



2013

NOTICE OF ANNUAL
GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

PRIME MEDIA GROUP LIMITED (ACN 000 764 867)

Notice is hereby given that the Annual General Meeting of Prime Media Group Limited (the “**Company**”) will be held on Tuesday, 19 November 2013 at 11.30am at Level 1, Hilton Hotel, 488 George Street, Sydney, New South Wales, 2000.

AGENDA

ORDINARY BUSINESS

1. Reports

To receive and consider the Reports of the Directors and of the Auditor and the Financial Report of the Company for the financial year ended 30 June 2013.

2. Remuneration Report (Resolution 2)

To consider and, if thought fit, pass the following non-binding resolution as an ordinary resolution:

“That the Remuneration Report (which forms part of the Directors’ Report) for the year ended 30 June 2013 be adopted.”

Note: The vote on Item 2 will be advisory only and will not bind the Directors or the Company.

The Board unanimously recommends that Shareholders vote in favour of the adoption of the Remuneration Report.

The Chairman of the Meeting intends to vote all available proxies in favour of the adoption of the Remuneration Report.

3. Re-election of Director – Mr Michael Stanley Siddle (Resolution 3)

To re-elect as a Director, Mr Michael Stanley Siddle, who retires by rotation in accordance with Rule 15.5 of the Company’s Constitution, is eligible, and offers himself for re-election.

Mr Siddle was first appointed to the Board in 1985.

The Board (with Mr Siddle abstaining) unanimously recommends that Shareholders vote in favour of the re-election of Mr Siddle.

The Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

4. Re-election of Director – Mr Peter John Evans (Resolution 4)

To re-elect as a Director, Mr Peter John Evans, who retires by rotation in accordance with Rule 15.5 of the Company’s Constitution, is eligible, and offers himself for re-election.

Mr Evans was first appointed to the Board in 1991.

The Board (with Mr Evans abstaining) unanimously recommends that Shareholders vote in favour of the re-election of Mr Evans.

The Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

SPECIAL BUSINESS

5. Approval of grant of Performance Rights to the CEO, Mr Ian Audsley (Resolution 5)

To consider and, if thought fit, to pass the following ordinary resolution:

“That approval is given for all purposes (including Part 2D.2 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.14) for:

- a) Mr Ian Audsley to participate in the Prime Media Group Limited Performance Rights Plan (“Plan”) with 500,000 Performance Rights being granted to him under the Plan in the 2014 financial year (“2014 Grant”); and
- b) any issue or transfer of ordinary shares in the Company in connection with the vesting of the Performance Rights granted under the 2014 Grant,

in accordance with the Plan Rules (as amended from time to time) described in the Explanatory Notes accompanying this Notice of Meeting.”

The Board (with Mr Audsley abstaining) considers the grant of Performance Rights to Mr Audsley to be appropriate in all the circumstances and unanimously recommends that Shareholders vote in favour of Resolution 5.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 5.

VOTING EXCLUSIONS

ITEM 5 – VOTING EXCLUSION

In accordance with ASX Listing Rules, the Company will disregard any votes cast on Item 5 by:

- a Director entitled to participate in any employee incentive scheme in relation to the Company (and if ASX has expressed an opinion under ASX Listing Rule 10.14.3 that approval is required for a person’s participation in any employee incentive scheme in relation to the Company, that person); and
- an associate of those persons.

However, subject to the restrictions on voting undirected proxies set out below, the Company need not disregard a vote on Item 5 if 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
- the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

VOTING RESTRICTIONS FOR KEY MANAGEMENT PERSONNEL AND CLOSELY RELATED PARTIES

ITEM 2 – VOTING RESTRICTIONS

For Item 2, the *Corporations Act* imposes restrictions on:

- a member of key management personnel (as defined in the *Corporations Act*); and
- their closely related parties (as defined in the *Corporations Act*),

voting in any capacity (eg. as a shareholder, proxy or corporate representative) on Item 2. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2013.

This restriction does not apply if the person has been appointed as a proxy by writing that specifies how the proxy is to vote on Item 2, provided that the shareholder who appointed the proxy is not themselves a person subject to the restriction on voting on Item 2.

