



NOTICE OF ANNUAL GENERAL MEETING 2014 AND EXPLANATORY MEMORANDUM

Date of Meeting: Tuesday 21 October 2014

Time of Meeting: 10.00 am

Place of Meeting: The Ernst & Young Centre, Room 33.001, Level 33, 680 George Street, Sydney, New South Wales

1. ANNUAL GENERAL MEETING

The Annual General Meeting (**AGM**) of Southern Cross Media Group Limited (**SCMGL** or **Company**) will be held at **10.00 am AEDT** on **Tuesday 21 October 2014** at:

**The Ernst & Young Centre,
Room 33.001, Level 33,
680 George Street,
Sydney, New South Wales**

The notice of meeting is contained in section 2 and the Explanatory Memorandum, which explains the business of the meeting, is contained in section 4. Voting information is contained in section 3 and the proxy form which accompanies this document. The proxy form and Explanatory Memorandum form part of the Notice of Meeting.

This document is important and requires immediate attention. It should be read in its entirety. If you are uncertain as to the course you should follow, you should seek professional advice without delay.

Certain capitalised terms are defined in section 5 although terms which are defined in the SCMGL constitution have the same meaning when used in this document unless the context requires otherwise.

2. NOTICE OF MEETING

SOUTHERN CROSS MEDIA GROUP LIMITED
ABN 91 116 024 536 (SCMGL or Company)

Notice is given that the Annual General Meeting of the members of SCMGL will be held at **10.00 am AEDT on Tuesday 21 October 2014 at The Ernst & Young Centre, Room 33.001, Level 33, 680 George Street, Sydney, New South Wales.**

AGENDA

A. Chairman's address to SCMGL shareholders

B. Chief Executive Officer's address to SCMGL shareholders

C. Financial Accounts and Reports

To receive and consider the Financial Report of SCMGL and the Directors' Report and Auditor's Report, for the financial year ended 30 June 2014.

D. Election and Re-election of Directors

Resolution 1: Election of Robert Murray as a Director

To consider, and if thought fit, to pass as an ordinary resolution:

- 1) "That Robert Murray be elected as a Director of SCMGL."

The Board recommends (with Mr Murray abstaining in respect of Resolution 1) that SCMGL shareholders vote in favour of Resolution 1.

Resolution 2: Election of Kathy Gramp as a Director

To consider, and if thought fit, to pass as an ordinary resolution:

- 2) "That Kathy Gramp be elected as a Director of SCMGL."

The Board recommends (with Ms Gramp abstaining in respect of Resolution 2) that SCMGL shareholders vote in favour of Resolution 2.

Resolution 3: Election of Glen Boreham as a Director

To consider, and if thought fit, to pass as an ordinary resolution:

- 3) "That Glen Boreham be elected as a Director of SCMGL."

The Board recommends (with Mr Boreham abstaining in respect of Resolution 3) that SCMGL shareholders vote in favour of Resolution 3.

Resolution 4: Re-election of Leon Pasternak as a Director

To consider, and if thought fit, to pass as an ordinary resolution:

- 4) "That Leon Pasternak be re-elected as a Director of SCMGL."

The Board recommends (with Mr Pasternak abstaining in respect of Resolution 4) that SCMGL shareholders vote in favour of Resolution 4.

E. Remuneration Report

Resolution 5: Adoption of Remuneration Report

To consider, and if thought fit, to pass as a non-binding and advisory resolution in accordance with section 250R(3) of the *Corporations Act 2001* ("Corporations Act"):

- 5) "That the Remuneration Report included in the SCMGL Directors' Report for the financial year ended 30 June 2014 be adopted."

The Board recommends that SCMGL shareholders vote in favour of Resolution 5.

The vote on this resolution is advisory only and does not bind the Directors or the Company. Under section 250U of the *Corporations Act*, if 25% or more of votes cast on this resolution are against the resolution, then the Board Spill Meeting Resolution (set out in Resolution 6 below) will be put to shareholders for their consideration and vote.

Note: a voting exclusion as set out below applies to Resolution 5

Resolution 6: Board Spill Meeting Resolution

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

- 6) "That:

- an extraordinary general meeting of the Company ("Spill Meeting") will be held within 90 days of the passing of this resolution;
- all of the Non-Executive Directors in office when the Board resolution to make the Directors Report for the financial year ended 30 June 2014 was passed and who remain in office at the time of the Spill Meeting (being Max Moore-Wilton, Leon Pasternak, Chris de Boer and Peter Harvie), cease to hold office immediately before the end of the Spill Meeting; and
- resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote of shareholders at the Spill Meeting."

The Board recommends that SCMGL shareholders vote against Resolution 6 if it is required to be put to shareholders.

Note: a voting exclusion as set out below applies to Resolution 6.

Voting exclusion statement

The Company will disregard any votes cast on Resolution 5 and on Resolution 6 (if Resolution 6 is put to the meeting) by, or on behalf of:

- a member of the Key Management Personnel, details of whose remuneration is disclosed in the Remuneration Report; and
 - their Closely Related Parties,
- (each a Prohibited Voter) unless the vote is cast:
- as proxy for a person who is not a Prohibited Voter and the vote is cast in accordance with the direction on the proxy form; or
 - by the Chairman of the meeting as proxy for a person who is not a Prohibited Voter and the form of proxy expressly authorises the Chairman to vote undirected proxies as the Chairman sees fit (even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel).

By Order of the Board of Southern Cross Media Group Limited



Jane Summerhayes
Company Secretary
19 September 2014

3. VOTING ENTITLEMENT AND PROXY INFORMATION

Voting

You can vote in either of two ways:

- attending the meeting and voting in person or, if you are a corporate member, by corporate representative voting for you; or
- appointing a proxy to attend and vote for you, using the enclosed voting and proxy form.

Voting in person

If you plan to attend the meeting, we ask that you arrive at the meeting venue at least 30 minutes prior to the time designated for the meeting so that we may check your shareholding against our register of members and note your attendance. The meeting will be held at **10.00 am AEDT on Tuesday 21 October 2014 at The Ernst & Young Centre, Room 33.001, Level 33, 680 George Street, Sydney, New South Wales.**

Voting by corporate representative

If a corporate member plans to attend through a corporate representative, it must appoint a person to act as its representative and the appointed person must bring appropriate written evidence of the appointment to the meeting signed under the corporation's common seal or in accordance with section 127 of the Corporations Act.

Voting by proxy

If you do not intend to attend the meeting and are entitled to vote on the resolutions, you may select a representative or the Chairman of the meeting to act as your proxy to attend and vote for you. A representative may be a natural person or a body corporate and need not be a member of SCMGL. Your proxy can be appointed in respect of some or all of your votes. If you are entitled to cast two or more votes at the meeting you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where a proportion is not specified, each may exercise half of your voting rights. If you appoint one proxy, then your proxy will be entitled to vote on a show of hands. If you appoint two proxies, neither of them may vote on a show of hands.

If you appoint a proxy, you may still attend the meeting. However, your proxy's rights to speak and vote are suspended while you are present. Accordingly, you will be asked to revoke your proxy if you register at the meeting.

Proxy vote if appointment specifies way to vote

Section 250BB of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- 1) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
- 2) if the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- 3) if the proxy is the Chairman of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- 4) if the proxy is not the Chairman – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to Chairman in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chairman of the meeting; and
- at the meeting, a poll is demanded on the resolution; and
- either of the following applies:
 - i. the proxy is not recorded as attending the meeting; or
 - ii. the proxy does not vote on the resolution,

the Chairman of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at that meeting.

Entitlement to vote

SCMGL has determined that for the purpose of voting at the meeting, SCMGL shares will be taken to be held by those persons holding shares in the Company that are listed for quotation on the Australian Securities Exchange and recorded on the Company's register as at **10.00 am AEDT on Sunday 19 October 2014.**

Timing

For the appointment of a proxy to be effective, you must ensure that your proxy form (and a certified copy of the authority under which it is signed) is received by the registry, Computershare Investor Services Pty Limited, at least 48 hours before the start of the meeting, that is, by no later than **10.00am AEDT on Sunday 19 October 2014:**

- by mail;
- by facsimile;
- by internet; or
- by hand delivery.

The relevant contact details are:

Details for lodgement of Proxies

Mailing Address	Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001
Delivery Address	Computershare Investor Services Pty Limited Level 4, 60 Carrington Street Sydney NSW 2000
Facsimile	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
Internet	Log on to www.investorvote.com.au

If you are a custodian and an Intermediary Online subscriber, you can log on to www.intermediaryonline.com

A reply paid envelope is enclosed for the return of the proxy form by mail.

As a shareholder in SCMGL, Chapter 2C of the Corporations Act requires certain information about you (including your name, address and details of the SCMGL shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding. This information is held by Computershare Investor Services Pty Limited on behalf of SCMGL in its capacity as SCMGL's appointed registry.

4. EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to help SCMGL shareholders understand the business to be put to shareholders at the forthcoming Annual General Meeting. They relate to the resolutions set out in the Notice of Meeting and should be read in conjunction with the Notice of Meeting. This Explanatory Memorandum forms part of the Notice of Meeting.

Resolutions 1, 2, 3 and 4 are ordinary resolutions. An ordinary resolution is passed where a simple majority of votes cast by shareholders entitled to vote on the resolution are cast in favour of the resolution. Resolution 5 is a non-binding resolution. Resolution 6 will only be put to the meeting if at least 25% of votes cast by shareholders entitled to vote on Resolution 5, are cast against the resolution. Resolution 6 (if it is required to be put to the meeting) is an ordinary resolution.

AGENDA ITEM C

Financial Accounts and Reports

As required by the Corporations Act, the Financial Report, Directors' Report and Auditor's Report of SCMGL for the most recent financial year will be laid before the AGM. The members of SCMGL are not required to pass a resolution in relation to these documents, except in relation to the Remuneration Report.

A SCMGL shareholder who is entitled to vote at the AGM may submit written questions to SCMGL's auditor under section 250PA of the Corporations Act if the question is relevant to the content of the SCMGL Auditor's Report or the conduct of the audit of the SCMGL Financial Report. Any such shareholder wanting to do so, must give the question to SCMGL (attention Jane Summerhayes) at the address for SCMGL shown in the Corporate Directory in section 6 no later than the fifth business day before the meeting (that is, by 5.00 pm on Tuesday, 14 October 2014).

The auditor will be available at the AGM to answer shareholder questions on the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by SCMGL in relation to the preparation of the Financial Report and the independence of the auditor in relation to the conduct of the audit.

The auditor will either answer these questions at the AGM or table written answers to them at the AGM and make them available to shareholders as soon as practicable after the AGM.

AGENDA ITEM D

The Board has developed and committed to an orderly process of Board renewal focused on:

- increasing the number of Non-Executive, Independent Directors;
- attracting a cross-section of expertise including listed company directorship, finance, technology, marketing and media industry expertise in particular; and
- continuity of corporate knowledge and experience.

Michael Carapiet has advised that he will step down at the 2014 AGM due to his increased commitments outside the Company. The Chairman has also advised that he intends to step down from the Board during the course of the 2015 financial year, following selection and appointment of a successor.

Collectively, these changes have provided the Board with a significant opportunity for renewal through the appointment of three new Independent Directors who bring a highly relevant and diverse range of expertise to the Board table.

1. RESOLUTION TO ELECT ROBERT MURRAY AS A DIRECTOR

Resolution 1 is supported by the Board

Article 10.8 of the Constitution provides that a Director appointed by the Board under that Article holds office until the conclusion of the next annual general meeting of the Company but is eligible for election at that meeting.

Robert Andrew Murray

Non-Executive Director

Independent

Appointed: 1 September 2014

Board Committees: Audit and Risk Committee

Rob Murray, having been appointed by the Board of Directors with effect from 1 September 2014 ceases to hold office at the conclusion of the AGM, and offers himself for election.

Mr Murray has had a distinguished career in sales, marketing and general management having served most recently as the CEO of Lion (formerly Lion Nathan), including during its acquisition by Kirin Holdings in 2009.

Prior to this Mr Murray worked for Procter & Gamble Co. for 12 years. Following this he worked for Nestlé for eight years, firstly as MD of the UK Food business, and from 2000 to 2004 as CEO of Nestlé Oceania. In 2004 Mr Murray became CEO of Lion Nathan Limited, including during its acquisition by Kirin Holdings.

Mr Murray is a former Non-Executive Director of Lion (formerly Lion Nathan) one of Australasia's leading food and beverage companies. He serves on the International Advisory Board of Kirin Holdings Company Limited, a global integrated beverages company that is the parent of Lion.

Mr Murray's other roles on Boards and Committees include:

- Non-Executive Director, Super Retail Group
- Non-Executive Director, Linfox
- Non-Executive Director, Bestest Foundation
- Non-Executive Director, Dick Smith Electronics

The Board, having assessed Mr Murray's associations and experience, is satisfied that Mr Murray is an Independent Director.

The Board (Mr Murray abstaining) unanimously recommends the election of Robert Murray to the Board.

The Chairman of the meeting intends to vote undirected proxies in favour of the election of Robert Murray.

2. RESOLUTION TO ELECT KATHY GRAMP AS A DIRECTOR

Resolution 2 is supported by the Board

Article 10.8 of the Constitution provides that a Director appointed by the Board under that Article holds office until the conclusion of the next annual general meeting of the Company but is eligible for election at that meeting.

Kathryn Joy Gramp

Non-Executive Director

Independent

Appointed: 1 September 2014

Board Committees: Audit and Risk Committee

Kathy Gramp, having been appointed by the Board of Directors with effect from 1 September 2014 ceases to hold office at the conclusion of the AGM, and offers herself for election.

Ms Gramp has had a long executive career, primarily in commercial radio. Ms Gramp joined Austereo Ltd, Australia's largest commercial radio network at a senior corporate level. She was appointed Company Secretary in 1994 and Chief Financial Officer in 2003.

As a member of the Executive Committee, Ms Gramp worked closely with the Executive Chairman and CEO to ensure industry leadership in audience, revenue share and earnings. Being Chair of the Project Management Board, Ms Gramp played a key role in maintaining Austereo's leading position in terms of world's best practice across the broader business, including sales, programming, HR, IT, digital media and capital projects.

Ms Gramp has over 15 years' experience as a Non-Executive director across a broad range of companies, government bodies and other organisations covering:

- Commercial Radio and Digital Media,
- Health, Aged Care and Disability,
- Retirement Living and Property Development,
- Business Tourism,
- Finance Sector, and
- Government and Emergency Services.

Ms Gramp's roles on Boards and Committees include:

- December 2013 – Bushfire and Natural Hazard Cooperative Research Committee. Independent board member. Chair Audit, Risk and Compliance Committee.
- June 2013 – Royal Automobile Association of SA. Member Audit and Risk and Merger and Acquisition Committees.
- July 2010 – Masonic Homes Limited, Deputy Chair. Retirement Living Development and Owner Operators. Chair Audit and Risk Committee.
- October 2008 – Silver Chain Group. Leading Community Health Care Provider WA and SA with operations in Qld and NSW. Chair Audit and Risk Committee. Member Clinical Governance Committee.

Ms Gramp is a Fellow of both the Australian Institute of Company Directors and the Institute of Chartered Accountants in Australia.

The Board, having assessed Ms Gramp's associations and experience, and noting that Ms Gramp's service as an executive of the company ceased more than three years before her appointment to the Board, is satisfied that Ms Gramp is an Independent Director.

The Board (Ms Gramp abstaining) unanimously recommends the election of Kathy Gramp to the Board.

The Chairman of the meeting intends to vote undirected proxies in favour of the election of Kathy Gramp.

3. RESOLUTION TO ELECT GLEN BOREHAM AS A DIRECTOR

Resolution 3 is supported by the Board

Article 10.8 of the Constitution provides that a Director appointed by the Board under that Article holds office until the conclusion of the next annual general meeting of the Company but is eligible for election at that meeting.

Glen Boreham AM

Non-Executive Director

Independent

Appointed: 1 September 2014

Board Committees: Nomination and Remuneration Committee

Glen Boreham, having been appointed by the Board of Directors with effect from 1 September 2014 ceases to hold office at the conclusion of the AGM, and offers himself for election.

Mr Boreham has had a long and distinguished career at IBM culminating in the role of Chief Executive Officer and Managing Director, IBM Australia and New Zealand from 2006 to 2010 with responsibility for 15,000 employees and annual revenues of over \$4 billion.

During his career at IBM, Mr Boreham worked in New Zealand, Japan and the United Kingdom before returning to Australia.

Mr Boreham has extensive experience in technology but also in traditional and new media through his roles chairing the Australian Government's Convergence Review of the media industry, and being the inaugural Chair of Screen Australia from 2008 to 2014. Screen Australia is the Australian Government's agency responsible for developing a competitive film, television and new media industry while providing support for projects of cultural significance.

In addition, Glen has held a number of other roles including serving as a member of the Business Council of Australia; a four-year term as a board member of the Australian Chamber Orchestra; and a member of the Australian Government's Information Technology Innovation Council. He completed three years as the Deputy Chairman of the Australian Information Industry Association in 2010.

Mr Boreham's current roles on Boards and Committees include:

- Chairman, Advisory Board, University of Technology, Sydney (UTS), 2010 – Present
- Chairman, Business School Advisory Board, UTS, Sydney, 2012 – Present
- Non-Executive Director, Data#3 Ltd, 2011 – Present (Data#3 is an ASX listed cloud computing and IT solutions provider which operates nationally from Brisbane headquarters. Revenues are c. \$780 million and market cap is c. \$120 million.)
- Chairman, Advance, 2012 – Present (Advance is a NFP built on a private-public partnership which links expatriate Australians residing across c. 90 countries.)
- Male CEO Champions of Change, 2010 – Present

On Australia Day 2012, Mr Boreham was honored by being appointed a Member of the Order of Australia for his service to business and the arts.

The Board, having assessed Mr Boreham's associations and experience, is satisfied that Mr Boreham is an Independent Director.

The Board (Mr Boreham abstaining) unanimously recommends the election of Glen Boreham to the Board.

The Chairman of the meeting intends to vote undirected proxies in favour of the election of Glen Boreham.

4. RESOLUTION TO RE-ELECT LEON PASTERNAK AS A DIRECTOR

Resolution 4 is supported by the Board

Article 10.3 of the constitution of SCMGL requires that one-third of the Directors on the Board (or, if their number is neither three nor a multiple of three, then the number nearest one-third) must retire at each annual general meeting. If they are eligible, they may stand for re-election. For these purposes, a director who has been appointed by the Board under Article 10.8 of the Constitution is disregarded.

Accordingly, Leon Pasternak retires by rotation and, being eligible, offers himself for re-election.

Leon Pasternak

Non-Executive Director

Independent

Appointed: 2005

Board Committees: Member, Audit and Risk Committee; Chair, Nomination and Remuneration Committee

4. EXPLANATORY MEMORANDUM

The SCA Board is undergoing significant renewal. Four of the seven directors serving as at the 2013 AGM either have or will soon have retired, namely Ms Marina Darling and Mr Tony Bell. Mr Michael Carapiet has advised that he will step down at the 2014 AGM and the Chairman, Mr Max Moore-Wilton, has also advised that he intends to step down from the Board during the course of the 2015 financial year.

In light of this significant turnover, the Board considers it is very important that the three remaining serving Directors, including Mr Leon Pasternak, continue to serve on the Board to provide continuity and to facilitate a smooth transition of the Board's renewal process.

Mr Pasternak has a deep understanding of SCMGL's operations at a time of industry and regulatory upheaval and was recently appointed to chair the Remuneration Committee following the resignation of Mr Bell. In that capacity and as outlined below, considerable work has been undertaken which has resulted in a revised remuneration structure in response to the 'first strike' triggered at the 2013 AGM and feedback from shareholders and other stakeholders.

Mr Pasternak was appointed to the Board of Directors in 2005 and has worked with management during the Company's transition from Macquarie Media Group, through the internalisation of its management and the acquisition of Austereo Limited, to Southern Cross Media Group Limited. He is the Deputy Chairman of the Board and Lead Independent Director, and previously a Vice Chairman and Managing Director of Bank of America Merrill Lynch (retired in February 2014).

Mr Pasternak has been a Director of the Company since it was part of the stapled structure known as the Macquarie Media Group ("MMG"). At that time he was also an Independent Director of Macquarie Media Management Limited ("MMML") (then a Macquarie entity that was the responsible entity (trustee) of, and investment manager to, MMG entities). Mr Pasternak was initially appointed to these directorships to provide independent leadership in the management of MMG and was at the time considered to be independent from Macquarie and an Independent Director of the Company.

Mr Pasternak was considered independent because he had not been within the three years prior to his appointment to the Board, a principal or employee of a professional adviser to MMG, Macquarie or Macquarie-managed vehicles whose billings to MMG, Macquarie or other Macquarie-managed vehicles over the previous full year, in aggregate, exceeded 5% of the adviser's total revenues over that period.

Mr Pasternak continues not to have any financial or other relationship with any substantial shareholder that may preclude him from being considered independent by the current Board.

Mr Pasternak was initially appointed to the Board pursuant to special share rights held by MMML, but has since been re-elected by the shareholders of the Company on two occasions.

The Board, having assessed his associations, his experience and his performance on the Board, is satisfied that Mr Pasternak is an Independent Director.

The Board (Mr Pasternak abstaining) unanimously recommends the re-election of Leon Pasternak to the Board.

The Chairman of the meeting intends to vote undirected proxies in favour of the re-election of Mr Pasternak.

AGENDA ITEM E

5. RESOLUTION TO ADOPT REMUNERATION REPORT

Resolution 5 is supported by the Board

Directors of listed public companies are required to provide detailed disclosure of the remuneration of Key Management Personnel (KMP) in the Directors' Report. The Remuneration Report appears in the Directors' Report for the financial year ended 30 June 2014 and is also available on the Company's corporate website www.southerncrossaustereo.com.au.

Under the Corporations Act, shareholders will be asked to vote on a resolution to adopt the Remuneration Report at the AGM. The vote on the resolution will be advisory only and will not bind the Directors or the Company.

At last year's AGM, more than 25% of the votes cast on the resolution to adopt the 2013 Remuneration Report were voted 'against' the resolution. Accordingly, the Company received a 'first strike' under the Corporations Act.

If the votes 'against' the 2014 Remuneration Report are again at least 25% of the votes cast, the Company will receive a 'second strike' and Resolution 6 will be put to the meeting.

In response to the 'strike' received on the 2013 Remuneration Report, this year's report details the actions taken by the Nomination and Remuneration Committee to address comments made on the Remuneration Report at the AGM and ensure remuneration policies and structures are fair, competitive and aligned with the long-term interests of the Group.

In 2014, the Nomination and Remuneration Committee undertook a full review of remuneration practices, obtained feedback from key stakeholders and took steps to improve remuneration practices and the quality of disclosures. The principal changes relate to:

- **Improved disclosure of the remuneration framework** including expanded disclosure of short-term incentive (STI) performance hurdles and details of the Total Shareholder Return (TSR) comparator group for the long-term incentive (LTI) plan.
- **STI plan:** commencing 1 July 2014:
 - Better alignment of all executives with the Group's short term objectives and strategy by having a consistent framework for financial and non-financial metrics, and re-weighting financial and non-financial metrics from 70% / 30% to 80% / 20%
 - Changed the Group-wide financial measure for executives to net profit after tax (NPAT) rather than earnings before interest, tax, depreciation and amortisation (EBITDA)
- **LTI plan:** commencing 1 July 2014:
 - One consistent plan limited to executive KMP only, with a three-year performance period with no vesting possible before the end of the performance period
 - Introduced an additional performance measure, with both TSR (50%) and Earnings Per Share (EPS) (50%) performance hurdles applying to awards
- **Board and executive remuneration:** regular and independent benchmarking to ensure remuneration of key roles meets shareholder expectations and is market competitive.

There were no changes to Non-Executive Director (NED) fees or the CEO's remuneration package in FY14, and no changes to the potential quantum of remuneration for these roles are proposed for FY15.

As part of good governance, the Board wishes to voluntarily disclose further details of the new EPS hurdle to apply to awards made under the Group's LTI plan from 1 July 2014.

For the purpose of the LTI plan, adjusted EPS will be used to determine performance. Adjusted EPS is considered appropriate as it excludes the impact of significant or non-recurring items (both income and costs) and so provides a better measure of underlying long-term performance.

For the LTI grants to be made in FY2015, FY2014 will be the base year for the purpose of the EPS performance hurdle. Adjusted EPS in FY2014 was 11.3 cents per share. Adjusted EPS in FY2017 will be compared against Adjusted EPS in FY2014 to determine whether the EPS hurdles have been met in respect of the FY2015 grants. Adjusted EPS will be calculated by dividing the adjusted profit after tax attributable to members of SCMGL for the relevant reporting period (reported profit after tax, adjusted for the after-tax effect of any significant or non-recurring items) by the weighted average number of ordinary shares of the Company over the relevant reporting period.

EPS performance will be measured over a three-year period using the most recent financial year end prior to the granting of the award as the base year, and the final financial year in the three-year performance period as the end year. EPS growth over the three-year performance period will be measured relative to a threshold target of 3% per annum compound growth and a stretch target of 8% per annum compound growth.

During the discussion on this item of business, shareholders will have reasonable opportunities to ask questions about, and make comments upon, the Remuneration Report.

The Board unanimously recommends that SCMGL shareholders approve the adoption of the Remuneration Report.

The Chairman of the meeting intends to vote all undirected proxies he is entitled to vote on Resolution 5, in favour of the adoption of the Remuneration Report.

6. RESOLUTION TO CONVENE A BOARD SPILL MEETING

Resolution 6 is not supported by the Board

This resolution will only be put to the meeting if at least 25% of the votes cast on the resolution to adopt the Remuneration Report (Resolution 5) are cast 'against' the adoption of the report.

If less than 25% of the votes on Resolution 5 are cast 'against' the adoption of the Remuneration Report at the 2014 AGM, then there will be no 'second strike' and this Resolution 6 will not be put to the meeting.

If this resolution is put to the meeting and passed by an ordinary resolution, then it will be necessary for the Board to convene a further general meeting ("Spill Meeting") of the Company within 90 days of the AGM in order to consider the composition of the Board.

Section 250V of the Corporations Act, sets out the statutory requirements of a Spill Meeting resolution. Pursuant to section 250V, all of the Non-Executive Directors in office when the Board passed its resolution to make the Directors' Report for the 2014 financial year and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting. Consequently, if a Spill Meeting is held, the following Directors will automatically vacate office at the conclusion of the meeting

unless they are willing to stand for re-election and are re-elected at that meeting:

- Max Moore-Wilton
- Leon Pasternak
- Chris de Boer
- Peter Harvie

Even if Leon Pasternak is re-elected at this year's AGM, he will still need to be re-elected at the Spill Meeting to remain in office after the Spill Meeting.

Robert Murray, Kathy Gramp and Glen Boreham, if elected under resolutions 1, 2 and 3 respectively, will not be required to vacate office at the Spill Meeting, as they were not Directors at the time that the Board passed its resolution to make the Directors' Report for the 2014 financial year.

The Board unanimously recommends that SCMGL shareholders vote against Resolution 6 on the basis it would be disruptive to the Company and in the Board's view, it would be inappropriate to remove all the Non-Executive Directors in the circumstances. The Board recognises that SCMGL shareholders can remove a Director by a majority shareholder vote at any time for any reason.

The Voting Exclusion Statements for Resolution 5 and Resolution 6 are set out in the Notice of Meeting.

5. GLOSSARY

AEDT means Australian Eastern Daylight Time.

AGM means annual general meeting.

Business Day means a business day for the purposes of the Corporations Act, being a day that is not a Saturday, a Sunday or a public holiday or bank holiday in Melbourne, Australia.

Closely Related Party of a member of the Key Management Personnel means any of the following persons:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- a company that the member controls; or
- a person described as such by the Corporations Regulations 2001 (Cth).

Corporations Act means *Corporations Act 2001* (Cth).

Directors means the directors of SCMGL and "Director" refers to one of the Directors.

Explanatory Memorandum means the explanatory memorandum set out in section 4 of this document.

Key Management Personnel has the same meaning as in the Australian Accounting Standards and broadly includes persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Director.

Notice and Notice of Meeting means this notice of annual general meeting and a reference to this Notice includes the Explanatory Memorandum and the proxy form that accompanies it.

6. CORPORATE DIRECTORY

Southern Cross Media Group Limited

Level 2
257 Clarendon Street
South Melbourne VIC 3205
Australia

Telephone: 03 9252 1019 (Australia)
+61 3 9252 1019 (International)

Facsimile: +61 3 9252 1270

Website: www.southerncrossaustereo.com.au

Directors: Max Moore-Wilton (Chairman)
Leon Pasternak (Deputy Chairman)
Chris de Boer
Michael Carapiet
Peter Harvie
Robert Murray
Kathy Gramp
Glen Boreham

Secretary: Jane Summerhayes

Registry

Computershare Investor Services Pty Ltd
GPO Box 2975 Melbourne VIC 3001

Telephone: 1300 766 272 (Australia)
+61 3 9415 4257 (International)

Facsimile: +61 3 9473 2500

Financial report

A copy of the SCMGL consolidated financial report for the period ended 30 June 2014 is available on the SCMGL website: www.southerncrossaustereo.com.au.



Southern Cross Media Group Limited
ABN 91 116 024 536

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 SXL
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10:00am (AEDT) Sunday 19 October 2014**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Southern Cross Media Group Limited hereby appoint

☐

the Chairman
of the Meeting

OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Southern Cross Media Group Limited to be held at The Ernst & Young Centre, Room 33.001, Level 33, 680 George Street, Sydney, New South Wales on Tuesday, 21 October 2014 at 10:00am (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 5 & 6 (except where I/we have indicated a different voting intention below) even though Items 5 & 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Item 6 where the Chairman of the Meeting intends to vote against.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 5 & 6 by marking the appropriate box in step 2 below.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Item 1	Election of Robert Murray as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Election of Kathy Gramp as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Election of Glen Boreham as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Re-election of Leon Pasternak as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Board Spill Meeting Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Item 6 where the Chairman of the Meeting intends to vote against. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date

/ /

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1 8 8 6 9 0 A

Computershare +