

22 October 2008

ASX Online
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

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**NATIONAL HIRE GROUP LIMITED (“COMPANY”)
MAIL OUT TO SHAREHOLDERS**

The following documents will be mailed to the Company’s shareholders today:

1. Notice of Annual General Meeting
2. Explanatory Memorandum
3. Proxy Form

The 2008 Annual Report, which was previously lodged with the ASX on 30 September 2008 and which is available on the Company’s website (www.nationalhire.com.au), will be sent to those shareholders who have elected to receive a copy.

Contact
Antionette du Preez
Company Secretary

**NOTICE OF
ANNUAL GENERAL
MEETING
AND
EXPLANATORY
MEMORANDUM**

NATIONAL HIRE GROUP LIMITED ABN 61 076 688 938

Notice is given that the Annual General Meeting of members of National Hire Group Limited will be held at Marble Rooms 2 and 3, Radisson Plaza Hotel, 27 O'Connell Street, Sydney on Friday 21 November 2008 at 10.00 am.

National Hire's 2008 Annual Report is available on the website at www.nationalhire.com.au.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of members of National Hire Group Limited (National Hire) will be held at Marble Rooms 2 and 3, Radisson Plaza Hotel, 27 O'Connell Street, Sydney on Friday 21 November 2008 at 10.00 am.

Terms used in this Notice of Meeting, including the Resolutions below, have the meanings given to those terms in the Glossary on the final page of the Explanatory Memorandum that accompanies and forms part of this Notice of Meeting.

The Explanatory Memorandum contains important information in relation to the Resolutions, including an explanatory note about each of the special business Resolutions.

ORDINARY BUSINESS

Financial reports

To receive and consider the financial report and the reports of the directors and auditors of National Hire and its controlled entities for the year ended 30 June 2008.

No resolution is required to be moved in respect of this item.

Resolution 1 – Remuneration Report

To consider, and if thought fit, to pass the following as an *ordinary resolution*:

'To approve the Remuneration Report for the year ended 30 June 2008.'

Note: The vote on this resolution is advisory only and does not bind the Directors or National Hire.

Resolution 2(a) – Re-election of Mr Clive Isenberg

To consider, and if thought fit, to pass the following as an *ordinary resolution*:

'That, Mr Clive Isenberg, who retires in accordance with National Hire's Constitution and, being eligible for re-election, be re-elected as a Director of National Hire.'

Resolution 2(b) – Election of Mr Dale Elphinstone

To consider, and if thought fit, to pass the following as an *ordinary resolution*:

'That, Mr Dale Elphinstone, who was appointed by the Directors during the year as an additional Director and who holds office until this meeting in accordance with National Hire's Constitution, being eligible for re-election, be re-elected as a Director of National Hire.'

Resolution 2(c) – Election of Mr John Langoulant

To consider, and if thought fit, to pass the following as an *ordinary resolution*:

'That, Mr John Langoulant, who was appointed by the Directors during the year as an additional Director and who holds office until this meeting in accordance with National Hire's Constitution, being eligible for re-election, be re-elected as a Director of National Hire.'

Resolution 2(d) – Election of Mr Stephen Donnelley

To consider, and if thought fit, to pass the following as an *ordinary resolution*:

'That, Mr Stephen Donnelley, who was appointed by the Directors during the year as an additional Director and who holds office until this meeting in accordance with National Hire's Constitution, being eligible for re-election, be re-elected as a Director of National Hire.'

Resolution 2(e) – Election of Mr James Walker

To consider, and if thought fit, to pass the following as an *ordinary resolution*:

'That, Mr James Walker, who was appointed by the Directors during the year as an additional Director and who holds office until this meeting in accordance with National Hire's Constitution, being eligible for re-election, be re-elected as a Director of National Hire.'

Resolution 2(f) – Election of Mr Richard Court, AC

To consider, and if thought fit, to pass the following as an *ordinary resolution*:

'That, Mr Richard Court, AC, who was appointed by the Directors during the year as an additional Director and who holds office until this meeting in accordance with National Hire's Constitution, being eligible for re-election, be re-elected as a Director of National Hire.'