Also, the restrictions do not apply to the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman of the Meeting to exercise an undirected proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Company's key management personnel. If a member appoints the Chairman of the Meeting as their proxy and the member does not direct him/her how to vote on Item 2, the member acknowledges that the Chairman of the Meeting may exercise the proxy even if he/she has an interest in the outcome of Item 2 and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

The Chairman of the Meeting intends to vote undirected proxies (where he/she has been appropriately authorised) in favour of Item 2.

If you do not wish to appoint the Chairman of the Meeting to vote on Item 2 in the manner indicated above, the Company encourages you to complete the voting directions in respect of Item 2 in Step 2 of the proxy form.

Other key management personnel of the Company and their closely related parties will not cast any votes in respect of Item 2 that arise from any undirected proxy that they hold.

ITEM 5 – RESTRICTIONS ON VOTING UNDIRECTED PROXIES

For Item 5, the *Corporations Act* imposes restrictions on:

- a member of key management personnel (as defined in the *Corporations Act*); and
- their closely related parties (as defined in the *Corporations Act*),

voting as a proxy on Item 5 if the proxy appointment does not specify the way the person is to vote. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2013.

This restriction does not apply to the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman of the Meeting to exercise the proxy.

Also, the restrictions do not apply to the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman of the Meeting to exercise an undirected proxy. If a member appoints the Chairman of the Meeting as their proxy and the member does not direct him/her how to vote on Item 5, the member acknowledges that the Chairman of the Meeting may exercise the proxy even if he/she has an interest in the outcome of Item 5 and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

The Chairman of the Meeting intends to vote undirected proxies (where he has been appropriately authorised) in favour of Item 5.

If you do not wish to appoint the Chairman of the Meeting to vote on Item 5 in the manner indicated above, the Company encourages you to complete the voting directions in respect of Item 5 in Step 2 of the proxy form.

Other key management personnel of the Company and their closely related parties will not cast any votes in respect of Item 5 that arise from any undirected proxy that they hold.

DATED at Sydney this 8th day of October 2013.

By Order of the Board



Emma McDonald
Company Secretary

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EXPLANATORY NOTES

This Explanatory Statement is an explanation of, and contains information about, the resolutions to be considered at the Annual General Meeting, which are set out in the accompanying Notice of Annual General Meeting, to assist Shareholders to determine how they wish to vote on the resolutions. This Explanatory Statement forms part of the accompanying Notice of Annual General Meeting and should be read together with the Notice of Annual General Meeting.

ORDINARY BUSINESS

ITEM 1 REPORTS

In accordance with the requirements of section 317 of the *Corporations Act*, the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2013 will be presented to the meeting.

There is no requirement for a formal resolution on this agenda item. However, Shareholders will be given a reasonable opportunity to ask questions about, and comment on, the reports.

ITEM 2 REMUNERATION REPORT

The Board is submitting its Remuneration Report to shareholders for consideration and adoption by way of a non-binding advisory ordinary resolution.

The Remuneration Report (which forms part of the Directors' Report) contains an explanation of the Company's remuneration policy and the remuneration arrangements in place for Directors and certain senior executives.

Shareholders will be given a reasonable opportunity to ask questions about, and comment on, the Remuneration Report.

The Shareholder vote on the Remuneration Report is advisory only and does not bind the Directors or the Company.

The Board unanimously recommends that Shareholders vote in favour of the adoption of the Remuneration Report.

The Chairman of the Meeting intends to vote all available proxies in favour of the adoption of the Remuneration Report.

ITEM 3 RE-ELECTION OF DIRECTOR – MR MICHAEL STANLEY SIDDLE

Mr Siddle is Deputy Chairman of Paul Ramsay Holdings Pty Limited, a major shareholder of the Company. He is also the Deputy Chairman of Ramsay Health Care Limited, Australia's largest private hospital owner. Mr Siddle has been a director of the Company since 1985.

The Board (with Mr Siddle abstaining) unanimously recommends that Shareholders vote in favour of the re-election of Mr Siddle.

The Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

ITEM 4 RE-ELECTION OF DIRECTOR – MR PETER JOHN EVANS

Mr Evans is a Chartered Accountant and was in practice for almost 20 years with predecessor firms of KPMG. He is also a director of Paul Ramsay Holdings Pty Limited and Ramsay Health Care Limited. Mr Evans has been a director of the Company since 1991 and is Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

The Board (with Mr Evans abstaining) unanimously recommends that Shareholders vote in favour of the re-election of Mr Evans.

The Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

SPECIAL BUSINESS

ITEM 5 GRANT OF PERFORMANCE RIGHTS TO MR IAN AUDSLEY, A DIRECTOR

Introduction

At the Company's 2011 AGM, Shareholders approved:

- the Prime Media Group Limited Performance Rights Plan ("Plan"), established to align long term incentives for senior executives with the delivery of key strategic performance measures. A summary of the rules of the Plan ("Plan Rules") is set out in the Explanatory Statement accompanying the Notice of Meeting for the Company's 2011 AGM; and
- the grant of a total of 615,000 Performance Rights to Mr Audsley under the Plan ("2012 Grant").

At the Company's 2012 AGM, Shareholders approved the grant of a total of 700,000 Performance Rights to Mr Audsley under the Plan ("2013 Grant").

Why is Shareholder approval being sought?

Shareholder approval is sought for all purposes (including Part 2D.2 of the *Corporations Act* and ASX Listing Rule 10.14) in respect of the proposed grant of 500,000 Performance Rights to Mr Audsley under the Plan in the 2014 financial year ("2014 Grant"), and any issue or transfer of ordinary shares in the Company in connection with the vesting of the Performance Rights granted under the 2014 Grant.

Part 2D.2 of the *Corporations Act*

Shareholder approval is being sought for the purposes of Part 2D.2 of the *Corporations Act* for any termination benefits that might be given to Mr Audsley in connection with the Performance Rights proposed to be granted under the 2014 Grant.

If approved, Mr Audsley will be entitled to receive any benefit in relation to the 2014 Grant, in addition to any other termination benefits that may be provided to him in accordance with the *Corporations Act*. It is intended that this approval will remain valid during the life of any securities granted pursuant to Item 5.

ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires Shareholder approval before the following persons can acquire securities in the Company under an employee incentive plan:

- a Director;
- an associate of a Director; and
- a person whose relationship with the entity is, in the ASX's opinion, such that approval should be obtained.

Under the terms of a trust deed, the Board may instruct the trustee to either subscribe for or purchase a number of Shares to be held by the trustee on behalf of a participant in the Plan.

The Company is seeking the approval of Shareholders for the purpose of ASX Listing Rule 10.14 to retain the flexibility to issue Shares to the trustee in connection with the vesting of Performance Rights proposed to be granted under the 2014 Grant.

Details of benefits arising out of the grant of Performance Rights to Mr Audsley

Remuneration value of Performance Rights

As at the date of preparing this Explanatory Memorandum, the Performance Rights proposed to be granted under the 2014 Grant have an approximate gross remuneration value, before applying any appropriate discount for failure to achieve performance and service conditions, of \$423,750.

Other remuneration entitlements of the Director

Mr Audsley's other remuneration entitlements for the current year (FY 2014) are as follows:

- Total Fixed Remuneration - \$768,000
- Short Term Incentive (Maximum Opportunity) - \$500,000

Mr Audsley currently holds 1,315,000 Performance Rights granted by the Company pursuant to the 2012 Grant, which was approved by Shareholders at the Company's 2011 AGM and pursuant to the 2013 Grant, which was approved by the Shareholders at the Company's 2012 AGM.

Maximum number of Shares

Each vested Performance Right proposed to be granted under the 2014 Grant, if any, will be converted to one ordinary Share on exercise. Accordingly, the maximum number of Shares that may be acquired by Mr Audsley, for which Shareholder approval under Item 5 is sought, is 500,000 Shares.

The number of Performance Rights proposed to be granted under the 2014 Grant, which will vest in accordance with the Plan Rules and the invitation is dependent upon achievement of performance conditions.

Vesting of the Performance Rights proposed to be granted under the 2014 Grant will be divided into 2 tranches and will vest as follows:

- **Tranche 1 (60% of the total) – 300,000 Performance Rights**

The vesting of Tranche 1 Performance Rights will be subject to core earnings per share ("EPS") growth targets to be set annually by the Board.

