

22 September 2017

Dear Shareholder

McMillan Shakespeare Limited
2017 Annual General Meeting

The 2017 Annual General Meeting of McMillan Shakespeare Limited is to be held on 24 October 2017 at 10:00am at the State Library of Victoria, Ground Floor, 328 Swanston St, Melbourne, Victoria in the Theatrette.

Please find enclosed the Notice of Meeting, Explanatory Notes, question form and proxy form for your information.

At the meeting, the Managing Director and I will comment briefly on the Company's performance for the financial year ended 30 June 2017. The items of business set out in the Notice of Meeting will then be considered.

All resolutions to be put to the meeting are discussed in the Explanatory Notes attached to the Notice of Meeting. Directors' voting recommendations are set out in the Notice of Meeting and in the Explanatory Notes. In order to ensure that the views of all shareholders are taken into account, all items of business before the meeting where a vote is required will be determined by way of a Poll.

Please also refer to the 2017 Annual Report which is enclosed if you have previously requested a hard copy be sent or may otherwise be obtained at www.mmsg.com.au.

If you plan to attend the meeting in person, please bring your Proxy Form to facilitate your registration. If you are not able to attend the meeting in person, please complete and return the enclosed Proxy Form. The instructions for voting by proxy or in person are set out in the Information for Shareholders section on page 4 of the Notice of Meeting.

If you would like to submit questions for consideration by the Board before the meeting, please complete and return the Shareholder question form that is included with the Notice of Meeting.

I look forward to seeing you at the meeting and invite you to join the Board members for light refreshments at the conclusion of the Meeting.

Yours sincerely

Tim Poole
Chairman

Encls

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of McMillan Shakespeare Limited (ABN 74 107 233 983) will be held on 24 October 2017 at 10:00am at the State Library of Victoria, Ground Floor, 328 Swanston St, Melbourne, Victoria in the Theatre.

The Explanatory Notes that accompany and form part of this Notice describe in more detail the matters to be considered. Please ensure that you read the Explanatory Notes in full.

Please read this Notice of Meeting carefully and consider directing your proxy on how to vote on each resolution by marking the appropriate box on the proxy form.

Ordinary Business

1. Financial Reports

To receive and consider the Financial Report, the Directors' Report and the Independent Audit Report for the financial year ended 30 June 2017.

2. Adoption of the Remuneration Report

To consider and, if thought fit, pass the following as a non-binding ordinary resolution:

That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2017, as contained in the Directors' Report, be adopted.

Note: This resolution shall be determined as if it were an ordinary resolution, but under section 205R(3) of the Corporations Act, the vote is advisory only and does not bind the Directors or the Company. The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

A voting restriction applies to this resolution. See the Information for Shareholders section for details.

3. Re-election of Mr Tim Poole as a Director

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

That Mr Tim Poole, a Director retiring from office in accordance with rule 20.2 of the Constitution, being eligible, is re-elected as director of the Company.

4. Re-election of Mr Ross Chessari as a Director

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

That Mr Ross Chessari, a Director retiring from office in accordance with rule 20.2 of the Constitution, being eligible, is re-elected as director of the Company.

5. Adoption of Long Term Incentive Plan

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

That, for the purposes of Exception 9 in ASX Listing Rule 7.2 and section 260C(4) of the Corporations Act and for all other purposes, Shareholders approve the Long Term Incentive Plan (LTIP) and the issue of securities under that Plan, on the terms and conditions as set out in the Explanatory Notes.

A voting restriction applies to this resolution. See the Information for Shareholders section for details.

6. Issue of Performance Rights and Performance Options to Managing Director

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

That, subject to Item 5 being approved, for the purposes of ASX Listing Rule 10.14 and all other purposes, approval be given for the issue to the Managing Director, Mr Mike Salisbury of:

- (a) 17,860 Performance Rights and 71,141 Performance Options (2 year offer); and*
 - (b) 18,814 Performance Rights and 66,027 Performance Options (3 year offer),*
- under the LTIP on the terms and conditions summarised in the Explanatory Notes and for the issue of shares on exercise of those performance rights and performance options.*

A voting restriction applies to this resolution. See the Information for Shareholders section for details.

