

MyState

LIMITED

ABN 26 133 623 962

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This document is important and requires your immediate attention.

MyState Limited is a non-operating holding company with MyState Financial and Tasmanian Perpetual Trustees as wholly owned subsidiaries.

Registered Office: 23 Paterson Street, Launceston, Tasmania, 7250.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of MyState Limited will be held at Hotel Grand Chancellor – Hobart, 1 Davey Street, Hobart on Friday 29 October 2010 commencing at 10.30 a.m. (Tasmanian summer time).



MYSTATE LIMITED

ABN 26 133 623 962

Registered Office: 23 Paterson Street, Launceston Tas 7250

Tel: (03) 6348 1111 Fax: (03) 6348 1173

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of MyState Limited will be held at Hotel Grand Chancellor - Hobart, 1 Davey Street, Hobart, on Friday 29 October 2010 commencing at 10.30 a.m. (Tasmanian summer time).

Business

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Financial Reports, the Directors' Report and the Auditor's report for the year ended 30 June 2010.

2. ELECTION OF DIRECTORS

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

- (a) **"THAT** Dr M.J. Vertigan who retires from the office of Director by rotation in accordance with rule 62.2 of the Constitution, being eligible and offering himself for re-election, be re-elected as a Director of the Company."
- (b) **"THAT** Mr M.L. Hampton who retires from the office of Director by rotation in accordance with rule 62.2 of the Constitution, being eligible and offering himself for re-election, be re-elected as a Director of the Company."
- (c) **"THAT** Mr T.M. Gourlay who retires from the office of Director by rotation in accordance with rule 62.3 of the Constitution, being eligible and offering himself for re-election, be re-elected as a Director of the Company."
- (d) **"THAT** Mr A.B. Reidy who retires from the office of Director by rotation in accordance with rule 62.3 of the Constitution, being eligible and offering himself for re-election, be re-elected as a Director of the Company."

3. REMUNERATION REPORT

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

“THAT the Remuneration Report of the Company for the year ended 30 June 2010 is adopted.”

The vote on this resolution is advisory only and does not bind the Directors or the Company.

4. APPROVAL OF MANAGING DIRECTOR PARTICIPATION IN THE EXECUTIVE LONG TERM INCENTIVE PLAN (ELTIP)

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

(a) **“THAT** an issue of up to 71,884 fully paid ordinary shares in the Company for the benefit of the Managing Director in respect of the 2009 ELTIP is approved for the purposes of Rule 10.14 of the Listing Rules of ASX Limited.”

(b) **“THAT** the Company is authorised to offer the Managing Director participation in respect of the 2010 ELTIP of a yet to be determined maximum number of fully paid ordinary shares in the Company to be calculated by dividing \$225,000 by the weighted average price of the Company’s shares over the 20 trading days prior to the offer date, with a performance period 1 July 2010 – 30 June 2013.”

The Company will disregard any votes on each of these resolutions cast by Mr Gilbert, or an associate of Mr Gilbert. Please refer to “Voting Exclusion – item 4” below.

5. APPROVAL OF TERMINATION BENEFITS

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

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

The Company will disregard any votes on this resolution cast by or on behalf of Mr Gilbert and each other person who is an Executive for the purposes of this resolution, and their respective associates. Please refer to "Voting Exclusion - item 5" below.

Explanatory memorandum

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

Entitlement To Vote

Snapshot time

It has been determined (in accordance with the Corporations Regulations) that for the purposes of the Meeting, shares will be taken to be held by the persons who are the registered shareholders at 7.00 p.m. (Sydney time) on Wednesday 27 October 2010. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting exclusion – item 4

The Company will disregard any votes cast on each of the resolutions in item 4 by the Managing Director, Mr John Gilbert, and any of his 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 person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting exclusion – item 5

The Company will disregard any votes cast on the resolution in item 5 by or on behalf of the Managing Director and each person who is an Executive (as described in the Explanatory Memorandum), and their respective associates (in any capacity), unless the vote:

- is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution; and
- is not cast on behalf of the Managing Director or person who is such an Executive or their respective associates.

Voting by Proxy

A Shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate.

A Shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

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

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

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

Online www.investorvote.com.au

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

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

Voting By Attorney

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

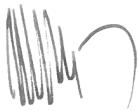
Corporate Representatives

A body corporate which is a member, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act 2001. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

Scrutineer

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

By Order of the Board



P K M Viney
Company Secretary
22 September 2010
23 Paterson Street
Launceston
Tasmania 7250

Questions from shareholders 2010 Annual General Meeting

Shareholders who are unable to attend the meeting or who may prefer to submit questions in advance concerning MyState Limited that they would like us to address at the Annual General Meeting are invited to do so.

For your convenience, you can submit your questions:

- By completing the AGM Question Form below and posting it to:

The Secretary
MyState Limited
23 Paterson Street
Launceston TAS 7250

- By faxing the Form to 03 63481173; or
- By emailing the Form or your questions to info@mystatelimited.com.au

We will attempt to respond to as many of the more frequently asked questions as possible in the Chairman's and Managing Director's addresses at the 2010 Annual General Meeting. However, if we receive a large number of Shareholders' questions we will not be able to reply individually.

Shareholder questions must be received by 10.30 a.m. Friday 22 October 2010.

Please complete the following details:

Shareholder name:

.....

Address:

.....

Question (s):

.....

.....

.....

.....

**MYSTATE LIMITED
ANNUAL GENERAL MEETING**

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum forms part of the Notice and has been prepared to provide Shareholders with sufficient information to consider the resolutions contained in the accompanying Notice of Annual General Meeting of the Company to be held on Friday 29 October 2010 commencing at 10.30 a.m. (Tasmanian summer time) at the Hotel Grand Chancellor – Hobart, 1 Davey Street, Hobart Tasmania.

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

Item 2 - Election of Directors

Number of Vacancies

Pursuant to rule 62.2 of the Constitution, retiring Directors Dr M.J. Vertigan and Mr M.L. Hampton being eligible to do so, have offered themselves for re-election.

Pursuant to rule 62.3 of the Constitution, retiring Directors T.M. Gourlay and Mr A.B Reidy being eligible to do so, have offered themselves for re-election.

Details of Candidates

Following are details on the candidates standing for re-election:

Dr M.J. Vertigan AC B Ec (Hons), PhD, Hon LLD, FAICD

Independent Non-executive Director
Chairman of the Board

Dr Vertigan is currently Chair of the Australian Government Solar Flagships Council, a Director of Eraring Energy and a member of the Advisory Board of Australian Government Education Investment Fund. He was formerly Secretary of the Department of Treasury and Finance in both Tasmania and Victoria. For the past decade, he has had extensive involvement in the finance, investment, energy and utilities sectors. Director of Tasmanian Perpetual Trustees Limited since July 2004 and Chairman since October 2004. Dr Vertigan was appointed Director and Chairman of MyState Limited on 8 October 2008 and also serves as Chairman of MyState Limited Board's Corporate Governance and Nomination Committee.

Mr M.L. Hampton B Ec (Hons), FCIS, FCPA, FAICD

Independent Non-executive Director

Mr Hampton was appointed a Director of MyState Limited on 12 February 2009 and has been a Director of Tasmanian Perpetual Trustees Limited since July 2006. He was appointed a Director of MyState Financial Limited and subsidiary companies on 22 September 2009. He is Chairman of the Business Risk and Compliance Committee and a member of the Audit Committee. Prior to commencing a career as a non-executive director, Mr Hampton was Managing Director of agribusiness and real estate public company, Roberts Limited from 1987 until 2006. Mr Hampton is currently a Director of Australian Pharmaceutical Industries Ltd, Forestry Tasmania, the Van Diemen's Land Company, Tasman Farms Limited and the Tasmanian Water & Sewerage Corporations. Mr Hampton has previously held positions as a Director of public companies Ruralco Holdings Ltd, Wentworth Holdings Ltd, HMA Ltd and Gibsons Ltd. He has also been a Director of a number of private companies.

Mr T.M. Gourlay Dip Teach TTC, Grad Cert Mgmt, MAICD

Independent non-executive Director

Mr Gourlay is Capital Works and Planning Consultant with the Tasmanian Catholic Education Office and was formerly Manager (Facility Services) with the Department of Education. He was a credit union director for more than twenty years and is a director of The Gourmet Club Pty Ltd and Chairman of the MyState Financial Community Foundation Limited. Mr Gourlay is a member of the MyState Limited Board's Corporate Governance and Nomination Committee and Business Risk and Compliance Committee as well as a member of the Australian Institute of Company Directors. He was appointed a Director of MyState Limited on 12 February 2009 and a Director of Tasmanian Perpetual Trustees Limited on 22 September 2009.

