE achieve its strategic objectives and deliver improved shareholder returns.

My thanks go to Mike, all the senior management team and TWE staff for their efforts in what has been an eventful year. In particular, I want to acknowledge the huge amount of work that was put in with industry challenges and the distraction of the private equity bids. Despite all of these issues, the Company remains on track and management deserves considerable credit for this.

Finally, my sincere thanks go to you, our shareholders, for your ongoing support, confidence and investment in our business. I will now hand over to Mike, for a more detailed breakdown of business performance over the Company's financial year.

MIKE CLARKE, CEO, TREASURY WINE ESTATES: Thank you very much Paul, and good afternoon all. It gives me great pleasure to address you today as your Chief Executive Officer.

As I said back in April when I first joined the Company which was about ten days after taking on the role of CEO, I am thrilled to be a part of Treasury Wine Estates. This is truly a unique Company; it is a Company that has prized assets, a fabulous portfolio of brands and more importantly, a team of very talented and passionate people.

Given the events of the past six months, notably the interest in our Company by two private equity firms, I believed it was important to be highly communicative with our shareholders throughout the entire process.

As such, I have been very transparent about our strategic roadmap and the plans that are now in place to drive our Company forward and to deliver improved returns to our shareholders. You have already heard me talk about 2015 as a re-set year. In order to deliver sustainable returns over time, we are required to think about, and do things differently.

Probably our biggest challenge is to get all stakeholders to recognise the work involved in resetting and fixing the base earnings whilst also trying to grow our earnings per share by 52% over the next three years. Unfortunately, some stakeholders do not fully understand the inherent conflict between aggressively chasing short-term numbers versus fixing base earnings and resetting business for a long-term sustainable growth.

At our 2014 result announcement, I presented Treasury Wine Estates strategies, as depicted on this slide. Your Board and the team at Treasury Wine, firmly believe that value will be delivered over time through our renewed, strategic focus on how we will manage our brands, how we will operate in key markets and channels, and how we work with all our partners going forward, and importantly how we will address business models to embed sustainability in everything that we do.

At the epicentre of our strategy is the vision to become the world's most celebrated wine company, one that enriches peoples' lives with quality wine brands. We will realise our vision by transforming our Company from being an agricultural company to a branded, marketing led organisation.

For too long, our Company's financial performance has been impacted by trading practices which have led us to becoming an order taker rather than an order driver, which in turn, has underpinned some short term trading behaviour and hence, volatile earnings. I, together with my leadership team, am managing your Company for the long-term.

I have gone on record saying that I will not engage in any behaviour to drive short term outcomes at the expense of longer term value. I am confident that the plans and strategies that we have in place will deliver on this commitment.

Let me start with the work we have done, and are doing, with our brand portfolio. In June of this year, we announced a 50% increase in our consumer marketing investment, funded by a AUD35 million reduction in our overhead expenses.

I am pleased to report that the cost reduction program is largely complete, with further cost savings expected. This is a muscle that we have developed in our business, that we will constantly take costs out of the business going forward. Just like fine wine, consumer marketing dollars are scarce and should be allocated as such.

While optimising our total brand spend, our one-time 50% step-up in consumer marketing in fiscal 2015 is focused on driving consumer demand for our flagship growth brands including Penfolds, Wynns, Beringer, Wolf Blass, Lindeman's, Etude, Chateau St Jean, Matua, Stags' Leap and Souverain. These are brands that have the opportunity to become truly global brands.

These are brands that are flexible and can be scaled to grow globally, not just in one market or channel. This will accelerate our top line growth sustainably going forward. While I don't believe it is truly yet a global brand, Penfolds is an ideal example of a flexible, scalable model where grapes are not necessarily sourced from a particular vineyard or from an appellation, but rather, the grapes are sourced from a basket of regions in Australia. Not only does this provide the brand with protection against weather-driven vineyard and vintage variation, the model enables Penfolds to be scalable.

Having scale allows TWE to grow and expand Penfolds in regions and channels around the world. The scalable and flexible supply model for Penfolds across multiple appellations and vineyards is designed to always give consistent quality to consumers. Out of our portfolio of about 80 brands, around 15 brands have the potential to be scalable, flexible and what we call global umbrella brands. To give you an example, Etude is a premium, Californian Pinot Noir. The brand is not linked to a particular vineyard or to an appellation, rather, its provenance is varietal-based.

We have already leveraged this brand by introducing a New Zealand-sourced Etude and consumers in Australia will see this outstanding pinot noir brand on shelves in the back half of this financial year. We also have plans to launch Etude in Asia and Europe going forward.

Investing in targeted global brands will enable our next tier of brands in our portfolio, what we call the international brands -- of around 20 brands -- to slipstream behind the global portfolio, and grow these brands not only in existing markets, but also in selected new markets and new channels.