SPECIAL BUSINESS

Resolution 3 – Increase in Directors fees

To consider, and if thought fit, to pass the following as an *ordinary resolution*:

'That, with effect from the date of the meeting, the maximum yearly aggregate sum for Directors' fees payable by National Hire be increased by \$250,000 to \$500,000 per financial year.'

Voting exclusion statement

National Hire will disregard any votes cast on Resolution 3 by:

- a National Hire director, and
- any associate of such a person.

However, National Hire need not disregard a vote if:

- it is cast as Proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as Proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the Proxy decides.

Resolution 4 – Adoption of new constitution

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

'That the constitution tabled at the meeting, and signed by the chair of the meeting for the purposes of identification, be adopted as the constitution of National Hire, in place of the present constitution, with effect from the close of the meeting.'

Resolution 5 – Renewal of 2005 Employee Share Option Plan

To consider, and if thought fit, to pass the following as an *ordinary resolution*:

'That, for the purposes of ASX Listing Rule 7.2 Exception 9, approval is given to renew the National Hire Group Limited 2005 Share Option Plan (Option Plan) first adopted by National Hire'

NOTICE OF ANNUAL GENERAL MEETING

in general meeting on 16 November 2005 and for the issue of securities under the Option Plan from time to time.'

Voting exclusion statement

National Hire will disregard any votes cast on Resolution 5 by:

- a National Hire director, and
- any associate of such a person.

However, National Hire need not disregard a vote if:

- it is cast as Proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as Proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the Proxy decides.

Resolution 6 – Grant of options to Mr Andrew Aitken

To consider, and if thought fit, to pass the following as an *ordinary resolution*:

'That, for the purposes of ASX Listing Rule 10.14 and all other purposes, approval is given to the issue of 1,000,000 options to subscribe for ordinary shares in National Hire to Mr Andrew Aitken in accordance with the National Hire Group Limited 2005 Share Option Plan in respect to the 2008 financial year and on the terms more fully described in the Explanatory Memorandum.'

Voting exclusion statement

National Hire will disregard any votes cast on Resolution 6 by:

- a National Hire Director, and
- any associate of such a person.

However, National Hire need not disregard a vote if:

- it is cast as Proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as Proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the Proxy decides.

OTHER BUSINESS

To transact any other business which may be brought forward pursuant to National Hire's Constitution or by law.

Dated: 7 October 2008

By order of the Board

By



Antoinette du Preez
Company Secretary

WHO CAN VOTE

You will be entitled to vote at the Annual General Meeting if you are registered as a holder of Shares at 7.00 pm Sydney time on 19 November 2008.

PROXIES

Please note that:

- a member who is entitled to attend and cast a vote at the meeting may appoint a person as the member's proxy (**Proxy**) to attend and vote for the member at the meeting;
- the appointment may specify the proportion or number of votes that the Proxy may exercise;
- a member who is entitled to cast two or more votes at the meeting may appoint two Proxies and may specify the proportion or number of votes each Proxy is appointed to exercise;
- if the member appoints two Proxies and the appointment does not specify the proportion or number of the member's votes each Proxy may exercise, each Proxy may exercise half of the votes;
- if the member appoints one Proxy only, that Proxy is entitled to vote on a show of hands. If a member appoints two Proxies, only one Proxy is entitled to vote on a show of hands;
- where two Proxies are appointed, any fractions of votes resulting from the appointment of two Proxies will be disregarded;
- a Proxy need not be a member of National Hire; and
- a Proxy Form accompanies this Notice of Meeting.

Unless the member specifically directs the Proxy how to vote, the Proxy may vote as he or she thinks fit or abstain from voting.

How to appoint a Proxy

If you wish to appoint a Proxy, you should complete the attached Proxy Form and comply with the instructions set out in that form relating to lodgement of the form with National Hire.

EXPLANATORY MEMORANDUM

RECEIPT OF FINANCIAL REPORT

The first item of the Notice of Meeting deals with the presentation of the consolidated annual financial report of National Hire for the financial year ended 30 June 2008 together with the Directors' declaration and report in relation to that financial year and the auditor's report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Shareholder Meeting to ask questions and make comments on the accounts and on the business, operations and management of National Hire.

The Chairman will also provide Shareholders a reasonable opportunity to ask the auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by National Hire in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

Shareholders who elected to do so will have received a copy of the National Hire Annual Report. It is available on the National Hire website at www.nationalhire.com.au.