Mr A.B. Reidy FAICD, MFIA, JP

Independent non-executive Director

Mr Reidy is Executive Director of the Royal Hobart Hospital Research Foundation. He was elected Chairman of connectfinancial and The Gourmet Club Pty Ltd in December 2006 and was Chairman of MyState Financial from July 2007 until September 2009. Mr Reidy is a Fellow of the Australian Institute of Company Directors, a Member of the Fundraising Institute of Australia, and holds qualifications as a company director and in superannuation management. He was appointed a Director of MyState Limited on 8 October 2008 and a Director of Tasmanian Perpetual Trustees Limited on 22 September 2009. Mr Reidy is a member of the MyState Limited Board's Corporate Governance and Nomination Committee and the Investment Lending and Credit Committee.

Re-election recommendation

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

Voting

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

The Chairman of the meeting intends to vote undirected proxies in favour of the re-election of Dr Vertigan, Mr Hampton, Mr Gourlay and Mr Reidy.

Item 3 – Remuneration Report

Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is in the 2010 Annual Report and is also available on the Company's website at www.mystatelimited.com.au. The Remuneration Report:

- Describes the policies behind and structure of, the remuneration arrangements of the Company and the link between the remuneration of employees and the Company's performance;
- Sets out the remuneration arrangements in place for each Director and for specified Senior Executives of the Company; and
- Explains the differences between the bases for remunerating Non-Executive Directors and Executives, including any Executive Directors.

The Corporations Act requires the agenda for an Annual General Meeting to include a resolution that the Remuneration Report be put to the vote. The vote on the resolution is advisory only and is not binding on the Directors or the Company. However, the Directors will listen seriously to any comments regarding the Remuneration Report.

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

The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

The Chairman of the meeting intends to vote undirected proxies in favour of the adoption of the Remuneration Report.

Item 4 - Participation by Managing Director in the Executive Long Term Incentive Plan (ELTIP)

Introduction

The Board considers the motivation of the Managing Director, Mr John Gilbert, vital to the Company's long term performance.

Mr Gilbert's participation in the Executive Long Term Incentive Plan (ELTIP) for 2009 was previously approved at the Annual General Meeting held in March 2010.

Consistent with the approval for participation already given in respect of the 2009 ELTIP, in item 4(a) the Company now seeks approval for the purposes of Rule 10.14 of the ASX Listing Rules to issue up to 71,884 fully paid ordinary shares in the Company under the 2009 ELTIP, which would be allocated and vest for the benefit of Mr Gilbert should the performance criteria be achieved for the performance period 1 July 2009 – 30 June 2012.

In item 4(b), the Company seeks approval for Mr Gilbert's participation in the ELTIP for 2010. This approval will authorise the Company to offer a yet to be determined maximum number of fully paid ordinary shares in the Company, to be calculated by dividing \$225,000 by the weighted average price of the Company's shares over the 20 trading days prior to the offer date. The Board currently proposes to make the offer in respect of Mr Gilbert on or about 1 November 2010. The performance period for the shares in respect of the 2010 ELTIP offer will be 1 July 2010 – 30 June 2013. The shares would be issued under this offer if approval under Rule 10.14 of the ASX Listing Rules is subsequently given (at a future meeting of the Company's shareholders), and the shares would be allocated and vest for the benefit of Mr Gilbert should the performance criteria be achieved for the performance period 1 July 2010 – 30 June 2013.

General explanations of the Managing Director's current remuneration arrangements were previously released to the Australian Securities Exchange on 10 December 2009 and 9 July 2010.

The resolutions in this item are in accordance with the Company's policies on total remuneration arrangements for the Managing Director, as described below:

Basis of Employment of the Managing Director and Executives

The policy of the Company is to:

- employ the Managing Director and Senior Executives on continuing employment arrangements i.e. no fixed term; or
- Engage an Executive on a fixed term contract under specific circumstances only. These circumstances apply to Mr Gilbert's current employment contract.

