

Notice of Annual General Meeting

Altium[™]

17 October 2016

Altium Limited
ACN 009 568 772

Dear Shareholder,

The Altium Limited Board ('Board') would like to invite you, or your representatives, to attend the 2016 Annual General Meeting ('Meeting') of Altium Limited ('Altium' or 'Company').

Date: Friday 18 November 2016

Time: 9am

Venue: Water @ Pier One, Pier One Sydney Harbour, 11 Hickson Road, Walsh Bay, Sydney, NSW, 2000, Australia

The meeting will be followed by a technology presentation (expected to run for approximately 2 hours) to be delivered by Altium Senior Management.

General Business

Financial statements and reports

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

Remuneration Report

2. To receive, consider and adopt the Remuneration Report of the Company for the financial year ended 30 June 2016, which forms part of the Directors' Report. Please note that the vote on the Remuneration Report is advisory only and does not bind the Directors or the Company.

Note: A voting exclusion applies to this resolution.

Election of directors

3. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
Raelene Murphy, a director retiring from office in accordance with Articles 7.5-7.6 of the Constitution of the Company, is re-elected as a director of the Company.

Special Business

Grant of Performance Rights to Director FY17– Aram Mirkazemi

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

"That Shareholder approval be given for all purposes, including for the purposes of ASX Listing Rule 10.14 and section 200B of the Corporations Act, to approve the issue of up to **107,914** Performance Rights (and the issue of Shares following the vesting of those Performance Rights) to Mr Aram Mirkazemi (or his nominee) in respect of Mr Mirkazemi's FY17 long-term incentive award under the terms of the Altium Performance Rights Plan, as described in the Explanatory Memorandum."

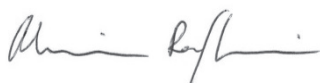
Note: A voting exclusion applies to this resolution.

Annual Report & Corporate Governance Statement

- The 2016 Altium Limited Annual Financial Report is now available at:
www.altium.com/company/investor-relations/publications-and-reports/annual-reports
- The 2016 Corporate Governance Statement is now available at:
www.altium.com/company/investor-relations/publications-and-reports/key-documents

Dated 17 October 2016

By Order of the Board



Alison Raffin
Company Secretary

Notes to the Notice of Meeting

- **Explanatory Notes**

The Company's shareholders should read the Explanatory Notes accompanying, and forming part of, this Notice of Meeting for more details on the resolutions to be voted on at the Meeting. The information provided is intended to assist shareholders in understanding the reasons for and the effect of the resolutions, if passed.

- **Voting Exclusion - there is a voting exclusion in place on Items 2 and 4**

The Company will disregard any votes cast on **Item 2**, by or on behalf of Key Management Personnel ("KMP") and closely related parties of KMP, whether the votes are cast as a shareholder, proxy or in any other capacity. The Company will also disregard any votes cast on **Item 4** by Aram Mirkazemi and his associates.

However, the Company will not disregard a vote cast by a KMP or closely related party or associate of a KMP, if the vote is cast by a person:-

- a) in their capacity as proxy for a person who is entitled to vote on that Item, in accordance with the written direction on the Proxy Form; or
- b) in their capacity as the Chairman of the Meeting as a proxy for a person who is entitled to vote on that Item, in accordance with a direction on the proxy form to vote as the proxy decides even if the resolution is connected directly or indirectly with the remuneration of a KMP.

If the Chairman is your proxy or is appointed as your proxy by default, and you do not direct your proxy how to vote on these Items on the proxy form (this is known as an "undirected proxy"), you are directing the Chairman to vote as he or she decides, even if that resolution is connected directly or indirectly with the remuneration of the Chairman or other KMPs. Therefore, if you do not wish to have the Chairman voting on these Items at he or she decides, you should direct the Chairman how to vote by marking either the "for", "against" or "abstain" box for each Item.

For the purposes of these voting exclusion statements:

- KMP includes employees and officers of the Company who have authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly, including the Company's Directors (whether executive or otherwise); and
- Closely related parties of a member of the KMP include any of the following:
 - a) the spouse, children or dependents of a member;
 - b) the children or dependents of the member's spouse;
 - c) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or
 - d) a company controlled by the member.

