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25 February 2011

## **ASX RELEASE / MEDIA RELEASE**

### **Southern Cross Media Group Limited (ASX: SXL) – Bidder's Statement lodged with ASIC**

Southern Cross National Network Pty Ltd, a wholly owned subsidiary of Southern Cross Media Group Limited (**Southern Cross Media**), today lodged a Bidder's Statement with ASIC for its recommended takeover offer for Austereo Group Limited (**Austereo**) (as attached). Despatch of the document to Austereo shareholders is due to commence on Monday 28<sup>th</sup> February 2011.

Max Moore Wilson, Chairman of Southern Cross Media said, "The deal is consistent with our strategy to build a strong Australian media company. Our shareholders will benefit from the larger group, significant opportunities for cross fertilisation and strong cash generation."

Commenting on the transaction, Chief Executive Officer, Rhys Holleran said, "Southern Cross Media and Austereo are a natural fit. The businesses are highly complementary and the combination will both diversify our earnings and deliver exciting growth opportunities. We have a strong track record in merging and integrating businesses and delivering synergies and believe we can realise between \$12m and \$15m in annual synergies and operational improvements."

The deal will be funded by a combination of new senior debt facilities of up to \$755 million and an equity bridge facility. It is currently proposed that the equity bridge facility will be repaid through an equity raising by way of an entitlement offer. Southern Cross Media does not currently expect the equity raising to exceed \$495 million. Further details in this regard are set out in section 8.4 of the attached Bidders' Statement

### **Analysts and investors:**

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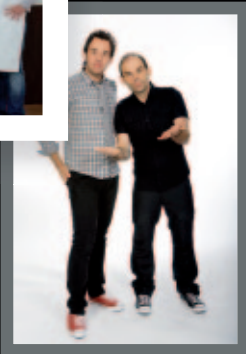
### **Media:**

#### **Kate Inverarity**

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# ACCEPT

Bidder's Statement containing an offer by  
Southern Cross National Network Pty Ltd  
ACN 148 894 231

a wholly owned subsidiary of  
**Southern Cross Media Group Limited**  
ACN 116 024 536 (ASX: SXL)

to acquire all of your ordinary shares in

**Austereo Group Limited**  
ACN 095 552 060 (ASX: AEO)

You can elect to receive \$2.00 cash  
or 0.95 Southern Cross Media Shares  
or a combination of the two for Your  
Austereo Shares. The consideration will  
be increased by an additional \$0.10 cash  
if Bidder achieves 90% acceptances  
and becomes entitled to proceed to  
compulsory acquisition.

**Austereo's directors will  
unanimously recommend  
that, in the absence of  
a superior proposal,  
you ACCEPT the Offer.**

Offer closes at 7:00pm (Melbourne time)  
on [insert date], unless extended.

**This is an important document and  
requires your immediate attention**

If you are in any doubt as to how to deal  
with it, please consult your stockbroker,  
legal or financial adviser

Financial Adviser

Legal Adviser



SOUTHERN CROSS MEDIA GROUP



MACQUARIE

CORRS  
CHAMBERS  
WESTGARTH

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## Important notices

### Bidder's Statement

This Bidder's Statement dated 25 February 2011 is given by Bidder to Austereo under Part 6.5 of the Corporations Act. It includes an Offer dated [insert] on the terms set out in **section 13**.

A copy of this Bidder's Statement was lodged with ASIC on 25 February 2011. Neither ASIC nor any of its officers takes responsibility for the contents of this Bidder's Statement.

### Defined terms

A number of important words and phrases with particular meanings are used in this document. These terms are explained in the Glossary in **section 16** of this Bidder's Statement.

### Investment decisions

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each Austereo Shareholder or any other person. You should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept the Offer and, if you decide to accept the Offer, whether you elect to receive the Cash Consideration and/or the Scrip Consideration.

### Forward looking statements

This Bidder's Statement includes information that is historical in character and forward looking statements. The forward looking statements relate to future matters and are subject to various inherent risks and uncertainties. These risks and uncertainties include the risks described in **section 10**, as well as other matters not yet known to Bidder or Southern Cross Media or not currently considered material by Bidder or Southern Cross Media.

Actual events or results may differ materially from the events or results expressed or implied by any forward looking statements. The past performance of the Southern Cross Media Group and the Austereo Group is no guarantee of future performance. None of Bidder, Southern Cross Media, any of the directors or officers of Bidder or Southern Cross Media, any other person named in this Bidder's

Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in the Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

### Austereo information

The information on Austereo, Austereo Shares and the Austereo Group (including, but not limited to, the Pro Forma Historical Financial Information) contained in this Bidder's Statement has been prepared by Bidder using publicly available information and with access to limited due diligence information.

The information in this Bidder's Statement concerning the Austereo Group and the assets and liabilities, financial position and performance, profit and loss and prospects of the Austereo Group has not been independently verified by Bidder or Southern Cross Media. Bidder and Southern Cross Media do not, except to the extent required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of such information. The information regarding the Austereo Group in this Bidder's Statement should not be considered comprehensive.

Further information relating to the Austereo Group's business may be included in Austereo's Target's Statement to be issued in response to this Bidder's Statement.

### Merged Group information

The information on the Merged Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on Austereo or the Austereo Group, has been prepared using publicly available information and with access to limited due diligence information. It has not been independently verified by Bidder or Southern Cross Media. Bidder and Southern Cross Media do not,

except to the extent required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

### Foreign jurisdictions

The distribution of this Bidder's Statement and the making of the Offer may be restricted by the laws of foreign jurisdictions, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. The Offer is not being made, directly or indirectly, in or into and will not be capable of acceptance from within any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction. The entitlements of Austereo Shareholders who are located in jurisdictions outside Australia and its external territories and New Zealand are set out in **section 13.12**.

This Bidder's Statement is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the *Securities Act 1978* (or any other relevant New Zealand law). This Bidder's Statement may not contain all the information that a prospectus or an investment statement under New Zealand law is required to contain. Southern Cross Media Shares are being offered to the public in New Zealand under the Offer in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand).

No action has been taken to register the Bidder's Statement or qualify Bidder or Southern Cross Media or to otherwise permit a public offering of Southern Cross Media Shares outside Australia and New Zealand.

In particular, Southern Cross Media Shares have not been, and will not be, registered under the *Securities Act 1933* of the United States of America (Securities Act) and may not be offered or sold in the United States or to, or for the account or benefit of, a US person (as defined in Regulation S under the Securities Act), except in a transaction exempt from the

registration requirements of the Securities Act and applicable United States state securities laws.

### How to accept

Acceptances must be received by the end of the Offer Period. The manner by which you accept the Offer will depend on the nature and type of your holding. Full details of how to accept the Offer are set out in **section 13.7**. A summary is set out in **section 1**.

### Share plans

If you hold Your Austereo Shares under an employee or executive share plan, please refer to **section 12.2**.

### Privacy statement

Bidder and Southern Cross Media have collected your information from the Austereo register of members for the purpose of making the Offer and, if accepted, administering acceptances of the Offer in respect of your holding of Austereo Shares. The type of information Bidder and Southern Cross Media have collected about you includes your name, contact details and information on your shareholding in Austereo. Without this information, Bidder will be hindered in its ability to carry out the Offer. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Bidder and Southern Cross Media's Related Bodies Corporate and external service providers (such as Computershare Investor Services Pty Limited, print and mail services providers), and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Bidder, Southern Cross Media, or Computershare Investor Services Pty Limited, please contact them at the addresses set out in the Corporate Directory.

### Queries

If you have any questions about the Bidder's Statement, please contact the Offer enquiry line on 1300 651 576 (or +61 3 9415 4881 for international callers) or your stockbroker, legal or financial adviser.

# IMPORTANT DATES

Announcement Date

**31 January 2011**

Date of Bidder's Statement

**25 February 2011**

Date of Offer

**[insert]**

Offer closes – 7:00pm (Melbourne time) unless extended\*

**[insert]**

\* The Offer may be extended to the extent permissible under the Corporations Act.

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# CHAIRMAN'S LETTER



A handwritten signature in blue ink, which appears to read "Max Moore-Wilton", written over a thin horizontal line.

MAX MOORE-WILTON  
CHAIRMAN

Dear Austereo Shareholder

## RECOMMENDED OFFER FOR AUSTEREO GROUP LIMITED

On behalf of the board of directors of Southern Cross Media Group Limited (**Southern Cross Media**), it is my pleasure to write to you to outline the details of an offer (**Offer**) for all of the shares in Austereo Group Limited (**Austereo**).

Under the terms of the Offer, which is being made through a wholly owned subsidiary of Southern Cross Media, you may choose to receive either:

- \$2.00 cash for each of Your Austereo Shares (**Cash Consideration**);
- 0.95 Southern Cross Media shares for each of Your Austereo Shares (**Scrip Consideration**);<sup>1</sup> or
- a combination of the Cash Consideration and Scrip Consideration.

In each case you will be entitled to retain the \$0.05 interim dividend announced by Austereo on 9 February 2011 (**Interim Dividend**).<sup>2</sup>

Southern Cross Media will pay an additional \$0.10 for each of Your Austereo Shares (in cash regardless of whether you elect to receive the Cash Consideration, the Scrip Consideration or a combination of the two) if Southern Cross Media achieves the 90% compulsory acquisition threshold prior to the end of the Offer Period and becomes entitled to proceed to compulsory acquisition.

### Recommended offer with support from Austereo's major shareholder

The directors of Austereo have announced that they will unanimously recommend that Austereo Shareholders accept the Offer, in the absence of a superior proposal, and each director intends to accept the Offer in respect of Austereo Shares in which they have a beneficial interest, in the absence of a superior proposal.

Village Roadshow Limited (**Village Roadshow**), Austereo's largest shareholder with a 52.52% interest in Austereo, has stated that it intends to accept the Offer in respect of its entire shareholding, in the absence of a superior proposal for all of the shares in Austereo.

At the date of this Bidder's Statement, no superior proposal has emerged for all of the shares in Austereo.

### Offer represents an attractive premium

The cash payment of \$2.10 per Austereo share (if the 90% compulsory acquisition threshold is achieved and Bidder becomes entitled to proceed to compulsory acquisition) plus the Interim Dividend, equates to total combined payments of \$2.15 per Austereo Share. This represents a premium of 28% to Austereo's three month volume weighted average price and a 19% premium to Austereo's closing share price on 20 January 2011, which was the day prior to Austereo's announcement in relation to discussions regarding a potential transaction involving Village Roadshow's 52.52% shareholding in Austereo.

The structure of the Offer enables you to choose the certainty of cash consideration or the opportunity to continue to participate in the growth of the Merged Group of Southern Cross Media and Austereo through owning shares in the Merged Group, or a combination of the two.

### A compelling combination with significant opportunities for growth

Southern Cross Media is Australia's leading regional media provider. With the ability to broadcast to a potential audience of approximately 7.3 million people, or approximately 90% of Australia's population outside the mainland state capital cities' broadcast areas, Southern Cross Media offers advertisers broad opportunities across radio and television.

The combination of Southern Cross Media and Austereo will create one of Australia's leading media companies with a national footprint across both metropolitan and regional radio markets, as well as an integrated regional television offering. The Merged Group will have revenues of \$696 million and EBITDA of \$230 million.<sup>3</sup>

The directors of Southern Cross Media believe the transaction, once completed, will create value for shareholders of the Merged Group by unlocking growth opportunities as well as cost savings arising from combining the two complementary businesses. These opportunities are expected to include the ability to generate incremental advertising campaign and sponsorship revenues as a result of the national footprint, incremental creative and digital revenues, and enhanced sales efficiency by implementing best practice across both businesses. The combination will also provide great opportunities for our on-air and off-air talent. In addition, we expect to realise cost savings through, amongst other things, removing duplication across the operations of the Merged Group (including in areas such as board and listing related areas, corporate services, supplier and procurement costs, sales and other operational areas). Southern Cross Media has a strong track record in merging and integrating businesses and achieving both cost and revenue synergies. Southern Cross Media believes annual synergies and operational improvements of \$12 million to \$15 million should be realised in full in the Merged Group by FY 2014 and each year thereafter if Southern Cross Media becomes entitled to acquire 100% of Austereo Shares. Austereo Shareholders accepting the Scrip Consideration will share in the benefits that are expected to arise from combining our two businesses and will be eligible to participate in the Proposed Entitlement Offer.<sup>4</sup>

### Offer has limited conditionality

The Conditions attached to the Offer are limited and include Bidder acquiring 50.1% of Austereo Shares and receiving regulatory approvals from the Australian Competition and Consumer Commission (**ACCC**) and the Australian Communications and Media Authority (**ACMA**). If Village Roadshow accepts the offer in respect of its 52.52% shareholding, as it has stated it will in the absence of a superior proposal, the 50.1% Minimum Acceptance Condition will be satisfied.

Details of the Conditions of the Offer are set out in **section 13.14**.

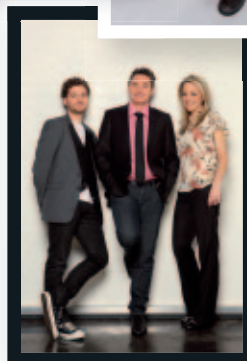
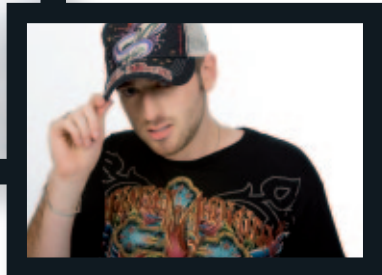
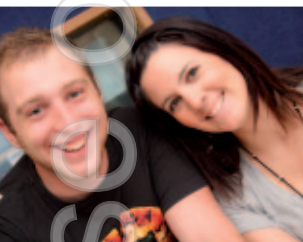
I encourage you to read this Bidder's Statement for further details on the Offer. If you have any additional enquiries about this Bidder's Statement, please contact the Offer enquiry line on 1300 651 576 (or +61 3 9415 4881 for international callers) or your stockbroker, legal or financial adviser.

#### Notes:

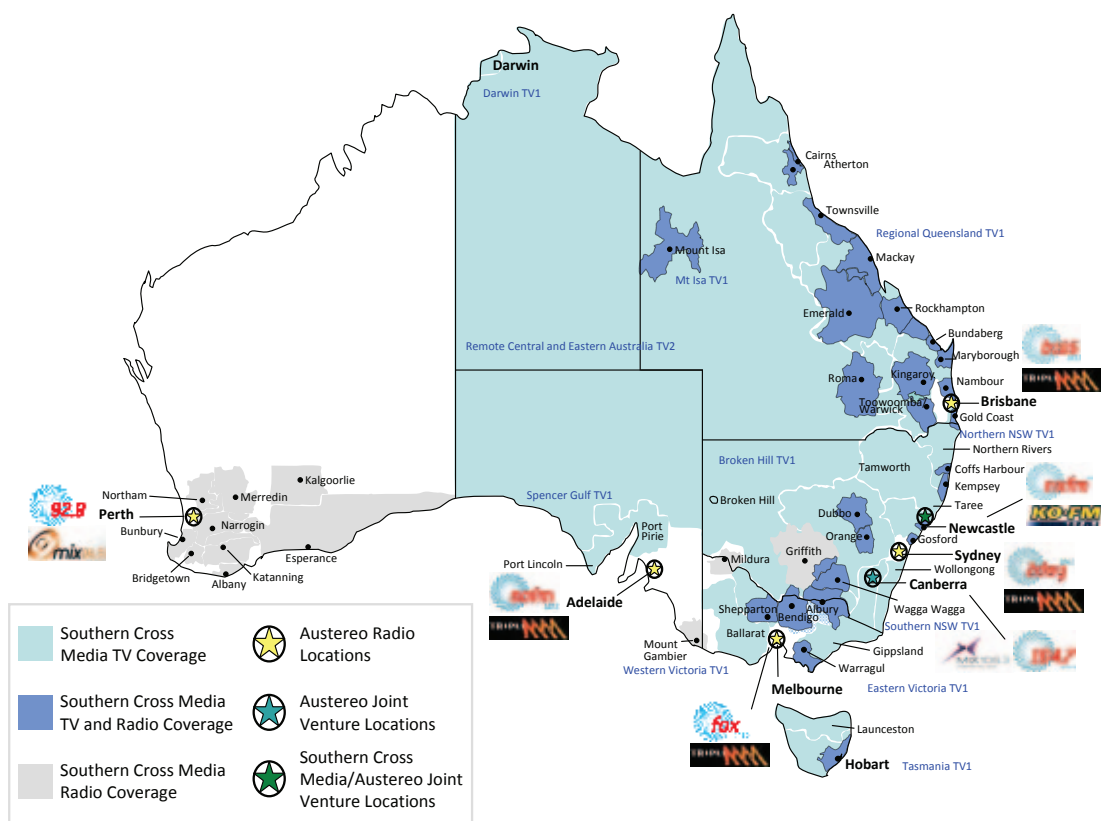
1. The Scrip Consideration is capped at 47.5% of Austereo Shares, such that if holders of more than 47.5% of Austereo Shares elect to receive the Scrip Consideration, the Scaleback detailed in **section 13.4** will apply.
2. Austereo declared a dividend of \$0.05 per share on 9 February 2011. Only Austereo Shareholders registered on the record date of 25 February 2011 will be eligible to receive the Interim Dividend, which will be paid by Austereo on 15 March 2011.
3. Based on pro forma LTM December 2010. Please refer to **section 7.2** for details of the Merged Group financials.
4. Further details of these potential benefits and potential savings are set out in **section 7.4**, and further details of the Proposed Entitlement Offer are provided in **section 8.4**.



A LEADING AUSTRALIAN  
BROADCASTING GROUP WITH  
A POTENTIAL BROADCAST  
REACH OF OVER 95% OF  
AUSTRALIANS



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# LEADER





# WHY YOU SHOULD ACCEPT THE OFFER

THE INFORMATION IN THIS SECTION SHOULD BE READ TOGETHER WITH THE DETAILED INFORMATION SET OUT IN THE BIDDER'S STATEMENT. YOU SHOULD READ THE BIDDER'S STATEMENT IN FULL BEFORE DECIDING WHETHER OR NOT TO ACCEPT THE OFFER AND, IF YOU DECIDE TO ACCEPT THE OFFER, WHETHER YOU ELECT TO RECEIVE CASH CONSIDERATION AND/OR SCRIP CONSIDERATION. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH THIS BIDDER'S STATEMENT, YOU SHOULD CONSULT YOUR STOCKBROKER, LEGAL OR FINANCIAL ADVISER AS SOON AS POSSIBLE.

# 1

## **The directors of Austereo unanimously recommend you accept the Offer**

Your directors have announced that they:

- will unanimously recommend that Austereo Shareholders accept the Offer; and
  - intend to accept the Offer in respect of the Austereo Shares to which they are beneficially entitled,
- in the absence of a superior offer. As at the date of this Bidder's Statement, no superior proposal has emerged for all of the shares in Austereo.

# 2

## **Major shareholder supports Offer**

- Village Roadshow, Austereo's largest shareholder with a 52.52% interest in Austereo, has stated that it intends to accept the Offer in respect of its entire shareholding, in the absence of a superior proposal for all of the shares in Austereo.
- Village Roadshow has also stated that if it accepts the Offer, it will elect to receive the Cash Consideration.
- If Village Roadshow accepts the Offer, the 50.1% Minimum Acceptance Condition will be satisfied. If Village Roadshow elects to receive the Cash Consideration, the Scaleback of the Scrip Consideration will not occur.
- Village Roadshow has granted a Call Option in favour of Southern Cross Media or its nominee over Austereo Shares representing 14.9% of the total Austereo Shares at an exercise price of \$2.00 cash per share. The terms of the Call Option are set out in **section 5.5**.

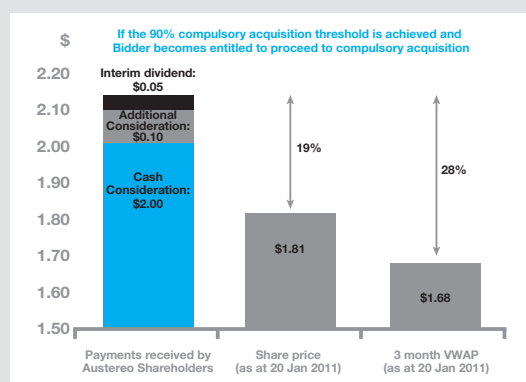
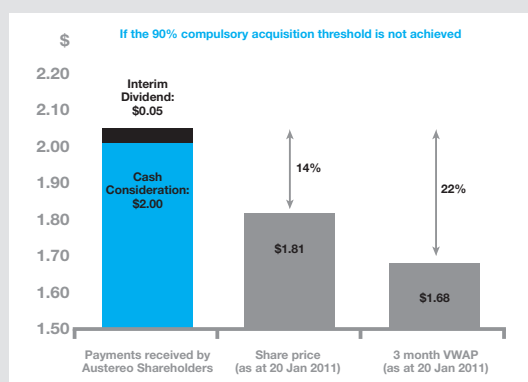
# 3

## Premium

The total combined payments available under the terms of the Offer represent a premium to Austereo's share price on 20 January 2011, which was the day prior to Austereo's announcement in relation to discussions regarding a potential transaction involving Village Roadshow's 52.52% shareholding in Austereo.

An Austereo Shareholder electing to receive the Cash Consideration will receive \$2.00 cash for each Austereo Share and be entitled to retain the \$0.05 Interim Dividend announced by Austereo on 9 February 2011, representing total payments of \$2.05 cash per Austereo Share.<sup>1</sup>

Southern Cross Media will pay an additional \$0.10 for each of Your Austereo Shares (in cash regardless of whether you elect to receive the Cash Consideration, the Scrip Consideration or a combination of the two) if Southern Cross Media achieves the 90% compulsory acquisition threshold prior to the end of the Offer Period and becomes entitled to proceed to compulsory acquisition, thereby increasing the total payments to \$2.15 per Austereo Share under the Cash Consideration election.<sup>2</sup>



Austereo's directors have stated that since listing over 10 years ago, Austereo Shares have only rarely traded above the \$2.05 to \$2.15 total consideration range.



### Notes:

1. Only Austereo Shareholders registered on the record date of 25 February 2011 will be eligible to receive the Interim Dividend.
2. Including the Interim Dividend which will only be paid to Austereo Shareholders registered on the record date of 25 February 2011.

# 4

## No competing offer

Between the date the Offer was announced (31 January 2011) and the date of this Bidder's Statement, no competing offer has emerged.

# 5

## Opportunity to hold shares in a national broadcasting group

The Scrip Consideration provides Austereo Shareholders with the opportunity to continue to have shares in a diversified national broadcasting group with:

- Revenues of \$696 million and EBITDA of \$230 million<sup>1</sup>
- Diversity of integrated media revenues – radio, television and online
- Combined reach of over 95% of Australians
  - Radio coverage of every metropolitan market and 39 regional markets across Australia
  - Integrated radio and TV operations
  - Multi-platform content offering
  - 80 commercial radio licences in 44 Licence Areas
  - 21 commercial television licences across 12 television Licence Areas
  - Strong position in Australian digital entertainment

Note:

1. Based on pro forma LTM December 2010. Please refer to **section 7.2** for details of the Merged Group financials.

# 6

## Opportunity to share in the merger benefits

Austereo Shareholders who elect to receive Scrip Consideration will share in the benefits that arise from combining Southern Cross Media and Austereo.

The value of the benefits that will be generated will vary, depending on whether Southern Cross Media becomes entitled to proceed to compulsory acquisition and to become a 100% owner of Austereo or remains as a majority owner of Austereo without moving to full ownership.

Southern Cross Media believes annual synergies and operational improvements of \$12 million to \$15 million should be realised in full in the Merged Group by FY 2014 and each year thereafter if Southern Cross Media becomes entitled to acquire 100% of Austereo Shares.

Where Austereo becomes a wholly owned subsidiary of Southern Cross Media, cost synergies are expected to be realised in areas including corporate, listing related costs, sales administration and other operational areas.

In addition, where Austereo becomes a wholly owned subsidiary, Southern Cross Media expects revenue synergies to be realised in the following areas:

- capacity to provide a national advertising footprint for national customers;
- delivering enhanced digital and online services and a broader radio offering to regional audiences;
- using a broader programming base to enhance content nationally; and
- using successful sales programs across the Merged Group.

Further details on synergies, including the basis on which the above estimates have been prepared, are provided in **section 7.4**.

# 7

## Limited conditionality

- The Offer is subject to limited conditions.
- There is a 50.1% Minimum Acceptance Condition which will be met by Village Roadshow accepting the Offer for all of its 52.52% shareholding. Village Roadshow has publicly stated that it intends to accept in relation to its entire shareholding in the absence of a superior offer for all of the shares in Austereo.
- There are a limited number of other Conditions including, in summary:
  - Clearance from the ACCC and Approval from the ACMA
  - No dividend or other distribution, other than the Interim Dividend
  - Restrictions on material acquisitions or divestments, entering into any material agreements or entering into or terminating (without cause) any material talent contract or variations of talent contract remuneration by a material amount
  - No write down of assets or changes to accounting policies with a material adverse effect
  - No prescribed occurrences, including any revocation, termination or suspension of any of Austereo's radio licences which has a materially adverse effect on the Austereo Group or the Southern Cross Media Group

The Conditions are set out in full in **section 13.14**.



# 1

## SUMMARY OF THE OFFER

## SECTION 1 SUMMARY OF THE OFFER

This summary provides an overview of the Offer and is qualified by the detailed information contained in the Bidder's Statement. You should read the Bidder's Statement in full before deciding whether or not to accept the Offer and, if you decide to accept the Offer, whether you elect to receive the Cash Consideration and/or the Scrip Consideration.

Defined terms used in this summary are capitalised. The definitions of these terms are set out in the Glossary in **section 16**.

<b>Bidder</b>	Bidder is Southern Cross National Network Pty Ltd ACN 148 894 231, a wholly owned subsidiary of Southern Cross Media Group Limited ACN 116 024 536.
<b>Offer</b>	<p>If you accept the Offer, subject to the satisfaction of the Conditions of the Offer, you will have a choice of receiving either:</p> <ul style="list-style-type: none"> <li>– \$2.00 cash for each of Your Austereo Shares (the <b>Cash Consideration</b>); or</li> <li>– 0.95 Southern Cross Media Shares for each of Your Austereo Shares (the <b>Scrip Consideration</b>); or</li> <li>– a mix of Cash Consideration and Scrip Consideration.</li> </ul> <p>In each case, you will be entitled to retain the \$0.05 interim dividend declared by Austereo on 9 February 2011 (<b>Interim Dividend</b>).</p> <p>Only Austereo Shareholders who are registered as such on the Interim Dividend Record Date (25 February 2011) will receive the Interim Dividend.</p> <p>If at any time before the end of the Offer Period Bidder has Relevant Interests in 90% or more of Austereo Shares (whether acquired under the Offer or otherwise) and becomes entitled to proceed to compulsory acquisition, Bidder will increase the consideration by a cash payment of \$0.10 for each of Your Austereo Shares regardless of whether you elect to receive the Scrip Consideration, the Cash Consideration, or a mix of the Cash Consideration and the Scrip Consideration.</p> <p>The full Offer terms are set out in <b>section 13</b>.</p> <p>You must elect whether you wish to receive the Cash Consideration, the Scrip Consideration or a mix of the Cash Consideration and Scrip Consideration (and your elected split between the two) when you complete your Acceptance Form. If you do not make an election or your election is indistinct, you will be deemed to have elected to receive the Cash Consideration.</p> <p>The Scrip Consideration to be issued is capped at 47.5% of Austereo Shares, such that if it is determined at the First Calculation Date and the Second Calculation Date that Scrip Acceptances have been, or may be received, for more than 47.5% of Austereo Shares, the Scaleback detailed in <b>section 13.4</b> will apply. Village Roadshow has stated its intention to elect to accept the Offer in respect of its entire 52.52% holding in the absence of a superior proposal for all of the shares in Austereo and to receive all Cash Consideration. In these circumstances, and assuming the Offer becomes Unconditional without Village Roadshow having withdrawn its acceptances, the Scaleback will not apply.</p> <p>If you become entitled to a fraction of a Southern Cross Media Share upon your acceptance of the Offer and election to receive the Scrip Consideration, your entitlement will be rounded up to the nearest whole number (if equal to a fraction of 0.5 or greater) or rounded down (if equal to a fraction of less than 0.5).</p>
<b>Austereo Board recommends the Offer</b>	The directors of Austereo have announced that they unanimously recommend that Austereo Shareholders accept the Offer in the absence of a superior proposal, and have announced their intention to accept the Offer in respect of Austereo Shares in which they have a beneficial interest, in the absence of a superior proposal.
<b>Offerees</b>	The Offer relates to Austereo Shares that exist or will exist as at the Relevant Date (25 February 2011).

<p><b>How to accept</b></p>	<p>Below is a summary of the ways in which you can accept the Offer. The full details of how to accept the Offer are set out in <b>sections 13.7 and 13.8</b>.</p> <p>The Offer may only be accepted for all of Your Austereo Shares.</p> <p><b>Issuer Sponsored Holding</b></p> <p>If Your Austereo Shares are held in an Issuer Sponsored Holding (such holdings will have a Securityholder Reference Number beginning with an “I”), to accept the Offer you must complete and sign the accompanying Acceptance Form in accordance with the instructions on it and return it, together with any other documents required by those instructions, to:</p> <p><b>(By mail)</b>  Computershare Investor Services Pty Limited  GPO Box 2115  Melbourne VIC 8060</p> <p>so that it is received by Bidder before the end of the Offer Period. A reply paid envelope is enclosed for your convenience (overseas Austereo Shareholders must affix their own postage).</p> <p><b>Acceptance Forms must be received by 7:00pm (Melbourne time) on [insert Offer close date], unless the Offer is extended.</b></p> <p><b>CHESS Holding</b></p> <p>If Your Austereo Shares are held in a CHESS Holding (such holdings will have a Holder Identification Number beginning with an “X”), you must instruct your Controlling Participant (usually your stockbroker) to initiate an acceptance of the Offer on your behalf in sufficient time for the Offer to be accepted before the end of the Offer Period.</p> <p>You could also complete and sign the accompanying Acceptance Form in accordance with the instructions on it and return it, together with any other documents required by those instructions, to the address listed above. However, Bidder will merely send this form onto your Controlling Participant who is the only person who can accept the Offer on your behalf.</p> <p><b>Acceptance Forms must be received by 7:00pm (Melbourne time) on [insert Offer close date], unless the Offer is extended.</b></p>
<p><b>Closing date</b></p>	<p>The Offer closes at 7:00pm (Melbourne time) on [insert Offer close date], unless extended.</p>
<p><b>Payment of Consideration</b></p>	<p>If you accept the Offer, the Consideration will generally be provided on or before the earlier of:</p> <ul style="list-style-type: none"> <li>– 21 days after the end of the Offer Period; and</li> <li>– one month after the Offer is accepted by you or the Offer becomes or is declared Unconditional (whichever is the later).</li> </ul> <p>If the Offer becomes Unconditional and it is determined that holders of at least 52.52% of Austereo Shares have elected to receive the Cash Consideration, the Consideration will be provided within seven days after this Offer has been validly accepted by you and the Offer becomes or is declared Unconditional. Those circumstances would exist if Village Roadshow accepts in respect of its entire shareholding, elects to receive all Cash Consideration and has not withdrawn its acceptances at the time that the Offer becomes Unconditional.</p> <p>In certain circumstances, where the Scaleback applies, the Scrip Consideration will be paid in two tranches (see <b>section 13.13(b)</b>).</p> <p>If the Additional Consideration is payable, it will be provided to you at the same time as your Consideration (unless such Consideration has already been provided, in which case it will be provided to you immediately).</p> <p>The terms for payment of Consideration are detailed in full in <b>section 13.13</b>.</p>

## SECTION 1 SUMMARY OF THE OFFER

<b>Conditions</b>	<p>The Offer is subject to the Conditions set out in <b>section 13.14</b>. The Conditions include:</p> <ul style="list-style-type: none"> <li>– Bidder and its Associates having a Relevant Interest in at least 50.1% of Austereo Shares;</li> <li>– the ACCC indicating in writing that it does not propose to intervene in the acquisition of Austereo Shares by Bidder pursuant to section 50 of the CCA either without conditions or subject to the provision of written undertakings to the ACCC which are acceptable to Bidder and Southern Cross Media (acting reasonably);</li> <li>– the ACMA stating in writing that it has approved any breach of the BSA arising as a result of the acquisition of Austereo Shares by Bidder, pursuant to section 67 of the BSA, either without conditions or subject only to conditions or requirements that are acceptable to Bidder and Southern Cross Media (acting reasonably);</li> <li>– no dividends or other distributions being announced, declared or paid by Austereo, other than the Interim Dividend;</li> <li>– restrictions on material acquisitions or divestments, entering into any material agreements or entering into or terminating (without cause) any material talent contract or variations of any talent contract by a material amount;</li> <li>– no write down of the value of any of the Austereo Group's assets and no change in its accounting policies; and</li> <li>– no Prescribed Occurrences (including any revocation, termination or suspension of any of Austereo's radio licences which has a materially adverse effect on the Austereo Group or the Southern Cross Media Group) occurring in respect of Austereo.</li> </ul> <p>This is only a summary of the Conditions, which are set out in full in <b>section 13.14</b>.</p>
<b>Dividends</b>	<p>If you held Austereo Shares on the Interim Dividend Record Date (25 February 2011), you will be entitled to the Interim Dividend of \$0.05 per Austereo Share declared on 9 February 2011 to be paid by Austereo on 15 March 2011, regardless of whether or not you accept the Offer or the form of consideration you elect if you accept the Offer.</p> <p>The terms of the Offer provide that Bidder will not reduce the Consideration as a result of the payment of the Interim Dividend.</p> <p>Bidder is entitled to any other dividends declared or paid after the Announcement Date in respect of Austereo Shares it acquires under the Offer. If any such dividend is paid to an Austereo Shareholder, Bidder reserves the right to deduct the amount of the dividend from the Consideration payable to that Shareholder on acceptance of the Offer.</p>
<b>Taxation consequences</b>	<p>There may be taxation consequences for Austereo Shareholders who accept the Offer. A general outline of possible Australian taxation consequences of accepting the Offer is set out in <b>section 11</b>. You should consult your own independent professional taxation adviser in relation to the taxation implications of acceptance of the Offer taking into account your own individual circumstances.</p>
<b>No transaction costs</b>	<p>You will not pay any brokerage, stamp duty or GST on accepting the Offer (unless you are an Ineligible Foreign Shareholder and you elect to receive the Scrip Consideration, in which case the proceeds you will receive will be net of sale costs including brokerage).</p> <p>If you hold Your Austereo Shares through a CHESS Holding or are a beneficial owner of Austereo Shares that are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant or nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.</p>

<p><b>Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders</b></p>	<p>If you:</p> <ul style="list-style-type: none"> <li>(a) are an Ineligible Foreign Shareholder and you elect to receive the Scrip Consideration; or</li> <li>(b) elect to receive the Scrip Consideration and the Southern Cross Media Shares which would be issued to you as a consequence would not constitute a marketable parcel,</li> </ul> <p>the Southern Cross Media Shares to which you would otherwise be entitled to receive will be sold through the nominee sale process set out in <b>section 13.12(c)</b>.</p> <p>In such circumstances, you will be paid cash, notwithstanding your election to receive Scrip Consideration.</p> <p>The cash you will be paid will be determined by the nominee sale process set out in <b>section 13.12(c)</b> and will depend upon a range of factors, including, the prevailing share price of Southern Cross Media Shares and the date on which the nominee sells the Southern Cross Media Shares to which you would otherwise be entitled.</p> <p>As such, it is likely that you will receive a different (and possibly lesser) amount of cash per share than had you elected to receive the Cash Consideration.</p> <p>Bidder recommends you consult your financial adviser in relation to your election.</p> <p>Please refer to <b>section 13.12</b> for further details.</p>
<p><b>Non-acceptance</b></p>	<p>If you do not accept the Offer and Bidder becomes entitled to acquire Your Austereo Shares compulsorily (following Bidder acquiring Relevant Interests in at least 90% or more of Austereo Shares), it intends to do so and you will have to actively claim the Consideration and you will be paid later than Austereo Shareholders who choose to accept the Offer.</p> <p>If you do not elect the form of Consideration you wish to receive in response to the compulsory acquisition material provided to you, you will only be entitled to receive the Cash Consideration for Your Austereo Shares which will be held by Austereo pending your claim.</p> <p>If you elect to receive the Scrip Consideration in response to the compulsory acquisition material provided to you, as the record date for the Proposed Entitlement Offer is currently expected to be before the completion of the compulsory acquisition process, it is not expected that you will be entitled to participate in Southern Cross Media's Proposed Entitlement Offer discussed in <b>section 8.4</b>.</p> <p>If Bidder does not become entitled to compulsorily acquire Your Austereo Shares, you will remain a shareholder in Austereo. Bidder will seek to have Austereo delisted from ASX if Austereo ceases to meet ASX's listing requirements, and if approved by ASX, the result will be that Your Austereo Shares will no longer be quoted nor be traded on ASX.</p>
<p><b>Quotation of Southern Cross Media Shares</b></p>	<p>The Southern Cross Media Shares issued under the Offer will be issued fully paid and will, from the time of issue, rank equally for dividends and other Rights with existing Southern Cross Media Shares.</p> <p>Southern Cross Media will apply for quotation of the Southern Cross Media Shares to be issued under the Offer on the official list of ASX within seven days of this Bidder's Statement. Quotation of the Southern Cross Media Shares will not be automatic but will depend on ASX exercising its discretion to admit them to the official list of ASX. However, Southern Cross Media is already admitted to the official list of ASX and shares in Southern Cross Media in the same class as to those to be issued under the Offer are already quoted. In accordance with the Corporations Act, the quotation of the Southern Cross Media Shares to be issued under the Offer is a Condition to the Offer under <b>section 13.21</b>.</p>
<p><b>Queries</b></p>	<p>If you have any questions about the Offer, please contact the Offer enquiry line on 1300 651 576 (or +61 3 9415 4881 for international callers).</p>



2

# PROFILE OF BIDDER AND SOUTHERN CROSS MEDIA GROUP

## 2.1 Introduction

Bidder is Southern Cross National Network Pty Ltd ACN 148 894 231, a wholly owned subsidiary of Southern Cross Media Group Limited ACN 116 024 536.

