

**HARVEY NORMAN  
HOLDINGS LIMITED**

A.C.N 003 237 545

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22 October 2015

The Manager  
Announcements  
Australian Stock Exchange Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir

We enclose a copy of the 2015 Notice of Meeting and Proxy form for Harvey Norman Holdings Limited which will accompany the Annual Report to shareholders.

We expect to have the printed Annual Report, Notice of Meeting and Proxy form forwarded to shareholders today.

If you have any queries, please do not hesitate to contact the writer.

Yours faithfully



**Chris Mentis**  
Chief Financial Officer / Company Secretary

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of members of Harvey Norman Holdings Limited A.C.N. 003 237 545 will be held at Tattersalls Club, 181 Elizabeth Street, Sydney, New South Wales on **Tuesday 24 November 2015 at 11am (AEDT)**.

## A G E N D A

### Ordinary Business

1. To receive the Company's Financial Statements, the Directors' Declaration and the Directors' Report and Independent Audit Report for the year ended 30 June 2015.
2. To adopt the Remuneration Report as included in the Directors' Report for the year ended 30 June 2015.

*Note the vote on this resolution is advisory only and does not bind the directors or the Company.*

3. To declare a dividend as recommended by the Board.
4. To consider, and if thought fit, pass the following resolution as an ordinary resolution:  
  
"That Mr Michael John Harvey, a Director who retires by rotation at the close of the meeting in accordance with Article 63A of the Constitution of the Company and being eligible, be re-elected as a Director of the Company".
5. To consider, and if thought fit, pass the following resolution as an ordinary resolution:  
  
"That Mr Christopher Herbert Brown, a Director who retires by rotation at the close of the meeting in accordance with Article 63A of the Constitution of the Company and being eligible, be re-elected as a Director of the Company".

6. To consider, and if thought fit, pass the following resolution as an ordinary resolution:  
  
"That Mr John Evyn Slack-Smith, a Director who retires by rotation at the close of the meeting in accordance with Article 63A of the Constitution of the Company and being eligible, be re-elected as a Director of the Company".

### Special Business

7. To consider, and if thought fit, pass the following resolution as an ordinary resolution with or without amendment:  
  
"That, for the purpose of Listing Rule 10.14 and for all other purposes, approval be given for the Company to grant up to 187,500 performance rights to Mr Gerald Harvey

under the 2016 Long Term Incentive Plan, on the terms set out in the Explanatory Notes".

8. To consider, and if thought fit, pass the following resolution as an ordinary resolution with or without amendment:

"That, for the purpose of Listing Rule 10.14 and for all other purposes, approval be given for the Company to grant up to 337,500 performance rights to Ms Kay Lesley Page under the 2016 Long Term Incentive Plan, on the terms set out in the Explanatory Notes".

9. To consider, and if thought fit, pass the following resolution as an ordinary resolution with or without amendment:

"That, for the purpose of Listing Rule 10.14 and for all other purposes, approval be given for the Company to grant up to 225,000 performance rights to Mr John Evyn Slack-Smith under the 2016 Long Term Incentive Plan, on the terms set out in the Explanatory Notes".

10. To consider, and if thought fit, pass the following resolution as an ordinary resolution with or without amendment:

"That, for the purpose of Listing Rule 10.14 and for all other purposes, approval be given for the Company to grant up to 225,000 performance rights to Mr David Matthew Ackery under the 2016 Long Term Incentive Plan, on the terms set out in the Explanatory Notes".

11. To consider, and if thought fit, pass the following resolution as an ordinary resolution with or without amendment:

"That, for the purpose of Listing Rule 10.14 and for all other purposes, approval be given for the Company to grant up to 225,000 performance rights to Mr Chris Mentis under the 2016 Long Term Incentive Plan, on the terms set out in the Explanatory Notes".

### **Contingent Business**

12. Holding a Spill Meeting

Condition for Resolution 12: Resolution 12 will be considered at the AGM only if at least 25% of the votes cast on Resolution 2 are against the adoption of the Remuneration Report. The Explanatory Notes further explain the circumstances in which Resolution 12 will be put to the meeting.

If the condition (described above) is satisfied, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, as required by the Corporations Act:

- For personal use only
- (a) a meeting of the Company's members (the spill meeting) be held within 90 days of the date of the 2015 Annual General Meeting;
  - (b) each of Gerald Harvey, Christopher Herbert Brown\*, Michael John Harvey\*, Kenneth William Gunderson-Briggs, Graham Charles Paton, Chris Mentis John Evyn Slack-Smith\*, and David Matthew Ackery cease to hold office immediately before the end of the spill meeting; and
  - (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to the vote at the spill meeting.

\* This assumes the director is re-elected at the AGM."

## ELIGIBILITY TO VOTE

For the purposes of the AGM, the Directors have determined that shares will be taken to be held by persons registered as shareholders of the Company at **11am (AEDT) on Sunday 22 November 2015**.

## PROXIES

Each shareholder who is entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote at the AGM on the shareholder's behalf. A proxy need not be a shareholder of the Company, and may be either an individual or a body corporate.

