

impedimed

IMPEDIMED LIMITED

ACN 089 705 144

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of ImpediMed Limited (**Company**) will be held at Four Seasons Sydney, 199 George Street, Sydney NSW 2000 Monday 14 November 2016 at 10.00am (AEDT) (**Meeting**).

The Explanatory Notes to this Notice provide additional information on the matters to be considered at the Meeting. The Explanatory Notes and the Proxy Form form part of this notice.

BUSINESS OF THE MEETING

Item 1: Financial Statements and Reports

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

Item 2: Remuneration Report

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

"To adopt the Remuneration Report for the year ended 30 June 2016."

Notes:

- (i) In accordance with section 250R of the Corporations Act 2001, the vote on this resolution will be advisory only and will not bind the Directors or the Company.
- (ii) A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

Item 3: Election of Directors

Item 3.1: Re-election of Mr Scott Ward

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

"That Mr Scott Ward, being a Director who is retiring in accordance with clause 16 of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a director of the Company."

Item 3.2: Election of Ms Elizabeth Gaines

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

"That Ms Elizabeth Gaines, being a Director who was appointed by the Directors on 1 March 2016 and whose appointment as a Director expires at the conclusion of the Annual General Meeting of the Company and, being eligible, offers herself for election, be elected as a director of the Company."

Item 3.3: Election of Mr Gary Goetzke

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

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“That Mr Gary Goetzke, being a Director who was appointed by the Directors on 8 August 2016 and whose appointment as a Director expires at the conclusion of the Annual General Meeting of the Company and, being eligible, offers himself for election, be elected as a director of the Company.”

Item 4: Grant of Options to Mr Richard Carreon, Chief Executive Officer and Managing Director

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

“That for the purposes of Part 2D.2 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given to the grant and issue of 872,000 Options to Mr Richard Carreon, and the issue of Shares on the exercise of those Options, under the ImpediMed Employee Incentive Plan and on the terms and conditions set out in the Explanatory Notes.”

Note: A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

Item 5: Grant of Performance Rights to Mr Richard Carreon, Chief Executive Officer and Managing Director

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

“That for the purposes of Part 2D.2 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given to the grant and issue of 470,000 Performance Rights to Mr Richard Carreon, and the issue of Shares on the vesting of those Performance Rights, under the ImpediMed Employee Incentive Plan and on the terms and conditions set out in the Explanatory Notes.”

Note: A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

Item 6: Grant of Options to Mr David Adams, former Director and Senior Vice President of Ventures, Licencing and Corporate Development

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

“That for the purposes of Part 2D.2 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given to the grant and issue of 335,000 Options to Mr David Adams, a former Director of the Company, and the issue of Shares on the exercise of those Options, on the terms and conditions set out in the Explanatory Notes.”

Note: A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

Item 7: Grant of Performance Rights to Mr David Adams, former Director and Senior Vice President of Ventures, Licencing and Corporate Development

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

“That for the purposes of Part 2D.2 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given to the grant and issue of 165,000 Performance Rights to Mr David Adams, a former Director of the Company, and the issue of Shares on the exercise of those Performance Rights, on the terms and conditions set out in the Explanatory Notes.”

Note: A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

Item 8: Amendment of option terms of Richard Carreon

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

“That, for the purpose of ASX Listing Rule 6.23.4 and for all other purposes, approval be given to amend the terms of 7,252,561 options to subscribe for Shares issued to Mr Richard Carreon to:

- a) remove the requirement that 75% of the options cannot be exercised unless the price of Shares is above \$0.50 per Share on the ASX at the time of exercise;
- b) remove the requirement that 25% of the Options cannot be exercised unless the price of Shares is above \$0.70 per Share on the ASX at the time of exercise; and
- c) permit Mr Carreon’s executor, administrator or trustee of his estate to exercise the options within the 90 day period following Mr Carreon’s cessation of employment where Mr Carreon is no longer an employee of the Group due to death or permanent disability,

as more particularly described in the Explanatory Notes accompanying and forming part of this Notice of Meeting.”

Note: a voting exclusion statement applies to this resolution (see Explanatory Notes for details).

Item 9: Spill Resolution

Note: this Resolution will only be considered and voted on if the outcome of Item 2 of this Notice of Meeting is such that at least 25% of the votes cast are against the adoption of the Remuneration Report. See Item 9 of the Explanatory Notes for further details.

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

“That, subject to and conditional on at least 25% of the votes cast on the resolution proposed in Item 2 (Remuneration Report) being cast against the adoption of the Remuneration Report:

- a) *an extraordinary general meeting of the Company (**Spill Meeting**) be held within 90 days after the passing of this resolution;*
- b) *all of the Directors of the Company in office at the time when the Board resolution to make the Directors’ Report for the financial year ended 30 June 2016 was passed (other than the Managing Director), and who remain Directors at the time of the Spill Meeting, 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 of shareholders at the Spill Meeting.”*

A voting exclusion applies to this resolution (see Explanatory Note for details).

ENTITLEMENT TO VOTE

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company as at 7.00pm (AEDT) on Saturday 12 November 2016 (**Entitlement Time**).

This means that if you are not the registered holder of a Share in the Company at the Entitlement Time, you will not be entitled to vote at the Meeting.

ANNUAL REPORT

Copies of the Company's full Annual Report may be accessed at our website www.impedimed.com by clicking on the "Investors" tab and then the "Financials" tab.

VOTING OPTIONS AND PROXIES

If you do not plan to attend the Meeting in person, you are encouraged to complete and return the Proxy Form which accompanies this Notice of Annual General Meeting.

Voting by Proxy

A Shareholder who is entitled to attend and vote at this Meeting is entitled to appoint not more than two proxies to attend and vote in place of the shareholder.

If the Shareholder appoints two proxies, the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the Shareholder's votes. If the specified proportion or number of votes exceeds that which the Shareholder is entitled to, each proxy may exercise half of the Shareholder's votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

A proxy need not be a Shareholder of the Company. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Subject to the specific proxy provisions applying to Items 2, 4, 5, 6, 7, 8 and 9 (see the Explanatory Notes below):

- if a Shareholder has not directed their proxy how to vote, the proxy may vote as the proxy determines; and
- if a Shareholder appoints the Chair of the Meeting as proxy and does not direct the Chair how to vote on an item of business, the Chair will vote in accordance with the Chair's voting intention as stated in this Notice of Meeting.

