



Washington H. Soul Pattinson and Company Limited

ABN 49 000 002 728
ASX Code: SOL



114th Annual General Meeting 9 December 2016

*The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney
Friday, 9 December 2016 at 12 noon.*



Notice of Annual General Meeting

Notice is hereby given that the 114th Annual General Meeting of Shareholders of Washington H. Soul Pattinson and Company Limited will be held in **The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney** on **Friday, 9 December 2016** at **12 noon**.

160

W. H. Soul Pattinson

160

CHEMIST

CHEMIST



Ordinary Business

1. Annual Report

To receive and consider the Annual Financial Report and the Reports of the Directors and of the Auditor for the Financial Year ended 31 July 2016.

2. Remuneration Report – ordinary resolution

To adopt the Remuneration Report for the year ended 31 July 2016.

Note: Votes cast on this resolution are advisory only and are not binding on the Company or its Directors. However, certain provisions of the Corporations Act, known as the 'two strikes' rule, come into effect if the Remuneration Report resolution receives 'against' votes of 25% or more of the votes cast at two consecutive Annual General Meetings. The 2015 Remuneration Report was adopted by a show of hands with no votes against.

Please refer to the attached Explanatory Notes for information regarding voting by key management personnel.

The Chairman of the meeting intends to vote all undirected proxies **in favour** of item 2.

3. Directors' Fees – ordinary resolution

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

"That the aggregate amount of fees which may be paid to non-executive Directors of the Company be increased by \$500,000 to \$2,000,000."

Please refer to the attached Explanatory Notes which include a Voting Exclusion Statement for this resolution.

The Chairman of the meeting intends to vote all undirected proxies **in favour** of item 3.

4. Re-election of Director – ordinary resolution

To re-elect as a Director Mr Robert D Millner, who retires by rotation in accordance with clause 37.1 of the Company's Constitution and, being eligible, offers himself for re-election.

The Chairman of the meeting intends to vote all undirected proxies **in favour** of item 4.

5. Grant of Performance Rights to Mr Todd J Barlow – ordinary resolution

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

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant 29,398 performance rights to Mr Todd J Barlow, and transfer ordinary shares in the Company to Mr Barlow upon the vesting of those performance rights, in accordance with the terms of the Company's Long Term Incentive Plan and on the basis described in the Explanatory Notes accompanying this Notice of Annual General Meeting."

The Chairman of the meeting intends to vote all undirected proxies **in favour** of item 5.

6. Grant of Performance Rights to Ms Melinda R Roderick – ordinary resolution

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

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant 15,875 performance rights to Ms Melinda R. Roderick, and transfer ordinary shares in the Company to Ms Roderick upon the vesting of those performance rights, in accordance with the terms of the Company’s Long Term Incentive Plan and on the basis described in the Explanatory Notes accompanying this Notice of Annual General Meeting.”

The Chairman of the meeting intends to vote all undirected proxies **in favour** of item 6.

Voting exclusion statement for items 5 and 6

The Company will disregard any votes cast on any of items 5 and 6:

- by or on behalf of Mr Barlow, Ms Roderick and any of their associates, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company’s key management personnel at the date of the Meeting or their closely related parties,

unless the vote is cast as proxy for a person who is entitled to vote on the relevant Resolution:

- in accordance with a direction on the proxy form; or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

By order of the Board



I D Bloodworth
Company Secretary

2 November 2016



Annual General Meeting Explanatory Notes

Voting Entitlements

For the purpose of the Corporations Act, the Company has determined that all securities of the Company that are quoted securities at 7.00pm on Wednesday, 7 December 2016 will be taken, for the purpose of the meeting, to be held by the persons who held them at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Proxies

A Member entitled to vote at the meeting may appoint a Proxy to attend and vote in their place.

Item 1 – Receive and consider the financial and other reports for the year ended 31 July 2016

This item does not require voting by Shareholders. It is intended to provide an opportunity for Shareholders to raise questions on the reports themselves and on the performance and management of the Company.

The Auditor of the Company will be present at the meeting and will also be available to answer questions.

Item 2 – Adopt the Remuneration Report for the year ended 31 July 2016 – ordinary resolution

The Corporations Act requires that the Remuneration Report be presented to the Shareholders of the Company for consideration and adoption.

The Directors' Report contains within it, a separate and clearly identified section entitled 'Remuneration Report'.

Pursuant to section 250R(3) of the Corporations Act the vote on this resolution is advisory only and does not bind the Company or the Directors. However, certain provisions of the Corporations Act, known as the "two strikes" rule, may come into effect.

