

Notice of Annual General Meeting

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ALT IUM L I M I T E D

19 September 2008

Dear Shareholder

The Altium Limited Board ('Board') would like to invite you, or your representatives, to attend the 2008 Annual General Meeting ('Meeting') of Altium Limited ('Company'). Please note the change of venue, previously advised in the ASX Appendix 4e disclosure as the Hilton Hotel Sydney, is now the **Manly Pacific Sydney Hotel, Seaforth Room, 55 North Steyne, Manly, NSW, 2095, at 10am on Thursday, 23 October 2008.**

General Business

Financial statements and reports

1. To receive the financial report, directors' report and auditor's report for the Company for the financial year ended 30 June 2008.

Remuneration report

2. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
The remuneration report of the Company for the financial year ended 30 June 2008 is adopted.

Election of directors

3. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
Nicholas Martin, a director retiring from office in accordance with Article 10.3 of the Constitution of the Company, is re-elected as a director of the Company.
4. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
Carl Rooke, a director retiring from office in accordance with Article 10.3 of the Constitution of the Company, is re-elected as a director of the Company.
5. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
William Bartee, a director retiring from office in accordance with Article 10.3 of the Constitution of the Company, is re-elected as a director of the Company.

Distribution to shareholders in form of equal reduction in share capital

6. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
"That for all purposes including for the purpose of section 256C(1) of the *Corporations Act 2001*, shareholders approve the distribution by the Company of the amount of **AU\$0.02 (2 cents)** for each fully paid ordinary share on issue at **31 October 2008** ("Record Date") to holders of those ordinary shares, as an equal reduction of the share capital of the Company".

Dated 19 September 2008

By Order of the Board



Kayvan Oboudiyat
Company Secretary

Notes:

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

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

The proxy form together with the authority (if any) under which it is signed or a notarially certified copy of that authority must be received at the Company's registered office or by the Company's share register, Computershare Investor Services Pty Ltd (Ph: 1300 850 505) no later than **10am (AEST), Tuesday, 21 October 2008**.

The completed Form of Proxy may be either:

- mailed to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001 Australia;
- faxed to Computershare Investor Services Pty Ltd, on +61 3 9473 2118;
- delivered to Altium Limited, Level 3, 12a Rodborough Rd, Frenchs Forest NSW 2086, Australia, or
- delivered to Computershare Investor Services Pty Ltd, Level 2, 60 Carrington Street, Sydney NSW 2000 Australia

- 2 Pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* and Article 9.1 of the Company's Constitution, the time nominated by the Board for the purposes of determining the voting entitlements at the Meeting is **7pm (AEST), Tuesday 21 October 2008**.

Explanatory Notes

Item 1: Financial statements and reports

As required by section 317 of the *Corporations Act 2001*, the financial report, directors' report and auditor's report of the Company for the financial year ended 30 June 2008 will be laid before the Meeting. There is no requirement for a formal resolution on this item. Shareholders will be given reasonable opportunity to ask questions and make comments on these reports at the Meeting.

Item 2: Remuneration report

Section 300A of the *Corporations Act 2001* requires listed companies to include a remuneration report within the directors' report. The remuneration report must be put to a vote of members at the Meeting. The vote on the resolution will be advisory only and will not bind the directors or the Company. Shareholders will be given reasonable opportunity to ask questions and make comments on these reports at the Meeting.

Items 3 – 5: Election of directors

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

Article 10.3 of the Company Constitution requires that each director who has held office for two years or more must retire from office.

Article 10.4 of the Constitution provides that a retiring director holds office until the conclusion of the meeting at which that director retires but is eligible for re-election.

Nicholas Martin, Carl Rooke and William Bartee retire by rotation under Article 10.3 and offer themselves for re-election.

Candidate information

Nicholas Martin – CEO, Executive Director and Chief Technology Officer

Mr Nicholas Martin founded Altium Limited in 1985 (known then as Protel International) and has served as an executive director from the group's inception becoming Joint Chief Executive Officer in 2001. Nick has served in his current role of Chief Executive Officer since 2005. It is due to Nick's vision and foresight that Altium is considered a global leader in technology innovation in the electronics design industry. Nick provides the business and technology strategy for the company.

Carl Rooke – CA FAICD, Non-Executive Director

Mr Carl Rooke joined the board in 1990 as a non-executive director and was appointed Chairman in 1999 and served as Chairman until October 2007. Carl is a former Chairman of Horwath Australia and currently holds the position of Director of BDO Kendalls (TAS) Pty Ltd. Carl is a Fellow of the Institute of Chartered Accountants and the Institute of Company Directors and brings to the group a history of successful business practice with many years of proven experience in management, accounting and finance. Carl is also Chairman of the Audit and Risk Management Committee.

William Bartee – BS MBA JD, Non-Executive Director

Mr William Bartee was appointed to the board as a non-executive director in 1999. Bill has sixteen years' experience working with emerging growth technology companies in US venture capital and private equity industries. He is a former investment director for Macquarie Technology Ventures and former Chief Executive Officer of Mantara, a messaging software company. Bill is also the Chairman of the Remuneration and Nomination Committee.