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Resolution 1 – Remuneration Report

The consolidated annual financial report of National Hire for the year ended 30 June 2008 contains a Remuneration Report which sets out the remuneration policy for National Hire and reports the remuneration arrangements in place for the executive Director and non-executive Directors. A copy of the Remuneration Report is set out on pages 15-22 of the consolidated annual financial report of National Hire and can also be found on National Hire's website at www.nationalhire.com.au.

Under the *Corporations Act*, the Shareholder vote is advisory only and will not require National Hire to alter any arrangements detailed in the Remuneration Report, should the Resolution not be passed. Notwithstanding the legislative effect of this requirement, the Board has determined that it will take the outcome of the vote into account when considering the remuneration policy.

Shareholders will be given reasonable opportunity at the Shareholder Meeting to ask questions and make comments on the Remuneration Report.

Resolution 2(a) – Re-election of Mr Clive Isenberg

Mr Clive Isenberg retires by rotation in accordance with National Hire's Constitution. However, the retiring Director may, if eligible in accordance with National Hire's Constitution, offer himself for re-election.

Mr Isenberg offers himself for re-election.

Mr Isenberg is an associate of the Institute of Chartered Accountants in Australia, a fellow of the Certified Practising Accountants and a graduate of accounting. Mr Isenberg was until August 2004 the Managing Director of Scottish Pacific Business Finance Pty Ltd, a position he held for 18 years. Mr Isenberg has also held the position of General Manager of St. George Bank Business Customer division. Mr Isenberg is the founder and chairman of the Institute for Factors and Discounters of Australia and was chairman of Factors Chain International (an international association of leading cash flow financiers) between 1997 and 1999. Mr Isenberg has extensive experience in financial services and for many years was a director of Bank of Scotland subsidiaries in Australia including Capital Finance Ltd, BOS International Ltd and the holding company of Bank of Western Australia. Mr Isenberg is Managing Director of Octet Finance Pty Ltd, a company providing business to business unsecured import credit facilities between Australia and China.

Resolution 2(b) – Election of Mr Dale Elphinstone

Mr Elphinstone is the Executive Chairman of the Elphinstone/William Adams group of companies, which includes the Caterpillar dealerships in Victoria and Tasmania and other business interests in Australia and New Zealand. He is a director of Queensland Gas Company Limited and Caterpillar Underground Mining Pty Ltd.

Resolution 2(c) – Election of Mr John Langoulant

Mr Langoulant graduated from the University of Western Australia and is the Chief Executive Officer of Australian Capital Equity Pty Limited. Between 1995 and 2004 Mr Langoulant held the position of Under Treasurer of the Western Australian Treasury department, having joined Treasury in 1988. He was the Chief Executive Officer of the Chamber of Commerce and Industry of Western Australia between 2004 and 2008.

Mr Langoulant has a range of other interests through a number of bodies. These include being a Senator of The University of Western Australia, Chair of the Board of the Telethon Institute for Child Health Research and member of the Board of the Western Australian Ballet and the Committee for Perth. Mr Langoulant is also a member of the Council of Australian Governments' Reform Council.

Resolution 2(d) – Election of Mr Stephen Donnelley

Mr Donnelley is a senior executive of Coates Group Holdings Pty Limited with a focus on the integration of the Coates and National Hire rental businesses which came together in January 2008.

Mr Donnelley has over 20 years experience in the equipment hire industry, both as employee and principal. Mr Donnelley was Managing Director of National Hire from 1988 to May 2008, being its founder and having been involved with the Company since 1981. He is also a member of the Hire and Rental Association of Australia, an association of which he was previously a Vice President and a President and Vice President of its NSW region.

EXPLANATORY MEMORANDUM

Resolution 2(e) – Election of Mr James Walker

Mr Walker is the Managing Director of WesTrac Pty Limited and Chairman of WesTrac China Limited.

WesTrac is the dealer for Caterpillar in Western Australia, New South Wales and the ACT, as well as provinces in North East China. WesTrac is a Western Australian owned company with over 4,000 employees.