Mark Blackburn
Company Secretary

Melbourne, 22 September 2017

Information for Shareholders

Entitlement to attend and vote

For the purposes of Regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth), the Directors have determined that the voting entitlements for the purposes of the Meeting will be based on the registered holdings as at 10:00am (Melbourne time) on Sunday, 22 October 2017. You may vote by attending the Meeting in person, by proxy, attorney or authorised representative.

Voting by proxy

Each Shareholder has the right to appoint a proxy. A proxy need not be a Shareholder.

A proxy form and a reply paid envelope have been enclosed for Shareholders with this Notice. If an additional proxy form is required, the Company's share registry, Computershare Investor Services Pty Limited, will supply it on request (telephone: 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia)).

A Shareholder who is 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 such proportion or number is specified, each proxy may exercise half of your votes. Fractions of votes will be disregarded.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions or under the hand of a duly authorised officer or attorney.

To be effective, the Company must receive the completed proxy form and, if the form is signed by the Shareholder's attorney, the authority under which the proxy form is signed (or a certified copy of the authority), by no later than 10:00am (Melbourne time) on Sunday, 22 October 2017:

- at its registered office at Level 21, 360 Elizabeth Street, Melbourne, Victoria, Australia 3000;
- on-line by going to www.investorvote.com.au or by scanning the QR Code, found on the enclosed Proxy Form, with your mobile device;
- by facsimile to its registered office on fax number +61 3 9097 3060;
- at its share registry, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, Australia 3001 or by facsimile on fax number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Any revocations of proxies must be received at one of these places before commencement of the Meeting, or at the registration desk for the Meeting at the State Library of Victoria, Ground Floor, 328 Swanston St, Melbourne, Victoria in the Theatre.

For more information concerning the appointment of proxies, please refer to the reverse side of the enclosed proxy form.

Custodian Voting

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

Voting in Person

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 30 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the share register and attendees recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the Meeting.

A corporation which is a Shareholder may appoint an individual to act as its representative and to vote in person 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 his or her appointment, including any authority under which it is signed, unless previously given to the Company's share registry.

Voting Intentions

Subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all resolutions on the agenda including Item 2, Item 5 and Item 6 notwithstanding that these Items are connected with the remuneration of Key Management Personnel (**KMP**).

In respect of undirected proxies, subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all resolutions on the agenda

In relation to Item 2, Item 5 and Item 6 if you have not marked the 'For', 'Against' or 'Abstain' boxes you will be deemed to have expressly authorised the Chairman of the Meeting to vote **in favour** of those Items. If you do not wish to give the Chairman of the Meeting such express authorisation, you should ensure that a box is clearly marked.

Voting Exclusion Statement

In accordance with section 250R(4) of the Corporations Act, the Company will disregard any votes cast in respect of the resolution in Items 2 or 5 by:

- a member of the KMP, details of whose remuneration are included in the remuneration report and any Closely Related Party of such a member; or
- a proxy of a member of the KMP or a KMP's Closely Related Party.

The Company will disregard any votes cast on Item 6 by Mr Mike Salisbury (and any of his associates).

However, the Company need not disregard any vote by such person excluded from voting on Item 2, Item 5 and Item 6 if:

- it is cast by any of them as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by any of them who is chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with an express authorisation on the proxy form.

Definitions

Words that are defined in the Glossary have the same meaning when used in this Notice unless the context requires, or the definitions in the Glossary provide, otherwise.

Proxies

Generally:

- 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 Chairman of the Meeting, who must vote the proxies as directed.

Proxy vote if appointment specifies way to vote

An appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
- if the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the Chairman of the Meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the Proxy is not the Chairman of the Meeting – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

If:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chairman of the Meeting; and
- at the Meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the Meeting; or
 - the proxy does not vote on the resolution,

the Chairman of the Meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at that meeting.