Proxy Voting by the Chair

For Item 2 (Remuneration Report), Item 4 (Grant of Options to the CEO), Item 5 (Grant of Performance Rights to the CEO), Item 6 (Grant of Options to a former Director), Item 7 (Grant of Performance Rights to a former Director), and Item 8 (Amendment of option terms of Richard Carreon), where the Chair is appointed as a Shareholder's proxy and that Shareholder has not specified the way in which the Chair is to vote on Items 2, 4, 5, 6, 7 and 8 the Shareholder is directing the Chair to vote in accordance with the Chair's voting intentions for these items of business, even though Items 2, 4, 5, 6, 7 and 8 are connected directly or indirectly with the remuneration of Key Management Personnel.

The Chair intends to vote all undirected proxies in favour of the resolutions in Items 2 to 8 in the Notice of Meeting. The Chair intends to vote all undirected proxies against the resolution in Item 9, if it is put to the Meeting.

Proxy Forms

To be effective, the Proxy Form must be completed, signed and lodged (together with the relevant original power of attorney or a certified copy if the proxy is signed by an attorney) with the Company's share registry, as an original or by facsimile, **no later than 10.00am (AEDT) on Saturday 12 November 2016 (Proxy Deadline)**.

Proxy forms may be submitted in one of the following ways:

- (i) **By mail** to Link Market Services Limited using the reply paid envelope or Locked Bag A14, Sydney South NSW 1235. Please allow sufficient time so that it reaches Link Market Services Limited by the Proxy Deadline;
- (ii) **By fax** to Link Market Services Limited on +61 2 9287 0309;
- (iii) **Online** via the Company's Share Registry website at www.linkmarketservices.com.au. Please refer to the Proxy Form for more information; or
- (iv) **By hand delivery** to Link Market Services Limited at Level 12, 680 George Street, Sydney NSW 2000.

Proxy Forms and Powers of Attorney must be received by the Proxy Deadline.

CORPORATE REPRESENTATIVES

Where a shareholding is registered in the name of a corporation, the corporate Shareholder may appoint a person to act as its representative to attend the meeting by providing that person with:

- (i) a letter or certificate authorising him or her as the corporation's representative, executed in accordance with the corporation's constitution; or
- (ii) a copy of the resolution appointing the representative, certified by a secretary or director of the corporation.

BY ORDER OF THE BOARD

Leanne Ralph
Company Secretary
11 October 2016

Explanatory Notes

ITEM 1 – Financial Statements

As required by section 317 of the Corporations Act the Financial Report, Directors' Report and Auditor's Report of the Company for the most recent financial year will be presented to the meeting. The Financial Report contains the financial statements of ImpediMed Limited.

There is no requirement for a formal resolution on this Item.

The Chair of the Meeting will allow a reasonable opportunity at the Meeting for Shareholders to ask questions about or make comments on the management of the Company. Shareholders will also be given a reasonable opportunity at the Meeting to ask the Company's auditor, Ernst & Young (EY), questions about the Auditor's Report, the conduct of its audit of the Company's Financial Report for the financial year ended 30 June 2016, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of EY in relation to the conduct of the audit.

Shareholders may submit written questions to the Company in relation to the above matters. Written questions must be received no later than 5.00pm (AEDT) on Monday 7 November 2016. A form to facilitate the submission of questions is attached to this Notice and it includes details on the return of this form to the Share Registry.

ITEM 2 – Adoption of remuneration report

Reasons for Resolution

In accordance with section 300A of the Corporations Act the Company has proposed a Remuneration Report for the consideration of Shareholders.

As provided by section 250R(3) of the Corporations Act, the resolution on this item of business is advisory only and does not bind the Board or the Company.

The Company acknowledges Shareholder dissatisfaction with the 2015 Remuneration Report, with slightly more than 25% (25.09%) of eligible shareholders voting "no" in respect of Resolution 2 (Approval of the Remuneration Report) at the 2015 AGM.

Should more than 25% of eligible shareholders vote against the resolution this year, then the Company will incur a 'second strike', and will be required to put item 9 to the Meeting, which if approved, could lead to a Board spill. This would be disruptive and costly to the business.

As a result of the 'first strike' received at the 2015 annual general meeting, the Board and its Remuneration Committee have endeavoured to address Shareholder concerns with diligence. With the assistance of external remuneration consultants, a complete review of the Group's remuneration framework was conducted. As a result of this review, the Remuneration Committee and Board have made a number of changes to the remuneration framework that will apply for the 2017 financial year (FY17). The key changes for FY17 are outlined in Section 1 of the Remuneration Report.

The Board has always been strongly committed to communicating Board and executive KMP remuneration arrangements in a clear, simple and transparent manner, but understand that our last year's Remuneration Report failed to deliver clarity in some aspects of disclosure. In response to this, we have undertaken an extensive review process and redesigned our report format. We trust our redesigned report format illustrates our commitment to clarity and continuous quality improvement in remuneration disclosure.

The Company's remuneration framework is designed to attract, engage, motivate and retain the key talent necessary to achieve our goals and create value for our shareholders. The Board is committed to ensure that the Group's remuneration policies and practices are fair, competitive and responsible and that we communicate the remuneration arrangements with clarity. We are also aware that executive KMP remuneration practices are continually evolving and therefore our practices remain under constant review.

