

SLATER
AND GORDON
GROUP

ABN 93 097 297 400

SGH

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

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

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Proxy Form

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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: I999999999

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 11.30am (Melbourne time) Wednesday, 2 November 2016

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

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Slater & Gordon 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 Slater & Gordon Limited to be held at the Marriott Hotel (Exhibition Room), Cnr Lonsdale & Exhibition Streets, Melbourne Victoria on Friday, 4 November 2016 at 11.30am (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, 5a and 5b (except where I/we have indicated a different voting intention below) even though Items 2, 5a and 5b are 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, 5a and 5b 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	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3a	Election of Director - James M. Millar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3b	Election of Director - Tom Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5a	Issue of Slater & Gordon Limited Equity Incentive Plan (EIP) Performance Rights to Director - Mr Andrew Grech	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5b	Issue of Service Rights under Slater & Gordon Limited's Deferred Service Rights Plan (DSRP) to Director - Mr Andrew Grech	<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 / /

3 October 2016

Dear Slater and Gordon Shareholder

Please find enclosed a Notice for the Slater and Gordon 2016 Annual General Meeting, along with a Proxy Form and a copy of the Annual Report (if you elected to receive a copy).

On behalf of the Board I am pleased to invite you to attend the 2016 Annual General Meeting that is to be held at the Marriott Hotel, corner Lonsdale and Exhibition Streets, Melbourne on Friday 4 November at 11.30am (Melbourne time).

You will note from the enclosed Notice of Annual General Meeting that there are 5 items of business to be considered, with detailed information on the items set out in the accompanying Explanatory Memorandum.

If you are unable to attend the meeting you are encouraged to vote by appointing a proxy. This can be done by completing the personalised Proxy Form accompanying the Notice of Meeting and returning it in the enclosed envelope; or by using the online proxy platform at www.investorvote.com.au; or by faxing it to Slater and Gordon's share registry (see further details in the Notice of Meeting and Proxy Form).

If you have any questions in relation to the Notice of Meeting or the Meeting please call Michelle Simpson (Tel: 03 9602 6953) between 9.00am and 5.00pm (Melbourne time) Monday to Friday.

Yours faithfully



John Skippen
Chairman
SLATER AND GORDON LTD

SLATER & GORDON LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Annual General Meeting of Shareholders of the Company will be held on Friday 4 November 2016 at the Marriott Hotel (Exhibition Room), Cnr Lonsdale & Exhibition Streets, Melbourne Victoria commencing at 11.30am (**Melbourne time**).

Ordinary Business

1. Financial Reports

To receive and consider the Financial Report, Directors' Report and the Auditor's Report for the year ended 30 June 2016.

2. Remuneration Report

To receive, consider and adopt the Remuneration Report of the Company for the year ended 30 June 2016, as a non-binding resolution.

3. Election of Directors

To consider, and if thought fit, pass the following resolutions:

- (a) That James M. Millar, who was appointed by the Directors on 1 December 2015 in accordance with clause 27.4(a) of the Company's Constitution and who retires in accordance with clause 27.4(b) of the Constitution and Listing Rule 14.4, being eligible, be elected as a Director of the Company.
- (b) That Tom Brown, who was appointed by the Directors on 1 September 2016 in accordance with clause 27.4(b) of the Company's Constitution and who retires in accordance with clause 27.4(b) of the Constitution and Listing Rule 14.4, being eligible, be elected as a Director of the Company.

4. Appointment of Auditor

That, having received a consent from the Australian Securities and Investments Commission, shareholders approve the appointment of Ernst & Young, Chartered Accountants, as the Company's Auditor.

By Order of the Board

Bryce Houghton
Company Secretary
3 October 2016

1. **Defined terms**

Capitalised terms used in this Notice of AGM (including those used in the resolutions set out in this Notice) have, unless otherwise defined, the same meanings set out in the Explanatory Memorandum attached to this Notice.

2. **Material accompanying this notice**

The following materials accompany this Notice:

- (a) the Financial Report, Directors' Report and Auditor's Report, if you have elected to receive a printed copy of these reports and have not withdrawn that election;
- (b) the Explanatory Memorandum setting out details relevant to the ordinary and special business set out in this Notice; and
- (c) the Proxy Form.