Explanatory Notes on the Items of Business

Item 1: Financial reports

Under section 317 of the Corporations Act, the Financial Report, Directors' Report and Independent Audit Report of the Company in respect of the 2017 financial year will be laid before the Meeting.

There is no requirement for a formal resolution on this item of business. The Shareholders will, however, be given the opportunity to raise questions or comments on the reports at the Meeting.

The reports are available on the Company's website, www.mmsg.com.au.

Item 2: Adoption of Remuneration Report

Under section 250R(2) of the Corporations Act, a resolution must be put to the Shareholders that the Remuneration Report be adopted. The vote on this resolution is advisory only and does not bind the Directors or the Company. The Board will, however, take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The Remuneration Report set out on pages 22 to 38 of the Company's 2017 Annual Report:

- explains the Board's policies in relation to the nature and level of remuneration paid to KMP;
- discusses the link between the Board's remuneration policies and the Company's performance;
- provides a summary of performance conditions applicable to KMP, explaining why they were chosen and how performance is measured against them;
- sets out remuneration details for each KMP; and
- makes clear that the basis of remunerating non-executive Directors is distinct from the basis for remunerating Executive KMP, including the Chief Executive Officer.

A reasonable opportunity will be provided to the members to ask questions about, or make comments on the Remuneration Report at the Meeting.

If at least 25% of the votes cast on the resolution to adopt the Remuneration Report are against adoption of the report, then:

- if comments are made on the report at the Annual General Meeting, the Company's remuneration report for FY18 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if, at the Company's 2018 Annual General Meeting, at least 25% of the votes cast on the resolution for adoption of the remuneration report for the relevant financial year are against its adoption, the company will be required to put to shareholders a resolution proposing that a general meeting (**Spill Meeting**) be called to consider the election of directors of the Company (**Spill Resolution**). The Spill Meeting must be held within 90 days of the date of the 2018 Annual General Meeting. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the directors (other than any managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

Noting that each Director has a personal interest in their remuneration from the Company, as described in the Remuneration Report, the Board unanimously recommends that the Shareholders vote in favour of adopting the Remuneration Report.

Item 3: Re-election of Director retiring by rotation under the Constitution of the Company

Rule 20.2 of the Constitution requires one third of the Directors to retire from office at each annual general meeting. The Directors that have been in office the longest since their last election must retire and are eligible for re-election to the Board at the annual general meeting. Mr Poole is retiring by rotation at this Meeting and, in accordance with the Constitution, is offering himself for re-election.

Tim Poole CA, B Com

Mr Poole is currently Chairman of Aurizon Holdings Limited and Lifestyle Communities Limited and a Non-Executive Director of Reece Limited. Previously, Mr Poole was an executive of Hastings Funds Management (1995 to 2007), and he was appointed the Managing Director in 2005. He was formerly a Non-Executive Director of Newcrest Mining Limited and Japara Healthcare Limited. Mr Poole is considered an independent director under the Company's definition of independence.

The Directors (excluding Mr Poole) unanimously recommend that the Shareholders vote in favour of this resolution.

Item 4: Re-election of Director retiring by rotation under the Constitution of the Company

Mr Ross Chessari is also retiring by rotation under rule 20.2 of the Constitution at this Meeting and, in accordance with the Constitution, is offering himself for re-election.

Ross Chessari LLB, M Tax

Mr Chessari is a founder and director of the investment manager, SciVentures Investments Pty Limited (SciVentures). Prior to founding SciVentures, Mr Chessari was the Managing Director of ANZ Asset Management and the General Manager of ANZ Trustees.

The Directors (excluding Mr Chessari) unanimously recommend that the Shareholders vote in favour of this resolution.

Item 5: Adoption of Long Term Incentive Plan

Background

As noted in the Remuneration Report in the 2017 Annual Report, during FY17, the Remuneration and Nomination Committee undertook a comprehensive review of the Company's LTI structure. As a result of this review, the Company has decided to introduce a new Long Term Incentive Plan (**LTIP**) for KMP and other executives from 1 July 2017.

