

Notice of
**Annual General Meeting
2014**

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Notice is hereby given that the Annual General Meeting of the members of MyState Limited will be held at the RACV/RACT Hobart Apartment Hotel, 154-156 Collins St, Hobart on Thursday 16 October 2014 commencing at 10.00 a.m. (Australian Eastern Daylight Savings Time).

This document is important and requires your immediate attention.

MyState Limited is a non-operating holding company with MyState Financial, The Rock Building Society and Tasmanian Perpetual Trustees as wholly owned subsidiaries. Registered Office: Level 2, 137 Harrington Street, Hobart, Tasmania, 7000. Tel: 138 001 Fax: (03) 6215 9760

Notice of **Annual General Meeting**

Notice is hereby given that the Annual General Meeting of the members of MyState Limited will be held at the RACV/RACV Hobart Apartment Hotel, 154-156 Collins St, Hobart on Thursday 16 October 2014 commencing at 10.00 a.m. (Australian Eastern Daylight Savings Time).

Business

1. Financial Statements and Reports

To receive and consider the Financial Reports, the Directors' Report and the Auditor's report for the year ended 30 June 2014.

2. Election of Directors

To consider and, if thought fit, pass each of the following resolutions separately as ordinary resolutions:

- (a) **"THAT** Peter Armstrong who retires from the office of Director by rotation in accordance with rule 62.6 of the Constitution, being eligible and offering himself for re-election, be re-elected as a Director of the Company."
- (b) **"THAT** Robert Gordon who retires from the office of Director by rotation in accordance with rule 62.6 of the Constitution, being eligible and offering himself for re-election, be re-elected as a Director of the Company."
- (c) **"THAT** Colin Hollingsworth who retires from the office of Director by rotation in accordance with rule 62.6 of the Constitution, being eligible and offering himself for re-election, be re-elected as a Director of the Company."

3. Remuneration Report

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

"THAT the Remuneration Report of the Company for the year ended 30 June 2014 be adopted."

Voting Exclusion

In accordance with Section 250R(4) of the Corporations Act, the Company will disregard any votes cast on this resolution by or on behalf of a member of the Company's key management personnel (**KMP**), details of whose remuneration are included in the Remuneration Report, or their closely related parties, whether as shareholder or proxy.

However, a vote may be cast by a KMP or a closely related party if:

- the vote is cast as a proxy in accordance with a direction by the shareholder as to how the proxy is to vote on the resolution; and
 - the vote is not cast on behalf of a KMP or a closely related party of a KMP;
- or
- the proxy is the chair of the meeting and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on the resolution;
 - the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP; and
 - the vote is not cast on behalf of a KMP or a closely related party of a KMP.

Shareholders who intend to appoint the Chairman of the meeting as proxy (including an appointment by default) should have regard to the important information below under the heading "Important information concerning proxy votes on Resolutions 3, 4, 5 and 6".

4. Approval of the MyState Limited Employee Share Plan and MyState Limited Executive Long Term Incentive Plan

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

"THAT the issue of shares in the Company under the MyState Limited Employee Share Plan and MyState Limited Executive Long Term Incentive Plan, be approved for the purposes of the ASX Listing Rule 7.2, exception 9"

Business

Voting Exclusion

In accordance with Section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on these resolutions if:

- the proxy is either a:
 - member of the Company's KMP; or
 - closely related party of a KMP; and
- the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- the proxy is the chair of the meeting; and
- the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP.

The Company will in accordance with ASX Listing Rule 14.11 disregard any votes cast in respect of these resolutions by the Directors and any associates of those persons.

However, the Company need not disregard a vote on these resolutions if it is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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.

Shareholders who intend to appoint the Chairman of the Meeting as proxy (including an appointment by default) should have regard to the important information below under the heading "Important information concerning proxy votes on Resolutions 3, 4, 5 and 6".

5. Approval of Managing Director & Chief Executive Officer's Participation in the Executive Long Term Incentive Plan (ELTIP)

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

"THAT the Company be authorised to offer the Managing Director & Chief Executive Officer (Mr Melos Sulicich) participation in the 2014 ELTIP which may entitle the Managing Director & Chief Executive Officer to be issued a maximum number of 58,263 fully paid ordinary shares

in the Company calculated by dividing \$275,000 by \$4.72 being the weighted average price of the Company's shares over the 20 trading days beginning 1 July 2014. The Managing Director & Chief Executive Officer's entitlement to be issued shares under the 2014 ELTIP will be based on the Company's performance in the period 1 July 2014 – 30 June 2017."

Voting Exclusion

In accordance with Section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on these resolutions if:

- the proxy is either a:
 - member of the Company's KMP; or
 - closely related party of a KMP; and
- the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- the proxy is the chair of the meeting; and
- the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP.

The Company will in accordance with ASX Listing Rule 14.11 disregard any votes cast in respect of these resolutions by the Directors and any associates of those persons.

However, the Company need not disregard a vote on these resolutions if they are cast by:

- a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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.

Shareholders who intend to appoint the Chairman of the meeting as proxy (including an appointment by default) should have regard to the important information below under the heading "Important information concerning proxy votes on Resolutions 3, 4, 5 and 6".