Looking further across our portfolio, we have around 20 local brands which we will use tactically or offer as exclusives to our retailer and distributor partners around the world. We simply cannot invest consumer funds across all 80 brands. The brands do need to be marketed and treated differently as we go forward. The final part of the portfolio is the non-priority Commercial brands, which we are looking at addressing either by retiring them or alternatively doing a deal with a third party and therefore owning those in a joint venture structure.

Moving now to our market and channel priorities. While Australia is our home market, the US and Asia, particularly north Asia, are our growth markets. By north Asia, I refer to China, Japan and Korea. I believe that our business in north Asia is underdeveloped, we sell a narrow portfolio into narrow routes-to-market. Expanding our route-to-market in China has been a key priority for us over recent months.

In this context, I am pleased to report that we have now diversified our distribution model in China by adopting a three-pronged approach. We are now distributing our brands via a leading on-premise distributor as well as going directly to key accounts and via regional wholesalers. Having the right route-to-market in one of the world's largest and fastest growing wine consuming markets is critical to TWE's vision of being a truly global wine company.

Like China, the US wine market represents a significant growth opportunity for our Company. It is in growth, and it is premiumising. I have been very public about our commitment to this region. I believe that with the right portfolio, TWE can grow and win in the United States and I will talk more about our business in the United States shortly.

Turning now to partners, building collaborative relationships with our retailer and distributor partners in all our regions is a key priority. As I said earlier, by underinvesting in our brands, TWE has been an order taker which has increased the risk in volatile earnings. We are now firmly focused on building better, and stronger and more collaborative relationships with our retail and distributor partners around the world. We are working with them to develop plans to drive category growth where TWE, its customers and consumers share in this growth.

The Penfolds **wine** cabinet promotion in Australia is a great example of the virtuous cycle of investing in our brands, working collaboratively with our customers and delivering an outstanding proposition to our consumers.

Not only did we deplete inventory in the channel ahead of the new Penfolds collection release in October, but we are now working with our customers on more campaigns of this type going forward.

The more we collaborate and work with our partners around the world, the better we can be at reducing the earnings and inventory risk that we have in our **business** when we act as an order taker.

Moving now to **business** models. Very early on in my role, I learnt that when it comes to regional **business** models in a global **wine company**, one size does not fit all. In June, we announced a separate focus on the Australian Commercial portfolio versus the Luxury and Masstige portfolio. The evolution of our **Company** -- from being part of a beer **company** and through various acquisitions -- has resulted in the potential for an averaging of costs across our Commercial, Luxury and Masstige portfolios.

By separating the portfolios, we are discovering that the average cost of our brands in each of these portfolios might have been punitive on our Australian Commercial portfolio and therefore on its margins. What we hope to drive is positive tension between the two segments, where excess costs are removed, better commercial decisions are made and ultimately margin accretion is realised. Improved Commercial **brand** margins can either be banked as profit or reinvested into marketing our portfolio.

While scale in Australia, in my opinion, does not provide a competitive advantage given the concentrated retail landscape that we have here in Australia, scale in the US is critical to maintaining share of mind with our distributor partners. Therefore, until such time that our Luxury and Masstige portfolio in North America is of sufficient size and scale, maintaining our Commercial portfolio in the US is important.

That said however, I have made it very clear that our strategy in the US is to build and grow our Luxury and Masstige portfolio to service not only the US market, but other growth regions, like north Asia. We have a strong **brand** portfolio at the premium end. The Masstige segment of the US **wine** market is in double digit growth and TWE is driving much of that growth with brands like Beringer, Chateau St Jean, Souverain, Sledgehammer, Matua and 19 Crimes.

Moreover, the Luxury category is also in double digit volume and value growth but unfortunately, our participation in that growth is being constrained by our supply constraints. While we don't necessarily need more brands, access to increased amounts of quality **wine** supply could step up our US portfolio, both in the United States and also in north Asia.

Sourcing luxury fruit or **wine** on the bulk and spot market in the US is costly and variable and long term contracts for luxury fruit are scarce. Therefore, we should consider securing supply inorganically and this is something we have been working on.

Also in the US, we are exploring opportunities to address the non-priority Commercial part of our portfolio. Comprising approximately 2 **million** cases, this segment represents a significant drag on our core portfolio and needs attention if we are to successfully step change our US **business** model going forward.

While addressing improving our sustained profitability, we are also looking at ways to further strengthen our balance sheet and to also light weight our capital requirements, thereby improving our return on capital employed.

In closing, fiscal 2015 is a big year for Treasury **Wine** Estates as we re-set the **business** and position it for sustainable, profitable growth moving from an agricultural **company** to a branded marketing led **company**, by doing the following things -- changing our Penfolds release date to October of every year going forward, stepping up our consumer marketing by greater than 50%, removing AUD35 **million** of central overhead costs, driving a separate focus on our Commercial, and our Luxury and Masstige portfolios in Australia, driving supply chain savings and efficiencies, focusing on growth in north Asia and the Americas, and increasing value growth in Australia.

