

**UnderCoverWear Limited**  
**NOTICE OF ANNUAL GENERAL MEETING**

to be held at 11.30 am on  
Friday 29 October 2010 at  
the offices of Grant Thornton  
Level 17  
383 Kent Street  
Sydney NSW 2000

Shareholders who have elected not to receive a printed copy of the Company's 2010 Annual Report may obtain a copy from the Company's website [www.undercoverwear.com.au](http://www.undercoverwear.com.au) under Investor.

Registered Office:  
**C/- Australian Company Secretaries Pty Ltd**  
**GPO Box 4231**  
**Level 9**  
**20 Hunter Street**  
**SYDNEY NSW 2001**

# UnderCoverWear Limited

85 108 962 152

Notice is hereby given that the Annual General Meeting ("the Meeting") of UnderCoverWear Limited ("the Company") will be held at 11.30 am on Friday 29 October 2010 at the offices of Grant Thornton, Level 17, 383 Kent Street, Sydney NSW 2000.

## ORDINARY BUSINESS

### Consideration of Financial Report

To consider the Financial Report and the reports of the Directors and Auditors for the year ended 30 June 2010.

*Neither the Corporations Act 2001 nor the Company's Constitution requires a vote of shareholders on the reports or statements. However, shareholders will be given the opportunity to ask questions or make comments on the reports and statements at the meeting.*

### Remuneration Report

#### Resolution 1 Remuneration Report (non binding):

To consider and put to a non-binding vote, the following resolution:

"That the Remuneration Report required by section 300A of the Corporations Act, as contained in the Directors' Report of the Company, for the year ended 30 June 2010 be adopted, details of which are set out in the explanatory notes to Resolution 1 in the notice of meeting."

### Resolution of Directors

#### Resolution 2 Re-election of Stuart Richardson

To consider and if thought fit, pass the following ordinary resolution:

"That Mr Stuart Richardson, who retires by rotation in accordance with clause 56.1 of the Company's Constitution and, having offered himself for re-election and being eligible, is re-elected as a director of the Company, details of which are set out in the explanatory notes to Resolution 2 in the notice of meeting."

#### Resolution 3 Election of Richard Lowry

To consider and if thought fit, pass the following ordinary resolution:

"That Mr Richard Lowry, being a director of the Company appointed by the directors during the year to fill a casual vacancy and holding office until this meeting in accordance with clause 54.2 of the Company's Constitution and having offered himself for re-election and being eligible, is re-elected a director of the Company, details of which are set out in the explanatory notes to Resolution 3 in the notice of meeting."

## SPECIAL BUSINESS


### Special Resolution

#### Resolution 4 Change of Constitution – Small Holdings

To consider and if thought fit, pass the following special resolution:

"That the Constitution of the Company be, and is, hereby amended by inserting a new clause (101), details of which are set out in the explanatory notes to Resolution 4 in the notice of meeting."

### BY ORDER OF THE BOARD



N J V Geddes  
Company Secretary

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## EXPLANATORY NOTES

This Explanatory Memorandum has been prepared for the shareholders of UnderCoverWear Limited to provide information about the items of business to be considered at the Annual General Meeting of shareholders to be held on Friday 29 October 2010.

Three of the four resolutions to be voted on are ordinary resolutions. An Ordinary resolution requires a simple majority of votes cast by shareholders entitled to vote on the resolution in order for it to be carried. A special resolution requires at least 75% of the votes cast by members entitled to vote on a special resolution to be in favour of the resolution for it to be passed.

If appropriate and if time permits, the Chairman will discuss key issues raised by shareholders prior to the meeting and will invite questions and comments from shareholders on these key issues and any other matters that shareholders would like to raise at the meeting.

Shareholders will also be able to ask questions of Grant Thornton Audit Pty Ltd, UnderCoverWear's external auditor.

In addition, a reasonable opportunity will be given to members present at the meeting to ask the Company's 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.

If you have an issue or question that you would like discussed at the meeting, or would like to submit a written question to Grant Thornton Audit Pty Ltd before the meeting, please send your issue or question to the Company Secretary [ngeddes@austcosec.com.au](mailto:ngeddes@austcosec.com.au), or by mail to the Registered Office (see front page).

### **Resolution 1 - Adoption of the Remuneration Report**

Consistent with section 250R of the Corporations Act, the Company submits to shareholders for consideration and adoption, by way of a non-binding resolution, its Remuneration Report for the year ended 30 June 2010.

The Remuneration Report is a distinct section of the annual Director's Report which deals with the remuneration of Directors and executives (which includes senior management) of the Company. The Remuneration Report can be located in the Company's Annual Report on pages 12 to 15.