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6. Approval Of Termination Benefits

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

"THAT for the purposes of sections 200B and 200E of the Corporations Act, the Company is authorised to give in respect of each of the persons described in the Explanatory Memorandum to this Notice of Meeting any of the benefits described in the Explanatory Memorandum in connection with that person's retirement as an executive director from the Board or managerial or executive office in the Company (Retiree), or a related body corporate, arising from participation in the Executive Long Term Incentive Plan or Short Term Incentive, a termination payment or the unexpired portion of their employment contract, further details of which are set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes on this resolution (in any capacity) cast by or on behalf of:

- any of the persons in respect of whom a termination benefit would be given, namely the Managing Director & Chief Executive Officer (Mr Melos Sulicich) and the Executives (each a Retiree); or
- any associate of the Retiree.

This restriction does not prevent the casting of a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution, and it is not cast on behalf of the Retiree or an associate of the Retiree.

Shareholders who intend to appoint the Company's Chairman as proxy (including an appointment by default) should have regard to the important information below under the heading "Important information concerning proxy votes on Resolutions 3, 4, 5 and 6".

7. Amendments to the Constitution

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

"THAT, with immediate effect, the proposed amendments to the Constitution of the Company set out in the Explanatory Memorandum, be approved and adopted."

Explanatory memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

Entitlement to Vote

Snapshot time

It has been determined (in accordance with Corporations Regulations 7.11.37) that for the purposes of the Meeting, shares will be taken to be held by the persons who are the registered shareholders at 7.00 p.m. (Melbourne time) on Tuesday 14 October 2014. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Important information concerning proxy votes for Resolutions 3, 4, 5 and 6

The Corporations Act places certain restrictions on the ability of key management personnel and their closely related parties to vote on the advisory resolution to adopt the Company's remuneration report and resolutions connected directly or indirectly with the remuneration of the Company's key management personnel. Key management personnel of the Company are the directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Members of key management personnel include directors (both executive and non-executive) and certain senior executives. The Remuneration Report identifies the Company's key management personnel for the financial year ended 30 June 2014. Their closely related parties are defined in the Corporations Act, and include certain members of their family, dependants and companies they control.

For these reasons, shareholders who intend to vote by proxy should carefully consider the identity of their proxy and are encouraged to direct their proxy as to how to vote on all resolutions. In particular, shareholders who intend to appoint the Chairman of the meeting as their proxy (including an appointment by default) are encouraged to direct the Chairman as to how to vote on all resolutions. The Chairman of the meeting intends to vote undirected proxies in favour of each of the Resolutions 3, 4, 5 and 6.

If you do appoint the Chairman as your proxy but you do not direct the Chairman how to vote in respect of Resolutions 3, 4, 5 and 6, your election to appoint the Chairman as your proxy will be deemed to constitute an express authorisation by you directing the Chairman to vote your proxy in favour of all of Resolutions 3, 4, 5 and 6 (unless you have exercised your right to direct the Chairman otherwise in respect of a particular Resolution by marking the 'against' or 'abstain' column in respect of any of the relevant resolutions). This express

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authorisation acknowledges that the Chairman may vote your proxy even if he or she has an interest in the outcome of Resolutions 3, 4, 5 and 6 and even if the Resolutions are connected directly or indirectly with remuneration of a member of the key management personnel of the Company and accordingly your votes will be counted in calculating the required majority if a poll is called.

Voting by Proxy

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Shareholders and their proxies should be aware of the requirements under the Corporations Act, as they will apply to this meeting. Broadly:

- if proxy holders vote, they must cast all directed proxies as directed; and,
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

You should seek professional advice if you need any further information on this issue.

In accordance with section 249L of the Corporations Act, members are advised of the following:

- A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a representative of a body corporate.
- A proxy need not vote on a show of hands, however if a proxy does vote on a show of hands, the proxy must vote as directed.
- A shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes. If a shareholder appoints two or more proxies that specify different ways to vote on a resolution, none of the proxies may vote on a show of hands.
- If an appointed proxy is not also the Chairman of the meeting, the proxy need not vote on a poll, however if the proxy does vote on a poll the proxy must vote as directed by the shareholder. If a poll is conducted and the proxy holder does not vote, the proxy appointment defaults to the Chairman of the meeting to vote as directed. If the appointed proxy is the Chairman of the meeting, the proxy must vote on a poll in the manner directed by the shareholder.

A Proxy Form accompanies this Notice and to be effective must be received at least 48 hours before the appointed time of the meeting at the Company's corporate registry:

By Post Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001

By Hand Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford VIC 3067

Online www.investorvote.com.au

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

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

Voting By Attorney

A member may appoint an attorney to vote on their behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or at the Company's corporate registry listed above, at least 48 hours before the Meeting.

Corporate Representatives

A body corporate which is a member, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of their appointment, including any authority under which it is signed, unless it has previously been given to the Company.

Scrutineer

The Company's external Auditor, Wise Lord & Ferguson will act as scrutineer for any polls that may be required at the meeting.