## 2.2 Principal activities of Bidder

Bidder is a newly incorporated company which was incorporated on 20 January 2011 and has not undertaken any business other than making the Offer.

## 2.3 Southern Cross Media – overview

Southern Cross Media is Australia's leading regional media provider, with the ability to broadcast TV or radio to a potential audience of approximately 7.3 million people, or approximately 90% of Australia's population outside the mainland state capital cities' broadcast areas.

Southern Cross Media owns 15 regional free-to-air television licences and, with joint venture partners, six further television licences. These businesses include Southern Cross Ten and Southern Cross Television, and the joint venture businesses Darwin Digital Television and Tasmanian Digital Television. Southern Cross Ten is provided to the aggregated markets of eastern and western Victoria, northern and southern New South Wales and regional Queensland, and to some smaller markets also. Southern Cross Television is provided to the markets of Tasmania, Broken Hill, Darwin, Mt Isa, Spencer Gulf (in South Australia), and to other remote areas across central and eastern Australia.

Southern Cross Media's radio business owns and operates the largest regional commercial radio network in Australia, with 68 commercial radio stations (including two joint venture stations) in 38 Licence Areas in Queensland, New South Wales, Victoria, Tasmania, South Australia and Western Australia.

## 2.4 Principal activities of Southern Cross Media

The principal activity of Southern Cross Media is the operation of free to air commercial television and radio stations across regional Australia, focussing on the delivery of content to regional audiences and the sale of advertising (on radio, television and through the online portal [www.theradio.com.au](http://www.theradio.com.au)).

## 2.5 Directors and management of Southern Cross Media and Bidder

### (a) Southern Cross Media Board

#### **Max Moore-Wilton**

*Chairman*

*Appointed 27 February 2007*

Max Moore-Wilton is the chairman of the Southern Cross Media Board and also chairman of the Remuneration and Nomination Committee. Prior to his appointment, Max has had a distinguished career in both the private and public sectors and was secretary to the Department of Prime Minister and Cabinet from May 1996 to December 2002 where he oversaw fundamental reform of the Commonwealth Public Service.

Max currently serves as chairman of the boards of MAp Airports Limited and Southern Cross Airports Corporation Holdings Limited. Max also provides consulting services to the Macquarie Group relating to investment opportunities in the areas of infrastructure, media, telecommunications, banking and finance and any other industries in which the Macquarie Group managed funds operate.

#### **Leon Pasternak**

*Deputy Chairman*

*Appointed 26 September 2005*

Leon Pasternak is the deputy chairman of the Southern Cross Media Board and is a member of the Remuneration and Nomination Committee and of the Audit and Risk Committee. Until July 2010, Leon was a senior partner at law firm Freehills, specialising in mergers and acquisitions, public offerings and corporate reorganisations. Leon has since assumed the role of Vice Chairman and Managing Director of Merrill Lynch International (a subsidiary of Bank of America) with responsibility for mergers and acquisitions.

#### **Chris de Boer**

*Independent Director*

*Appointed 20 September 2005*

Chris de Boer has had various careers in investment banking, business consulting, stockbroking and direct investment and through them gained experience in initial public offerings, mergers and acquisitions, corporate reorganisations, joint ventures, bond issues and financial advice across London, Hong Kong, Australia and New Zealand, in both domestic and cross-border deals.

Chris also has extensive experience in takeover regulation. Chris spent more than two years as an executive at the Takeover Panel in London, three years on the Takeovers Committee in Hong Kong and four years as chairman of the Takeovers Panel in Hong Kong.

Chris is chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

**Anthony (Tony) Bell**  
*Independent Director*  
*Appointed 2 April 2008*

Tony Bell is one of Australia's most distinguished media operators with over 35 years' experience in commercial electronic media. As CEO and managing director of Southern Cross Broadcasting (Australia) Limited from 1993 to 2007, Tony gained extensive experience in regional and metropolitan commercial radio and television and was instrumental in the company's formation as one of Australia's leading media companies.

Tony is a member of the company's Remuneration and Nomination Committee and of the Audit and Risk Committee.

**Michael Carapiet**  
*Non-executive Director*  
*Appointed 10 March 2010*

Michael is the Executive Chairman of Macquarie Capital and Macquarie Securities Group (both operating businesses within the Macquarie Group). Macquarie Capital is the Macquarie Group business out of which Australia's largest investment advisory services business operates. Macquarie Capital has developed a global leadership position in a number of businesses, including mergers and acquisitions, advisory, equity capital markets and specialised asset management.

Macquarie Securities Group is the institutional equities arm of the Macquarie Group. Its activities include institutional and retail derivatives, structured equity finance, arbitrage trading, synthetic products, capital management, collateral management and securities borrowing and lending.

Michael is also Deputy Chairman of Export Finance and Insurance Corporation.

#### **(b) Southern Cross Media Group management and Bidder board of directors**

**Rhys Holleran**  
*Director of Bidder*  
*Appointed 20 January 2011*  
*Chief Executive Officer of the Southern Cross Media Group*  
*Appointed 17 December 2009*

Rhys has worked in the media industry since 1987, having worked in a variety of management roles including general manager of 101.1 TTFM and Gold 104 from 1992 to 1997, and Managing Director of R.G. Capital Radio from 1997 to 2004.

In 2004, Rhys headed up the newly formed Macquarie Regional Radioworks and oversaw the merger of R.G. Capital Radio and DMG regional radio business into Macquarie Regional Radioworks.

In 2007, he was appointed Chief Executive Officer of Macquarie Southern Cross Media and led the team that merged the radio and TV businesses of Southern Cross Broadcasting and Macquarie Regional Radioworks. Rhys was appointed Chief Executive Officer of the Southern Cross Media Group on 17 December 2009.

**Stephen Kelly**  
*Director of Bidder*  
*Appointed 20 January 2011*  
*Chief Financial Officer of the Southern Cross Media Group*  
*Appointed 21 April 2010*

Stephen Kelly commenced as Chief Financial Officer of the Southern Cross Media Group on 21 April 2010. Prior to this he spent his early career in the accounting profession before taking on finance and management roles in a number of banks and insurance companies, later becoming Director of Financial Consulting for KPMG in South Australia. Steve then became CFO and Company Secretary for Venture Asia Pacific – a USA private automotive supplier – and later moved to Michigan USA to become Vice-President Finance for the Group. Steve progressed to an Executive VP position where he led the development of all business with a major global customer from a marketing, commercial and operational perspective, culminating in his appointment to Ford's Business Leadership Supplier Board. Upon returning to Australia in 2002, Steve became the CFO of Globe International and in 2005 he became CFO of SMS Management & Technology.

Steve has managed IT departments and large scale acquisitions. Steve has a Bachelor of Business (Banking and Finance) from the University of South Australia. He is a CPA and a Fellow of the Australian Institute of Company Directors, and has completed the Ford Business Leadership Program conducted by the University of Michigan (USA).

## 2.6 Financial information of the Southern Cross Media Group

The recent financial performance of the Southern Cross Media Group is summarised below. The historical financial information below relates to the Southern Cross Media Group on a stand alone basis and accordingly does not reflect any impact of the Offer or of the Proposed Entitlement Offer. It is a summary only and does not contain all the disclosures usually provided in an annual report prepared in accordance with Australian Accounting Standards and the Corporations Act.

The full financial statements for the Southern Cross Media Group for the financial periods described below, which include the notes to the financial statements, can be found in the Southern Cross Media Group's annual reports and half yearly reports for those periods.

The financial statements referred to above were audited (30 June 2010) or reviewed (31 December 2010) and the audit opinion and review statement relating to them were unqualified.

### (a) Southern Cross Media Group – consolidated balance sheets

Set out below are the consolidated balance sheets for the Southern Cross Media Group as at 31 December 2010 and 30 June 2010.

\$ millions	31 Dec 2010	30 Jun 2010
<b>Current Assets</b>		
Cash and cash equivalents	47	38
Receivables	84	84
Non-current assets held for sale	5	–
<b>Total Current Assets</b>	<b>136</b>	<b>122</b>
<b>Non-Current Assets</b>		
Receivables	5	–
Investments accounted for using the equity method	30	30
Property, plant and equipment	142	148
Intangible assets	1,064	1,065
Deferred tax assets	22	30
<b>Total Non-Current Assets</b>	<b>1,263</b>	<b>1,273</b>
<b>Total Assets</b>	<b>1,399</b>	<b>1,395</b>
<b>Current Liabilities</b>		
Payables	45	56
Provisions	10	10
Current tax liabilities	6	–
Derivative financial instruments	–	1
<b>Total Current Liabilities</b>	<b>61</b>	<b>67</b>
<b>Non-Current Liabilities</b>		
Provisions	4	4
Borrowings	289	288
Derivative financial instruments	2	4
<b>Total Non-Current Liabilities</b>	<b>295</b>	<b>296</b>
<b>Total Liabilities</b>	<b>356</b>	<b>363</b>
<b>Net Assets</b>	<b>1,043</b>	<b>1,032</b>
<b>Equity</b>		
Contributed equity	1,225	1,225
Other equity transaction	(77)	(77)
Accumulated losses	(105)	(116)
<b>Total Equity</b>	<b>1,043</b>	<b>1,032</b>

**(b) Southern Cross Media Group – pro forma consolidated income statements**

Set out below are the pro forma consolidated income statements of the Southern Cross Media Group for the last six months ended 31 December 2010, the last 12 months ended 31 December 2010 and the financial year ended 30 June 2010.

The pro forma consolidated income statement for the 12 month period to 30 June 2010 shown below excludes non-recurring items and therefore differs from the statutory consolidated income statement for the year ended 30 June 2010 as shown in the financial report of the Southern Cross Media Group for that year.

\$ millions	Half Year 31 Dec 2010	LTM 31 Dec 2010	Full Year 30 Jun 2010
Revenue from continuing operations	219	417	407
Broadcast and production costs	(60)	(108)	(104)
Employee expenses	(48)	(96)	(94)
Selling costs	(14)	(26)	(24)
Occupancy costs	(8)	(17)	(16)
Promotional and marketing	(3)	(5)	(6)
Management fee expense	–	(2)	(5)
Administration costs	(17)	(28)	(30)
Share of net profits of investments accounted for using the equity method	1	2	2
<b>Underlying profit from continuing operations before depreciation, amortisation, interest, fair value movements on financial derivatives and income tax</b>	<b>70</b>	<b>137</b>	<b>130</b>
Depreciation and amortisation expense	(10)	(21)	(22)
Interest expense	(17)	(36)	(62)
Interest revenue	1	3	8
Other income – fair value gains on financial derivatives – interest rate swaps	3	2	17
<b>Underlying profit/(loss) from continuing operations before income tax</b>	<b>47</b>	<b>85</b>	<b>71</b>
Underlying income tax (expense)/benefit from continuing operations	(14)	(24)	(18)
<b>Underlying profit from continuing operations after income tax (before non-recurring items)</b>	<b>33</b>	<b>61</b>	<b>53</b>
Non-recurring items:			
Termination payment for internalisation	–		(41)
One-off corporate restructuring costs	–		(6)
Tax effect of non-recurring items	–		14
<b>Statutory profit from continuing operations after income tax</b>	<b>33</b>		<b>20</b>
Loss from discontinued operations	–		(103)
<b>Statutory profit/(loss) for the year attributable to Southern Cross Media Group shareholders</b>	<b>33</b>		<b>(83)</b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Southern Cross Media Group</b>			
Basic earnings per share	8.9		6.2
Diluted earnings per share	8.9		6.2
<b>Earnings/(loss) per share for profit attributable to the ordinary equity holders of the Southern Cross Media Group</b>			
Basic earnings/(loss) per share	8.9		(25.7)
Diluted earnings/(loss) per share	8.9		(25.7)

**2.7 Corporate governance**

The Southern Cross Media Board seeks to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles for Good Corporate Governance and has adopted or is transitioning to Best Practice Recommendations.

Details on Southern Cross Media's corporate governance procedures, policies and practices can be obtained from its website, [www.scmmediagroup.com.au/Content/CorporateGovernance.aspx](http://www.scmmediagroup.com.au/Content/CorporateGovernance.aspx) or from Southern Cross Media's 2009/10 annual report lodged with ASX on 24 September 2010.



## 2.8 Risk management

The Southern Cross Media Board is responsible for overseeing Southern Cross Media Group's systems of internal control and risk management. The Southern Cross Media Board has adopted a Risk Management Policy which is available from Southern Cross Media's website, [www.scmmediagroup.com.au/Content/CorporateGovernance.aspx](http://www.scmmediagroup.com.au/Content/CorporateGovernance.aspx). The policy addresses the overseeing by the Southern Cross Media Board of the management of key business risks relevant to the Southern Cross Media Group.

The Audit and Risk Committee assists the Southern Cross Media Board in overseeing the risk management framework and any matters of significance affecting the Southern Cross Media Group's financial reporting and internal controls.

Key business risk categories that are addressed by the policy include investment, reputation, regulatory and compliance, legal, operational, environmental and social responsibilities, occupational health and safety and strategic risks.

Southern Cross Media's senior management team has responsibility for the day-to-day implementation of the risk management framework and internal controls within the Southern Cross Media Group. Management also reports regularly to the Southern Cross Media Board through the CEO on the Southern Cross Media Group's key risks and the extent to which it believes these risks are being adequately managed.

Southern Cross Media has not implemented an internal audit function.

The Southern Cross Media Board believes that the nature of the Southern Cross Media Group's operations currently does not require this to be instigated as a separate function to those functions undertaken by the external auditors or the Audit and Risk Committee.

## 2.9 Recent announcements to ASX by Southern Cross Media

A list of announcements made by Southern Cross Media (other than in relation to the Offer) to ASX between 28 October 2009 and the date of the Bidder's Statement appears in **Attachment A**.

Copies of these announcements may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX Code: SXL) or from Southern Cross Media's website, [www.scmmediagroup.com.au](http://www.scmmediagroup.com.au).

Southern Cross Media will provide copies of these announcements free of charge to any Austereo Shareholder who requests a copy during the Offer Period.

To request a copy of an announcement, please contact the Offer enquiry line on 1300 651 576 (or +61 3 9415 4881 for international callers).

In addition, Southern Cross Media and Bidder are required to lodge various documents with ASIC. Copies of documents lodged with ASIC by or in relation to Southern Cross Media and Bidder may be obtained from, or inspected at, any office of ASIC.

## 2.10 Further information about Southern Cross Media

Due to the fact that Bidder is offering Austereo Shareholders the opportunity to elect to receive Scrip Consideration, this Bidder's Statement must include all information that would be required for a prospectus for an offer of Southern Cross Media Shares under sections 710 to 713 of the Corporations Act. Neither Bidder nor Southern Cross Media need to issue a prospectus for the Offer of the Southern Cross Media Shares as the Offer is occurring under a takeover bid.

Southern Cross Media is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations imposed by the Listing Rules and the Corporations Act. In particular, Southern Cross Media is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or value of Southern Cross Media Shares, subject to certain limited exceptions.

Southern Cross Media Shares have been quoted on ASX during the 12 months prior to the date of this Bidder's Statement.

In general terms, because Southern Cross Media Shares are continuously quoted securities, the Bidder's Statement is only required to contain information in relation to the effect of the Offer on Southern Cross Media and the rights and liabilities attaching to the Southern Cross Media Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of Southern Cross Media unless such information has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and it is information:

- (a) that investors and their professional advisers would reasonably require for the purposes of making an informed assessment of such matters; and
- (b) relating to the rights and liabilities attaching to the Southern Cross Media Shares.

An additional disclosure that may be of this nature is set out in **section 2.11**.

Information that is already in the public domain has not been reported in this Bidder's Statement other than that information which is considered necessary to make this Bidder's Statement complete.

Copies of announcements made by Southern Cross Media to ASX are available from the ASX website or from [www.scmmediagroup.com.au](http://www.scmmediagroup.com.au).

Copies of documents lodged with ASIC by or in relation to Southern Cross Media may be obtained from, or inspected at, any office of ASIC.

Southern Cross Media will provide a copy of the following documents free of charge to any Austereo Shareholder who requests such documents during the Offer Period:

- the annual financial report for Southern Cross Media for the year ended 30 June 2010;
- the half yearly report for Southern Cross Media for the period ended 31 December 2010; and
- any continuous disclosure notices given by Southern Cross Media after lodgement of the annual report for the year ended 30 June 2010 with ASIC and before the lodgement of this Bidder's Statement with ASIC.

Requests for copies of these documents may be made by contacting the Offer enquiry line on 1300 651 576 (or +61 3 9415 4881 for international callers).

Further information about Southern Cross Media can be found on Southern Cross Media's website, [www.scmmediagroup.com.au](http://www.scmmediagroup.com.au).

#### **2.11 Additional disclosure matters**

Southern Cross Media has received a notice from ASIC under section 30 of the ASIC Act requesting information regarding Southern Cross Media's segment reporting due to ASIC identifying a preliminary area of concern as to whether the company has complied with the segment reporting accounting standard in relation to the company's 2010 Financial Report.

The Southern Cross Media Board considers that it has complied in full with the requirements of AASB 8 in relation to the 2010 Financial Report. The company's auditors provided an unqualified audit opinion in relation to the 2010 Financial Report. The Southern Cross Media Board has recently reconfirmed the approach taken in relation to segment reporting for the purposes of preparing the 2010 Financial Report and the half year results for the period ended 31 December 2010 have been prepared on a consistent basis.

The ASIC correspondence notes that, at this stage, ASIC is in no way expressing a view about whether the 2010 Financial Report complies with sections 296 and 297 of the Corporations Act. The matter is ongoing and Southern Cross Media will continue to cooperate with ASIC's requests.

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# INFORMATION ON SOUTHERN CROSS MEDIA SHARES

### 3.1 Southern Cross Media securities

As at the date of this Bidder's Statement, Southern Cross Media had on issue the shares detailed in the following table and did not have on issue any options over unissued shares in Southern Cross Media.

Class	Number
<b>Quoted shares</b>	
Fully paid ordinary shares (ASX Code: SXL)	378,827,750

### 3.2 Southern Cross Media shareholders

As at the date of this Bidder's Statement, the substantial shareholders of Southern Cross Media as disclosed through substantial shareholder notices submitted to ASX were as follows:

Shareholder	Number of shares in which Relevant Interest held	Percentage interest %
Macquarie Group Limited and its controlled bodies corporate	100,804,388	26.61
Paradise Investment Management Pty Ltd	21,915,831	5.78
BT Investment Management	19,048,881	5.03

### 3.3 Southern Cross Media share plans

Share-based compensation benefits are provided to employees of Southern Cross Media and its subsidiaries via certain employee agreements. The long-term incentive (**LTI**) is an 'at risk' bonus provided in the form of shares and is designed to reward senior executives for meeting or exceeding Total Shareholder Return (**TSR**) performance over a two to four year period.

In June 2010, the Southern Cross Media Board approved the introduction of an executive long-term incentive plan, which commenced on 1 July 2010, which provides for the CEO and senior executives to receive grants of performance rights over ordinary shares, for nil consideration.

The rights are exercisable subject to a four year performance period (three years for Mr S Kelly, CFO), and the satisfaction of set performance criteria during the period. The performance criteria takes into account share price appreciation plus reinvested dividends, expressed as a percentage of investment and adjusted for changes in Southern Cross Media's capital structure. In order for performance rights to vest and convert to shares, Southern Cross Media's TSR over the performance period must be at or above the 51st percentile against a comparative group of selected media and related listed companies. Between the 51st and 75th percentile, performance rights will vest on a linear basis from 50% of award to 100% of award; consequently 100% of performance rights will vest at the 75th percentile or higher.

All performance rights vest progressively over the four year performance period with 1/3 vesting at year 2, 1/3 at year 3 and 1/3 at year 4, except for Mr S Kelly (CFO) whose performance rights vest 1/3 at year 1, 1/3 at year 2 and 1/3 at year 3 subject to performance criteria being met.

### 3.4 Recent trading history of Southern Cross Media Shares

Southern Cross Media is listed on ASX. The last recorded sale price of Southern Cross Media Shares on ASX before the date of the public announcement of the Offer was \$2.16 on 28 January 2011.

The latest recorded sale price of Southern Cross Media Shares on ASX before the date this Bidder's Statement was approved was \$1.845 on 24 February 2011.

The highest and lowest recorded sale price of Southern Cross Media Shares in 2010 and 2011 were as follows:

Year	High	Low
2011	\$2.26 (25 January 2011)	\$1.83 (1 February 2011)
2010	\$2.35 (8 November 2010)	\$1.575 (30 June 2010)

\* Before 18 March 2010, Southern Cross Media Group's corporate structure involved a triple stapled structure where stapled securities rather than the Southern Cross Media Shares were traded on ASX. Further, on 27 November 2009, the business completed a 1:1 entitlement offer as part of the corporate restructure. Accordingly, the trading history of Southern Cross Media Shares prior to 18 March 2010 is not detailed above as it may not be directly referable to the current securities traded on ASX.

### 3.5 Southern Cross Media's dividend and distribution history

Southern Cross Media's dividend history over the last financial year is summarised below. Austereo Shareholders who elect to receive the Scrip Consideration will not be entitled to receive the Southern Cross Media interim dividend of 7.0 cents per share declared on 22 February 2011.

Balance Date	Type	Cent Per Share	Franked %	Pay Date
31 December 2010	Interim	7.0	100	25 May 2011
30 June 2010	Final	6.2	100	8 October 2010
31 December 2009	Interim	3.5	0	17 February 2010

\* Before 18 March 2010, Southern Cross Media Group's corporate structure involved a triple stapled structure where stapled securities rather than the Southern Cross Media Shares were traded on ASX. Further, on 27 November 2009, the business completed a 1:1 entitlement offer as part of the corporate restructure. Accordingly, the dividends and distributions prior to 18 March 2010 are not detailed above as the distributions paid on the stapled securities may not be directly referable to the dividends paid on the current securities traded on ASX.

### 3.6 Directors' interests in Southern Cross Media securities

As at the date of this Bidder's Statement, the directors of Southern Cross Media and their director-related entities have the following Relevant Interests in Southern Cross Media securities:

Director	Shares	Nature of Relevant Interest
Max Moore-Wilton	1,000,000	Indirect
Leon Pasternak	519,193	Direct and Indirect
Chris de Boer	80,000	Direct
Tony Bell	140,000	Indirect
Michael Carapiet	618,100	Indirect
Macquarie Group Limited and controlled bodies corporate	100,804,388*	Direct and Indirect

\* Macquarie Group Limited and controlled bodies corporate holding is correct as at the date of Macquarie Group Limited's last substantial shareholder notice (7 December 2009).



4

# PROFILE OF AUSTEREO

#### 4.1 Basis of preparation of Austereo information

The information on Austereo, Austereo Shares and the Austereo Group contained in this section has been prepared by Bidder and Southern Cross Media on the basis described in the Important Notices at the start of this Bidder's Statement.

#### 4.2 Austereo – overview

Austereo is a publicly listed commercial radio broadcaster which was registered on 16 January 2001. It was listed on ASX on 5 March 2001 (ASX ticker code: AEO).

Austereo is a leading Australian commercial radio broadcaster. It operates: two FM networks, Today and Triple M, with stations in all mainland Australian state capital cities and two joint venture stations in Newcastle and Canberra; and one digital network with radio brands including Radar Radio.

The Today Network consists of: Sydney – 2DAY FM, Melbourne – Fox FM, Brisbane – B105, Perth – 92.9 FM, and Adelaide – SA FM.

The Triple M Network consists of: Sydney – 104.9, Melbourne – 105.1, Brisbane – 104.5, Adelaide – 104.7 and Mix 94.5.

Austereo also holds interests in the joint venture stations FM 104.7 in Canberra (with Australian Radio Network) and NX FM in Newcastle (with Southern Cross Media).

#### 4.3 Principal activities of Austereo

The principal activity of the Austereo Group is commercial radio broadcasting.

#### 4.4 Directors of Austereo

As at the date of this Bidder's Statement, the directors of Austereo are:

- Mr Peter M Harvie (Executive Chairman, Director, Executive Director)
- Mr Guy C Dobson (CEO, Executive Director)
- Mr Graham W Burke (Director, Non-executive Director)
- Mr Robert G Kirby (Director, Non-executive Director)
- Mr John R Kirby (Director, Non-executive Director)
- Mr Peter E Foo (Non-executive Director)
- Mr R David Mattingly (Non-executive Director, Independent Director)
- Mr Christopher J Newman (Independent Director)
- Mr Tim Carroll (Alternate Director)
- Mr Chris Chard (Alternate Director)
- Ms Julie E Raffae (Alternate Director)

#### 4.5 Financial information of the Austereo Group

The recent financial performance of the Austereo Group is summarised below. The historical financial information below relates to the Austereo Group on a stand alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and does not contain all the disclosures usually provided in an annual report prepared in accordance with Australian Accounting Standards and the Corporations Act.

The full financial statements for the Austereo Group for the financial periods described below, which include the notes to the financial statements, can be found in the Austereo Group's annual reports and half yearly reports for those periods.

The financial statements referred to above were audited (30 June 2010) or reviewed (31 December 2010) and the audit opinion and review statement relating to them were unqualified.

(a) Austereo Group – consolidated balance sheets

Set out below are the consolidated balance sheets for the Austereo Group as at 31 December 2010 and 30 June 2010.

	31 Dec 2010	30 Jun 2010
\$ millions		
<b>Current Assets</b>		
Cash and cash equivalents	–	1
Trade and other receivables	54	53
Other	1	1
<b>Total Current Assets</b>	<b>55</b>	<b>55</b>
<b>Non-Current Assets</b>		
Receivables	3	2
Investments accounted for using the equity method	7	7
Other financial assets	1	1
Intangible assets – Radio licences	870	870
Property, plant and equipment	42	42
Deferred tax assets	6	7
Derivatives	1	–
<b>Total Non-Current Assets</b>	<b>930</b>	<b>929</b>
<b>Total Assets</b>	<b>985</b>	<b>984</b>
<b>Current Liabilities</b>		
Trade and other payables	36	45
Current tax liabilities	7	5
Provisions	8	8
Derivatives	1	–
Other	1	1
<b>Total Current Liabilities</b>	<b>53</b>	<b>59</b>
<b>Non-Current Liabilities</b>		
Payables	4	2
Interest bearing loans and borrowings	203	209
Deferred tax liabilities	32	32
Provisions	1	1
Derivatives	–	1
Other	2	2
<b>Total Non-Current Liabilities</b>	<b>242</b>	<b>247</b>
<b>Total Liabilities</b>	<b>295</b>	<b>306</b>
<b>Net Assets/(Liabilities)</b>	<b>690</b>	<b>678</b>
<b>Equity</b>		
Contributed equity	631	631
Reserves	–	(1)
Retained earnings	59	48
<b>Total Equity</b>	<b>690</b>	<b>678</b>

#### (b) Austereo Group – consolidated income statements

Set out below are consolidated income statements for the Austereo Group for the last six months ended 31 December 2010, the last 12 months ended 31 December 2010 and the financial year ended 30 June 2010.

\$ millions	Half Year 31 Dec 2010	LTM 31 Dec 2010	Full Year 30 Jun 2010
Revenues from operations	146	279	263
Expenses from operations excluding finance costs <sup>(1)</sup>	(98)	(196)	(185)
Finance costs	(7)	(14)	(13)
Share of net profits of associates accounted for using the equity method	1	2	2
<b>Profit from operations before income tax</b>	<b>42</b>	<b>71</b>	<b>67</b>
Income tax expense relating to operations	(12)	(21)	(20)
<b>Profit from operations after income tax</b>	<b>30</b>	<b>50</b>	<b>47</b>
Basic earnings per share from operations	8.8		13.7
Diluted earnings per share from operations	8.8		13.7

Note:

(1) Includes depreciation and amortisation totalling \$4 million for the half year to 31 December 2010, \$8 million for the LTM period to 31 December 2010 and \$8 million for the full year 30 June 2010.

#### 4.6 Recent announcements to ASX by Austereo

Austereo is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations imposed by the Listing Rules and the Corporations Act. In particular, Austereo is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or value of Austereo Shares, subject to certain limited exceptions.

A list of announcements made by Austereo (other than in relation to the Offer) to ASX between 30 June 2010 and the date of the Bidder's Statement appears in **Attachment B**.

Copies of these announcements may be obtained from the ASX website, at [www.asx.com.au](http://www.asx.com.au) (ASX Code: AEO) or from Austereo's website, [www.austereo.com.au](http://www.austereo.com.au).

Southern Cross Media will provide copies of these announcements free of charge to any Austereo Shareholder who requests a copy during the Offer Period.

To request a copy of an announcement, please contact the Offer enquiry line on 1300 651 576 (or +61 3 9415 4881 for international callers).

In addition, Austereo is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by or in relation to Austereo may be obtained from, or inspected at, any office of ASIC.

5

# INFORMATION ON AUSTEREO SHARES



## 5.1 Austereo Shares

Based on documents lodged by Austereo with ASX, as at the date of this Bidder's Statement, Austereo had on issue the shares detailed in the following table and did not have on issue any options over unissued shares in Austereo.

Class	Number
Fully paid ordinary shares (ASX Code: AEO)	344,783,708

## 5.2 Austereo Shareholders

As at the date of this Bidder's Statement, the substantial shareholders of Austereo (other than Southern Cross Media and the Macquarie Group which hold a Relevant Interest of 14.9% pursuant to the Pre-Bid Agreement, see **section 5.5**) as disclosed through substantial shareholder notices submitted to ASX, were as follows:

Shareholder	Number of shares in which Relevant Interest held	Percentage interest %
Village Roadshow Limited	181,093,856	52.52
Centaurus Capital Limited	18,523,222	5.37
DFA Australia Limited	17,241,609	5.00

## 5.3 Recent trading history of Austereo Shares

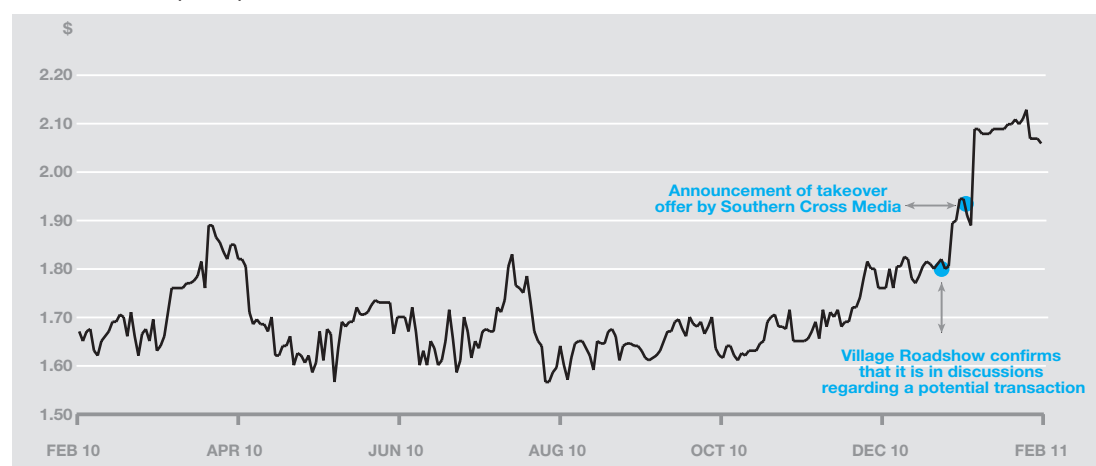
Austereo is listed on ASX. The last closing price of Austereo Shares on ASX before the date of the public announcement of the Offer was \$1.89 on Friday 28 January 2011.

The latest recorded sale price of Austereo Shares on ASX before the date this Bidder's Statement was approved was \$2.06 on 24 February 2011.

The highest and lowest recorded sale price of Austereo Shares in 2008, 2009, 2010 and 2011 to date were as follows:

Year	High	Low
2011	\$2.14 (18 February 2011)	\$1.76 (14 January and 20 January 2011)
2010	\$1.925 (15 April 2010)	\$1.49 (16 July 2010)
2009	\$1.74 (2 June and 4 June 2009)	\$1.04 (17 March 2009)
2008	\$2.53 (2 January and 14 January 2008)	\$1.02 (3 December 2008)

### Austereo share price performance for the last 12 months



#### 5.4 Bidder's Relevant Interest and voting power

Immediately before the first Offer was sent, Bidder had a Relevant Interest and voting power (as defined in the Corporations Act) in 51,372,772 Austereo Shares (14.9% of Austereo Shares). Such Relevant Interest and voting power arise from Southern Cross Media's rights under the Pre-Bid Agreement with Village Roadshow described in **section 5.5**.

#### 5.5 Pre-Bid Agreement

Under the Pre-Bid Agreement, Village Roadshow irrevocably granted Southern Cross Media an option (**Call Option**) for it or its nominee to acquire all but not some of 51,372,772 Austereo Shares (representing not more than 14.9% of the Austereo Shares held by Village Roadshow and referred to as the **Call Option Shares**) in certain circumstances. The Pre-Bid Agreement was released to ASX on 31 January 2011 and a copy is available from the ASX website, [www.asx.com.au](http://www.asx.com.au).

The transfer of the Call Option Shares must be completed within two Business Days of exercise of the Call Option in accordance with the mechanics set out in the Pre-Bid Agreement, for a price of \$2.00 per Call Option Share (or any higher amount nominated by Southern Cross Media in its absolute discretion). Alternatively, Village Roadshow may accept the Offer.

