

# MITCHELL COMMUNICATION GROUP SCHEME MEETING

25 OCTOBER 2010

## CHAIRMAN'S ADDRESS

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### 1. INTRODUCTION

Good morning Ladies and Gentlemen and welcome to this very important meeting of the shareholders of the Mitchell Communication Group. My name is Harold Mitchell and I am the Executive Chairman and founder of the Mitchell Communication Group. I will be chairing today's Scheme Meeting.

Before we start proceedings, can I ask you please to turn off all mobile phones.

We are joined today by my fellow directors, Garry Hounsell, Stuart Mitchell, Rob Stewart, Stephen Cameron, Naseema Sparks and Rod Lamplugh.

Also joining us today is our Company Secretary Dion Cust, Craig Semple from our solicitors, Mallesons Stephen Jaques, and Peter Vaughan from Computershare Investor Services, who is here to act as the returning officer.

The purpose of this meeting is to consider the Scheme of Arrangement between Mitchell Communication Group and its ordinary

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shareholders, under which it is proposed that Aegis Group plc will acquire ownership of Mitchell.

If you are a Mitchell shareholder or a proxy, attorney or corporate representative of a Mitchell shareholder who is eligible to vote and speak on the resolution and do not have a green voting card, please put your hand up or see a Computershare representative now. If necessary I will pause while all registrations are completed.

This meeting is convened in accordance with orders made by the Supreme Court of Victoria on 17 September 2010. Having confirmed that a quorum is present, I declare the Scheme Meeting open.

The business of this Scheme Meeting is set out in the Notice of Meeting which is contained in Part C of the Scheme Booklet distributed to Shareholders on 24 September 2010.

I propose that the notice convening the Scheme Meeting be taken as read.

Thank you. Copies of the Scheme Booklet incorporating the Notice of Meeting are available from the registration desk just outside this meeting

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room.

Before I commence the formal part of the meeting I'd like to provide some remarks.

I'd like to talk less formally than we might normally in an annual meeting firstly by mentioning so many old friends here as I look around the room.

It's been an incredible journey for an Australian company, an Australian family and the Australian media and marketing industry.

This company was established in 1976 against overwhelming odds of failure. It didn't fail and progressively moved to become the biggest media company in Australia.

It has beaten for the last few years every media company which has gone up against it. It proves that Australians are exceptional people that can operate on the world scale.

We might only be 2% of the world's population but we can all be very proud to be Australian.

Today we move into a new era. It's true that we've joined with Aegis and we're asking the shareholders to support us. From my position, I see

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it this way. This is a great opportunity for us to move onto the world stage.

Some of you may choose, as I will, to become part of a bigger world. Aegis has a turnover of some \$20 billion, that's 50% bigger than the entire Australian advertising industry. Many of you in this room, including myself, are going to be part of that.

We will help move Aegis from number 7 in Australia to number 1. And more importantly, we will deal ourselves into the great growth corridor of Asia. Aegis will move from number 5 to number 3 in the region and I suspect we won't be stopping there.

Asia is the great future for Australia. The World Bank has made it clear that by 2050 this region, our region, will be 50% of the world's economy.

Australia can dig up and sell what it has for many years to come, but its future is in taking our intellectual capacity to the world. That is what we're doing today.

Australia has the highest per capita advertising spend in the world because we've become better at this business than anyone else. And your company

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has been at the top of that for nearly a decade.

Today might well have been considered sad for someone like myself and Stuart and our family, a sad day. On the contrary. It's a remarkable day. This is the beginning of the next incredible journey.

I hope many of you come along with us. I hope the broader Australian community goes out to the world as we have. And those that aren't with us, I hope that we have your complete support as you watch us move forward.

This has been a journey for me personally of 34 years. An incredible journey. But there's more to come. Let me just say, quite simply, thank you.

Let me now return to the more formal part of the meeting.

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## **2. PROPOSED RESOLUTION**

The proposed resolution for consideration at this meeting is to agree to a Scheme of Arrangement between Mitchell and its Shareholders. The Scheme is essentially a proposal under which all Mitchell Shareholders are being asked to transfer all of the Mitchell shares to Aegis.

For each Mitchell Share held on the Scheme

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Record Date, Scheme Shareholders will be entitled to receive, at their election, either:

- \$1.20 cash for each Scheme Share held (Cash Consideration); or
- 40 new Aegis Shares for every 67 Scheme Shares held (Share Consideration).

The Scheme has been proposed to enable Aegis to acquire ownership of Mitchell. If all of the conditions and approvals for the Scheme are satisfied or waived (as applicable), Mitchell will become a wholly-owned subsidiary of Aegis and Aegis will seek to have Mitchell delisted from the Australian Securities Exchange.