Prior to his employment at WesTrac, Mr Walker spent considerable time with other Caterpillar dealers, namely Hastings Deering and Morgan Equipment in Australia and the Bougainville Dealership in PNG.

Resolution 2(f) – Election of Mr Richard Court, AC

Mr Court was Premier and Treasurer of Western Australia between 1993 and 2001. He retired from Parliament after 19 years as the Member for Nedlands. He was appointed Companion in the General Division of the Order of Australia in June 2003 for service to the Western Australian Parliament and to the community.

His Government led the LNG marketing push into new markets, the successful deregulation of the Western Australian gas markets and the successful privatisations of SGIO, BankWest, AlintaGas, Westrail Freight and the Dampier to Bunbury Natural Gas pipeline.

Mr Court holds a Bachelor of Commerce degree from the University of Western Australia.

Mr Court is chairman of GRD Limited and Resource Investment Strategy Consultants, a director of WesTrac Pty Ltd and Iron Ore Holdings Ltd and a senior advisor to KPMG.

Resolution 3 – Increase in Directors fees

Background

Under ASX Listing Rule 10.17 and Article 96.1 of National Hire's present constitution, National Hire cannot increase the aggregate amount of non-executive Director fees without first obtaining the approval of Shareholders.

The current total fees that National Hire may pay to non-executive Directors is \$250,000. That figure has not been changed since the 2000 annual general meeting and is fully utilised by the 6 non-executive Directors presently on the Board. At present, each non-executive Director receives \$40,000 per annum plus superannuation (if applicable) other than Mr Clive Isenberg who receives \$50,000 per annum plus applicable superannuation as a result of his additional duties as chair of the audit and remuneration committees.

Under rule 96.5 of the existing Constitution, the remuneration payable to the Directors is exclusive of any benefits that National Hire is required to provide to the Directors. However, the ASX recently proposed amendments to ASX Listing Rule 10.17 that will require disclosure of the total fees payable to the Directors inclusive of superannuation contributions (though not insurance premiums). Consistent with that proposed change, the Resolution to be put to the meeting is to increase the total fees payable to the Directors to \$500,000, a figure which will include superannuation contributions, from \$250,000, a figure which does not.

The Board's Remuneration Committee has conducted a review of non-executive Director fees. It has proposed that, subject to this Resolution being approved by Shareholders, the following fees (exclusive of superannuation) be adopted for the non-executive Directors from 1 December 2008:

ROLE	ANNUAL FEE
Chairman	\$55,000
Non-executive director	\$40,000
Chair of Audit committee	\$10,000
Chair of SH&E committee	\$5,000
Chair of Nomination committee	\$5,000
Committee membership fee	\$5,000*

* Committee membership fees would be capped at \$10,000. However, where a director receives fees as chair of a committee, the cap will not apply to the relevant fees for chair of that committee.

The overall increase in the cost to National Hire of the revised fee structure would be approximately \$30,000, which amount includes all applicable superannuation contributions.

The proposed increase is considered necessary to:

- maintain the existing fee level for non-executive Directors in the event that the proposed amendment to ASX Listing Rule 10.17 is adopted;
- permit the minor increases proposed in non-executive Director fees referred to above in the current financial year;
- enable National Hire to continue to attract and retain directors with appropriate skills and competencies to contribute to the board of a company of National Hire's size and complexity; and
- provide greater flexibility to accommodate any future increase in the number of Directors and the remuneration structure of non-executive Directors generally, should that be considered appropriate, to enable National Hire to remain competitive and in line with prevailing market forces.

Resolution 4 – Adoption of new constitution

National Hire's current constitution was last amended on 22 January 1999.

There have been significant developments in corporate governance law and general corporate and commercial practice for ASX listed companies since that time. National Hire wishes to ensure that its constitution reflects 'best market practice'.

The Directors therefore propose to adopt a new constitution that is drafted in a modern, clear style and that will contain sufficient flexibility to remain relevant as practices and the company change.

Many of the proposed changes are administrative or relatively minor in nature. The principal differences between the current constitution and the proposed constitution are outlined below.

Definitions and interpretation

The proposed constitution updates the definitions used to reflect current terminology and, where possible, relies on terms defined in the *Corporations Act*, the ASX Listing Rules and the ASTC Settlement Rules.