If you cannot attend the meeting and plan to appoint a proxy to attend and vote on your behalf, please note that recent changes to the Corporations Act apply to this meeting and could affect whether or not your proxy is able to vote on your behalf, particularly in relation to Items 2 and 4. 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.

- **Proxies**

If you are unable to attend and vote at the Meeting and wish to appoint a person who is attending as your proxy, please complete the enclosed Form of Proxy. The instrument appointing a proxy must be in writing under the hand of the appointer or their attorney duly authorised in writing, or if such appointer is a corporation, under its common seal or under the hand of its duly authorised officer or attorney.

A shareholder entitled to attend and vote is entitled to appoint a proxy and if entitled to cast two or more votes at the Meeting, may appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If no such proportion or number is specified, each proxy may exercise half of the shareholder's votes. A proxy can be an individual or a body corporate and need not be a member of the Company.

Subject to any applicable voting restrictions, where an appointment specifies the way the proxy is to vote on the resolution:

- the proxy is not required to vote on a show of hands, but if the proxy does so, the proxy must vote that way;
- if the proxy has two or more appointments that specify different ways to vote on the resolutions, the proxy must not vote on a show of hands;
- if the proxy is not the Chairman, the proxy need not vote on a poll but if the proxy does so, the proxy vote must vote that way; and
- if the proxy is the Chairman, the proxy must vote on a poll and must vote that way.

In addition, there are now some circumstances where the Chairman will be taken to have been appointed as a shareholder’s proxy for the purposes of voting on a particular resolution even if the shareholder has not expressly appointed the Chairman as their proxy. This will be the case where:

- the appointment of proxy specifies the way the proxy is to vote on a particular resolution;
- the Chairman is not named as the proxy;
- a poll is being called on the resolution; and
- either of the following applies:
 - (i) the proxy is not recorded as attending the Meeting; or
 - (ii) the proxy attends the Meeting but does not vote on the resolution.

Shareholders should consider directing their proxy as to how to vote on each resolution by crossing either a “For” or “Against” box when lodging their proxy form to ensure that their proxy is permitted to vote on their behalf in accordance with their instructions.

The proxy form together with the authority (if any) under which it is signed or a notarially certified copy of that authority must be received at the Company’s registered office or by the Company’s share register, Computershare Investor Services Pty Ltd (Ph: 1300 850 505) no later than **9.00am (AEDT), Wednesday, 16th November 2016**. Please note that the Company’s registered office and the Company’s share registry office are closed outside of regular business hours.

The completed Form of Proxy may be lodged:

ONLINE:	Share Registry	www.investorvote.com.au or by scanning QR Code found on the enclosed Proxy Form with your mobile device.
IN PERSON:	Share Registry	Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067 Australia
	Registered Office	Altium Limited The Zenith, Tower B Level 6, 821 Pacific Highway, Chatswood NSW 2067
BY MAIL:	Share Registry	Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia
BY FAX:	Share Registry	(within Australia) 1800 783 447 (overseas) +61 3 9473 2555

Custodian Voting

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

Voting Entitlement Cut-offs

Pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* and Article 6.1 of the Company’s Constitution, the time nominated by the Board for the purposes of determining the voting entitlements at the **Meeting is 7pm (AEDT), Wednesday, 16th November 2016**.

Explanatory Notes

Item 1: Financial statements and reports

As required by section 317 of the *Corporations Act 2001 (Cth)* ("**Corporations Act**"), the Financial Report, Directors' Report and Auditor's Report of Altium Limited ("Altium" or the "Company") for the financial year ended 30 June 2016 will be laid before the Meeting. There is no requirement for a formal resolution on this item. Shareholders will be given reasonable opportunity to ask questions and make comments on these reports at the Meeting.

Item 2: Remuneration Report

Section 300A of the Corporations Act requires listed companies to include a Remuneration Report within the directors' report. The Remuneration Report must be put to a vote of members at the Meeting. The vote on the resolution will be advisory only and will not bind the directors or the Company. However, under changes to the Corporations Act which came into effect on 1 July 2011, if the Remuneration Report receives a "no" vote of at least 25% at the Meeting, and then again at the 2017 Annual General Meeting, a resolution will be required to be put to shareholders at the 2017 Annual General Meeting as to whether another meeting of shareholders should be held within 90 days at which all Directors (other than the Chief Executive Officer) who were in office at the date of the relevant Directors' Report must stand for re-election.