Village Roadshow must not deal with its Call Option Shares (but may exercise all voting rights until the share transfer is completed). Village Roadshow is expressly permitted to deal freely with its remaining Austereo Shares.

Village Roadshow may accept the Offer in relation to its Call Option Shares but must elect to receive cash.

#### Exercise period

The Call Option may be exercised from the earlier of:

- (a) the day on which the Offer becomes Unconditional (other than the Minimum Acceptance Condition); and
- (b) the first day on which a Competing Bid is capable of acceptance by Village Roadshow for its Austereo Shares other than the Call Option Shares.

The Call Option lapses at 7:00pm on the date (**End Date**) which is the earliest of:

- (a) the date of termination of the Pre-Bid Agreement;
- (b) the day Southern Cross Media (or its wholly owned subsidiary) becomes the registered holder of all the Call Option Shares;
- (c) if the Offer becomes Unconditional, the day which is four Business Days prior to the end of the Offer Period (provided that if the Offer is extended not less than four Business Days prior to the last day of the Offer Period, the relevant day is the day which is four Business Days prior to the end of the extended Offer Period);
- (d) if one Competing Bid exists, the day being four Business Days prior to the last day on which the Competing Bid can be accepted (provided that if the Competing Bid is extended not less than four Business Days prior to that last day, the relevant day is the day which is four Business Days prior to the end of the extended Offer Period);
- (e) if more than one Competing Bid exists, the day being four Business Days prior to the last day for acceptances under the Competing Bid which is scheduled to close first (provided that if either Competing Bid is extended not less than four Business Days prior to its last day, then the relevant last day in relation to that Competing Bid is the day which is four Business Days prior to the end of the extended Offer Period);
- (f) the date that the Offer is withdrawn; and
- (g) 31 July 2011.

For the purposes of the Pre-Bid Agreement, **Competing Bid** means a takeover bid under Chapter 6 of the Corporations Act for Austereo by any person other than Southern Cross Media or its Related Entities involving offers for all of the Austereo Shares which are or have become unconditional (or which would become unconditional if Village Roadshow accepted the offer in respect of its Austereo Shares other than the Call Option Shares) and:

- (a) which if completed substantially in accordance with the terms announced, would mean that any person other than Southern Cross Media or its Related Entities acquires a relevant interest in more than 50% of Austereo's issued ordinary share capital; and
- (b) for which the offer price includes a cash alternative of at least \$2.15 per Austereo Share (less the cash paid per share under any interim dividend paid by Austereo).

## Warranties

Each party has given standard capacity and authority warranties. Further, Village Roadshow provides warranties that:

- it is the registered holder and beneficial owner of the Call Option Shares and such shares are fully paid;
- it is the registered holder and beneficial owner of 181,093,856 Austereo Shares and such shares are fully paid;
- it is entitled to, and at completion or on acceptance of the Offer in respect of the Call Option Shares (whichever may be applicable), will be entitled to, sell and transfer full ownership in the Call Option Shares and at completion or on acceptance of the Offer in respect of the Call Option Shares (whichever may be applicable) there will be no Encumbrances or other third party interests over or affecting the Call Option Shares; and
- the right to exercise the Call Option and the right to buy the Call Option Shares is not affected by any circumstance within the knowledge, power or control of Village Roadshow which would make it void or unlawful.

## Termination

Village Roadshow may terminate the Pre-Bid Agreement if:

- having issued the Exercise Notice, Southern Cross Media or its Nominee did not complete the purchase of the Call Option Shares; or
- Village Roadshow accepts the Offer for the number of Austereo Shares equal to or greater than the number of Call Option Shares.

Southern Cross Media may terminate the Pre-Bid Agreement at any time for any reason.

## 5.6 Interests of Southern Cross Media directors and Bidder directors in Austereo securities

Immediately before the first Offer was sent, none of the directors of Bidder or Southern Cross Media had a Relevant Interest in any Austereo securities.

## 5.7 Dealings in Austereo Shares

Except as set out below, in the four months ending on the day immediately before the date of the Offer, neither Bidder nor an associate of Bidder provided, or agreed to provide, consideration for any Austereo Shares under a purchase or agreement.

On 31 January 2011, Southern Cross Media executed the Pre-Bid Agreement giving it or its nominee the right to acquire 51,372,772 Austereo Shares from Village Roadshow in certain circumstances. The Pre-Bid Agreement is described in more detail in **section 5.5**.

## 5.8 Benefits to Austereo Shareholders

In the four months ending on the day immediately before the date of the Offer, neither Bidder nor any associate of Bidder gave, offered to give or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- (a) accept an Offer; or
- (b) dispose of Austereo Shares,

which benefit was not offered to all Austereo Shareholders.

## 5.9 Agreements for increased price or other benefits

Neither Bidder nor any of its associates has entered into a transaction prohibited by section 622(1) of the Corporations Act being a transaction whereby a benefit is to be passed and the amount or value of the benefit is determined by reference in whole or part to the Consideration offered under the Takeover Bid or the consideration offered for acquisition of Austereo Shares outside the Takeover Bid during the Offer Period.

## 5.10 No agreement between Bidder or Southern Cross Media and Austereo or the directors of Austereo

Other than as set out in this Bidder's Statement, there is no agreement between Bidder or Southern Cross Media and Austereo nor any of the directors of Austereo in connection with or conditional upon the outcome of the Offer.

6

# BIDDER'S INTENTIONS IN RELATION TO AUSTEREO

## 6.1 Introduction

This section sets out the intentions of Bidder relating to:

- (a) the continuation of the business of Austereo;
- (b) any major changes to the business of Austereo and redeployment of the fixed assets of Austereo;
- (c) the compulsory acquisition of Austereo Shares and the delisting of Austereo; and
- (d) the future employment of the present employees of Austereo.

Southern Cross Media's intentions are the same as Bidder's.

Bidder's intentions, as detailed below, have been formed on the basis of facts and information concerning Austereo, and the general business environment, which are known to Bidder and Southern Cross Media as at the date of this Bidder's Statement. This includes information ascertained in limited due diligence enquiries made by Bidder in respect of Austereo since 5 January 2011 (see **section 12.4**). This is insufficient to enable Bidder to reach a concluded view on its intentions set out below. Final decisions regarding these matters and a final determination of any particular course of action will only be made after all material facts and circumstances have been considered. Accordingly, the statements set out in this **section 6** are statements of Bidder's current intentions only which may change as new information becomes available and circumstances become apparent or change.

## 6.2 Bidder's intentions for Austereo as a wholly owned controlled entity

This **section 6.2** describes Bidder's intentions if Bidder and its associates acquire a Relevant Interest in 90% or more of the Austereo Shares, and become entitled to proceed to compulsory acquisition of outstanding Austereo Shares in accordance with Part 6A.1 of the Corporations Act. In those circumstances, then subject to satisfaction or waiver of the Conditions of the Offer, Bidder's current intentions are as follows:

### (a) Corporate matters

Bidder intends to proceed to compulsory acquisition of the outstanding Austereo Shares in accordance with the provisions of the Corporations Act and thereupon procure that an application be made to remove Austereo from the official list of ASX. Bidder will also, if required, seek to amend the constitution of Austereo to remove provisions of the constitution consistent with the company being listed on the official list of ASX.

Under the compulsory acquisition procedure set out in Part 6A.1 of the Corporations Act, Bidder is required to offer the same consideration to remaining Austereo Shareholders as Bidder offered to all Austereo Shareholders under the Offer. That is, remaining Austereo Shareholders will be able to elect to receive the Scrip Consideration (subject to the Scaleback), the Cash Consideration or a mix of the Scrip Consideration and the Cash Consideration

(subject to the Scaleback for Scrip Consideration) for their Austereo Shares (although Ineligible Foreign Shareholders that elect to receive the Scrip Consideration will only receive the net proceeds of the sale of the Southern Cross Media Shares they would have been entitled to receive – see **section 13.12**). If you do not elect the form of Consideration you wish to receive in response to the compulsory acquisition material provided to you, you will receive the Cash Consideration for Your Austereo Shares.

Bidder also intends to appoint its own nominees to the board of directors of Austereo and its subsidiaries and may seek the retirement of the current members of the boards of Austereo and all associated entities.

### (b) Refinancing of Austereo external debt

After the end of the Offer Period, if Bidder acquires all of the Austereo Shares, Bidder intends to refinance the existing external debt facilities of the Austereo Group by repaying all outstanding indebtedness under those facilities. The funds for such repayment will be drawn down under the Senior Debt Facility described in **section 8.2**, subject to the conditions to draw down described in that section.

### (c) General operational review

After the end of the Offer Period, Bidder intends to conduct a broad-based review of the Merged Group's operations on both a strategic and financial level to:

- (i) identify functions and areas of duplication, including corporate, sales administration and operational areas (including, but not limited to, IT and accounting systems, engineering, promotions and shared services);
- (ii) identify opportunities to provide clients new and innovative advertising products including sponsorship and advertising opportunities across metropolitan and regional markets; and
- (iii) review capital and other projects across both businesses to rationalise and better manage investment decisions.

The purpose of the review is to further develop the detailed implementation plan to achieve the identified cost and revenue synergies, and investigate further opportunities that arise from the combination of the two businesses. Bidder has identified certain specific synergies that are outlined in **section 7.4**, as well as other areas such as rationalisation of IT and accounting systems, marketing and engineering.

### (d) Other specific intentions

Bidder intends to:

- (i) continue to operate Austereo's radio stations (subject to any regulatory requirements);
- (ii) protect the quality of programming at Austereo and Southern Cross Media; and
- (iii) maintain the revenue generating capabilities associated with the sales function across the Merged Group.

**(e) Impact on employees**

Bidder believes that the current Austereo employees are important to the ongoing success of the Merged Group.

As a result of the operational review outlined above, certain corporate and other functions of the Merged Group may become redundant, resulting in some job losses across the businesses in the Merged Group. Employees who are made redundant will receive payments and other benefits in accordance with their contractual and other legal entitlements.

**6.3 Bidder's intentions for Austereo as a partly owned controlled entity**

This **section 6.3** describes Bidder's intentions if Austereo becomes a Controlled entity of Bidder, but Bidder is not entitled to proceed to compulsory acquisition in accordance with Part 6A.1 of the Corporations Act. In those circumstances, then subject to satisfaction or waiver of the other Conditions of the Offer and subject to the level of Bidder's shareholding in Austereo, Bidder's current intentions are as follows:

**(a) Corporate matters**

After the end of the Offer Period, Bidder intends, subject to the Corporations Act and the constitution of Austereo, to seek to replace some or all of the members of the Austereo Board. The majority would be replaced with nominees of Southern Cross Media and/or Bidder. Replacement board members have not yet been decided by Bidder and their identity will depend on the circumstances at the relevant time. Bidder will seek, to the extent possible, through its nominees on the Austereo Board, to implement the intentions detailed in **section 6.2** where they are consistent with Austereo being a Controlled entity of (but not wholly owned by) Bidder and are considered to be in the best interests of Austereo Shareholders as a whole, including the rights of minority shareholders. Austereo Shareholders should be aware that, in this circumstance, the liquidity of Austereo Shares may be materially decreased.

It is possible that, even if Bidder is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act – for example, as a result of acquisitions of Austereo Shares in reliance on the “3% creep” exception in item 9 of section 611 of the Corporations Act. If so, it intends to exercise those rights and proceed to implement the intentions described in **section 6.2**.

If Austereo does not have the required spread of shareholders under the Listing Rules, Bidder intends to procure an application to be made to remove Austereo from the official list of ASX.

**(b) Retention of Austereo external debt**

Waivers have been received from Austereo's existing lenders to allow Austereo to retain its existing external debt in the event of a change of control where Southern Cross Media becomes a controller, assuming that Southern Cross Media acquires less than 90% of the Austereo Shares.

**(c) General operational review and strategic alliance**

After the end of the Offer Period, Bidder, through its nominees on the Austereo Board, intends to propose to the Austereo Board that a broad based review of Austereo's operations be conducted on both a strategic and financial level, along similar lines to that described in **section 6.2(c)**. Bidder intends, subject to the approval of the Austereo Board, to participate in this review.

**(d) Limitations in giving effect to intentions**

The ability of Bidder to implement the intentions set out in this **section 6.3** will be subject to the legal obligations of Austereo directors to have regard to the interests of Austereo and all Austereo Shareholders, including the rights of all minority shareholders, and the requirements of the Corporations Act and the Listing Rules relating to transactions between related parties. Bidder will only make a decision on the above mentioned courses of action following legal and financial advice in relation to those requirements.

**6.4 Intentions if Bidder does not increase Relevant Interest in Austereo**

If Bidder's Relevant Interest in Austereo does not increase beyond its current Relevant Interest pursuant to the Pre-Bid Agreement, it will manage its rights under the Pre-Bid Agreement in accordance with the terms of such agreement, with a view to maximising returns for Southern Cross Media shareholders.

**6.5 Other intentions**

Subject to the matters described above in this **section 6** and elsewhere in this Bidder's Statement and, in particular, the completion of the strategic review of Austereo operations, it is the intention of Bidder, on the basis of the facts and information concerning Austereo that are known to it and the existing circumstances affecting the assets and operations of Austereo at the date of this Bidder's Statement, that all governance matters related to Austereo will continue to be overseen by the Austereo Board and that:

- (a) the business of Austereo will be conducted in substantially the same manner as at the date of this Bidder's Statement;
- (b) no other major changes will be made to the business of Austereo;
- (c) there will be no redeployment of the fixed assets of Austereo; and
- (d) the present employees of Austereo will continue to be employed by Austereo.



# 7 EFFECT OF ACQUISITION

## SECTION 7 EFFECT OF ACQUISITION

This section contains Pro Forma Historical Financial Information which has been prepared to illustrate the financial performance and position of the operations of the Merged Group.

The Pro Forma Historical Financial Information has been prepared in order to give investors an indication of the scale and size of the Merged Group and the hypothetical impact upon the Southern Cross Media Group of acquiring the Austereo Group. It does not necessarily illustrate the financial position that would have been obtained or the financial performance which would have occurred had the acquisition of Austereo by Southern Cross Media occurred on or before 31 December 2010.

The Pro Forma Historical Financial Information presented in this section should also be read in conjunction with the risk factors set out in **section 10**, other information contained in this Bidder's Statement and the accounting policies of Southern Cross Media and Austereo as disclosed in their most recent financial reports.

### 7.1 Capital structure and effect on shareholdings

For the purpose of considering the effect of the Proposed Acquisition on the capital structure of the Southern Cross Media Group, the following summary has been prepared on the basis of (1) Bidder acquiring 100% of Austereo Shares and (2) Bidder acquiring 50.1% of Austereo Shares. The alternatives presented represent the maximum and minimum impact on the capital structure.

Southern Cross Media proposes to undertake the Proposed Entitlement Offer detailed in **section 8.4** to raise the necessary amount required to repay the Equity Bridge Facility. It is the present expectation of Southern Cross Media that the amount required to be raised under the Proposed Entitlement Offer will not exceed \$495 million. The exact amount to be raised will depend on a number of factors, including the level and timing of acceptances received, the mixture of acceptances for Cash Consideration and Scrip Consideration and the cash able to be deployed to fund the Offer and transaction costs.

The final amount raised by, and the number of shares to be issued under, the Proposed Entitlement Offer cannot presently be determined, as it will depend on the level of acceptances of the Offer and the ratio of Cash Consideration and Scrip Consideration elected by Austereo Shareholders, as well as the offer price under the Proposed Entitlement Offer. The table set out in this **section 7.1** does not therefore take account of the effect of the Proposed Entitlement Offer on the capital structure of the company. Austereo Shareholders who are considering accepting the Offer and electing to receive the Scrip Consideration should be aware that the Proposed Entitlement Offer may have a material impact on the number of shares on issue of Southern Cross Media.

#### *Number of Southern Cross Media Shares on issue pursuant to Offer but before the Proposed Entitlement Offer*

Number of shares on issue (in millions)	50.1% acquisition		100% acquisition	
	Maximum Cash Consideration	Maximum Scrip Consideration	Maximum Cash Consideration	Maximum Scrip Consideration
<b>Ordinary Shares</b>				
Existing Ordinary Shares	378.8	378.8	378.8	378.8
Ordinary Shares (approximately) to be issued pursuant to this Offer	0	155.6	0	155.6
Ordinary Shares (after the Offer and before the Proposed Entitlement Offer)	378.8	534.4	378.8	534.4

The Maximum Cash Consideration will be paid in circumstances where all Austereo Shareholders elect to receive the Cash Consideration and the Additional Consideration is payable in accordance with **section 13.1(d)**.

The Maximum Scrip Consideration will be issued in circumstances where holders of 47.5% or more of Austereo Shares elect to receive the Scrip Consideration (with the Scaleback described in **section 13.4** to apply if the Scrip Consideration is chosen in respect of more than 47.5% of Austereo Shares).

### 7.2 Pro Forma Historical Financial Information of the Merged Group

The pro forma historical financial information of the Merged Group includes:

- the unaudited pro forma combined balance sheets of the Merged Group as at 31 December 2010, and
- the unaudited pro forma combined income statements of the Merged Group for the last 12 months (LTM) ended 31 December 2010

(collectively the **Pro Forma Historical Financial Information**).

The Pro Forma Historical Financial Information has been prepared for illustrative purposes only and in accordance with Australian equivalents to International Financial Reporting Standards (**A-IFRS**), to give effect to the Proposed Acquisition and the Proposed Entitlement Offer as if these events had occurred as at 31 December 2010 for the purposes of the pro forma combined balance sheets of the Merged Group and as at 1 January 2010 for the purposes of the pro forma combined income statements of the Merged Group.

The Pro Forma Historical Financial Information has been prepared using the following information:

- reviewed interim consolidated financial statements of the Southern Cross Media Group and the Austereo Group as at and for the six months ended 31 December 2010 and 31 December 2009;
- audited consolidated financial statements of the Southern Cross Media Group and the Austereo Group as at and for the year ended 30 June 2010; and
- such other supplementary information as was considered necessary to reflect the Proposed Acquisition and the Proposed Entitlement Offer in the Pro Forma Historical Financial Information.

The information relating to the Austereo Group included in the Pro Forma Historical Financial Information in this section has been prepared by Bidder and Southern Cross Media on the basis described in the Important Notices at the start of this Bidder's Statement.

For the purposes of calculating intangible assets in the Pro Forma Historical Financial Information, the book value of the Austereo Group's assets and liabilities, as reported in the Austereo Group's reviewed interim consolidated financial statements as at 31 December 2010, is assumed to be equal to their fair value at the date of the Proposed Acquisition. The Southern Cross Media Group has not undertaken an assessment of the fair value of the Austereo Group's assets, liabilities and contingent liabilities. It is intended that this will be conducted once the Proposed Acquisition is complete.

The Pro Forma Historical Financial Information does not include the anticipated financial benefits from such items as cost savings arising from the Proposed Acquisition nor does the Pro Forma Historical Financial Information include any restructuring and integration costs to be incurred by the Southern Cross Media Group. Refer to **section 7.4** for information regarding synergies and integration costs.

It is management's opinion that the Pro Forma Historical Financial Information presents, in all material respects, the pro forma impact of the Proposed Acquisition and the Proposed Entitlement Offer. The significant accounting policies used in the preparation of the Pro Forma Historical Financial Information are consistent with the Southern Cross Media Group's accounting policies for the year ended 30 June 2010. In preparing the Pro Forma Historical Financial Information, a review was undertaken to identify potentially material Austereo Group and Southern Cross Media Group accounting policy differences. While none were identified in the review, accounting policy differences may be identified after the closing of the Proposed Acquisition.

The Pro Forma Historical Financial Information is not intended to reflect the results of operations or the financial position that would have actually resulted had the Proposed Acquisition and the Proposed Entitlement Offer been effected on the dates indicated, or the results that may be obtained in the future. If the Proposed Acquisition and the Proposed Entitlement Offer had occurred in the past, the combined entity's financial position and earnings would likely have been different from that presented in the Pro Forma Historical Financial Information. Due to the nature of pro forma information, it may not give a true picture of the Merged Group's financial position and earnings and may not be indicative of the future financial performance of the Merged Group.

It should be noted that the Pro Forma Historical Financial Information of the Merged Group set out in this section are not forecasts. They do not purport or reflect the likely reported earnings of the Merged Group and do not constitute a representation that future profits (or any other matter) will be achieved, either at all or in the amounts or by the dates indicated.

The Pro Forma Historical Financial Information should be read in conjunction with the description of the Proposed Acquisition, the consolidated financial statements and related notes of the Southern Cross Media Group and the Austereo Group referenced above and other information that Southern Cross Media and Austereo have filed with ASX.

## SECTION 7 EFFECT OF ACQUISITION

### Pro forma combined income statements of the Merged Group – LTM (Calendar Year 2010)

	LTM 31 Dec 2010 Southern Cross Media Group	LTM 31 Dec 2010 Austereo Group	LTM 31 Dec 2010 Aggregated	LTM 31 Dec 2010 Pro forma Merged Group 100% Maximum Cash Consideration	LTM 31 Dec 2010 Pro forma Merged Group 100% Maximum Scrip Consideration	LTM 31 Dec 2010 Pro forma Merged Group 50.1% Maximum Cash Consideration	LTM 31 Dec 2010 Pro forma Merged Group 50.1% Maximum Scrip Consideration
\$ millions							
Revenue	417	279	696	696	696	696	696
Other income	–	–	–	–	–	–	–
Operating expenses	(282)	(188)	(470)	(470)	(470)	(470)	(470)
Share of net profits of associates	2	2	4	4	4	4	4
<b>EBITDA</b>	<b>137</b>	<b>93</b>	<b>230</b>	<b>230</b>	<b>230</b>	<b>230</b>	<b>230</b>
Depreciation and amortisation expense	(21)	(8)	(29)	(29)	(29)	(29)	(29)
<b>PBIT</b>	<b>116</b>	<b>85</b>	<b>201</b>	<b>201</b>	<b>201</b>	<b>201</b>	<b>201</b>
Pro forma net finance costs				(62)	(62)	(55)	(45)
<b>Pro forma PBT</b>				<b>139</b>	<b>139</b>	<b>146</b>	<b>156</b>
Pro forma income tax expense				(42)	(42)	(44)	(47)
<b>Pro forma NPAT</b>				<b>97</b>	<b>97</b>	<b>102</b>	<b>109</b>
Pro forma NPAT attributable to minority interest				–	–	25	25
Owners of Southern Cross Media Group				97	97	77	84

#### Notes:

- For the purposes of calculating pro forma net finance costs, it has been assumed that the Proposed Acquisition occurred on 1 January 2010 and that available cash is fully utilised (and remains fully utilised for the year) to finance the purchase consideration and transaction costs. Interest expense is calculated at an effective rate of 7.9%, which is consistent with the agreed terms of the Senior Debt Facility and includes amortisation of the establishment costs relating to the Senior Debt Facility. To the extent that free cash flow is utilised to repay borrowings this will reduce the actual interest expense incurred.
- The pro forma income tax expense for the Merged Group has been calculated assuming a 30% Australian corporate tax rate. This tax rate is based on the historical information of each entity, adjusted for internalisation transactions no longer impacting the Southern Cross Media Group.
- The pro forma income statements do not include the anticipated financial benefits from the synergies described in **section 7.4**.
- Fair value movements in derivatives have been excluded from the pro forma combined income statement of the Merged Group.

Pro forma combined balance sheets of the Merged Group as at 31 December 2010

	31 Dec 2010 Southern Cross Media Group	31 Dec 2010 Austereo Group	31 Dec 2010 Aggregated	Net Adjustments Maximum Cash Consideration <sup>(2)</sup>	31 Dec 2010 Pro forma Merged Group <sup>(1)</sup> 100% Maximum Cash Consideration	Net Adjustments Maximum Scrip Consideration <sup>(2)</sup>	31 Dec 2010 Pro forma Merged Group <sup>(1)</sup> 100% Maximum Scrip Consideration
\$ millions							
<b>Current Assets</b>							
Cash and cash equivalents	47	–	47	(47)	–	(47)	–
Receivables	84	54	138	–	138	–	138
Non-current assets held for sale	5	–	5	–	5	–	5
<b>Total Current Assets</b>	<b>136</b>	<b>54</b>	<b>190</b>	<b>(47)</b>	<b>143</b>	<b>(47)</b>	<b>143</b>
<b>Non-Current Assets</b>							
Receivables	5	3	8	–	8	–	8
Investments accounted for using the equity method	30	7	37	–	37	–	37
Property, plant and equipment	142	42	184	–	184	–	184
Intangible assets	1,064	870	1,934	35	1,969	35	1,969
Deferred tax assets	22	6	28	3	31	3	31
Other non-current assets	–	2	2	–	2	–	2
<b>Total Non-Current Assets</b>	<b>1,263</b>	<b>930</b>	<b>2,193</b>	<b>38</b>	<b>2,231</b>	<b>38</b>	<b>2,231</b>
<b>Total Assets</b>	<b>1,399</b>	<b>984</b>	<b>2,383</b>	<b>(9)</b>	<b>2,374</b>	<b>(9)</b>	<b>2,374</b>
<b>Current Liabilities</b>							
Payables	45	38	83	–	83	–	83
Provisions	10	8	18	–	18	–	18
Current tax liabilities	6	7	13	–	13	–	13
<b>Total Current Liabilities</b>	<b>61</b>	<b>53</b>	<b>114</b>	<b>–</b>	<b>114</b>	<b>–</b>	<b>114</b>
<b>Non-Current Liabilities</b>							
Borrowings	300	203	503	242 <sup>(3)</sup>	745	242 <sup>(3)</sup>	745
Deferred borrowing costs	(11)	–	(11)	(3)	(14)	(3)	(14)
Deferred tax liabilities	–	32	32	–	32	–	32
Other non-current liabilities	6	7	13	–	13	–	13
<b>Total Non-Current Liabilities</b>	<b>295</b>	<b>242</b>	<b>537</b>	<b>239</b>	<b>776</b>	<b>239</b>	<b>776</b>
<b>Total Liabilities</b>	<b>356</b>	<b>295</b>	<b>651</b>	<b>239</b>	<b>890</b>	<b>239</b>	<b>890</b>
<b>Net Assets</b>	<b>1,043</b>	<b>689</b>	<b>1,732</b>	<b>(248)</b>	<b>1,484</b>	<b>(248)</b>	<b>1,484</b>
<b>Equity</b>							
Contributed equity	1,225	631	1,856	(150)	1,706	(159)	1,697
Cost of capital raising	–	–	–	(11) <sup>(4)</sup>	(11)	(3) <sup>(5)</sup>	(3)
Other equity transaction	(77)	–	(77)	–	(77)	–	(77)
Accumulated losses	(105)	58	(47)	(87)	(134)	(86)	(133)
Equity attributable to equity holders of parent	1,043	689	1,732	(248)	1,484	(248)	1,484
<b>Total Equity</b>	<b>1,043</b>	<b>689</b>	<b>1,732</b>	<b>(248)</b>	<b>1,484</b>	<b>(248)</b>	<b>1,484</b>

Notes:

- (1) Pro forma adjustments have been made to reflect the utilisation of cash and borrowings to fund the Cash Consideration required, and the proceeds from the Proposed Entitlement Offer to repay the Equity Bridge Facility.
- (2) Net adjustments reflect the investment in Austereo Group assuming 100% acceptance and the new debt profile following the acquisition of Austereo Group. As the acquisition price exceeded the net asset value of Austereo Group and its controlled entities, intangibles have increased by \$35 million.
- (3) Represents the net impact of the debt funding of the acquisition.
- (4) Represents the transaction costs associated with the Proposed Entitlement Offer.
- (5) Under the Maximum Scrip Consideration, the transaction costs associated with the Proposed Entitlement Offer are reduced from \$11 million to \$3 million.
- (6) For presentation purposes certain immaterial line items have been combined.

## SECTION 7 EFFECT OF ACQUISITION

### Pro forma combined balance sheets of the Merged Group as at 31 December 2010

	31 Dec 2010 Southern Cross Media Group	31 Dec 2010 Austereo Group	31 Dec 2010 Aggregated	Net Adjustments Maximum Cash Consideration <sup>(2)</sup>	31 Dec 2010 Pro forma Merged Group <sup>(1)</sup> 50.1% Maximum Cash Consideration	Net Adjustments Maximum Scrip Consideration <sup>(2)</sup>	31 Dec 2010 Pro forma Merged Group <sup>(1)</sup> 50.1% Maximum Scrip Consideration
\$ millions							
<b>Current Assets</b>							
Cash and cash equivalents	47	–	47	(47)	–	(44)	3
Receivables	84	54	138	–	138	–	138
Non-current assets held for sale	5	–	5	–	5	–	5
<b>Total Current Assets</b>	<b>136</b>	<b>54</b>	<b>190</b>	<b>(47)</b>	<b>143</b>	<b>(44)</b>	<b>146</b>
<b>Non-current Assets</b>							
Receivables	5	3	8	–	8	–	8
Investments accounted for using the equity method	30	7	37	–	37	–	37
Property, plant and equipment	142	42	184	–	184	–	184
Intangible assets	1,064	870	1,934	1	1,935	1	1,935
Deferred tax assets	22	6	28	3	31	3	31
Other non-current assets	–	2	2	–	2	–	2
<b>Total Non-current Assets</b>	<b>1,263</b>	<b>930</b>	<b>2,193</b>	<b>4</b>	<b>2,197</b>	<b>4</b>	<b>2,197</b>
<b>Total Assets</b>	<b>1,399</b>	<b>984</b>	<b>2,383</b>	<b>(43)</b>	<b>2,340</b>	<b>(40)</b>	<b>2,343</b>
<b>Current Liabilities</b>							
Payables	45	38	83	–	83	–	83
Provisions	10	8	18	–	18	–	18
Current tax liabilities	6	7	13	–	13	–	13
<b>Total Current Liabilities</b>	<b>61</b>	<b>53</b>	<b>114</b>	<b>–</b>	<b>114</b>	<b>–</b>	<b>114</b>
<b>Non-current Liabilities</b>							
Borrowings	300	203	503	184 <sup>(3)</sup>	687	–	503
Deferred borrowing costs	(11)	–	(11)	(1)	(12)	(1)	(12)
Deferred tax liabilities	–	32	32	–	32	–	32
Other non-current liabilities	6	7	13	–	13	–	13
<b>Total Non-current Liabilities</b>	<b>295</b>	<b>242</b>	<b>537</b>	<b>183</b>	<b>720</b>	<b>(1)</b>	<b>536</b>
<b>Total Liabilities</b>	<b>356</b>	<b>295</b>	<b>651</b>	<b>183</b>	<b>834</b>	<b>(1)</b>	<b>650</b>
<b>Net Assets</b>	<b>1,043</b>	<b>689</b>	<b>1,732</b>	<b>(226)</b>	<b>1,506</b>	<b>(39)</b>	<b>1,693</b>
<b>Equity</b>							
Contributed equity	1,225	631	1,856	(485)	1,371	(303)	1,553
Cost of capital raising	–	–	–	(3)	(3)	–	–
Other equity transaction	(77)	–	(77)	–	(77)	–	(77)
Accumulated losses	(105)	58	(47)	(82)	(129)	(80)	(127)
Equity attributable to equity holders of parent	1,043	689	1,732	(570)	1,162	(383)	1,349
Minority interest	–	–	–	344	344	344	344
<b>Total Equity</b>	<b>1,043</b>	<b>689</b>	<b>1,732</b>	<b>(226)</b>	<b>1,506</b>	<b>(39)</b>	<b>1,693</b>

Notes:

(1) Pro forma adjustments have been made to reflect the utilisation of cash and borrowings to fund the Cash Consideration required, and the proceeds from the Proposed Entitlement Offer to repay the Equity Bridge Facility.

(2) Net adjustments reflect the investment in Austereo Group assuming 50.1% acceptance and the new debt profile following the acquisition of Austereo Group.

(3) Represents the net impact of the debt funding of the acquisition.

(4) For presentation purposes certain line items have been combined.



## Notes to the Pro Forma Historical Financial Information

(a) Austereo Shareholders can elect to receive one of three Consideration alternatives as detailed in **section 13.1**. Austereo Shareholders will be entitled to elect their preferred alternative from the following:

- Cash Consideration;
- Scrip Consideration; or
- a combination of the Cash Consideration and the Scrip Consideration.

If at any time before the end of the Offer Period Bidder has Relevant Interests in 90% or more of Austereo Shares (whether acquired under the Offer or otherwise) and becomes entitled to proceed to compulsory acquisition, Bidder will increase the consideration by a cash payment of \$0.10 for each of Your Austereo Shares regardless of whether you elect to receive the Scrip Consideration, the Cash Consideration, or a mix of the Cash Consideration and the Scrip Consideration.

The Pro Forma Historical Financial Information has been presented under the following scenarios:

### 100% Acquisition

- 100% of Austereo Shareholders elect to receive the Cash Consideration and the Additional Consideration is payable (**Maximum Cash Consideration**); and
- 47.5% of Austereo Shareholders elect to receive the Scrip Consideration (maximum allowable Scrip Consideration as described in **section 13.4**) (**Maximum Scrip Consideration**), with the remainder of Accepting Shareholders receiving Cash Consideration and the Additional Consideration is payable.

### 50.1% Acquisition

Bidder has also specified a Minimum Acceptance Condition of 50.1% as outlined in **section 13.14**. Accordingly, the Pro Forma Historical Financial Information has also been presented under the following two additional scenarios:

- 50.1% of the Austereo Shareholders elect to receive the Cash Consideration; and
- 47.5% of Austereo Shareholders elect to receive the Maximum Scrip Consideration with the remaining Austereo Shareholders (2.6%) receiving Cash Consideration.

### Summary of funding impacts under the four different scenarios

\$ millions	100% Maximum Cash Consideration	100% Maximum Scrip Consideration	50.1% Maximum Cash Consideration	50.1% Maximum Scrip Consideration
Purchase consideration	724	724	345	345
Estimated transaction costs	46 <sup>(1)</sup>	37	32	27
<b>Total acquisition cost</b>	<b>770</b>	<b>761</b>	<b>377</b>	<b>372</b>
<b>Funded by:</b>				
Cash	47	47	47	44
Incremental debt	242	242	184	–
Equity				
Equity raised under the Proposed Entitlement Offer	481 <sup>(2)</sup>	144 <sup>(2)</sup>	146 <sup>(2)</sup>	–
Scrip Consideration issued to Austereo Shareholders pursuant to the Offer	–	328	–	328
	<b>770</b>	<b>761</b>	<b>377</b>	<b>372</b>

#### Notes:

- (1) Transaction costs are estimated to be approximately \$46 million (including expected Austereo transaction costs, and upfront debt and equity raising costs) in the 100% acquisition with Maximum Cash Consideration, assuming that the Offer reaches compulsory acquisition by the end of the Offer Period, and that the Proposed Entitlement Offer is completed shortly thereafter. Changes to the timetable (including as a result of the need to obtain regulatory approvals in relation to the Proposed Entitlement Offer) will impact transaction costs.
- (2) Equity raised under the Proposed Entitlement Offer is based on the Pro Forma Merged Group balance sheet at 31 December 2010, and assumes all available cash and debt facilities are fully utilised to fund the total acquisition costs. The exact amount to be raised will depend on a number of factors including the level and timing of acceptances received, the mixture of acceptances for Cash Consideration and Scrip Consideration and the cash able to be deployed to fund the Offer and transaction costs. It is the present expectation of Southern Cross Media that the amount required to be raised under the Proposed Entitlement Offer will not exceed \$495 million.

(b) The Pro Forma Historical Financial Information has been accounted for using the purchase method of accounting. The purchase price is allocated to balance sheet assets and liabilities acquired based on their carrying values. In accordance with AASB 3 Business Combinations, the Southern Cross Media Group will be required to measure at fair value the Austereo Group assets acquired, liabilities and contingent liabilities assumed (the acquisition method). This process is expected to be completed for the preparation of consolidated financial statements for the year ending 30 June 2011. This process may result in changes to the carrying value of certain assets and liabilities shown in the above pro forma combined balance sheet of the Merged Group but will not change the net assets and total shareholders' funds balance.