3. **Voting and required majority - Corporations Act**

- (a) In accordance with section 249HA of the Corporations Act and for **resolution 1** to be effective, not less than 28 days' written notice has been given.
- (b) Each resolution must be passed by more than 50% of all the votes cast by Shareholders entitled to vote on the resolutions (whether in person or by proxy, attorney or representative).
- (c) Subject to paragraphs 3(d) and 3(e) and clause 4 below, on a show of hands every Shareholder has one vote and, on a poll, every Shareholder has one vote for each Share held.
- (d) In accordance with the Corporations Act:
 - (i) in respect of item 2 (**resolution 1**) - pursuant to section 250R of the Corporations Act, a vote on resolution 1 must not be cast (in any capacity) by or on behalf of a member of the Company's Key Management Personnel ("**KMP**") whose remuneration is included in the Remuneration Report, and a closely related party of such member of the KMP ("**voter**"). However, a voter may cast a vote on resolution 1 as a proxy for a person who is entitled to vote on resolution 1, and either –
 - (A) the appointment as a proxy specifies the way the proxy is to vote on the resolution; or
 - (B) the vote is cast by the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP;

4. **Voting Exclusion Statement - Listing Rules**

In accordance with the Listing Rules, the Company will disregard any votes cast on **resolution 1** by any Directors of the Company including, in each case, their respective associates, unless the vote 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 Chair 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.

5. Notes

- (a) Pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* the Company has determined that, for the purposes of the AGM, all Shares in the Company will be taken to be held by the persons registered as Shareholders at **7pm (Melbourne time) on Wednesday, 2 November 2016** (the "**Effective Time**").
- (b) All holders of Shares at the Effective Time are entitled to attend and vote at the AGM and may appoint a proxy for that purpose.
- (c) A proxy need not be a Shareholder of the Company.
- (d) The Proxy Form sent with this Notice should be used for the AGM unless you appoint your proxy online as set out in clause 5(h) below.
- (e) Each Shareholder who is entitled to cast 2 or more votes at the AGM, may appoint up to 2 proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a Shareholder **does not** specify the proportion or number of that Shareholder's votes each proxy may exercise, each proxy will be entitled to exercise half of the votes. An additional Proxy Form will be supplied by the Company on request.
- (f) Any Shareholder may appoint an attorney to act on his or her behalf. The power of attorney, or a certified copy of it, must be received by the Company as set out in clause 5(h) below.
- (g) Any corporation which is a Shareholder of the Company may appoint a representative to act on its behalf. Appointments of representatives must be received by the Company by the methods set out in clause 5(h).
- (h) Proxies, powers of attorneys and company representative authorisations granted by Shareholders must be received by the Company by no later than **11.30am (Melbourne time) on Wednesday, 2 November 2016** –
 - (i) electronically at www.investorvote.com.au by following the instructions provided but a proxy cannot be appointed online if appointed under power of attorney or similar authority; or
 - (ii) at the Company's share registry in Australia – Computershare Investor Services Pty. Limited, GPO Box 242, Melbourne, Victoria, 3001, Australia; or
 - (iii) by fax to the Company's share registry – fax number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
 - (iv) for Intermediary online subscribers **only** (custodians) - electronically at www.intermediaryonline.com.

Please refer to the Proxy Form accompanying this Notice for more information.

SLATER & GORDON LIMITED

EXPLANATORY MEMORANDUM

1 General

- 1.1 This Explanatory Memorandum contains information relevant to the business referred to in the Notice of AGM of Slater & Gordon Limited (the "**Company**") which it accompanies and **should be read carefully by Shareholders prior to the AGM.**
- 1.2 All capitalised terms used in this Explanatory Memorandum have the meanings set out in the Glossary of Terms located at the end of this document.
- 1.3 Further details relating to each of the resolutions is set out below.

2 Ordinary Business

2.1 Item 1: Financial Reports

The Corporations Act requires that the Financial Report, Directors' Report and Auditor's Report of the Company for the most recent financial year be considered at the AGM. While this item of business does not require a formal resolution to be put to Shareholders, the Chair will give Shareholders a reasonable opportunity to raise questions on these reports at the AGM.