By Order of the Board



S Lukianenko
Company Secretary
16 September 2014
Level 2, 137 Harrington Street
Hobart Tasmania 7000

Explanatory Memorandum

Introduction

This Explanatory Memorandum forms part of this Notice of Meeting and has been prepared to provide shareholders with sufficient information to consider the resolutions contained in the accompanying Notice of Annual General Meeting of the Company to be held on Thursday 16 October 2014 commencing at 10.00 a.m. (Australian Eastern Daylight Savings Time) at the RACV/ RACT Hobart Apartment Hotel, 154-156 Collins Street, Hobart.

The Directors recommend that shareholders read this Explanatory Memorandum carefully before making any decision in relation to the resolutions.

Item 2 – Election of Directors

Pursuant to rule 62.6 of the Constitution, retiring Directors Peter Armstrong, Robert Gordon and Colin Hollingsworth being eligible to do so, have offered themselves for re-election.

The resolutions set out in Item 2 of the Notice of Meeting seek shareholder approval of the re-election of each of these candidates.

Details of Candidates

Details of the candidates standing for re-election are as follows:

Peter D Armstrong
BEC (Hons), Dip ED, Dip FP, CPA, FAICD, FAMI
Independent non-executive Director

Appointed 12 February 2009

Mr Armstrong is Chairman of the MyState Limited Board's Group Remuneration Committee. He is a Director of MyState Financial, Tasmanian Perpetual Trustees Limited and The Rock Building Society Limited.

Mr Armstrong is a former Chairman of connectfinancial and Teachers, Police and Nurses Credit Union. He is a career educator at senior secondary and tertiary levels.

Mr Armstrong is also a Director of Tennis Australia and is a member of its Audit and Risk Committee and its Governance and Nominations Committee.

He is a Fellow of both the Australian Institute of Company Directors and the Australian Mutuals Institute.

Robert L Gordon
BSc, MIFA, MAICD, FAMI
Independent non-executive Director

Appointed 12 February 2009

Mr Gordon was formerly the Managing Director of Forestry Tasmania. He has been a company director for sixteen years including six years as Chairman of connectfinancial. Mr Gordon has been a director of companies in the tourism industry, research & development, construction and infrastructure.

Mr Gordon was appointed as a Director of MyState Financial on 1 July 1998. He is Chairman of MyState Financial Community Foundation Limited and was appointed a Director of Tasmanian Perpetual Trustees Limited on 22 September 2009 and The Rock Building Society Limited on 12 December 2011.

He is a member of the MyState Limited Board's Group Nomination & Corporate Governance Committee and the Group Risk Committee.

Colin M Hollingsworth
CPA, MAICD, FAMI
Independent non-executive Director

Appointed 12 February 2009

Mr Hollingsworth is the former General Manager, Corporate Services, TAFE Tasmania. He is an experienced company director and former Chairman and Director of both CPS and Island State Credit Unions.

Mr Hollingsworth was appointed a Director of MyState Financial and subsidiary companies on 1 July 2007 and Tasmanian Perpetual Trustees Limited on 22 September 2009.

Mr Hollingsworth is Chairman of MyState Limited Board's Group Audit Committee. He was appointed a Director of The Rock Building Society Limited on 12 December 2011.

Re-election Recommendation

Mr Armstrong, Mr Gordon and Mr Hollingsworth as retiring Directors have been endorsed by the Board for re-election at this meeting.

The Directors (excluding the retiring Directors) recommend supporting the re-election of the Directors standing for re-election. The Directors make this recommendation on the basis of their review of the performance of the Directors, which was carried out in accordance with the Board's governance policies.

Explanatory Memorandum

Voting

To be successfully re-elected as a Director, a candidate must receive more votes 'For' than 'Against'.

The Chairman of the meeting intends to vote undirected proxies in favour of the re election of Peter Armstrong, Robert Gordon and Colin Hollingsworth.

Item 3 – Remuneration Report

Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is in the 2014 Annual Report and is also available on the Company's website at www.mystatelimited.com.au. The Remuneration Report:

- Describes the policies behind and structure of, the remuneration arrangements of the Company and the link between the remuneration of employees and the Company's performance;
- Sets out the remuneration arrangements in place for each Director and for specified senior executives of the Company; and
- Explains the differences between the basis for remunerating non-executive directors and executives, including any executive directors.

The Corporations Act requires the agenda for an Annual General Meeting to include a resolution that the Remuneration Report be put to the vote. Should 25% or more of the votes cast on this resolution (votes cast in person or by proxy) to approve the Remuneration Report be against approval of that report, then at the 2015 Annual General Meeting the resolution to approve next year's Remuneration Report must be approved by more than 75% of the votes cast to avoid a resolution being put to the 2015 Annual General Meeting to hold a further general meeting within 90 days to consider a spill of the Board.

A reasonable opportunity for discussion of, and comment on, the Remuneration Report will be provided by the Chairman at the Annual General Meeting.

Resolution Recommendation

Noting that each Director has a personal interest in his or her own remuneration from the Company as set out in the Remuneration report, the Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

Item 4 – Approval of MyState Employee Share Plan and MyState Limited Executive Long Term Incentive Plan

Why are we seeking approval?

Broadly speaking, without shareholder approval, ASX Listing Rule 7.1 prohibits the Company issuing equity securities which, in aggregate, exceed 15% of the fully-paid ordinary share capital of the Company in any 12 month period.