- (c) Synergies and restructuring/integration costs are not included in the Pro Forma Historical Financial Information.
- (d) The Austereo Group shareholders' equity, comprised of share capital, retained earnings and reserves, have been eliminated to reflect the effect of the Proposed Acquisition.
- (e) For the purposes of calculating pro forma net finance costs, it has been assumed that the Proposed Acquisition occurred on 1 January 2010 and that available cash and debt facilities are fully utilised to finance the Consideration and the transaction costs. Interest expense is calculated at an effective interest rate of 7.9%, which is consistent with the agreed terms of the Senior Debt Facility, and includes amortisation of the establishment costs relating to the Senior Debt Facility.

### 7.3 Prospective financial information of the Merged Group

Southern Cross Media has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to the Merged Group. The Southern Cross Media Board has concluded that forecast financial information would be misleading to provide, as a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable.

### 7.4 Synergies

The combination of the Southern Cross Media Group and the Austereo Group will create one of Australia's leading media companies with a national footprint across both metropolitan and regional radio markets, as well as an integrated regional television offering.

The directors of Southern Cross Media believe the transaction, once completed, will create value for shareholders of the Merged Group by unlocking growth opportunities from combining the two complementary businesses. In addition to the expected realisation of cost savings (described further below), an enlarged platform reaching across both metro and regional Australia will allow the Merged Group to:

- generate incremental advertising campaign and sponsorship revenues;
- generate incremental creative and digital revenues;
- enhance sales efficiency and effectiveness by adopting best practice capabilities across both businesses; and
- use a broader programming base to enhance content on a national platform.

The combination will also provide significant opportunities for both on-air and off-air talent.

The directors of Southern Cross Media believe annual synergies and operational improvements of \$12 million to \$15 million should be realised in full in the Merged Group by FY 2014 and each year thereafter if Southern Cross Media becomes entitled to acquire 100% of Austereo Shares. Southern Cross Media has a strong track record in merging and integrating businesses and achieving both cost and revenue synergies and on the basis of historical experience and the analysis undertaken to date, expects to achieve 37.5% of the estimated synergies by FY 2012, 75% by FY 2013 and 100% by FY 2014.

Assuming Bidder acquires 100% of Austereo Shares, cost synergies, which comprise the majority of the estimated synergies, are expected to be realised through:

- removing duplication of costs across the operations of the Merged Group including such areas as:
  - board of directors;
  - executive management;
  - corporate secretariat;
  - finance; and
  - human resources;
- removing costs associated with Austereo being listed on ASX;
- leveraging scale benefits of supplier services and procurement;
- rationalisation of premises and optimisation of management processes;
- the amalgamation and rationalisation of national sales personnel; and
- leveraging best practice processes and systems within each business to achieve operational efficiencies.

Revenue synergies are expected to be realised in the following areas:

- using successful selling programs across the Merged Group to generate incremental revenue and margin;
- utilisation of increased creative capability to generate incremental revenue and margin across a broader customer base;
- coordinating sales programs across the Merged Group for national customers to generate incremental revenue and margin;
- using a broader programming base to enhance content nationally to generate incremental revenue and margin; and
- delivering enhanced digital and online services and a broader radio offering to regional audiences.

One-off implementation costs are expected to be \$3.5 million – \$5 million to be incurred predominantly during FY 2011 and FY 2012.

Other areas where potential synergies and efficiencies may exist which have not yet been quantified may include:

- rationalisation of IT and accounting systems;
- programming;
- engineering; and
- marketing.

Assuming Bidder acquires more than 50% but less than 90% of Austereo Shares, synergies are expected to be approximately \$2 million, derived largely from reductions in corporate costs.

The estimated synergies and associated implementation costs are based on estimates by Southern Cross Media management, which have been adopted by the directors, and has included a review of the quantum and timing of the estimated synergies by Deloitte which did not identify any material inconsistencies with management's estimates. The achievement and expected timing of synergy benefits is supported by a proposed implementation plan which management considers to be realistic and sufficiently detailed so as to provide a reasonable basis to expect that the estimated synergies will in fact be achieved within the timeframes stated.

Southern Cross Media, however, has not discussed its analysis of achievable synergies with Austereo management and does not have available to it (based on the publicly available information and limited due diligence material provided to date) sufficient information to develop a detailed integration plan to achieve the cost and revenue synergies. There are risks that any integration between the businesses of the Southern Cross Media Group and the Austereo Group may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated or take longer to achieve than estimated.

#### 7.5 Dividends

A fully franked final dividend of 6.2 cents per share was paid by Southern Cross Media on 8 October 2010.

On 22 February 2011, Southern Cross Media announced an interim dividend of 7.0 cents per share (fully franked) with respect to the period ended 31 December 2010 (**Southern Cross Interim Dividend**). Scrip Consideration issued under the Offer will be issued by Southern Cross Media on a date after the record date for the Southern Cross Interim Dividend (11 March 2011). Accordingly, Austereo Shareholders who elect to receive the Scrip Consideration will not be entitled to receive the Southern Cross Interim Dividend in respect of their Scrip Consideration.

Austereo Shareholders who accept the Offer and elect to receive the Scrip Consideration will, however, be entitled to dividends paid by Southern Cross Media with a record date on or after the date of issue (assuming the Offer becomes or is declared Unconditional).

The payment of any dividend and level of franking in respect of any year are subject to the operating performance and financial position of Southern Cross Media including its subsidiaries, the amount of franking credits carried forward and the amount of Australian income tax paid on earnings in that year. Future determinations as to the payment of dividends by Southern Cross Media will be at the discretion of the directors of Southern Cross Media and will depend upon the availability of distributable earnings and franking credits, the operating results and financial condition of Southern Cross Media and its subsidiaries (including Austereo), future capital requirements, covenants in relevant financing agreements, general business and financial conditions and other factors considered relevant by the directors of Southern Cross Media. No assurance is, therefore, given in relation to the payment of future dividends or the extent to which any such dividends may be franked.

8

# SOURCES OF CONSIDERATION

## 8.1 Total Consideration

The Consideration for the acquisition of the Austereo Shares to which the Offer relates will be satisfied through:

- the payment of cash;
- the issue of Southern Cross Media Shares; or
- a combination of payment of cash and the issue of Southern Cross Media Shares.

The maximum amount of cash that Bidder would be required to pay under the Offer if:

- (a) acceptances are received in respect of all Austereo Shares on issue as at the date of this Bidder's Statement; and
- (b) all accepting Austereo Shareholders elect to receive the Cash Consideration,

is \$724,045,787, plus transaction costs of approximately \$46 million<sup>1</sup> (including expected Austereo transaction costs, and debt upfront and Proposed Entitlement Offer costs). The maximum amount of cash that Bidder would, therefore, require to complete the Offer is approximately \$770 million.

The maximum number of Southern Cross Media Shares which would be issued under the Offer if:

- (a) acceptances are received in respect of all Austereo Shares on issue as at the date of this Bidder's Statement; and
- (b) all accepting Austereo Shareholders elect to receive Scrip Consideration,

is approximately 155.6 million Southern Cross Media Shares, being the Scrip Consideration payable in respect of 47.5% of those Austereo Shares (as the Scaleback would apply). The remainder of the Consideration (assuming the Additional Consideration is payable in accordance with **section 13.1(d)**) (being approximately \$433 million) would be paid in cash.

## 8.2 Sources of Cash Consideration and Additional Consideration

### (a) Overview of funding arrangements in relation to Cash Consideration and Additional Consideration

The Cash Consideration and any Additional Consideration payable under the Offer and the transaction costs will be provided from the following sources:

- (i) cash balances of Southern Cross Media and other members of the Southern Cross Media Group which, as at 31 December 2010, were approximately \$47 million;
- (ii) a syndicated facility agreement originally dated 2 September 2004, as amended from time to time (and, in particular, in accordance with the terms of the Senior Commitment Letter and the Sixth Amendment Deed described below), to be between, amongst others, SCMA (as borrower), National Australia Bank Limited, Commonwealth Bank of Australia and Australia and New Zealand Banking Group Limited (**Senior Debt Facility**)

under which the lenders will agree to advance to the borrower up to \$755 million for purposes which include the acquisition of Austereo Shares under the Offer; and

- (iii) an equity bridge facility agreement between, amongst others, Southern Cross Media (as borrower), MBL and RBS Plc (**Equity Bridge Facility**) and together with the Senior Debt Facility, the **Facilities**) under which the lenders will agree to advance to the borrower up to \$540 million for purposes which include making funds available to Bidder for the acquisition of Austereo Shares under the Offer.

### (b) Relationship between Bidder and Southern Cross Media and SCMA

Southern Cross Media and SCMA have agreed to make available to Bidder (through loans or subscription for shares) the funds required to acquire all of the Austereo Shares under the Offer (including under compulsory acquisition). Funds drawn down by Southern Cross Media under the Equity Bridge Facility will be on-lent to SCMAH. SCMAH will on-lend those funds to SCMA under one or more shareholder loan agreements. SCMAH's right to receive payments under those shareholder loan agreements will be subordinated pursuant to an equity subordination deed dated 7 January 2008 (as amended from time to time). The funds received by SCMA under the shareholder loan agreements and pursuant to draw downs of the Senior Debt Facility will, to the extent required to fund Cash Consideration and any Additional Consideration payable under the Offer, be either directly or indirectly on-lent to, or used to subscribe for shares or other equity securities in, Bidder.

### (c) Documentation and structure of Facilities

SCMA has signed a binding commitment letter (with a detailed terms sheet annexed to it) in relation to the Senior Debt Facility with National Australia Bank Limited, Commonwealth Bank of Australia and Australia and New Zealand Banking Group Limited dated 31 January 2011 (**Senior Commitment Letter**). The Senior Debt Facility will be documented under a sixth amendment and restatement deed (**Sixth Amending Deed**).

National Australia Bank Limited, Commonwealth Bank of Australia and Australia and New Zealand Banking Group Limited have agreed to underwrite the syndication of the Senior Debt Facility on the terms of the Senior Commitment Letter.

Southern Cross Media has signed a binding commitment letter (with a detailed terms sheet annexed to it) in relation to the Equity Bridge Facility with MBL and RBS Plc, dated 31 January 2011 (**Equity Bridge Commitment Letter** and together with the Senior Commitment Letter, the **Commitment Letters**).

The Commitment Letters and the attached terms sheets set out all the material terms and conditions relevant to the availability and draw down of the Facilities.

Note:

1. Transaction costs are estimated to be approximately \$46 million (including expected Austereo transaction costs, and upfront debt and equity raising costs) in the 100% acquisition with Maximum Cash Consideration, assuming that the Offer reaches compulsory acquisition by the end of the Offer Period, and that the Proposed Entitlement Offer is completed shortly thereafter. Changes to the timetable (including as a result of the need to obtain regulatory approvals in relation to the Proposed Entitlement Offer) will impact transaction costs.



It is a condition to the availability of each Facility that the parties execute and deliver final facility and security documents which reflect the terms and conditions set out in the relevant Commitment Letter and annexed terms sheet. The parties undertake to negotiate the terms of the final facility and security documents in good faith. Other than in relation to security documents to be entered into by Bidder, the terms of the final facility and security documents shall contain no more onerous condition precedent, representation and warranty, undertaking, review event or event of default than those contained in the terms sheets annexed to the respective Commitment Letters.

The Commitment Letters are all fully credit approved by the relevant lenders. No further internal approvals are required to be obtained by the lenders to enter into final facility and security documents.

Each lender's commitment is subject to fulfilment of the conditions set out in the Commitment Letters and annexed terms sheets.

**(d) Conditions precedent to an initial utilisation request**

There are a number of conditions precedent to the initial utilisation of the Facilities. These are summarised for each Facility in **Attachment C**.

Southern Cross Media and SCMA are not aware of any reason why the conditions precedent under either Facility will not be satisfied in time to allow funds to be made available to Bidder to pay the Cash Consideration and any Additional Consideration under the Offer as and when required under the terms of the Offer.

**(e) Certain funds**

There are a number of conditions precedent to each utilisation under the Facilities. These are summarised for each Facility in **Attachment D**.

During the following periods:

- (i) in respect of the Senior Debt Facility, from the date on which the Offer becomes Unconditional and no longer subject to any other defeating condition and **sections 13.14(a) to (e)** have been either satisfied or waived by Bidder with the consent of all lenders (**Senior Debt Facility Unconditional Date**) to the earlier of 14 days after the date on which Bidder has acquired 100% of the Austereo Shares on issue and 30 September 2011 (**Senior Debt Facility Certain Funds Period**); and
- (ii) in respect of the tranches of the Equity Bridge Facility to be utilised to fund the payment of Cash Consideration and any Additional Consideration, from the date on which the Offer becomes Unconditional and Bidder and its affiliates together have a Relevant Interest in at least 50.1% (by number) of Austereo Shares then on issue (**Equity Bridge Facility Unconditional Date**) to 30 days prior to the earlier of six months after the Equity Bridge Facility Unconditional Date and nine months after the date the final agreement for the Equity Bridge Facility is signed (**Equity Bridge Facility Certain Funds Period**) and together with the Senior Debt Facility Certain Funds Period, each a **Certain Funds Period**, there are only limited circumstances in which a facility agent or a lender may rely on certain events

of default, representations and warranties being untrue or misleading or other circumstances, as a grounds for refusing to make an advance for the purposes of making funds available to Bidder to pay the Cash Consideration and any Additional Consideration. These circumstances are summarised in **Attachment E** and are intended to ensure that in the absence of a significant breach or default, funds will be available for draw down.

Southern Cross Media and SCMA are not aware of any reason why the certain funds conditions under either Facility will not be satisfied in time to allow funds to be made available to Bidder to pay the Cash Consideration and any Additional Consideration under the Offer as and when required under the terms of the Offer.

**(f) Events of default**

Each Facility will be subject to events of default which are customary for facilities of this nature. However, during the Certain Funds Period, the only events of default or potential event of default that would allow a facility agent or a lender to refuse to make an advance under the relevant Facilities for the purposes of making funds available to Bidder to pay the Cash Consideration and any Additional Consideration are those set out in **Attachment E**.

**(g) Representations and warranties**

Each Facility will contain representations and warranties by the borrower under the Equity Bridge Facility and the borrower and guarantors under the Senior Debt Facility which are customary for facilities of this nature. However, during the Certain Funds Period, the only representations or warranties being untrue or misleading that would allow a facility agent or a lender to refuse to make an advance under the relevant Facilities for the purposes of making funds available to Bidder to pay the Cash Consideration and any Additional Consideration are those set out in **Attachment E**.

**8.3 Issue of Scrip Consideration**

**(a) Issue of Southern Cross Media Shares**

The maximum number of Southern Cross Media Shares which would be issued under the Offer is:

- (i) acceptances are received in respect of all Southern Cross Media Shares on issue as at the date of this Bidder's Statement; and
- (ii) if holders of 47.5% or more of Austereo Shares elect to receive Scrip Consideration,

is approximately 155.6 million Southern Cross Media Shares (with the Scaleback to apply if it is determined at the First Calculation Date and the Second Calculation Date that Scrip Acceptances have been, or may be received, for more than 47.5% of Austereo Shares). It is not, however, anticipated that Southern Cross Media will be required to issue this amount of Southern Cross Media Shares pursuant to the Takeover Bid. Village Roadshow has announced that it intends to accept the offer in respect of its entire shareholding in the absence of a superior proposal for all of Austereo's shares and, if it does so, will elect to receive all Cash Consideration.

The issue of Southern Cross Media Shares to Austereo Shareholders who accept the Offer will be made directly by Southern Cross Media. Southern Cross Media has the ability to issue the



maximum number of Southern Cross Media Shares which it may be required to issue under the Offer. No shareholder approvals or other third party consents are required for the issue of those shares.

#### **(b) Quotation of Southern Cross Media Shares**

Southern Cross Media will make application within seven days after the date of this Bidder's Statement to ASX for quotation of the Southern Cross Media Shares that may be issued under the Offer. Quotation is not guaranteed or automatic but will depend on ASX exercising its discretion under the Listing Rules.

Southern Cross Media has already been admitted to the official list of ASX and shares in Southern Cross Media of the same class as those to be issued under the Offer are already quoted on the official list of ASX. Southern Cross Media cannot guarantee, and does not represent or imply, that the Southern Cross Media Shares to be issued under the Offer will be quoted. In accordance with the Corporations Act, the quotation of the Southern Cross Media Shares to be issued under the Offer is a condition to the Offer under **section 13.21**.

#### **(c) Dividends**

Shares issued as part of the Scrip Consideration will not be entitled to receive the Southern Cross Interim Dividend discussed in **section 7.5**.

#### **8.4 Subsequent Southern Cross Media entitlement offer**

Southern Cross Media proposes to undertake an entitlement offer to Southern Cross Media shareholders to raise the necessary amount required to repay the Equity Bridge Facility (the **Proposed Entitlement Offer**). It is the present expectation of Southern Cross Media that the amount required to be raised under the Proposed Entitlement Offer will not exceed \$495 million. The exact amount to be raised will depend on a number of factors including the level and timing of acceptances received, the mixture of acceptances for Cash Consideration and Scrip Consideration and the cash able to be deployed to fund the Offer and transaction costs.

The funding of the Maximum Cash Consideration is not dependent on the Proposed Entitlement Offer proceeding, as sufficient funds are available under the Facilities and existing cash balances of Southern Cross Media to fully fund the Maximum Cash Consideration.

The Proposed Entitlement Offer is planned to be structured as an entitlement offer, most likely an accelerated renounceable entitlement offer.

It is the present intention of the directors of Southern Cross Media to launch the Proposed Entitlement Offer as soon as practicable after the close of the Offer, or where the Additional Consideration becomes payable the company may, subject to receiving any necessary regulatory approvals, launch the Proposed Entitlement Offer prior to the close of the Offer. Regardless of the timing of the launch of the Proposed Entitlement Offer, the Proposed Entitlement Offer will be open to any Austereo Shareholders that have accepted the Offer during the Offer Period and elected to take the Scrip Consideration and remain registered as Southern Cross Media Group shareholders on the record

date for the Proposed Entitlement Offer and who, as at that record date, have a registered address in Australia or New Zealand, or if an institutional investor, a jurisdiction to which the Proposed Entitlement Offer is extended. As the record date for the Proposed Entitlement Offer is currently expected to be before the completion of the compulsory acquisition process, the Proposed Entitlement Offer is not expected to be open to Austereo Shareholders who acquire Southern Cross Media Shares under the compulsory acquisition process.

While it is the present intention of the directors to launch the Proposed Entitlement Offer as soon as practicable after the Additional Consideration becomes payable (subject to obtaining any necessary approvals) or the close of the Offer, it should be noted that Southern Cross Media is not bound to do so, and the directors expressly reserve the right to act in the best interests of shareholders in relation to the timing of the Proposed Entitlement Offer.

MCAL and RBS ECM have entered into a deed under the terms of which MCAL and RBS ECM are to fully and jointly underwrite the Proposed Entitlement Offer at a price and offer ratio to be determined up to a maximum equity raising size of \$540 million. It is the present expectation of Southern Cross Media that the amount required to be raised under the Proposed Entitlement Offer will not exceed \$495 million. The exact amount to be raised will depend on a number of factors including the level and timing of acceptances received, the mixture of acceptances for Cash Consideration and Scrip Consideration and the cash able to be deployed to fund the Offer and transaction costs. MCAL's and RBS ECM's underwriting commitment will only arise if the Offer becomes Unconditional and is conditional on matters including:

- the offer price, offer ratio, timetable and the other key terms being agreed by Southern Cross Media, MCAL and RBS ECM. The parties must negotiate these matters in good faith;
- a due diligence committee report being received by MCAL and RBS ECM in a form and substance to their satisfaction (acting reasonably);
- Southern Cross Media lodging a prospectus;
- receipt of internal approvals and all necessary ASX waivers and ASIC modifications; and
- other standard underwriting conditions.

In certain defined circumstances the underwriters have the right to terminate or to seek a repricing of the Proposed Entitlement Offer. The termination events include where the parties are unable to agree on the offer price, offer ratio, timetable and the other key terms. The consequences of termination of the underwriting agreement under the Equity Bridge Facility are described in **section 10.5(g)**.

The Macquarie Group (through MDAA and MCGL) holds 96,661,334 shares in Southern Cross Media in a principal capacity, representing 25.52% of the issued Southern Cross Media share capital (**Principal Holding**). Macquarie has confirmed to Southern Cross Media it will take up its full entitlement of shares in respect of its Principal Holding in the institutional component of the Proposed Entitlement Offer.

# 9

## **RIGHTS AND LIABILITIES ATTACHING TO SOUTHERN CROSS MEDIA SHARES**

The Southern Cross Media Shares issued under the Offer will be issued fully paid and will rank from the date of issue equally for dividends and other rights with existing Southern Cross Media Shares.

This section contains a summary of the key rights and liabilities attaching to Southern Cross Media Shares.

This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Southern Cross Media shareholders, which can involve complex questions of law arising from the interaction of Southern Cross Media's constitution (**Constitution**) and statutory, common law and Listing Rules requirements. Austereo Shareholders who elect to receive Scrip Consideration should seek their own advice when trying to establish their rights and liabilities in specific circumstances.

To obtain a free copy of the Constitution during the Offer Period, Austereo Shareholders may contact the Offer enquiry line on 1300 651 576 (or +61 3 9415 4881 for international callers).

### 9.1 Constitution of Southern Cross Media

Under section 140(1) of the Corporations Act, the Constitution has effect as a contract between Southern Cross Media and each shareholder and between a shareholder, Southern Cross Media and each other shareholder. Accordingly, if you accept Southern Cross Media Shares as Consideration you will, as a result, become liable to comply with the Constitution. However, since the Southern Cross Media Shares issued as Consideration under the Offer will be fully paid on issue, no monetary liability attaches to them.

### 9.2 Meetings of shareholders

Subject to the provisions of the Constitution, each Southern Cross Media shareholder is entitled to receive notice of, and to attend and vote at, general meetings of Southern Cross Media and to receive all notices, accounts and other documents required to be furnished to Southern Cross Media shareholders under the Constitution, the Corporations Act and the Listing Rules.

A general meeting may be called by a resolution of the directors of Southern Cross Media or at the request of Southern Cross Media shareholders with at least 5% of the votes that may be cast at the general meeting.

### 9.3 Voting rights

At a general meeting, subject to any rights or restrictions attached to any class or classes of Southern Cross Media Shares and to the Constitution, every Southern Cross Media shareholder present in person or by proxy, attorney or duly appointed representative has one vote on a show of hands, and, upon a poll, one vote for every Southern Cross Media Share held by that Southern Cross Media shareholder. If a Southern Cross Media shareholder holds partly paid Southern Cross Media Shares, the number of votes attaching to those Southern Cross Media Shares on a poll is the proportion that the aggregate amount paid on the Southern Cross Media Shares bears to their aggregate issue price.

### 9.4 Dividends

The directors of Southern Cross Media may determine that a dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by Southern Cross Media to, or at the direction of, each Southern Cross Media shareholder entitled to that dividend.

Dividends are payable to all Southern Cross Media shareholders in proportion to the amount paid up on their Southern Cross Media Shares. Southern Cross Media Shares issued as Consideration for Austereo Shares will be entitled to dividends with a record date on or after the date of issue but will not be entitled to the Interim Dividend.

### 9.5 Variation or cancellation of class rights

If the capital of Southern Cross Media is divided into different classes of shares, the special rights for the time being attached to any class of shares on issue may from time to time (whether or not Southern Cross Media is being wound up) be varied subject to any necessary additional requirement to comply with the provisions of the Corporations Act and the Listing Rules:

- (a) in such manner (if any) as may be provided by those rights; or
- (b) in the absence of any such provision, with the consent in writing of the holders of three quarters in nominal value of the issued shares in that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class,

but not otherwise.

### 9.6 Transfer of shares

Subject to the Constitution, the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules, Southern Cross Media Shares are freely transferable. Southern Cross Media Shares are transferable:

- in the case of Southern Cross Media's CHESS Approved Shares, in accordance with the CHESS Rules;
- by way of a written transfer in the usual or common form or such other form as the directors of Southern Cross Media approve; or
- by any other method of transfer of marketable securities which is recognised by the Corporations Act, ASX Settlement and ASX and is approved by the directors of Southern Cross Media.

If permitted to do so by the Listing Rules, the directors of Southern Cross Media may:

- request ASX Settlement or any applicable Prescribed CS Facility (has the same meaning as in Chapter 7 of the Corporations Act) to apply a holding lock to prevent a transfer of Southern Cross Media Shares from being registered on the CHESS subregister; or
- refuse to register a transfer of other Southern Cross Media Shares.

## SECTION 9 RIGHTS AND LIABILITIES ATTACHING TO SOUTHERN CROSS MEDIA SHARES

While Southern Cross Media is listed, the directors of Southern Cross Media may in their discretion from time to time sell any ordinary shares held by a shareholder which comprise less than a marketable parcel as provided in the Listing Rules without request by the shareholder. The directors may only sell unmarketable parcels of ordinary shares on one occasion in any 12 month period. The directors must notify the shareholder of their intention to sell ordinary shares and the directors will not sell the relevant ordinary shares:

- (a) before the expiry of six weeks from the date of the notice given by the directors of the sale; or
- (b) if, within the six week period, the shareholder advises Southern Cross Media that the shareholder wishes to retain the shares.

The directors' power to sell the shares lapses following the announcement of a full takeover for Southern Cross Media but the procedure may be started again after the close of the offers made under the takeover.

The directors or the purchaser of the shares must pay the costs of the sale as the directors decide. The proceeds of the sale will not be sent until Southern Cross Media has received the certificate (if any) relating to the shares, or is satisfied that it has been lost or destroyed.

### 9.7 Shareholdings in contravention of law

The Constitution provides that a person will not be eligible to become or continue to be the holder of Southern Cross Media Shares if, because of holding those Southern Cross Media Shares and of any other relevant circumstances relating directly or indirectly to those Southern Cross Media Shares, either that person or some other person contravenes any one or more provisions of the BSA.

The directors of Southern Cross Media have the right under the Constitution to secure the disposal of Southern Cross Media Shares held by a Southern Cross Media shareholder if that Southern Cross Media shareholder:

- is not eligible to be or to continue to be the holder of Southern Cross Media Shares to the extent necessary to prevent the occurrence or continuation of a contravention under any one or more of the provisions of Part 5 of the BSA; or
- has refused or failed, or refuses or fails, to give a statutory declaration required by the directors of Southern Cross Media in accordance with the Constitution to confirm the Southern Cross Media shareholder's eligibility to hold Southern Cross Media Shares.

### 9.8 Issue of further shares

The directors of Southern Cross Media, subject to the Constitution, the Corporations Act, the Listing Rules and any special rights conferred on the holders of any Southern Cross Media Shares or class of Southern Cross Media Shares:

- may issue or dispose of Southern Cross Media Shares to any person at any time and on any terms and conditions and having attached to them any preferred, deferred or other special rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise, as they think fit;
- may grant to any person an option over shares or pre-emptive rights at any time and for any consideration as they think fit; and
- have the right to settle the manner in which fractions of a Southern Cross Media Share are to be dealt with.

### 9.9 Winding up

If Southern Cross Media is wound up, the liquidator may, with the sanction of a special resolution of Southern Cross Media, divide among Southern Cross Media's shareholders in kind the whole or any part of the property of Southern Cross Media and may for that purpose set a fair value for such property and determine how the division between the shareholders is to be carried out.

### 9.10 Other key provisions of Southern Cross Media's Constitution

A summary of some of the key provisions of the Constitution (other than those discussed in **sections 9.2 to 9.9** above) is set out below. The summary is not exhaustive.

#### (a) Number of directors

The Constitution provides that the number of directors of Southern Cross Media must be not less than three nor more than eight (or such other number as the directors of Southern Cross Media may resolve).

#### (b) Officers' indemnity

Southern Cross Media indemnifies each person who is or has been a director, secretary or executive officer of Southern Cross Media against all liabilities incurred by those people in that capacity and all legal costs incurred in connection with proceedings in which those people become involved because of that capacity.

#### (c) Amending the Constitution

The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution by at least 75% of the votes cast by members entitled to vote on the resolution. The Constitution does not provide for any further requirements to be complied with to effect a modification of, or to repeal, it.

# 10 RISKS ASSOCIATED WITH OWNING SOUTHERN CROSS MEDIA SHARES



## SECTION 10 RISKS ASSOCIATED WITH OWNING SOUTHERN CROSS MEDIA SHARES

### 10.1 General

Austereo Shareholders are currently exposed to various risks as a result of their investment in Austereo.

Provided the Offer becomes or is declared Unconditional, Austereo Shareholders who accept the Offer and elect to receive the Scrip Consideration will become shareholders in Southern Cross Media and will be exposed to the risks of the Merged Group (which include the existing risks of investments in Southern Cross Media and Austereo, along with specific risks relating to the Offer).

There are a number of risk factors which may affect the future operating and financial performance of the Southern Cross Media Group and the future investment performance of Southern Cross Media Shares, many of which are outside the control of Southern Cross Media and its directors. The future level of dividends, the value of the assets of the Southern Cross Media Group and the price at which Southern Cross Media Shares trade on ASX may be influenced by any of these factors.

Although Southern Cross Media has undertaken limited due diligence on the Austereo Group as set out in **section 12.4**, Southern Cross Media does not currently Control, or have any involvement in, the Austereo Group's operations and has relied primarily on Austereo having complied with its continuous disclosure obligations for the purposes of preparing this section. Consequently, Southern Cross Media is not in a position to identify all of the material risks of the Austereo Group, nor, consequently, all of the material risks of the Merged Group.

Despite this, Southern Cross Media has considered the current risks of the Southern Cross Media Group and the current risks of the Austereo Group identified from Southern Cross Media's limited due diligence and publicly available information, including Austereo's announcements to ASX, to prepare this summary of material risks of the Merged Group currently known to Southern Cross Media.

In deciding whether or not to accept the Offer or to elect to receive the Scrip Consideration, you should carefully consider these risks, as well as the other information contained in this Bidder's Statement, the information contained in Austereo's Target's Statement and other publicly available information.

Additional risks and uncertainties not currently known to Southern Cross Media may also have a material adverse effect on the businesses of the Southern Cross Media Group and the Austereo Group (and consequently the business of the Merged Group) and the information set out below does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting the Southern Cross Media Group or the Merged Group.

### 10.2 Share investment

Austereo Shareholders who elect to receive the Scrip Consideration should be aware that there are risks associated with any stock market investment. It is important to recognise that share prices and dividends might fall or rise. Factors affecting the market price include domestic and international economic conditions and outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and inflation rates, the announcement of new technologies and variations in general market conditions and/or market conditions which are specific to a particular industry.

In addition, share prices of many companies are affected by factors which might be unrelated to the operating performance of the relevant company. Such factors might adversely affect the market price of Southern Cross Media Shares.

In addition to the above risks associated with any investment in listed securities, the market price of listed securities such as Southern Cross Media Shares is also affected by numerous factors such as the demand for and availability of Southern Cross Media Shares and inclusion or exclusion of Southern Cross Media Shares in or from any share price indices.

### 10.3 General risks

#### (a) Government policy and taxation

Changes in relevant taxation laws, interest rates, other legal, legislative and administrative regimes, and government policies in Australia may have an adverse effect on the assets, operations and ultimately the financial performance of both the Southern Cross Media Group, the Merged Group, and the entities in which the Southern Cross Media Group and the Merged Group invest. These factors may ultimately affect the financial performance of the Southern Cross Media Group and the Merged Group and the market price of Southern Cross Media Shares.

There is a risk that the government or a government agency will repeal, amend, enact, or promulgate a new law or regulation, or that a government authority will issue a new interpretation of the law or regulation which may have a material adverse effect on the Southern Cross Media Group's and the Merged Group's operations.

The Australian Government has announced its intention to conduct a Convergence Review in 2011. The final Terms of Reference for the Review will be announced in the first quarter of 2011. The Department for Broadband, Communications and the Digital Economy has announced that the review will look at Australia's communications and media legislation and advise the Government on potential amendments to keep the Australian regulatory framework effective and appropriate. The Convergence Review will formally commence in the first quarter of 2011 and is expected to conclude in the first quarter of 2012 with the delivery of a report to the Government by the committee conducting the review. As a focus of the Convergence Review will be on trends and developments in technology that are reshaping the media landscape, it is anticipated that the National Broadband Network (NBN) will be a key consideration in the course of the Convergence Review. It is impossible to predict what changes might be made to the regulatory framework in which the Southern Cross Media Group and the Austereo Group operate or how this might impact on the Southern Cross Media Group or the Merged Group's business.

#### (b) Wars, terrorism, political and natural disasters

Events may occur within or outside Australia that could impact upon the world economy, the media and advertising markets, the operations of the Southern Cross Media Group and the Merged Group and the market price of Southern Cross Media Shares. These events include war, acts of terrorism, civil disturbance, political intervention, and natural events such as earthquakes, floods, fires, cyclones and other weather events.

#### 10.4 Industry risks (including risks inherent to media investments)

##### (a) General industry risk

The Merged Group will be exposed to those risks that affect the broadcasting media sector (specifically commercial radio and commercial television). This includes the impact of government policies and changes in broadcasting technology and competitive or potentially competitive entertainment mediums, such as pay television, mobile television, IPTV, DVB-H, and the internet.

For example, changes to commercial broadcasting legislation or policy in relation to the media industry could impact the Southern Cross Media Group and the Merged Group and their financial position and profitability. In Australia, the commercial broadcasting industry is highly regulated, particularly in the areas of licensing, BSA Control and content.

For instance, potential regulatory or policy changes which could affect the Southern Cross Media Group and the Merged Group include changes to the current "media diversity" rules in the BSA (limiting further media concentration), increased content and programming regulation or increased local presence regulation for regional radio.

##### (b) Media industry downturn and change

The media industry is driven by a number of factors, including economic growth, population growth, technological changes and applicable regulation. Each of these factors is in turn influenced by a number of different factors, most of which are outside of the control of the Southern Cross Media Group.

Changes in any of, or the expectations relating to, these factors or other factors which affect the media industry may have a material adverse effect on the Southern Cross Media Group and the Merged Group's financial performance and position.

##### (c) Exposure to the advertising cycle

The Southern Cross Media Group's revenues and earnings are, and the Merged Group's revenues and earnings will be, predominantly derived from the broadcast of advertising on commercial television and commercial radio services. The Southern Cross Media Group is, and the Merged Group will be, therefore leveraged to fluctuations in the various advertising markets in Australia. This in turn is influenced, in part, by the general condition of the economy, which by its nature is cyclical and subject to change. Advertising expenditure in any market is dependent on a number of factors, including advertising market conditions, gross domestic product growth and overall economic performance. A prolonged downturn in the advertising market may adversely impact the Southern Cross Media Group and the Merged Group's financial performance and position.

##### (d) The majority of revenue is not contracted

Media businesses rely on relationships with agencies and direct advertising clients. Typically, these relationships are not subject to formal contracts. Therefore, there is a risk that one or more advertising clients of the Southern Cross Media Group, the Austereo Group and the Merged Group who have advertised with them in one period may cease to advertise with them in the following period or reduce their advertising spend.

##### (e) General regulatory risk

Media assets in most jurisdictions are subject to regulatory regimes including, for some media assets, licensing requirements. There is a risk that the Southern Cross Media Group and the Merged Group's returns from investments in media assets may be adversely affected by failure to comply with, or changes to, such regulatory regimes. Where applicable, Southern Cross Media seeks to ensure that the Southern Cross Media Group has appropriate systems in place to minimise risks from non-compliance.