### **Resolution 2 – Re-election of Stuart Richardson**

Pursuant to the Constitution and ASX Listing Rules, Mr Richardson will retire by rotation and seeks re-election.

Mr Richardson was appointed as a Director on 10 December 2007 and was also appointed as Chairman on that date. Mr Richardson has extensive experience in capital markets in both Australia and overseas in the field of stockbroking and investment banking. He is a founding director of Blackwood Capital Limited, an Australian-based investment bank operating in capital markets, advisory services and funds management in equities and private equity funds. Stuart holds a Bachelor of Business (Accounting) from the Swinburne University of Technology, Melbourne and is a CPA. Mr Richardson is Chairman of the Audit & Remuneration Committees.

The Board supports the re-election of Mr Stuart Richardson

### **Resolution 3 – Election of Richard Lowry**

Pursuant to the Constitution Mr Lowry will retire and seek election.

Mr Lowry was appointed as a non executive director on 31 March 2010. Mr Lowry has extensive experience in the retail industry both in Australia and overseas. He has had a 30 year involvement with Myer department stores culminating in his appointment to its management committee as stores director between 1996 through to 2000.

Mr Lowry spent three years overseas as Chief Operating Officer for the Matahari department store group in Indonesia before returning to Australia to work with a number of retail companies including Downtown Duty Free, The Nuance Group, Prouds Jewellery and as Managing Director of Babies Galore. He has been consulting on retail projects in companies as diverse as the Laminex group through to Brandcorp and Myer.

He has previously held board positions with various state retail traders associations and was a board member of the Melbourne Tourism Authority.

The Board supports the election of Mr Richard Lowry.

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## Resolution 4 – Change to Constitution

The Company has a number of shareholders that hold less than a Marketable Parcel (as defined by ASX), basically shareholdings less than \$500 worth of shares. Normally the cost of brokerage will significantly erode the consideration for sale of these shares with the result that the holder is effectively “locked in” to the company. This also costs the company money in the form of share registry fees and mailing of notices of meetings etc.

ASX Listing Rules require that the following clause be inserted in the Company's Constitution before a sale of unmarketable parcels is initiated. Having taken this action, to seek shareholder approval to the introduction of this clause to the Constitution, the Company is not undertaking to initiate a sale of unmarketable parcels. However if a sale of unmarketable parcels is initiated holders have the right to reject the offer of sale.

It is proposed to amend the Constitution of the Company to include the following clause:

### 101. Small Holdings

#### 101.1 Unmarketable Parcels

- (a) This clause applies in relation to the notification of sale by the Company of Shares held by any Member (small shareholder) who has less than a marketable parcel of Shares of that class as provided under the Listing Rules (unmarketable parcel), to the extent permitted by and in compliance with this clause (sale notice procedure).
- (b) The Company may invoke the sale notice procedure only once in any 12 month period.
- (c) The power of sale of the Company under the sale notice procedure lapses following the announcement of any takeover, except that that procedure may be started again following the close of offers made under the takeover.

#### 101.2 Sale Notice Procedure

- (a) The Company must give written notice (sale notice) to any small shareholder that the Company intends to invoke the sale notice procedure to effect the sale of the unmarketable parcel of that small shareholder.
- (b) The sale notice must provide to the small shareholder a notice period of at least 6 weeks from the date on which the notice is sent in which the small shareholder may notify the Company that the small shareholder wishes to retain the unmarketable parcel of that small shareholder.
- (c) The Company must not sell the unmarketable parcel specified in a sale notice, in the event that the small shareholder notifies the Company that the small shareholder wishes to retain the unmarketable parcel in compliance with this provision.

#### 101.3 Unmarketable Parcel Transfer

- (a) The company becomes the agent of any small shareholder to sell the shares comprising the unmarketable parcel (unmarketable shares) of that small shareholder within a reasonable period of time through a member of ASX and to apply the sale proceeds under clause 101.4 where that small shareholder has:
  - (i) failed to notify the Company that that small shareholder wishes to retain the unmarketable parcel specified in a sale notice; or
  - (ii) revokes or withdraws that notice prior to the expiry of the notification period specified in the sale notice.
- (b) Any officer of the Company may execute any share transfer of any unmarketable shares.
- (c) Shares comprised in unmarketable parcels of two (2) or more small shareholders may be transferred under one (1) Share transfer, where those Shares are sold at or about the same time to the same transferee.
- (d) The Company is liable for any cost resulting from the transfer of unmarketable shares, except for any cost paid by the transferee.