I am pleased that our performance over the first half of fiscal 2015 is, to date, on plan and ahead of prior year. This is driven by changes in our Penfolds release date but, importantly, it is also as a result of the actions that we are taking to reset, fix and invest in our **business** in order to deliver future sustainable profit growth across all of our regions.

In addition, I am delighted to share with you today that we have restructured our distribution model in north Asia, and have changed the agreements and distribution model for **China**, Taiwan and Korea. This will allow TWE to step-change our growth in north Asia in future quarters, and I will provide more detail on this and the progress we are making in north Asia at our H1 results announcement in February.

I would like to thank you, our shareholders, for your ongoing support of Treasure **Wine** Estates. I feel confident that the necessary steps required to turn around our **business** are being taken and I look forward to delivering on our goals and ultimately, delivering value to you, our shareholders.

Thank you very much.

PAUL RAYNER: Thanks Mike. Ladies and gentleman this now brings us to the formal part of the meeting. There are a number of procedural matters which I wish to draw to your attention. This is a shareholders' meeting, and only shareholders, their attorneys, proxies and authorised **company** representatives are entitled to speak, and to vote, at the meeting.

The Notice of Meeting circulated to shareholders in November listed five items of **business** on the agenda, and I will take that Notice of Meeting as read. All resolutions other than item 2 are presented as ordinary resolutions, that is they require a simple majority, that is more than 50%, to be passed.

Item 2, the Remuneration Report, is an advisory vote only, and needs to avoid a vote of 25% against this resolution in order to prevent a third strike. When you registered your attendance today you will have received a coloured card. This would be an orange voting card if you are a shareholder, or a pink card if you are a proxy holder. Holders of those orange or pink cards are entitled to vote on the items of **business** set out on the agenda.

Visitors and other non-voting shareholders will have received either a white or blue card, and holders of those cards are not entitled to vote on resolutions. As I indicated earlier, and as our constitution allows, voting today will be conducted by way of poll for all motions. Details of the proxy votes will be displayed at the appropriate time, and the final results of the polls will be announced to the ASX this afternoon. And they will also be posted on our website.

As explained in the Notice of Meeting, wherever applicable in respect of the items of **business** today, the **Company** will in accordance with the provisions of the Corporations Act or the ASX Listing Rules, disregard votes cast on any resolution by any person to whom the item of **business** applies or that person's associates or closely related parties.

However, the **Company** does not need to disregard such a vote if it is cast as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form. In relation to item 2, to the extent that any open proxies are held by me as Chairman of the meeting, I will cast these proxies in favour of those resolutions, as was indicated in the Notice of Meeting.

You will find voting instructions printed on the reverse side of each orange or pink admission card. As each item will be subject to a poll, you may wish to complete your voting progressively as each resolution is discussed. I'll now go through the procedures for completing the voting papers. If you are a proxy holder and hold only directed votes for and or against as shown on the summary of votes attached to your admission card, all you need to do is print your name and sign the voting paper.

If you are a proxy holder with open votes you need to mark a box beside each motion to indicate how you wish to cast the open votes in respect of that item. Shareholders voting in their own right will also need to mark a box beside each motion to indicate how they wish to cast their votes. If you wish to cast some of your votes for the motion and some of your votes against, write in the for and against box the number or percentage of votes you are casting for each motion.

The sum of votes cast for and against a motion must not exceed your voting entitlement or 100%. Please ensure that once you've completed your voting instructions you print your name where indicated and sign the voting paper. At the end of the meeting please lodge the voting papers in one of the ballot boxes you'll find near an exit. For anyone who has any difficulty in completing the voting papers during the course of the meeting, there will be time at the end of the meeting and Computershare staff will be available to provide assistance, if it is required.

Returning now to the **business** at hand. There will be sufficient time for shareholders to ask questions regarding each item of **business** as I introduce each one. I would ask that any questions relating to the remuneration report be held over until we come to that item, which is the second item on the agenda.

All questions need to be addressed to myself as Chairman of the meeting, although I may ask someone else to answer on my behalf. If you're a shareholder and wish to ask a question or to make a comment, please move to a microphone, show your orange shareholder card or your pink proxy holder card to the attendant who will note your name and introduce you when it is your turn to speak.

Please limit yourself to one question at a time to give other shareholders a chance to be heard. If you wish to ask a second question please take your place at the end of the queue at your particular microphone so that all shareholders have an equal opportunity to be heard. Now, shareholders were invited to submit questions in advance of the AGM and I now propose to address the more frequently asked questions that were raised.

The first question was why wasn't a takeover proposal from private **equity** put to shareholders? Now, it's not surprising that this was a frequently asked question in the **lead** up to this meeting. I've already touched on the topic earlier in the meeting. The decision the **Board** took regarding the private **equity** takeover proposals was informed by discussions with the **Company**'s major shareholders but taken in consideration to the best interests of all shareholders.