ASX Listing Rule 7.2 exception 9 provides that Listing Rule 7.1 does not apply in respect of the issue of securities by the Company under an employee incentive scheme if the issue of securities under the scheme has been approved by shareholders within 3 years before the date of issue of the relevant securities.

Accordingly, shareholder approval is required for the Company's current Employee Share Plan (**ESP**) and Executive Long Term Incentive Plan (**ELTIP**) if the Company wishes to exclude issues of securities under the plan for the purposes of Listing Rule 7.1 for the next 3 years.

Summary of the terms of the ESP and ELTIP and number of securities issued under the ESP and ELTIP

Shareholder approval is sought in respect of the Company's current ESP and ELTIP respectively. A general description of each of the ESP and ELTIP is set out in this Explanatory Memorandum. Copies of the ESP and ELTIP are available at the Company's registered office located at Level 2, 137 Harrington Street, Hobart, Tasmania 7000 Australia. Alternatively, a copy of the ESP and ELTIP will be forwarded to shareholders free of charge by contacting the Company Secretary on 138 001.

Details of the terms of the Company's ESP and ELTIP and the securities provided under this plan in the last financial year are set out in the 2014 Remuneration Report section of the Directors' Report in the Annual Report.

Australian offers of securities under the ESP and ELTIP are made in accordance with a restriction contained in relief granted by the Australian Securities & Investments Commission (**ASIC**) that, subject to various exclusions prescribed by ASIC, the number of securities issued to employees over a five year period must not exceed 5% of the total number of ordinary shares in the issued capital of the Company as at the date of each offer of securities. As at 30 August 2014, the number of shares issued over the previous five years in accordance with this formulation, is 0.4% of the Company's current issued capital.

Explanatory Memorandum

MyState Limited Employee Share Plan (ESP)

Under the ESP, eligible employees may be offered up to \$1,000 worth of Company shares. The shares provided under the ESP may be purchased on market or newly issued shares. Shares allocated to a participant under the ESP may not be sold or transferred before the earliest of:

- (a) the third anniversary of the date of allocation of the shares; or
- (b) the time when the participant ceases to be an employee of the Company.

(being the **Restriction Period**).

The Company may apply to have a holding lock placed on those shares or refuse to register a transfer of shares during the Restriction Period. Participants receive dividends and can exercise voting rights during the Restriction Period.

133,309 Company shares have been issued to employees under the existing plan since 9 September 2009. No shares have been bought on market under the ESP since that time.

MyState Limited Executive Long Term Incentive Plan (ELTIP)

Under the ELTIP, an eligible executive (being a person whom the Board determines is concerned in or takes part in the management of the Company or such other person as determined by the Board), may be offered shares in the Company. The shares provided under the ELTIP may be purchased on market or newly issued shares. The Board may, in its discretion, impose various performance periods and performance criteria before the shares are allocated. Shares allocated to a participant under the ELTIP may not be sold or transferred before the earliest of:

- (a) the seventh anniversary of the date of allocation of the shares;
- (b) the time when the participant ceases to be an employee of the Company;
- (c) the time that a Capital Event (as defined in the Plan Rules) occurs; or
- (d) the time the Trustee receives written consent of the Board to an application for the sale or transfer of the shares by the participant.

Upon one of these events occurring, the participant has two months to either:

- (a) instruct the Trustee to sell the shares held by the Trustee on behalf of the participant; or
- (b) instruct the Trustee to transfer the shares held on behalf of the participant to the participant.

The terms of the offer of participation in the ELTIP include adjustments upon the occurrence of certain events, such as a change of control in the Company, cessation of employment of the participant or certain capital reconstructions in the Company (based on requirements in the ASX Listing Rules).

Participants receive dividends and can, via the Trustee, exercise voting rights whilst the shares are held in trust.

238,645 Company shares have been issued to employees and the Managing Director & Chief Executive Officer under the existing plan since 9 September 2009. No shares have been bought on market under the ELTIP since that time.

Resolution Recommendation

The Directors recommend that shareholders vote in favour of the issue of shares in the Company under the MyState Limited Employee Share Plan and MyState Limited Executive Long Term Incentive Plan.

Item 5 – Approval of Managing Director & Chief Executive Officer's participation in the Executive Long Term Incentive Plan (ELTIP)

Introduction

The Board considers the motivation of the Managing Director & Chief Executive Officer, Mr Melos Sulicich, vital to the Company's long term performance.

The Company seeks approval for Mr Sulicich's participation in the ELTIP for 2014. This approval will authorise the Company to offer a yet to be determined number of fully paid ordinary shares in the Company up to a maximum of 58,263, calculated by dividing \$275,000 by \$4.72 being the weighted average price of the Company's shares over the 20 trading days beginning 1 July 2014. The performance period for the shares in respect of the 2014 ELTIP offer will be 1 July 2014 – 30 June 2017. The shares would be issued under this offer if approval for the purposes of ASX Listing Rules 7.1 and 10.14 (only to the extent required) is subsequently given (at a future meeting of the Company's shareholders) and the shares would be allocated and vest for the benefit of Mr Sulicich should the performance criteria be achieved for the performance period 1 July 2014 – 30 June 2017.