- **Tranche 2 (40% of the total) – 200,000 Performance Rights**

The vesting of Tranche 2 Performance Rights will be subject to the maintenance or growth of a Power Ratio target set by the Board. FY14 Power Ratio Target has been set at >1.00. Power ratio is a key industry measure of the Company's share of advertising revenues compared to its share of audience. A power ratio of less than 1.00 means the Company is 'underperforming' and greater than 1.00 means the Company is 'outperforming'.

The vesting of the Performance Rights proposed to be granted under the 2014 Grant will also be subject to Mr Audsley remaining continuously employed with the Company until the Vesting Date.

The Vesting Date in relation to the Performance Rights proposed to be granted under the 2014 Grant is 3 years after the grant date, which is expected to be around 19 November 2016.

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Price payable on grant or exercise of Performance Rights

In accordance with the Plan Rules, Mr Audsley will not be required to pay any amount on the grant or vesting of the Performance Rights proposed to be granted under the 2014 Grant. These Performance Rights are not transferable.

Consequences of termination of employment

If Mr Audsley's employment is terminated, all Shares issued to or purchased by the trustee on behalf of Mr Audsley as a consequence of the vesting of Performance Rights proposed to be granted under the 2014 Grant will be available to him unless the termination was the result of gross misconduct or fraud. All unvested Performance Rights will lapse unless the Board determines in its sole and absolute discretion to allow some or all of those Performance Rights to vest, in which case those Performance Rights will be automatically exercised.

In determining whether to exercise its discretion, the Board will take into account all relevant circumstances, which may include Mr Audsley's (and the Company's) performance against applicable performance hurdles at the date of cessation, as well as Mr Audsley's individual performance and the period that has passed from the date of grant to the date of cessation.

Change of control

If the Board determines there has been a change of control of the Company, any unvested Performance Rights proposed to be granted under the 2014 Grant would vest on a pro-rata basis, unless otherwise determined by the Board.

Restrictions on Shares acquired on exercise of Performance Rights

Shares acquired on exercise of the Performance Rights proposed to be granted under the 2014 Grant, if any, may be subject to a disposal or trading restriction under the Company's share trading policy. Any such restriction would be considered a genuine disposal restriction under the terms of the Employee Share Scheme ("ESS") legislation.

Terms of any loan relating to the acquisition of Shares

There are no loans relating to the acquisition of Shares under the Plan.

Date by which grants of Performance Rights may be made

It is proposed that the Performance Rights under the 2014 Grant will be granted to Mr Audsley following the Annual General Meeting on 19 November 2013, if approved by Shareholders, and in any event no later than 12 months after the Annual General Meeting.

Value of termination benefits arising out of the grant of Performance Rights to Mr Audsley

The value of any termination benefits that may be given to Mr Audsley by reason of the exercise of the Board's discretion not to lapse unvested Performance Rights held by Mr Audsley on a termination of his employment cannot be determined in advance. This is because the value at the date of cessation of Mr Audsley's employment will depend on various factors including:

- the date when, and circumstances in which, Mr Audsley ceases employment;
- the Company's share price at the date of vesting;
- the number of unvested Performance Rights held by Mr Audsley at the time of cessation (whether those Performance Rights were granted under the 2012 Grant, the 2013 Grant, the 2014 Grant or the grant of Performance Rights in any other financial year approved by Shareholders); and
- whether the Board determines, in its sole and absolute discretion, that some or all of the Mr Audsley's unvested Performance Rights will vest.

Names of all persons referred to in ASX Listing Rule 10.14 who have been issued Shares since the last approval

At the Company's 2011 AGM, Shareholders approved the grant of 615,000 Performance Rights to Mr Audsley under the Plan. These Performance Rights were granted to Mr Audsley on 23 November 2011 for nil consideration.

At the Company's 2012 AGM, Shareholders approved the grant of 700,000 Performance Rights to Mr Audsley under the Plan. These Performance Rights were granted to Mr Audsley on 28 November 2012 for nil consideration.

At present, Mr Audsley is the only person referred to in ASX Listing Rule 10.14 entitled to participate in the Plan.