However, as I said earlier, in the end the **Board** did not receive a formal offer at AUD5.20 cash per share, so there was no need for the **Board** to take a decision or to put a formal recommendation to the shareholders.

The second question, what is the status of the disclosure litigation commenced against the **Company**? There are currently two claims against the **Company**. One commenced in the Victorian Supreme Court and one in the Federal Court, although it is possible the Cross-Vesting Rules will allow these two matters to be heard concurrently in the same court at some point in the future. Unfortunately, the commencement of these types of private actions as opposed to action by a recognised regulatory body have become a **business** opportunity for certain law firms and litigation funders in Australia and the **Company** is currently awaiting judgment in its claim that the action commenced in the Victorian Supreme Court is an abuse of the court process.

In light of the proceedings on foot, I do not propose to comment in detail, other than to say the actions are described in note 33 to the accounts, are still at an early stage in the court process and have not been quantified. TWE strongly denies any allegations of wrongdoing and continues to defend these proceedings vigorously. Neither the **Board** nor management are prepared to allow these cases to distract them from their focus on core **operations** for the **business** and the **Company** remains focused on the delivery of our FY15 plans and our long term strategic roadmap.

The third question most commonly asked was what is the **Company** doing to address the challenges of climate change? Neither I nor the **Company** express a view on the potential causes of climate change, but do note that we have observed over recent decades changes in climatic conditions that impact our viticultural practices and as a result TWE has been active within the **wine** industry on planning for and dealing with the challenges of climate change. We've worked with both the CSIRO and the University of Melbourne here in Australia to model the potential impacts of increased heat on our vineyards and sourcing regions and undertaken similar work in other regions where we operate.

In addition to a range of leading edge viticulture practices undertaken to help mitigate the impacts of temperate increases and more effectively manage the allocation of precious water resources, TWE has also actively diversified its grape sourcing requirements to include a greater supply from cooler climate growing regions such as Tasmania.

I have now addressed the more frequently asked questions. If you believe there are other questions that need to be addressed you have the opportunity to ask these shortly or you can write to the **Company** Secretary.

As mentioned earlier, Paul McDonald of KPMG our auditor is present and is ready to respond to relevant questions from members. It is a requirement of the Corporations Act that members attending an AGM have a reasonable opportunity to ask the auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the **Company** in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

May I remind members to restrict their questions to the auditor to these issues please. I would also like to remind members that it is the Directors who are responsible for the preparation and presentation of the Financial Report. The auditor's responsibility is to conduct an audit and give an independent opinion of the Financial Report taken as a whole.

Accordingly I ask that questions be addressed to me in the first instance, so that I may promptly assess whether it's a question that more appropriately should be addressed by me or one of the Directors in management instead of the auditor. I should also add that the auditor may decline to answer any question that he determines to be outside the areas listed.

Now, moving on to the items of business of this meeting. Item 1 which is the financial statement and reports. The first item is to receive and consider the consolidated Financial Report of the Company as well as the reports of the Directors and the auditors for the year ended June 30, 2014.

The item does not require resolution to be put to the meeting, but does provide an opportunity for shareholders to ask questions or make comment on Company matters. I now declare the first item of business open for discussion. Are there any questions?

Questions and Answers

OPERATOR: Mr. Chairman, we have a question from [Steven Ander].

PAUL RAYNER: Thank you.

UNIDENTIFIED PARTICIPANT: Thank you Chairman. Steve Ander is my name. To the best of your knowledge, does this Company make any contributions to any kind to any political organisations?

PAUL RAYNER: To the best of my knowledge, I don't think we do.

UNIDENTIFIED PARTICIPANT: Do you make any contributions to [Yooralla]?

PAUL RAYNER: To sorry, to where?

UNIDENTIFIED PARTICIPANT: To [Yooralla].

PAUL RAYNER: I'm advised that we don't.

UNIDENTIFIED PARTICIPANT: I just wanted to make a comment, yes. When you introduced the directors, the only one to stand up was Lyndsey Cattermole. Good on you Lyndsey. The others seem to be too tired.

PAUL RAYNER: I can assure you they are well awake. But thanks for the comment.

UNIDENTIFIED PARTICIPANT: Thank you Chairman.

PAUL RAYNER: Thank you very much for your question. Number one.

OPERATOR: Mr. Chairman we have a question from Geoff Reid.

GEOFF REID, SPOKESPERSON, AUSTRALIAN SHAREHOLDERS' ASSOCIATION: Thanks, Mr. Chairman. Geoff Reid representing the Australian Shareholders' Association, 450 members have given me their proxies today so I'm representing them. Every year we come here and we hear the story of more write downs, more write offs and downward revaluations. Are we expecting any more in the next year Mr. Chairman and can you see an end to this practice?

PAUL RAYNER: Thanks for the question Mr. Reid, it's a good question. I agree we have had some lumpy write downs in recent years. All I can say is that I hope and think that the worst of it is behind us. I'm not aware of any major write downs that are impending. Obviously if there was anything there we'd have an obligation to say so.