General explanations of the Managing Director & Chief Executive Officer's current remuneration arrangements were previously released to the Australian Securities Exchange.

The resolution set out in Item 5 is in accordance with the Company's policies on total remuneration arrangements for the Managing Director & Chief Executive Officer, as described in the following section. The Company's Remuneration Policy is available on the Company's website.

Explanatory Memorandum

Basis of Employment of the Managing Director & Chief Executive Officer and Executives

To assist in achieving the objectives of the Company, the Group Remuneration Committee (**GRC**) links the nature and amount of the Managing Director & Chief Executive Officer's and Executives' emoluments to the Company's financial and operational performance. The remuneration of the Managing Director & Chief Executive Officer and Executives may comprise one or more of the following:

- fixed annual remuneration (inclusive of superannuation and fringe benefits) (**FAR**);
- cash based short term incentive (**STI**);
- executive long term incentive plan (**ELTIP**).

i. Fixed Annual Remuneration

The FAR is paid by way of cash salary, superannuation and fringe benefits and is reviewed annually by the GRC. In addition, external consultants provide analysis and advice to ensure Executives' remuneration is competitive in the marketplace. The total employment cost of any remuneration package, including fringe benefits tax, is taken into account in determining an employee's FAR.

ii. Cash Based Short Term Incentive

The STI is calculated as a percentage of the FAR and is payable annually in respect of each financial year as cash and/or superannuation contributions. As a general guide, noting that the Board has absolute discretion to vary them, the maximum STI awards, expressed as a percentage of FAR, are as follows:

- Managing Director & Chief Executive Officer up to 50%; and
- Executive between 15% and 30%.

Payment of STI is conditional upon the achievement of pre-determined performance criteria tailored to the respective role.

Each year, the GRC sets the Key Performance Indicators (**KPIs**) for the Managing Director & Chief Executive Officer who, in turn, sets KPIs for Executives, subject to approval of the Board following a recommendation from the GRC. The GRC selects performance objectives which provide a robust link between Executive reward and the key drivers of long term shareholder value. The KPIs are measures relating to Company and personal performance accountabilities and include financial, strategic, operational, cultural and customer/stakeholder measures. The measures are chosen and weighted to best align the individual's reward to the KPIs of the

Company and its overall long term performance. KPIs are weighted towards the achievement of profit growth targets.

At the end of the financial year, the GRC assesses the performance of the Managing Director & Chief Executive Officer against the KPIs set at the beginning of the financial year.

At the end of the financial year, the Managing Director & Chief Executive Officer assesses the performance of the Executives against their KPIs set at the beginning of the financial year. Based upon that assessment, a recommendation for each Executive is made to the GRC as to the STI payment.

The GRC recommends the STI payments to be made to the Managing Director & Chief Executive Officer and Executives for approval by the Board. Approval and payment of a STI to the Managing Director & Chief Executive Officer or Executives is at the complete discretion of the Board.

If the results on which any STI reward was based are subsequently found by the Board to have been the subject of deliberate management misstatement, the Board may require repayment of the relevant STI, in addition to any other disciplinary actions.

iii. Executive Long Term Incentive Plan

The ELTIP was established by the Board to encourage the Executive Management Team, comprising the Managing Director & Chief Executive Officer and participating Executives to have a greater involvement in the achievement of the Company's objectives. To achieve this aim, the ELTIP provides for the issue to the participating Executives of fully paid ordinary shares in the Company if performance criteria specified by the Board are satisfied in a set performance period.

Under the ELTIP, an offer may be made to individual members of the Executive Management Team every year as determined by the Board. The maximum value of the offer is determined as a percentage of the FAR of each member of the Executive Management Team. As a general guide, noting that the Board has absolute discretion to vary them, the maximum percentages used are 50% for the Managing Director & Chief Executive Officer and between 15% and 30% for participating Executives. The value of the offer is converted into fully paid ordinary shares based upon the weighted average price of the Company's shares over a twenty trading day period to be determined by the Board.

Explanatory Memorandum

In order for the shares to vest in each eligible member of the Executive Management Team, certain performance criteria must be satisfied within a predetermined performance period. Both the performance criteria and the performance period are set by the Board, at its absolute discretion. The Board has, for the time being, set the three financial years, commencing with the year in which an offer is made under the plan as the performance period, with relative Total Shareholder Return (TSR) and absolute Return on Equity (ROE) as the performance criteria.

The relative TSR component will be measured against the performance of the S&P/ASX 300 Index.

Any reward payable to the Managing Director & Chief Executive Officer or participating Executive under any ELTIP Offer is subject to reassessment and possible forfeiture if the results on which the ELTIP reward was based, are subsequently found to have been the subject of deliberate management misstatement.

The ELTIP provides for an independent Trustee to acquire and hold shares on behalf of the participating Executives. The Trustee is funded by the Company to acquire shares, as directed by the Board, either by way of purchase from other shareholders on market, or issue by the Company. Vesting of shares occurs once an assessment has been made after the performance period (currently 3 years) and once the Board resolves to notify the Trustee to issue entitlements under the relevant ELTIP Offer.