EXPLANATORY MEMORANDUM

Redundant provisions

A number of provisions in National Hire's existing constitution duplicated existing *Corporations Act* or ASX Listing Rule requirements and would have required amendment to the constitution if the *Corporations Act* or the ASX Listing Rules changed. To avoid having to make those amendments, those provisions have not been included in the proposed constitution.

Distribution of profits

The proposed constitution includes changes to broaden the methods by which National Hire may distribute or deal with its profits.

Rule 4.3 gives National Hire greater flexibility where a capital return or other distribution is to be made in a non-cash form.

General meetings

The proposed constitution includes certain changes to assist with the orderly conduct of general meetings of National Hire.

For example, **rule 6.2** gives greater protection to Shareholders who have relied on a notice of meeting when deciding to appoint a proxy to vote on their behalf by preventing subsequent amendment to the terms of the proposed resolutions during the course of general meetings.

Rule 6.3 clarifies the procedures for using a separate meeting place to link to the main place of a general meeting by audio-visual communication.

Direct voting

Rule 6.7(j) of the proposed constitution allows for direct voting at a general meeting or class meeting. A direct vote includes a vote delivered to National Hire by post, fax or other electronic means before the meeting. The rule leaves it to the Directors to prescribe regulations and procedures setting out the details for valid direct voting, such as the form, method and timing of giving a direct vote.

Proxies

The proposed constitution codifies the general law powers of National Hire to complete or amend incomplete or unclear proxy appointments by getting instructions from the appointing Shareholder.

Directors

ASX Listing Rule 14.3 requires a listed company to accept nominations for directors up to 35 business days before an AGM, unless the company's constitution provides otherwise. **Rule 7.1(l)** will require that nominations for election to the Board be given between 35 and 90 business days before the AGM, reflecting the need to give 28 clear days' notice of a general meeting and the time required for printing and distribution of a notice of meeting, along with the difficulty of having a long nominations period.

The rules relating to Directors' remuneration are broadly in line with those in the existing constitution. However, **Rule 7.3(c)** now clarifies that remuneration may be paid other than in cash (for example, as shares in National Hire or superannuation contributions).

In addition, the existing constitution is consistent with ASX Listing Rule 10.17, which currently provides that an entity must not increase the total amount of directors' fees payable without the approval of its Shareholders. As set out above, ASX recently proposed amending ASX Listing Rule 10.17 to require the total amount of Directors' fees payable to include superannuation payments. **Rule 7.3** of the proposed constitution will be consistent with that proposed change.

The procedures relating to Board meetings have been clarified in **Rule 7**.

Proportional takeover provisions

The proposed constitution does not, unlike the current constitution, include a proportional takeover provision.

In a proportional takeover bid, the bidder offers to buy a proportion only of each of the Shareholder's shares in the target company. The *Corporations Act* allows companies to provide in their constitutions that their shareholders must vote on whether to accept or reject such an offer.

The provision must, however, be renewed at least every three years. The Directors consider that the likelihood of a proportional takeover bid is low. Further, if a proportional bid is made, Shareholders will be able to decide whether or not to accept in any event. Therefore, the proposed constitution will not contain a proportional takeover provision and thus remove the need to renew the provision periodically.

Company seal and notice requirements

In **Rule 12**, the proposed constitution seeks to provide flexibility for National Hire to retain a common seal, which is now optional under the *Corporations Act*, but also to allow for execution of documents in other ways.

Rule 13 of the proposed constitution sets out the general notice requirements in more detail, including clarifying the time at which notices from National Hire will be deemed to be received.

A copy of the proposed constitution is available from National Hire's website (www.nationalhire.com.au).

You can also request a copy of the proposed constitution by writing to or emailing the company secretary.

Resolution 5 – Renewal of 2005 Employee Share Option Plan

Under ASX Listing Rule 7.1, National Hire must not issue more than 15% of its capital in any 12 month period without the approval of its Shareholders, unless the issue can be brought within one of the exceptions set out in ASX Listing Rule 7.2. Exception 9 of ASX Listing Rule 7.2 permits issues under an employee incentive scheme if, within three years before the date of issue, the scheme has been approved by shareholders.