The Remuneration and Nomination Committee determined that from 1 July 2017, the annual bonus program will cease after the awards are made in relation to FY17. The average historical level of short term incentive for KMP will be reallocated: 70% to fixed remuneration and 30% to at risk remuneration through a LTI. The LTI component will be made up of a mix of performance options and performance rights, discussed further below.

The key features of the LTIP are:

- issues of performance based equity securities on an annual basis that vest over a three year period;
- an equal value split of performance based equity securities between Performance Options, issued on similar terms to those previously issued (subject to a change in performance hurdles flagged below) and Performance Rights;
- Performance Rights will convert to fully paid ordinary shares under the LTI plan subject to performance criteria being satisfied, with participants not required to pay an exercise price on vesting;

- approximately 50% of each LTI tranche will be subject to underlying EPS CAGR targets based on UNPATA;
- approximately 50% of each LTI tranche will be subject to average ROCE targets based on Adjusted EBIT;
- to ensure the transition to the new LTI plan is cost neutral to the Company and value neutral to executives, there will be an additional two year transitional award granted during FY18. The relevant performance hurdles for vesting of Performance Rights and Performance Options are set out in more detail under the Explanatory Notes for Item 6; and
- certain executives will be offered to purchase Voluntary Options in annual grants of up to \$20,000 vesting over three years (with an additional issue in 2018 financial year that vests over a two-year period) on similar terms to those previously issued.

The Remuneration and Nomination Committee considers that these proposed changes provide strong alignment between executive performance and shareholder outcomes and is an attractive scheme to motivate and retain KMP and other executives.

Issues of shares including on exercise of Performance Options or Performance Rights granted under the LTIP will be subject to a cap of 5% of the issued share capital of the Company.

A summary of the LTIP Rules is set out at Schedule 1.

Legal requirements

The LTIP, for which shareholder approval is being sought, is a key element in the executive remuneration framework. This framework is designed to attract, motivate, reward and retain executives through a remuneration approach that is relevant, competitive, has a high perceived value and aligns with shareholder interests.

ASX Listing Rule 7.1 provides that a company may not issue equity securities, or agree to issue equity securities, without the approval of shareholders, if the number of equity securities to be issued in any 12 month period (including shares issued on the exercise of any options) exceeds 15% of the issued capital of the company preceding the issue. ASX Listing Rule 7.2 contains a number of exceptions to the prohibition contained in ASX Listing Rule 7.1. Exception 9 in ASX Listing Rule 7.2 provides that any equity securities issued under an employee incentive scheme within three years of the date on which shareholders approve the issue of those equity securities are not counted for the purposes of ASX Listing Rule 7.1.

Section 260A(1)(c) of the Corporations Act prohibits a company from financially assisting a person to acquire shares in itself except as permitted by section 260C. Section 260C(4) provides for an exemption for financial assistance if it is given under an employee share scheme that has been approved by a resolution passed at a general meeting of the company. This is particularly relevant for the issue of any Performance Rights under the LTIP, which will not have any exercise price.

Accordingly, Shareholder approval is sought for the adoption of the LTIP.

The Directors (excluding Mr Mike Salisbury, who has an interest in the matter) recommend that Shareholders vote in favour of Item 5.

Item 6: Issue of Performance Rights and Performance Options to Managing Director

Background

Following an annual performance review of Mike Salisbury, the Company's Managing Director and Chief Executive Officer, the Company proposes to issue the following securities to Mike Salisbury as long term incentive based remuneration:

- 17,860 Performance Rights and 71,141 Performance Options (2 year offer);
- 18,814 Performance Rights and 66,027 Performance Options (3 year offer);

(collectively, the **Performance Securities**) on the terms set out below.