A copy of the Financial Report, Directors' Report and Auditor's Report is available on the Company's website at <https://www.slatergordon.com.au/investors/reports-and-presentations>.

As required under the Corporations Act, the Chair will also allow time during the AGM for Shareholders to ask the Auditor questions about, and make comments on, the reports and the Company's management, business, operations, financial performance and business strategies. If a Shareholder prefers to put written questions to the Auditor, a Shareholder may submit questions relevant to the content of the Auditor's report or the conduct of the audit, in writing, to the Company, up to five business days prior to the AGM. The Company will pass the questions on to the Auditor prior to the AGM. The Auditor may, but is not obligated to, answer any written or oral questions that are put by Shareholders.

2.2 Item 2: Resolution 1 - Remuneration Report

The Remuneration Report (which forms part of the Directors' Report) is required to include discussion on a number of issues relating to remuneration policy and its relationship to the Company's performance.

As required under section 250R (2) of the Corporations Act, a resolution will be put to Shareholders to adopt the Remuneration Report. Shareholders should note that the vote on this resolution is advisory only and is not binding on the Board.

Under the Corporations Act, if 25% or more of the votes cast on this resolution are against adoption of the Remuneration Report, the Company will be required to consider, and report to Shareholders on, what action has been taken to address Shareholders' concerns at next year's annual general meeting. Depending on the outcome of next year's voting on the Company's Remuneration Report, Shareholders may be required to consider a resolution to call another general meeting in accordance with the Corporations Act at which the Directors who held office at the date of the Directors' Report (excluding the Group Managing Director) will be required to seek re-election.

Directors' Recommendation

The Directors unanimously recommend Shareholders vote in favour of adopting the Remuneration Report. As stated in the Notice of AGM, each of the KMPs whose remuneration is included in the Remuneration Report and closely related parties of those KMP's are not eligible to vote on this resolution, excepted as stated in the Notice of AGM.

2.3 Items 3(a), 3(b): Election of Directors

3(a): Resolution 2 - Election of James M. Millar

James Millar was appointed by the Directors as an independent non-executive Director in accordance with the Company's Constitution on 1 December 2015. James was appointed Chair of the Audit, Compliance and Risk Management Committee in that same month. As a new Director appointed by the Board, James seeks election at this meeting by shareholders in accordance with the Company's Constitution and the Listing Rules.

James is a Non-Executive Director of Mirvac Limited (appointed November 2009), Fairfax Media Limited (appointed July 2012), and Macquarie Media Limited (appointed April 2015). James is also a member of Grant Samuel's non-executive Advisory Board, which comprises a number of Australian business leaders and experienced professionals. James is the former Chief Executive Officer and Oceania Area Managing Partner of Ernst & Young (now EY), and was a member of the Ernst & Young Global Board. His career prior to the leadership role of Ernst & Young was as a corporate reconstruction professional. James serves a number of charities where he is a Trustee of the Australian Cancer Research Foundation and the Vincent Fairfax Family Foundation.

Further information can be found in the Directors' Report, which accompanies and forms part of the Company's Financial Report and the Company's Corporate Governance Statement, which can be accessed online.

3(b): Resolution 3 - Election of Tom Brown

Tom Brown was appointed by the Directors as an independent non-executive Director in accordance with the Company's Constitution on 1 September 2016. Tom was appointed Chair of the Remuneration Committee in that same month. As a new Director appointed by the Board, Tom seeks election at this meeting by shareholders in accordance with the Company's Constitution and the Listing Rules.

Tom Brown is one of Australia's most senior HR Directors with more than 20 years' board level experience across multiple industrial sectors. Tom has held senior executive positions in global listed companies including Mobil, BHP Billiton, Allied Domecq, Brambles and Rolls Royce in Europe, Africa, the USA and Australia including Board level experience across multiple industrial sectors including Oil and Gas, Mining, FMCG, Industrial Services, Utilities, Aeronautical and Marine. He has led transformation programmes in both high growth and turnaround environments. Board level highlights include: Board Member of Aero Engine Controls, Chair of Rolls-Royce PLC's Common Support Functions Theme Board and its Community Investment and Sponsorships Board and an Advisory Board Member of Quest. He has also been a Non-Executive Director of the Homeless World Cup.