The BSA contains stringent rules in respect of the ownership and control of commercial television licences, commercial radio licences and certain newspapers associated with the broadcast areas of commercial radio and commercial television services. This is referred to as "BSA Control" in this document. The BSA also imposes restrictions on media concentration, by mandating levels of "media diversity" in both metropolitan and regional radio licence areas. The Southern Cross Media Group and the Merged Group's ability to make further acquisitions in the Australian media sector will be subject to these provisions. Overall, changes in regulation in the media sector may have a material adverse effect on the financial performance and position of the Southern Cross Media Group and the Merged Group.

##### (f) Technology risk and audience fragmentation

The media sector is subject to rapid and significant change in technology and the impact of this change on the Southern Cross Media Group and the Merged Group cannot be predicted. The cost of implementing emerging and future technologies could be significant.

The development or anticipated development of new technology, or use, or anticipated use, of existing technology may have a material adverse effect on the financial performance and position of the Southern Cross Media Group and the Merged Group. The increasing penetration of technologies such as the internet (particularly broadband internet), IPTV, mobile television, DVB-H and other portable media devices may impact on the Southern Cross Media Group and the Merged Group's radio and television operations by providing alternatives for consumers to obtain content.

##### (g) Competition in the media sector

The media industry can be highly competitive, with a number of operators competing for market share through similar, the same or substitute products. The competitive landscape can be affected by a number of external factors such as the impact of government policies, changes in technology and the emergence of competitive platforms. The Southern Cross Media Group faces, and the Merged Group will face, competition from both traditional media groups and other media companies utilising technologies, including cable, satellite, online, mobile and other distributable platforms. The actions of an existing competitor, the entry of new competitors or the issue of new broadcasting licences in either a media sector in which the Southern Cross Media Group and the Merged Group participates or generally may have an adverse effect on the Southern Cross Media Group and the Merged Group's financial and operating performance.



**(h) Audience surveys and programming content**

The audience survey performance of the Southern Cross Media Group's various commercial radio and television stations is an important factor in its ability to attract advertising revenue and will continue to be an important factor for the Merged Group (for those markets that are surveyed). The audience survey performance of the Southern Cross Media Group's business is dependent on the appeal of its format, content and commercial announcers and presenters to the relevant audience. A decline in the performance of the Southern Cross Media Group and the Merged Group's stations in audience surveys or appeal of its programming content may have a material adverse effect on the demand for radio and television advertising and therefore the financial performance or cash flows of the Southern Cross Media Group and the Merged Group.

**(i) Phonographic Performance Company of Australia Ltd litigation**

The Phonographic Performance Company of Australia Ltd (**PPCA**) has commenced two legal proceedings that may affect the commercial radio industry as a whole.

In *PPCA v Commercial Radio Australia Limited [2010] FCA*, PPCA disputes the rights of commercial radio stations to simulcast over the internet under the existing industry agreement with PPCA.

In *Phonographic Performance Company of Australia Limited & Ors v Commonwealth of Australia & Anor [2010] HCA*, PPCA is challenging the licensing fee cap prescribed by the *Copyright Act 1968* (Cth) in the High Court of Australia, arguing that on its introduction in 1969, the one percent cap amounted to an acquisition of property in contravention of section 51(xxxi) of the Constitution.

A judgment in favour of the PPCA in either litigation may have a material adverse effect on the financial performance and position of the commercial radio industry in general, including of the Southern Cross Media Group and the Merged Group.

**(j) Television multi-channels**

Under the BSA, television stations are now able to broadcast different content across multiple digital channels. The advent of this digital multi-channelling may cause audience fragmentation and consequently may reduce revenues to existing free-to-air television and radio licensees.

**(k) Fourth commercial television licence**

Under section 35A of the BSA, the Minister for Broadband, Communications and the Digital Economy must cause to be conducted a review of whether any additional commercial television licences should be allocated for a particular area or areas of Australia. This review must be conducted before 1 January 2012. At this time it is not clear whether this issue will form part of the Convergence Review.

No additional commercial television licences can be allocated under section 36 of the BSA until such review has been conducted, after which time the Minister may issue a direction to the ACMA to proceed to allocate a fourth commercial television licence. However this direction is at the discretion of the Minister (and the Government).

The introduction of a fourth commercial television licence could cause audience fragmentation and consequently may reduce revenues to existing free-to-air licensees.

**(l) Radio licences**

It is for the ACMA to determine whether any new commercial radio broadcasting licences should be made available in accordance with the BSA.

In September 2003, the Australian Broadcasting Authority (**ABA**) (a predecessor to the ACMA) announced that there would be a five year moratorium on the allocation of any new analogue commercial radio licences. The ACMA has made no comment on the issue since that time.

In addition, in the BSA there is a six year moratorium on the allocation of digital radio licences (this applies on a per Licence Area basis, commencing from the relevant digital start up date in the Licence Area).

Digital radio has not yet commenced in any regional Licence Area. In many of the Licence Areas where the Southern Cross Media Group and the Austereo Group operate, current media ownership restrictions would prevent the Southern Cross Media Group and the Merged Group from bidding for any additional licences, thereby resulting in increased competition in those Licence Areas, reducing revenues.

**(m) Digital radio**

While digital radio services have commenced in the capital cities, there is currently no timetable for the introduction of digital radio across regional Australia. The commencement of digital radio broadcasting in regional Australia will be determined by the ACMA and by Government funding decisions.

In this context, there is a risk that the introduction of digital radio into regional markets will cause substantial change and may result in commercial radio operators being required to incur substantial capital expenditure to invest in the infrastructure necessary for digital radio broadcasting. There is a risk that the introduction of digital radio could impact the capital expenditure commitments and operating expense profile of the Southern Cross Media Group and the Merged Group if not offset by an appropriate subsidy from the Australian Government and therefore have a material adverse effect on the financial performance and position of the Southern Cross Media Group and the Merged Group. There is also the risk that the introduction of digital radio could lead to audience fragmentation.

**(n) National Broadband Network**

The Government has established NBNCo Limited to build and operate the NBN, which aims to connect 90% of all Australian homes, schools and workplaces with broadband services with speeds up to 100 megabits per second. The NBN could result in viewers migrating from television to the online platform for movies, social networking, access to niche programming and new television-like services delivered over IP networks and hence adversely impacting the Southern Cross Media Group and the Merged Group's earnings.

**(o) Litigation**

The media industry in which the Southern Cross Media Group and the Austereo Group operate expose the Southern Cross Media Group and the Austereo Group to the risk of litigation, in particular, litigation associated with defamation and intellectual property rights. The Southern Cross Media Group and the Austereo Group may become exposed to such litigation from governmental authorities, employees, or third parties. An adverse outcome in any such litigation may have a material adverse effect on the financial performance and position of the Southern Cross Media Group and the Merged Group.

**10.5 Specific business risks – Southern Cross Media Group**

In addition to the risks mentioned in **sections 10.2, 10.3 and 10.4**, the following risks may affect the market price of Southern Cross Media Shares and dividends paid by Southern Cross Media:

**(a) Radio and television licences**

Southern Cross Media Group business units operate in the broadcasting industry within Australia. As outlined above, this industry is closely regulated and new broadcasting licences can only be issued by the ACMA following a direction from the Minister (in the case of commercial television), or following an extensive public consultation process (in the case of both television and radio).

A loss of one or more television or radio broadcasting licences may have a material adverse effect on the Southern Cross Media Group and the Merged Group, their business and prospects. Southern Cross Media currently has no reason to expect and does not expect the suspension or cancellation or non-renewal of any of its commercial broadcasting licences. Southern Cross Media is not aware of any instance of the ACMA or its predecessor the ABA suspending, cancelling or failing to renew a commercial broadcasting licence. The renewal process is discussed in more detail below.

Australian commercial radio and television licences (other than licences where services are provided by use of a satellite) are valid for five years and are renewed by the ACMA upon application and payment of renewal fees. If the application is made and the renewal fees are paid within the time period specified by the ACMA, the ACMA may renew the licence. The ACMA does have power to conduct a suitability investigation at the time an application for renewal is received, but neither the ACMA nor its predecessor the ABA has exercised that power to date. Southern Cross Media has no reason to believe that any of the Southern Cross Media Group's licences will not be renewed (so long as the administrative requirements of the licence renewal process are met).

**(b) Program supply agreements**

The Southern Cross Media Group's ability to generate advertising revenues is a factor of its programming and audience ratings. A significant proportion of the Southern Cross Media Group's television programming is sourced from external content suppliers under existing contracts (affiliation agreements and program licensing and supply agreements).

There is a risk that the Southern Cross Media Group will be unable to secure programming from external suppliers, on terms favourable to the Southern Cross Media Group (e.g. when its commercial television program supply agreements are due for renewal).

An increase in the cost of programming from external suppliers or a loss of programming from external suppliers may have a material adverse impact on the Southern Cross Media Group's and the Merged Group's financial performance.

**(c) Dilution**

Future capital raisings or equity-funded acquisitions by the Southern Cross Media Group (including the Proposed Entitlement Offer discussed in **section 8.4**) may dilute the holdings of investors. This may have an adverse impact on the trading price of Southern Cross Media Shares.

**(d) Risk that investors are deemed to be BSA Controllers of companies holding licences under the BSA**

This risk only applies to persons (**Relevant Persons**) who are in a position to exercise BSA Control of Southern Cross Media under the BSA. The tests of control under the BSA are complex, and involve practical and commercial considerations as well as the application of the tests contained in Schedule 1 of the BSA.

Without limiting the circumstances under which BSA Control can be attributed, a Relevant Person will be a BSA Controller of Southern Cross Media if it holds more than 15% of company interests in Southern Cross Media Shares (under the BSA, company interests include shareholding, voting, dividend and winding up interests). The Constitution reflects certain requirements of the BSA, which requires the constitutions of broadcasting licensee companies to contain restrictions on Relevant Persons holding interests in corporations that hold licences under the BSA, and to impose certain conditions upon all shareholders.

A failure by a Relevant Person or a failure by Southern Cross Media (or any of its licensee companies or any of their controllers) to comply with the BSA Control rules could lead to enforcement action being taken by the ACMA.

Accordingly, under the Constitution, Southern Cross Media may, in certain circumstances dispose of Southern Cross Media Shares held by Relevant Persons to avoid breaching the requirements of the BSA. The purpose of these provisions in the Constitution is to provide an effective mechanism to ensure that Relevant Persons who are restricted from holding Southern Cross Media Shares as a result of the provisions of the BSA do not hold Southern Cross Media Shares.

**(e) Trigger events**

For each regional radio licence area, commercial television licences, commercial radio licences and associated newspapers that have common BSA Controllers are considered to form a "registrable media group". If there is a change in the control of a Southern Cross Media registrable media group, or if its licences otherwise come to form part of another registrable media group, that will constitute a "trigger event" under the BSA.

## SECTION 10 RISKS ASSOCIATED WITH OWNING SOUTHERN CROSS MEDIA SHARES

When a “trigger event” occurs with respect to a registrable media group in a regional commercial radio licence area, it means that the regional commercial radio licensees that are included in that group are subject to additional regulatory obligations. In particular, they are required to meet minimum service standards for local news and information, to prepare and comply with local content plans (in relation to “material of local significance”) and to maintain the level of “local presence” (i.e. local radio staff and use of local production facilities) that existed at the date of the “trigger event”.

If a further “trigger event” occurs with respect to a registrable media group that has already experienced a “trigger event”, new local content plans need to be prepared and complied with, and new benchmarks are set for the purposes of local presence compliance.

“Trigger events” can result from circumstances beyond Southern Cross Media’s control (e.g. if a person acquires more than 15% of the company interests in any controller of the relevant licences) and impose additional costs on the Southern Cross Media Group.

### (f) Continuation of television broadcasting licence rebates

On 18 June 2010, the Television Licence Fees Amendment Regulations 2010 (No. 1) took effect, implementing the broadcasting licence fee rebates. These rebates apply to the 2010, 2011 and 2012 broadcasting licence fee financial reporting periods at a rate of 16.5%, 41.5% and 25% respectively of the amount of fees otherwise payable under section 6A of the *Television Licence Fees Act 1964* (Cth). There is no certainty as to whether the licence fee rebates will continue beyond 2012. If the licence fee rebates do not continue, the licence fees paid by the Southern Cross Media Group in respect to its television operations will increase.

### (g) Refinancing

The Senior Debt Facility will need to be refinanced at or before its maturity in 2015. There may be a risk that Southern Cross Media may not be able to arrange refinancing facilities as and when required to repay the Senior Debt Facility or that the terms of any refinancing are less favourable to Southern Cross Media.

The Equity Bridge Facility must be repaid on or before its Termination Date. The Termination Date will be the earlier to occur of the date (a) six months after the Equity Bridge Facility Unconditional Date (as defined in **section 8.2(e)(iii)**) and (b) nine months after the date the final agreement for the Equity Bridge Facility is signed. Southern Cross Media proposes to undertake the Proposed Entitlement Offer to raise the necessary amount required to repay the Equity Bridge Facility prior to the Termination Date. As noted in **section 8.4**, it is the present intention of the directors of Southern Cross Media to launch the Proposed Entitlement Offer as soon as possible after the Additional Consideration becomes payable (subject to obtaining any necessary regulatory approvals) or the close of the Offer.

However, if (a) the Equity Bridge Facility has not been repaid in full by the date 30 days prior to the Termination Date, (b) Southern Cross Media has failed to achieve certain milestones with respect to the preparations for the Proposed Entitlement Offer in accordance with an agreed timetable or

(c) the underwriting deed (as detailed in **section 8.4**) is terminated and not replaced with a replacement underwriting deed (satisfying certain conditions specified in the Equity Bridge Facility) within 10 Business Days (where Southern Cross Media has terminated) or 20 Business Days (where MCAL or RBS ECM have terminated), Southern Cross Media will be obliged to mandate the lenders under the Equity Bridge Facility or their affiliates (**Bridge Arrangers**) to raise and complete an alternate equity, hybrid equity, equity-linked, subordinated debt, convertible debt, capital market or bank market securities raising (**Alternate Funding**) in an amount at least sufficient to repay the Equity Bridge Facility. The Bridge Arrangers will have the sole discretion to determine (in consultation with Southern Cross Media) when, in what amount and in what form the Alternate Funding will be effected and whether multiple issues of Alternate Funding instruments or multiple forms of Alternate Funding instruments, will be raised.

### 10.6 Specific business risks – Austereo Group

All the business risks which currently affect the Austereo Group and an investment in Austereo Shares will continue to affect the Austereo Group, whether or not it becomes a subsidiary of Southern Cross Media.

Each of the general and industry specific risks raised above in **sections 10.2, 10.3** and **10.4** apply equally to the Austereo Group.

Southern Cross Media expects that the risks identified in **section 10.5(d)** (Risk that investors are deemed to be controllers of companies holding licences under the BSA) and **section 10.5(e)** (Trigger events) also apply to the Austereo Group. The Austereo Group only operates in two markets that are considered “regional” for BSA purposes (Canberra and Newcastle), so **section 10.5(e)** has more limited application.

In addition to these risks, the Austereo Group may be subject to the following risks:

#### (a) Radio licences

Austereo Group business units operate in the broadcasting industry within Australia. This industry is closely regulated and new broadcasting licences can only be issued by the Australian Government (as described above in relation to the Southern Cross Media Group).

The observations about the licence renewal process made above in respect of the Southern Cross Media Group also apply to the Austereo Group.

#### (b) Renewal of content supply and licence agreements

There are a number of ongoing supply and licensing agreements to which members of the Austereo Group are a party. The non-renewal of such supply and licensing agreements may have an adverse impact on the performance of the Austereo Group and the Merged Group.

### 10.7 Risks relating to the Offer and the Merged Group

All the risks outlined above which currently affect the Southern Cross Media Group and/or the Austereo Group will continue to affect the Merged Group. In addition, the following risks are either caused by or exacerbated by the Offer.



**(a) Issue of Southern Cross Media Shares as consideration**

The value of the Southern Cross Media Shares issued as part of the Scrip Consideration may fluctuate prior to and post acceptance. Furthermore, under the Offer, Southern Cross Media may issue a significant number of Southern Cross Media Shares.

Further, Southern Cross Media Shares issued to Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders will be sold on ASX (refer to **section 13.12**).

The sale of these Southern Cross Media Shares (or the sale of a significant number of Southern Cross Media Shares generally) could have a material adverse effect on the price of Southern Cross Media Shares.

**(b) Divestments**

The Merged Group may be required to divest certain assets and radio licences as a result of the transaction to comply with the BSA and to obtain ACCC clearance. There is no assurance around the value that the Merged Group will receive for these divested assets. A divestment of an asset at below book value may lead to a write down of the Merged Group's assets.

**(c) Acquisition of less than 100% of Austereo Shares**

The Offer is subject to a 50.1% Minimum Acceptance Condition. Accordingly, it is possible that Bidder will acquire less than 100% of Austereo Shares under the Offer. The impact on the Merged Group of Bidder acquiring less than 100% of Austereo Shares will depend on the ultimate level of ownership acquired but, in any event, the existence of a minority interest in Austereo may have an impact on the Merged Group's capacity to integrate the business of the two groups and realise synergies from the acquisition of Austereo. If the final level of ownership acquired by Bidder rests below 100%, this could have an impact on Bidder's ability to act in accordance with its intentions regarding Austereo (refer to **section 6**).

If, after the Offer, Bidder does not hold 80% or more of the Austereo Shares, Austereo Shareholders who elected to receive the Scrip Consideration for their Austereo Shares will not be entitled to elect scrip for scrip rollover relief from capital gains tax (**CGT**). This means that for those Australian resident shareholders for income tax purposes who hold their post-CGT Austereo Shares on capital account and who would make a capital gain on disposal of those Austereo Shares will be unable to choose to disregard that gain, even if offer proceeds were received entirely in the form of Southern Cross Media Shares. A general summary of the tax consequences to Australian resident holders of Austereo Shares as a result of accepting the Offer is set out in **section 11**.

**(d) Loss of key personnel**

The Southern Cross Media Group and the Austereo Group's operations are dependent upon the continued performance, efforts, abilities and expertise of its key personnel (and in particular its key on-air talent). There is strong competition in the radio industry for experienced and skilled employees and on-air talent, including at the manager level.

There are no guarantees that the Southern Cross Media Group and the Merged Group will be able to retain these employees or on-air talent or that they will be able to prevent them from competing with the Southern Cross Media Group and the Merged Group in the event of their departure.

The loss of key personnel or the inability to recruit qualified employees may have an adverse effect on the business of the Southern Cross Media Group and the Merged Group.

**(e) Integration and synergy risks**

There are risks that any integration between the businesses of the Southern Cross Media Group and the Austereo Group may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated or take longer to achieve than estimated. These risks include possible differences in the management culture of the two groups, the potential loss of key personnel and risks with the integration of management, information systems and work practices.

Southern Cross Media intends to continue current business strategy and operations within the Merged Group whilst leveraging from each other's technical, commercial and operational skills. Greater than expected integration costs or slower than expected realisation of benefits could have a material adverse effect on the Merged Group.

**(f) Change in control risk**

As the Offer may result in a change in control of Austereo, there could be adverse consequences for the Merged Group. For example, contracts to which a member of the Austereo Group is a party may be subject to review or termination in the event of a change of control of Austereo or require a third party consent. As only limited due diligence was able to be carried out on the Austereo Group, Southern Cross Media may not be aware of the existence of all these contracts.

The operation of these provisions could have a material adverse effect on the Merged Group (such as the loss of major contracts).

**(g) Limited due diligence**

In preparing the information in the Bidder's Statement on the Austereo Group, including the Pro Forma Historical Financial Information, Bidder has relied on publicly available information and limited due diligence provided by or on behalf of Austereo. As only limited due diligence was able to be carried out on the Austereo Group, risks may exist of which Bidder is unaware. If any material risks are known to the directors of Austereo, they will need to be disclosed in Austereo's Target's Statement.

**(h) Taxation risks**

The taxation consequences and risks of the Offer depend upon the specific circumstances of each Austereo Shareholder. Austereo Shareholders should obtain their own independent professional taxation advice regarding the applicable law in respect of the Offer.

# 11

## TAXATION CONSIDERATIONS

## 11.1 Introduction

The following is a general outline of the main Australian income tax consequences for an Australian resident individual Austereo Shareholder resulting from acceptance of the Offer and the acquisition, ownership and disposal of Southern Cross Media Shares.

The outline is not exhaustive of all income tax considerations which could apply in the circumstances of any given Austereo Shareholder and there are a number of limitations to the outline including that:

- it applies only to Australian resident individual taxpayers who acquired their Austereo Shares otherwise than in respect of employment with Austereo or its associated companies. It does not cover the tax treatment for any other classes of taxpayers including individuals who are non-residents of Australia for tax purposes, companies, banks, insurance organisations, superannuation funds or trusts;
- it applies only where Austereo Shareholders hold their shares on capital account. It does not apply where the shares are held on revenue account (e.g. shares held by Austereo Shareholders who trade in shares or hold Austereo Shares as trading stock); and
- it is based on current Australian tax law as at the date of this Bidder's Statement. It does not take into account or anticipate any changes in the law (including changes to legislation, judicial authority or administrative practice).

This outline does not constitute, and should not be construed as, taxation advice. Bidder, Southern Cross Media and their Officers and advisers do not accept any liability or responsibility in respect of any statement concerning the taxation consequences of the Offer or in respect of the taxation consequences themselves.

**All Austereo Shareholders, and particularly those shareholders not specifically addressed by this outline as noted above (e.g. non-resident shareholders), should consult their own independent professional taxation advisers regarding the Australian and, if applicable, foreign income tax consequences of disposing of Austereo Shares given the particular circumstances which apply to them.**

## 11.2 Acceptance of the Offer and disposal of Austereo Shares

### (a) Capital gain or loss on pre-CGT Austereo Shares

Any capital gain or loss that would otherwise be realised as a result of the disposal, pursuant to the Offer, of any Austereo Shares acquired before 20 September 1985 and not deemed to be acquired on or after that date, will be disregarded.

### (b) Capital gain or loss on post-CGT Austereo Shares

The disposal of Austereo Shares pursuant to the Offer by an Austereo Shareholder who acquired, or is deemed to have acquired, his or her Austereo Shares on or after 20 September 1985, will constitute a CGT event for Australian income tax purposes.

If roll-over relief is not available, or if an Austereo Shareholder does not choose to obtain the roll-over (refer to **section 11.2(c)** below):

- a capital gain will arise to the extent the capital proceeds (discussed below) received by an Austereo Shareholder from the disposal of Austereo Shares exceed the cost base of the Austereo Shares (or, in some cases, as discussed below, the indexed cost base); or
- a capital loss will be realised to the extent the capital proceeds received by an Austereo Shareholder are less than the reduced cost base of the Austereo Shares.

Any capital gain realised in respect of the disposal of the Austereo Shares will be included in the Austereo Shareholder's assessable income for the tax year in which the Offer is accepted (unless offset against available capital losses of the Austereo Shareholder and after any applicable discounts). Any capital loss may be offset against other capital gains realised by the Austereo Shareholder in the same year or be carried forward to be offset against future capital gains.

### (i) Capital proceeds

For the purpose of calculating a capital gain or capital loss on the disposal of the Austereo Shares, the capital proceeds will be:

- (A) if Scrip Consideration is elected, the aggregate market value, on the date the Offer is accepted by the Austereo Shareholder, of the Southern Cross Media Shares that comprise the Scrip Consideration; or
- (B) if Cash Consideration is elected (or paid pursuant to the Scaleback or deemed to be elected pursuant to **section 13.1(g)**), the aggregate amount payable to the Austereo Shareholder under the Offer,

plus, if Southern Cross Media achieves the 90% compulsory acquisition threshold prior to the end of the Offer Period, the additional \$0.10 paid for each Austereo Share.

If a mix of Cash Consideration and Scrip Consideration is elected, then the capital proceeds will be the aggregate of these amounts calculated by reference to the above principles.

It should be noted that the market value of Southern Cross Media Shares at the date the Offer is accepted by the Austereo Shareholder may differ from the value placed on Southern Cross Media Shares for the purposes of this Offer.

(ii) **Cost base**

The cost base and reduced cost base of Austereo Shares is generally equal to the amount paid by the Austereo Shareholder for the shares plus certain incidental costs incurred (for example, brokerage fees).

If Austereo Shares were acquired at or before 11.45am on 21 September 1999, an individual Austereo Shareholder may choose to adjust the cost base of the Austereo Shares to include indexation from the calendar quarter in which the Austereo Shares were acquired until the quarter ended 30 September 1999. However, whilst those indexation adjustments are taken into account for the purposes of calculating any capital gain, they are ignored when calculating the amount of any capital loss (i.e. the reduced cost base will not include indexation).

(iii) **CGT discount**

Individual Austereo Shareholders who cannot or do not choose that the cost base includes indexation as referred to above may be entitled to apply a 50% discount to any net capital gain realised on the disposal of Austereo Shares under the Offer (i.e. after any capital losses have been applied). This is provided that the Austereo Shares disposed of were acquired at least 12 months prior to the Offer being accepted.

Whether it is better for any given Austereo Shareholder to choose to include indexation in its cost base or apply the CGT discount will depend upon the particular Austereo Shareholder's individual circumstances, including the cost base of the Austereo Shares and whether the Austereo Shareholder has any available capital losses. Austereo Shareholders should consult their own independent professional taxation advisers in this regard.

(c) **Roll-over relief**

Roll-over relief may be available where:

- an Austereo Shareholder exchanges his or her Austereo Shares for Southern Cross Media Shares under the Offer (note that roll-over relief is only available to the extent that the Austereo Shareholder receives Scrip Consideration and is not available to the extent that the Austereo Shareholder receives Cash Consideration for the Austereo Shares, including the additional 10 cents per Austereo Share payable if Bidder achieves the 90% compulsory acquisition threshold prior to the end of the Offer Period);
- as a result of the Offer, Bidder holds 80% or more of the voting shares in Austereo;
- the Austereo Shareholder acquired or is deemed to have acquired his or her Austereo Shares on or after 20 September 1985 and, but for the roll-over, a capital gain would arise from the exchange (see **section 11.2(b)** above); and
- the relevant Austereo Shareholder chooses that the roll-over applies.

To the extent that roll-over relief is available, any capital gain resulting from the disposal by Austereo Shareholders of Austereo Shares pursuant to the Offer may be disregarded so that any capital gains tax implications are effectively deferred until the relevant Austereo Shareholders dispose of the Southern Cross Media Shares acquired pursuant to the Offer. The cost base of the Southern Cross Media Shares will include an amount equal to the cost base of the Austereo Shares for which they were exchanged (see **section 11.6** below) apportioned on a reasonable basis across the Southern Cross Media Shares.

To work out the capital gain or loss where the consideration received under the Offer is partly cash and partly shares in Southern Cross Media (so that only partial roll-over relief is available), the Austereo Shareholder will need to determine the cost base of the part of its holding of Austereo Shares for which roll-over relief is not available (**the ineligible part**). The cost base of the ineligible part will be the amount of the cost base of the Austereo shares reasonably attributable to it.

To choose CGT roll-over relief, an Austereo Shareholder must make a choice before lodging an income tax return for the tax year in which the Offer is accepted. The manner in which the Austereo Shareholder prepares the income tax return will be evidence of the choice (i.e. no notice is required to be lodged with the Australian Taxation Office).

It is a Condition of the Offer that, during or at the end of the Offer, Bidder has a Relevant Interest in at least 50.1% (by number) of all Austereo Shares. Southern Cross Media reserves the right to waive this Condition. Accordingly, Southern Cross Media is not in a position to confirm that the "80% requirement" referred to above will be satisfied for the purposes of determining whether roll-over relief will be available to the Austereo Shareholders.

All Austereo Shareholders (including those not covered by this outline as noted above) should obtain their own independent professional taxation advice, including as to whether and how a roll-over election should be made and how the cost base of any ineligible part should be calculated.

**11.3 Ownership of Southern Cross Media Shares**

The tax consequences of Austereo Shareholders owning Southern Cross Media Shares should be substantially the same as the consequences of owning Austereo Shares.



#### 11.4 Dividends in relation to Southern Cross Media Shares

During the period which Austereo Shareholders hold Southern Cross Media Shares, they may receive dividends which may be either franked or unfranked (subject to the terms of the Southern Cross Media Shares in relation to the entitlement to receive dividends). The dividends, grossed up for any imputation (franking) credits, will be included in the Austereo Shareholder's assessable income and they will receive a tax offset (rebate) equal to the imputation credit included in their income. There are rules that limit the availability of imputation credits in certain circumstances (e.g. you are generally required to have held your Southern Cross Media Shares at risk for at least 45 days). These rules are complex and you should consult your independent professional taxation adviser regarding their operation.

In some circumstances, to the extent that an individual taxpayer has excess imputation credits (i.e. over and above the taxpayer's tax liability for the relevant tax year), he or she may be entitled to a refund of the excess amount. Again, Austereo Shareholders should consult their own independent professional taxation advisers in this regard.

#### 11.5 Disposal of Southern Cross Media Shares

The income tax consequences of any disposal by an Austereo Shareholder of Southern Cross Media Shares will generally be the same as for the disposal of Austereo Shares as described in **section 11.2**, subject to the differences outlined below.

##### (a) Southern Cross Media Shares acquired where roll-over relief applies

To the extent that roll-over relief is available and a choice to apply roll-over relief is made by an Austereo Shareholder in respect of the disposal of Austereo Shares, the cost base of the Southern Cross Media Shares issued to the Austereo Shareholder under the Offer is equal to the cost base of the Austereo Shares that were exchanged for the Southern Cross Media Shares which will be apportioned across the Southern Cross Media Shares on a reasonable basis (discussed above).

Austereo Shareholders should consult their own individual professional taxation advisers regarding the cost base of their Southern Cross Media Shares.

##### (b) Southern Cross Media Shares acquired where roll-over relief does not apply

Where roll-over relief does not apply to the disposal of Austereo Shares, the cost base of the Southern Cross Media Shares which are received in exchange for those Austereo Shares is the market value of Austereo Shares at the date of acceptance of the Offer.

#### 11.6 Transfer taxes

No stamp duty is payable by the transferor of listed shares (such as Austereo Shares). No GST (goods and services tax) applies to the transfer of shares (such as Austereo Shares).

# 12

## ADDITIONAL INFORMATION

### 12.1 Date for determining holders of securities

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is 25 February 2011.

### 12.2 Share plans

Bidder understands that, under executive and non-executive share plans (**Share Plans**), Austereo Shares are held by Austereo Share Plan Pty Ltd (the **Trustee**) on behalf of certain executive or non-executive directors of Austereo or other key employees of the Austereo corporate group (**Participants**). Bidder understands that the Trustee must release any Austereo Shares it is holding under the relevant Share Plan to the Participants without further restriction (subject to the repayment of any loan made to the Participant pursuant to the Share Plans) provided that:

- the Offer is unconditional; and
- the Target's Statement includes either a statement by the directors of Austereo recommending acceptance of the Offer or a statement by directors associated with the Austereo corporate group that Austereo [sic] intends to accept the Offer.

Bidder expects that the Trustee will contact the relevant Participants to explain how the Offer applies to Austereo Shares subject to a Share Plan.

If Bidder becomes entitled to compulsorily acquire Austereo Shares under Part 6A.1 of the Corporations Act, Bidder would also be entitled to acquire Austereo Shares held by the Trustee on behalf of executives and employees.

### 12.3 Interests and benefits relating to the Takeover Bid

#### (a) Interests

Except as set out in this Bidder's Statement, no:

- (i) director or proposed director of Southern Cross Media;
- (ii) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement; or
- (iii) promoter of Southern Cross Media, (together **Interested Persons**) holds, or held at any time during the two years before the date of this Bidder's Statement, any interest in:
  - (iv) the formation or promotion of Southern Cross Media;
  - (v) property acquired or proposed to be acquired by Southern Cross Media in connection with:
    - (A) its formation or promotion; or
    - (B) the offer of Southern Cross Media Shares under the Offer; or
  - (vi) the offer of Southern Cross Media Shares.

As at the date of Macquarie Group Limited's last substantial shareholder notice (7 December 2009), Macquarie Group Limited and its controlled bodies corporate held 100,804,388 shares in Southern Cross Media (representing 26.61% of the issued Southern Cross Media share capital).

The Macquarie Group (through MDAA and MCGL) holds 96,661,334 shares in Southern Cross Media in a principal capacity, representing 25.52% of the issued Southern Cross Media share capital.

As disclosed by Southern Cross Media in announcements to ASX, the Macquarie Group previously conducted a management role with respect to Southern Cross Media (previously Macquarie Media Group Limited), prior to the internalisation and corporatisation of Southern Cross Media completed on 10 March 2010 and 18 March 2010 (respectively). The Macquarie Group also had various roles and interests in respect of the internalisation and corporatisation of Southern Cross Media, and received fees in respect of these roles, as disclosed in the explanatory memorandum for the internalisation and corporatisation dated 12 November 2009. Copies of these announcements may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX Code: SXL) or from Southern Cross Media's website, [www.scmmediagroup.com.au](http://www.scmmediagroup.com.au).

As set out in **section 2.5(a)**:

- (i) Michael Carapiet, a director of Southern Cross Media, is the Executive Chairman of Macquarie Capital, a business division of the Macquarie Group of which Macquarie Capital forms a part; and
- (ii) Max Moore-Wilton, a director of Southern Cross Media, is a consultant to the Macquarie Group.

#### (b) Benefits

Aside from:

- (i) the fees and retiring allowances paid to Southern Cross Media directors, particulars of which in respect of the 30 June 2010 financial year are disclosed in Southern Cross Media's 30 June 2010 Annual Report;
- (ii) deeds providing Southern Cross Media directors with rights of access to certain documents of Southern Cross Media and requiring Southern Cross Media to maintain directors and officers liability insurance, and indemnities in respect of liabilities and costs incurred in their capacity as directors; and
- (iii) the indemnity which each Officer is given by Southern Cross Media under its constitution against all costs, losses, expenses and liabilities incurred by the Officer in his or her capacity as an Officer of Southern Cross Media to the extent permitted by law and which do not arise out of any negligence, breach of duty or breach of trust,

no person has paid or agreed to pay any fees, or provided or agreed to provide any benefit, to:

- (iv) a director or proposed director of Southern Cross Media to induce them to become or to qualify as a director of Southern Cross Media; or
- (v) any Interested Person for services provided by that person in connection with:
  - (A) the formation or promotion of Southern Cross Media; or
  - (B) the offer of Southern Cross Media Shares under the Offer,

except as set out in this Bidder's Statement.

Corrs Chambers Westgarth has acted as legal adviser, and Deloitte has acted as accounting adviser, to Bidder and Southern Cross Media in relation to the Offer. Corrs Chambers Westgarth and Deloitte will be entitled to receive professional fees in accordance with their normal time-based charges.

RBS Plc is a provider of the Equity Bridge Facility and will receive fees from the Southern Cross Media Group. RBS ECM has been appointed as an underwriter to the Proposed Entitlement Offer and is entitled to receive professional fees on a commercial basis for these services.

Each of National Australia Bank Limited, Commonwealth Bank of Australia and Australia and New Zealand Banking Group Limited is a provider of the Senior Debt Facility and will receive fees from the Southern Cross Media Group.

MCAL has acted as financial adviser and debt arranger to Bidder and Southern Cross Media in relation to the Offer and is entitled to receive professional fees on a commercial basis for these services. MCAL has also been appointed as an underwriter to the Proposed Entitlement Offer and is entitled to receive professional fees on a commercial basis for these services.

MBL, a related body corporate of MCAL and member of the Macquarie Group, is a provider of the Equity Bridge Facility and will receive fees from the Southern Cross Media Group.

Section 6 of the Southern Cross Media Board Charter (**Board Charter**) deals with circumstances in which the company proposes to enter into commercial arrangements with a major shareholder or any related entity of such shareholder. Section 6.1 of the Board Charter provides that in such circumstances, the Southern Cross Media Board will establish a committee comprised solely of directors who may be considered independent and that committee will have delegated authority to deal with any major shareholder or its related entities on behalf of the company in relation to the proposed arrangement or transaction.