Where two proxies are appointed by a shareholder, the shareholder may specify the proportion or number of votes which each proxy is entitled to exercise on a poll. If the appointment does not specify the proportion or number of shareholder's votes, each proxy may exercise one half of the votes on a poll.

## CORPORATE REPRESENTATIVES

A body corporate which is a shareholder or the proxy of a shareholder may appoint an individual as its representative to exercise all or any of its powers that it could exercise at the AGM. The representative should bring to the AGM, original documentation evidencing his or her appointment, including any authority under which the appointment is signed.

## PROXY DEADLINE

A Proxy Form and, if the Proxy Form is not signed by the shareholder, the power of attorney or other authority (if any) under which the Proxy Form is signed (or a certified copy of that power of attorney or other authority), must be received by the Company at least 48 hours before the time for holding the AGM – that is, by **11am (AEDT) on Sunday 22 November 2015**. Documents may be lodged with the Company by the methods set out in the Proxy Form.

## ATTACHMENTS

- A. Voting Exclusion Statement.
- B. Explanatory Notes and Glossary
- C. Proxy Form.

Dated this 22<sup>nd</sup> day of October 2015



**Chris Mentis**  
Company Secretary

## ATTACHMENT A

### VOTING EXCLUSION STATEMENT

#### HARVEY NORMAN HOLDINGS LIMITED A.C.N 003 237 545 ("Company")

On 24 November 2015 at the Annual General Meeting of its members, the Company will disregard any votes cast on the following proposed resolutions:

##### **Ordinary Business**

**Resolution 2** *To adopt the Remuneration Report as included in the Directors' Report for the year ended 30 June 2015.*

- (a) by any key management personnel of the Company, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company, details of whose remuneration are included in the Remuneration Report ("**Key Management Personnel**"); and
- (b) by any closely related party of any Key Management Personnel.

Closely related parties of Key Management Personnel are defined in the *Corporations Act 2001* (Cth) ("**Corporations Act**") and include certain family members and any companies controlled by Key Management Personnel.

However, the Company need not disregard a vote if:

- it is cast by a proxy appointed in writing for a person who is entitled to vote, in accordance with a direction on the proxy form how the proxy is to vote on the proposed resolution; or
- the vote is not cast on behalf of any Key Management Personnel, or any closely related party of any Key Management Personnel.

##### **Special Business**

**Resolution 7** *Grant of Performance Rights to Gerald Harvey*

- (a) by Mr Gerald Harvey, Ms Kay Lesley Page, Mr John Evyn Slack-Smith, Mr David Matthew Ackery and Mr Chris Mentis; and
- (b) each associate of Mr Gerald Harvey, Ms Kay Lesley Page, Mr John Evyn Slack-Smith, Mr David Matthew Ackery and Mr Chris Mentis.

However, the Company need not disregard a vote if:

- it is cast by a proxy appointed in writing for a person who is entitled to vote, in accordance with a direction on the proxy form how the proxy is to vote on the proposed resolution; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**Resolution 8** *Grant of Performance Rights to Kay Lesley Page*

- (a) by Ms Kay Lesley Page, Mr Gerald Harvey, Mr John Evyn Slack-Smith, Mr David Matthew Ackery and Mr Chris Mentis; and
- (b) each associate of Ms Kay Lesley Page, Mr Gerald Harvey, Mr John Evyn Slack-Smith, Mr David Matthew Ackery and Mr Chris Mentis.

However, the Company need not disregard a vote if:

- it is cast by a proxy appointed in writing for a person who is entitled to vote, in accordance with a direction on the proxy form how the proxy is to vote on the proposed resolution; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**Resolution 9** *Grant of Performance Rights to John Evyn Slack-Smith*

- (a) by Mr John Evyn Slack-Smith, Mr Gerald Harvey, Ms Kay Lesley Page, Mr David Matthew Ackery and Mr Chris Mentis; and
- (b) each associate of Mr John Evyn Slack-Smith, Mr Gerald Harvey, Ms Kay Lesley Page, Mr David Matthew Ackery and Mr Chris Mentis.

However, the Company need not disregard a vote if:

- it is cast by a proxy appointed in writing for a person who is entitled to vote, in accordance with a direction on the proxy form how the proxy is to vote on the proposed resolution; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**Resolution 10** *Grant of Performance Rights to David Matthew Ackery*

- (a) by Mr David Matthew Ackery, Mr Gerald Harvey, Ms Kay Lesley Page, Mr John Evyn Slack-Smith and Mr Chris Mentis; and
- (b) each associate of Mr David Matthew Ackery, Mr Gerald Harvey, Ms Kay Lesley Page, Mr John Evyn Slack-Smith and Mr Chris Mentis.

However, the Company need not disregard a vote if:

- it is cast by a proxy appointed in writing for a person who is entitled to vote, in accordance with a direction on the proxy form how the proxy is to vote on the proposed resolution; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**Resolution 11** *Grant of Performance Rights to Chris Mentis*

- (a) by Mr Chris Mentis, Mr Gerald Harvey, Ms Kay Lesley Page, Mr John Evyn Slack-Smith and Mr David Matthew Ackery; and
- (b) each associate of Mr Chris Mentis, Mr Gerald Harvey, Ms Kay Lesley Page, Mr John Evyn Slack-Smith and Mr David Matthew Ackery.