Directors' Recommendation

The continuing Directors unanimously support the election of James Millar and Tom Brown as Directors of the Company.

2.4 Item 4: Resolution 4 - Appointment of Auditor

Shareholder approval is sought for the appointment of Ernst & Young, Chartered Accountants, as the company's auditors. The change in auditor follows the resignation by Pitcher Partners submitted to the Australian Securities & Investments Commission ("ASIC").

Pursuant to the Corporations Act, the appointment of new auditors can be made at a General Meeting of Shareholders.

Directors' Recommendation

The Board recommends that shareholders vote in favour of Resolution 4.

GLOSSARY OF TERMS

AGM	means the Annual General Meeting of the Company to be held at 11:30am (Melbourne time) on Friday 4 November 2016.
ASX	means ASX Limited ACN 008 624 691.
Auditor	means Ernst & Young.
Auditor's Report	means the report of the Auditor regarding its audit of the Company and its controlled entities that accompanies this Notice of AGM (if you have elected to receive a printed copy of this report and have not withdrawn that election).
Board	means the Board of Directors of the Company.
Chair	means the individual acting as chairperson of the AGM.
Company	means Slater & Gordon Limited ABN 93 097 297 400.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Directors' Report	means the report of the Directors of the Company accompanying the Notice of AGM (if you have elected to receive a printed copy of this report and have not withdrawn that election).
Explanatory Memorandum	means this memorandum which provides details of the business of the AGM.
Financial Report	means the annual financial report of the Company, and its controlled entities, for the year ending on 30 June 2016 that accompanies the Notice of AGM (if you have elected to receive a printed copy of this report and have not withdrawn that election).
Key Management Personnel	has the meaning given to that term in the Corporations Act and generally includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including a Director (and the term " KMP " has the same meaning).
Listing Rules	means the listing rules of ASX, as amended from time to time.

Notice of AGM

means the notice of the annual general meeting of the Company accompanying this Explanatory Memorandum (and the term “**Notice**” has the same meaning).

Remuneration Report

means the remuneration report of the Company that forms part of the Directors’ Report accompanying the Notice of AGM (if you have elected to receive a printed copy of this report and have not withdrawn that election).

Shareholder

means a holder of one or more Shares in the Company.

Shares

means fully paid ordinary shares in the capital of the Company.

SLATER & GORDON LIMITED

ADDENDUM TO 2016 NOTICE OF ANNUAL GENERAL MEETING

Slater & Gordon gives notice to the shareholders of the Company that, in relation to the Notice of Annual General Meeting dated 3 October 2016 (**Notice of AGM**) issued in respect of an annual general meeting of shareholders to be held on 4 November 2016, the Directors have determined to issue this addendum to the notice of meeting (**Addendum to Notice of AGM**) for the purposes set out below.

1 Notice of AGM

New resolutions, resolution 5(a) and (b), are inserted into the Notice of AGM, immediately following resolution 4, as follows.

Resolutions 5(a) and (b) - Grant of Equity to Group Managing Director, Andrew Grech

To consider, and if thought fit, pass the following resolutions:

“That:

- (a) for the purposes of:
 - (i) ASX Listing rule 10.14 and for all other purposes, approval be given to the grant of 485,673 Performance Rights to the Group Managing Director, Mr Andrew Grech, under Slater and Gordon’s Equity Incentive Plan (**EIP**), in accordance with the terms of the EIP as described in the Explanatory Memorandum; and
 - (ii) section 200E of the Corporations Act, approval be given in specified circumstances for vesting of the Performance Rights granted to Mr Grech in the event of cessation of his employment as described in the Explanatory Memorandum;
- (b) for the purposes of:
 - (i) ASX Listing Rule 10.14 and for all other purposes, approval be given to the grant of Service Rights to the Group Managing Director, Mr Andrew Grech, as part of Mr Grech’s annual short term incentive under Slater and Gordon’s Deferred Service Rights Plan (**DSRP**) for the Group Executive in accordance with the terms of the DSRP as described in the Explanatory Memorandum; and
 - (iii) section 200E of the Corporations Act, approval be given in specified circumstances for vesting of the Service Rights granted to Mr Grech in the event of cessation of his employment as described in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on Resolutions 5(a) and (b) by Andrew Grech and any Associate of Andrew Grech.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2 Explanatory Memorandum

The following is inserted directly after section 2.4 of the Explanatory Statement to the Notice of AGM.