The approval of Shareholders for the issue of securities under the Option Plan was given on 16 November 2005 and will expire on 16 November 2008. Accordingly, Resolution 5 seeks a renewal of the approval of the Option Plan and approval to the ongoing issue of options under the Option Plan during its currency.

EXPLANATORY MEMORANDUM

Since the last approval, National Hire has issued 1,419,000 options over unissued shares under the Option Plan, of which none have been exercised and 435,000 have lapsed.

In addition to this approval under Exception 9 of ASX Listing Rule 7.2, National Hire must also seek approval from Shareholders under ASX Listing Rule 10.14 each time it proposes to issue options under the Option Plan to Directors or other persons for whom the ASX considers that approval should be obtained for.

Provided that this Resolution is approved, the issue of options under the Option Plan during the three years after the 2008 Shareholder Meeting will be outside the 15% restriction contained in ASX Listing Rule 7.1.

The following is a summary of the principal features of the Option Plan. For full details of the operation of the Option Plan, Shareholders should read the Rules of the Option Plan. Copies of the Rules of the Option Plan are available upon request from the company secretary.

Summary of the Option Plan

The purpose of the Option Plan is to drive a high performance culture and to enable National Hire to attract and retain highly skilled personnel by providing them with an opportunity to share in the success of National Hire.

Although National Hire currently proposes that participation in the Option Plan is only available for senior executives of National Hire (**Executive**), the Option Plan has been drafted as a more generic plan so that it can be extended in the future to include other employees of National Hire or any related body corporate.

The following is a summary of the material terms of the Option Plan.

- a. The Option Plan enables the issue of Options to subscribe for fully paid ordinary shares in National Hire.
- b. Options may be granted under the Option Plan to "Eligible Employees" who are defined in the Option Plan as any person who is employed by, or is a director, officer or executive of National Hire or any related body corporate and whom the Remuneration Committee determines is eligible to participate in the Option Plan.
- c. The general terms of the Option Plan are set out in the Rules of the Option Plan. However, the terms in relation to a specific grant of Options to an individual are set out in an agreement between National Hire and the individual executive or employee (**Option Agreement**).
- d. The Options will be granted for nil consideration.
- e. The exercise price of an Option means the price as determined by the Remuneration Committee and set out in the Option Agreement between National Hire and the Eligible Employee, being equal to the share price on the grant date of the Options.
- f. The Remuneration Committee administers the Option Plan and is appointed by the board of National Hire.
- g. The Options expire on the Expiry Date that is set out in the Eligible Employee's Option Agreement.
- h. The Eligible Employee can exercise their Options by providing a copy of the Option Agreement and a signed exercise notice together with the subscription monies to the company secretary of National Hire.

- i. Performance hurdles may be imposed on the exercise of an Option. Any performance hurdles must be satisfied before the Eligible Employee is able to exercise their options.
- j. The Option holder is entitled to participate in bonus issues if they exercise their Options. Therefore, upon exercise of an Option (that is held by the Option holder at the date of the bonus issue), the Option holder will receive the additional shares the Option holder would have received had the Option holder participated in the bonus issue at the date of the bonus issue.
- k. If there is a reconstruction of the issued capital of National Hire the number and class of shares covered by an Option issued will be adjusted so that such Option will thereafter cover the number and class of shares to which the Option holder would have been entitled had the Option holder been issued Options in National Hire after the recapitalisation /reorganisation.
- l. The Options do not carry the right to participate in any new issues of Shares without the prior exercise of the Option.
- m. Any ordinary shares in National Hire that are allotted pursuant to the exercise of the Options under the Option Plan rank *pari passu* in all respects with other Shares on issue at the date of allotment.
- n. The Option Plan contains provisions under which unexercised Options may be forfeited and cancelled. In the sole discretion of the Remuneration Committee, the Eligible Employee will forfeit any right or interest in any Options or will forfeit any Shares that have been acquired pursuant to an Option Agreement if the Eligible Employee is dismissed with cause, has committed an act of fraud, defalcation or gross misconduct in relation to the affairs of National Hire, its subsidiaries or any related body corporate.
- o. There may be restrictions placed on the Eligible Employee under their Option Agreement in relation to dealing with any Shares that are acquired under the Option Plan.
- p. The total number of Shares reserved for issuance under the Option Plan and any other employee share schemes of the company must not exceed 5% of the issued shares of National Hire at the time of the offer.