However, the Company need not disregard a vote if:

- it is cast by a proxy appointed in writing for a person who is entitled to vote, in accordance with a direction on the proxy form how the proxy is to vote on the proposed resolution; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

### **Contingent Business**

#### **Resolution 12** *Holding a Spill Meeting*

As required by the Corporations Act, no member of the Company's Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a closely related party of any such member, may vote in any capacity (e.g. as a shareholder, proxy or corporate representative) on the proposed resolution in Resolution 12 unless:

- (a) the person votes as a proxy appointed by writing that specifies how the person is to vote on the proposed resolution in Resolution 12; and
- (b) the vote is not cast on behalf of any such member or closely related party of any such member.

The prohibition in the Corporations Act on members of the Company's Key Management Personnel voting does not apply to the Chairman of the Meeting as proxy for a member entitled to vote where the proxy appointment expressly authorises the Chairman of the Meeting to vote in that capacity on Resolution 12 (see Explanatory Notes).



## ATTACHMENT B

### EXPLANATORY NOTES

#### **Resolution 1 - To receive the Company's Financial Statements, the Directors' Declaration and the Directors' Report and Independent Audit Report for the year ended 30 June 2015.**

- 1.1 The Annual Report of the Company has been made available to shareholders and is published on the Company's website ([www.harveynormanholdings.com.au/annualreports.htm](http://www.harveynormanholdings.com.au/annualreports.htm)).
- 1.2 The Chairman will allow a reasonable opportunity for the members as a whole at the meeting to ask questions about or make comments on the management of the Company.
- 1.3 Members will be given a reasonable opportunity to ask the auditor of the Company questions about the conduct of the audit or the content of the Independent Audit Report.

#### **Resolution 2 - Adoption of Remuneration Report**

- 2.1 Section 250R(2) of the Corporations Act requires that at the Annual General Meeting of the Company a resolution that the remuneration report be adopted must be put to the vote at the Annual General Meeting of the Company.
- 2.2 The Chairman will allow a reasonable opportunity for the members as a whole to ask questions about, or make comments on, the remuneration report.
- 2.3 If you appoint the Chairman as your proxy, the Chairman will not vote any undirected proxies in respect of Resolution 2 or, if required to be put to the Annual General Meeting, Resolution 12.
- 2.4 If you appoint the Chairman as your proxy and you want your shares to be voted on Resolution 2 and Resolution 12, you should direct the Chairman how to vote on Resolution 2 and Resolution 12 by completing Step 2 in the Proxy Form.
- 2.5 Votes will not be counted in respect of Resolution 2 or Resolution 12 if they provide an undirected proxy, unless you nominate as your proxy the Designated Proxy Holder (as defined in the Proxy Form attached to the Notice of Meeting) or any person who is not:
  - (a) Key Management Personnel; or
  - (b) a closely related party of any Key Management Personnel.
- 2.6 The Designated Proxy Holder intends to vote undirected proxies **in favour of Resolutions 1 to 11 (inclusive)**. The Designated Proxy Holder intends to vote undirected proxies **against Resolution 12**.
- 2.7 Sections 250U, 250V and 250W of the Corporations Act provide that if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, members will be required to vote at the second of those annual general meetings on a resolution ("**Spill Resolution**") that another meeting be held at which all of the directors of the Company, other than the Managing Director, must go up for re-election.
- 2.8 If the Spill Resolution is passed, the Company must convene the extraordinary general meeting within 90 days ("**Spill EGM**"). All directors, other than the Managing Director, will cease to hold

office immediately before the end of the Spill EGM but may stand for re-election at the Spill EGM.

### **Resolution 3 - Declaration of Dividend**

- 3.1 Article 86(1) of the Constitution of the Company provides that the Company in a general meeting may declare a dividend if, and only if, the directors of the Company have recommended a dividend. Article 86(2) provides that a dividend shall not exceed the amount recommended by the directors of the Company.
- 3.2 The recommended final dividend is \$0.11 per share, fully franked, to be paid on Tuesday 1 December 2015 to members registered at 5:00pm (AEDT) on Monday 2 November 2015. The total dividend for the year will be \$0.20 per share fully franked.

### **Resolutions 4 to 6 - Election of Directors**

- 4.1 Article 63A of the Constitution of the Company provides that at every annual general meeting, one third of the directors of the Company must retire from office and that no director shall retain office for a period exceeding three years, without submitting himself or herself for re-election.

The following directors retire and submit themselves for re-election.

#### ***Michael John Harvey***

- 4.2 Mr. M. Harvey joined Harvey Norman in 1987, having completed a Bachelor of Commerce degree. Mr. M. Harvey gained extensive experience as a Harvey Norman franchisee from 1989 to 1994. Mr M. Harvey became a director of the Company in 1993 and was appointed Managing Director in July 1994. Mr. M. Harvey ceased to be an Executive Director and Managing Director on 30 June 1998.

#### ***John Evyn Slack-Smith***

- 4.3 Mr. Slack-Smith was a Harvey Norman computer franchisee between 1993 and 1999. Mr. Slack-Smith became a director of the Company on 5 February 2001. Mr. Slack-Smith has served as a director of the public company, Sydney Cancer Centre Foundation.