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## 101.4 Sale Proceeds

- (a) The Company may at any time following receipt of the transfer proceeds upon transfer of any unmarketable shares:
  - (i) remove the name of the small shareholder as holder in the members register;
  - (ii) enter the name of the transferee as holder in the members register; and
  - (iii) cancel any certificate of title held by the small shareholder,relating to those unmarketable shares.
- (b) Any small shareholder must, in relation to any unmarketable shares for which the Company has become the sole agent under this provision, promptly deliver to the Company:
  - (i) any Share certificate for the unmarketable shares; or
  - (ii) a statement or undertaking (certificate loss statement) in a form satisfactory to the Directors that any share certificate for the unmarketable shares has been lost or destroyed.
- (c) The Company must pay the transfer proceeds to the small shareholder within 14 days following the later occurrence of:
  - (i) receipt by the Company of the transfer proceeds; and
  - (ii) delivery to the Company of any applicable Share certificate or applicable certificate loss statement.
- (d) Payment of the transfer proceeds must be made by any method in which dividends are payable to Members by the Company under clause 90.
- (e) The Company may apply the transfer proceeds in any matter permitted by any law relating to unclaimed moneys in the event that:
  - (i) the transfer proceeds are unclaimed; or
  - (ii) the small shareholder fails to deliver any applicable Share certificate or certificate loss statement.

## 101.5 Unmarketable Share Title

- (a) The Company is entitled to treat any small shareholder as the holder of the absolute and entire legal right, title and interest to or in any unmarketable shares of that small shareholder or the right to receive their transfer proceeds and is not liable to recognise any equitable or other right of any other person in relation to the unmarketable shares or their transfer proceeds, despite any actual notice or other notice to the contrary, except where compelled by any law or judicial order.
- (b) Any small shareholder whose unmarketable shares are transferred by the Company under this clause must indemnify the Company from any loss resulting from any adverse claim by any person that that person has any equitable or other right to or connected with the unmarketable shares.
- (c) The Company may deduct any amount payable by the small shareholder under the indemnity from any transfer proceeds.
- (d) Any transferee of any unmarketable shares is not liable to inquire into, and the title of that transferee is not invalidated or otherwise prejudiced by, any invalidity or defect in the Share transfer or application of transfer proceeds under this provision.
- (e) Any small shareholder or other person aggrieved by any action by the Company under this provision has only a right in damages exclusively against the Company.

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## NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on the member's behalf. If the member is entitled to cast two or more votes at the Meeting, the member may appoint not more than two proxies to attend and vote on the member's behalf.
2. If a member appoints two proxies, each proxy should be appointed to represent a specified proportion or number of the member's votes. In the absence of such a specification, each proxy will be entitled to exercise half the votes.
3. A proxy need not be a member of the Company.
4. To appoint a proxy (or two proxies), a proxy form must be signed by the member or the member's attorney duly authorised in writing. If the member is a corporation, the proxy form must be signed either under the corporation's common seal (if any) or under the hand of its attorney or officer duly authorised.
5. To be effective, a proxy form (and, if it is signed by an attorney, the authority under which it is signed or a certified copy of the authority) must be received by the Company not later than 48 hours prior to the Meeting. Proxy forms and authorities may be sent to the Company by post, personal delivery or fax:

Computershare Investor Services Pty Limited

**Mailing address:** GPO Box 242, Melbourne VIC 3001

**Fax:** (within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

provided that members who forward their proxy forms by fax or email are required to make available the original executed form of the proxy for production, if called upon at the Meeting to do so.

6. A corporate shareholder entitled to attend and vote at the Meeting may appoint a body corporate representative to attend and vote for the shareholder. Also, as noted previously, a body corporate may be appointed as a proxy.

UnderCoverWear Limited will accept the original appointment, a certified copy of the appointment or a certificate from the company giving notice of the appointment as satisfactory evidence of the appointment.

You can lodge your body corporate representative appointment document before the AGM or present the document at the registration desk at the meeting.

7. For the purposes of the Annual General Meeting, persons on the register of members as at close of business on Wednesday 27 October 2010 will be treated as members. This means that if you are not the registered holder of a relevant share at that time you will not be entitled to vote in respect of that share.

# UnderCoverWear

UnderCoverWear Limited  
ABN 85 108 962 152

## Lodge your vote:



### 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 all enquiries call:

(within Australia) 1300 556 161  
(outside Australia) +61 3 9415 4000

000001 000 UCW  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

For your vote to be effective it must be received by 11:30 am (Sydney time) Wednesday 27 October 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

**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](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** →



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

**SRN/HIN: I999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM 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 9999999999

I ND

# 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 UnderCoverWear 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 UnderCoverWear Limited to be held at The offices of Grant Thornton, Level 17, 383 Kent Street, Sydney on Friday 29 October 2010 at 11:30 am (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

1	To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	To re-elect Stuart Richardson as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	To elect Richard Lowry as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### SPECIAL BUSINESS

4	To approve the amendment of the 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 \_\_\_\_/\_\_\_\_/\_\_\_\_