We will continue as Mike said to reset, restructure the business, get the base right. There might be some minor material items as a result of that. But I would hope that in relation to impairments of brands, many of which were historical and date back many years and associated plant and equipment, that over the last two or three years, the write downs we've incurred represent the bulk of what's required and I certainly hope that there aren't many more going forward.

GEOFF REID: So the problems in the Americas are behind us and the old and aged and downgraded inventory has been disposed of or otherwise destroyed?

PAUL RAYNER: The inventory that need to be destruct and destroyed that has happened. We are still working through depleting the aged inventory which we provided for and that will continue to happen over the next six months.

As Mike said, we feel very strongly that the Americas business has got a strong future. It's a vigorous market, a growing market. We think we have some great brands. We could do with some more quality fruit and juice because we've got the brands. So we look forward to hopefully continued success in the Americas. But we're still working through depleting some of that inventory that we provided the provision for in the previous financial year.

GEOFF REID: Thanks, Mr. Chairman.

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PAUL RAYNER: Thank you. Any other questions? Okay thank you. As there are no more questions I will move to Item 2.

The second item of the agenda today is a non-binding advisory vote for the adoption of the Remuneration Report that is contained in the Director's Report for the financial year ended June 30, 2014. The **Board** and the Human Resources Committee reviews the **Company**'s remuneration strategy and structure on an ongoing basis, taking account of **business** appropriateness, market suitability and shareholder and other stakeholder feedback.

During fiscal year 2014 we undertook a detailed review of the **Company**'s remuneration structure to ensure it's broadly aligned to the **Company**'s key **business** drivers and market practice. The key outcomes of the review that I would like to mention are in relation to the Short Term Incentive Plan and the Long Term Incentive Plan and I'll briefly outline the key outcomes respectively.

On the STIP or the Short Term Plan, the objective of the STIP redesign was to ensure that the plan represents a meaningful incentive to participants in terms of quantum achievability and line of sight to the performance measures. The plan will assess participants against measures which balance short term profitability with long term sustainable **Company** performance.

The main changes to the FY15 STIP are the introduction of a balanced score card to ensure there is combined focus on both financial and strategic and operational objectives, the removal of the 5% global EBIT's growth hurdle for all participants, a reduced number of eligible participants and greater focus on our performance. The individual performance multiplier range has been expanded initially from 0.7 to 1.2 in FY14 and now it's 0.5 to 1.5 in FY15 once threshold performance is achieved.

Introduction of a cap on payments. The balance scorecard multiplier is capped at 100% -- 120% and individual performance multiplier is capped at 150%. Overall payments are capped at 180% of the STIP target opportunity.

On the LTIP or the Long Term Incentive Plan, the vesting schedules for the FY15 LTIP have been revised such that both measures now vest at 35% for threshold performance, an increase from 0% for EPS and a reduction from 50% for TSR. The **Board** believes that this rebalancing of the schedules will better meet the interests of shareholders and participants.

The volume weighted average price of the 90 days preceding the performance period will be used to determine the number of units allocated under the FY15 LTIP. The **Board** believes this will help to smooth out any share price volatility leading up to the performance period. The full details of the changes are provided in the FY14 Remuneration Report. The underlying remuneration strategy and philosophy remains unchanged and continues to apply at TWE, governing remuneration proposals and decisions.

As stated in the Notice of Meeting, this is an advisory and non-binding resolution, although the **Board**'s Human Resources Committee will take discussion on this resolution into account when it's considering the future remuneration arrangements of the **Company**. The Directors recommend that shareholders vote in favour of this resolution.

Do I have any questions? Yes, number one?

OPERATOR: Mr. Chairman, we have a question from Geoff Reid.

PAUL RAYNER: Thank you.

GEOFF REID: Thanks again, Chairman. I suppose this question relates to long-term incentive plan which is presently set at three years as a performance review period. Our association would like you to extend this to a four year performance period and our logic for this is that three years by our definition isn't long. I'll just expand that argument for a second.

If I was to plant a vineyard today, the first fruit appears in four years. It's not a balanced vineyard until it's between 10 and 20 years old. If you harvest some grapes today with the view to produce a bottle of Grange, that Grange will be on the market in five years' time. So to say that long-term is three years to our association seems a year too short and we'd like you to change to a four year performance period. Thank you.

PAUL RAYNER: Thank you Mr. Reid, and I'**m** well aware of your requests in this area. Look, all I can say is, I mean we continue to keep LTIP under review from year-to-year and certainly take input from shareholders and stakeholders. We currently think three years is the appropriate time period. It correlates with our strategic plan. Despite everything you said, I mean, we do do a three year strategic plan.

We also want to stay very much in line with the marketplace, which I've mentioned earlier in my speech. On all the research we've done, greater than 50% of the ASX companies who use this measurement do it over three years. So we think it's actually appropriate for our **business** at this point in time but I will take your views into account.