#### ***Christopher Herbert Brown OAM FAICD***

- 4.4 Mr Brown holds the degree of Master of Laws from the University of Sydney and is a Fellow of the Australian Institute of Company Directors. Mr Brown is the senior partner in Brown Wright Stein Lawyers. Mr Brown was appointed a director of the Company in 1987, when it became a listed public company. Mr Brown is Chairman of each of the Remuneration and Nomination Committees and a member of the Audit Committee.

The Board recognises the Corporate Governance Council's recommendation that a majority of the Board should consist of independent directors. The Board further recognises that Mr Brown does not meet the definition of independence.

The Board believes that Mr Brown brings quality and independent judgement to all relevant issues falling within the scope of his role and that the Company as a whole benefits from his long standing experience of its operations and business relationships.

## Resolutions 7 to 11 – Grant of Performance Rights under the 2016 LTI Plan

### ***2016 Long Term Incentive Plan***

- 5.1 In Resolutions 7 to 11 inclusive, shareholders are being asked to approve the grant of performance rights under the 2016 Long Term Incentive Plan ("LTI Plan"). An overview of the key terms of the LTI Plan is set out below.

### ***Remuneration Principles and Strategy***

- 5.2 The executive remuneration strategy of the Company is designed to attract, motivate and retain high performing individuals and align the interests of executives with shareholders. A detailed illustration of how the remuneration strategy of the Company aligns with the strategic direction and links remuneration outcomes to performance is set out at pages 25 and 26 of the 2015 Annual Report.

### ***Responsibilities of the Remuneration Committee***

- 5.3 The remuneration committee of the Board is responsible for making recommendations to the Board on the remuneration arrangements for executive directors and non-executive directors ("NEDs").
- 5.4 The remuneration committee assesses the appropriateness of the nature and amount of remuneration of NEDs and executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing director and executive team. In determining the level and composition of executive remuneration, the remuneration committee has not engaged external consultants to provide independent advice or make any remuneration recommendation.
- 5.5 The remuneration committee comprises three NEDs, two of whom are independent NEDs. Further information on the role, responsibilities and membership of the remuneration committee can be seen at [www.harveynormanholdings.com.au](http://www.harveynormanholdings.com.au).

### ***Summary of Terms of 2016 LTI Plan***

- 5.6 Awards under the LTI Plan are granted in the form of "performance rights", being a right to acquire one ordinary share in the Company at nil exercise price.
- 5.7 The LTI Plan will be open to executive directors of the Company and such other persons as the Board in its absolute discretion, invites to participate in the LTI Plan.
- 5.8 Performance rights will be granted on the terms of the LTI Plan and such additional service conditions and non-financial terms and conditions as the Board (after consideration of recommendations of the remuneration committee of the Board), determines from time to time.
- 5.9 Performance rights will not carry any voting or dividend rights. Performance rights are non-transferable except in limited circumstances or with the consent of the Board.
- 5.10 Performance rights will not be quoted on the ASX. In general, where a participant resigns or is terminated for cause before a performance right vests, all unvested performance rights will lapse. The Board (after consideration of the recommendations of the remuneration committee of the Board), has discretion to determine the treatment of any unvested performance rights

where a participant ceases employment in "good leaver" circumstances (such as by reason of death, disability or otherwise in circumstances approved by the Board).

- 5.11 The Company will establish an employee share trust for the purpose of acquiring and holding shares to be used to satisfy the entitlements of participants in respect of their vested performance rights. For this purpose, the Company may issue new shares to the trust or procure (including by making contributions to the trust) that shares are acquired on market to be held by the trust. Under the rules of the LTI Plan, the Board also has the discretion to make it a term of the grant of performance rights that shares awarded on the vesting of performance rights must be held in the trust for a restriction period before the participant is entitled to deal with those shares.
- 5.12 In the event of fraud, dishonesty or breach of obligations, the Board may make a determination, including lapsing an award of performance rights, to ensure that no unfair benefit is obtained by a participant.
- 5.13 In the event of a takeover, scheme of arrangement or other transaction which may result in a person becoming entitled to exercise control over the Company, the Board has a discretion to determine whether any unvested performance rights should vest, lapse or become subject to different performance conditions or whether any resulting shares which are subject to a restriction period should become unrestricted.
- 5.14 The LTI Plan will be administered by the Board. The Board has the right (after consideration of any recommendations of the remuneration committee of the Board), and subject to the Listing Rules and applicable legal requirements, to:
- (a) make all determinations required under the LTI Plan; and
  - (b) waive or modify the application of all or any service conditions, non-financial terms and conditions of the LTI Plan and performance rights granted under the LTI Plan;
- as the Board considers appropriate.
- 5.15 A copy of the rules of the LTI Plan will be available for inspection at the Company's registered office during normal business hours, prior to the 2015 Annual General Meeting of the Company. No securities have been issued under the LTI Plan to date.
- 5.16 The first issue of performance rights under the LTI Plan is proposed to be made to each of Gerald Harvey, Kay Lesley Page, John Evyn Slack-Smith, David Matthew Ackery and Chris Mentis and is the subject of shareholder approval (as described in the next section below).