1 Resolutions 5(a) and (b): Issue of Equity to Group Managing Director, Andrew Grech

1.1 Overview

Resolutions 5(a) and (b) seek Shareholder approval for the proposed grant of equity to the Group Managing Director, Andrew Grech, as part of Mr Grech's remuneration for the financial year ending 30 June 2017.

Specifically, the Company seeks approval for the proposed grant:

- (a) 485,673 Performance Rights to Mr Grech under the Company's long term Equity Incentive Plan (**EIP**); and
- (b) Service Rights, the number to be determined at grant, to Mr Grech under the Company's Deferred Service Rights Plan (**DSRP**), which operates in conjunction with the Company's Short Term Incentive Plan (**STI**);

as well as Shareholder approval for the vesting of the Performance Rights and Service Rights granted to Mr Grech, in the event that Mr Grech ceases employment in certain circumstances.

The EIP is the employee equity plan adopted by the Company at the 2014 Annual General Meeting. The EIP enables the Company to offer employees a range of different employee share scheme ("ESS") interests. These ESS interests or awards include options, performance rights, service rights, deferred shares, exempt shares, cash rights and stock appreciation rights. A copy of the rules of the EIP is available upon request from the Company. Relevant aspects are described further below.

The DSRP is the Company's Deferred Service Rights Plan, which operates in conjunction with Company's STI. The DSRP gives the Company the option to offer invited employees deferred service rights as part of their annual short term incentive to align the interests of key executives with the financial performance of the Company over a particular financial period.

1.2 Background to proposed resolution

The remuneration arrangements for Mr Grech are based on the Company's 'Total Annual Reward' ("TAR") framework. TAR seeks to provide fair and appropriate rewards, comprised of fixed and 'at risk' elements, and this is designed to attract, retain and motivate employees.

Mr Grech's remuneration was reviewed in October 2015 in accordance with the Company's performance review process and the policies relating to remuneration which apply to all Company executives.

The Board believes that the fundamental driver for remuneration for key executives should be long term value to Slater and Gordon's shareholders. Since December 2015, the Company has commenced a significant restructuring program to improve performance over the short, medium and long term. The Board has reviewed the structure of Mr Grech's remuneration package to align it with performance over these timeframes.

The key elements of the remuneration for financial year 2017 to be paid to Mr Grech are:

- (a) fixed salary of cash, superannuation benefits and non-monetary benefits to the value of \$580,000;
- (b) an annual incentive of a maximum value of \$225,000 cash under the Company's short term incentive plan (**STI**) and a maximum value of \$200,000 in deferred Service Rights under the DSRP; and

- (c) a long term incentive of a maximum value of \$200,000 under the Company's EIP.

Mr Grech's overall remuneration package for financial year 2017 remains the same as that for financial year 2016. The introduction of the DSRP does not increase the maximum potential value of Mr Grech's package. The combination of the STI, DSRP, and the EIP, which together represent 52% of Mr Grech's potential remuneration, are directly linked to the Company's financial performance in the short and medium term, and the translation of that performance into shareholder value over the longer term.

The Non-executive Directors of the Remuneration Committee have concluded that the remuneration package for Mr Grech (including the proposed grant of Performance Rights and Service Rights) is reasonable and appropriate having regard to the circumstances of the Company and Mr Grech's duties and responsibilities. The mix of remuneration focuses on promoting long term, sustainable shareholder value by introducing service and performance hurdles, including the deferral of the grant of service rights, to align the remuneration of the Group Managing Director to the performance of the Company over the short, medium and longer term.

1.3 Why Shareholder approval is being sought

ASX Listing Rule 10.14 states that a listed company must not permit a Director to acquire securities under an employee incentive scheme without Shareholder approval, by ordinary resolution. The purpose of resolutions 5(a) and (b) is to have Shareholders approve the proposed grant of Performance Rights and Service Rights to the Company's Group Managing Director, Mr Andrew Grech, pursuant to the Company's EIP and DSRP.