GEOFF REID: Thanks Mr. Chairman, and might I just add that BHP and CBA think long-term is five years.

PAUL RAYNER: Well, they are a lot different to us.

GEOFF REID: Thank you.

PAUL RAYNER: Thank you.

UNIDENTIFIED PARTICIPANT: (Inaudible - microphone inaccessible).

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PAUL RAYNER: So are we. You look at the cash flow last year. Any other questions?

Okay, there have been no more questions. I now put the motion as displayed on the screen that the remuneration report of the **Company**, as contained in the Directors' Report for the year ended June 30, 2014 be adopted. Details of the proxies received in respect of this resolution will now be displayed on the screen.

You may now wish to complete your voting card for this item. Based on the proxy details received it is likely that the resolution will be passed.

I'll now move on to Item 3, which is the re-election of director. The next item is the re-election of Lyndsey Cattermole as a non-executive director. Details of Lyndsey's qualifications and experience are set out in the Notice of Meeting and in the **Company**'s annual report. Before I put the motion regarding Mrs. Cattermole's re-election, is there anyone who wishes to speak to this item? Number one, thank you.

OPERATOR: Mr. Chairman, we have a question from Geoff Reid.

PAUL RAYNER: Thank you Mr. Reid.

GEOFF REID: Thanks again for your patience, Mr. Chairman. Ms. Cattermole is the longest serving director on the **Board** of Treasury **Wine** Estates and she has -- because of her previous tenure with the Foster's **group** which she commenced in 1999, which was last century.

I suppose, Mr. Chairman, what I'**m** requesting is that in view of Mrs. Cattermole's tenure which now between two companies extends to 15 years, would the **Board** please produce a policy on the tenure of directors and the tenure of chairmen for shareholders to peruse?

PAUL RAYNER: Thanks Mr. Reid. Look, I think that every **Board** needs a combination of youth and experience. I'**m** talking **Company** memory, not age, in this regard. So we're very fortunate, extremely fortunate, to have on the **Board** someone who knows the history of this **business**. I mean, I really feel very strongly about that.

We are only three years old and if we didn't have Lyndsey on the **Board** we'd have no **Company** memory on the **Board**. All good teams require this sort of blend, require a diversity. I think that's what Lyndsey gives us so I think it's really important and she's very valuable and makes a fantastic contribution to this **Company**.

In relation to tenure, I mean, we've only been going for three years as I say. My strong preference is to vigorously review the performance of directors when they come up for re-election and make sure they're making a contribution, which we do through **Board** reviews and internal discussions, and make sure that we have on the **Board** people who are contributing and we have a **Board** that has a diversity of both gender, which we can improve on over time, geographical experience, geographical background, industry background, functional background.

So that we get varied input from all people. I don't think the policy on tenure is appropriate for us, certainly not at this point in time, but thanks very much for your suggestion.

GEOFF REID: Thanks Chairman.

PAUL RAYNER: Sorry, number two?

OPERATOR: Mr. Chairman, we have a question from Mr. [Andrew Caro].

PAUL RAYNER: Thank you.

UNIDENTIFIED PARTICIPANT: Mr. Chairman, I echo Mr. Reid's sentiments. I also welcome the revitalisation of a change of management with Mr. Clarke. I think from the sounds of it he is well informed, he has got the connections.

Lyndsey Cattermole, I think that 15 years associated with **wine** and beer is probably getting towards to the end of the tenure that one would expect in a three year old **company**. Her attributes, according to the Notice of Meeting, include IT and communications.

Some of the problems in America over overstocking, how did that happen? Was it a poor failure of the communications systems or how does one explain it? Were the **Board** not talking to each other? I don't know. I'**m** just a poor shareholder who has suffered the ups and downs and I look for more ups. A little bit of revitalisation I feel may be justified at this stage.

PAUL RAYNER: Thank you. Is that the finish of your question? Thank you. Look, I think I've answered in relation to Lyndsey Cattermole. I think you mentioned her experience and qualifications in IT, and I would add that is also something that the **Board** gets great value from.

I think in relation to the problems in America, I mean they've been addressed at length in last year's AGM. I'**m** not going to go into those again. It's well covered in the annual report and we have taken actions to address those and we move forward. But the **Board** strongly endorses the re-election of Lyndsey for the reasons which I outlined to the previous questioner. But I appreciate your comments, sir, thank you very much.

Number one?

OPERATOR: Mr. Chairman, we have a question from [Steve Ander].

PAUL RAYNER: Thank you.

UNIDENTIFIED PARTICIPANT: Thank you Chairman. That Lyndsey has been with us and with Foster's for such a long time just indicates how valuable she is to us. When you show the proxies, would it be possible to also indicate the number of shares on issue and what the percentage of the number of shares that are issued that have been voted? Not just the percentage of the proxies that have been received but what percentage of the total number of shares of the **Company** [are on issue]?