Under this rule if the Remuneration Report resolution receives "against" votes of 25% or more of the votes cast at two consecutive Annual General Meetings a resolution must be put to shareholders at the second Annual General Meeting to consider whether a further Shareholders' meeting is to be held, within 90 days, to spill and consider the re-election of the Directors other than the Managing Director.

The 2015 Remuneration Report was adopted by a show of hands with no votes against.

Shareholders will be given a reasonable opportunity, as a whole, to ask questions about, and make comments on, the Remuneration Report.

Voting exclusion statement

The Company will disregard any votes cast on item 2:

- by or on behalf of a member of the key management personnel, details of whose remuneration is included in the Remuneration Report (and their closely related parties), regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's key management personnel at the date of the Meeting or their closely related parties,

unless the vote is cast as proxy for a person who is entitled to vote on this resolution:

- in accordance with a direction on the proxy form; or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

The Directors unanimously recommend that Shareholders vote **in favour** of item 2.

The Chairman of the meeting intends to vote all undirected proxies **in favour** of item 2.

Annual General Meeting Explanatory Notes

Item 3 – Directors’ fees – ordinary resolution

The Shareholders will be asked to approve an increase in the maximum aggregate fees which may be paid to the non-executive Directors of Washington H. Soul Pattinson and Company Limited.

The new maximum amount, subject to the passing of the resolution, will be \$2,000,000.

An increase in the maximum fees was last approved at the 2009 Annual General Meeting.

Voting exclusion statement

The Company will disregard any votes cast on item 3:

- by or on behalf of a member of the key management personnel, details of whose remuneration is included in the Remuneration Report (and their closely related parties), regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company’s key management personnel at the date of the Meeting or their closely related parties,

unless the vote is cast as proxy for a person who is entitled to vote on this resolution:

- in accordance with a direction on the proxy form; or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

The Chairman of the meeting intends to vote all undirected proxies **in favour** of item 3.

Item 4 – Re-election of Director – ordinary resolution

Robert Dobson Millner F.A.I.C.D. Chairman

Non-executive Director since 1984, appointed Chairman 1998. Chairman of the Investment Committee and member of the Nomination, Remuneration and Risk Committees.

Mr Millner has extensive experience in the investment industry.

Other current listed company directorships:

- Apex Healthcare Berhad – Appointed 2000
- Australian Pharmaceutical Industries Limited – Appointed 2000
- Brickworks Limited – Appointed 1997 Chairman since 1999
- BKL Investment Company Limited – Appointed 2003 Chairman since 2003
- Milton Corporation Limited – Appointed 1998 Chairman since 2002
- New Hope Corporation Limited – Appointed 1995 Chairman since 1998
- TPG Telecom Limited – Appointed 2000

The Board has determined that Mr R D Millner acts independently in the performance of his duties as a Director.

The Directors (with Mr R D Millner abstaining) support the re-election and unanimously recommend that Shareholders vote in favour of item 4.

The Chairman of the meeting intends to vote all undirected proxies **in favour** of item 4.

Item 5 – Grant of Performance Rights to Mr Todd J Barlow – ordinary resolution

1. Background

ASX Listing Rule 10.14 states that a listed company must not permit a Director (or any associate of a Director) to acquire securities under an employee incentive scheme without the prior approval of shareholders by an ordinary resolution.

As Mr Todd J. Barlow is an executive Director, the purpose of item 5 is for shareholders to approve the proposed grant of performance rights to him under the Company’s Long Term Incentive Plan. A performance right under the Long Term Incentive Plan is a conditional right which, upon the satisfaction or waiver of the relevant vesting conditions, entitles its holder to receive one ordinary share in the Company.

A detailed summary of the terms of the Long Term Incentive Plan was provided in the notice to the Company's 2015 Annual General Meeting (2015 AGM) and, at that meeting, the Long Term Incentive Plan was approved by shareholders. The terms of the Long Term Incentive Plan, as approved by shareholders, will apply to the grant of performance rights to Mr Barlow.

The non-executive Directors of the Company believe that the Long Term Incentive Plan is an appropriately designed equity-based employee incentive scheme that links executive reward to increases in shareholder value and acts as a retention tool for key executives.

2. Related Party Benefit

The Board has considered the application of Chapter 2E of the Corporations Act to the issue of performance rights to Mr Barlow and considers that the financial benefit given by such grant of performance rights constitutes reasonable remuneration to Mr Barlow for the purposes of section 211(1) of the Corporation Act:

- (a) given the circumstances of the Company; and
- (b) Mr Barlow's role and responsibilities at the Company.