Vesting of shares in the Managing Director & Chief Executive Officer or eligible Executive is at the complete discretion of the Board.

The Trustee will allocate any shares to each eligible member of the Executive Management Team in accordance with their entitlement under the ELTIP. Any shares to be allocated to the Managing Director & Chief Executive Officer under this Plan require prior shareholder approval in accordance with ASX Listing Rules. The Trustee will hold the shares which have been allocated on behalf of the eligible Executive Management Team member.

The participating Executive cannot transfer or dispose of shares which have been allocated to them until the earlier of the seventh anniversary of the original offer date of the grant, upon leaving the employment of the Company, upon the Board giving permission for a transfer or sale to occur, or upon a specified event occurring (eg change in control of the Company). Upon request, the Board will release vested shares to an Executive to the extent required to meet a taxation assessment directly related to the award of those shares.

On separation from the Company, ELTIP shares will be released only if the separation is due to a Qualifying Reason or is at the initiation of the Company without cause. A Qualifying Reason is defined by the ELTIP Plan Rules as death, total and permanent disability, retirement at normal retirement age, redundancy or other such reason as the Board in its absolute discretion may determine. Effective as of the 2014 ELTIP Offer, if this separation occurs within the three year performance period, shares will be allocated on a pro-rata basis, following the completion of each applicable performance period and applicable performance assessment.

During the period that allocated shares are held by the Trustee, the participating Executive is entitled to receive the income arising from dividend payments on those shares and to have the Trustee exercise the voting rights on those shares in accordance with their instructions.

On accepting an ELTIP Offer made by MyState Limited, participating Executives are required to not hedge their economic exposure to any allocated non-vested entitlement. Failure to comply with this directive will constitute a breach of duty and may result in forfeiture of the offer and/or dismissal.

Explanatory Memorandum

2014/2015 ELTIP Offer

The proposed 2014/2015 ELTIP offers (including the proposed offer to the Managing Director & Chief Executive Officer) applies to the three year performance period commencing 1 July 2014 and ending on 30 June 2017.

ELTIP performance assessment for the 2014/2015 Offer will be measured against performance of the S&P/ASX 300 Index (the benchmark group).

Any reward payable to an eligible Executive under any ELTIP Offer will be calculated as follows:

Opportunity	<ul style="list-style-type: none"> 50% of opportunity determined by reference to Relative Total Shareholder Return (TSR) 50% of opportunity determined by reference to Absolute Post tax Return on Equity (ROE) 	
TSR Component	Compares MYS TSR vs ASX 300	
	If MYS TSR = Median ASX300	50% of opportunity vests
	If MYS TSR = 75% ASX300	100% of opportunity vests
	If MYS TSR between median and 75%	Opportunity vests pro rata on a straight line basis between 50% and 100%
ROE Component	Board has set ROE target in the range 32.22% to 33.25%	
	If aggregate ROE = 32.22%	25% of opportunity vests
	If aggregate ROE = 33.25%	100% of opportunity vests
	If aggregate ROE between 32.22% and 33.25%	Opportunity vests pro rata on a straight line basis between 25% and 100%

Details of past offers made under the ELTIP since 9 September 2009 is set out in the following table:

Details of offers made under the 2009 ELTIP are as follows:

Item	Managing Director & CEO	Other Executives
Date of offer ("Grant" date)	30 June 2010	30 June 2010
Performance period	1 July 2009 – 30 June 2012	11 January 2010 – 30 June 2012
Maximum number of shares that may be allocated under the offer	71,884	56,581 ^(#)
Value of the offer	\$225,000	\$177,098
Share price used in the calculations of the offer	\$3.13	\$3.13

Details of offers made under the 2010 ELTIP are as follows:

Item	Managing Director & CEO	Other Executives
Date of offer ("Grant" date)	29 March 2011	29 March 2011
Performance period	1 July 2010 – 30 June 2013	1 July 2010 – 30 June 2013
Maximum number of shares that may be allocated under the offer	59,840	104,731 ^(#)
Value of the offer	\$225,000	\$393,789
Share price used in the calculations of the offer	\$3.76	\$3.76

^(#) Figures inclusive of all key management personnel at the time of offer.

Explanatory Memorandum

Details of offers made under the 2011 ELTIP are as follows:

Item	Managing Director & CEO	Other Executives
Date of offer ("Grant" date)	2 November 2011	6 September 2011
Performance period	1 July 2011 – 30 June 2014	1 July 2011 – 30 June 2014
Maximum number of shares that may be allocated under the offer	65,677	88,403 ^(#)
Value of the offer	\$235,125	\$316,482
Share price used in the calculations of the offer	\$3.58	\$3.58

Details of offers made under the 2012 ELTIP are as follows:

Item	Managing Director & CEO	Other Executives
Date of offer ("Grant" date)	14 November 2012	9 October 2012
Performance period	1 July 2012 – 30 June 2015	1 July 2012 – 30 June 2015
Maximum number of shares that may be allocated under the offer	89,532	48,516 ^(#)
Value of the offer	\$325,000	\$316,482
Share price used in the calculations of the offer	\$3.63	\$3.58

Details of offers made under the 2013 ELTIP are as follows:

Item	Managing Director & CEO	Other Executives
Date of offer ("Grant" date)	11 December 2013	11 December 2013
Performance period	1 July 2013 – 30 June 2016	1 July 2013 – 30 June 2016
Maximum number of shares that may be allocated under the offer	67,967	45,658 ^(#)
Value of the offer	\$327,600	\$220,068
Share price used in the calculations of the offer	\$4.82	\$4.82

^(#) Figures inclusive of all key management personnel at the time of offer.