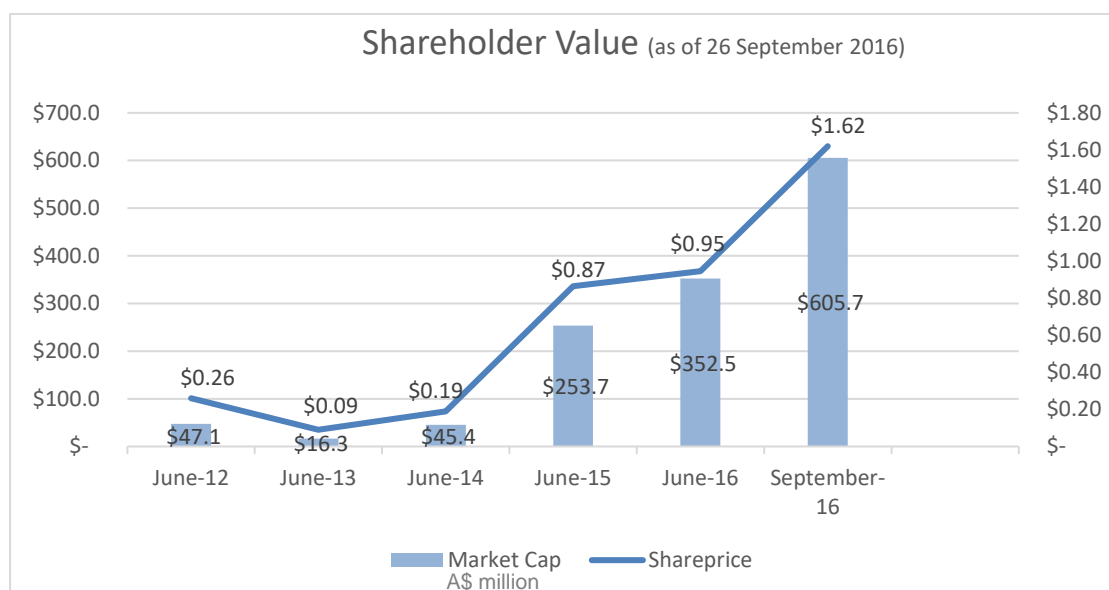
The Company has designed a remuneration framework to support both a high performance culture and a team focus on adhering to agreed business objectives and directions. The key objectives of the Company's reward framework are to:

- Align remuneration with the Group's business strategy;
- Offer an attractive mix of remuneration benchmarked against the applicable market's region and country practices;
- Provide strong linkage between individual and Group performance and rewards;
- Offer remuneration based on internal equity with other employees' and individuals' skills, matching the role requirements with their experience and responsibilities;
- Align the interests of executives and shareholders and share the success of the Group with the employees; and
- Support the corporate mission statement, values and policies through the approach of recruiting, organising and managing people.

In addition, the Company operates in the United States and only 11% of employees are resident in Australia. Thus the majority of the Company's executives and senior managers are recruited and retained within the US employment environment. In order to compete for talent in that environment, the Company must adopt at least some common US remuneration practices, a number of which are not standard practice in Australia.

As detailed more fully in the Remuneration Report, the remuneration philosophy at ImpediMed targets fixed remuneration at the median of its US peers and variable compensation above the median for exceptional performance. In order to determine executive compensation, the Remuneration Committee uses benchmarking data from a peer group of comparable companies and reviews the pay plans and practices of other relevant companies. When considering companies for ImpediMed's peer group, the Remuneration Committee considers companies that are similar in size (i.e., revenue, market capitalisation and employee numbers), scope and complexity; operate in similar or related businesses to the Group; and, may compete with ImpediMed for key talent (e.g., companies based in southern California and the west coast of the US). The peer group is reviewed on a regular basis. The Remuneration Committee also may consider other factors such as internal equity, individual performance, tenure, leadership skills and an ability to impact the Company's performance. Reflecting this approach, the Company proposes to issue, subject to shareholder approval, Performance Rights the vesting of which will depend on the Company's performance against a number of specified benchmarks. These are described in more detail in relation to Item 5 below.

The Board considers that the Company's strong performance over the past four years, including the significant appreciation in the Company's Share price, as highlighted in the table below, demonstrates that the Company has built a solid platform for growth and has a vision for the future.



The Board urges Shareholders to continue to support the Board's efforts to drive performance for the benefit of all Shareholders.

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Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of this resolution.

Voting Exclusion Statement

As required by the Corporations Act, the Company will disregard any votes cast on Item 2 by any member of the Company's Key Management Personnel (**Key Management Personnel** or **KMP**) or a Closely Related Party of any such member unless the person:

- (i) votes as a proxy appointed by writing that specifies how the person is to vote on the resolutions; or
- (ii) is the Chair of the Meeting and votes as a proxy appointed by writing that authorises the Chair to vote on the resolutions even though that resolution is connected with the remuneration of a member of the Company's KMP.

What this means for Shareholders: If you intend to appoint a member of the KMP (such as one of the Directors) as your proxy, please ensure that you direct them how to vote on the proposed resolution in Item 2. If you intend to appoint the Chair of the Meeting as your proxy, you can direct her how to vote by marking the boxes for Item 2 (for example, if you wish to vote for, against or abstain from voting), or you can choose not to mark any of the boxes for Item 2 and give the Chair your express authority to vote your undirected proxy (in which case the Chair will vote in favour of this item of business).

ITEM 3 – Election of Directors

In accordance with the Company's Constitution and the ASX Listing Rules, an election of Directors must be held at each annual general meeting.

Clause 16.1 of the Constitution states that an election of Directors must be held at each annual general meeting. The Constitution also states that one-third of all Directors must retire and offer themselves for re-election, excluding the Managing Director and Directors appointed during the year by the Board. If no Directors are scheduled to be elected by virtue of the ASX Listing Rules or clause 16.1 of the Constitution, then one-third of Directors must still retire and be re-elected by the Shareholders of the Company. Normally, this would be the Directors (other than the Managing Director) who have held office the longest since being appointed or last being elected. In the case where Directors were elected on the same day, the Directors to retire are determined by agreement between the Directors, or a ballot.

Mr Scott Ward is due for re-election by rotation having last been appointed by Shareholders in 2013.

In addition, Ms Elizabeth Gaines and Mr Gary Goetzke were appointed during the year and must be elected by shareholders pursuant to ASX listing rule 14.4 and clause 13.2 of the Constitution.

The election of each of the candidates must be considered and voted on as a separate resolution. Details of the candidates are outlined below.

Item 3.1: Re-election of Mr Scott Ward

Mr Ward chairs the Remuneration Committee and serves on the Nomination Committee.

Mr Ward is Chairman of the Board and Chief Executive Officer of Cardiovascular Systems Inc. and a Managing Director at SightLine Partners, a venture capital firm focused on investments in later stage medical device companies. He is also the Managing Director of Raymond Holdings, a firm founded in 2011, with activities in venture capital, strategy and transactional advisory services. Scott has over 35 years of experience in the healthcare industry, including 15 years as an operating business leader. He was most recently Senior Vice President and President of the CardioVascular business of Medtronic Inc., responsible for all worldwide operations of the CardioVascular Business including the Coronary, Peripheral, Endovascular, Structural Heart Disease and Revascularization and Surgical Therapies Businesses. Previously, Mr Ward served as Senior Vice President and President of Medtronic Neurological and Diabetes, with responsibility for the global Neurological, Neurologic Technologies, Diabetes, Gastroenterology and Urology businesses; Vice President and General Manager of the Medtronic Drug Delivery Business; and Director of Medtronic NeuroVentures.