Short Term Incentive (STI)

The STI is calculated as a percentage of the Managing Director or Senior Executive's Fixed Annual Remuneration (FAR) and is payable annually in respect of each financial year as cash and/or superannuation contributions. Maximum STI awards, expressed as a percentage of FAR are as follows: Managing Director up to 30% of FAR, Executives up to 15% and Senior Managers up to 15%.

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

Each year the Human Resources and Remuneration Committee (HRRC) sets the Key Performance Indicators (KPIs) for the Managing Director who, in turn, sets KPIs for Executives. The HRRC selects performance objectives which provide a robust link between Executive reward and the key drivers of long term shareholder value. The KPIs are measures relating to Company and personal performance accountabilities and include financial, strategic, operational and customer/stakeholder measures. The measures are chosen and weighted to best align the individual's reward to the KPIs of the Company and its overall performance. KPIs are weighted towards the achievement of profit growth targets.

The financial performance objectives are profit before income tax and after income tax compared to budgeted amounts. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, compliance and support of the Company's risk management policies and compliance culture, customer satisfaction, communication and staff development.

At the end of the financial year the Chairman assesses the actual performance of the Company and of the Managing Director against the KPIs set at the beginning of the financial year. Based upon that assessment, a recommendation is made to the HRRC as to the STI payment.

At the end of the financial year the Managing Director assesses the actual performance of the Company and the Executives against their KPIs set at the beginning of the financial year. Based upon that assessment, a recommendation is made to the HRRC as to the STI payment.

The HRRC recommends the STI payments to be made to the Managing Director and Executives for approval by the Board. Payment of an STI to the Managing Director or Executives is at the complete discretion of the Board and can be adjusted downwards, to zero if necessary to protect the financial soundness of the Company, i.e. to, at a minimum ensure that no breach of capital adequacy or liquidity policy thresholds occurs.

The Board also has discretion to adjust the STI payment down (potentially to zero) in the event that the Managing Director or an Executive commits a serious breach of duty.

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

Executive Long Term Incentive Plan (ELTIP)

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

Under the ELTIP an offer may be made to the Managing Director and members of the Executive Team every year, as determined by the Board. The maximum value of the offer is determined as a percentage of the FAR of the Managing Director and each member of the Executive Team. The percentages used are 50% for the Managing Director and 30% for the General Managers and Chief Financial Officer/Company Secretary. The value of the offer is converted into fully paid ordinary shares based upon the weighted average price of the Company's shares over the twenty trading days prior to the offer date.

In order for the shares to be allocated to the Managing Director or member of the Executive Team, or to vest in the Managing Director or eligible member of the Executive Team, certain performance criteria must be satisfied within a predetermined performance period. Both the performance criteria and the performance period are set by the Board at its absolute discretion. The Board has for the time being set the three financial years commencing with the year in which an offer is made under the plan as the performance period, with growth in earnings per share (EPS) outcomes and Total Shareholder Return (TSR) over the relevant performance period as the performance criteria. The EPS and TSR measures will be weighted equally.

For allocation and vesting of entitlements under the ELTIP, performance assessment will be measured against the performance of the companies sized by market capitalisation within the S&P/ASX 300 Index (the benchmark group).

Any reward payable to the Managing Director and any member of the Executive Team under any ELTIP offer is subject to reassessment and possible forfeiture, if the results on which the ELTIP reward was based, are subsequently found to have been the subject of deliberate management misstatement.

Any reward payable to the Managing Director or any member of the Executive Team under any ELTIP offer will be calculated as follows:

- 50% of the ELTIP reward for the performance period will be based upon the comparison of the actual MyState Limited (MYS) EPS growth achieved with that of the benchmark group and will be payable on the following basis:
 - Below the mid-point percentage EPS growth – 0% reward
 - At the 50th percentile – 50% of the applicable reward
 - Between the 50th percentile and the 75th percentile EPS growth – 2% for every 1 percentile above the 50th percentile.
 - Above the 75th percentile – 100% of the applicable reward
 - No reward will be payable if EPS growth is negative irrespective of the benchmark group performance.
 - MYS EPS baseline for calculation of the 2009 ELTIP offer is to be 23.32cps. The EPS baseline for calculation of the 2010 ELTIP offer will be notified to shareholders on or after 1 November 2010.
- 50% of the ELTIP reward for the performance period will be based upon the comparison of the actual MYS TSR growth compared to the benchmark group and will be payable on the following basis:
 - Below the mid-point percentage TSR growth – 0% reward
 - At the 50th percentile – 50% of the applicable reward
 - Between the 50th percentile and the 75th percentile TSR growth – 2% for every 1 percentile above the 50th percentile.
 - Above the 75th percentile – 100% of the applicable reward
 - No reward will be payable if TSR is negative irrespective of the benchmark group performance.
 - MYS share price baseline for TSR calculation for the 2009 ELTIP offer is \$2.70. The TSR baseline for calculation of the 2010 ELTIP offer will be notified to shareholders on or after 1 November 2010.

The ELTIP provides for an independent trustee (Trustee) to acquire and hold shares which have been issued in connection with the ELTIP. The Company issues shares to the Trustee, as directed by the Board, for nil consideration. Allocation of shares to the Managing Director or Executive occurs only once an assessment has been made after the performance period (currently 3 years) and the Board has resolved to notify the Trustee to issue the relevant entitlements under the relevant ELTIP offer.

Vesting of shares to the Managing Director or Executives is at the complete discretion of the Board and can be adjusted downwards, to zero if necessary, to protect the financial soundness of the Company, i.e. to, at a minimum ensure that no breach of capital adequacy or liquidity policy thresholds occurs.

The Trustee will allocate any shares to the Managing Director and members of the Executive Team in accordance with their respective entitlements under the ELTIP. Any shares to be allocated to the Managing Director under this Plan require shareholder prior approval in accordance with ASX Listing Rules. The Trustee will hold the shares which have been allocated on behalf of the Managing Director and any Executive Team member.

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

On separation from the Company, shares will be released only if the separation is due to a Qualifying Reason¹ or is at the initiation of the Company without cause. If this occurs within the three year performance period, shares will be allocated on a pro-rata basis by bringing the qualifying date forward to the date of separation.

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

On accepting an ELTIP offer made by MyState Limited, the Managing Director and Executives Team members are required to agree to not hedge their economic exposure to any allocated non-vested entitlement. Failure to comply with this directive will constitute a breach of duty and as such will involve disciplinary action and the risk of dismissal under the terms of their respective contracts.

¹ *A Qualifying Reason as defined by the ELTIP Plan Rules, is death, total and permanent disability, retirement at normal retirement age, redundancy or other such reason as the Board in its absolute discretion may determine.*

Disclosures for purposes of ASX Listing Rule 10.14 – item 4(a)

Listing Rule 10.14 provides that a company must not permit a director of the company to acquire shares under an employee incentive scheme without the approval of holders of ordinary securities.

The Board considers that the award of the shares under the ELTIP is an important component of the overall remuneration arrangements designed to:

- a. retain the services of Mr Gilbert; and
- b. encourage enhanced performance by Mr Gilbert for the future growth of the Company and thereby add value for shareholders.

For item 4(a) of the Notice of Meeting, approval is sought at this meeting for the purposes of Rule 10.14 of the ASX Listing Rules to the issue of shares for the benefit of Mr Gilbert. The offer in respect of Mr Gilbert's participation in the 2009 ELTIP has previously been approved by Shareholders at the Company's 2009 AGM held in March 2010. Listing Rule 10.14 requires the following information is provided:

- **The maximum number of shares that may be acquired by all persons for whom approval is required and the formula for calculating the number of shares to be issued:**

A maximum of up to 71,884 fully paid ordinary shares in the Company under the 2009 ELTIP, which will be allocated and vest for the benefit of Mr Gilbert if the performance criteria are achieved for the performance period from 1 July 2009 to 30 June 2012.

- **The names of all persons referred to in ASX Listing Rule 10.14 who received shares under the scheme since the last approval:**

No persons have previously been issued shares under the ELTIP since the formation of the Company.

- **The name of every person referred to in ASX Listing Rule 10.14 entitled to participate in the scheme:**

Mr Gilbert is the sole Director entitled to participate in the ELTIP.

- **The terms of any loan in relation to the allocation:**

There are no loans applicable to the allocation of shares to Mr Gilbert under the Plan.