Given the above, the Company is not seeking shareholder approval pursuant to section 208 of the Corporations Act in addition to the approval being sought under the ASX Listing Rules.

3. Requirements of ASX Listing Rule 10.14 and 10.15

The following information in relation to the performance rights that may be granted to Mr Barlow pursuant to item 5 is provided to Shareholders for the purposes of ASX Listing Rule 10.15:

- (a) **Number of securities:** The number of performance rights has been determined by dividing an amount equal to 50% of Mr Barlow's fixed remuneration by the volume weighted average price (VWAP) of the shares of the Company over the 30 trading days prior to 1 August 2016 and then rounded to the nearest whole number.
- (b) **Vesting Conditions:** The vesting conditions of the performance rights are set out in Appendix A.
- (c) **Price of securities:** The performance rights will be granted for no consideration. No fee is payable upon exercise of the performance rights.
- (d) **Securities granted under the Long Term Incentive Plan since the last approval:** Since the approval by shareholders of the Long Term Incentive Plan at the 2015 AGM, Mr Barlow and Ms Roderick are the only Directors, or associates of Directors, who have been granted securities under the Long Term Incentive Plan. Mr Barlow and Ms Roderick have in aggregate been granted 50,037 performance rights. Mr Barlow has been granted 31,045 performance rights, and Ms Roderick has been granted 18,992 performance rights. Those performance rights were granted for no consideration, and no fee is payable upon exercise of those performance rights.
- (e) **Eligible participants:** Ms Roderick and Mr Barlow are the only Directors, or associates of Directors, who are entitled to participate in the Company's Long Term Incentive Plan.
- (f) **No loans given to acquire securities:** No loan will be provided by the Company in connection with the grant of the performance rights to Mr Barlow.
- (g) **Voting exclusion statement:** A voting exclusion statement in relation to this resolution is set out in the Notice of Annual General Meeting.
- (h) **Issue of performance rights:** If item 5 is approved, the Company will issue the performance rights to Mr Barlow as soon as practicable and in any event within 12 months after the date of this Annual General Meeting.

If approval is given for the abovementioned issue of the performance rights to Mr Barlow under ASX Listing Rule 10.14, further approval is not required (and will not be sought) under ASX Listing Rule 7.1 for this issue.

Each of the Directors (other than Mr Barlow and Ms Roderick who are potential participants) recommends the grant of 29,398 performance rights to Mr Barlow, and the transfer of ordinary shares in the Company to Mr Barlow upon vesting of those performance rights. The non-executive Directors of the Company are not eligible to participate in the Long Term Incentive Plan and accordingly do not have an interest in the outcome of this resolution.

The Chairman of the meeting intends to vote all undirected proxies **in favour** of item 5.

Item 6 – Grant of Performance Rights to Ms Melinda R Roderick – ordinary resolution

1. Background

ASX Listing Rule 10.14 states that a listed company must not permit a Director to acquire securities under an employee incentive scheme without the prior approval of shareholders by an ordinary resolution.

As Ms Melinda R. Roderick is an executive Director, the purpose of item 6 is for shareholders to approve the proposed grant of performance rights to her.

Similarly to the grant of performance rights to Mr Barlow, the terms of the Long Term Incentive Plan as approved by shareholders' at the 2015 AGM (and referred to in Item 5 above), will apply to the grant of performance rights to Ms Roderick.

The non-executive Directors of the Company believe that the Long Term Incentive Plan is an appropriately designed equity-based employee incentive scheme that links executive reward to increases in shareholder value and acts as a retention tool for key executives.

2. Related Party Benefit

The Board has considered the application of Chapter 2E of the Corporations Act to the issue of performance rights to Ms Roderick and considers that the financial benefit given by such grant of performance rights constitutes reasonable remuneration to Ms Roderick for the purposes of section 211(1) of the Corporation Act:

- (a) given the circumstances of the Company; and
- (b) Ms Roderick's role and responsibilities at the Company.

Given the above, the Company is not seeking shareholder approval pursuant to section 208 of the Corporations Act in addition to the approval being sought under the ASX Listing Rules.