Having had regard to the ASX Corporate Governance Principles and Recommendations (3rd edition) (**ASX Principles**), the Board considers Mr Ward to be an independent director.

Directors' Recommendation

The Board unanimously (other than Mr Ward) supports the re-election of Mr Ward and recommends that Shareholders vote in favour of this resolution.

Item 3.2: Election of Ms Elizabeth Gaines

Ms Gaines is chair of the Audit and Risk Management Committee, a member of the Remuneration Committee and a member of the Nomination Committee.

Ms Gaines serves as a Non-Executive Director of Fortescue Metals Group Limited, NextDC Limited, Nine Entertainment Co Limited and 7-Eleven Pty Ltd. Elizabeth was most recently the CEO, and previously CFO and COO, of Helloworld, an ASX listed travel distribution business and has extensive international experience in all aspects of financial and commercial management. Her executive career includes leadership and senior finance roles in Australia and internationally, spanning financial services, infrastructure, media and travel distribution.

Having had regard to the ASX Principles, the Board considers Ms Gaines to be an independent director.

Directors' Recommendation

The Board unanimously (other than Ms Gaines) supports the election of Ms Gaines and recommends that Shareholders vote in favour of this resolution.

Item 3.3: Election of Mr Gary Goetzke

Mr Goetzke has spent 15 years in senior management positions of three medical device companies where he lead efforts in pursuing global coverage and payment policy for a variety of medical device therapies in the areas of cardiology, neurology, urology, pelvic health, wound care, orthopaedics, ENT, and sleep. Gary is currently the Principle and Chief Executive Officer of Compass Medical Advisors, LLC, an enterprise focused on developing health economic-related mobile APPs for the medical device industry.

Mr Goetzke serves on both the Nomination Committee and the Audit and Risk Committee.

Having had regard to the ASX Principles, the Board considers Mr Goetzke to be an independent director.

Directors' Recommendation

The Board unanimously (other than Mr Goetzke) supports the election of Mr Goetzke and recommends that Shareholders vote in favour of this resolution.

ITEMS 4 and 5: Grant of Options and Performance Rights to Mr Richard Carreon, Chief Executive Officer and Managing Director

Item 4 seeks shareholder approval for the issue of Options to Mr Carreon under the Company's Employee Incentive Plan (EIP). If shareholder approval is obtained, the Company will issue Mr Carreon with 872,000 Options under the EIP and on the terms described below.

Item 5 seeks shareholder approval for the grant of 470,000 Performance Rights to, and the issue of Shares on the vesting of those Performance Rights, to Mr Carreon under the EIP. If shareholder approval is obtained, the Company will issue Mr Carreon with 470,000 Performance Rights under the EIP and on the terms described below.

A full copy of the EIP rules are available on the Company's website.

Item 4: Details of Option grant under Item 4 and Mr Carreon's remuneration

As noted in the Remuneration Report, and the discussion in the Explanatory Notes relating to Item 2 (Remuneration Report), the Remuneration Committee of the Board has reviewed the Company's remuneration framework in response to shareholders' concerns. An important element of the revised framework is that the at-risk remuneration mix for key management personnel will shift to a greater proportion of performance based remuneration, in line with US and Australian market practice.

Accordingly, the remuneration for Mr Carreon for the FY 2016/2017 year will comprise the following components:

- Fixed remuneration of US\$472,920 per annum;

- An at-risk short term incentive of up to 120% of fixed remuneration subject to the achievement of specified targets;
- An at-risk long term incentive (LTI) of up to 260% of fixed remuneration subject to the achievement of specified performance targets. This will comprise:
 - o If Item 4 is approved by Shareholders, 872,000 Options under the EIP as a long term retention incentive representing 140% of Mr Carreon's base salary as 2016/17 LTI; and
 - o If Item 5 is approved by Shareholders, 470,000 Performance Rights under the EIP as a long term performance incentive, representing 120% of Mr Carreon's base salary as 2016/17 LTI.

The number of Options to be issued to Mr Carreon has been calculated as follows:

- Total Maximum LTI for FY17: US\$ 1,229,592
- Maximum LTI awarded as Options (US\$): US\$ 662,088
- Maximum LTI awarded as Options (A\$): A\$871,168 (at an exchange rate of 1US\$ = A\$0.76 as at September 27, 2016)
- Options to be granted: 872,000 = A\$871,168 divided by AU\$0.999, being the calculated fair market value using the Black-Scholes valuation model based on the 5 day VWAP of A\$1.64 of the Company's shares on 27 September 2016. The calculation has been rounded down to the nearest one thousand.

Timing of grant

If Item 4 is approved by Shareholders, the Company will offer Mr Carreon the Options under a letter of offer shortly following the Meeting. The date of that offer will be the date of the grant, and the Options will be issued shortly thereafter and no later than 12 months after the Meeting.

Basis on which Options vest

Subject in all cases to Mr Carreon's continuous employment with the Company, one-quarter of the total number of Options granted will vest annually, on the anniversary date of the grant. This equates to 218,000 Options vesting on the anniversary of the date of grant of the Options for four years.

The Options are exercisable after they vest, for an exercise price based on the five day volume weighted average market price of Shares at the close of trading on the day prior to the date of grant. On exercise, Mr Carreon will become entitled to receive one Share for each Option that has vested (subject to the terms of the issue of the Options relating to bonus issues and capital reorganisations of the Company).

The EIP only contemplates the grant of options or performance rights over Shares. There is no ability for the Company to provide any cash equivalent on exercise.

Subject to the terms of the EIP, all Options which have not vested shall automatically lapse and be forfeited without consideration upon cessation of Mr Carreon's employment with the Company.

Item 5: Details of grant of Performance Rights

The number of Performance Rights to be issued to Mr Carreon has been calculated as follows:

- Maximum LTI awarded as Performance Rights (US\$): US\$ 567,504
- Maximum LTI awarded as Performance Rights (A\$): A\$ 746,715 (at an exchange rate of 1US\$ = A\$ 0.76 as at 27 September 2016)
- Performance Rights to be granted: 470,000 = A\$746,715 divided by \$1.59, being the closing price of the Company's shares on 27 September 2016. The calculation has been rounded up to the nearest one thousand.