Performance hurdles will apply to the Performance Rights and Service Rights, as set out below.

In addition, the Company seeks Shareholder approval pursuant to section 200E of the Corporations Act for the pro rata vesting of the Performance Rights and Service Rights granted to Mr Grech in the event that Mr Grech cease to be employed by the Company in limited circumstances. These circumstances include redundancy, termination by the Company other than for cause, death or permanent disability.

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company if it is approved by Shareholders under section 200E of the Corporations Act or an exemption applies. The term "benefit" may include the vesting and exercise of Performance Rights and Service Rights in the limited circumstances outlined above, where Mr Grech ceases to be employed by the Company. This vesting and exercise of Mr Grech's Performance Rights and Service Rights, in those circumstances, may amount to the giving of a termination benefit requiring Shareholder approval, and as such, approval is sought for these purposes.

1.4 Long term incentive arrangements and the grant of Performance Rights to Mr Grech

In November 2015, approval was sought from Shareholders to award Mr Grech 133,578 Performance Rights pursuant to the Company's EIP for financial year 2016. In December 2015, the Board resolved to suspend the issue of Performance Rights (which had not yet been awarded). The Board subsequently resolved to terminate the operation of the FY16 EIP, and those Performance Rights granted but not yet awarded were cancelled for all participants, including Mr Grech.

Maximum number of Performance Rights to be issued to Mr Grech

If Shareholder approval is granted, the maximum number of Performance Rights that may be granted to Mr Grech is (in aggregate), and before any performance discounts, the value of these Performance Rights based on the 20-day Volume Weighted Average Price following 30 August 2016 of \$0.4118 is approximately \$200,000.

Price of Performance Rights

The Performance Rights will be granted at no cost to Mr Grech. Once the performance hurdles are met (or waived), the Performance Rights will be exercisable at nil cost. Importantly, no value will be received by Mr Grech if the Performance Rights lapse prior to the vesting date.

Number of equity incentives issued under the EIP, persons entitled to participate in the EEIS, the date that the Company will grant these equity securities and loans

As described above, the award of Performance Rights made to participants of the EIP for financial year 2016 was terminated before those rights were granted and so no Performance Rights were issued under the EIP in the past 12 months.

Other than Mr Grech, no other current Directors or associates of Directors have received securities, and have not been invited to participate, under the EEIS since the Shareholder approval at the 2014 annual general meeting.

Subject to Shareholder approval, it is anticipated that the Performance Rights will be granted to Mr Grech shortly after the AGM to coincide with the issue of long term incentive grants to other Company executives. Irrespective of these intentions, Performance Right grants approved by Shareholders under this resolution will be issued within 12 months of the date of this Meeting.

Finally, no loan will be provided by the Company in relation to the grant or exercise of the Performance Rights proposed to be issued to Mr Grech.

Conditions and Hurdles

The vesting date for the Performance Rights granted to Mr Grech will be 31 August 2019. The vesting conditions for these Performance Rights will depend on Mr Grech meeting the Service Vesting Condition and on the Company meeting the Performance Vesting Conditions (collectively referred to as the vesting conditions). Mr Grech will meet the Service Vesting Condition if he is continuously employed, in his current position as Director, from the grant date of the Performance Rights until 31 August 2019.

There is a single Performance Vesting Condition.

TSR Outperformance Hurdle

Up to 100% of the Performance Rights granted to Mr Grech will vest if the Company's TSR achieves the following percentile ranking against the constituent companies within the S&P/ASX 300 Index (excluding resources) over the period commencing on 1 September and ending on 31 August 2019 ("TSR Outperformance Hurdle"):

Percentile Ranking	Number of Performance Rights to vest:
Less than the 50 th percentile:	None
At or above the 50 th percentile:	50% (Straight line interpolation between 50 th and 75 th percentile)
At or above the 75 th percentile:	100%
The specific TSR methodology will be determined by the Board.	

Any Performance Rights which fail to meeting the Vesting Conditions before the Vesting Date shall immediately lapse.