Resolution 6 – Grant of options to Mr Andrew Aitken

The general terms of the proposed issue of Options to Mr Aitken are set out in the Rules of the Option Plan described under Resolution 5 above.

The specific terms of the proposed issue of 1,000,000 Options to Mr Aitken under this Resolution are set out below.

- a. To the extent of any inconsistency between the Rules of the Option Plan and the Option Agreement, then the Option Agreement will prevail.
- b. The price of the Options is nil.
- c. The exercise price of each Option is \$2.00.
- d. Subject to expiry of the Options at an earlier date, the Options will expire 5 years following the grant date.
- e. Subject to accelerated vesting, the Options cannot be exercised unless certain vesting conditions and performance hurdles have been satisfied and in any event cannot be exercised until 36 months following the grant date.
- f. Subject to satisfaction of the performance hurdles, a maximum of 333,333 Options will vest on 30 June 2009, a maximum of 333,333 Options will vest on 30 June 2010 and a maximum of 333,334 Options will vest on 30 June 2011 (each referred to as a **Vesting Date**).

EXPLANATORY MEMORANDUM

- g. The number of Options that will vest at each Vesting Date is subject to the satisfaction of performance hurdles in relation to the financial performance of Coates Group Holdings Pty Limited and Allight Holdings Pty Limited for the financial years ended 30 June 2009, 30 June 2010 and 30 June 2011 as set by the Board. If National Hire disposes of (i) all of the shares in Coates Group Holdings Pty Limited or Allight Holdings Pty Limited; or (ii) the whole or a substantial part of the business of Coates Group Holdings Pty Limited or Allight Holdings Pty Limited, at any time during the 2009, 2010 or 2011 financial years, then for the purposes of determining whether the performance hurdles have been satisfied, the financial performance hurdles will be reduced, as determined by the Board of National Hire in its sole discretion, to reflect the impact of such disposal on the relevant company's financial performance for the relevant financial years. If, in respect to the relevant Vesting Date, the performance hurdles are not achieved or only partially achieved then, subject to the Board's discretion, any unvested Options in respect to that Vesting Date will expire.
- h. The Options are subject to forfeiture provisions as set out in the Rules of the Option Plan.
- i. The Options are subject to accelerated vesting in the event of the death or permanent disablement of Mr Aitken, or a takeover, merger or acquisition of National Hire.

If this resolution is approved, National Hire will issue the options to Mr Aitken before 31 December 2008.

Options may be granted under the Option Plan to "Eligible Employees" who are defined in the Option Plan as any person who is employed by, or is a director, officer or executive of National Hire or any related body corporate and whom the Remuneration Committee determines is eligible to participate in the Option Plan. Therefore, all current National Hire directors, being Mr John Langoulant, Mr Andrew Aitken, Mr Richard Court, AC, Mr Stephen Donnelley, Mr Dale Elphinstone, Mr Clive Isenberg and Mr James Walker, are eligible to participate in the Option Plan.

Since the last approval, National Hire has issued 261,000 options over unissued shares under the Option Plan to Stephen Donnelley for nil consideration. The exercise price of those options was \$1.85 per option. No other Director or associate of a Director has been issued options under the Option Plan.

GLOSSARY

TERM	MEANING
ASX	ASX Limited ABN 98 008 624 691.
ASX Listing Rules	the listing rules of ASX.
Board	the board of directors of National Hire.
Constitution	the constitution of National Hire Group Limited.
Corporations Act	the Corporations Act 2001 (Cth).
Directors	the board of directors of National Hire.
Explanatory Memorandum	this explanatory memorandum which accompanies the Notice of Annual General Meeting.
National Hire	National Hire Group Limited ABN 61 076 688 938.
Notice of Meeting	the Notice of Annual General Meeting which this Explanatory Memorandum accompanies.
Option Plan	the National Hire Group Limited 2005 Employee Share Option Plan.
Resolutions	the resolutions proposed to be put to Shareholders as set out in the Notice of Meeting.
Share	a fully paid ordinary share in the capital of National Hire and 'Shares' shall be constituted accordingly.
Shareholder	a shareholder of National Hire and 'Shareholders' shall be construed accordingly.
Shareholder Meeting	the annual general meeting of National Hire to which this Notice of Meeting and Explanatory Memorandum relates.