Timing of grant

If Item 5 is approved by Shareholders, the Company will offer Mr Carreon the Performance Rights under a letter of offer shortly following the Meeting. The date of that offer will be the date of the grant, and the Performance Rights will be issued shortly thereafter and no later than 12 months after the Meeting.

Basis on which Performance Rights vest

Mr Carreon's Performance Rights will vest, to the extent that the Performance Conditions set out below are satisfied at the end of the 3 year LTI Performance Period (being from 1 July 2016 to 30 June 2019).

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Upon vesting ImpediMed will cause the relevant number of Shares to be issued or transferred to Mr Carreon. On vesting, one Performance Right entitles Mr Carreon to one Share. No amount is payable by Mr Carreon for the issue or transfer of Shares on vesting of Performance Rights.

As is the case with Options issued under the EIP, there is no ability for the Company to provide any cash equivalent on exercise.

Subject to the terms of the EIP, all Performance Rights which have not vested shall automatically lapse and be forfeited without consideration upon cessation of Mr Carreon's employment with the Company.

Opportunity

The total number of Performance Rights that vest will depend on the extent to which specific key performance indicator (KPI) targets are achieved. There are three Performance Conditions (see below), which are weighted equally such that one third of the award will be assessed independently against each measure. The extent to which Performance Rights will vest is as follows:

- Threshold performance – 50% of Target
- At target performance – 100% of Target
- Maximum performance – 200% of Target.

Threshold performance is the minimum level of performance required before any Performance Rights will vest. Targets are set with a level of 'stretch' built in, and therefore, the maximum number of Performance Rights will only vest in the case of exceptional performance.

The Performance Conditions were established by evaluating the key strategic objectives for the Company, with the focus being on supporting the Company's long-term business strategy and shareholder value. The Board is of the view that the attainment of these strategic objectives are key drivers for the Company's development and success over the performance period.

The number of Performance Rights that vest at relevant performance level for each Performance Condition (or KPI) established by the Board is summarised in the table below:

	Weighting	Number of Performance Rights that vest at relevant performance level		
		Threshold (50% of Target))	Target	Maximum (200% of Target)
KPI 1: Multi-centre CHF Pivotal Study	33.33%	39,166	78,333	156,666
KPI 2: Regulatory clearance / approval for fluid management of CHF patients	33.33%	39,167	78,333	156,667
KPI 3: Complete the Vanderbilt lymphedema study and publish manuscript	33.33%	39,167	78,334	156,667
TOTAL		117,500	235,000	470,000

(Note: figures are subject to rounding).

Performance Conditions

The Performance Rights offered are subject to the three Performance Conditions, with Threshold, Target and Maximum targets defined for each that reflect increasing levels of complexity, challenge and strategic value:

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- (i) **KPI 1:** Completion of a multi-centre Chronic Heart Failure (**CHF**) Pivotal Study following the initial feasibility studies, and dissemination of results into the public domain with special emphasis on key stakeholder audiences or the establishment of a multi-centre registry.
- (ii) **KPI 2:** Obtaining regulatory clearance / approval for monitoring of fluid status in patients with heart failure and regulatory clearance /approval in at least one additional indication (such as renal disease, diuretics medications or other indications).

Performance Conditions (i) and (ii) have been adopted on the basis that the successful expansion of ImpediMed's platform technology into indications other than lymphoedema using new generation devices encompassing sophisticated data collection and management is considered by the Board to be key to the Company's future growth and success.

- (iii) **KPI 3:** Completion of the multi-centred Vanderbilt lymphedema Randomised Control Trial comparing L-Dex with standard care and the dissemination of the results to key commercial, professional, and regulatory audiences. The effective dissemination of successful results from this study is a key factor for the achievement of reimbursement for L-Dex in the United States of America.

The extent to which a Performance Condition is satisfied will be determined by the Remuneration Committee at the end of the three year performance period. The Remuneration Committee may determine that a Performance Condition has been satisfied to an extent between Threshold and Maximum, in which case the percentage of Performance Rights of Target that vest will be that determined by the Remuneration Committee.

It should be noted that these three year Performance Conditions have been developed with regard to the current regulatory and competitive landscape in which ImpediMed exists. Should there be significant change in these environmental factors which necessitate a change in the Company's strategic direction, the Board will take this into account in assessing performance.

Why Shareholder approval is sought

ASX Listing Rule 10.14 provides that the Company must not permit any Directors to acquire securities under an employee incentive scheme without the approval of Shareholders.

Accordingly:

- Item 4 seeks the approval by Shareholders pursuant to ASX Listing Rule 10.14 to grant and issue 872,000 Options to Mr Carreon and to the issue of Shares on the exercise of those Options; and
- Item 5 seeks the approval by Shareholders pursuant to ASX Listing Rule 10.14 to grant and issue 470,000 Performance Rights to Mr Carreon and to the issue of Shares on the vesting of those Performance Rights.

If an approval under Listing Rule 10.14 is obtained then the securities issued to Mr Carreon will not be counted towards the Company's placement capacity under Listing Rule 7.1.

Shareholder approval – Corporations Act

Under Part 2D.2 of the Corporations Act, subject to a number of exemptions, Shareholder approval must be obtained before the Company (or a Related Body Corporate or prescribed superannuation fund in relation to the Company) can give a person a "benefit" in connection with the person's retirement from a managerial or executive office.

Under the EIP, where a participant in that plan ceases to be an employee of ImpediMed (other than in prescribed circumstances) all unvested Options and Performance Rights held by that participant will lapse. In circumstances where the reason for that participant ceasing employment is because of death, total and permanent disability, retirement or redundancy (as determined by the Board) or any other reason with the approval of the Board, the Board has discretion as to how unvested Options or Performance Rights are to be treated. In the context of exercising this discretion, providing Shares to the person may constitute a termination benefit regulated by Part 2D.2 of the Corporations Act.

For a person who holds a managerial or executive office with the Company (or a Related Body Corporate), if Options or Performance Rights vest because a person ceases to be employed due to death, disability or any other reason in the Board's discretion, the person will receive a benefit in connection with retirement from office, or position of employment regulated by Part 2D.2 of the Corporations Act. The value of the benefit received will be the market price of the Shares that are received following the exercise of the vested Options or Performance Rights.