Additional information

In accordance with the *Corporations Act* and ASX Listing Rules, the Company provides the following information concerning the Performance Rights proposed to be granted under the 2014 Grant:

- the details of any Shares granted to Mr Audsley under the Plan will be published in each annual report relating to a period in which Shares have been granted to Mr Audsley. The relevant annual report will also include a statement that approval for the grant of the Shares was obtained pursuant to ASX Listing Rule 10.14;
- any additional persons who become entitled to participate in the Plan following approval of this resolution will not participate in the Plan until approval is obtained under ASX Listing Rule 10.14; and
- a voting exclusion statement for the resolution contained in Item 5 is set out in the Notice of Meeting.

The Board (with Mr Audsley abstaining) considers the grant of Performance Rights to Mr Audsley to be appropriate in all the circumstances and unanimously recommends that Shareholders vote in favour of Resolution 5.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 5.

NOTES

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies.
2. If a Member appoints two proxies, each proxy may be appointed to represent a specified proportion or number of the Member's votes. If the proportion or number is not specified, each proxy may exercise half of the Member's votes. Fractional votes will be disregarded.
3. A proxy form is attached to this notice. If you wish to appoint two proxies, you may obtain another proxy form from the Company or copy the enclosed form.
4. A person appointed as proxy need not be a Member of the Company.
5. Where a proxy is appointed by a Member's attorney, the authority under which the proxy form is signed (or a certified copy of the authority) must be lodged with the proxy form.
6. To appoint a proxy, a proxy form must be signed by the Member or the Member's attorney duly authorised in writing. If the Member is a corporation, the proxy form must be signed as provided by section 127 of the *Corporations Act 2001* (Cth) or under the hand of its attorney or officer duly authorised.
7. To be effective, a proxy form (and, if it is signed by an attorney, the authority under which it is signed or a certified copy of the authority) must be received by the Company's Share Registrar, Link Market Services Limited, by **11:30am on Sunday 17 November 2013**. The proxy form should be posted to:
Locked Bag A14, Sydney South, NSW, 1235.
Alternatively, the proxy form can be sent by facsimile to Link Market Services Limited on **(02) 9287 0309** so that it reaches the Share Registrar by that time and date.
8. If a Member holds a share jointly with another person or persons, either of them may sign the proxy form.
9. Should the member desire to direct the proxy how to vote, the Member should mark the appropriate column in respect of one or more items on the proxy form, otherwise the proxy may vote as he or she thinks fit or abstain from voting.
10. The Company has determined that for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the share register as at **7.00pm on Sunday, 17 November 2013**.

DEFINITIONS

- \$** means Australian dollars, the lawful currency of Australia.
- 2011 AGM** means the general meeting of Shareholders held on Thursday, 17 November 2011.
- 2012 Grant** means the 615,000 Performance Shares granted to Mr Ian Audsley under the Plan approved by Shareholders at the 2011 AGM.
- 2013 Grant** means the 700,000 Performance Shares granted to Mr Ian Audsley under the Plan approved by Shareholders at the 2012 AGM.
- 2014 Grant** means the grant of 500,000 Performance Shares to Mr Ian Audsley, in respect of which Shareholder approval is sought at the Annual General Meeting.
- Annual General Meeting** means the general meeting of Shareholders convened by this Notice, to be held on Tuesday, 19 November 2013 at 11.30am at Level 1, Hilton Hotel, 488 George Street, Sydney, New South Wales, 2000.
- ASIC** means the Australian Securities and Investments Commission.
- ASX** means ASX Limited ABN 98 008 624 691.
- ASX Listing Rules** means, the listing rules of ASX as amended from time to time, except to the extent of any express written waiver by ASX in their application to the Company, and ASX Listing Rule or Listing Rule means any one of them.
- Company** means Prime Media Group Limited ACN 000 764 867.
- Corporations Act** means the *Corporations Act 2001* (Cth).
- Director** means a director of the Company.
- Notice** means the Notice of Annual General Meeting of which this Explanatory Memorandum forms part.
- Performance Rights** means performance rights granted under the Prime Media Group Limited Performance Rights Plan.
- Prime Media Performance Rights Plan** means the performance rights plan for the Company approved by Shareholders at the 2011 AGM.
- Shareholders** means the members of the Company who are registered as the holders of one or more of the Shares as at the relevant time and Shareholder means any one of them.
- Shares** means fully paid ordinary shares in the capital of the Company and Share means any one of them.

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www.primemedia.com.au