The total value of the Performance Securities represents 32.1% of Mr Salisbury's total annual remuneration. Mr Salisbury's total long term incentive was increased to provide a greater incentive to deliver higher EPS growth over the incentive period. If the Company delivers "at target" EPS growth, Mr Salisbury's mix of actual remuneration will be consistent with the Company's target ratio of 70% fixed remuneration and 30% incentive based remuneration as stated in the Annual Report.

The Performance Securities will be issued under the Company's LTIP, subject to the receipt of Shareholder approval of Item 5 (Adoption of Long Term Incentive Plan).

If Item 6 is approved by Shareholders, the Board intends to issue the Performance Securities to Mr Salisbury as soon as reasonably practicable following the Annual General Meeting and in any event, not later than one month from the date of the Annual General Meeting.

Approval of acquisition of Performance Securities under ASX Listing Rule 10.14

As Mr Salisbury is a Director, the approval of Shareholders is required for him to participate in the LTIP. In particular, ASX Listing Rule 10.14 requires Shareholder approval for Mr Salisbury to participate in an employee share option plan under which he acquires, or may acquire, equity securities in the Company.

Accordingly, the Company seeks the approval of Shareholders in respect of the proposed issue of the Performance Securities (and the issue of new shares or acquisition of shares on market on vesting or exercise of the Performance Securities) to Mr Salisbury on the terms and conditions set out below.

Vesting Conditions for Performance Securities

Each of the Performance Securities offers to be made to Mr Salisbury will be subject to certain vesting conditions. In addition to a condition of on-going employment:

- (a) 54.5% of the Performance Rights and Performance Options offered will be subject to the Company's Underlying EPS achieving a certain Compound Annual Growth Rate (**CAGR**) for the three financial years FY18 to FY20 for the 3 year offer and two financial years FY18 to FY19 for the 2 year offer; and
- (b) 45.5% of the Performance Rights and Performance Options offered will be subject to average ROCE targets for the three financial year period FY18 to FY20 (inclusive) in respect of the 3 year offer and the two financial year period FY18 to FY19 (inclusive) in respect of the 2 year offer.

Calculation of CAGR shall be based on the cumulative Underlying EPS results for the relevant financial years using the Underlying EPS results for the FY17 as the base year.

The ROCE performance condition is based on the Company's average ROCE over the performance period. The Board considers that a ROCE target is best aligned with the Company's focus on both earnings and capital optimisation.

The Board considers that the Underlying EPS CAGR and ROCE targets are realistic but challenging. The Board retains discretion to adjust the Company's ROCE target in determining the extent to which the ROCE performance condition has been satisfied.

The relevant performance targets are set out in the sections below. In respect of the Performance Options issued under both the 2 year and 3 year offers, the exercise price will be the 5 day Volume Weighted Average Price of Shares traded in the period immediately prior to 30 June 2017, being \$13.45.

The Performance Securities will be granted under and subject to rules of the LTIP.

Performance Securities (2 year offer)

The Company proposes to issue 17,860 Performance Rights and 71,141 Performance Options for nil consideration that vest after two years on the terms as set out in the table below:

Vesting Date	Performance Securities and Vesting Conditions	Exercise Price	Expiry Date
Upon the lodgement of the Company's financial statements with ASX for FY19	9,742 Performance Rights and 38,804 Performance Options are subject to an Underlying EPS CAGR target of 14% in the period FY18 and FY19 (inclusive).	Performance Rights - Nil Performance Options - \$13.45	Performance Rights - N/A Performance Options - 12 months following Vesting Date
	8,118 Performance Rights and 32,337 Performance Options are subject to average ROCE of 22% in the period FY18 and FY19 (inclusive).	Performance Rights - Nil Performance Options - \$13.45	Performance Rights - N/A Performance Options - 12 months following Vesting Date

Conversion of Performance Rights into shares and rights to exercise Performance Options is subject to Mr Salisbury's continued employment with the Company as at the date of lodgement of the Company's financial statements with ASX for FY19.