In determining the remuneration of Mr Carreon, including the number of Options and Performance Rights to be issued to him if Shareholders approve Items 4 and 5, the Board considered benchmarking data from a peer group of comparable

companies and considered the pay plans and practices of other companies considered relevant. The proposed LTI has been structured to align Mr Carreon's maximum LTI value with that of the top quartile of the peer group used by the Board as a benchmark. The maximum level of reward will be achieved only if the performance conditions, which reflect the Company's key strategic objectives over the 3 year performance period, are achieved at the maximum level. These conditions are described in more detail above.

For the purposes of the exception contained in section 211(1) of the Corporations Act, the financial benefits to be given by the grant of Options and Performance Rights to Mr Carreon is considered to constitute reasonable remuneration given the circumstances of the Company and Mr Carreon's role and responsibilities. Shareholder approval is not therefore sought for the purposes of Chapter 2E of the Corporations Act.

Other information

Options and Performance Rights are issued subject to the following:

Cessation of employment: Where a participant ceases employment prior to vesting, the award is forfeited unless the Board applies its discretion to allow vesting at, or post, cessation of employment.

Clawback: The Board has introduced a clawback policy which provides the Board discretion to clawback variable pay of LTI participants in the event of a serious misconduct or fraud by the employee or other specific events.

Change of Control: In a situation where there is likely to be a change of control of the Group, the Board may have the discretion to determine whether some, none or all of the LTI instruments will vest.

Additional information required by ASX Listing Rule 10.15

ASX Listing Rule 10.15 requires the following information to be disclosed in relation to the Options and Performance Rights proposed to be granted to Mr Carreon under the EIP:

(i) Number and price of securities

The number of Options that may be acquired by Mr Carreon is 872,000. No payment for the Options is required by Mr Carreon and the exercise price of the Options will be calculated in accordance with the formula described above.

The number of Performance Rights that may be acquired by Mr Carreon is 470,000. The maximum number of Shares that may be acquired by Mr Carreon on the vesting of Performance Rights is 470,000. No payment for the Performance Rights is required by Mr Carreon and, on vesting, Shares will be issued to Mr Carreon for no consideration.

(ii) Securities issued under the EIP received since the last approval

512,500 Options were issued to Mr Carreon during the financial year ended 30 June 2016 following approval at the annual general meeting held in November 2015, for a zero acquisition price.

(iii) Persons who are entitled to participate in the EIP

Participation in the EIP and the number of Options or Performance Rights offered to each individual participant is determined by the Board. Options or Performance Rights may be granted to certain senior executives of the Company on an annual basis as part of their annual remuneration review. Mr Carreon is the only person referred to in ASX Listing Rule 10.14 who is currently entitled to participate in the EIP.

(iv) Terms of any related loan

There is no loan provided in relation to the acquisition of Options or Performance Rights by Mr Carreon.

Voting exclusion

The Company will disregard any votes cast on Items 4 and 5 by Mr Carreon (being the only Director who is eligible to participate in the EIP) and any associate of Mr Carreon. However, the Company need not disregard a vote if:

- a) it 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
- b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy does.

In addition, no KMP of the Company or a Closely Related Party of such a KMP may vote as a proxy on Items 4 or 5 unless:

- a) the person votes as a proxy appointed by writing that specifies how the person is to vote on Items 4 or 5 (as applicable); or
- b) the person is the Chair and votes as a proxy appointed by writing that authorises the Chair to vote on Items 4 or 5 (as applicable) even though the resolution is connected directly or indirectly with the remuneration of KMP of the Company.

Directors' Recommendation

The Board unanimously (other than Mr Carreon) recommends that Shareholders vote in favour of each resolution in Items 4 and 5.

ITEM 6 and 7 – Grant of Options and Performance Rights to Mr David Adams, former Director and Senior Vice President of Ventures, Licencing and Corporate Development

Mr Adams was a non-executive director of the Company until the 8 August 2016. Mr Adams stood down as a director to take on an executive role at ImpediMed - Senior Vice President of Ventures, Licencing and Corporate Development. The terms of Mr Adam's employment contract with ImpediMed allow him to participate in the EIP. The Board has proposed that Mr Adams receive 335,000 new hire Options and 165,000 Performance Rights under the EIP.

The intention of the EIP is to align the interest of shareholders executive level employees and to reward executives who remain in employment.

Options and Performance Rights granted under the EIP are subject to the rules of that plan, in addition to the terms and conditions outlined below.

If Shareholders approve the resolutions in Items 6 and 7, the Company will offer Mr Adams Options and Performance Rights under a letter of offer shortly following the Meeting. The date of that offer will be the date of the grant and the Options and Performance Rights will be issued shortly thereafter and in any event, within one month of the date of the Meeting.

ASX Listing Rule 10.11 provides that the Company must not issue or agree to issue equity securities to a related party of the Company except with the approval of Shareholders or unless an exception applies. Mr Adams is a related party of the Company as he will have ceased to be a director of the Company in the six month period preceding the proposed grant date.

Accordingly, Items 6 and 7 seek the approval by Shareholders pursuant to ASX Listing Rule 10.11 to grant 335,000 Options and 165,000 Performance Rights to Mr David Adams and for the issue of Shares on the exercise of the Options and vesting of the Performance Rights. If an approval under Listing Rule 10.11 is obtained then the securities issued to Mr Adams will not be counted towards the Company's 15% placement capacity under Listing Rule 7.1.

Details of Option grant

It is proposed that Mr Adams will be issued 335,000 Options, subject to Shareholder approval. The Options will be issued to Mr Adams no later than 1 month after the Meeting.

Vesting of the Options will occur over a four year period. Subject in all cases to Mr Adam's continuous employment with the Company, the Options will vest annually equal to one-quarter of the total number granted, on the anniversary date of the grant. This equates to 83,750 Options vesting each year on the anniversary date of the date of grant of the Options for four years.

The Options are exercisable after they vest, for an exercise price based on the five-day volume weighted average market price of Shares at the close of trading on the day prior to the date of grant. On exercise, Mr Adams will become entitled to receive one Share for each Option that has vested (subject to the terms of the issue of the Options relating to bonus issues and capital reorganisations of the Company).

For example, if the five-day volume weighted average market price at the close of trading on the day prior to the grant date for the Options was \$1.65, the total exercise price for all Options would be \$552,750.

Funds raised from the exercise of Options will be used for ordinary working capital purposes.

No amount is payable in return for the grant of the Options.