Shareholders will be given reasonable opportunity to ask questions and make comments on these reports at the Meeting.

Recommendation

Noting that each director has a personal interest in their own remuneration from the Company, as described in the Remuneration Report, the Board unanimously recommends the adoption of the Remuneration Report.

The Chair of the Meeting intends to vote undirected proxies in favour of Item 2.

This resolution is subject to a Voting Exclusion.

Item 3: Election of directors

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third Annual General Meeting (AGM) following the director's appointment or three years, whichever is longer. However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next AGM of the entity. This rule does not apply to the Chief Executive Officer.

Retirement and re-election

Under the Constitution at each annual general meeting any Director required to retire under the Listing Rules must retire from office. A Director so retiring is eligible for re-election. While the Listing Rules so require there must be an election of Directors each year. Where the operation of Articles 7.2 and 7.6 do not require a Director to retire in a year, the Director who must retire in that year, to accommodate Article 7.3 is to be determined by the Directors.

Casual vacancy and addition to board

Under section 7.5 of the constitution the Directors may at any time appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, provided the total number of Directors does not exceed the number then most recently fixed in accordance with Article 7.1.

Candidate information

Raelene Murphy, BBus, CA, GAICD Independent Non-Executive Director

Raelene Murphy was appointed to the Altium Board on the 21 Sept 2016 as an additional Director. She has a proven track record in leading significant improvements in financial and operational performance as an executive, advisor and Non-Executive Director in a number of industry sectors in the private and public arena. In particular her expertise has been in M&A and post-acquisition integration, two areas that are germane to the strategic plans of Altium.

During her career, Raelene has been a partner at a national accounting firm, Finance Director of the Davenport Group and CEO of the Delta Group. More recently she served as Managing Director of 333 Management, a part of KordaMentha where she was a lead partner on the Federal Government strategic review of the NBN.

Raelene is also a Non-Executive Director of ASX listed Tassal Group Limited, Bega Cheese Limited and Service Stream Limited and is Deputy Chair of the Doxa Youth Foundation.

Recommendation

The Board conducted a comprehensive search before appointing Raelene Murphy and looks forward to her contribution to the Company for many years to come. The Board (other than each director in relation to their own election) unanimously recommends that shareholders vote in favour of Item 3.

The Chair of the Meeting intends to vote undirected proxies in favour of Item 3.

Item 4: FY17 Grant to Managing Director under the Altium Performance Rights Plan

Performance Rights Plan

Background to the Plan

The Performance Rights Plan (the “Plan”) is a key part of Altium’s remuneration policy for its senior executives. The Plan establishes long term incentives which link rewards for employees with the delivery of Altium’s key performance drivers and the interests of Altium’s shareholders.

Summary of the Plan terms

In accordance with Listing Rule 7.2, a summary of the terms of the Plan are as follows.

- The Board may determine to grant awards to Employees in the form of Performance Rights.
- Each Performance Right is a contractual right which entitles the holder to either receive or be allocated one fully paid ordinary share in Altium (“Share”) or the cash equivalent. The Performance Rights will be granted for no payment. Altium may grant Performance Rights which require the holder to pay an exercise price in order to receive a Share on vesting but the Board does not currently intend to do so.
- Performance Rights may be granted in tranches with different vesting periods and may be subject to performance hurdles (in addition to continued employment) as determined by the Board (see below).
- Unless otherwise determined by the Board, the Performance Rights will lapse upon the occurrence of any of the following:
 - the participant ceasing to be an employee of a member of the Altium group;
 - any vesting conditions becoming incapable of satisfaction or being determined by the Board not to be satisfied; or
 - the holder of Performance Rights defaulting in any material respect under the rules of the Plan.
- The Board may determine that the Performance Rights will vest, lapse or remain outstanding in accordance with the Rules upon the occurrence of certain events such as the participant retiring, being made redundant, being permanently disabled or deceased or where there is a change of control, takeover offer, winding-up or delisting of Altium from the ASX.
- Under the terms of the Plan, the Board may settle vested Performance Rights by the payment of a cash amount equal to the market price of the relevant securities.
- Under the terms of the Plan, the Board may grant Performance Rights which entitle the holder to receive payments equal in value to the dividends they would have received had they held the shares which they may acquire if and when their Performance Rights vest. The Board does not currently intend to grant Performance Rights with such entitlements.
- The Board may amend the rules of the Plan from time to time (for example, to address or take advantage of regulatory or tax positions in Australia or overseas).