- **The Company confirms that details of any shares issued under the ELTIP will be published in each Annual Report of the Company relating to a period in which the securities have been issued and that approval for the issue has been obtained under Listing Rule 10.14. Any additional person (to whom an approval of an issue would be required under Listing Rule 10.14) who becomes entitled to participate in the ELTIP after resolution 4 is approved (if Shareholders approve the resolution at the Annual General Meeting) and who were not named in the Notice will not participate in the ELTIP until a further approval in respect of their participation is obtained under Listing Rule 10.14.**

- **The dates by which the Company will allocate the shares:**

If Mr Gilbert becomes entitled to an allocation of shares under the 2009 ELTIP offer, the shares will be allocated to him as soon as practicable after the end of the specified performance period but no later than 3 months after the end of the relevant performance period.

Resolution recommendations

The Directors (other than Mr Gilbert) unanimously support each of the resolutions in item 4, and recommend that shareholders vote in favour of the issue of shares under the 2009 ELTIP for the benefit of Mr Gilbert, and the offer for Mr Gilbert's participation in the 2010 ELTIP.

The Chairman of the meeting intends to vote undirected proxies in favour of each of the resolutions.

Item 5 – Approval of Termination Benefits

Subject to a number of exempt benefits and benefits given in circumstances permitted by the Corporations Act, where shareholder approval is not required, shareholder approval is required to give a person a benefit in connection with a person's retirement from an office, or a position of employment in a company or a related body corporate where either:

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

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

Prior to the merger of MyState Financial and Tasmanian Perpetual Trustees which took effect in September 2009, the MyState Limited Board established a Human Resources and Remuneration Committee which established a broad framework for the remuneration of the Managing Director. Subsequent to the merger, the committee has reviewed:

- its Terms of Reference; and
- remuneration arrangements of both pre-merger organisations applying to Executive Directors and Senior Executives,

so as to determine the most appropriate approach for the Company for the financial year ended 30 June 2010 and beyond.

The MyState Limited Remuneration Policy is based upon the long-term sustainable financial security of MyState Limited as evidenced by:

- Appropriately balanced measures of performance weighted towards long-term shareholder interests;
- Variable performance based pay for Executives involving a long-term incentive plan subject to an extended period of performance assessment;
- Recognition and reward for strong performance;
- A considered balance between the capacity to pay and the need to pay to attract and retain capable staff at all levels;
- The exercise of Board discretion as an ultimate means to mitigate unintended consequences of variable pay and to preserve the interests of the shareholders; and
- Short-term and long-term incentive performance criteria are structured within the overall risk management framework of the Company.

This item has been proposed to deal with the Company's current remuneration arrangements, insofar as they may provide for termination benefits the payment of which would require shareholder approval for the following persons:

- Mr Gilbert, the Managing Director;
- the following members of the Company's Executive Management Team (each of whom is an **Executive**):

- Mr D E Benbow General Manager – Wealth Management and Trustee Services (appointed 11 January 2010)
- Mr C L Kent General Manager – Brands, Communications, People and Development (appointed 11 January 2010)
- Mr T M Rutherford General Manager – Technology and Operations (appointed 11 January 2010)
- Mr D W Turner General Manager – Retail Banking and Distribution (appointed 11 January 2010)
- Mr P K M Viney Chief Financial Officer and Company Secretary (appointed 11 January 2010, previously Company Secretary from 8 October 2008).

The Company's remuneration arrangements are summarised under "Basis of Employment of the Managing Director and Executives" in the item above for resolution 4 in this Explanatory Memorandum. This includes, for each of the Managing Director and the Executives:

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

An approval which is given by the Shareholders for the purposes of this resolution 5 will apply to the termination benefits described in the Schedule below given by any of the following persons (collectively, the **Group**):