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Details of Performance Rights grant

It is proposed that Mr Adams will be issued 165,000 Performance Rights. The Performance Rights will be issued to Mr Adams no later than 1 month after the Meeting.

The Performance Rights vest at the end of a three-year performance period and are not subject to any other performance/vesting conditions.

No amount is payable in return for the grant of the Performance Rights and no amount is payable on the vesting of the Performance Rights. Accordingly, no capital will be raised by the Company on the vesting of Performance Rights.

Vesting of Performance Rights

Mr Adam's Performance Rights are not subject to any vesting conditions other than as described above.

The Executive Incentive Plan

The EIP only contemplates the grant of options or performance rights over Shares. There is no ability for the Company to provide any cash equivalent on exercise.

Subject to the terms of the EIP, all Options and Performance Rights which have not vested shall automatically lapse and be forfeited without consideration upon cessation of Mr Adam's employment with the Company, unless the Board applies its discretion to allow vesting at, or post, cessation of employment.

Shareholder approval – Corporations Act

Under Part 2D.2 of the Corporations Act, subject to a number of exemptions, Shareholder approval must be obtained before the Company (or a Related Body Corporate or prescribed superannuation fund in relation to the Company) can give a person a "benefit" in connection with the person's retirement from a managerial or executive office.

Under the EIP, where a participant in that plan ceases to be an employee of ImpediMed (other than in prescribed circumstances) all unvested Options and Performance Rights held by that participant will lapse. In circumstances where the reason for that participant ceasing employment is because of death, total and permanent disability, retirement or redundancy (as determined by the Board) or any other reason with the approval of the Board, the Board has discretion as to how unvested Options or Performance Rights are to be treated. In the context of exercising this discretion, providing Shares to the person may constitute a termination benefit regulated by Part 2D.2 of the Corporations Act.

For a person who holds a managerial or executive office with the Company (or a Related Body Corporate), if Options or Performance Rights vest because a person ceases to be employed due to death, disability or any other reason in the Board's discretion, the person will receive a benefit in connection with retirement from office, or position of employment regulated by Part 2D.2 of the Corporations Act. The value of the benefit received will be the market price of the Shares that are received following the exercise of the vested Options or Performance Rights.

Voting exclusion

The Company will disregard any votes cast on Items 6 and 7 by Mr Adams (being the only person to whom Listing Rule 10.11 applies who is to receive securities in the Company pursuant to resolutions 6 and 7) and any associate of Mr Adams. However, the Company need not disregard a vote if:

- a) it 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
- b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy does.

In addition, no KMP of the Company or a Closely Related Party of such a KMP may vote as a proxy on Item 6 and 7 unless:

- a) the person votes as a proxy appointed by writing that specifies how the person is to vote on Item 6 and 7; or
- b) the person is the Chair and votes as a proxy appointed by writing that authorises the Chair to vote on Item 6 and 7 even though the resolution is connected directly or indirectly with the remuneration of KMP of the Company.

Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of the resolutions in Items 6 and 7.

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ITEM 8: Approval of amendment of option terms

On 9 July 2012, Mr Carreon commenced his employment with the Company, and as part of his employment offer he was granted options to acquire 7,252,561 ordinary shares in the Company (**Options**). As Mr Carreon did not join the board of directors until 8 May 2015, the issue of the Options in 2012 did not require shareholder approval. The Options have an exercise price of \$0.35 and are subject to a four-year vesting period which has now concluded – accordingly the Options are fully vested. The Options expire on 8 July 2022.

Under the terms of issue, the Options vest, and are able to be exercised, subject to certain exercise conditions.

Exercise Conditions

The Options are exercisable if the following requirements (**Exercise Conditions**) are met:

- d) 75% of the Options are not able to be exercised unless the price of Shares is above \$0.50 per Share on the ASX at the time of exercise;
- e) 25% of the Options are not able to be exercised unless the price of Shares is above \$0.70 per Share on the ASX at the time of exercise; and
- f) Mr Carreon has 90 days to exercise any vested Options if he ceases to be an employee of the Company.

The current price of the Company's Shares on the ASX is \$1.65 (at the close of trading on 22 September 2016). Accordingly the first two Exercise Conditions are presently satisfied.

The Company seeks Shareholder approval to:

- a) remove the first two Exercise Conditions; and
- b) amend the third Exercise Condition to clarify that Mr Carreon's executor, administrator or trustee of his estate can exercise the Options within the 90 day period following cessation of employment where Mr Carreon is no longer an employee due to death or permanent disability,

(Proposed Changes).

The Board no longer believes that the first two Exercise Conditions are appropriate in light of the Company's current position and the strong appreciation in the value of the Company's shares since Mr Carreon has been CEO. Removing these restrictions will mean that Mr Carreon's Options will still be exercisable even if the Company's Share price falls below the currently applicable thresholds.

The amendment of the third Exercise Condition is intended merely to clarify that the right of exercise is not personal to Mr Carreon and, in the event that his employment ceases due to death or permanent disability, the Options may be exercised by the executor, administrator or trustee of his estate (as applicable).

ASX Waiver

Pursuant to ASX Listing Rule 6.23.3, a change that has the effect of reducing the exercise price, increasing the period for conversion or increasing the number of securities received on conversion of the Company's performance rights cannot be made. ASX has advised that it considers that the effect of the Proposed Changes to the terms of Options outlined above has the effect of increasing the period for their exercise. Accordingly, the Company applied for, and ASX has granted the Company, a waiver of ASX Listing Rule 6.23.3 to permit the Company to make the Proposed Changes without breaching ASX Listing Rule 6.23.3 subject to Shareholders approving the Proposed Changes.

Voting Exclusion Statement

The Company will disregard any votes cast on Item 8 by Mr Carreon and any associates of Mr Carreon. However, the Company need not disregard a vote if:

- a) it 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
- b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy does.

In addition, the Company will disregard any votes cast on Item 8 by a KMP of the Company or a Closely Related Party of such a KMP unless:

- a) the person votes as a proxy appointed by writing that specifies how the person is to vote on Item 8; or
- b) the person is the Chair and votes as a proxy appointed by writing that authorises the Chair to vote on Item 8 even though the resolution is connected directly or indirectly with the remuneration of the KMP of the Company.

Directors' Recommendation

The Board (other than Mr Carreon) unanimously recommends that the Shareholders vote in favour of this resolution.