#### ***Summary of Terms of Issue***

- 5.17 The exercise price for each performance right will be nil. If exercised, each performance right will be converted into one ordinary share in the Company. Each executive named in Resolutions 7 to 11 inclusive will be granted performance rights to acquire shares in the Company, subject to performance conditions and service conditions.

The performance rights will be granted in three tranches as described below ("**Tranches**" and each a "**Tranche**"), subject to the relevant performance conditions and service conditions and are exercisable as follows:

<b>Executive</b>	<b>Tranche 1 FY2016</b> <b>Exercisable between</b> <b>1 January 2019 and</b> <b>30 June 2021</b>	<b>Tranche 2 FY2017</b> <b>Exercisable</b> <b>between 1 January</b> <b>2020 and 30 June</b> <b>2022</b>	<b>Tranche 3 FY2018</b> <b>Exercisable between</b> <b>1 January 2021 and</b> <b>30 June 2023</b>
<b>Gerald Harvey</b>	62,500	62,500	62,500
<b>Kay Lesley Page</b>	112,500	112,500	112,500
<b>John Evyn Slack-Smith</b>	75,000	75,000	75,000
<b>David Matthew Ackery</b>	75,000	75,000	75,000
<b>Chris Mentis</b>	75,000	75,000	75,000

- 1) Tranche 1 will be granted within five (5) business days after the 2015 AGM
- 2) Tranche 2 will be granted within five (5) business days after the first anniversary of the 2015 AGM
- 3) Tranche 3 will be granted within five (5) business days after the second anniversary of the 2015 AGM

5.18 No amount is payable in respect of the grant of a performance right.

5.19 Performance rights will not be listed on the ASX.

5.20 Application will be made to list the shares issued on the exercise of the performance rights on the ASX and such shares will rank equally with other ordinary shares of the Company and will not carry restrictions on trading.

5.21 Unexercised performance rights will lapse, irrespective of whether they have become exercisable, when one of the following events occur:

- 1) as to Tranche 1, on 1 July 2021 or such earlier date specified by the Board;
- 2) as to Tranche 2, on 1 July 2022 or such earlier date specified by the Board;
- 3) as to Tranche 3, on 1 July 2023 or such earlier date specified by the Board;
- 4) the Board determines the performance rights granted to a Grantee should lapse, as a result of any fraud, gross misconduct or conduct by that Grantee which brings the Company into disrepute; or
- 5) the Board determines the relevant requirements in relation to performance rights granted to a Grantee, including performance conditions and a service condition, have not and are incapable of being met.

- 5.22 Separate performance conditions will apply to each Tranche of performance rights, and are to be tested over a three year period. Each performance right under a Tranche granted to a Grantee is subject to service conditions.
- 5.23 The Board (after consideration of the recommendations of the remuneration committee of the Board), may at any time, reduce the number of exercisable performance rights if there is only partial achievement of the performance conditions.
- 5.24 The Board reserves the right to make adjustments to the number of performance rights, subject to the Listing Rules, if there is a bonus or rights issue or other reconstruction of capital before the performance rights are exercised.
- 5.25 Performance rights are transferable only after satisfaction of all performance conditions.
- 5.26 Performance rights will carry no right to receive dividends or to vote.
- 5.27 Subject to the Listing Rules, performance rights may be exercised before their specified exercise date, but only if:
- 1) a change of control of the Company happens; or
  - 2) in special circumstances.
- For example, if a takeover offer is made to acquire the whole of the Company's shares then the performance rights may be exercised. Special circumstances, which will allow for the early exercise of performance rights, include retirement, redundancy, death or permanent disability of the Grantee.
- 5.28 A performance right will not entitle the holder to participate in new issues without exercising the performance right. If there is a reorganisation of the capital of the Company, the rights attaching to a performance right may be changed by the Board (after consideration of the recommendations of the remuneration committee of the Board), subject to compliance with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- 5.29 If there is a pro rata issue (except a bonus issue) to the holders of underlying securities in the Company, the number of performance rights will be adjusted in accordance with the Listing Rules.
- 5.30 Shareholder approval is required under Listing Rule 10.14 for all issues of performance rights to directors of the Company. The Board (after consideration of the recommendations of the remuneration committee of the Board), has reviewed the overall remuneration arrangements of each executive director named in proposed Resolutions 7 to 11 and believes the performance right allocations proposed are reasonable having regard to the circumstances of the Company, the duties and responsibilities of each Grantee and market levels of remuneration of executives of similar sized organisations.
- 5.31 The Board (after consideration of the recommendations of the remuneration committee of the Board), considers the number of performance rights proposed to be granted to each Grantee is appropriate.

### **Performance Conditions**

- 5.32 Performance conditions are deemed to be an essential component of all variable reward entitlements. The proposed allocation of performance rights will be subject to service conditions and financial performance conditions. The Board (after consideration of the recommendations of the remuneration committee of the Board), may, in its discretion, impose additional non-financial performance conditions which must be satisfied as a condition of exercise of any performance rights by a Grantee.