Item 6: Distribution to shareholders in form of equal reduction in share capital

The Board has proposed that the Company distribute the amount of **AU\$0.02 (2 cents)** for each fully paid ordinary share on issue at the Record Date to holders of those ordinary shares by way of equal reduction of share capital of the Company ("Distribution").

Rationale

The Board has formed the view that the profits of the Company are not sufficient to permit the Board to declare a dividend.

Accordingly, the Company will not pay a dividend to shareholders in respect of the financial year ending 30 June 2008. The Company does however have significant cash reserves from which it can distribute capital to shareholders. The Board therefore considers that the proposed Distribution can be made without prejudicing the interests of the Company or its creditors.

The proposed Distribution forms part of the Company's ongoing commitment to direct capital towards driving further growth in the business or returning it to our shareholders.

Prerequisites to a return of capital

Section 256B(1) of the *Corporations Act 2001* provides that the Company may reduce its share capital if the reduction:

- is fair and reasonable to the Company's shareholders as a whole;
- does not materially prejudice the Company's ability to pay its creditors; and
- is approved by shareholders.

Effect of the Distribution on shareholders of the Company

If the proposed Distribution is approved by shareholders, shareholders on the Record Date will receive a cash payment of **AU\$0.02 (2 cents)** for each fully paid ordinary share that they hold on the Record Date. The proposed Distribution will not result in the cancellation of any ordinary shares nor the dilution of shareholdings in the Company.

Effect of the Distribution on the capital of the Company

The Company has **89,162,009 fully paid ordinary shares on issue at 31 August 2008**. There are no partly paid shares on issue.

After the proposed Distribution, the number of fully paid ordinary shares on issue will remain the same, however the share capital of the Company will be reduced by approximately **AU\$1,783,240** representing a return per fully paid ordinary share of **AU\$0.02 (2 cents)**.

After the proposed Distribution, the number of options on issue will remain the same; however the exercise price of each option on issue will be reduced by **AU\$0.02 (2 cents)** in accordance with ASX Listing Rule requirements.

Key financial impacts

As the proposed Distribution is an equal reduction of capital, the Directors believe that it will be fair and reasonable to shareholders of the Company as a whole.

The Distribution will involve the payment of **AU\$0.02 (2 cents)** per fully paid ordinary share equating to an amount of **AU\$1,783,240**. The payment will see a reduction of the cash assets of the Company and a corresponding reduction of the shareholders' funds in the Balance Sheet. The distribution will not materially impact the ability of the Company to fund growth opportunities as it continues to generate strong group operating cash flows.

It is also the opinion of the Directors that the Distribution will not materially prejudice the Company's ability to pay its creditors as the Directors believe the existing cashflow and working capital resources are adequate to pay creditors.

Taxation implications of the Distribution for shareholders

The income tax consequences of the Distribution will depend on the personal circumstances of each shareholder. In considering the resolution to be approved at the AGM, the Company recommends that shareholders seek their own tax advice to understand the tax consequences of the Distribution, having regard to their own specific facts and circumstances.

The following is a brief comment on the anticipated tax implications of the Distribution. These are general comments, and are not specific to individual circumstances. **The Company has not sought a class ruling from the Australian Taxation Office (ATO) in relation to the tax treatment of the Distribution to shareholders.** Accordingly, the Company can give no assurance that the ATO will take the same view as that outlined below and the Company accepts no liability in respect of the comments in this section.

Income tax

The Company does not anticipate that any part of the Distribution will be treated as a dividend for Australian income tax purposes.

Capital gains tax (CGT)

Where shares are held on capital account, the CGT treatment for shareholders holding post-CGT shares should be as follows:

(1) Resident shareholders

The return of capital will reduce the cost base and reduced cost base of the shares held in the Company.

If the return of capital exceeds the cost base of the shares held by a shareholder, a capital gain will arise.

The capital gain should be eligible for the CGT discount where the conditions for obtaining the CGT discount are satisfied.

If a shareholder has sold a share prior to the date for payment of the Distribution, but after the record date, the amount of the Distribution should be a capital gain. Again, the capital gain should be eligible for the CGT discount where the conditions for obtaining the CGT discount are satisfied.

(2) Non-resident shareholders

The return of capital should not give rise to a capital gain, even if the amount of the return of capital exceeds the cost base of the shares held by the non-resident.

Where shares are pre-CGT shares, or are held on revenue account with a profit making intention or as trading stock, shareholders should seek their own tax advice in relation to the tax implications of the proposed Distribution.

Timing and trading implications

If shareholders approve the Distribution, the Distribution will take effect in accordance with the following timetable.

Event	Date
Resolution approved	23 October 2008
Trading in re-organised securities on an "ex-return of capital" basis start	27 October 2008
Record Date for determining entitlements to participate in the Distribution	31 October 2008
Payment of Distribution	7 November 2008

Payment methods

If the proposed Distribution is approved by shareholders, the payment of the Distribution will be paid by the same method (cheque or direct credit) as shareholders have elected to receive payment of dividends, for those persons who are shareholders as at the Record Date, unless shareholders instruct the share registry otherwise.