Shares allocated to Executives under these plans, are disclosed in the Remuneration Report, within the 2014 Directors Report.

Resolution recommendation

The Directors recommend that shareholders vote in favour of the offer for Mr Sulicich's participation in the 2014 ELTIP.

Explanatory Memorandum

Item 6 – Approval of Termination Benefits

Subject to a number of exemptions under the Corporations Act, shareholder approval is required to give a person a benefit in connection with a person's retirement from an office, or a position of employment in a company or a related body corporate where either:

- (a) the office or position is a managerial or executive office; or
- (b) the person retiring has at any time in the previous 3 years before their retirement held a managerial or executive office in the company or a related body corporate.

The term 'benefit' has a wide meaning and includes compensation for, or otherwise in connection with, a person's loss of an office or position.

Prior to the merger of MyState Financial and Tasmanian Perpetual Trustees, which took effect in September 2009, the MyState Limited Board established a Human Resources and Remuneration Committee which established a broad framework for the remuneration of the Managing Director & Chief Executive Officer.

Subsequent to the merger, to determine the most appropriate approach for the Company, the Committee (now renamed the Group Remuneration Committee) has reviewed:

- its Terms of Reference; and
- remuneration arrangements of both pre-merger organisations applying to executive directors and senior executives.

A copy of the MyState Limited Remuneration Policy is available on the Company's website.

This Item has been proposed to deal with the Company's current remuneration arrangements, insofar as they may provide for termination benefits the payment of which would require shareholder approval for Mr Sulich, the Managing Director & Chief Executive Officer or members of the Company's Executive Management Team (**Executive**) specifically Mr Huw Bough, Mr Scott Lukianenko, Mr Stephen Pender, Mr Aaron Pidgeon, Mr Tim Rutherford, Mr Tom Taylor and Mrs Natasha Whish-Wilson.

The Company's remuneration arrangements are summarised under "Basis of Employment of the Managing Director & Chief Executive Officer and Executives" in Item 5 for Resolution 5 in this Explanatory Memorandum, which from time to time may comprise one or more of the following:

- (a) total fixed annual remuneration, inclusive of superannuation and fringe benefits (**FAR**);
- (b) cash based short-term incentives calculated as a percentage of FAR (**STI**);
- (c) allocations of shares in the Company under the Executive Long Term Incentive Plan (**ELTIP**).

An approval which is given by the shareholders for the purposes of this Resolution 6 will apply to the termination benefits described in the following Schedule given by any of the following:

- the Company;
- any associate of the Company (other than a related body corporate); and
- a prescribed superannuation fund in relation to the Company. This includes the Company or an associate giving a benefit to a superannuation fund, and a superannuation fund giving a benefit to another superannuation fund, where the benefit is given solely for the purpose of enabling or assisting the fund to give a benefit in connection with the retiring person's retirement from the office or position in the Company or its related bodies corporate.

The value of the proposed benefits cannot currently be stated in dollar terms, but will be determined in accordance with the relevant contracts as summarised in the Schedule.

Explanatory Memorandum

Schedule – Termination benefits to Managing Director & Chief Executive Officer and Executives

Circumstances in which the benefit is given	Notice period	Total fixed remuneration ¹	Short term incentive (STI) and Executive Long Term Incentive Plan (ELTIP) ²
Managing Director & CEO			
Ceases to hold office or employment with MyState Limited due to termination with cause.	Nil	Nil	<p>STI – Payment of the Managing Director & Chief Executive Officer's earned but unpaid STI from any previous 12 month performance period.</p> <p>ELTIP – Allocation and vesting of any Shares in respect of an offer or issue to the Managing Director & Chief Executive Officer under the ELTIP, where a relevant performance period has been completed.</p>
Ceases to hold office or employment with MyState Limited due to termination without cause, termination by agreement or termination by resignation.	<p>Twenty six (26) weeks in the event of termination without cause.</p> <p>10 weeks notice if termination by resignation.</p> <p>Notice period is negotiable if termination by agreement.</p>	Nil	<p>STI – Pro-rata STI payment applied as at the date of termination as well as any earned but unpaid STI from any previous 12 month performance period.</p> <p>ELTIP – The issue of any entitlement in accordance with and under the provisions outlined in the Remuneration Policy, LTI Plan Rules and any applicable LTI Offer.</p>

1. The Managing Director & Chief Executive Officer's contract does not provide for payment of any portion of FAR in the event of termination for any reason.

2. Any reward payable to the Managing Director & Chief Executive Officer under an offer in the Executive Long Term Incentive Plan (ELTIP) is subject to reassessment and possible forfeiture, at the absolute discretion of the Board.