### **Financial Performance Conditions – Tranche 1**

- 5.33 (a) In this condition the following terms have the following meanings:

**"Tranche 1 Aggregate APBT"** means the aggregate of the amounts of the annual net profit before income tax of the consolidated entity for each of the Tranche 1 Financial Years, but excluding any amounts accounted for in the financial statements of the consolidated entity for increments or decrements arising from any revaluation of land or buildings in the Tranche 1 Financial Years;

**"Tranche 1 Aggregate Net Assets"** means the amount equivalent to the aggregate of the amounts of the net assets of the consolidated entity, excluding non-controlling equity interests, as at each of 30 June 2015, 2016 and 2017 as described in the annual report of the consolidated entity in respect of each of the Tranche 1 Financial Years;

**"Tranche 1 Financial Years"** means the financial years ending 30 June 2016, 2017 and 2018;

**"Tranche 1 RONA"** means the fraction

$$\frac{\text{Tranche 1 Aggregate APBT}}{\text{Tranche 1 Aggregate Net Assets}}$$

expressed as a percentage;

- (b) Tranche 1 RONA is a key financial metric link to performance. Full vesting of the Tranche 1 performance rights is conditional upon achievement, of Tranche 1 RONA of at least 20%, with lesser vesting as set out in the table below.

Tranche 1 RONA achieved	% of performance rights in respect of Tranche 1 that will become exercisable
Less than 16%	Nil
16%	20%
17%	40%
18%	60%
19%	80%
20%	100%

### **Financial Performance Conditions – Tranche 2**

- 5.34 (a) In this condition the following terms have the following meanings:

**"Tranche 2 Aggregate APBT"** means the aggregate of the amounts of the annual net profit before income tax of the consolidated entity for each of the Tranche 2 Financial Years, but excluding any amounts accounted for in the financial statements of the

consolidated entity for increments or decrements arising from any revaluation of land or buildings in the Tranche 2 Financial Years;

**"Tranche 2 Aggregate Net Assets"** means the amount equivalent to the aggregate of the amounts of the net assets of the consolidated entity, excluding non-controlling equity interests, as at each of 30 June 2016, 2017 and 2018 as described in the annual report of the consolidated entity in respect of each of the Tranche 2 Financial Years;

**"Tranche 2 Financial Years"** means the financial years ending 30 June 2017, 2018 and 2019;

**"Tranche 2 RONA"** means the fraction

$$\frac{\text{Tranche 2 Aggregate APBT}}{\text{Tranche 2 Aggregate Net Assets}}$$

expressed as a percentage;

- (b) Tranche 2 RONA is a key financial metric link to performance. Full vesting of the Tranche 2 performance rights is conditional upon achievement, of Tranche 2 RONA of at least 20%, with lesser vesting as set out in the table below.

Tranche 2 RONA achieved	% of performance rights in respect of Tranche 2 that will become exercisable
Less than 16%	Nil
16%	20%
17%	40%
18%	60%
19%	80%
20%	100%

### **Financial Performance Conditions – Tranche 3**

- 5.35 (a) In this condition the following terms have the following meanings:

**"Tranche 3 Aggregate APBT"** means the aggregate of the amounts of the annual net profit before income tax of the consolidated entity for each of the Tranche 3 Financial Years, but excluding any amounts accounted for in the financial statements of the consolidated entity for increments or decrements arising from any revaluation of land or buildings in the Tranche 3 Financial Years;

**"Tranche 3 Aggregate Net Assets"** means the amount equivalent to the aggregate of the amounts of the net assets of the consolidated entity, excluding non-controlling equity interests, as at each of 30 June 2017, 2018 and 2019 as described in the annual report of the consolidated entity in respect of each of the Tranche 3 Financial Years;

**"Tranche 3 Financial Years"** means the financial years ending 30 June 2018, 2019 and 2020;

**"Tranche 3 RONA"** means the fraction

$$\frac{\text{Tranche 3 Aggregate APBT}}{\text{Tranche 3 Aggregate Net Assets}}$$

expressed as a percentage;



- (b) Tranche 3 RONA is a key financial metric link to performance. Full vesting of the Tranche 3 performance rights is conditional upon achievement, of Tranche 3 RONA of at least 20%, with lesser vesting as set out in the table below.

Tranche 3 RONA achieved	% of performance rights in respect of Tranche 3 that will become exercisable
Less than 16%	Nil
16%	20%
17%	40%
18%	60%
19%	80%
20%	100%

### ***Non-Financial Conditions***

- 5.36 The Board (after consideration of the recommendations of the remuneration committee of the Board), may impose non-financial performance conditions consistent with the execution of the strategy of the Company and mitigation of risk. The question as to whether any non-financial performance conditions have been satisfied will be determined by the Board (after consideration of the recommendations of the remuneration committee of the Board).

### ***Service Conditions***

- 5.37 The service condition in respect of a Grantee in respect of performance rights of that Grantee under a Tranche will be deemed to be satisfied if at the time of exercise of the performance rights:
- 1) the Grantee has not resigned or provided notice of resignation of employment from the Company, except in order to retire from the workforce;
  - 2) the Company has not terminated the employment of the Grantee for cause; and
  - 3) the Board has not determined that the performance rights should lapse as a result of any fraud, gross misconduct or conduct of the Grantee which brings the Company into disrepute.
- 5.38 If the Grantee has died before the performance rights are exercised, but the performance condition has been satisfied and the conditions in paragraph 5.37 do not apply, the estate of the Grantee may exercise the performance rights.
- 5.39 No Director may participate in deliberations by the Board about, or decisions of the Board in respect of the remuneration of that Director.