In addition to meeting the employment condition, partial vesting of the above Performance Rights and Performance Options can occur (pro rata on a straight line basis) as follows:

Metric	0% Vesting	41.66% - 83.34% Vesting	83.34% - 100% Vesting
Underlying EPS CAGR	<6%	Between 6% and 10%	Between 10% and 14%

Metric	0% Vesting	50% - 100% Vesting
Average ROCE	<20.6%	Between 20.6% and 22%

In the event that Mr Salisbury takes unpaid leave for a period exceeding three months during FY18 or FY19, the vesting criteria outlined above with respect to the financial performance of the Company and Mr Salisbury's continued employment will be deemed on a pro-rata basis to reflect the period of continuous service during the relevant financial year, unless the Board in its discretion determines otherwise.

Performance Securities (3 year offer)

The Company proposes to issue 18,814 Performance Rights and 66,027 Performance Options for nil consideration that vest after three years on the terms as set out in the table below:

Vesting Date	Performance Securities and Vesting Conditions	Exercise Price	Expiry Date
Upon the lodgement of the Company's financial statements with ASX for FY20.	10,262 Performance Rights and 36,015 Performance Options are subject to an Underlying EPS CAGR target of 14% the period FY18, FY19 and FY20 (inclusive).	Performance Rights - Nil Performance Options - \$13.45	Performance Rights - N/A Performance Options - 12 months following Vesting Date
	8,552 Performance Rights and 30,012 Performance Options are subject to average ROCE of 22.5% in the period FY18 to FY20 (inclusive).	Performance Rights - Nil Performance Options - \$13.45	Performance Rights - N/A Performance Options - 12 months following Vesting Date

Conversion of Performance Rights and rights to exercise Performance Options is subject to Mr Salisbury's continued employment with the Company as at the date of lodgement of the Company's financial statements with ASX for FY20.

In addition to meeting the employment condition, partial vesting of the Performance Rights and Performance Options can occur (pro rata on a straight line basis) as follows:

Metric	0% Vesting	41.66% - 83.34% Vesting	83.34% - 100% Vesting
Underlying EPS CAGR	<6%	Between 6% and 10%	Between 10% and 14%

Metric	0% Vesting	50% - 100% Vesting
Average ROCE	<20.6%	Between 20.6% and 22.5%

In the event that Mr Salisbury takes unpaid leave for a period exceeding three months during FY18, FY19 or FY20, the vesting criteria outlined above with respect to the financial performance of the Company and Mr Salisbury's continued employment will be deemed on a pro-rata basis to reflect the period of continuous service during the relevant financial year, unless the Board in its discretion determines otherwise.

Other Information required under LR 10.15

- The Company will not apply to the ASX for official quotation of the Performance Securities granted under the LTIP.
- The Managing Director is the only current director of the Company entitled to participate in the LTIP. No persons referred to in LR 10.14 have received any securities under the LTIP to date.
- Shares issued pursuant to the vesting of Performance Securities will rank equally with Shares then on issue.
- The Company has the flexibility to issue new shares or to purchase shares on-market for allocation to Mr Salisbury on vesting of Performance Rights and exercise of Performance Options.
- There is no proposed loan scheme in relation to the Performance Securities or the LTIP.

- Any dealing in Shares is subject to the constraints of Australian insider trading laws and the Company's Securities Trading Policy. Participants are specifically prohibited from hedging their Company share price exposure in respect of their Performance Securities during the vesting period.
- Any funds raised on the exercise of Performance Options will be applied to the Company's working capital.
- Details of the Performance Securities granted to Mr Salisbury will be provided in the Remuneration Report for FY18, FY19 and FY20.

The Board believes that it is in shareholders' best interests to provide the Managing Director with an equity-based long term incentive to ensure there is significant alignment between satisfactory returns for shareholders and the rewards for the Managing Director by linking an appropriate part of his remuneration to the generation of long term returns for shareholders.

The Directors (excluding Mr Salisbury, who has an interest in the matter) recommend that Shareholders vote in favour of Item 6.