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### **3. CONDITIONS**

The Scheme is conditional on the satisfaction or waiver (as applicable) of various conditions that are outlined in Section 4.3 of the Scheme Booklet and – Section 3 of the Merger Implementation Agreement. If each of these conditions is satisfied or waived (as applicable) the Scheme will bind all Shareholders, including those who vote against it and those who

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do not vote at all.

I will take this opportunity to brief the meeting on the status of the six principal conditions of the Scheme, which are as follows:

(1)

**(Regulatory & Court Approvals)** The first key condition is the Court approval of the Scheme in accordance with section 411(1) of the Corporations Act. If the Scheme is agreed at this meeting, Mitchell will apply to the Court on 29 October 2010 for orders approving the Scheme. In addition, consent or approval from ASX, ACCC and FIRB must be obtained. I confirm that Mitchell has received notice of the consent of the ASX in relation to the Scheme; that the ACCC has confirmed that it will not intervene, prevent, or impose conditions on the Scheme; and that FIRB has advised that the Federal Government has no objection in terms of its foreign investment policy to the proposal. The ACCC notice has not been withdrawn, revoked or amended as of 10.00am today.

(2)

**(Shareholder Approval)** The second key condition is that Mitchell Shareholders agree to the Scheme of Arrangement at this Meeting, in accordance with the requirements of the Corporations Act. A vote by

poll will be taken after my address and once discussion, if any, of the proposed resolution has concluded.

**(3) (No Material Adverse Changes or Prescribed Occurrences Eventuating)** The third key condition is that no material adverse change and no prescribed occurrences arise in respect of Mitchell prior to 8.00am on the day of the Second Court Hearing, which is scheduled for 29 October 2010. These terms are defined in the Merger Implementation Agreement between Mitchell and Aegis, which is reproduced in Part C of the Scheme Booklet. Since the date the Scheme Implementation Deed was entered into and as at 10.00am today, no material adverse change and no prescribed occurrences have arisen in respect of Mitchell.

**(4) (Issue of New Aegis Shares)** The fourth condition is that the New Aegis Shares to be issued pursuant to the proposed scheme are approved for official quotation on the Official List of the United Kingdom Listing Authority prior to 8:00am on the date of the Second Court Date.

**(5) (Aegis Share Performance Condition)** The fifth

condition is that the share price of the Aegis Shares has not (for three or more consecutive trading days) been 20% less than the 5 day VWAP of the Aegis Shares up to the date of the Merger Implementation Agreement (on the basis that the relevant Aegis daily price has been normalised for movements in the FTSE 250 index over the period between the date of the Merger Implementation Agreement and the testing day). The Aegis share price has not failed this performance condition.

(6)

**(Options and Performance Rights Condition)**

The final key condition is that all holders of Options and Performance Rights have exercised their Options or Performance Rights or agreed to the cancellation of their Options or Performance Rights as at 8:00am on the Second Court Date. I can confirm that all Mitchell Options and Performance Rights, have either been exercised or cancelled and this condition has been met as at 10.00am today.

#### 4. DIRECTORS' RECOMMENDATION AND INTENTIONS

Your Directors have carefully considered the Scheme of Arrangement and have taken professional advice in relation to it.

Having considered the potential advantages and disadvantages of the Scheme of Arrangement and other relevant considerations, and in the absence of a Superior Proposal, your Directors unanimously believe that the acquisition by Aegis is in your best interests. Furthermore, each of your Directors intends to vote, or cause to be voted, all their direct and indirect interests in Mitchell in favour of the proposal.

There are a number of reasons why your Directors support the Scheme and these reasons are fully explained in Part A of the Scheme Booklet, but I will briefly outline them now:

- (1) **The Mitchell Board believe that the Scheme accelerates value to the Mitchell Shareholders (that otherwise may only have accrued over a longer period of time) and is the most value enhancing alternative for Mitchell to pursue at this time.**

In forming its recommendation with respect to the

Scheme, the Mitchell Board has carefully considered Mitchell's strategy, market position and future growth prospects as a stand-alone entity. The Mitchell Board has also had regard to independent consensus broker price targets. The Mitchell Board believes that the Scheme is in the best interests of Mitchell Shareholders, in the absence of a Superior Proposal.

(2)

**Mitchell Shareholders who elect to receive Cash Consideration will receive certain and immediate value for their Mitchell Shares.**

The Cash Consideration under the Scheme of \$1.20 per Mitchell Share provides you with certainty of value for your Mitchell Shares.

The certainty of \$1.20 cash per Mitchell Share should be compared to the external and company specific risks and uncertainties which Mitchell may be subject to and that could affect the future trading price of Mitchell Shares.

(3)

**The Scheme Consideration represents a significant premium to historical trading prices.**

On the day of the announcement of the proposed Scheme (29 July 2010) the Scheme consideration

represented a premium of 15.4% to the Mitchell Share price at the close of trade on 28 July 2010. In addition, the Scheme Consideration (excluding the proposed final dividend) represents a 30.7% premium to the 3-month volume weighted average price (VWAP) and a 33.8% premium to the 6-month VWAP of Mitchell Shares as at the close of trading on 28 July 2010.