PAUL RAYNER: Yes, I will show that. The information you're getting includes not only the proxies but the shareholders themselves that have voted and is a percentage of -- the percentage you're seeing are the percentage of both proxy and shareholders who voted directly.

As to what percentage that represents of the overall shareholder base, I might just get the **Company** Secretary to comment on that when we get to the next resolution, sir.

UNIDENTIFIED PARTICIPANT: So how many shares are on issue?

PAUL RAYNER: I suppose 600 and --

UNIDENTIFIED **COMPANY** REPRESENTATIVE: 645 --

PAUL RAYNER: --**million** shares on issue and --

UNIDENTIFIED PARTICIPANT: Sorry, I can't hear you.

PAUL RAYNER: 645 **million** shares on issue and 76.8% of those have voted prior to the meeting.

UNIDENTIFIED PARTICIPANT: They have been voted already? Thank you.

PAUL RAYNER: Thank you. Number two.

OPERATOR: Mr. Chairman, we have a question from Mr. [Henry Burley].

PAUL RAYNER: Thank you.

UNIDENTIFIED PARTICIPANT: My name is Mr. Henry Burley. I've never asked questions or made comments at any annual general meeting. I've held shares in this **Company** and many others for many more than 15 years. I go back to the Southcorp days.

First of all let me state I absolutely approve of the appointment of Mrs. Lyndsey Cattermole. I don't know her as a person. I don't belong to any **group** that I know of that she belongs to.

But I just want to make an observation generally on the appointment of directors because I have a fair bit of experience with **mining** companies and engineering companies that may have on their boards people who have practised and have expertise in fields like **mining** and engineering.

I raise the question that probably most of us here drink **wine** but I don't think we really know the duties and tasks and craft and art of a winemaker. Yet there have been companies, like Petaluma that have such and they've exceeded exceedingly well.

So I just raise that perspective for the future. I absolutely approve of the appointment of Mrs. Cattermole.

PAUL RAYNER: Look, thank you very much Mr. Burley. I mean, I would add, and I agree with your point, I mean we do have an experienced winemaker on our **Board** in the name of Garry Hounsell, and we do have people who've worked in the **wine** industry for a large part of their career, in terms of Mike Cheek, and we do have people who have worked in consumer goods industries and drinks industries and understand the marketing issues associated with **wine**. But I take your comment and thanks very much for your input and thanks very much for your support of Mrs. Cattermole, appreciate that.

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PAUL RAYNER: Any other questions? Doesn't look like there are. Thank you.

Well, if there's no further questions and before I put the motion, I advise that the **Board**, with the exception of Mrs. Cattermole, unanimously supports the re-election of Mrs. Cattermole as an Independent Non-executive Director.

I now put the motion as displayed on the screen, that Lyndsey Cattermole, who retires in accordance with Rule 26.7 of the **Company**'s constitution, and being eligible, offers himself for election -- offers herself for election -- typo there but I got it, though -- be re-elected as a Non-executive Director of the **Company**. Okay. Details of the proxy voting on Mrs. Cattermole -- on her re-election are shown on the screen behind me.

Again, you may now wish to complete your voting paper in respect of this item before we move on to Item 4. And based on the proxy details received it is apparent that the resolution will be passed. So congratulations on your re-election, Lyndsey.

LYNDSEY CATTERMOLE, NON-EXECUTIVE DIRECTOR, TREASURY **WINE** ESTATES LIMITED: Thank you. Thank you [for being here].

PAUL RAYNER: I now move onto Item 4, which is the re-election of Mr. Peter Hearl as a Non-executive Director. Details of Mr. Hearl's qualifications and experience are set out in the Notice of Meeting and in the **Company**'s Annual Report. Before I put the motion regarding Mr. Hearl's election, is there anyone who wishes to speak to this item?

Okay. I don't think there's any questions, so before I put the motion I advise that the **Board**, with the exception of Mr. Hearl, unanimously supports the re-election of Mr. Peter Hearl as a Non-executive Director. And I now put the motion, which is displayed on the screen, that Peter Hearl, who retires in accordance with Rule 26.7 of the **Company**'s constitution and being eligible, offers himself for re-election, be elected as a Non-executive Director of the **Company**.

Details of the proxy voting on Mr. Hearl's election are shown on the screen behind me. Again, you may now wish to complete your voting paper in respect of this item before we move on to Item 5.

And based on the proxy details received, it is apparent that the resolution will be passed. So congratulations on your re-election, Peter.

PETER HEARL, NON-EXECUTIVE DIRECTOR, TREASURY **WINE** ESTATES LIMITED: Thanks, Paul. Thank you.

PAUL RAYNER: I will now move on to Item 5 of the Agenda, which is for the grant of performance rights to the Chief Executive Officer. ASX Listing Rule 10.14 provides that shareholder approval is required in order for a director to be issued securities under an employee incentive scheme. Accordingly, approval is sought for the grant to our CEO Mike Clarke of 764,216 performance rights under our long-term incentive plan, which represents the maximum [title] of two times his total fixed remuneration.