Performance Rights granted under the Plan are subject to both the rules of the Plan and the terms of the specific grant.

Mr Mirkazemi’s remuneration

Mr Mirkazemi’s remuneration for FY17 comprises three key components as set out in the table below;

	FY17	
Fixed compensation	US\$500,000	} <i>At risk</i>
Short-term incentive (STI)	US\$250,000	
Long-term incentive (LTI)	US\$500,000	

The grant of Performance Rights for which approval under Item 4 is sought represents Mr Mirkazemi’s LTI payment for FY17. The Board considers that these grants of Performance Rights are appropriate in the circumstances.

Performance hurdles

The Altium Board of Directors believes that the long term interests of shareholders are best achieved when senior executives are themselves shareholders in the Company and the Long Term Incentive Plan (LTI) is designed to provide senior executives with a part of their compensation that is; (i) at risk, (ii) paid in shares and (iii) subject to both time and performance hurdles

Altium operates in a global marketplace for software that is changing rapidly and growing at a substantial rate every year. Management and the Board have set internal growth targets that are ambitious and designed to enable Altium to establish a leading market share in its key markets. The scale of the growth and the somewhat unpredictable nature of when it will occur mean that setting financial targets well into the future is intrinsically difficult. The Board has had regard to this when considering the performance hurdles that should apply to Performance Rights granted under the Plan.

Altium Limited has a three year strategic plan with ambitious targets for growth in both revenue and earnings. The board believes that the best way to achieve the objectives in Altium's strategic plan is to use the earnings per share ("EPS") target (for the current financial year) as the financial hurdle for the achievement of the LTI award. Delivery of the LTI award to participants is also subject to employment testing over the three years after the grant of the award.

The performance hurdles that will apply to the proposed FY17 grant of Performance Rights to the Managing Director are set out below.

FY17 Grant

- If Item 4 is approved, Mr Mirkazemi will receive a grant of **up to 107,914 Performance Rights** representing the long-term incentive component of his remuneration for FY17. These Performance Rights will be subject to performance hurdles as described below.
- The number of Performance Rights that vest will depend on the Altium EPS for the financial year ending 30 June 2017:
 - i. **35,971** shares will vest if the **minimum hurdle** is met (i.e. one third of the Performance Rights).
 - ii. **71,942** shares will vest if the **target hurdle** is met (i.e. two thirds of the Performance Rights).
 - iii. **107,914** shares will vest if the **maximum hurdle** is met (i.e. all the Performance Rights).

The hurdles will be disclosed in the 2017 Remuneration Report. For each separate hurdle:

- If the hurdle is met, and Mr. Mirkazemi is employed on 1 September 2017, one third of those **vested shares** will be released to Mr. Mirkazemi. If not, all shares will lapse.
- If the hurdle is met, and Mr. Mirkazemi is employed on 1 September 2018, one third of those **vested shares** will be released to Mr. Mirkazemi. If not, the remaining two thirds of the shares will lapse.
- If the hurdle is met, and Mr. Mirkazemi is employed on 1 September 2019, one third of those **vested shares** will be released to Mr. Mirkazemi. If not, the remaining one third of the shares will lapse.

Additional terms and restrictions

In the event of any capital reorganisation of the Company (including bonus issues, other pro rata issues or corporate restructure), the participant's Performance Rights will be adjusted, as set out in the Rules for each Plan. In general, it is intended that the participant will not receive any advantage or disadvantage from such an adjustment not received by holders of Securities and any adjustment must be consistent with the Listing Rules and Corporations Act.