ITEM 9 – Spill Resolution (conditional item)

The Corporations Act now includes a “two strikes” rule in relation to remuneration reports. The two strikes rule provides that, if at least 25% of the votes cast on the resolution to adopt the remuneration report at two consecutive annual general meetings are against adopting the remuneration report, shareholders will have the opportunity to vote on a Spill Resolution (described below) at the second annual general meeting.

At last year’s annual general meeting, 25.09% of the votes cast on the resolution to adopt the Remuneration Report were against adopting the report (the “first strike”).

Accordingly, Item 9 (**Spill Resolution**) is required to be included in this Notice of Meeting by Division 9 of Part 2G.2 of the Corporations Act because the adoption of the Remuneration Report contained in the Company’s 2015 Annual Report was passed by a majority of less than 75% at the 2015 Annual General Meeting.

Item 9 is a “conditional” resolution. It will only be put to the Meeting if 25% or more of the votes cast on Item 2 are cast against the adoption of the Remuneration Report, which will constitute a “second strike”.

If Item 2 passes on a majority of more than 75%, the Spill Resolution will be deemed withdrawn and any votes cast on the Spill Resolution prior to the withdrawal of the Spill Resolution will be treated as invalid.

Majority required for Spill Resolution

If the Spill Resolution is put to the meeting the Spill Resolution will be carried if it is passed by an ordinary majority of votes cast (more than 50%). If the Spill Resolution is valid and carried, a spill meeting must be held within 90 days of the passing of the Spill Resolution (**Spill Meeting**). If a Spill Meeting is required, the date of the meeting will be notified to Shareholders in due course.

The Spill Meeting

If a Spill Meeting is held, pursuant to section 250V(1)(b)(i) of the Corporations Act, the Directors listed below, being the non-executive Directors who were in office when the Board approved the last Directors’ Report, will cease to hold office immediately before the end of the Spill Meeting (unless they resign before the Spill Meeting):

- (i) Dr Cherrell Hirst;
- (ii) Mr Scott Ward*;
- (iii) Ms Elizabeth Gaines*; and
- (iv) Mr Gary Goetzke*.

*This assumes these directors are re-elected / elected at this Meeting pursuant to Items 3.1, 3.2 and 3.3 respectively.

Each of these Directors is eligible to stand for re-election at the Spill Meeting.

The Spill Meeting, if required, will be subject to a separate notice in accordance with the Constitution of the Company and the Corporations Act. Nominations for director appointments at the Spill Meeting may be made in accordance with the Constitution of the Company and may include the Directors listed above.

A voting exclusion applies to Item 9 (see below). This voting exclusion will not apply to the Spill Meeting and all Shareholders will be entitled to vote on the director appointments at the Spill Meeting.

Directors' Recommendation

The Board unanimously recommends that Shareholders vote **against** this resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on Item 9 by a KMP of the Company or a Closely Related Party of such a KMP unless:

- c) the person votes as a proxy appointed by writing that specifies how the person is to vote on Item 9; or
- d) the person is the Chair and votes as a proxy appointed by writing that authorises the Chair to vote on Item 9 even though the resolution is connected directly or indirectly with the remuneration of the KMP of the Company.

Chair's Voting Intention

The Chairman of the Meeting intends to vote all available undirected proxies **in favour of the resolutions in Items 2, 3, 4, 5, 6, 7 and 8, and against the resolution in Item 9 (if this item is put to the Meeting).**

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GLOSSARY

A\$ or \$ means Australian dollars.

AEDT means Australian Eastern Daylight Savings Time as observed in Sydney, Australia.

Annual General Meeting or Meeting means the meeting convened by the Notice.

ASX means ASX Limited ACN 008 624 691.

ASX Listing Rules means the Listing Rules of the ASX.

ASX Principles means the ASX Corporate Governance Principles and Recommendations (3rd edition).

Board means the current board of directors of the Company.

Closely Related Party has the meaning as defined in section 9 of the Corporations Act.

Company means ImpediMed.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

EIP means the Employee Incentive Plan adopted by the Board on 2 October 2014 and approved by Shareholders at the Company's 2014 annual general meeting.

Entitlement Time means 7.00pm (AEDT) on Saturday 12 November 2016.

Explanatory Notes means the Explanatory Notes accompanying and forming part of the Notice.

Group means the Company and subsidiaries of the Company.

ImpediMed means ImpediMed Limited (ACN 089 705 144) (ASX code: IPD).

Items means the resolutions set out in the Notice, or any one of them, as the context requires.

Key Management Personnel (or **KMP**) has the meaning as defined in section 9 of the Corporations Act.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting and the Explanatory Notes accompanying the Notice and the Proxy Form.

Option means an option to acquire a Share under the EIP or other employee incentive plan, as the context requires.

Performance Right means a performance right to acquire a Share under the EIP.

Proxy Deadline means 10.00am (AEDT) on Saturday 12 November 2016.

Proxy Form means the proxy form accompanying the Notice.

Related Body Corporate has the meaning set out in section 50 of the Corporations Act.

Remuneration Report means the remuneration report set out in the Directors' Report section of the Company's annual financial report for the year ended 30 June 2016.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

US\$ means United States of America dollars.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

ImpediMed Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474

LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am (AEDT) on Saturday, 12 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged by mail using the reply paid envelope, by fax, by hand or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

Please note: you cannot change ownership of your shares using this form.

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of Key Management Personnel.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares 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; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

PROXY FORM

I/We being a member(s) of ImpediMed Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (AEDT) on Monday, 14 November 2016 at Four Seasons Sydney, 199 George Street, Sydney NSW 2000** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 2, 4, 5, 6, 7 and 8: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2, 4, 5, 6, 7 and 8, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of Items 2, 3, 4, 5, 6, 7 and 8. The Chairman of the Meeting intends to vote undirected proxies against Resolution 9 if it is put to the Meeting.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
2 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Amendment of option terms of Richard Carreon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.1 Re-election of Mr Scott Ward	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Conditional Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.2 Election of Ms Elizabeth Gaines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3.3 Election of Mr Gary Goetzke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Grant of Options to Mr Richard Carreon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Grant of Performance Rights to Mr Richard Carreon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Grant of Options to Mr David Adams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Grant of Performance Rights to Mr David Adams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

As stated in the Notice of Meeting, Item 9 is a conditional Item, and will only be put to the Meeting in the circumstances described in the Notice of the Meeting.



* 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 votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



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STEP 1

STEP 2

STEP 3