1.5 Short term incentive arrangements and the grant of Deferred Service Rights to Mr Grech

The grant of Service Rights will be subject to the achievement of performance hurdles and service conditions.

There are two Performance Conditions, as follows:

- (a) A Performance Development and Review rating of at least Meets Expectations must be given to Mr Grech during the Company's annual performance review, and;
- (b) Group financial (normalised Earnings Before Interest Tax Depreciation Amortisation and changes in Work In Progress (EBITDAW)) and non-financial targets must meet budget.

Maximum number of Service Rights to be issued to Mr Grech

If Shareholder approval is granted, the maximum number of Service Rights that may be granted to Mr Grech is (in aggregate) calculated as follows.

Maximum Deferred Service Rights Value	\$200,000
Performance Conditions Achieved	Yes
Financial results	FR% (Group Normalised Earnings Before Interest Tax Depreciation Amortisation and changes in Work in Progress (EBITDAW), Gross Operating Cash Flow less Capital Expenditure and Capital Budget)
VWAP (20 business days following financial year 2017 Results)	20 business days following Annual Results
Number of Service Rights	$\$200,000 \times \text{FR\%} \div \text{VWAP} = \text{No. Service Rights}$

Price of Service Rights

The Service Rights will be granted at no cost to Mr Grech. Once the vesting conditions are met (or waived), the Service Rights will be exercisable at nil cost. Importantly, no value will be received by Mr Grech if the Service Rights lapse prior to the vesting date.

Number of equity incentives issued under the Deferred Service Rights Plan, persons entitled to participate in the Deferred Service Rights Plan, the date that the Company will grant these equity securities and loans

Currently, only Mr Grech is the only director eligible to participate in the Deferred Service Rights Plan.

Subject to Shareholder approval, it is anticipated that the Service Rights will be granted to Mr Grech in October or November 2017. Irrespective of these intentions, Service Right grants approved by Shareholders under this resolution will be issued within 12 months of the date of this Meeting.

Finally, no loan will be provided by the Company in relation to the grant or exercise of the Service Rights proposed to be issued to Mr Grech.

Conditions and Hurdles

The vesting date for the Service Rights granted to Mr Grech will be 31 August 2019. The vesting conditions for these Service Rights will depend on Mr Grech meeting the Service Vesting Condition. Mr Grech will meet the Service Vesting Condition if he is continuously employed, in his current position as Group Managing Director, from the grant date of the Performance Rights until 31 August 2019. Any Service Rights which fail to meeting the Vesting Condition before the Vesting Date shall immediately lapse.

1.6 Other Conditions

Unvested Performance Rights and Service Rights may, in certain circumstances, vest early in accordance with the terms of the EIP Rules and the Deferred Service Rights Plan, and any Leaver's Policy that may apply from time to time, as approved by the Board.

Any dealing in Shares is subject to the constraints of Australian insider trading laws and the Company's Share Trading Policy. Participants are specifically prohibited from hedging their Company share price exposure in respect of their Performance or Service Rights during the vesting period.

Service Rights and Performance Rights are also subject to the Company's Executive Clawback Policy.

1.7 Directors' Recommendation

The Directors, other than Mr Grech, recommend Shareholders vote in favour of Resolutions 5(a) and (b) set out in the Addendum to the Notice of AGM.

As stated in the Addendum to the Notice of AGM, any vote cast in respect of this resolution by Mr Andrew Grech and any other Director eligible to participate in the EIP or Deferred Service Rights Plan, and their respective associates, will be disregarded, except as stated in the Addendum to the Notice of AGM.

In addition, any votes cast as proxy in respect of these resolutions by a member of the KMP, and closely related parties of a members of the KMP, will be disregarded, except as stated in the Notice of AGM.

**SLATER
AND GORDON
GROUP**

ABN 93 097 297 400



SGHRM

MR RETURN SAMPLE
123 SAMPLE STREET
SAMPLE SURBURB
SAMPLETOWN VIC 3030

Dear Securityholder,

We have been trying to contact you in connection with your securityholding in Slater & Gordon Limited. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors' report and auditor's report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

- > Securityholder Reference Number (SRN);
- > ASX trading code;
- > Name of company in which security is held;
- > Old address; and
- > New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

Slater & Gordon Limited