In accordance with these provisions, an Independent Board Committee was established to oversee the negotiation of the terms of MCAL's engagement as financial adviser and debt arranger to Southern Cross Media in relation to the Offer, MCAL's appointment as an underwriter to the Proposed Entitlement Offer and MBL's engagement as a provider of the Equity Bridge Facility (together the **Macquarie Engagements**).

The members of the Independent Board Committee are the directors Leon Pasternak, Chris de Boer and Anthony Bell.

The Independent Board Committee has formed the view that the Macquarie Engagements are all on arm's length commercial terms, having regard to comparable transactions between arm's length parties. In coming to that view, the directors constituting the Independent Board Committee had regard to independent legal advice in relation to the proposed terms of the Macquarie Engagements; known commercial benchmarks between independent parties; other options available to the company and the terms of engagement of each of RBS ECM as joint underwriter to the Proposed Entitlement Offer and RBS Plc as joint provider of the Equity Bridge Facility.

The total amount to be paid to MCAL and MBL is expected to be approximately 40% of the total estimated transaction costs of \$46 million (based on a 100% acquisition scenario and Maximum Cash Consideration – see **section 7.2**).

#### 12.4 Due diligence

For the purposes of undertaking due diligence investigations as part of its assessment of whether or not to make the Offer, Southern Cross Media was given access by Austereo from 5 January 2011 to 20 January 2011 to certain information concerning Austereo which has not been disclosed generally to Austereo Shareholders. Otherwise than as contained elsewhere in this Bidder's Statement, none of the information to which it was given access is of such a nature which, if the information were generally available, a reasonable person would expect to have a material effect on the price or value of Austereo Shares.

The fact, however, that Southern Cross Media's decision to make the Offer was confirmed by its review of the information to which it had access may itself be regarded as information material to a decision whether or not to accept an Offer.

#### 12.5 Implementation Deed

On 31 January 2011, Southern Cross Media and Bidder entered into an Implementation Deed with Austereo. The Implementation Deed was released to ASX on 31 January 2011 and a copy is available from the ASX website, [www.asx.com.au](http://www.asx.com.au).

In summary, the Implementation Deed provides for the following:

##### Implementation of the Bid

Bidder agrees to make a takeover bid for Austereo on certain agreed terms.

The Implementation Deed sets out the framework for implementation of the Bid, including standard language in relation to:

- Bidder's obligation to make the Offer in accordance with the timetable;
- the preparation of the Bidder's Statement and the Target's Statement;
- confidentiality; and
- warranties.

##### Conditions

Each of the parties agrees to use best endeavours to ensure that the bid conditions are satisfied as soon as possible.

Southern Cross Media agrees to offer to the ACMA any undertakings and conditions that are reasonably likely to facilitate Southern Cross Media obtaining approval from the ACMA in a timely manner, including the divestment of radio stations.

Southern Cross Media agrees to offer to the ACCC any undertakings and to offer to agree to such conditions that are reasonably necessary to facilitate Southern Cross Media satisfying the ACCC Condition of the Offer, provided that (other than any divestments which Southern Cross Media is required to make to facilitate the ACMA approval) in no case will Southern Cross Media be required to agree to divestments of assets which contribute EBITDA of more than \$2 million per annum to Austereo or Southern Cross Media.

Each party also agrees not to do (or omit to do) anything which will, or is likely to, result in any of the Conditions being breached.

### **Dividend**

Pursuant to the Implementation Deed, Southern Cross Media agrees and acknowledges that:

- Austereo on or before 15 February 2011 will announce the Interim Dividend and the dividend record date for determining entitlements of Austereo Shareholders to the Interim Dividend;
- Austereo will announce that the dividend record date will be on or before 28 February 2011; and
- neither the Cash Consideration nor the Scrip Consideration will vary as a result of the payment of the Interim Dividend.

Further, Southern Cross Media:

- must not declare or cause the Bid to be Unconditional until a date which is after the dividend record date;
- covenants in favour of Austereo that the Offer will contain a provision to the effect that Austereo Shareholders as at the dividend record date will be entitled to retain the Interim Dividend if they accept the Offer;
- must not vary the provision of its Offer set out above;
- must ensure that any offer of Southern Cross Media Shares by Southern Cross Media to fund the Offer is structured as a rights issue to Southern Cross Media shareholders; and
- must in the period commencing on the date of the Implementation Deed and ending at the end of the Offer Period, for the purposes of conferring security benefits, set a record date to determine who holds or is taken to hold Southern Cross Media Shares such that any Accepting Shareholder who has elected to receive the Scrip Consideration will be entitled to receive such security benefits.

### **Recommendations of Austereo directors and obligations of Austereo**

Unless a Superior Proposal is made which the Austereo directors recommend to Austereo Shareholders, the Austereo Board must, and Austereo must procure the Austereo Board to, unanimously recommend that Austereo Shareholders accept the Offers made under the Bid.

Unless a Superior Proposal is made which the Austereo directors recommend to Austereo Shareholders, Austereo must use all reasonable endeavours to procure that each Austereo director announces their intention to accept the Offers made under the Bid in respect of each Austereo Share held by them or in which they otherwise have a beneficial interest.

However, in the case that Austereo engages an independent expert, the Austereo Board or any Austereo director can change their recommendation or the statement of their intention to accept the Offer (or both) if the independent expert's report does not contain Favourable Conclusions (as defined in the Implementation Deed) (i.e. it provides that the Offer is not fair or is not reasonable).

The Implementation Deed includes an obligation on Austereo to notify Southern Cross Media of any Alternative Proposals. However, this does not apply to the extent such action would in an Austereo director's reasonable opinion be likely to constitute a breach of an Austereo director's fiduciary or statutory duties (or could reasonably lead to a contravention of law).

### **Release**

Southern Cross Media and Bidder each release their rights against any past or present director, officer or employee of the Austereo Group in relation to information provided to it or in relation to their execution of the Implementation Deed, except in the case of bad faith, fraud or intentional misleading or deceptive conduct.

### **Termination**

Southern Cross Media or Austereo may terminate the Implementation Deed for an unremedied material breach.

In addition, Southern Cross Media or Austereo may terminate the Implementation Deed if:

- Bidder withdraws the Offer for any reason including due to non-satisfaction of a Condition;
- a Superior Proposal is made and the Austereo directors recommend that Superior Proposal to Austereo; or
- Austereo appoints an independent expert and the independent expert's report does not contain Favourable Conclusions.

For the purposes of the Implementation Deed:

**Superior Proposal** means an Alternative Proposal which in the determination of the Austereo Board acting in good faith:

- (a) is reasonably capable of being completed, taking into account both the nature of the Alternative Proposal, the form of consideration proposed and the person or persons making it; and
- (b) in order to satisfy the Austereo directors' fiduciary or statutory duties would, if completed substantially in accordance with its terms, result in a transaction more favourable to Austereo Shareholders (as a whole) than the Offer, taking into account all the terms of the Alternative Proposal and the timing of completion of the proposal.

**Alternative Proposal** means an offer or proposal publicly announced by a third party or received by Austereo in respect of an actual or potential:

- (a) takeover bid for Austereo;
- (b) transaction involving a change of control of Austereo including by a scheme of arrangement, merger, selective reduction of capital, issue of securities or selective buy-back of shares in relation to Austereo;
- (c) acquisition of all or a substantial part of the business carried on by the Austereo Group, whether directly or indirectly (including by way of joint venture, dual listed company structure or otherwise); or
- (d) other transaction that, if implemented, would prevent implementation of the Bid.



## 12.6 Public announcements relating to the Takeover Bid

On 31 January 2011, Southern Cross Media, Austereo and Village Roadshow made public announcement/s in relation to the Takeover Bid to ASX. Copies of these announcements may be obtained by Austereo Shareholders without payment online at [www.asx.com.au](http://www.asx.com.au) or by contacting the Offer enquiry line on 1300 651 576 (or +61 3 9415 4881 for international callers).

## 12.7 Regulatory approvals

As detailed in **section 13.14**, the Offer is conditional upon certain regulatory approvals. This section provides some further details as to the nature of the regulatory approvals.

### (a) ACCC approval

The CCA, administered by the ACCC, prohibits an acquisition of shares which would have the effect or likely effect of substantially lessening competition in a market. Bidder and Southern Cross Media have made a detailed submission to the ACCC in relation to the Takeover Bid and believe that the acquisition of all the Austereo Shares pursuant to the Offers would not contravene the CCA.

Pursuant to the Implementation Deed, Southern Cross Media has agreed to offer to the ACCC any undertakings and to offer to agree to such conditions that are reasonably necessary to facilitate Southern Cross Media satisfying the ACCC Condition of the Offer, provided that (other than any divestments which Southern Cross Media is required to make to facilitate the ACMA approval) in no case will Southern Cross Media be required to agree to divestments of assets which contribute EBITDA of more than \$2 million per annum to Austereo or Southern Cross Media.

### (b) ACMA approval

The BSA, administered by the ACMA, prohibits a company from owning more than two stations in a particular market. Austereo and Southern Cross Media currently have stations in Brisbane and the Sunshine Coast which overlap for the purposes of the BSA. Bidder and Southern Cross Media have made a detailed submission to the ACMA seeking approval by the ACMA to a temporary breach of the BSA.

Pursuant to the Implementation Deed, Southern Cross Media has agreed to offer to the ACMA any undertakings and conditions that are reasonably likely to facilitate Southern Cross Media obtaining approval from the ACMA in a timely manner, including the divestment of radio stations.

## 12.8 Expiry date

No Southern Cross Media Shares will be issued on the basis of the Offer contained in this Bidder's Statement after the expiry of 13 months after the date of this Bidder's Statement.

## 12.9 ASIC modifications and exemptions

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including Bidder, in relation to the operation of Chapter 6 of the Corporations Act. Bidder may rely on this "Class Order" relief.

ASIC has granted Bidder a modification of section 620 of the Corporations Act to allow Bidder to pay the Scrip Consideration in two tranches (with the second tranche up to two weeks later than the Standard Payment Date) to permit the operation of the Scaleback.

Village Roadshow, Austereo's largest shareholder with a 52.52% interest in Austereo, has stated that it intends to accept the Offer in respect of its entire shareholding (in the absence of a superior proposal for all of the shares in Austereo). Village Roadshow has also stated that, if it accepts the Offer, it will elect to receive the Cash Consideration. Given these announcements, it is expected that the Scaleback will not apply and that the Scrip Consideration will be paid in one tranche.

Details of the Scaleback are set out in **section 13.4** and details of the timing of payment of Consideration are set out in **section 13.13**.

## 12.10 ASX Listing Rules

Under Listing Rules 11.1.2 and 11.1.3, ASX may require a listed entity to gain approval of its ordinary shareholders to a significant change to the nature of scale of the entity's activities and/or meet the admission for listing requirements set out in Chapters 1 and 2 of the Listing Rules.

ASX has confirmed to Southern Cross Media that securityholder approval will not be required under Listing Rule 11.1.2 and Listing Rule 11.1.3 will not apply.

## 12.11 Other material information

There is no other information that:

- (a) is material to the making of a decision by an Austereo Shareholder whether or not to accept an Offer;
- (b) is known to Bidder; and
- (c) has not previously been disclosed to Austereo Shareholders,

other than as disclosed in this Bidder's Statement.

## 12.12 Consents

The following persons have consented to being named in this Bidder's Statement in the form and context in which their names appear and have not withdrawn their consent prior to the lodgement of this Bidder's Statement with ASIC:

- **Deloitte** – to be named as the accounting adviser to Bidder and Southern Cross Media;
- **Computershare Investor Services Pty Limited** – to be named as the share registry;

- **Corrs Chambers Westgarth** – to be named as the legal adviser to Bidder and Southern Cross Media;
- **MBL** – to be named as a provider of the Equity Bridge Facility;
- **MCAL** – to be named as the financial adviser and debt arranger to Southern Cross Media and the underwriter under the Proposed Entitlement Offer;
- **MDAA and MCGL** – to be named in relation to its shareholding in Southern Cross Media;
- **National Australia Bank Limited, Commonwealth Bank of Australia and Australia and New Zealand Banking Group Limited** – to each be named as a provider of the Senior Debt Facility;
- **RBS ECM** – to be named as an underwriter of the Proposed Entitlement Offer; and
- **RBS Plc** – to be named as a provider of the Equity Bridge Facility.

None of the above mentioned persons has made any statement in this Bidder's Statement, or on which a statement in this Bidder's Statement is based, and (to the maximum extent permitted by law) expressly disclaims any liability and takes no responsibility for any part of this Bidder's Statement. None of those persons should be taken to have endorsed the Offer by being named, or consenting to be named, in this Bidder's Statement.

This Bidder's Statement also contains statements made by, or statements based on statements made by Southern Cross Media, MDAA, MCGL and Deloitte. Each of Southern Cross Media, MDAA, MCGL and Deloitte has consented to the inclusion of:

- each statement it has made; and
- each statement which is based on a statement it has made,

in this Bidder's Statement in the form and context in which those statements appear and has not withdrawn that consent before lodgement of this Bidder's Statement with ASIC.

Each person named in this section as having given its consent to the inclusion of a statement or to being named in this Bidder's Statement (other than Southern Cross Media):

- does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Bidder's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Bidder's Statement with the consent of that party.

This Bidder's Statement includes logos and trademarks of the Austereo Group. The Austereo Group has consented to the inclusion of such logos and trademarks in this Bidder's Statement in the form and context in which they appear.

This Bidder's Statement also includes or is accompanied by statements which are made in or based on statements made in documents lodged with ASIC or on the company announcement platform of ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement.

Copies of relevant parts of reports and statements of third parties which have been lodged with ASIC or ASX and which are referred to in this Bidder's Statement without the consent of those third parties but in accordance with ASIC Class Order 01/1543 will be provided free of charge to any Austereo Shareholder who requests a copy during the Offer Period. Relevant statements were taken from or based on the announcements made by Austereo to ASX on 31 January 2011 (Takeover offer from Southern Cross Media) and Village Roadshow on 31 January 2011 (Takeover offer for Austereo). If you would like to receive a copy of any of these reports or statements, please contact the Offer enquiry line on 1300 651 576 (or +61 3 9415 4881 for international callers).



# 13

## OFFER TERMS

### 13.1 The Offer

- (a) Bidder offers to acquire all of Your Austereo Shares on the terms and subject to the Conditions of this Offer. Subject to certain exceptions (see **section 13.6(c)**), you may only accept in relation to all of your Austereo Shares.
- (b) The Consideration offered is, at your election (subject to the Scaleback), \$2.00 cash for each of Your Austereo Shares (**Cash Consideration**) or 0.95 Southern Cross Media Shares for each of Your Austereo Shares (**Scrip Consideration**) or a mix of Cash Consideration and Scrip Consideration.
- (c) In addition, you will be entitled to retain the \$0.05 Interim Dividend that was declared by Austereo on 9 February 2011, for each of Your Austereo Shares and Bidder will not exercise any rights to adjust the Consideration on account of the Interim Dividend.
- (d) If at any time before the end of the Offer Period, Bidder has Relevant Interests in 90% or more of Austereo Shares (whether acquired under the Offer or otherwise) and becomes entitled to proceed to compulsory acquisition, Bidder will increase the Consideration by a cash amount of \$0.10 for each of Your Austereo Shares (the **Additional Consideration**) regardless of whether you elect to receive the Scrip Consideration, the Cash Consideration, or a mix of the Cash Consideration and the Scrip Consideration. If this increase in the Consideration occurs during the last seven days of the Offer Period, the Offer Period will be automatically extended by 14 days in accordance with section 624(2) of the Corporations Act.
- (e) If you accept this Offer, you may elect to receive the Scrip Consideration (subject to the Scaleback), the Cash Consideration, or a mix of the Scrip Consideration and the Cash Consideration in respect of all of Your Austereo Shares (subject to the Scaleback for Scrip Consideration). If you hold one or more parcels as trustee or nominee for, or otherwise on account of, another person, certain exceptions to the requirement to accept in relation to all of Your Austereo Shares may apply (see **section 13.6(c)**).
- (f) If you are an Ineligible Foreign Shareholder, despite any other provision of this Offer, you will not receive Southern Cross Media Shares and will only be entitled to receive a cash amount in Australian dollars for Your Austereo Shares by accepting the Offer and:
- (i) electing to receive the Cash Consideration; and/or
  - (ii) electing to receive the Scrip Consideration, in which case the amount of cash you will receive will be determined in accordance with **section 13.12**.
- (g) If you do not make an election on your Acceptance Form to receive the Cash Consideration, the Scrip Consideration, or a mix of the Cash Consideration and the Scrip Consideration and the relevant number of Your Austereo Shares in respect of which you wish to receive Scrip Consideration or you make an invalid, indistinct or conflicting election, you will be deemed to have elected to receive the Cash Consideration in respect to all of Your Austereo Shares.

(h) Any Southern Cross Media Shares issued to you under this Offer will be issued fully paid and will rank equally for dividends and other rights in all respects with existing Southern Cross Media Shares from the date of issue, but will not be entitled to receive the interim dividend declared by Southern Cross Media on 22 February 2011.

- (i) If, at any time before the end of the Offer Period, Southern Cross Media announces, determines or declares a dividend of greater than 7 cents per Southern Cross Media Share then the Scrip Consideration will be increased in accordance with the following formula:

$$A = B / (C - D)$$

where:

**A** = new Scrip Consideration exchange ratio (rounded to two decimal places)

**B** = \$2.00

**C** = \$2.18

**D** = cash amount of Southern Cross Media dividend announced, determined or declared per Southern Cross Media Share.

### 13.2 Offer Period

- (a) Unless this Offer is extended or withdrawn in accordance with the Corporations Act, this Offer will remain open during the period commencing on [start date] and ending at 7:00pm (Melbourne time) on [end date].
- (b) Southern Cross Media expressly reserves its rights under section 650C of the Corporations Act to extend the period during which this Offer remains open for acceptance or otherwise to vary this Offer in accordance with the Corporations Act.

### 13.3 Offerees

The Offer relates to Austereo Shares that exist or will exist as at the Relevant Date (25 February 2011).

### 13.4 Scaleback

The number of Austereo Shares in respect of which the Scrip Consideration is to be provided (whether through acceptances of the Offer or through any compulsory acquisition process) is to be subject to a cap of 47.5% by number of all Austereo Shares (the **Scrip Cap**) to be determined in accordance with **section 13.13(b)**. A pro rata Scaleback will apply to the extent it is determined that this Scrip Cap has been, or may be, exceeded at two specified dates (the First Calculation Date and the Second Calculation Date). Austereo Shareholders who elect to receive Scrip Consideration will be paid Cash Consideration to the extent the Scaleback still applies at the Second Calculation Date. Further details on the application of the Scaleback and the two tranches of issue of Scrip Consideration are set out in **section 13.13**.

As Village Roadshow has announced its intention to elect to receive the Cash Consideration, it is not expected that the Scaleback will apply and therefore it is expected that all Accepting Shareholders will be paid in one tranche (subject to any additional payment for the Additional Consideration).

## SECTION 13 OFFER TERMS

### 13.5 Fractional entitlements

If the number of Austereo Shares you hold is such that your entitlement to Southern Cross Media Shares under the Scrip Consideration of the Offer (after any Scaleback) is not a whole number, your entitlement to Southern Cross Media Shares if you elect to receive Scrip Consideration (after any Scaleback) will be rounded up to the nearest whole number (if equal to a fraction of 0.5 or greater) or rounded down (if equal to a fraction of less than 0.5).

### 13.6 Who may accept this Offer

- (a) This Offer is made to you as the holder of Your Austereo Shares at the Relevant Date.
- (b) If at the time this Offer is made to you, or at any time during the Offer Period and before you accept this Offer another person is registered as the holder of some or all of Your Austereo Shares (**Transferred Shares**):
  - (i) this Offer to you is deemed to have been withdrawn;
  - (ii) a corresponding Offer is taken to have been made to that other person in respect of the Transferred Shares; and
  - (iii) a corresponding Offer is taken to have been made to you in respect of Your Austereo Shares other than the Transferred Shares.
- (c) If at any time during the Offer Period and before you accept this Offer, you hold one or more parcels of Your Austereo Shares as trustee or nominee for, or otherwise on account of, another person within the meaning of section 653B of the Corporations Act, then in accordance with that section:
  - (i) this Offer will be deemed at that time to consist of separate corresponding Offers made to you in relation to the respective distinct parcels of Your Austereo Shares including any parcel that you hold in your own right;
  - (ii) an acceptance by you of any of those separate corresponding Offers is ineffective unless you have given to Bidder notice which:
    - (A) indicates that Your Austereo Shares consist of distinct parcels; and
    - (B) if it relates to Austereo Shares in a CHESS Holding, is in an electronic form approved by the ASX Settlement Operating Rules; or
    - (C) if it relates to Austereo Shares held in an Issuer Sponsored Holding, is in writing; and
  - (iii) you may at the one time accept two or more such corresponding Offers as if they were a single Offer in relation to a distinct parcel of Austereo Shares.

If you require additional copies of the Bidder's Statement and Acceptance Form, please contact the Offer enquiry line on 1300 651 576 (or +61 3 9415 4881 for international callers) to request such additional copies.

### 13.7 How to accept this Offer

- (a) You may accept this Offer at any time during the Offer Period, in the manner provided in this **section 13.7**.

- (b) The manner in which you accept this Offer will depend on whether Your Austereo Shares are in an Issuer Sponsored Holding (see **sections 13.7(d) to (e)**) or in a CHESS Holding (see **sections 13.7(f) to (h)**).
- (c) Subject to **section 13.10(b)**, if some of Your Austereo Shares are in an Issuer Sponsored Holding, and some of Your Austereo Shares are in a CHESS Holding, your acceptance of this Offer will require separate action in relation to the separate portions of Your Austereo Shares.

### Issuer Sponsored Holding

- (d) If Your Austereo Shares are held in an Issuer Sponsored Holding, to accept this Offer you must complete and sign the accompanying Acceptance Form in accordance with the instructions on it and return it, together with any other documents required by those instructions, to:

#### (By mail)

Computershare Investor Services Pty Limited  
GPO Box 2115  
Melbourne VIC 8060

so that it is received by Bidder before the end of the Offer Period. The Acceptance Form allows you to elect to receive the Scrip Consideration or the Cash Consideration for Your Austereo Shares (or a combination of the Scrip Consideration and the Cash Consideration). If you elect a combination of the Scrip Consideration and the Cash Consideration, you must stipulate the number of Your Austereo Shares in respect of which you elect to receive the Scrip Consideration. You will receive the Cash Consideration with respect to the balance of Your Austereo Shares. A reply paid envelope is enclosed for your convenience (overseas Austereo Shareholders must affix their own postage).

- (e) Acceptance will be deemed to have been effected when, subject to this **section 13**, the duly completed Acceptance Form has been received at the above address.

### CHESS Holding

- (f) If Your Austereo Shares are held in a CHESS Holding, then acceptance of this Offer can only be made in accordance with the ASX Settlement Operating Rules by:
  - (i) instructing your Controlling Participant to initiate acceptance of this Offer and elect either the Scrip Consideration or the Cash Consideration (or a combination of the Scrip Consideration and the Cash Consideration) in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period;
  - (ii) subject to **section 13.7(h)**, completing and signing the accompanying Acceptance Form in accordance with the instructions on it and returning it, together with any other documents required by those instructions, to the address listed in **section 13.7(d)**; or
  - (iii) if you are a Participant, initiating acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

- (g) Notwithstanding any other term or condition to the contrary, acceptance of this Offer in accordance with **section 13.7(f)(i)** or **(ii)** is not effective unless, prior to the end of the Offer Period, the Controlling Participant of the shareholding has initiated an acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules.
- (h) If you choose to accept this Offer in the manner outlined in **section 13.7(f)(ii)**, you:
  - (i) acknowledge that Bidder (or its agents or nominees) will merely forward your Acceptance Form to your Controlling Participant (the only person who can accept this Offer on your behalf) and that it is your responsibility to allow sufficient time for your Controlling Participant to initiate acceptance of this Offer;
  - (ii) acknowledge that Bidder (or its agents or nominees) is not responsible for any delays incurred by the process outlined in **section 13.7(h)(i)** or any losses whatsoever you incur by the fact that your acceptance is not processed before the end of the Offer Period; and
  - (iii) agree to promptly give any further instructions or take any further actions necessary (and authorise Bidder to give any instructions and take any actions necessary) concerning Your Austereo Shares to your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules prior to the end of the Offer Period.

### 13.8 Acceptance Forms

- (a) The Acceptance Form which accompanies this Offer forms part of it. The requirements on the Acceptance Form must be observed in accepting this Offer in respect of Your Austereo Shares and electing the form of Consideration.
- (b) You must comply with the directions on the Acceptance Form in order to lodge an effective acceptance of this Offer and valid election of the form of Consideration.
- (c) Except in relation to Austereo Shares in a CHESS Holding, Bidder may deem any Acceptance Form received by it before the end of the Offer Period to be a valid acceptance notwithstanding that any of the requirements for acceptance have not been complied with. Where an Acceptance Form in respect of a CHESS Holding is received, it will be treated in accordance with **section 13.7(f)(ii)**.

**No payment or issue of Consideration need be made until the required documents have been received and any outstanding requirements have been satisfied.**

### 13.9 Power of attorney or deceased estate

When accepting this Offer, you should also forward for inspection:

- (a) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and

- (b) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Austereo Shareholder, the relevant Grant of Probate or Letters of Administration.

### 13.10 Effect of acceptance

By initiating acceptance of this Offer through CHESS, or signing and returning an Acceptance Form, you will have:

- (a) accepted this Offer (and each variation of this Offer) irrevocably in accordance with its terms and conditions in respect of all of Your Austereo Shares;
- (b) if some of Your Austereo Shares are in an Issuer Sponsored Holding, and some of Your Austereo Shares are in a CHESS Holding, and your acceptance was made only in respect of one type of holding, agreed, on request from Bidder or its agents, to promptly take any actions necessary and have authorised Bidder to take any actions necessary concerning the unaccepted holding of Your Austereo Shares to ensure those shares are validly accepted in accordance with **section 13.7** prior to the end of the Offer Period;
- (c) agreed to transfer all Your Austereo Shares to Bidder, subject to the Offer being or becoming Unconditional;
- (d) irrevocably authorised Bidder (by any of its Officers and agents, jointly and severally) to complete on your behalf on the Acceptance Form (if applicable) correct details of Your Austereo Shares, fill in any blanks remaining on the Acceptance Form and rectify any error in or omission from the Acceptance Form as may be necessary to make it a valid acceptance of this Offer or to enable registration of the transfer of Your Austereo Shares to Bidder. If you do not elect a form of Consideration on the Acceptance Form or your election is unclear, Bidder (by any of its Officers and agents, jointly and severally) will complete your Acceptance Form by electing Cash Consideration;
- (e) represented and warranted to Bidder that all of Your Austereo Shares will, both at the time of your acceptance of this Offer and at the time of registration of the transfer of Your Austereo Shares to Bidder, be fully paid up and free from Encumbrances, that you have full power and authority to sell Your Austereo Shares and that, upon transfer, Bidder will be the owner of Your Austereo Shares;
- (f) represented and warranted to and agreed with Bidder that Your Austereo Shares will be acquired by Bidder with all Rights and that you will execute all instruments as Bidder may require for the purpose of vesting in it such Rights;
- (g) irrevocably authorised and directed Austereo to pay to Bidder or to account to Bidder for all Rights, subject to any Rights received by Bidder being accounted for by Bidder to you if the Offer is withdrawn or the contract formed by your acceptance of this Offer is rendered void;

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- (h) except where Rights have been paid or accounted for under **section 13.10(g)**, irrevocably authorised Bidder to reduce the number of Southern Cross Media Shares and/or cash to be issued or paid to you pursuant to **section 13.1(b)** by the amount (or value as reasonably assessed by Bidder) of all Rights;
- (i) represented and warranted to Bidder that, unless you have provided notice in accordance with **section 13.6(c)(ii)**, Your Austereo Shares do not consist of distinct parcels of Austereo Shares;
- (j) represented and warranted to Bidder that you are not and are not acting on behalf of an Ineligible Foreign Shareholder, unless otherwise indicated on the Acceptance Form;
- (k) acknowledged and agreed that if you have elected to receive the Scrip Consideration but you are unable to make the representation in **section 13.10(j)** or if Bidder believes that you are or are acting on behalf of an Ineligible Foreign Shareholder, a nominee approved by ASIC will sell the Southern Cross Media Shares which would otherwise be issued to you, as described in **section 13.12**;
- (l) acknowledged and agreed that, except as permitted by and in accordance with the applicable law (including in accordance with an exemption from the registration requirements of the *Securities Act 1933* of the United States of America), you will not offer or resell in, or to persons in, the United States of America any Southern Cross Media Shares which you acquired at any time, although that does not prohibit any sale on ASX if neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been prearranged with, or that purchaser is, a person in the United States of America;
- (m) if you elected to receive the Scrip Consideration, except where you are or are acting on behalf of an Ineligible Foreign Shareholder, agreed to become a member of Southern Cross Media, to be bound by Southern Cross Media's constitution and to subscribe for the Southern Cross Media Shares to be issued to you as Scrip Consideration for the acquisition of Your Austereo Shares;
- (n) if you elected to receive the Scrip Consideration, except where you are or are acting on behalf of an Ineligible Foreign Shareholder, authorised Southern Cross Media to issue to you the Southern Cross Media Shares you are entitled to receive under this Offer and place in its register of members your name and other details required by the Corporations Act in respect of the Southern Cross Media Shares to be issued to you;
- (o) if you elected to receive the Scrip Consideration but are an Ineligible Foreign Shareholder, irrevocably authorised Southern Cross Media to issue to the account of the Nominee of that number of Southern Cross Media Shares corresponding to your entitlement under this Offer at the date of application;
- (p) irrevocably appointed Bidder and its Officers and agents from time to time, jointly and severally, from the time that this Offer or any contract resulting from acceptance of this Offer is or becomes Unconditional, as your attorney in your name and on your behalf:
- (i) to attend and exercise any voting rights attaching to Your Austereo Shares (including demanding a poll for any vote) at any and all general meetings of Austereo held from the time that this Offer or any contract resulting from your acceptance of this Offer is or becomes Unconditional until Bidder is registered as the holder of Your Austereo Shares;
  - (ii) to execute and deliver all forms, transfers, assignments, notices and instruments relating to Your Austereo Shares (including instruments appointing a director of Bidder as a proxy in respect of Your Austereo Shares and any application to Austereo for a replacement certificate in respect of any certificate which has been lost or destroyed);
  - (iii) generally to exercise all your powers and Rights in relation to Your Austereo Shares including the power to requisition or join in requisitioning general meetings of Austereo in accordance with the constitution of Austereo or sections 249D, 249E or 249F of the Corporations Act and to consent to short notice of any general meetings of Austereo; and
  - (iv) to request Austereo to register in the name of Bidder (or its nominee) Your Austereo Shares which you hold on any register of Austereo, and agreed that, in exercising the powers conferred by this power of attorney, Bidder or an Officer or agent of Bidder (as the case may be) will be entitled to act in the interests of Bidder as the beneficial owner and intended registered holder of Your Austereo Shares;
- (q) irrevocably authorised Bidder, from the time this Offer or any contract resulting from acceptance of this Offer is or becomes Unconditional to:
- (i) notify Austereo on your behalf that your address for the purpose of serving notices upon you in respect of Your Austereo Shares is the address of Bidder and that all such notices are to be marked care of Bidder; and
  - (ii) direct Austereo to serve all notices and to send all correspondence, payments of dividends and other distributions, rights and entitlements, notifications of entitlements and other communications and documents of any kind in respect of Your Austereo Shares to Bidder at its address;
- (r) in respect of any of Your Austereo Shares which are held in a CHESS Holding, irrevocably authorised and directed Bidder by its Officers and agents to:
- (i) instruct your Controlling Participant to initiate acceptance of this Offer in respect of those Austereo Shares in accordance with the ASX Settlement Operating Rules; and



- (ii) give any other instructions in relation to those Austereo Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant, as determined by Bidder acting in its own interests as a beneficial owner and intended registered holder of Your Austereo Shares; and
- (s) with effect from the date that this Offer or any contract resulting from acceptance of this Offer is Unconditional, irrevocably authorised Bidder (or its agents or nominees) to do all things necessary to transfer Your Austereo Shares into the name of Bidder (including, if at the time of acceptance of this Offer some or all of Your Austereo Shares are in a CHESS Holding, to cause a message to be transmitted in accordance with Rule 14.17.1 of the ASX Settlement Operating Rules to transfer Your Austereo Shares to Bidder's Takeover Transferee Holding), regardless of whether Bidder has paid the Consideration due to you under this Offer.

### 13.11 Dividends and other entitlements

- (a) If you hold Austereo Shares on the Interim Dividend Record Date, you will be entitled to receive the payment from Austereo on 15 March 2011 of the Interim Dividend of \$0.05 cents for each of Your Austereo Shares, irrespective of whether you have subsequently accepted this Offer.
- (b) Other than the Interim Dividend, Bidder will be entitled to all Rights declared, paid, made or which may arise or accrue on or after the Announcement Date in respect of Austereo Shares which it acquires as a result of this Offer.
- (c) If any Rights (including non-cash Rights) arise, accrue or are declared, issued, paid or made to you as the holder of Your Austereo Shares, Bidder will (provided such Rights have not been paid or transferred to Southern Cross Media) be entitled to reduce the Consideration specified in **section 13.1(b)** of this Offer by the amount equal to the value of the Rights, as reasonably assessed by Bidder, of such Rights. This may include reducing the number of Southern Cross Media Shares to which you may otherwise be entitled.
- (d) If Bidder becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to Bidder all documents necessary to vest title in those Rights in Bidder. If you do not give these documents to Bidder, or if you have received the benefit of those Rights, you must pay the amount (or value as reasonably assessed by Bidder) of such Rights to Bidder.

### 13.12 Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders

#### (a) Ineligible Foreign Shareholders

If you are (or are acting as a nominee or trustee on behalf of) a citizen or a resident of a jurisdiction other than Australia (and its external territories) or New Zealand (**Permitted Jurisdictions**) or your address as shown in the register of members of Austereo is a place outside the Permitted Jurisdictions (or you are acting on behalf of such a person), then you are considered a **Foreign Shareholder**.

If you are a **Foreign Shareholder**, you are an **Ineligible Foreign Shareholder** unless Bidder determines:

- (i) it is lawful and not unduly onerous and not unduly impracticable to make the Offer to you and to issue you with Southern Cross Media Shares on acceptance of the Offer; and
- (ii) it is not unlawful for you to accept the Offer by the law of the relevant place outside the Permitted Jurisdictions.

If you are an Ineligible Foreign Shareholder, you will not be entitled to receive Southern Cross Media Shares by reason of your acceptance of this Offer.

This means that if you accept the Offer and elect to receive the Scrip Consideration, you will not be issued with Southern Cross Media Shares. Rather, the nominee sale procedure set out in **section 13.12(c)** will apply.

In such circumstances, you will be paid cash, notwithstanding your election to receive Scrip Consideration.

The cash you will be paid will be determined by the nominee sale process set out in **section 13.12(c)** and will depend upon a range of factors, including the prevailing share price of Southern Cross Media Shares and the date on which the nominee sells the Southern Cross Media Shares to which you would otherwise be entitled.

As such, it is likely that you will receive a different (and possibly lesser) amount of cash per share than had you elected to receive the Cash Consideration.

Bidder recommends you consult your financial adviser in relation to your election.

#### (b) Unmarketable parcels

If you accept this Offer and the Southern Cross Media Shares which would be issued to you as a consequence of acceptance of this Offer would not constitute a marketable parcel within the meaning of the ASX Settlement Operating Rules, you will be an **Unmarketable Parcel Shareholder**. If you are an Unmarketable Parcel Shareholder and you accept this Offer, Bidder will arrange for a nominee sale in accordance with **section 13.12(c)**.