### ***Information required under Listing Rules***

- 5.40 Listing Rule 10.15A requires that a notice of meeting to approve the issue of securities under Listing Rule 10.14 must include the following information:

- For personal use only
- 1) each Grantee is a director of the Company;
  - 2) the maximum number of securities that may be acquired by:
    - a. Gerald Harvey is 187,500;
    - b. Kay Lesley Page is 337,500;
    - c. John Evyn Slack-Smith is 225,000;
    - d. David Matthew Ackery is 225,000; and
    - e. Chris Mentis is 225,000;
  - 3) the price for each security will be nil;
  - 4) the proposed grant of performance rights under the 2016 LTI Plan is a new scheme, and as such no other persons have received securities under the scheme;
  - 5) the names of all persons entitled to participate in the scheme are Gerald Harvey, Kay Lesley Page, David Matthew Ackery, Chris Mentis and John Evyn Slack-Smith;
  - 6) a voting exclusion statement is set out in Attachment A;
  - 7) no loan is proposed in relation to the acquisition;
  - 8) details of any securities issued under this scheme will be published in each annual report of the Company relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under Listing Rule 10.14;
  - 9) any additional persons who become entitled to participate in the scheme after the resolution was approved and who were not named in the notice of meeting will not participate until approval is obtained under Listing Rule 10.14; and
  - 10) it is intended the securities will be issued in three Tranches (as detailed above in paragraph 5.17), but in any event must be issued before that date which is no later than three years after the 2015 AGM.

5.41 If shareholder approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

5.42 The non-executive directors are not entitled to participate in the proposed grant of performance rights. The non-executive directors are Christopher Herbert Brown, Kenneth William Gunderson-Briggs, Graham Charles Paton and Michael John Harvey.

### **Contingent Resolution 12 - Holding a Spill Meeting**

6.1 Under the Corporations Act, if at least 25% of the votes cast on the adoption of the remuneration report at two consecutive AGMs are against adopting the remuneration report, members will have the opportunity to vote on a "spill resolution" (as described below).

6.2 At last year's AGM, at least 25% of the votes cast on the resolution to adopt the remuneration report were against adopting the report. If at least 25% of the votes cast on Resolution 2 are

against adopting the remuneration report at the 2015 AGM, Resolution 12 will be put to the meeting and voted on as required by section 250V of the Corporations Act ("**Spill Resolution**").

- 6.3 If less than 25% of the votes cast on Resolution 2 are against adopting the remuneration report at the 2015 AGM, Resolution 12 will not be put to the meeting. If put, the Spill Resolution will be considered as an ordinary resolution.
- 6.4 If the Spill Resolution is passed, a further meeting of members must be held within 90 days ("**Spill EGM**"). Immediately before the end of the Spill EGM, each of Gerald Harvey, Christopher Herbert Brown\*, Michael John Harvey\*, Kenneth William Gunderson-Briggs, Graham Charles Paton, John Eryn Slack-Smith\*, David Matthew Ackery and Chris Mentis, being the directors (other than the Chief Executive Officer) who approved the last directors' report, cease to hold office ("**Relevant Directors**").
- \* This assumes the director is re-elected at the AGM.
- 6.5 Each Relevant Director is eligible to seek re-election as a director of the Company at the Spill EGM. If the Spill Resolution is passed, members should note that each of the Relevant Directors intends to stand for re-election at the Spill EGM. The Spill Resolution has the potential that the entire board (other than the Chief Executive Officer) is removed from office.
- 6.6 If a Spill EGM is held, the Company has been informed that the respective shareholdings associated with Mr Gerald Harvey and the respective shareholdings associated with Mr Christopher Herbert Brown will be voted for re-election of the Relevant Directors.

## Glossary

Term	Meaning
2016 Long Term Incentive Plan or LTI Plan	The 2016 Long Term Incentive Plan to be implemented by the Company, on the terms set out in the Notice of Meeting
AEDT	Australian Eastern Daylight Savings Time
AGM, Annual General Meeting or Meeting	The Annual General Meeting of the Company
ASX	Australian Securities Exchange Limited, or the market it operates, as the context requires
Board	The board of directors of the Company
Company	Harvey Norman Holdings Limited A.C.N. 003 237 545
Consolidated entity	The Company and all controlled entities of the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Designated Proxy Holder	Has the meaning given to it in the Proxy Form
Director	A director of the Company
exercise	After a performance right vests, the decision by a Grantee to require the Company to satisfy that performance right and issue a share in the Company to the Grantee
Explanatory Notes	The explanatory notes set out in Attachment B to the Notice of Meeting
grant	The issue of performance rights to each Grantee under the 2016 LTI Plan
Grantee	Each executive director who it is proposed will receive a grant of performance rights in accordance with the Notice of Meeting
Key Management Personnel or KMP	Key management personnel of the Company, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company, details of whose remuneration are included in the Remuneration Report
Listing Rules	The official listing rules of the ASX
NED	Non-executive director of the Company
Notice of Meeting	This notice of meeting in respect of the 2015 AGM
performance right	A right to acquire one ordinary share in the Company at nil exercise price, on the terms set out in the Explanatory Notes
Proxy Form	The proxy form in respect of the 2015 AGM, set out in Attachment C to the Notice of Meeting
Remuneration Report	The 2015 Remuneration Report as set out in the 2015 Annual Report of the Company
Spill EGM	Has the meaning given to it in paragraph 6.4 of the Explanatory Notes
Spill Resolution	Has the meaning given to it in paragraph 6.2 of the Explanatory Notes
vest	The point at which all the conditions attaching to a performance right have been satisfied and the performance right becomes exercisable