Glossary

In this Notice and the Explanatory Notes:

Adjusted EBIT means EBIT adjusted to exclude one-off payments in relation to transaction costs incurred in acquisitions and the amortisation of acquisition intangibles;

Annual General Meeting means the annual general meeting of the Company to be held on 24 October 2017 at 10:00am at the State Library of Victoria, Ground Floor, 328 Swanston St, Melbourne, Victoria in the Theatre;

ASX means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it;

ASX Listing Rules means the listing rules of the ASX;

Board means the board of Directors of the Company;

Closely Related Party means, in relation to a member of a KMP, any of the following:

- a spouse, child or dependant of the member;
- a child or dependant of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence, or be influenced by, the member in the member's dealings with the Company;
- a company the member controls; or
- a person prescribed by regulations (as at the date of this notice, no additional persons have been prescribed by regulation);

Company means McMillan Shakespeare Limited ACN 107 233 983;

Constitution means the constitution of the Company;

Corporations Act means *Corporations Act 2001* (Cth);

Directors mean the directors of the Company and **Director** means any of them;

EBIT means earnings before interest and tax;

Executive KMP means KMP excluding non-executive directors;

FY17 means the financial year ended 30 June 2017;

FY18 means the financial year ending 30 June 2018;

FY19 means the financial year ending 30 June 2019;

FY20 means the financial year ending 30 June 2020;

Glossary means this glossary;

Item or **Resolution** means a proposed resolution to be put to a vote of Shareholders at the Meeting, as set out in the Notice of Meeting;

KMP means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of key management personnel include its directors and certain senior executives;

LTI means a long term incentive used in an employee's remuneration structure;

LTIP means the Long Term Incentive Plan, as described in the Notice and Explanatory Notes;

Meeting means the annual general meeting of the members of the Company convened by this Notice;

Notice of Meeting or **Notice** means this notice of meeting and the explanatory notes;

Performance Option means an option that may be exercised into a Share subject to the achievement of certain vesting conditions and payment of an exercise price;

Performance Right means a right that may convert into a Share subject to the achievement of certain vesting conditions;

Performance Securities has the meaning given in Item 6 of the Explanatory Notes;

ROCE means return on capital employed calculated using Adjusted EBIT as the profit measure;

Share means a fully paid ordinary share in the Company;

Shareholder means a holder of at least one Share;

STI means a short term incentive used in an employee's remuneration structure;

Underlying EPS means underlying earnings per share calculated using UNPATA as the profit measure; and

UNPATA means statutory net profit after tax adjusted to exclude one-off payments in relation to transaction costs incurred in acquisitions and amortisation of acquisition intangibles.

SCHEDULE 1 - SUMMARY OF LONG TERM INCENTIVE PLAN RULES

1. **General**

The Plan is intended to retain and motivate the Company's management team and provide strong alignment with shareholder outcomes.

Under the Plan, the Board has the discretion to offer shares or grant options and performance rights to Eligible Employees (which includes executive Directors) of the Company or a related body corporate. An offer of shares may be accompanied by an offer of a loan (acquisition loan) from the Company or a related body corporate to acquire the shares. Note, there is no current proposal to offer loans under the Plan.

Both options and performance rights give a participant in the Plan a right to acquire shares in the Company subject to the achievement of both time based and performance based vesting conditions, with options requiring the payment of an exercise price to acquire the shares and a performance right not requiring the payment of an exercise price.

The Board has the discretion to amend the rules of the Plan (including respectively in respect of previous awards of shares, options or performance rights) but not so as to reduce the rights of participants, except where necessary to correct obvious errors or mistakes or to comply with legal requirements or where agreed by the participant.

Awards under the Plan are made at the Board's discretion.

2. **Eligibility**

The rules allow for offers under the Plan to be made to any employee of the Company or a related body corporate, including executive directors, or such other person as the Board determines. However, it has been the case and it is currently intended to continue to be the case that participation in the Plan will only be offered to the Company's senior executive leadership team including the Managing Director.