PROXY FORM

**Annual General Meeting
NATIONAL HIRE GROUP LIMITED
ABN 61 076 688 938**

All correspondence to:
Registries Limited
GPO Box 3993
Sydney NSW 2001
Phone: (02) 9290 9600
Facsimile: (02) 9279 0664
www.registries.com.au
registries@registries.com.au

Mark this box with an 'X' if you are Issuer Sponsored and want to make any changes to your address details (see reverse)

Name Address 1
Name Address 2
Name Address 3
Name Address 4
Name Address 5
Name Address 6

Appointment of Proxy

If appointing a proxy to attend the Annual General Meeting on your behalf, please complete the form and submit it in accordance with the directions at the bottom of the page.

I/We being a shareholder/shareholders of National Hire Group Limited pursuant to my/our right to appoint not more than two proxies, appoint

The Chairman of the Meeting (mark with an "X") **OR**
or failing him/her

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

Write here the name of the other person you are appointing.

or failing him/her, (or if no proxy is specified above), the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held at **Marble Rooms 2 and 3, Radisson Plaza Hotel, 27 O'Connell Street, Sydney on Friday 21 November, 2008 at 10:00 am** and at any adjournment of that meeting.

This proxy is to be used in respect of _____ % of the ordinary shares I/we hold.

If you do not wish to direct your proxy how to vote, please place a mark in the box. If you have appointed the Chair of the meeting to exercise your proxy, by marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of a particular resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chair intends to vote 100% of all open proxies in favour of the resolutions.

Voting directions to your proxy – mark or to indicate your directions

RESOLUTION	For	Against	Abstain	RESOLUTION	For	Against	Abstain
1. Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2(f) Election of Mr Richard Court	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(a) Re-election of Mr Clive Isenberg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. Increase in directors fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(b) Election of Mr Dale Elphinstone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. Adoption of new constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(c) Election of Mr John Langoulant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. Renewal of 2005 Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(d) Election of Mr Stephen Donnelley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. Grant of Options to Andrew Aitken	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(e) Election of Mr James Walker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

If you mark the "Abstain" box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.
Executed in accordance with section 127 of the Corporations Act:

Individual or Shareholder 1

Joint Shareholder 2

Joint Shareholder 3

Director

Director / Company Secretary

Sole Director & Sole Company Secretary

Dated this _____

day of _____

2008

Contact Name _____

Contact Business Telephone / Mobile _____

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Your pre-printed name and address is as it appears on the share register of National Hire Group Limited. If you are Issuer Sponsored and this information is incorrect, please mark the box at the top of the proxy form and make the correction on the form. Securityholders sponsored by a broker on the CHESSE subregister should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.
2. Completion of a proxy form will not prevent individual shareholders from attending the Annual General Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Annual General Meeting in person, then the proxy's authority to vote for that shareholder is suspended if the shareholder votes on a resolution at the Annual General Meeting.
3. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes.
4. A proxy need not be a shareholder of the Company.
5. If you mark the "Abstain" box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
6. If a representative of a company shareholder is to attend the Meeting, a properly executed original (or certified copy) of the appropriate "Certificate of Appointment of Corporate Representative" should be produced for admission to the Meeting. Previously lodged "Certificates of Appointment of Corporate Representative" will be disregarded by the Company.
7. If a representative as Power of Attorney of a shareholder is to attend the meeting, a properly executed original (or originally certified copy) of an appropriate Power of Attorney should be produced for admission to the Annual General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

8. Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual:** Where the holding is in one name, the holder must sign.
- Joint Holding:** Where the holding is in more than one name, all of the shareholders should sign.
- Power of Attorney:** If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.
- 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 indicate the office held by signing in the appropriate place.

9. Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address below not later than **10:00 am 19 November 2008** (48 hours before the commencement of the meeting). Any Proxy Form received after that time will not be valid for the scheduled meeting.

Hand deliveries

**Registries Limited
Level 7
207 Kent Street
Sydney NSW 2000**

Postal address:

**Registries Limited
GPO Box 3993
Sydney NSW 2001**

Fax number:

(02) 9279 0664