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**ATTACHMENT C**

**See Proxy Form attached**

## All Correspondence to:

- ✉ By Mail Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 By Fax: +61 2 9290 9655
- 💻 Online: [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
- ☎ By Phone: (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600



### Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11.00am (AEDT\*) on Sunday, 22 November 2015.**

### 📠 TO VOTE ONLINE

- STEP 1: VISIT [www.votingonline.com.au/harveynormanagm2015](http://www.votingonline.com.au/harveynormanagm2015)
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)
- STEP 3: Enter your Voting Access Code (VAC):

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the designated proxy holder\*\* as your proxy, mark the box. If you wish to appoint someone other than the designated proxy holder as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the designated proxy holder will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

##### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

##### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

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

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11.00am (AEDT\* time), on Sunday, 22 November 2015.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 Online [www.votingonline.com.au/harveynormanagm2015](http://www.votingonline.com.au/harveynormanagm2015)
- 📠 By Fax + 61 2 9290 9655
- ✉ By Mail Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 In Person Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

# Harvey Norman Holdings Limited

ABN 54 003 237 545

## PROXY FORM

### STEP 1 APPOINT A PROXY

I/We being a member/s of Harvey Norman Holdings Limited (Company) and entitled to attend and vote hereby appoint:

☐

the Designated Proxy Holder (mark box)

**\*\*Designated Proxy Holder means Geoffrey David Stein, or in his absence, Peter Joseph Wright**

OR if you are NOT appointing the designated proxy holder as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Designated Proxy Holder as my/our proxy at the Annual General Meeting (AGM) of the Company to be held at **Tattersalls Club, 181 Elizabeth Street, Sydney, New South Wales on Tuesday, 24 November 2015 at 11:00am (AEDT\*)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

**Important for Resolution 2 and Contingent Business Resolution 12:** If the Designated Proxy Holder is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Designated Proxy Holder to exercise the proxy in respect of Resolution 2 and Contingent Business Resolution 12, even though those Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP). Resolution 12 will be considered at the AGM only if at least 25% of the votes cast on Resolution 2 are against the adoption of the Remuneration Report. The Explanatory Notes to the Notice of AGM further explain the circumstances in which Resolution 12 will be put to the AGM.

The Designated Proxy Holder intends to vote undirected proxies **in favour** of Resolutions 1 to 11 (inclusive). The Designated Proxy Holder intends to vote undirected proxies **against** Resolution 12.

\*AEDT means Australian Eastern Daylight Savings Time

### STEP 2 VOTING DIRECTIONS

\*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	<b>Ordinary Business</b> To receive the Company's Financial Report for 30 June 2015	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To adopt the Remuneration Report for 30 June 2015	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Declaration of dividend as recommended by the Board	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	That Michael John Harvey, a Director who retires by rotation at the close of the meeting in accordance with Article 63A of the Constitution of the Company and being eligible, be re-elected as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	That Christopher Herbert Brown, a Director who retires by rotation at the close of the meeting in accordance with Article 63A of the Constitution of the Company and being eligible, be re-elected as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	That John Evyn Slack-Smith, a Director who retires by rotation at the close of the meeting in accordance with Article 63A of the Constitution of the Company and being eligible, be re-elected as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	<b>Special Business</b> That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Company approves the grant of 187,500 performance rights in the Company to Gerald Harvey under the HVN Long Term Incentive Plan, on the conditions set out in the Explanatory Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Company approves the grant of 337,500 performance rights in the Company to Kay Lesley Page under the HVN Long Term Incentive Plan, on the conditions set out in the Explanatory Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Company approves the grant of 225,000 performance rights in the Company to John Evyn Slack-Smith under the HVN Long Term Incentive Plan, on the conditions set out in the Explanatory Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Company approves the grant of 225,000 performance rights in the Company to David Matthew Ackery under the HVN Long Term Incentive Plan, on the conditions set out in the Explanatory Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Company approves the grant of 225,000 performance rights in the Company to Chris Mentis under the HVN Long Term Incentive Plan, on the conditions set out in the Explanatory Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	<b>Contingent Business</b> That, as required by the Corporations Act: (a) a meeting of the Company's members (the spill meeting) be held within 90 days of the date of the 2015 Annual General Meeting; (b) each of Gerald Harvey, Christopher Herbert Brown*, Michael John Harvey*, Kenneth William Gunderson-Briggs, Graham Charles Paton, John Evyn Slack-Smith*, David Matthew Ackery and Chris Mentis cease to hold office immediately before the end of the spill meeting; and (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to the vote at the spill meeting * This assumes the director is re-elected at the AGM.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2015