

19 March 2015

Update on Draft Class Ruling

On 14 January 2015, Chandler Macleod Group Limited (**CMG**) advised that it had entered into a Scheme Implementation Deed with Recruit Holdings Co. Ltd. (**Recruit**) under which Recruit, through an Australian subsidiary, would acquire 100% of the share capital in CMG for total cash consideration of \$290.4 million, subject to shareholder approval, court approval and other conditions of the proposed Scheme of Arrangement ('Scheme') being satisfied.

One of the key features of the transaction included a dividend to be paid by CMG of 1.7 cents per share in respect of the half year to December 2014, which is expected to be fully franked.

In the Scheme Booklet issued on 20 February 2015, the Directors included a letter prepared by EY titled "Australian tax implications for Scheme Shareholders arising under the proposed acquisition of Chandler Macleod Group Limited (Chandler Macleod) under a scheme of arrangement" dated 20 February 2015. The EY Letter summarised the Australian tax implications for certain Chandler Macleod Shareholders participating in the Scheme. The letter also states that a Class Ruling request is being sought from the Australian Taxation Office (ATO) in respect of the Scheme.

On 20 February 2015, CMG lodged a Class Ruling application with the ATO. The purpose of the Application was to seek the Commissioner of Taxation's views on the specific income tax implications for Scheme Shareholders in relation to the dividend and the scheme consideration under the proposed Scheme.

On 18 March 2015, the ATO provided CMG with relevant extracts of the Draft Class Ruling. Based upon its review of this information, the Directors of CMG are satisfied that the ATO has addressed the specific income tax consequences set out in the Class Ruling application.

The Draft Class Ruling is not legally binding on the ATO and only a Final Class Ruling can be relied on by Scheme Shareholders.

CMG will make an announcement when the Final Class Ruling is released. When released, the Class Ruling will also be available from the ATO at www.ato.gov.au.

ENDS

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About Chandler Macleod (ASX: CMG): Chandler Macleod is one of Australasia's largest HR Services providers and a leader in planning, sourcing, assessing, developing and managing talent.