3. Requirements of ASX Listing Rule 10.14 and 10.15

The following information in relation to the performance rights that may be granted to Ms Roderick pursuant to item 6 is provided to Shareholders for the purposes of ASX Listing Rule 10.15:

- (a) **Number of securities:** The number of performance rights has been determined by dividing an amount equal to 40% of Ms Roderick's fixed remuneration by the volume weighted average price (VWAP) of the shares of the Company over the 30 trading days prior to 1 August 2016 and then rounded to the nearest whole number.
- (b) **Vesting Conditions:** The vesting conditions of the performance rights are set out in Appendix A.
- (c) **Price of securities:** The performance rights will be granted for no consideration. No fee is payable upon exercise of the performance rights.
- (d) **Securities granted under the Long Term Incentive Plan since the last approval:** Since the approval by shareholders' of the Long Term Incentive Plan at the 2015 AGM, Mr Barlow and Ms Roderick are the only Directors, or associates of Directors, who have been granted securities under the Long Term Incentive Plan. Mr Barlow and Ms Roderick have in aggregate been granted 50,037 performance rights. Mr Barlow has been granted 31,045 performance rights, and Ms Roderick has been granted 18,992 performance rights. Those performance rights were granted for no consideration, and no fee is payable upon exercise of those performance rights.
- (e) **Eligible participants:** Ms Roderick and Mr Barlow are the only Directors, or associates of Directors, who are entitled to participate in the Company's Long Term Incentive Plan.
- (f) **No loans given to acquire securities:** No loan will be provided by the Company in connection with the grant of the performance rights to Ms Roderick.
- (g) **Voting exclusion statement:** A voting exclusion statement in relation to this resolution is set out in the Notice of Annual General Meeting.
- (h) **Issue of performance rights:** If item 6 is approved, the Company will issue the performance rights to Ms Roderick as soon as practicable and in any event within 12 months after the date of this Annual General Meeting.

If approval is given for the abovementioned issue of the performance rights to Ms Roderick under ASX Listing Rule 10.14, further approval is not required (and will not be sought) under ASX Listing Rule 7.1 for this issue.

Each of the Directors (other than Mr Barlow and Ms Roderick who are potential participants) recommends the approval of the grant of 15,875 performance rights to Ms Roderick, and the transfer of ordinary shares in the Company to Ms Roderick upon vesting of those performance rights. The non-executive Directors of the Company are not eligible to participate in the Long Term Incentive Plan and accordingly do not have an interest in the outcome of this resolution.

The Chairman of the meeting intends to vote all undirected proxies in favour of item 6.

Admission to the meeting

Shareholders who will be attending the meeting, and who will not be appointing a proxy, are asked to bring their proxy form to the meeting to facilitate the admission process.

Shareholders who do not plan to attend the meeting are encouraged to complete and return their proxy form to Advanced Share Registry in the prepaid envelope provided or by facsimile as detailed on the proxy form. Proxies may also be lodged online at www.advancedshare.com.au.

Questions and Comments by Shareholders at the Meeting

A reasonable opportunity will be given to Shareholders, as a whole, to ask questions about or make comments on the management of the Company at the meeting.

Similarly, a reasonable opportunity will be given to Shareholders, as a whole, to ask the Company's external Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; or
- the independence of the Auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to the Auditor if the question is relevant to:

- the content of the Auditor's Report to be considered at the meeting; or
- the conduct of the audit of the annual financial statements to be considered at the meeting.

Relevant written questions to the Auditor must be received no later than 5.00pm (Sydney time) on 28 November 2016.

If written answers are tabled at the meeting, they will be made available to Shareholders as soon as practicable after the meeting.

Please send any written questions for the Auditor to:

The Company Secretary
Washington H. Soul Pattinson and Company Limited
GPO Box 479, SYDNEY NSW 2001

or by facsimile to: (02) 9233 1025, outside of Australia: +61 (2) 9233 1025

Appendix A:

Vesting Conditions for Performance Rights to be granted to Mr Todd J Barlow and Ms Melinda R Roderick (See items 5 and 6)

Under the Long Term Incentive Plan, the performance rights that the Company proposes to grant to Mr Barlow and Ms Roderick will only vest subject to the satisfaction (or waiver in certain circumstances) of the relevant Performance Conditions and Service Condition set out below.

References below to the Relevant Executive shall be to Mr Barlow or Ms Roderick, whichever is applicable, and Relevant Executives shall be to both Mr Barlow and Ms Roderick.

Service Condition

The Service Condition requires the Relevant Executive to be continuously employed by the Company (and not have resigned or been terminated) at all times between 1 August 2016 and the relevant vesting date set out below:

- for 50% of the Performance Rights issued to that Relevant Executive, immediately following the announcement of the Company's FY2019 annual results or, if the Performance Rights are subject to retesting, immediately following the announcement of the Company's FY2020 annual results;
- for 30% of the Performance Rights issued to that Relevant Executive, 1 August 2020 or, if the Performance Rights are subject to retesting, immediately following the announcement of the Company's FY2020 annual results; and
- for 20% of the Performance Rights issued to that Relevant Executive, 1 August 2021.