In such circumstances, you will be paid cash, notwithstanding your election to receive Scrip Consideration.

The cash you will be paid will be determined by the nominee sale process set out in **section 13.12(c)** and will depend upon a range of factors, including the prevailing share price of Southern Cross Media Shares and the date on which the nominee sells the Southern Cross Media Shares to which you would otherwise be entitled.

As such, it is likely that you will receive a different (and possibly lesser) amount of cash per share than had you elected to receive the Cash Consideration.

Bidder recommends you consult your financial adviser in relation to your election.

#### (c) Nominee sale

If you are subject to the restrictions in **sections 13.12(a) or (b)**, Bidder will:

- (i) appoint a nominee approved by ASIC (**Nominee**);

- (ii) procure the issue to the Nominee of all Southern Cross Media Shares to which you and all other Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders would have been entitled but for this **section 13.12 (Nominee Shares)**;
- (iii) cause the Nominee to offer the Nominee Shares for sale in such manner, at such price and on such other terms and conditions as are determined by the Nominee;
- (iv) cause the Nominee to pay into a bank account established by the Company and held for your benefit (until payment to you as outlined below) the amount ascertained in accordance with the formula:

$$\frac{\text{Net Proceeds of Sale} \times \text{NBS}}{\text{TBS}}$$

where:

**Net Proceeds of Sale** is the amount (if any) remaining after deducting from the proceeds of sale of all Nominee Shares the expenses of the sale including tax, brokerage and stamp duty, if any;

**NBS** is the number of Southern Cross Media Shares which would have been issued to you as a result of your acceptance of this Offer but for this **section 13.12**; and

**TBS** is the total number of Nominee Shares issued to the Nominee under this **section 13.12**.

Payment will be made in Australian dollars.

Any payments made by cheque will be posted to you at your risk by pre-paid ordinary mail (or, if you have an overseas address, by pre-paid airmail) to the address provided on your Acceptance Form. Under no circumstances will interest be paid on your share of the proceeds of the sale, regardless of any delay in remitting these proceeds to you.

**(d) Authorities and clearances**

Residents of certain places are not entitled to receive the Net Proceeds of Sale unless and until all requisite authorities or clearances have been obtained from the Reserve Bank of Australia and/or the Australian Taxation Office. Refer to **section 13.13(l)** for further information.

**13.13 Obligations of Bidder**

**(a) Payment of Cash Consideration**

If you accept the Offer and make a valid election (or are deemed to make an election) to receive the Cash Consideration (for some or all of your Austereo Shares), Bidder will pay the Cash Consideration to you on or before your **Standard Payment Date** which will be the date which is the earlier of:

- (i) 21 days after the end of the Offer Period;
- (ii) one month after the first day on which both of the following apply:
- (A) this Offer has been validly accepted by you; and
- (B) the contract resulting from your acceptance of this Offer has become Unconditional,

except where **sections 13.12, 13.13(c) or 13.13(d)** apply.

**(b) Issue of Scrip Consideration**

If you accept the Offer and make a valid election to receive the Scrip Consideration (for some or all of your Austereo Shares), except where **sections 13.12, 13.13(c) or 13.13(d)** apply:

- (i) if Bidder can ascertain that Scrip Acceptances will not exceed the Scrip Cap on the **First Calculation Date** (which will be the day one week prior to the first date which is a Standard Payment Date under a takeover contract formed by an Austereo Shareholder accepting the Offer) Bidder will provide the Scrip Consideration to you in respect of all of your Austereo Shares in respect of which you have elected to receive the Scrip Consideration on or before your **Standard Payment Date**; and
- (ii) if Bidder cannot ascertain whether, or the extent to which, Scrip Acceptances will exceed the Scrip Cap on the First Calculation Date, Bidder will provide the Scrip Consideration to you in two tranches:
- (A) the first tranche will be determined in accordance with **section 13.13(e)** (the **First Tranche Issue**) and will be provided on or before your Standard Payment Date (together with any cash payable to you if you elected to receive a combination of Cash Consideration and Scrip Consideration); and
- (B) the second tranche will be determined in accordance with **section 13.13(f)** (the **Second Tranche Issue and Payment**) and will be provided on or before your **Second Payment Date** which will be the later of:
- (1) your Standard Payment Date; or
- (2) two weeks after the first date on which Bidder has provided Consideration to you under the takeover contract formed by you accepting the Offer.

As Village Roadshow has announced its intention to elect to receive the Cash Consideration, it is not expected that the Scaleback will apply and, accordingly, that the Scrip Consideration will be issued in one tranche on the Standard Payment Date or the Early Payment Date (as detailed in **section 13.13(c)**).

**(c) Early payment announcement**

If the Offer becomes Unconditional and it is determined that holders of more than 52.52% of Austereo Shares have elected to receive the Cash Consideration, Bidder will make an announcement that it will provide the Consideration to Accepting Shareholders on or before the **Early Payment Date** which will be the date which is seven days after:

- (i) acceptance of the Offer (if the Offer is or was Unconditional at the time of acceptance); or
- (ii) the Offer becoming Unconditional (if the Offer was not Unconditional at the time of acceptance).

**(d) Where additional documents are required**

Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):



- (i) if that document is sent or delivered with your Acceptance Form, Bidder will provide the Consideration to which you are entitled in accordance with **sections 13.13(a), (b) and/or (c)** (as applicable);
- (ii) if that document is given after you send or deliver the Acceptance Form and before the end of the Offer Period while the Offer is subject to a defeating Condition, Bidder will provide the Consideration to which you are entitled in accordance with **sections 13.13(a), (b) and/or (c)** (as applicable);
- (iii) if that document is given after you send or deliver your Acceptance Form and before the end of the Offer Period while the Offer is not subject to a defeating Condition, Bidder will provide the Consideration on the basis that you are treated as having accepted the Offer at the time you give that document;
- (iv) subject to **section 13.13(d)(v)**, if that document is given after acceptance and after the end of the Offer Period, Bidder will provide the Consideration to which you are entitled to you in accordance with **sections 13.13(a), (b) or (c)** (as applicable) on the basis that you are treated as having accepted the Offer at the time you give that document and, in determining your Standard Payment Date, the Offer Period is treated as ending at the later of:
  - (A) when that document is given; and
  - (B) if when that document is given the Offer is still subject to the "Prescribed Occurrence" Condition in **section 13.14(d)** (other than under subclause (n) of the definition of Prescribed Occurrence), when that takeover contract becomes Unconditional; and
- (v) if that document is not provided to Bidder within one month after the end of the Offer Period, Bidder may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

**(e) First Tranche Issue**

In respect of an Austereo Shareholder who has made a valid election to receive the Scrip Consideration in respect of any or all of its Austereo Shares, the First Tranche Scrip Consideration is to be such amount of the Scrip Consideration as is determined on the Pro Rata Basis as at the First Calculation Date (the **First Tranche Issue**).

**(f) Second Tranche Issue and Payment**

In respect of an Austereo Shareholder who has made a valid election to receive the Scrip Consideration in respect of any or all of its Austereo Shares, the **Second Tranche Issue and Payment** is to be:

- (i) such amount of the Scrip Consideration as is determined on the Pro Rata Basis as at the **Second Calculation Date** (which will be the date one week after the time the first Accepting Shareholder has been provided with the First Tranche Issue) less the First Tranche Scrip Issue (the **Second Tranche Scrip Issue**); and

- (ii) to the extent that the First Tranche Scrip Issue and the Second Tranche Scrip Issue (together with any Cash Consideration provided in accordance with the Austereo Shareholder's valid elections or deemed elections) is less than the total Consideration payable to the Austereo Shareholder under the Offer, the balance of the Consideration in the form of Cash Consideration.

**(g) Pro Rata Basis**

The **Pro Rata Basis** means, in respect of an Austereo Shareholder who makes a valid election to receive Scrip Consideration (by acceptance of the Offer or under any compulsory acquisition process), such number of their Austereo Shares as is determined in accordance with the following formula:

$$X = N/S \times [S - 0.525T]$$

where:

**X** = the number of Austereo Shares held by the relevant Austereo Shareholder in respect of which they will receive the Scrip Consideration as the applicable date;

**N** = the number of Austereo Shares held by the relevant Austereo Shareholder in respect of which such Austereo Shareholder has made a valid election to receive the Scrip Consideration;

**S** = the total number of Scrip Acceptances which Bidder has received or may receive in the future (as determined as at the First Calculation Date or the Second Calculation Date, as applicable); and

**T** = the total number of Austereo Shares.

**(h) Payment of Additional Consideration**

If the Additional Consideration is payable in accordance with **section 13.1(c)**, the Additional Consideration will be paid to Accepting Shareholders, subject to the terms of this Offer, on the later of:

- (i) the date for payment determined under **sections 13.13(a), (b), (c) and/or (d)**; or
- (ii) immediately following Bidder having Relevant Interests in 90% or more of Austereo Shares and becoming entitled to proceed to compulsory acquisition, in accordance with the Corporations Act.

**(i) Holding statements**

- (i) All Southern Cross Media Shares issued under the Offer will be issued in uncertificated form and registered on the issuer sponsored sub-register or CHES sub-register of members of Southern Cross Media in Melbourne, Australia.
- (ii) Subject to the Corporations Act, Southern Cross Media must send or cause to be sent a holding statement (for Issuer Sponsored Holdings) or a confirmation of issue (for CHES Holdings) for the Southern Cross Media Shares due to you at your risk by pre-paid ordinary mail (or in the case of an address outside Australia by airmail), to the address given to it by Austereo's share registry.

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### (j) Provision of Consideration

- (i) Payment of any cash amount to which you are entitled under the Offer will be made in Australian currency. Any cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) to the address as shown on your Acceptance Form.
- (ii) The obligation of Bidder to issue and allot any Southern Cross Media Shares to which you are entitled will be satisfied by Southern Cross Media:
  - (A) entering your name on the register of members of Southern Cross Media; and
  - (B) dispatching or procuring the dispatch to you by pre-paid post to your address recorded in Austereo's register of members on the Relevant Date, an uncertificated holding statement in your name (for Issuer Sponsored Holdings) or a confirmation of issue (for CHES Holdings).

### (k) Return of Acceptance Forms

If this Offer does not become Unconditional or any contract arising from this Offer is rescinded by Bidder on the grounds of a breach of a condition of that contract, Bidder must return by post to you, at the address shown on the Acceptance Form, any Acceptance Form and any other documents sent with it by you. Bidder must also notify ASX Settlement of the lapse of the Offer in accordance with the ASX Settlement Operating Rules.

### (l) Clearances for certain shareholders

If, at the time of acceptance of this Offer, any authority or clearance of the Reserve Bank of Australia or of the Australian Taxation Office is required for you to receive any Consideration under this Offer or you are resident in or a resident of a place to which, or you are a person to whom:

- (i) the *Banking (Foreign Exchange) Regulations 1959* (Cth);
- (ii) Part 4 of the *Charter of the United Nations Act 1945* (Cth);
- (iii) the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth);
- (iv) Part 9 of the *Anti-Money Laundering And Counter-Terrorism Financing Act 2006* (Cth);
- (v) any other regulations made under Part 4 of the *Charter of the United Nations Act 1945* (Cth); or
- (vi) any other law of Australia that would make it unlawful for Bidder to provide Consideration for Your Austereo Shares,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive the Consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained by Bidder.

If Bidder is required by law to retain or withhold (and pay to a public authority) any amount of the Consideration payable to you under this Offer, the retention or payment by Bidder of that amount in conjunction with payment of the remaining Consideration payable to you in accordance with this **section 13.13** will constitute full and proper payment of the Consideration payable to you under this Offer.

### 13.14 Conditions

This Offer and any contract arising from acceptance of this Offer are subject to the fulfilment of the following Conditions:

- (a) **(Minimum Acceptance Condition)** At the end of the Offer Period, Bidder and its Associates together have a Relevant Interest in at least 50.1% (by number) of the Austereo Shares.
- (b) **(ACCC)** Before the end of the Offer Period:
  - (i) the ACCC indicates in writing to Bidder or by public statement that it does not propose to intervene in the acquisition of Austereo Shares by Bidder pursuant to section 50 of the CCA; or
  - (ii) the ACCC indicates in writing to Bidder or by public statement that it does not propose to intervene in the acquisition of Austereo Shares by Bidder pursuant to section 50 of the CCA, subject to the provision of written undertakings to the ACCC which are acceptable to Bidder and Southern Cross Media (acting reasonably).
- (c) **(ACMA)** Bidder has obtained Approval from the ACMA in relation to the acquisition of the Austereo Shares contemplated by the Offer.
- (d) **(No prescribed occurrences)** Before the end of the Offer Period, no Prescribed Occurrence happens.
- (e) **(No further dividends, distributions or redemptions)** Between the Announcement Date and the end of the Offer Period no member of the Austereo Group announces an intention to pay, declares or pays a dividend or any other form of distribution of profits or capital other than:
  - (i) the Interim Dividend;
  - (ii) the declaration and/or payment by any Subsidiary of Austereo of a dividend where the only recipient of that dividend is Austereo or a wholly owned Subsidiary of Austereo; or
  - (iii) a dividend or other distribution to be made by Austereo which is approved in writing by Southern Cross Media.
- (f) **(No material acquisitions, disposals or new commitments)** Between the Announcement Date and the end of the Offer Period, (other than disclosed in writing to Southern Cross Media or Bidder prior to the Announcement Date) neither Austereo nor any of its Subsidiaries:
  - (i) acquires, offers to acquire, agrees to acquire or announces a bid or tenders for, one or more companies, businesses or assets (or any legal, beneficial or economic interest or right in one or more companies, businesses, property or assets) the total consideration for which, or the value of which, in aggregate, exceeds \$5 million or makes an announcement in relation to such an acquisition, offer, agreement, bid or tender;
  - (ii) disposes of, offers to dispose of, or agrees to dispose of one or more companies, businesses, properties or assets or any legal, beneficial or economic interest or right in anyone or more companies, businesses, properties or assets for an amount, or in respect of which the book value (as recorded in Austereo's statement of financial position

as at 30 June 2010) is, in aggregate, greater than \$5 million or makes any announcement in relation to such a disposition, offer or agreement;

- (iii) enters into, or offers to enter into, any agreement, joint venture, partnership, management agreement, arrangement or commitment which would require expenditure other than in the ordinary course of business, or the foregoing of revenue, by Austereo and/or its Subsidiaries of an amount or value which, in aggregate, exceeds \$2 million per annum (in respect of each separate agreement, joint venture, partnership, management agreement, arrangement or commitment) or makes an announcement in relation to such an entry, offer or agreement;
- (iv) enters into any talent contract with a person not currently employed by or contracted to a member of the Austereo Group for a total remuneration of \$1 million or more per person per annum;
- (v) terminates without cause any talent contract with a person currently employed by or contracted to a member of the Austereo Group with a total remuneration of \$1 million or more per person per annum; or
- (vi) in respect of any talent contract with a person currently employed by or contracted to a member of the Austereo Group, increasing the amount of remuneration of the person by \$750,000 or more per annum.

This condition does not apply to any transaction or arrangement or proposed transaction or arrangement publicly announced by Austereo before the Announcement Date.

- (g) **(Other events)** Between the Announcement Date and the end of the Offer Period:
  - (i) Austereo does not write down the value of the Austereo Group's assets (as stated in Austereo's annual report for the year ended 30 June 2010 (**Annual Report**)); and
  - (ii) Austereo does not change its accounting policies as stated in the Annual Report,
 that (individually or in aggregate) has or could reasonably be expected to have a materially adverse effect on the assets, liabilities (whether actual or contingent), financial or trading position, profitability (before or after tax) or prospects of the Austereo Group.

### 13.15 Operation of Conditions

- (a) Each of the Conditions set out in each subsection, paragraph and subparagraph of **section 13.14**:
  - (i) constitutes and is to be construed as a separate, several and distinct Condition; and
  - (ii) until the expiration of the Offer Period (or in the case of the "Prescribed Occurrence" Condition referred to in **section 13.14(d)** (other than under subclause (n) of the definition of Prescribed Occurrence), until three Business Days after the end of the Offer Period) will be for the benefit of Bidder alone and may be relied upon only by Bidder.

- (b) Subject to the Corporations Act, each of the Conditions contained in each subsection, paragraph and subparagraph of **section 13.14** is a condition subsequent and will not prevent a contract to sell Your Austereo Shares arising from acceptance of this Offer, but any breach or non-fulfilment of such a Condition will entitle Bidder, by written notice, to rescind the contract resulting from acceptance of this Offer.

### 13.16 Freeing the Offer from Conditions

Subject to and in accordance with the Corporations Act, Bidder may declare the Offer free from any or all of the Conditions contained in **section 13.14** by giving notice in writing to Austereo. Any declaration made under this **section 13.16** may be made by Bidder in its sole discretion but in compliance with the Corporations Act:

- (a) in the case of the "Prescribed Occurrence" Condition in **section 13.14(d)** (other than under subclause (n) of the definition of Prescribed Occurrence), at any time up until three Business Days after the end of the Offer Period; or
- (b) in any other case, no later than seven days before the end of the Offer Period.

### 13.17 Notice on status of Conditions

Bidder will give notice of the status of the Conditions in **section 13.14** in accordance with section 630(1) of the Corporations Act on [insert date for notice of status of conditions], subject to extension in accordance with section 630(2) of the Corporations Act if the period during which this Offer remains open for acceptance is extended under section 650C of the Corporations Act.

### 13.18 Breach or non-fulfilment of Conditions

The breach or non-fulfilment of any of the Conditions contained in **section 13.14** does not, until the end of the Offer Period, prevent a contract resulting from your acceptance of this Offer. If at the end of the Offer Period (or, in the case of the "Prescribed Occurrence" Condition in **section 13.14(d)** (other than under subclause (n) of the definition of Prescribed Occurrence), at the end of three Business Days after the end of the Offer Period), in respect of any of the Conditions contained in **section 13.14**:

- (a) Bidder has not declared this Offer and all other Offers made by Bidder to be free from that Condition; and

- (b) that Condition has not been fulfilled,

all contracts resulting from the acceptance of Offers and all Offers that have been accepted and from which binding contracts have not yet resulted, are void. In that event, Bidder will, if you have accepted this Offer:

- (c) return your Acceptance Form together with all documents forwarded by you (if any) to your address as shown in the Acceptance Form; and
- (d) notify ASX Settlement of the lapse of the Offers in accordance with Rule 14.19 of the ASX Settlement Operating Rules.

## SECTION 13 OFFER TERMS

### 13.19 Reasonable endeavours in relation to Conditions

Southern Cross Media and its subsidiaries (including Bidder) will each:

- (a) use reasonable endeavours to procure that each of the Conditions in **section 13.14** is satisfied; and
- (b) not do or omit to do anything which may cause a breach of any such Condition.

Notwithstanding the above, except as discussed in **section 12.5**, Southern Cross Media is not required to agree to any divestments of assets of Austereo or Southern Cross Media in connection with the fulfilment of the Conditions.

### 13.20 Minimum Acceptance Condition

In determining whether the 50.1% Minimum Acceptance Condition in **section 13.14(a)** is met, any Relevant Interest that Bidder has merely because of the operation of section 608(3) of the Corporations Act (Relevant Interests from holding a 20% or greater voting power in any body corporate) will be disregarded.

### 13.21 Statutory condition

The Offer and any contract that results from your acceptance of it are subject to the further condition that:

- (a) an application is made to ASX within seven days of the start of the Offer Period for admission to official quotation by ASX of the Southern Cross Media Shares to be issued under the Offer; and
- (b) permission for admission to official quotation by ASX of the Southern Cross Media Shares to be issued under the Offers which are accepted, is granted no later than seven days after the end of the Offer Period.

This condition is not a defeating condition for the purposes of the Corporations Act and is not of the same nature as the Conditions set out in **section 13.14**. The Offer cannot be freed of this condition and subsequently no statements made by Bidder can be taken to waive that condition. If this condition is not fulfilled, all contracts resulting from the acceptance of the Offer (whether for Cash Consideration, Scrip Consideration or a combination of the two) will be void automatically.

### 13.22 Withdrawal of Offer

- (a) Bidder may withdraw this Offer at any time with the written consent of ASIC which consent may be given subject to such conditions (if any) as are specified in the consent. Notice of any withdrawal will be given to ASX and Austereo and Bidder will comply with any other conditions imposed by ASIC.
- (b) If Bidder withdraws this Offer, any contract resulting from its acceptance will automatically be void.

### 13.23 Variation

Bidder may at any time, and from time to time, vary this Offer in accordance with the Corporations Act.

### 13.24 Costs

All costs and expenses of the preparation and circulation of the Bidder's Statement and the Offers will be paid by Bidder. No stamp duty is payable by the transferor of listed shares (such as Austereo Shares – see **section 12.2(b)**). No brokerage is payable by you if you accept this Offer (unless you are an Ineligible Foreign Shareholder or an Unmarketable Parcel Shareholder, in which case the proceeds you will receive will be net of sale costs including brokerage).

### 13.25 Notices

Any notice to be given by Bidder to you in connection with the Offers may be given to you by leaving it at or sending it by pre-paid ordinary mail, or in the case of any address outside Australia, by pre-paid airmail to you at your address as recorded in the register of members of Austereo on the Relevant Date or the address shown in the Acceptance Form.

# 14

## AUTHORISATION

## SECTION 14 AUTHORIS- ATION

This Bidder's Statement has been approved by a unanimous resolution passed by the directors of Bidder and Southern Cross Media on 25 February 2011.

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# 15

## INTERPRETATION

## SECTION 15 INTERPRETATION

### 15.1 Definitions

Terms used in this Bidder's Statement have the meaning given in the Glossary (unless the contrary intention appears).

### 15.2 Construction

In this Bidder's Statement, unless the context requires otherwise:

- (a) words importing the singular include the plural and vice versa and any gender include the other gender;
- (b) "includes" means includes without limitation;
- (c) if a word or phrase is defined in the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules, it bears the same meaning;
- (d) if a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding definitions;
- (e) all prices referred to in the Offer are inclusive of GST where applicable;
- (f) a reference to:
  - (i) a person includes a firm, unincorporated association, corporation and a government or statutory body or authority;
  - (ii) a person includes the legal personal representatives, successors and assigns of that person;
  - (iii) a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
  - (iv) a right includes a benefit, remedy, direction or power;
  - (v) a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
  - (vi) time is to Melbourne time;
  - (vii) "\$" or "cents" is a reference to the lawful currency of Australia;
  - (viii) a section, subsection, paragraph, subparagraph, attachment, or annexure is to a section, subsection, paragraph, subparagraph, attachment, or annexure of this Bidder's Statement; and
  - (ix) "you" is to a person to whom the Offer is made under **section 13**.

### 15.3 Headings

Headings are for ease of reference only and do not affect the interpretation of this Bidder's Statement.

### 15.4 Governing law

The Offer and any contract that results from it are governed by the laws in force in Victoria, Australia and on acceptance of the Offer, you irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in Victoria, Australia and any courts which have jurisdiction to hear appeals from any of those courts and waive any right to object to any proceedings being brought in those courts.

# 16

## GLOSSARY

## SECTION 16 GLOSSARY

The following defined terms are used throughout this Bidder's Statement, unless the contrary intention appears or the context requires otherwise:

<b>AASB</b>	Australian Accounting Standards Board.
<b>ACCC</b>	Australian Competition and Consumer Commission.
<b>Acceptance Form</b>	the transfer and acceptance form which accompanies this Bidder's Statement and forms part of the Offer.
<b>Accepting Shareholders</b>	Austereo Shareholders who make valid acceptances of the Offer.
<b>Accepting Shares</b>	Austereo Shares in respect of which valid acceptances are received under the Offer.
<b>ACMA</b>	Australian Communications and Media Authority.
<b>Additional Consideration</b>	has the meaning given to in <b>section 13.1(d)</b> .
<b>Announcement Date</b>	31 January 2011, being the date on which Southern Cross Media announced details of the Takeover Bid to ASX.
<b>Approval</b>	that ACMA has stated in writing that it has approved any breach of the BSA arising as a result of the acquisition of Austereo Shares by Bidder, pursuant to section 67 of the BSA, either without conditions or subject only to conditions or requirements that are acceptable to Bidder and Southern Cross Media (acting reasonably).
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>ASIC Act</b>	<i>Australian Securities and Investments Commission Act 2001</i> (Cth).
<b>Associate</b>	has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of that Act included a reference to this document.
<b>ASX</b>	ASX Limited ABN 98 008 624 691 or the financial products market as the case requires.
<b>ASX Settlement</b>	ASX Settlement Pty Ltd ABN 49 008 504 532, the body which administers the CHESS system in Australia.
<b>ASX Settlement Operating Rules</b>	the settlement operating rules of ASX Settlement which govern the administration of CHESS.
<b>Austereo</b>	Austereo Group Limited ABN 58 095 552 060.
<b>Austereo Board</b>	the board of directors of Austereo.
<b>Austereo Group</b>	Austereo and its Related Bodies Corporate.
<b>Austereo Shareholder</b>	a holder of Austereo Shares.
<b>Austereo Shares</b>	fully paid ordinary shares in the capital of Austereo.
<b>Bidder</b>	Southern Cross National Network Pty Ltd ACN 148 894 231.
<b>Bidder's Statement</b>	this bidder's statement, being the statement of Bidder under Part 6.5 Division 2 of the Corporations Act relating to the Offers.
<b>Bidder's Takeover Transferee Holding</b>	the holding of Austereo Shares on the CHESS subregister of Southern Cross Media established for the purposes of this Offer.
<b>BSA</b>	<i>Broadcasting Services Act 1992</i> (Cth).
<b>BSA Control</b>	has the same meaning as "control" under the BSA.
<b>Business Day</b>	a day which is not a Saturday, Sunday, bank or public holiday in Melbourne, Australia.
<b>Call Option</b>	the call option granted by Village Roadshow under the Pre-Bid Agreement over 51,372,772 million Austereo Shares held by Village Roadshow (representing no more than 14.9% of the Austereo Shares on issue) in favour of Southern Cross Media.
<b>Call Option Shares</b>	has the meaning given to it in <b>section 5.5</b> .
<b>Cash Consideration</b>	\$2.00 for each Austereo Share.
<b>CCA</b>	<i>Competition and Consumer Act 2010</i> (Cth).

<b>CGT</b>	capital gains tax.
<b>CHESS</b>	the Clearing House Electronic Subregister System operated by ASX Settlement, which provides for electronic share transfer in Australia.
<b>CHESS Holding</b>	a holding of Austereo Shares on the CHESS subregister of Austereo.
<b>Conditions</b>	the conditions of the Offer detailed in <b>section 13.14</b> .
<b>Consideration</b>	either the Cash Consideration or the Scrip Consideration (plus the Additional Consideration if it is payable in accordance with <b>section 13.1(d)</b> ).
<b>Control</b>	has the meaning given under section 50AA of the Corporations Act.
<b>Controlling Participant</b>	the Participant who is designated as the controlling participant for Austereo Shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules (usually, your stockbroker).
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Deloitte</b>	Deloitte Touche Tohmatsu ABN 74 490 121 060.
<b>Early Payment Date</b>	has the meaning given to it in <b>section 13.13(c)</b> .
<b>EBITDA</b>	earnings before interest, tax, depreciation and amortization.
<b>Encumbrance</b>	any mortgage, charge (whether fixed or floating), pledge, lien, option, restriction as to transfer or any other encumbrance or security or adverse interest whatsoever.
<b>Equity Bridge Facility</b>	has the meaning given to it in <b>section 8.2</b> .
<b>First Calculation Date</b>	has the meaning given to it in <b>section 13.13(b)</b> .
<b>First Tranche Issue</b>	has the meaning given to it in <b>section 13.13(e)</b> .
<b>FY</b>	the relevant financial year.
<b>Glossary</b>	the glossary set out in this <b>section 16</b> .
<b>GST</b>	has the meaning given to that term in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>Implementation Deed</b>	the Implementation Deed between Austereo, Southern Cross Media and Bidder dated 31 January 2011 and as released to ASX on 31 January 2011 by Southern Cross Media.
<b>Ineligible Foreign Shareholder</b>	has the meaning given to that term in <b>section 13.12(a)</b> .
<b>Interim Dividend</b>	the fully franked interim dividend equal to \$0.05 per Austereo Share declared by Austereo on 9 February 2011.
<b>Interim Dividend Record Date</b>	5:00pm (if the securities are not CHESS approved) or 5:00pm or such later time permitted by SCH Business Rules (if the securities are CHESS approved) on 25 February 2011.
<b>Issuer Sponsored Holding</b>	a holding of Austereo Shares on Austereo's issuer sponsored subregister.
<b>Licence Area</b>	specific geographic areas which the BSA mandates to be served by certain commercial and community broadcasting services.
<b>Listing Rules</b>	the listing rules of ASX.
<b>LTM</b>	financial results during the period of the last 12 months.
<b>Macquarie Group</b>	Macquarie Group Limited ACN 122 169 279 and its Related Bodies Corporate.
<b>Maximum Cash Consideration</b>	the Cash Consideration payable in the scenario where 100% of Austereo Shareholders elect (or are deemed to have elected pursuant to <b>section 13.1(g)</b> ) to receive the Cash Consideration and the Additional Consideration is payable in accordance with <b>section 13.1(d)</b> .
<b>Maximum Scrip Consideration</b>	the Scrip Consideration to be issued where an election to receive the Scrip Consideration is made in respect of 47.5% or more of Austereo Shares (with the Scaleback to apply in accordance with <b>sections 13.4</b> and <b>13.13</b> where it is determined at the First Calculation Date and the Second Calculation Date that Scrip Acceptances have been or may be received for more than 47.5% of Austereo Shares).
<b>MBL</b>	Macquarie Bank Limited ABN 46 008 583 542.

<b>MCAL</b>	Macquarie Capital Advisers Limited ABN 79 123 199 548.
<b>MCGL</b>	Macquarie Capital Group Limited ACN 096 705 109.
<b>MDAA</b>	Macquarie Diversified Asset Advisory Pty Limited ACN 114 099 795.
<b>Merged Group</b>	Southern Cross Media Group, following the successful acquisition of a Relevant Interest in all or a majority of Austereo Shares.
<b>Minimum Acceptance Condition</b>	the Condition specified in <b>section 13.14(a)</b> .
<b>Nominee</b>	has the meaning given to that term in <b>section 13.12(c)</b> .
<b>Offer</b>	the offer for Austereo Shares contained in this Bidder's Statement and <b>Offers</b> means the several like offers for Austereo Shares sent or to be sent to other Austereo Shareholders (or persons entitled to receive such offers under the Takeover Bid).
<b>Offer Period</b>	the period commencing on [insert] and (unless the Offer is withdrawn) ending at 7:00pm (Melbourne time) on [insert], or such later date to which the Offer has been extended.
<b>Officers</b>	in relation to an entity, its directors, company secretaries, officers, partners and employees.
<b>Participant</b>	has the meaning set out in the ASX Settlement Operating Rules.
<b>Pre-Bid Agreement</b>	the Pre-Bid Agreement – Austereo Group Limited (Austereo) between Southern Cross Media and Village Roadshow dated 31 January 2011 and as released to ASX on 31 January 2011 by Southern Cross Media.
<b>Prescribed Occurrence</b>	<p>any of the following events:</p> <ul style="list-style-type: none"> <li>(a) Austereo converts all or any of its shares into a larger or smaller number of shares;</li> <li>(b) Austereo or a Subsidiary of Austereo resolves to reduce its capital in any way;</li> <li>(c) Austereo or a Subsidiary of Austereo: <ul style="list-style-type: none"> <li>(i) enters into a buy-back agreement; or</li> <li>(ii) resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;</li> </ul> </li> <li>(d) Austereo or a Subsidiary of Austereo issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;</li> <li>(e) Austereo or a Subsidiary of Austereo issues, or agrees to issue, convertible notes;</li> <li>(f) Austereo or a Subsidiary of Austereo disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;</li> <li>(g) Austereo or a Subsidiary of Austereo charges, or agrees to charge the whole, or a substantial part, of its business or property;</li> <li>(h) Austereo or a Subsidiary of Austereo resolves to be wound up;</li> <li>(i) a liquidator or provisional liquidator of Austereo or of a Subsidiary of Austereo is appointed;</li> <li>(j) a court makes an order for the winding up of Austereo or of a Subsidiary of Austereo;</li> <li>(k) an administrator of Austereo or of a Subsidiary of Austereo is appointed under section 436A, 436B or 436C of the Corporations Act;</li> <li>(l) Austereo or a Subsidiary of Austereo executes a deed of company arrangement;</li> <li>(m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Austereo or of a Subsidiary of Austereo; or</li> <li>(n) revocation, termination or suspension of, or the ACMA publicly proposes, or proposes in writing, to revoke or terminate or suspend, any of the licences or permits held by Austereo or a wholly owned Subsidiary of Austereo under the BSA or the <i>Radio Communications Act 1992</i> (Cth) which has or could reasonably be expected to have a materially adverse effect on the operations, financial or trading position, profitability or prospects of the Austereo Group or the Southern Cross Media Group.</li> </ul>



<b>Pro Forma Historical Financial Information</b>	has the meaning given to it in <b>section 7.2</b> .
<b>Proposed Acquisition</b>	the acquisition by Bidder of some or all of the Austereo Shares in accordance with the terms of this Offer.
<b>Proposed Entitlement Offer</b>	the proposed entitlement offer described in <b>section 8.4</b> .
<b>Pro Rata Basis</b>	has the meaning given to it in <b>section 13.13(g)</b> .
<b>RBS ECM</b>	RBS Equity Capital Markets (Australia) Limited ABN 17 000 757 111.
<b>RBS Plc</b>	The Royal Bank of Scotland Plc, Australia Branch ABN 30 101 464 528.
<b>Related Body Corporate</b>	has the meaning given to that term in the Corporations Act.
<b>Related Entity</b>	in relation to a party, any entity that is related to that party within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is Controlled by that party.
<b>Relevant Date</b>	7:00pm on 25 February 2011 (Melbourne time).
<b>Relevant Interest</b>	has the meaning given to that term in the Corporations Act.
<b>Rights</b>	all accretions, rights or benefits attaching to or arising from Austereo Shares on or after the Announcement Date (including all rights to receive dividends, bonuses or other shares of its profits or assets as well as rights to receive or subscribe for shares, stock units, notes or options and all other distributions or entitlements declared, paid, made or issued by Austereo or any of its subsidiaries) but excluding any such rights or benefits in relation to the Interim Dividend.
<b>Scaleback</b>	the scaleback described in <b>section 13.4</b> .
<b>SCMA</b>	Southern Cross Media Australia Pty Ltd ACN 109 243 110.
<b>SCMAH</b>	Southern Cross Media Australia Holdings Pty Ltd ACN 110 357 036.
<b>Scrip Acceptances</b>	the number of Austereo Shares for which Bidder receives acceptances during the Offer Period electing to receive the Scrip Consideration or (if Bidder is entitled to and does proceed to compulsory acquisition or compulsory buyout under Part 6A.1 of the Corporations Act) notices of election electing to receive the Scrip Consideration under the compulsory acquisition or compulsory buyout procedures.
<b>Scrip Cap</b>	47.5% (by number) of Austereo Shares.
<b>Scrip Consideration</b>	0.95 Southern Cross Media Shares for each Austereo Share.
<b>Second Calculation Date</b>	has the meaning given to it in <b>section 13.13(f)</b> .
<b>Second Payment Date</b>	has the meaning given to it in <b>section 13.13(b)</b> .
<b>Second Tranche Issue and Payment</b>	has the meaning given to it in <b>section 13.13(f)</b> .
<b>Second Tranche Scrip Issue</b>	has the meaning given to it in <b>section 13.13(f)</b> .
<b>Senior Debt Facility</b>	has the meaning given to it in <b>section 8.2</b> .
<b>Southern Cross Media</b>	Southern Cross Media Group Limited ABN 91 116 024 536.
<b>Southern Cross Media Board</b>	the board of directors of Southern Cross Media.
<b>Southern Cross Media Group</b>	Southern Cross Media and its Related Bodies Corporate.
<b>Southern Cross Media Shares</b>	fully paid ordinary shares in the capital of Southern Cross Media.
<b>Standard Payment Date</b>	has the meaning given to it in <b>section 13.13(a)</b> .
<b>Subsidiary</b>	has the meaning given to that term in section 9 of the Corporations Act.

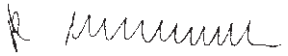
## SECTION 16 GLOSSARY

<b>Takeover Bid</b>	the off market bid in accordance with Part 6.5 of the Corporations Act under which Bidder offers to acquire all Austereo Shares.
<b>Target's Statement</b>	the target's statement required to be sent to Austereo Shareholders by Austereo.
<b>Unconditional</b>	that the Offers and any contracts resulting from acceptance of the Offers are no longer subject to fulfillment of the Conditions.
<b>Unmarketable Parcel Shareholder</b>	has the meaning given to that term in <b>section 13.12(b)</b> .
<b>Village Roadshow</b>	Village Roadshow Ltd ABN 43 010 672 054.
<b>Your Austereo Shares</b>	all the Austereo Shares held by you including all Austereo Shares held by you at the Relevant Date and still retained by you, and all Austereo Shares acquired by you on or after the Relevant Date and still retained by you and <b>my/our Austereo Shares</b> has a corresponding meaning.

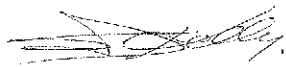
SIGNING  
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**Dated**

Signed for and on behalf of Bidder by Rhys Holleran and Stephen Kelly, the directors of Bidder who are authorised to sign this Bidder's Statement on behalf of Bidder pursuant to a unanimous resolution passed by the directors.



**Rhys Holleran**  
Director



**Stephen Kelly**  
Director

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# A ATTACHMENT

**Southern Cross Media's announcements to ASX since 28 October 2009  
(other than in relation to the Offer)**

Date	Description
22/02/2011	FY11 H1 Results Announcement
22/02/2011	FY11 H1 Investor Presentation
22/02/2011	Half Yearly Report and Accounts
17/02/2011	Ceasing to be a substantial holder
16/02/2011	Notice of 2011 Half Year Results Presentation
03/02/2011	Becoming a substantial holder
24/01/2011	Change in substantial holding
24/01/2011	Ceasing to be a substantial holder
21/01/2011	Becoming a substantial holder
19/01/2011	Ceasing to be a substantial holder
18/01/2011	Becoming a substantial holder
14/01/2011	Ceasing to be a substantial holder
13/01/2011	Becoming a substantial holder
12/01/2011	Ceasing to be a substantial holder
11/01/2011	Becoming a substantial holder
07/01/2011	Ceasing to be a substantial holder from UBS
06/01/2011	Becoming a substantial holder
04/01/2011	Ceasing to be a substantial holder
31/12/2010	Becoming a substantial holder
29/12/2010	Ceasing to be a substantial holder
17/12/2010	Becoming a substantial holder
16/12/2010	Change in substantial holding
14/12/2010	Amendment of Constitution
14/12/2010	Amendment of DRP
13/12/2010	Southern Cross Media to Launch Channel Eleven in Regional Australia
13/12/2010	Ceasing to be a substantial holder
10/12/2010	Securities Trading Policy
09/12/2010	Becoming a substantial holder
07/12/2010	Ceasing to be a substantial holder
06/12/2010	Becoming a substantial holder
29/11/2010	Ceasing to be a substantial holder
10/11/2010	Becoming a substantial holder
29/10/2010	Ceasing to be a substantial holder
27/10/2010	2010 AGM Results
27/10/2010	AGM Presentation
27/10/2010	Becoming a substantial holder
25/10/2010	Ceasing to be a substantial holder
07/10/2010	Dividend Reinvestment Plan – Application Price
24/09/2010	2010 Annual Report
24/09/2010	Notice of Annual General Meeting/Proxy Form
23/09/2010	Becoming a substantial holder
16/09/2010	Ceasing to be a substantial holder
07/09/2010	Becoming a substantial holder from UBS
06/09/2010	Notice of initial substantial shareholding from WBC
06/09/2010	Becoming a substantial holder from BTT
06/09/2010	Ceasing to be a substantial holder
03/09/2010	Letter to Shareholders – DRP Documentation
03/09/2010	Becoming a substantial holder
02/09/2010	Change in substantial holding
01/09/2010	Becoming a substantial holder
31/08/2010	Full Year Results Investor Presentation

Date	Description
31/08/2010	Southern Cross Media Full Year Results
31/08/2010	Appendix 4E and Preliminary Final Report
30/08/2010	Ceasing to be a substantial holder
26/08/2010	Notice of Full Year 2010 Results Presentation
26/08/2010	Becoming a substantial holder
25/08/2010	Ceasing to be a substantial holder
24/08/2010	Becoming a substantial holder
19/08/2010	Ceasing to be a substantial holder
19/08/2010	Becoming a substantial holder
18/08/2010	Change in substantial holding
17/08/2010	Becoming a substantial holder
16/08/2010	Ceasing to be a substantial holder
11/08/2010	Becoming a substantial holder
10/08/2010	Ceasing to be a substantial holder
27/07/2010	Becoming a substantial holder
21/07/2010	Ceasing to be a substantial holder
20/07/2010	Becoming a substantial holder
15/07/2010	Ceasing to be a substantial holder
30/06/2010	SXL Ownership in ACM Transferred to Lenders
21/06/2010	Becoming a substantial holder
07/06/2010	Ceasing to be a substantial holder
04/06/2010	Becoming a substantial holder
03/06/2010	Ceasing to be a substantial holder
02/06/2010	Becoming a substantial holder
28/05/2010	Ceasing to be a substantial holder
27/05/2010	Becoming a substantial holder
07/05/2010	Investor Update
16/04/2010	Change of Company Secretary and Registered Office
09/04/2010	Appendix 3Y
08/04/2010	Appendix 3Y
01/04/2010	Ceasing to be a substantial holder
30/03/2010	Becoming a substantial holder
30/03/2010	Appendix 3Y
19/03/2010	Removal from Official List – SCMT and SCMIL
18/03/2010	Amended SCMGL Constitution
18/03/2010	Completion of Corporatisation
18/03/2010	Appendix 3B
12/03/2010	ASX Circular: Internalisation and corporatisation
11/03/2010	Disclosure Notice and Appendix 3B
10/03/2010	Appendix 3Z
10/03/2010	Amended SCMIL Bye-Laws
10/03/2010	Amended SCMT Constitution
10/03/2010	Amended SCMGL Constitution
10/03/2010	Completion of SCM Refinancing and Internalisation
10/03/2010	SCM Facility and Proceeding with Internalisation
02/03/2010	Ceasing to be a substantial holder
25/02/2010	Commitments Obtained for SCM Refinancing
23/02/2010	SCMG Management Information Report
23/02/2010	SCMG FY10 Interim Results Presentation
23/02/2010	SCMG FY10 Interim Results Announcement
23/02/2010	SCMG Appendix 4D Interim Financial Report
22/02/2010	Change in substantial holding



Date	Description
11/02/2010	Southern Cross Media Group – Notice of 2010 Interim Results
09/02/2010	Becoming a substantial holder
01/02/2010	ACM Extension of Forbearance
25/01/2010	Ceasing to be a substantial holder
11/01/2010	Bermudan Court Approval for Share Scheme
29/12/2009	Change in substantial holding
21/12/2009	Ceasing to be a substantial holder
17/12/2009	Amendment of MMT Constitution
17/12/2009	Security Holder Approval
17/12/2009	Internalisation and Corporatisation Meetings
16/12/2009	MMG Interim Distribution for December 2009
15/12/2009	Change in substantial holding
14/12/2009	Change in substantial holding
08/12/2009	Becoming a substantial holder
08/12/2009	Change in substantial holding
07/12/2009	Ceasing to be a substantial holder by J.P.Morgan
07/12/2009	Change in substantial holding from MQG
04/12/2009	Completion of Recapitalisation
04/12/2009	Appendix 3Y
04/12/2009	Appendix 3Y
04/12/2009	Appendix 3Y
04/12/2009	Appendix 3Y
04/12/2009	Appendix 3Y
01/12/2009	Amendment of MMT Constitution
27/11/2009	MMG Completion of A\$294 Million Entitlement Offer
27/11/2009	Trading Halt
26/11/2009	MMG Retail Entitlement Offer Completion
26/11/2009	MMG Close of Retail Entitlement Offer
20/11/2009	Appendix 3Y
20/11/2009	ACM Signs Forbearance Agreement
19/11/2009	Change in substantial holding
16/11/2009	Change in substantial holding from MQG
16/11/2009	Change in substantial holding from MQG
16/11/2009	Becoming a substantial holder – J.P.Morgan
16/11/2009	Notice of Meeting and Proxy Form
03/11/2009	Retail Entitlement Offer
02/11/2009	2009 Amended AGM Results
30/10/2009	Becoming a substantial holder
30/10/2009	ASX Circular: Accelerate Renounceable Offer
30/10/2009	Strong Institutional Support for Entitlement Offer
29/10/2009	Confirmation of ACM Covenant Breach
28/10/2009	MMG AGM Results
28/10/2009	MMT Amendment to Constitution
28/10/2009	MMIL Amended Bye-Laws
28/10/2009	Resignation of Company Secretary
28/10/2009	MMG AGM Presentation
28/10/2009	Appendix 3F
28/10/2009	Appendix 3B
28/10/2009	MMG Cleansing Statement
28/10/2009	Investor Information Booklet
28/10/2009	Trading Halt
28/10/2009	Investor Information Summary
28/10/2009	Repositioning of MMG

only  
**B**

**ATTACHMENT**

## Austereo's announcements to ASX since 30 June 2010 (other than in relation to the Offer)

Date	Description
24/02/2011	Change of Director's Interest Notice
22/02/2011	Becoming a substantial holder
11/02/2011	Ceasing to be a substantial holder in AEO by DB Group
09/02/2011	Half Year results presentation
09/02/2011	Half Year Results
08/02/2011	Shareholder Information Line opens
08/02/2011	Change in substantial holding – Correction of Form 605 AEO
07/02/2011	Ceasing to be a substantial holder from Deutsche Bank AG
04/02/2011	Change in substantial holding from DBA
03/02/2011	Becoming a substantial holder from DBA
03/02/2011	Change of Director's Interest Notice
03/02/2011	Ceasing to be a substantial holder
02/02/2011	Becoming a substantial holder from MQG
02/02/2011	Becoming a substantial holder
02/02/2011	Ceasing to be a substantial holder from PPT
01/02/2011	Change in substantial holding from PPT
21/01/2011	VRL shareholding in Austereo
23/12/2010	Security Trading Policy
29/11/2010	Change of Director's Interest Notice
19/11/2010	Change of Director's Interest Notice x8
11/11/2010	Results of Annual General Meeting
11/11/2010	Chairman's Address to General Meeting
21/10/2010	Change in Director's Interest Notice
11/10/2010	Annual Report to Shareholders/Notice of AGM
08/10/2010	Ceasing to be a substantial holder from CBA
05/10/2010	Change in substantial holding from CBA
24/09/2010	Form 484 – Cancellation of Shares
23/09/2010	Employee Share Plan – App 3E and 3F
09/09/2010	Change in substantial holding from CBA
09/09/2010	Employee Share Plan Buy-Back – 3C and 281
06/09/2010	Change in substantial holding from CBA
26/08/2010	Full Year Statutory Accounts
25/08/2010	Change in substantial holding from CBA
23/08/2010	Ceasing to be a substantial holder
23/08/2010	Change in substantial holding – PPT
12/08/2010	June 2010 Results Presentation
12/08/2010	Preliminary Final Report 4E



# ATTACHMENT

## Part 1

### Condition precedent to utilisation – Senior Debt Facility

It will be a condition precedent to the first utilisation of the Senior Debt Facility that the facility agent, acting on the instructions of all lenders, is satisfied that it has received all of the documents and information listed below in form and substance satisfactory to it (or the facility agent is satisfied that concurrent with the date on which it notifies SCMA under the Sixth Amending Deed that all initial conditions precedent to utilisation have been satisfied or waived it will receive those documents and that information in form and substance satisfactory to it):

1. **Officer's certificate:** a certificate from two authorised officers of each of SCMA, SCMAH, Bidder and each original guarantor referred to in the Senior Debt Facility, attaching its constitutional documents, extracts of board resolutions, powers of attorney and specimen signatures and providing certifications:
  - (a) relating to compliance with laws, authorisations, board resolutions and entry into the finance documents, solvency and certain other procedural matters;
  - (b) that Bidder has not amended, varied, released or waived any of the conditions in **sections 13.14(a) to (e)** and has not amended certain other terms of the Implementation Deed or this Bidder's Statement where such amendment is or would be materially prejudicial to the interests of the lenders;
  - (c) that no event or circumstance has occurred which would prevent SCMA from relying on the certain funds provisions summarised in **Attachment E**;
  - (d) that following the Offer, Bidder will own at least 50.1% (in number) of Austereo Shares;
  - (e) that the ACCC has given an indication set out in **section 13.14(b)**;
  - (f) that Bidder has obtained approval from the ACMA;
  - (g) that the Senior Debt Facility Unconditional Date has occurred; and
  - (h) that the Austereo Board originally recommended that each Austereo Shareholder accept the Offer;
2. **Finance documents:** executed facility and security documents and payment of or provision for applicable taxes and duties;
3. **Delivery of other agreements:** provision of copies of the tax sharing agreement and the tax funding agreement of Southern Cross Media Group, the reimbursement agreement between Southern Cross Media and SCMA, summaries of affiliation agreements, shareholder loans and the related subordination deed, a hedging protocol and the Implementation Deed and Bidder's Statement;

4. **Other matters:** delivery of legal opinions, approvals and consents, financial accounts, funds flow statement, documents of title, evidence of payment of any taxes, fees and costs, receipt of all searches and enquiries and satisfaction of "know your customer" requirements and certain other procedural matters;
5. **Equity Bridge Facility:** confirmation that all conditions precedent under the Equity Bridge Facility have been satisfied; and
6. **Matters already satisfied:** certain other conditions precedent that have been satisfied as at the date of this Bidder's Statement.

## Part 2

### Condition precedent to initial utilisation – Equity Bridge Facility

It will be a condition precedent to first utilisation of the Equity Bridge Facility that the facility agent, acting on the instructions of all lenders, is satisfied that it has received all of the documents and information listed below in form and substance satisfactory to it (or the facility agent is satisfied that concurrent with the date of first utilisation it will receive those documents and that information in form and substance satisfactory to it):

1. **Officer's certificate:** a certificate from two authorised officers of Southern Cross Media attaching its constitutional documents, extracts of board resolutions, powers of attorney and specimen signatures and providing certifications:
  - (a) relating to compliance with laws, authorisations, board resolutions and entry into the finance documents, solvency and certain other procedural matters;
  - (b) that there has been no amendment to the structure of the Offer from that contained in this Bidder's Statement that would result in the Maximum Cash Consideration payable under the Offer exceeding the sources of funding available to the Southern Cross Media Group;
2. **Finance documents:** executed Equity Bridge Finance Documents and payment of or provision for applicable stamp duty;
3. **Other matters:** delivery of legal opinions, approvals and consents, financial accounts, funds flow statement, documents of title, evidence of payment of any taxes, fees and costs, receipt of all searches and enquiries and satisfaction of "know your customer" requirements and certain other procedural matters;
4. **Delivery of other agreements:** provision of copies of the executed Senior Debt Facility agreement, the reimbursement agreement between Southern Cross Media and SCMA, the tax sharing agreement and the tax funding agreement of Southern Cross Media Group, the Implementation Deed and the Pre-Bid Agreement; and
5. **Matters already satisfied:** certain other conditions precedent that have been satisfied as at the date of this Bidder's Statement.

only D

# ATTACHMENT



## Part 1

### Conditions precedent to each utilisation – Senior Debt Facility

Subject to the certain funds provisions summarised in **Attachment E** (other than in respect of sub paragraphs 3(a) and (b) below), it will be a condition precedent to each utilisation under the Senior Debt Facility that:

1. **Representations and warranties:** the representations and warranties given by SCMA and each guarantor under the finance documents are true and accurate by reference to the facts and circumstances then subsisting and will remain true and accurate immediately after that utilisation is made;
2. **No defaults etc:** no event of default, potential event of default or review event has occurred and is continuing or would result from the proposed utilisation; and
3. **Procedural matters:** (a) the utilisation will not result in the facility limit being exceeded, (b) the utilisation request will confirm that a relevant utilisation request has been made under the Equity Bridge Facility and (c) confirmation from the share registrar as to the number of Austereo Shares in respect of which acceptances have been received under the Offer.

## Part 2

### Conditions precedent to each utilisation – Equity Bridge Facility

1. Subject to the certain funds provisions summarised in **Attachment E**, it will be a condition precedent to each utilisation of the Equity Bridge Facility that:
  - (a) **Representations and warranties:** representations and warranties given by Southern Cross Media under the finance documents are true and accurate by reference to the facts and circumstances then subsisting and will remain true and accurate immediately after that utilisation is made;
  - (b) **No defaults etc:** no event of default, potential event of default or review event has occurred and is continuing or would result from the proposed utilisation; and
  - (c) **Other matters:** the utilisation will not result in the facility limit being exceeded and confirmation from the share registrar as to the number of Austereo Shares in respect of which acceptances have been received under the Offer.
2. It will be a condition precedent to each utilisation of the tranches of the Equity Bridge Facility to be utilised for the purposes of making funds available to Bidder to pay the Cash Consideration and any Additional Consideration that the following are provided in form and substance satisfactory to the facility agent: (a) evidence that all conditions precedent under the Senior Debt Facility have been satisfied and the facility agent shall have received a copy of the utilisation notice delivered under the Senior Debt Facility which together with the requested utilisation and all other available sources of funds will be sufficient to pay the Cash Consideration and any Additional Consideration for the Austereo Shares to be paid for on the relevant date and (b) a copy of this Bidder's Statement.

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# ATTACHMENT

## Part 1

### Certain Funds Period – Senior Debt Facility

During the Senior Debt Facility Certain Funds Period, subject to the anti-money laundering provisions of the Senior Debt Facility, any request for a utilisation for the purposes of making funds available to Bidder to pay the Cash Consideration and any Additional Consideration will be complied with unless:

1. **Conditions precedent:** any initial condition precedent listed in Part 1 of **Attachment C**, or sub paragraphs 3(a) and (b) of Part 1 of **Attachment D** have not been satisfied or waived;
2. **Major Representation:** any representation or warranty from SCMA or any original guarantor under the Senior Debt Facility in relation to incorporation and existence, power, authority and authorisations to own its assets, carry on business and enter into and perform its obligations under the finance documents, Implementation Deed and the Offer, the validity and enforceability of the finance documents, the execution, delivery and performance of the finance documents not contravening any law, constitutional documents or other agreement binding on it or resulting in an event of default, potential event of default or review event under such agreement, no immunity, not being a trustee or agent and solvency is untrue or misleading (whether by omission or otherwise) or is unable to be made for any reason;
3. **Major Default:** any circumstance with respect to SCMA or any original guarantor under the Senior Debt Facility constituting an event of default or potential event of default in relation to the matters below subsists, or would result from any utilisation under the Senior Debt Facility:
  - (a) a failure to pay;
  - (b) breach of a Major Undertaking (as referred to in paragraph 4 below);
  - (c) appointment of (or application for the appointment of) a controller, appointment of an administrator, the winding up of (or application for the winding up of), deregistration, suspension of payments generally, insolvency, arrangement or compromise for the benefit of creditors, declaration of moratorium, failure to comply with a statutory demand or any analogous event in respect of SCMA or any original guarantor;
  - (d) a material provision of a finance document is or is claimed to be invalid, illegal, void, voidable or unenforceable or SCMA or a guarantor repudiates or becomes entitled to terminate, rescind or avoid a provision of a finance document;
  - (e) SCMAH ceases to own 100% of or control SCMA, Southern Cross Media ceases to control SCMAH or Bidder ceases to be a wholly owned subsidiary of SCMA;
4. **Major Undertaking:** an undertaking with respect to SCMA or an original guarantor under the Senior Debt Facility:
  - (a) not to create or allow to exist a security interest over assets other than a permitted security interest under the Senior Debt Facility;
  - (b) not to dispose of assets other than in accordance with the Senior Debt Facility;
  - (c) not to make distributions other than in accordance with the Senior Debt Facility;
  - (d) not to incur finance debt other than in accordance with the Senior Debt Facility;
  - (e) not to undertake any mergers, acquisitions and joint ventures other than in accordance with the Senior Debt Facility;
  - (f) not to make loans or extensions of credit other than in accordance with the Senior Debt Facility;
  - (g) not to grant guarantees, indemnities or certain other obligations other than in accordance with the Senior Debt Facility;
  - (h) not to dispose of Austereo Shares; or
  - (i) in respect of the Offer:
    - (A) not to amend the Cash Consideration or the Additional Consideration if it would result in the Maximum Cash Consideration payable under the Offer exceeding the aggregate of the available commitment under the Facilities;
    - (B) not to, without consent of all lenders, amend, waive the conditions in, accept or treat as satisfied or decide not to enforce any of the conditions in **sections 13.14(a) to (e)**;
    - (C) not to, without the consent of the majority lenders, amend certain other terms of the Implementation Deed or this Bidder's Statement where such amendment is or would be materially prejudicial to the interests of the lenders;
    - (D) to comply in all material respects with all applicable laws in relation to the Offer and ensure this Bidder's Statement and the Implementation Deed contain all material terms of the Offer;
    - (E) to keep the facility agent under the Senior Debt Facility informed and consult with it as to certain matters relating to the Offer;
    - (F) to promptly initiate compulsory acquisition procedures if Bidder is entitled and comply with relevant provisions of the Corporations Act; and
    - (G) to fund the Cash Consideration, any Additional Consideration and associated fees, costs and expenses from utilisations of the Facilities in accordance with the proportions set out in the Senior Debt Facility and comply with certain blocked account provisions.
5. **Prescribed Occurrence:** any Prescribed Occurrence (excluding paragraph (n) of the definition of Prescribed Occurrence) occurs;
6. **Unconditional Date:** the Senior Debt Facility Unconditional Date has not occurred by 30 September 2011 or the Offer has been withdrawn; or
7. **Legality:** it is unlawful for any lender to perform any of its obligations, for any reason, under the Senior Debt Facility.

**Certain Funds Period – Equity Bridge Facility**

During the Equity Bridge Facility Certain Funds Period, subject to the anti-money laundering provisions of the Equity Bridge Facility, any request for a utilisation for the purposes of making funds available to Bidder to pay the Cash Consideration and any Additional Consideration will be complied with unless:

1. **Conditions precedent:** any initial condition precedent listed in Part 2 of **Attachment C**, or paragraph 2 of Part 2 of **Attachment D** have not been satisfied or waived;
2. **Major Representation:** any representation or warranty from Southern Cross Media under the Equity Bridge Facility in relation to incorporation and existence, power and authority and authorisation to own its assets, carry on business and enter into and perform its obligations under the finance documents, the validity and enforceability of the finance documents, the execution, delivery and performance of the finance documents not contravening any law, constitutional documents or other agreement binding on it or resulting in an event of default, potential event of default or review event under such agreement, no immunity, not being a trustee or agent and solvency is untrue or misleading (whether by omission or otherwise) or is unable to be made for any reason;
3. **Major Default:** any circumstance with respect to Southern Cross Media under the Equity Bridge Facility constituting an event of default in relation to the matters below subsists, or would result from any utilisation under the Equity Bridge Facility:
  - (a) a failure to pay;
  - (b) breach of a Major Undertaking (as referred to in paragraph 5 below);
  - (c) appointment of (or application for the appointment of) a controller, appointment of an administrator, the winding up of (or application for the winding up of), deregistration, suspension of payments generally, insolvency, arrangement or compromise for the benefit of creditors, declaration of moratorium, failure to comply with a statutory demand or any analogous event in respect of Southern Cross Media; or
  - (d) a material provision of a finance document is or is claimed to be invalid, illegal, void, voidable or unenforceable or Southern Cross Media repudiates or becomes entitled to terminate, rescind or avoid a provision of a finance document;
4. **Removal from ASX:** Southern Cross Media is removed from the official list of the stock exchange operated by ASX Limited;
5. **Major Undertaking:** an undertaking with respect to Southern Cross Media under the Equity Bridge Facility:
  - (a) not to create or allow to exist a security interest over assets other than a permitted security interest under the Equity Bridge Facility;
  - (b) not to sell, assign, transfer or otherwise dispose of assets other than in accordance with the Equity Bridge Facility;
  - (c) not to incur or permit to be outstanding any finance debt other than in accordance with the Equity Bridge Facility;
  - (d) not to make loans or advances or grant any credit other than in accordance with the Equity Bridge Facility;
  - (e) not to make available guarantees, indemnities or certain other obligations other than in accordance with the Equity Bridge Facility;
 in all cases, other than in accordance with the Equity Bridge Facility.
6. **Prescribed Occurrence:** any event listed in paragraphs (h) to (m) (inclusive) of the definition Prescribed Occurrence occurs; or
7. **Legality:** it is unlawful for any lender to perform any of its obligations, for any reason, under the Equity Bridge Facility.

**Registered Office**

Level 2  
70 Park Street  
South Melbourne VIC 3205

**Offer enquiry line**

Within Australia: 1300 651 576  
From overseas: +61 3 9415 4881

**Directors of Southern Cross Media**

Max Moore-Wilton (Chairman)  
Leon Pasternak  
Chris de Boer  
Anthony (Tony) Bell  
Michael Carapiet

**Company Secretary of Southern Cross Media**

Louise Bolger

**Directors of Bidder**

Stephen Kelly  
Rhys Holleran

**Company Secretary of Bidder**

Louise Bolger

**Share Registry**

Computershare Investor Services Pty Limited  
Level 4  
60 Carrington Street  
Sydney NSW 2000

**Legal Adviser**

Corrs Chambers Westgarth  
600 Bourke Street  
Melbourne VIC 3000

**Financial Adviser**

Macquarie Capital Advisers Limited  
101 Collins Street  
Melbourne VIC 3000

**Accounting Adviser**

Deloitte  
550 Bourke Street  
Melbourne VIC 3000









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000001  
000  
SAM



MR JOHN SMITH 1  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

Holder Identification Number (HIN)



X 1234567890 I N D

Use a black pen.  
Print in CAPITAL letters  
inside the grey areas.

A B C

1 2 3

For your security keep your SRN/HIN confidential.

## Acceptance Form - CHESS Holding

This is a personalised form for the sole use of the holder and securityholding recorded below. It is an important document and requires your immediate attention. If you are in doubt about how to deal with it, please consult your financial or other professional adviser.

This form relates to an offer ("Offer") by Southern Cross National Network Pty Ltd ("Bidder"), a wholly owned subsidiary of Southern Cross Media Group Limited ("Southern Cross Media"), to acquire all of your ordinary shares ("Austereo Shares") in Austereo Group Limited ACN 095 552 060 ("Austereo") pursuant to a Bidder's Statement dated 25 February 2011 and any replacements or supplements (the "Bidder's Statement"). Terms defined in the Bidder's Statement but not in this form have the same meaning as in the Bidder's Statement unless the context requires otherwise.

### B Consideration

The consideration applicable is that set out in the terms of Bidder's Statement.

### C To be completed by Securityholder

If you correctly complete, sign and return this form you will be deemed to have accepted the Offer in respect of ALL of Your Austereo Shares. Your form must be received by 7.00pm (Melbourne time) on the closing date of the Offer Period (which is TBC 2011, unless extended).

Please elect your consideration by placing a X in ONE of the following boxes. If you do not make an election or your election is invalid or indistinct, you will be deemed to have elected to receive the Cash Consideration.

☐

Cash Consideration

☐

Scrip Consideration\*

☐

Mix of Scrip Consideration and Cash Consideration\*

Insert in this box the number of Austereo Shares in respect of which you elect to receive the Scrip Consideration\*. This cannot be more than the amount stipulated above. You will be deemed to have elected the Cash Consideration in respect of the balance of Your Austereo Shares.

\*The amount of Scrip Consideration issued to you may be subject to the Scaleback detailed in section 13.4 of the Bidder's Statement.

### D Contact details

Please provide your contact details in case we need to speak to you about this form.

Name of contact person

Contact person's daytime telephone number

### E Sign here - this section must be signed before we can process this form.

I/We accept the Offer and I/we agree to be bound by the terms and conditions of the Offer as set out in the Bidder's Statement (including the instructions as to acceptance of the Offer on the back of this form) and transfer all of my/our Austereo Shares to Bidder for the consideration applicable under the terms of the Offer.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Individual or Securityholder 2

Director

Individual or Securityholder 3

Director/Company Secretary

Bidder reserves the right to make amendments to this form as set out in the Offer terms. Please refer to the lodgement instructions overleaf.

See back of form for completion guidelines

# How to complete this form

## Acceptance of Bidder's Offer

### A Registration Details

The Austereo Shares are currently registered in the name(s) printed on this form. Any Scrip Consideration issued to you will be issued in the name(s) which appear(s) on the Austereo register.

If you have already sold all Your Austereo Shares shown overleaf, you need not take any further action.

### B Consideration

The consideration under the Offer is detailed in the Bidder's Statement.

### C How to accept Bidder's Offer

As Your Austereo Shares are held in a CHESS Holding, complete your acceptance and return this form to the address shown below so that it is received by no later than the Closing Date.

You will need to be specific about the number of Your Austereo Shares in respect of which you are electing to receive the Scrip Consideration. In the event you are not specific or make an indistinct election you will be deemed to have elected to receive the Cash Consideration in respect of all of Your Austereo Shares.

If you sign and return this Acceptance Form, you warrant to Southern Cross Media and Bidder (and authorise Southern Cross Media and Bidder to warrant on your behalf) that you have full legal and beneficial ownership of the Austereo Shares to which this Acceptance Form relates and that Southern Cross Media and Bidder will acquire them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

**Neither Bidder, Southern Cross Media nor Computershare Investor Services Pty Limited ('CIS') will be responsible for any delays incurred by this process.**

### D Contact details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

### E Signature(s)

You must sign the form as follows in the space provided:

Joint holding: where the holding is in more than one name all of the securityholders must sign.

Power of Attorney: to sign under power of attorney, you must attach a certified copy of the power of attorney to this form when you return it.

Deceased Estate: all executors must sign and a certified copy of probate or letters of administration must accompany this form.

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 sign in the appropriate place to indicate the office held.

## Lodgement of Acceptance Form

This Acceptance Form must be received by CIS at the address below by 7.00pm (Melbourne time) on **TBC 2011**, unless extended. You should allow sufficient time for this to occur. Return this Acceptance Form to:

Computershare Investor Services Pty Limited  
GPO Box 2115  
MELBOURNE VIC 80600

Neither CIS, Bidder nor Southern Cross Media accepts any responsibility if you lodge the Acceptance Form at any other address or by any other means.

## Privacy Statement

Personal information is collected on this form by CIS, as registrar for the Offer, for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by Bidder or Southern Cross Media in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

**If you have any enquiries concerning this Acceptance Form or how to accept the Offer, please contact the Offer Information Line on 1300 651 576 (for callers within Australia) or +61 3 9415 4881 (for callers outside Australia)**

Please note this form may not be used to change your address.

1 TCO

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**Please return the completed form in the envelope provided or to the address opposite:**

Computershare Investor Services Pty Limited  
GPO Box 2115  
Melbourne Victoria 8060  
Australia





A

000001  
000  
SAM  
MR JOHN SMITH 1  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



Securityholder Reference Number (SRN)



I 1234567890 I N D

Use a black pen.  
Print in CAPITAL letters  
inside the grey areas.

A B C

1 2 3

For your security keep your SRN/HIN confidential.

## Acceptance Form - Issuer Sponsored Holding

This is a personalised form for the sole use of the holder and securityholding recorded below. It is an important document and requires your immediate attention. If you are in doubt about how to deal with it, please consult your financial or other professional adviser.

This form relates to an offer ("Offer") by Southern Cross National Network Pty Ltd ("Bidder"), a wholly owned subsidiary of Southern Cross Media Group Limited ("Southern Cross Media"), to acquire all of your ordinary shares ("Austereo Shares") in Austereo Group Limited ACN 095 552 060 ("Austereo") pursuant to a Bidder's Statement dated 25 February 2011 and any replacements or supplements (the "Bidder's Statement"). Terms defined in the Bidder's Statement but not in this form have the same meaning as in the Bidder's Statement unless the context requires otherwise.

### B Consideration

The consideration applicable is that set out in the terms of Bidder's Statement.

### C To be completed by Securityholder

If you correctly complete, sign and return this form you will be deemed to have accepted the Offer in respect of ALL of Your Austereo Shares. Your form must be received by 7.00pm (Melbourne time) on the closing date of the Offer Period (which is TBC 2011, unless extended).

Please elect your consideration by placing a X in ONE of the following boxes. If you do not make an election or your election is invalid or indistinct, you will be deemed to have elected to receive the Cash Consideration.

☐

Cash Consideration

☐

Scrip Consideration\*

☐

Mix of Scrip Consideration and Cash Consideration\*

Insert in this box the number of Austereo Shares in respect of which you elect to receive the Scrip Consideration\*. This cannot be more than the amount stipulated above. You will be deemed to have elected the Cash Consideration in respect of the balance of Your Austereo Shares.

\*The amount of Scrip Consideration issued to you may be subject to the Scaleback detailed in section 13.4 of the Bidder's Statement.

### D Contact details

Please provide your contact details in case we need to speak to you about this form.

Name of contact person

Contact person's daytime telephone number

### E Sign here - this section must be signed before we can process this form.

I/We accept the Offer and I/we agree to be bound by the terms and conditions of the Offer as set out in the Bidder's Statement (including the instructions as to acceptance of the Offer on the back of this form) and transfer all of my/our Austereo Shares to Bidder for the consideration applicable under the terms of the Offer.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Individual or Securityholder 2

Director

Individual or Securityholder 3

Director/Company Secretary

Bidder reserves the right to make amendments to this form as set out in the Offer terms. Please refer to the lodgement instructions overleaf.

See back of form for completion guidelines

<Securityholder Reference Number>

### Acceptance of Bidder's Offer

The Austereo Shares are currently registered in the name(s) printed on this form. Any Scrip Consideration issued to you will be issued in the name(s) which appear(s) on the Austereo register.

## **R** Consideration

## How to accept Bidder's Offer

You will need to be specific about the number of Your Austereo Shares in respect of which you are electing to receive the Scrip Consideration. In the event you are not specific or make an indistinct election you will be deemed to have elected to receive the Cash Consideration in respect of all of Your Austereo Shares.

**Neither Bidder, Southern Cross Media nor Computershare Investor Services Pty Limited ('CIS') will be responsible for any delays incurred by this process.**

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

You must sign the form as follows in the space provided:

**Power of Attorney:** to sign under power of attorney, you must attach a certified copy of the power of attorney to this form when you return it.

Deceased Estate: all executors must sign and a certified copy of probate or letters of administration must accompany this form.

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 sign in the appropriate place to indicate the office held.

This Acceptance Form must be received by CIS at the address below by 7.00pm (Melbourne time) on **TBC** 2011, unless extended. You should allow sufficient time for this to occur. Return this Acceptance Form to:

Computershare Investor Services Pty Limited  
GPO Box 2115  
MELBOURNE VIC 8060

Neither CIS, Bidder nor Southern Cross Media accepts any responsibility if you lodge the Acceptance Form at any other address or by any other means.

Personal information is collected on this form by CIS, as registrar for the Offer, for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by Bidder or Southern Cross Media in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

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Melbourne Victoria 8060  
Australia