Explanatory Memorandum

Schedule – Termination benefits to Managing Director & Chief Executive Officer and Executives (cont'd)

Circumstances in which the benefit is given	Notice period	Total fixed remuneration	Short term incentive (STI) and Executive Long Term Incentive Plan (ELTIP) ³
Executive			
Ceases to hold office or employment with MyState Limited due to termination by notice. ⁴	1 month	9 months equivalent of the Fixed Annual Remuneration amount	<p>STI – Pro-rata STI payment applied as at the date of termination as well as any earned but unpaid STI from any previous 12 month performance period.</p> <p>ELTIP – The issue of any entitlement in accordance with and under the provisions outlined in the Remuneration Policy, LTI Plan Rules and any applicable LTI Offer.</p>
Ceases to hold office or employment with MyState Limited due to termination by resignation.	1 month	Nil	<p>STI – STI payment earned but unpaid from any previous 12 month performance period.</p> <p>ELTIP – The issue of any entitlement in accordance with and under the provisions outlined in the Remuneration Policy, LTI Plan Rules and any applicable LTI Offer.</p>
Ceases to hold office or employment with MyState Limited due to immediate termination.	Nil	Nil	Nil
Ceases to hold office or employment with MyState Limited due to becoming permanently incapacitated by reason of accident or illness from performing duties under the employment agreement.	1 month	Nil	<p>STI – Pro-rata STI payment applied as at the date of termination as well as any earned but unpaid STI from any previous 12 month performance period.</p> <p>ELTIP – The issue of any entitlement in accordance with and under the provisions outlined in the Remuneration Policy, LTI Plan Rules and any applicable LTI Offer.</p>

3. Any reward payable to an Executive under an offer in the Executive Long Term Incentive Plan (ELTIP) is subject to reassessment and possible forfeiture, at the absolute discretion of the Board.

4. Two Executives, Mr Huw Bough and Mr Tom Taylor are employed on fixed term employment agreements. Under his employment agreement, Mr Bough is entitled to three months notice in the event of termination by notice. Additionally in the event of termination by notice, both Mr Bough and Mr Taylor are entitled to payment equivalent to the pro rata balance of their Fixed Annual Remuneration in lieu of the nine month entitlement afforded other Executives.

Resolution recommendation

The Directors (other than Mr Sulicich, who has an interest in the resolution) support this item and recommend that shareholders vote in favour of the resolution. The Directors (other than Mr Sulicich, who has an interest in the resolution) do not make this recommendation on behalf of Mr Sulicich.

Explanatory Memorandum

Item 7 – Amendments to the Constitution

The Board proposes that certain amendments be made to provisions of the Constitution relating to the appointment of Directors.

In 2009, when the Constitution was adopted, special provision was made to ensure that representatives of predecessor entities of the Company – MyState Financial Credit Union of Tasmania Limited (**MSF**) and Tasmanian Perpetual Trustees Limited (**TPX**) – would be included on the initial Board of Directors. The Constitution included rules governing when these representatives would retire from the Board and, if they wished, offer themselves for re-election.

Those special provisions were relevant to elections of Directors at the Annual General Meetings of the Company in 2009, 2010 and 2011. After 2011, those special rules relating to representation of MSF and TPX ceased to have effect, and for all future years the rules in the Constitution relating to the retirement and election of Directors have applied to all Directors without any special provision for representation of predecessor entities of the Company.

It is proposed that the Constitution be amended to remove these transitional clauses relating to the period up to 2011. The clauses proposed to be removed from the Constitution are clause 58.4, clauses 62.1 to 62.5, and clauses 63.1(a) and (b), together with certain consequential amendments to other clauses to remove reference to these clauses.

The Constitution also provides that the minimum number of Directors will be five, and the maximum number of Directors will be twelve. The Board now considers that the size and operations of the Company are such that it is unlikely to be required or desirable for the Company to have as many as twelve Directors. The Directors regularly review the composition of the Board, in accordance with policies the Company has adopted, including the Board Renewal and Evaluation Policy (available on the Company website). The Directors propose that the maximum number of Directors, set out in clause 58.2 of the Constitution, be reduced from twelve to nine, so that the maximum number of Directors will be nine.

Clause 58.1 provides that, subject to the Corporations Act, the Company may, by resolution passed at a General Meeting, increase the minimum number of Directors or increase or reduce the maximum number of Directors. No change is proposed to clause 58.1.

Clause 58.3 of the Constitution provides that the Directors may from time to time determine the respective numbers of Executive and Non-Executive Directors subject to clauses 58.1 and 58.2. The total number of Executive and Non-Executive Directors must not exceed the maximum number of Directors set out in clause 58.2 (proposed to be nine) or determined by members in general meeting in accordance with clause 58.1.

Certain other consequential or clarificatory amendments to these clauses are also proposed, and some clauses may be re-numbered as a consequence of the deletion of the clauses identified above.

Copies of the existing Constitution and of the amended Constitution highlighting the proposed amendments are available on the Company's website or can be obtained by contacting the Company on 138 001. A copy of the amended Constitution will also be available for inspection at the Annual General Meeting.

Resolution recommendation

The Directors recommend that shareholders vote in favour of the amendments of the Constitution.

MyState
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