Performance Periods

The Performance Conditions will be measured initially across the 3 years to 31 July 2019 and tested following the announcement of the Company's FY2019 annual results (expected to be in September 2019).

If the Performance Conditions are not satisfied in 2019, they will be measured across the 4 years to 31 July 2020 and retested following the announcement of the Company's FY2020 annual results. For the Performance Conditions to be satisfied in the retesting process there must be incremental improvement in performance across the 4 years to 31 July 2020 when compared to performance across the 3 years to 31 July 2019.

Performance Conditions

The performance conditions (Performance Conditions) set by the Board for the proposed grants of Performance Rights to the Relevant Executives are as follows:

- for 50% of the Performance Rights granted to each of the Relevant Executives (EPS Rights), an Earnings Per Share (EPS) Performance Condition; and
- for 50% of the Performance Rights granted to each of the Relevant Executives (TSR Rights), a market comparative Total Shareholder Return (TSR) Performance Condition.

(a) TSR Performance Condition

The TSR will be determined by the Board and is the growth (expressed as an annualised percentage) in the share price of the Company over the relevant performance period plus dividends, assuming those dividends are immediately reinvested.

The TSR Performance Condition for the TSR Rights compares the Company's TSR performance (expressed as an annualised percentage) over the relevant performance period against the All Ordinaries Accumulation Index (expressed as an annualised percentage) for the same period.

The start price for the TSR calculation will be \$17.01, being the 30 trading day VWAP prior to 1 August 2016. The end price for the TSR calculation will be the 30 trading day VWAP prior to 1 August 2019 or 1 August 2020 (whichever applicable).

The proportion of the TSR Rights that satisfy the TSR performance condition in respect of a performance period will be determined as follows:

TSR performance (x% per annum) relative to the All Ordinaries Accumulation Index ("Index") across the relevant performance period	Proportion of TSR Rights that will satisfy the TSR performance condition
$x\% < \text{Index}$	Nil
$x\% = \text{Index}$	50%
$\text{Index} < x\% < (\text{Index} + 3\% \text{ per annum})$	Progressive pro-rata vesting from 50% to 100% (i.e. on a straight line basis)
$(\text{Index} + 3\% \text{ per annum}) \leq x\%$	100%

(b) EPS Performance Condition

The EPS CAGR will be determined by the Board and is the compound annual growth rate (expressed as a percentage) of the Company's EPS, which is measured as the 'regular profit after income tax' of the consolidated entity, divided by the weighted average number of shares on issue across the relevant performance period. The regular profit after income tax of the consolidated entity is a non-statutory profit measure used by the Company in its financial reporting and represents profits from continuing operations before non-regular items.

The starting EPS for the EPS calculation will be 74.0 cents, being the EPS calculated in accordance with the above principles for FY2016. The end price for the EPS calculation will be the EPS calculated in accordance with the above principles having regard to the most recent audited annual consolidated accounts at the end of the performance period.

The proportion of the EPS Rights that satisfy the EPS performance condition in respect of a performance period will be determined as follows:

EPS CAGR across the relevant Performance Period	Proportion of EPS Rights that will satisfy the EPS performance condition
EPS CAGR is less than 5%	Nil
EPS CAGR is equal to 5%	50%
EPS CAGR is greater than 5% and less than or equal to 10%	Progressive pro-rata vesting from 50% to 100% (i.e. on a straight line basis)
EPS CAGR is equal to or greater than 10%	100%

Registered Office

Level 1, 160 Pitt Street Mall, Sydney NSW 2000

Telephone: (02) 9232 7166

Facsimile: (02) 9233 1025

www.whsp.com.au

Share Register

Advanced Share Registry Limited

110 Stirling Highway, Nedlands WA 6009

Telephone: (08) 9389 8033 or +61 8 9389 8033 (outside Australia)
(02) 8096 3502 (NSW) (07) 3103 3838 (Qld) (03) 9018 7102 (Vic)

Facsimile: (08) 9262 3723 or +61 8 9262 3723 (outside Australia)

www.advancedshare.com.au

Auditors

Pitcher Partners Sydney

Level 22, 19 Martin Place, Sydney NSW 2000

GPO Box 1615, Sydney NSW 2001

Telephone: (02) 8236 7700

Facsimile: (02) 9233 4636



**Washington H. Soul Pattinson
and Company Limited**

ABN 49 000 002 728

ASX Code: SOL