(4)

**The Independent Expert, Ernst & Young, has concluded that the Scheme is “fair and reasonable” and therefore is “in the best interests of Mitchell Shareholders”.**

The Independent Expert has assessed the fair market value of Mitchell Shares, incorporating a control premium, to be in the range of \$1.09 and \$1.25 per Mitchell Share. I note that the Cash Consideration lies within the top third of the Independent Expert’s valuation range.

(5)

**Eligible Mitchell Shareholders will be paid an increased fully franked, final dividend of 5 cents per share for the year ended 30 June 2010 if the Scheme proceeds.**

If the Scheme is approved, any Mitchell Shareholder that holds Mitchell Shares on 26 October 2010 (being the ex-dividend date) and continues to hold them on the Mitchell Register on the dividend record date (currently anticipated to be 1 November 2010), will receive a 5 cents per share fully franked, final dividend for the year ended 30 June 2010.

(6)

**Mitchell Shareholders have a choice of receiving either Share Consideration or Cash Consideration or a combination of both.**

Under the Scheme, Mitchell Shareholders can elect to receive either 100% Share Consideration, 100% Cash Consideration or various combinations of both.

This flexibility permits Mitchell Shareholders to tailor their Scheme Consideration to better match their personal circumstances.

(7)

**Finally, since the announcement of the Aegis proposal on 29 July 2010, there has been no other proposal received for consideration by your Board.**

As at 10.00am today, a superior proposal(s) from

another party has not been forthcoming for your Mitchell Shares.

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## 5. SUBMIT RESOLUTION TO VOTE

I now propose for consideration by the meeting the resolution in the terms set out in the Notice of Meeting. Having done that, I would now like to open the matter for discussion. We welcome the opportunity for shareholders to ask questions and ask that you please limit them to matters relevant to the proposed Scheme and identify yourself before asking your question.

*(Chairman to receive questions)*

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## 6. THE VOTE

If there are no further questions, we have now reached the stage in proceedings where a vote is to be taken on the following resolution:

***“That pursuant to and in accordance with the provisions of section 411 of the Corporations Act, the members are in favour of the arrangement proposed between Mitchell Communication Group Limited and the holders of its fully paid ordinary shares, designated the ‘Scheme’, as contained in and more particularly described in the Scheme Booklet and, subject to approval of the Scheme by the Court, the***

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***Board of Directors of Mitchell Communication Group Limited is authorised to implement the Scheme”.***

If there is any person present who believes they are entitled to vote but has not registered to vote and does not have a voting card, would you please raise your hand and a staff member from Computershare Investor Services will assist you.

In accordance with legal requirements, and as advised in the Scheme Booklet, voting on the resolution to agree to the Scheme will be by poll.

As advised in the notice convening the Scheme Meeting, I intend to vote open proxies given to me in favour, or for the resolution.

In accordance with the requirements of the Corporations Act, in order for this resolution to be passed, votes in favour of the Scheme must be received from both:

- a majority in number of Mitchell Shareholders present and voting (whether in person, by proxy, by attorney or by corporate representative) at today’s meeting; and
- at least 75% of the total number of Mitchell

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Shares voted at today's meeting (whether in person, by proxy, by attorney or by corporate representative).

At this stage, I would like to report the proxies submitted on this motion. They are:

- Proxies where the proxy holder has been directed to vote '**for**' the resolution:  
**233,614,625** shares from **701** Shareholders;
- Proxies where the proxy holder has been directed to vote '**against**' the resolution:  
**329,227** shares from **23** Shareholders;
- Proxies where the proxy holder has been directed to **abstain** from voting on the resolution: **8,946** shares from **2** Shareholders;
- Open proxies: **1,074,535** shares from **71** Shareholders, of which **1,074,535** shares were in my favour and which I intend to vote in favour, or for the resolution.

Peter Vaughan of Computershare Investor Services has been appointed Returning Officer to conduct the polling for this Scheme Meeting.

I would now like to ask Peter to provide the instructions on how to vote.

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***(Peter Vaughan to provide voting instructions)***

***(Poll to be taken)***

Has any shareholder or representative, attorney or proxy not completed the voting process and placed their Voting Card in a ballot box?

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**7. CLOSE POLL**

As all Voting Cards have now been placed in a ballot box, I declare the poll closed.

We will now take a short break for the results of the poll to be tallied.

*[Return and announce results of poll provided by Computershare]*

Additionally, the results will be available on the ASX and Company's website, "www.mitchells.com.au" this afternoon.

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**8. CLOSE MEETING**

There are no other matters to be transacted at this meeting and the business of this meeting has concluded. I now close the Scheme Meeting and I thank you for your attendance.

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