A summary of the proposed grant, including the specific hurdles for each performance condition, are set out in the explanatory notice to the Notice of Meeting. The **Board** believes that the performance conditions represent challenging targets. They are appropriate to drive long-term **business** performance and that it is the interests of the Company and its shareholders for Mr. Clarke to participate in our long-term incentive plan on the terms set out in the explanatory notes of your Notice of Meeting.

And the Directors, other than Mr. Clarke, recommend that shareholders vote in favour of the proposal. The matter is now open for discussion. Are there any questions? Again, make your way to a microphone and give your name to the attendant. Number two.

OPERATOR: Mr. Chairman, there is a question from Mr. [Henry Burley].

PAUL RAYNER: Thank you.

UNIDENTIFIED PARTICIPANT: Yes, Mr. Chairman, I have one further question.

PAUL RAYNER: Yes.

UNIDENTIFIED PARTICIPANT: We were told at the beginning of this meeting, and in print various times, that AUD5.20 undervalues the Company. We've also been told during this meeting that AUD4.70 significantly undervalues this Company.

So I simply ask, I'm an academic and I'm interested in numbers, why is the value AUD4.4445 used as the basis of valuation of the number -- in valuing the number of performance rights? Is that really fair by shareholders?

PAUL RAYNER: Yes, it is very fair, but it's a good question. I think when it comes to LTIPs you need to be consistent in the basis upon which you calculate the allocation of shares, and we use the 90-day weighted average price up to June 30. And we also use that price when we come to determine the vesting schedule for total shareholder return.

We intend to consistently use that year after year after year. If you used a higher figure, as you suggested, AUD5.20, then you'd also have to use that figure to be fair when it came to calculate what the appropriate vesting would be for the LTIPs that were vesting that year.

You can't use one number in relation to calculating the number of shares that are going to be issued and another number for calculating the vesting, it would be completely unfair and inconsistent so we stick to the 90-day weighted average share price, up to June 30.

And the other thing I would point out, I do think this is important, a number of companies on the ASX don't apply the share price when calculating the number of LTIP rights to be issued, they use it based on a fair value. A large percentage of ASX companies do that. The fair value of a right is substantially less because of the risks associated as to whether the right's going to vest than the share price. We don't do that.

So I actually think what we do is quite conservative compared to a number of other ASX companies, and I certainly think it's appropriate and consistent. And to jump around and choose a price because it was the -- part of an offer which actually never came to fulfilment, okay, they offered AUD5.20 conditionally but were never able to come up with a firm offer -- would be totally inappropriate.

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PAUL RAYNER: Any other questions? Okay, thank you. I now put the motion that is displayed on the screen, that approval be given for the grant of 764,216 performance rights to acquire shares in the Company to the Chief Executive Officer Michael Clarke in accordance with the rules of the Company's long-term incentive plan -- long-term incentive scheme on the terms summarised in the explanatory notes.

You may wish to complete your voting paper in respect of this item. The proxy voting in respect of this item of business is shown on the screen. It's actually not yet -- there it is. Based on the proxy details received, it is likely that the resolution will be passed.

Ladies and gentlemen, that brings us to the end of business that may be conducted as part of this meeting. I thank you for your attendance and participation and hope this has been an opportunity for you to learn a little more about your Company and its exciting future.

Please be sure to drop your completed voting papers into one of the boxes you will find near the exit. There will be a Computershare staff member at each box if you have any questions regarding the completion of your voting paper.

Don't all get up, the exciting bit is yet to come. If there are no further questions in relation to voting, voting will close at the closure of the meeting. I have been informed by the Company Secretary that based on the proxy details received and the number of shares that are represented by shareholders present here today, it's clear all resolutions will be passed. As mentioned earlier, the final outcome of the polls will be declared by notice to the ASX this afternoon and placed on our website.

Refreshments, as well as a **wine**-tasting hosted by our Director of Fine **Wine** and Direct-to-Consumer Mr. George Samios will now be served in the foyer, where the Directors will be available to introduce themselves to you. I now declare the meeting closed. Thank you.

CO trzwn : Treasury Wine Estates Ltd

IN i41 : Food/Beverages/Tobacco | i426 : Wine | ialco : Alcoholic Beverages/Drinks | ibevrge : Beverages/Drinks | icnp : Consumer Goods

NS ntra : Transcripts | c1511 : Annual Meetings | c15 : Performance | c151 : Earnings | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter | nfcpex : C&E Executive News Filter | nfcpin : C&E Industry News Filter | niwe : IWE Filter

RE usa : United States | melb : Melbourne | victor : Victoria (Australia) | apacz : Asia Pacific | ausnz : Australia/Oceania | austr : Australia | namz : North America

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