Performance Rights will not attract voting rights in respect of Shares or the right to participate in new issues of Shares until the Performance Rights vest and Shares are delivered or allocated, whether or not the Shares are subject to an escrow. Income tax will be the responsibility of the participants.

A participant may not sell, assign, transfer or otherwise deal with, or grant a security interest over Performance Rights without the prior written approval of the Board. Performance Rights may lapse immediately on any purported sale, assignment, transfer, dealing or grant of security interest. In addition, it is contrary to Altium's Director & Employee Share Trading Policy and the law for participants to seek or enter into derivative contracts that hedge their exposure to movements in the price of Shares while they hold Performance Rights that have not vested.

Following vesting, disposal of Shares allocated under the Plan's will be subject to Altium's Director & Employee Share Trading Policy.

Information required by the ASX Listing Rules

Under Listing Rule 10.14, an entity must not issue securities to directors under an employee incentive scheme without the approval of its members. Accordingly, approval of Shareholders is sought for the purposes of Listing Rule 10.14 to enable Altium to grant the FY17 Performance Rights to Mr Mirkazemi, and subsequently issue or transfer Shares to Mr Mirkazemi on vesting of those Performance Rights. The ASX Listing Rules require the following information to be included in this notice.

- No Performance Rights have previously been granted to any director under the Plan and accordingly, shareholders have not previously approved a grant of Performance Rights under the Plan in accordance with Listing Rule 10.14.
- The Managing Director, Mr Mirkazemi is the only director entitled to participate in the Plan.
- If Item 4 is approved by the requisite majority of shareholders, the Performance Rights will be granted as soon as possible and in any event within 12 months of the date of the meeting.

Information required by the Corporations Act

If approval is given, any benefits received by Mr Mirkazemi upon the cessation of his employment will not be prohibited under the retirement benefit provisions of section 200B of the Corporations Act. Benefits may include the Board using its discretion to determine that Mr Mirkazemi's Performance Rights:

- will not lapse on the cessation of his employment but will be retained and vest as if he remained an employee; or
- will vest on his cessation of employment (which will usually only occur in limited circumstances such as where he is made redundant or retires as set out in the rules of the Plan and as described above).

The value of the benefit Mr Mirkazemi may receive as a result of the early vesting or non-lapse of his Performance Rights for the purposes of the retirement benefit provisions of the Corporations Act cannot be ascertained at the date of this Notice as it will be necessarily determined by the number of Performance Rights vesting or not lapsing and the market value of Shares at that date. However, the key matters, events or circumstances which will, or are likely to affect the number of Performance Rights that the Board determines should vest or not lapse on a participant's cessation of employment and the calculation of the value of those Performance Right include:

- the number of Performance Rights held by Mr Mirkazemi under the Plan at the time of their cessation of employment;
- the market price of Shares at the time of their cessation of employment; and
- the number or proportion of Performance Rights held by the executive which the Board determines should vest or not lapse, which will in turn will depend upon factors which may include:
 - the participant's performance since the Performance Rights were granted;
 - the length of time that has elapsed since the Performance Rights were granted;
 - the extent to which the performance conditions have been satisfied at the time the participant ceases employment;
 - the financial performance of Altium and the business or support area in which the participant works;
 - the seniority level of the participant; and
 - the circumstances in which the participant leaves Altium.

Recommendation

The Directors (other than Aram Mirkazemi who has a direct interest and abstained from consideration of the matter) unanimously recommend that Shareholders vote in favour of Item 4.

The Chairman of the AGM intends to vote all available and undirected proxies in favour of these resolutions.

Voting exclusions apply to this resolution, as set out in this Notice of Meeting.

Annual Report Note

- Altium Limited moved to on-line annual reporting after notification to shareholders in 2007.
- Hard copies of the annual report are only sent to shareholders who have registered to receive one with our share register Computershare. If in future you would like to receive a hard copy of the annual report please change your preferences and update your online details at www-au.computershare.com/investor

If you would like a hard copy of the Annual Report, please contact Altium.

Email: investor.relations@altium.com

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Post: Attention Company Secretary

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