3. **Issue of shares and grant of options and performance rights**

Shares, options and performance rights may be issued under the Plan subject to vesting conditions, including time and performance based hurdles.

The Board determines the details of the vesting conditions attaching to shares, options and performance rights under the Plan prior to offers of participation being made. Shares, options or performance rights will only vest (under normal circumstances) upon satisfaction of the time and performance based vesting conditions. If those conditions are not met, shares will be bought back or the options or performance rights will generally expire and not be capable of exercise.

To be eligible for ASIC Class Order relief in respect of disclosure obligations, licensing, hawking, advertising and on-sale restrictions, only a nominal amount may be payable on the grant of options or performance rights offered under the Plan.

4. **Delivery of shares**

Shares in the Company will be delivered to participants upon exercise of vested options or the vesting of performance rights. The Company may deliver shares by new issue or by purchasing shares for transfer to participants. No exercise price is payable on the vesting of performance rights.

5. **Buy-back of shares**

The Plan provides for the buy-back of shares offered under the plan in certain circumstances, including on the forfeiture of the shares. Buy-back proceeds must be applied towards the repayment of any acquisition loan used to acquire the shares.

6. Change of control

On a change of control of the Company, the board has discretion to waive the vesting conditions applicable to unvested options and performance rights, subject to such terms and conditions as it determines.

7. Plan limits

Issues of shares including on exercise of options or performance rights granted under the Plan will be subject to a cap of 5% of the issued share capital of the Company, inclusive of shares that may be issued under other employee incentive schemes of the Company for employees and non-executive directors, but disregarding offers made outside of Australia, made under a prospectus or other disclosure document or which do not require a disclosure document.

8. Expiry of options and performance rights

Unless otherwise determined by the Board in its discretion, options which have not been exercised and performance rights which have not vested will expire and cease to exist on the expiry date specified at the date of grant, or upon the Board making a determination that the options or performance rights are to be forfeited.

9. Restrictions on shares and forfeiture conditions

Shares, options and performance rights, and shares delivered on exercise, may be subject to forfeiture (subject to lifting at the discretion of the Board) if a participant commits any act of fraud, defalcation or gross misconduct in relation to the Company or a related body corporate. In addition, the Board can decide, on the offer of shares or the grant of options or performance rights under the Plan the circumstances under which the shares, options or performance rights are to be forfeited in additional circumstances, such as the termination or cessation of employment.

Shares delivered on exercise of options or performance rights may be subject to disposal restrictions in the form of a holding lock (subject to removal at the discretion of the Board).

10. Hedging economic exposure prohibited

Without limiting the prohibitions in Part 2D.7 of the Corporations Act (ban on hedging remuneration of key management personnel), the terms of the Plan prohibit entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under the Plan.

11. Use of Share Plan Trust

The Board may, in its discretion, use an employee share trust for the purposes of holding Shares (whether on an allocated or unallocated basis) and/or fulfilling awards made by the Company under the Plan on such terms and conditions as are determined by the Board from time to time. For the avoidance of doubt, the Company may do all things the Board considers necessary for the establishment, administration, operation and funding of an employee share trust.

INTENTIONALLY LEFT BLANK

INTENTIONALLY LEFT BLANK

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

MMS
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Proxy Form

XX



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

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

 **For your vote to be effective it must be received by 10:00 am (Melbourne time) on Sunday 22 October 2017**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

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

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

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

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of McMillan Shakespeare Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of McMillan Shakespeare Limited to be held at the State Library of Victoria, Ground Floor, 328 Swanston St, Melbourne, Victoria in the Theatre on 24 October 2017 at 10:00 am (Melbourne time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2 and 5 (except where I/we have indicated a different voting intention below) even though Items 2 and 5 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2 and 5 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

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

	For	Against	Abstain
Item 2 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Re-election of Mr Tim Poole as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Re-election of Mr Ross Chessari as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Adoption of Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Issue of Performance Rights and Performance Options to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /