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MACQUARIE RADIO NETWORK LIMITED
Annual General Meeting
Address of Russell Tate, Executive Chairman

Sydney, Thursday November 15, 2012;

Good morning ladies and gentlemen. My name is Russell Tate. I am Executive Chairman of Macquarie Radio Network and it is my pleasure to declare open our 2012 AGM and to welcome you,

I would like firstly to introduce the other MRN Directors present today;

Maureen Kerridge (non-exec)
Kate Thompson (non-exec)
Jack Singleton (non-exec)
Robert Loewenthal (Managing Director)
(Kate, Rob and Jack were all appointed to the Board on 15th March 2012 and as such we will be voting later to confirm their appointments)
Max Donnelly (non-exec and Apology). Note that Mark Carnegie resigned from the Board on 15th March 2012 but remains the Company's second largest shareholder.

I would also like to introduce some of my senior management colleagues who are with us today;

Mark Noakes
David Kidd

Our external legal counsel:

Stuart Thomas

And our external auditor from Deloitte, Ms Tara Hill

Before we get to the formal part of proceedings I would like to;

1. Quickly recap some of the key events of 2011/12 and summarise the company's financial results for the year.

2. Move into the current year and comment on a major issue which has arisen in the last 6 or so weeks. I will then hand over to Rob Loewenthal to update you on our current half-year and full year expectations.

2011/12 KEY EVENTS

- Core radio Revenues attributable to 2GB and 2CH declined 4% Y on Y to $52.6m
- MRN share of Sydney Radio market revenue decreased slightly from 25.5% to 25.0%
- MRN's joint venture in Melbourne radio station MTR shut down 18th May 2012
- MRN acquired Queensland Regional Network, "Smart Regional Network: on 1st September 2011
- MRN bid unsuccessfully for Fairfax Radio Network
- Average Ratings Share 2GB and 2CH reasonably flat year on year at 14.4% and 5.1% respectively
- 2GB maintains dominant no. 1 position in Sydney market

FINANCIAL RESULTS SUMMARY - 2011/12

	$M	**$Y o Y**
REPORTED EBITDA	6.7	(35%)
REPORTED NPBT	4.3	(49%)
REPORTED NPAT	2.3	(62%)
UNDERLYING EBITDA*	15.2	(12%)
UNDERLYING NPBT*	13.1	(16%)
UNDERLYING NPAT*	8.8	(18%)

Total dividend 4.0 cents per share fully franked, a 4.0 cent decrease on prior year

* UNDERLYING NUMBERS EXCLUDE:

- MRN Share of operating losses and costs associated with MTR ($5.5m EBITDA impact)
- Transaction costs associated with Fairfax Radio bid and acquisition of Smart Radio Network (Total $1.3m EBITDA impact)
- Non-recurring employee option expense ($1.2m EBITDA impact)
- Net costs associated with Olympic broadcasting rights ($0.5m EBITDA impact)

As I have said in the Annual Report, the financial performance of our controlled operations in 2011/12 was satisfactory given the softness of the Sydney radio market (revenues down 2.1% on prior year) and the dual distractions to all of our management team during the year of an under-performing Melbourne joint venture ("MTR") and our ultimately unsuccessful bid for the Fairfax Radio Network.

MTR was always going to be a big challenge. The Board nevertheless, and in hindsight foolishly, accepted my recommendation back in late 2009 that we risk some of the significant earnings gains we were achieving through our Sydney stations in an attempt to establish a foothold in the Melbourne market by launching a second news-talk station there.

To that end we formed a joint venture with Pacific Star Network and utilising one of its two Melbourne AM licenses, launched MTR (Melbourne Talk Radio) in April 2010. Unfortunately the station failed to gain the traction to generate adequate ratings momentum. It just did not work and by late 2011 the financial performance of the business and our relationship with our joint venture partner had reached a point where the business was clearly unsustainable. Consequently we withdrew our funding in February 2012, an administrator was appointed and the station ceased broadcasting on 2nd March 2012. In total this failed venture into Melbourne cost MRN $5.5 million in the 2011/12 year and a total of $12.675 million (before tax) overall.

As regards the Fairfax Radio Network, which was withdrawn from sale in late 2011, we continue to believe that a compelling business case exists for some combination of MRN's content and leadership in the Sydney market with Fairfax's Melbourne dominance and national network of stations.

Moving on to the current year we continue to experience the highs and lows which seem to go hand in hand with a top rating, personality and opinion based news-talk radio station.

For a large part of October 2GB in fact pretty much became the news, following mainstream and social media focus on Alan Jones and remarks he had made in the month prior and at a private function regarding Prime Minister Julia Gillard and the loss of her father. Almost immediately the story broke in mainstream media, certain social media sites initiated and facilitated a campaign directed primarily at companies advertising in Alan Jones' Breakfast Program.

The campaign both threatened, and caused massive operational disruption, to these companies. They were being targeted because they had made a commercial decision to engage with a very large audience of people which in turn chose to listen to a particular radio show - the Alan Jones Breakfast Show. They were literally being bombarded with various combinations of tens of thousands of emails (mostly auto-generated), facebook postings and streams of abusive and offensive telephone calls. Many of them simply could not continue to operate their businesses. At best their operations were being severely disrupted. One advertiser stopped counting after receiving 100,000 emails.

This was clearly no reasonable or rational boycott of, or petition on, our advertisers. The nature, tone and sheer scale of the social media attacks was such as to lead us to take the unprecedented step on October 7th of announcing an immediate temporary suspension of all advertising in Jones' top rating Breakfast Show.

In the media release announcing the advertising suspension I made several points which I want to repeat today, because the experiences we and our advertisers have gone through in the last 6 weeks or so raise a host of issues which have much broader reaching importance.

To quote from the release;

"There is almost universal agreement that Jones' remarks were unacceptable, wrong and inexcusable. Alan himself acknowledged that from the moment he first advised me of them. He immediately arranged a media conference on the Sunday of the October long weekend to state that publicly and apologise to the Prime Minister.

Although the remarks were not made on 2GB, our position from the outset has been that a personal, unconditional apology was a necessary and appropriate response. I encouraged Alan to repeat the apology on 2GB when he first returned to air (on Tuesday October 2nd) following his media conference. His apology was unambiguous and unconditional. He has revisited his apology many times in subsequent broadcasts."

So let there be no question whatsoever that Alan Jones did apologise - not once but twice. I heard both. Many others it seems either did not listen or did not want to hear.

To continue from the media release;

"Alan Jones' audience, those who listen regularly to his program, also agree that his remarks were unacceptable. From research we have conducted (over the weekend prior to the suspension) with them, it is also clear though that the great majority acknowledge his apology and have not significantly changed their attitude towards the Alan Jones Breakfast Show.

Nor importantly is there any indication from regular listeners that their attitudes towards companies advertising in the program has changed adversely."

And subsequently the results of the Nielsen Ratings Survey released in late October confirmed that Alan's audience share during September and October had actually increased from 16.8% to 17.3% once again a mile ahead of every other breakfast program. The survey also confirmed that in any one week around 500,000 continued to listen to the Alan Jones Breakfast Show for an average of 13 hours. This compares to the claimed 20,000 or so followers who had signed on to the main facebook site involved in this campaign and the 110,000 or so ‘names’ included in an on-line petition.

I went on in the release to make the point that given that Alan's listeners attitudes to the program had not changed, we could only conclude "that the avalanche of telephone, email and facebook demands to our advertisers to 'boycott' the Alan Jones Breakfast Show, and the threats to destroy their businesses if they didn't comply, are coming almost entirely from people who do not listen to Alan Jones or 2GB at all - probably never have done and never will."

Self evident I'd have thought and I continued, "....these people have the right to express their views to anybody who wants to listen, about any subject they want, including Alan Jones and his radio show. They also have the right and plenty of choice, freedom of choice, to listen to any of the hundreds.........of radio programs available to them".

"What they do not have the right to do", I said, " is on the one hand decide for our listeners who and what they are going to hear on the radio station they choose to listen to, and on the other hand decide for Australian based companies which media outlets they will or won't use to advertise their products and services."

Put another way they surely do not have a right to seek to force, through the exertion of entirely unreasonable, unfair and destructive means, Australian companies to engage only with audiences which are listening to programs which they deem "acceptable".

"They do not have the right to to interfere with freedom of choice and they do not have the right to attempt to censor - not Alan Jones, not this radio network, not the people who choose to listen to it and not the companies who choose to advertise on it."

"How hard is it to work out", I asked in the release, “that those companies do not choose to advertise in the Alan Jones Breakfast Show because they agree with all of his views and everything he says. They advertise in the Show only because they want to engage with the massive audience which listens to him - an audience which has dominated the ratings in the Sydney market for over a decade. An audience which chooses to listen, and an audience which, if and when it decides it has had enough of Alan Jones and goes somewhere else, will be closely followed by those same companies.

As a talk station we openly advocate debate. Talk radio is arguably the original form of social media. The difference between 2GB and some catchy URL is that we operate our radio stations in a regulated media environment.

We hold ourselves, and are held, to account on many levels. We operate within long established regulatory guidelines and rules. We're accountable to the regulatory Authority for our license to operate, to our listeners who have the freedom to leave us any time they want, to our advertisers who will most definitely leave us if our listeners do, and to you, our shareholders, who will be left without a business when the advertisers disappear."

As far as I can see social media is accountable to no-one. That lack of accountability and regulation is it seems to me both its greatest strength and its greatest weakness. Social media have enormous power, as we've seen here, in their ability to very quickly and easily mobilise enormous numbers in support of a cause. Any group (almost regardless of its relative size) can suddenly look to individual targets of the group like an approaching and hostile army. What we don't know though is who these people really are; where they are from; whether they've signed up in their real names and most importantly what is their real level of commitment to the cause for which they've signed up by doing little more than touching a computer keyboard half a dozen times. We've asked for more information from the organisers of the major social media organisations involved but we're not holding our breath. We requested face to face meetings with organisers but I've still not met one.

In concluding the media release I said that "the decision (to suspend advertising) obviously comes at a very significant short term cost to MRN. It is an insignificant price to pay for our audience to be able to listen to what they choose to listen to, and for Australian companies to advertise where they choose to advertise."

The suspension remained in place for just over a week during which time we worked with our advertisers to work out how to better deal with the disruption being caused to their businesses. Advertising recommenced at relatively low weights on Tuesday October 16th and since that time the advertising load in the Breakfast show has been steadily rebuilding to the point where today it is now very close to prior levels.

We will never know the actual cost of this episode - some bookings were cancelled, some were deferred and some were moved to other time zones on the station. A total of 15 only advertisers have advised us that they do not intend to advertise on 2GB again from a total of 647 individual advertisers in the Alan Jones Breakfast Show in the prior 12 months and a total of 209 individual advertisers in September alone.

Our best estimate of the profit impact to MRN is somewhere between $1 million and $1.5 million in the current half year period. We are confident that in the second half of the year there will be minimal if any residual impact.

To talk more about our current year financial outlook I will now hand over to Rob Loewenthal.

Our earnings for the 6 months to December 31 have been impacted by the events surrounding Alan Jones in October, the Sydney radio market's contraction on the prior year (2.2% down for the 4 months to October) and lower than expected recovery of expenditure from our Olympics broadcasting rights. Our expectation at this time is that the underlying earnings (EBITDA) for the 6 months to December 2012 will be around the $6 million mark, a 36% decline on prior year underlying levels. The half year reported result will however improve by over $1m (an increase of over 30%) largely due to the absence of the loss making MTR.

Whilst these events will have an effect on the full year result, we expect the ad market to return to flat in the second half; combined with an improvement to our cost base we are anticipating a stronger second half result leading to a full year underlying EBITDA decline of roughly 10-15%. Conversely, the full year reported result will reflect a significant improvement, roughly 85% higher than the previous period; once again this is largely due to shutting down the loss making MTR.

ENDS