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

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

Schedule - Termination benefits to Managing Director and Executives

Circumstances in which the benefit is given	Notice period	Total fixed remuneration ¹	Short term incentive (STI) and Executive Long Term Incentive Plan (ELTIP) ²
Managing Director			
Ceases to hold office or employment with MyState Limited due to serious breach of duty, grave misconduct or disability by reason of becoming of unsound mind.	Immediate termination by the Company	Nil	STI - Payment of the Managing Director's earned but unpaid STI from any previous 12 month performance period. ELTIP – Allocation and vesting of any Shares in respect of an offer or issue to the Managing Director under the ELTIP, where a relevant performance period has been completed.
Ceases or hold office or employment with the MyState Limited voluntarily, or because of the Managing Director's death, or for any reason other than specified in the previous row of this table (including disability by reason of accident, illness or any cause other than becoming of unsound mind).	60 days notice by either party Immediate termination on death of Managing Director	6 months total fixed remuneration if termination takes effect before 14 December 2012 Or 6 months total fixed remuneration or remuneration for the balance of the contract term, whichever is greater, if termination takes effect on or after 14 December 2012	STI - Payment of the Managing Director's earned but unpaid STI from a previous 12 month performance period. For the current STI performance period at termination date, the Managing Director's STI entitlement based on normal assessment. ELTIP – Allocation and vesting of any Shares in respect of an offer or issue to the Managing Director under the ELTIP, where a relevant performance period has been completed. For any performance period not completed at the termination date (currently these periods are 3 years) where a number of Shares are held by the ELTIP trustee in respect of an offer or issue to the Managing Director, allocation and vesting of a reduced number of Shares calculated on a pro-rata basis according to the number of days in each incomplete performance period up to the date on which the Managing Director's termination takes effect. If the Company does not offer the Managing Director a 2 year contract extension beyond 14 December 2012, the end date of any partially completed performance period as at 14 December 2012 will be brought forward to that date, with accelerated vesting of entitlements to ELTIP issues under prior offers subject to an independent assessment of the Company's performance over the adjusted performance periods on the basis that in all likelihood had the performance periods run their scheduled full term, the original performance hurdles in any offer made would have been reached and hence triggered the appropriate level of reward.

1 The total fixed annual remuneration payable to the Managing Director and each Executive is subject to ongoing annual market based review mechanisms. At 30 June 2010, the amounts payable are as stated in the Remuneration Report which is contained in the 2010 Annual Report and is also available on the Company's website at www.mystatelimited.com.au.

2 Any reward payable to the Managing Director or any Executive under an offer in the Executive Long Term Incentive Plan (ELTIP) is subject to reassessment and possible forfeiture, at the election of the Board, if the results on which the ELTIP reward was based are subsequently found to have been the subject of deliberate management misstatement.

Circumstances in which the benefit is given	Notice period	Total fixed remuneration ¹	Short term incentive (STI) and Executive Long Term Incentive Plan (ELTIP) ²
Each of the Executives			
Ceases to hold office or employment with MyState Limited due to serious breach of duty, grave misconduct or disability by reason of becoming of unsound mind.	Immediate termination by the Company	Nil	STI - Payment of the Executive's earned but unpaid STI from any previous 12 month performance period. ELTIP - Allocation and vesting of any Shares in respect of an offer or issue to the Executive under the ELTIP, where a relevant performance period has been completed.
Ceases or hold office or employment with the MyState Limited voluntarily, or because of the Executive's death, or for any reason other than specified in the previous row of this table (including disability by reason of accident, illness or any cause other than becoming of unsound mind.	60 days notice by either party Immediate termination on death of Executive	12 months total fixed remuneration	STI - Payment of the Executive's earned but unpaid STI from a previous 12 month performance period. For the current STI performance period at termination date, the Executive's STI entitlement based on normal assessment. ELTIP - Allocation and vesting of any Shares in respect of an offer or issue to the Executive under the ELTIP, where a relevant performance period has been completed. For any performance period not completed at the Executive's termination date (currently these periods are 3 years), where a number of Shares are held by the ELTIP trustee in respect of an offer or issue to the Executive, allocation and vesting of a reduced number of Shares calculated on a pro-rata basis according to the number of days in each incomplete performance period up to the date on which the Executive's termination takes effect.

The Corporations Act requires that a vote on the resolution for this item must not be cast (in any capacity) by or on behalf of:

- a. any of the persons in respect of whom a termination benefit would be given, namely the Managing Director and the Executives (each a **retiree**); or
- b. any associate of the retiree.

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

Resolution recommendation

The directors (other than Mr Gilbert who has an interest in the resolution) unanimously support this item.

The directors (other than Mr Gilbert who has an interest in the resolution) do not make this recommendation on behalf of Mr Gilbert or on behalf of any of the Executives.

