



# Diversity is Growth

STW 2013 Notice of Meeting

# Notice Of Annual General Meeting

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**STW Communications Group Limited**  
**ABN 84 001 657 370**

Notice is given that the Annual General Meeting of shareholders of STW Communications Group Limited ("Company" or "STW") will be held at 1 Kent Street, Sydney NSW on Friday, 17 May 2013 at 9.30am (Sydney time).

## **BUSINESS**

### **1. FINANCIAL REPORT AND OTHER REPORTS**

To receive and consider the Financial Report, Directors' Report and Independent Auditor's Report for the Company and its controlled entities for the year ended 31 December 2012.

### **2. RE-ELECTION OF DIRECTORS**

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

#### **2.1 Re-election of Mr Robert Mactier**

'That Mr Robert Mactier, being a Director of the Company who retires by rotation in accordance with the Company's constitution and, having offered himself for re-election and being eligible, be re-elected as a Director of the Company.'

#### **2.2 Re-election of Ms Kim Anderson**

'That Ms Kim Anderson, being a Director of the Company who retires by rotation in accordance with the Company's constitution and, having offered herself for re-election and being eligible, be re-elected as a Director of the Company.'

### **3. ALLOCATION OF SHARES TO DIRECTOR UNDER STW EXECUTIVE SHARE PLAN**

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

'That, for the purposes of ASX Limited ("ASX") Listing Rule 10.14, approval be given for the allocation of 412,000 Performance Shares to Mr Michael Connaghan, a Director of the Company, pursuant to the STW Executive Share Plan on the terms and conditions summarised in the explanatory statement accompanying this Notice of Annual General Meeting.'

### **4. ALLOCATION OF SHARES TO DIRECTOR**

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

'That, for the purposes of ASX Listing Rule 10.14, approval be given for the allocation of up to \$250,000 worth of Shares to Mr Michael Connaghan, a Director, under an employee incentive scheme on the terms and conditions summarised in the explanatory statement accompanying this Notice of Annual General Meeting.'

#### **Voting Exclusion**

For the purposes of this resolution, the Company will disregard any votes cast by Mr Connaghan and any of his associates.

### **5. REMUNERATION REPORT**

To consider and, if thought fit, to pass the following resolution as a non-binding shareholders' resolution:

'That the Remuneration Report to shareholders for the year ended 31 December 2012 be adopted.'

### **6. RATIFICATION OF PLACEMENT ANNOUNCED ON 30 OCTOBER 2012**

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

'For the purposes of ASX Listing Rule 7.4 and for all other purposes, the placement of an aggregate of 34,020,619 Shares at \$0.97 per Share to institutional and sophisticated investors announced by the Company on 30 October 2012 is ratified by the shareholders of the Company on the terms and conditions set out in the explanatory statement accompanying this Notice of Meeting.'

## **By order of the Board**

Chris Rollinson  
 Company Secretary  
 4 April 2013



# Information For Shareholders

## VOTING ENTITLEMENTS

The Directors of the Company have determined that, for the purposes of the Annual General Meeting (including voting at the meeting) shareholders are those persons who are registered holders of ordinary shares at 7.00pm (Sydney time) on Wednesday, 15 May 2013.

## VOTING EXCLUSION STATEMENTS

### Resolutions: Item 3 and Item 4

For the purposes of Resolutions: Item 3 and Item 4, the Company will disregard any votes cast by Mr Connaghan and any of his associates.

Mr Connaghan has agreed that he will not cast, and will ensure that his associates do not cast, a vote (in any capacity) on Resolutions: Item 3 and Item 4, except where the vote is cast as proxy for someone other than Mr Connaghan or any of his associates, in accordance with the directions on the proxy form.

The Company will disregard any votes cast on Resolutions: Item 3 and 4 by a person appointed as proxy where the appointment does not specify the way the proxy is to vote on the resolution and the person is:

- a member of the key management personnel ("KMP"); or
- a closely related party of a member of the KMP.

However, the Chairman may vote on Resolutions: Item 3 and Item 4, as proxy for a shareholder other than Mr Connaghan or any of his associates, if the appointment of the Chairman as proxy expressly authorises him to exercise the proxy notwithstanding that the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

Please read the information under the heading 'Undirected Proxies' below.

For the definition of 'key management personnel' or KMP and 'a closely related party of a member of key management personnel', see the notes to Resolution: Item 5 below.

### Resolution: Item 5

STW will disregard all votes on the resolution to adopt the Remuneration Report cast by or on behalf of:

- a member of the KMP, details of whose remuneration are included in the Remuneration Report; and
- a closely related party of any such member of the KMP.

Key management personnel ("KMP") are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of the KMP include Directors (both executive and non-executive) and certain senior executives.

A closely related party of a member of the KMP is defined as:

- a company the member controls;
- the member's spouse, child or dependant (or a child or dependant of the member's spouse); or
- anyone else who is one of the member's family and may be expected to influence, or be influenced by, the member in the member's dealings with the company.

The Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote on Resolution 5, in accordance with directions on the proxy form.

Please read the information under the heading 'Undirected Proxies' below, which (among other things) deals with the Chairman's voting of proxies on the resolution to adopt the Remuneration Report.

### Resolution: Item 6

STW will disregard any votes cast on the resolution by any person who has participated in the placement or any associate of such a person. However, STW need not disregard a vote if it is cast by a person:

- (a) as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

STW has obtained a waiver from ASX Listing Rule 14.11 to permit nominee holders to vote on Resolution: Item 6 in respect of Shares held for underlying holders who did not participate in the placement, based on the following conditions:

- the beneficiaries provide written confirmation to the nominee holders that they did not participate in the placement, nor are they an associate of a person who participated in the placement;
- the beneficiaries direct the nominee holders to vote for or against the resolution; and
- the nominee holders do not exercise discretion in casting a vote on behalf of the beneficiaries.

## PROXIES

A shareholder, who is unable to attend and vote at the Annual General Meeting of the Company on 17 May 2013, is entitled to appoint a proxy to attend and vote for the shareholder at the meeting. A proxy need not be a shareholder of the Company and may be an individual or a body corporate.

# Information For Shareholders (Continued)

## PROXIES (CONTINUED)

If a shareholder is entitled to cast two or more votes, they may appoint up to two proxies and may specify the percentage of votes each proxy is appointed to exercise.

If a shareholder wishes to appoint an individual or body corporate as a proxy, please complete and return the proxy form distributed with this Notice of Annual General Meeting. For an appointment of a proxy to be effective, the Company must receive the proxy form, duly completed and signed, by no later than 9.30am (Sydney time) on Wednesday, 15 May 2013; and if signed by the appointer's attorney, the authority under which the appointment was signed or a certified copy of the authority.

A shareholder can send the proxy form to Computershare Investor Services Pty Limited by doing one of the following:

- faxing it to: 1800 783 447 (within Australia) or +61 3 9473 2555 (outside of Australia);
- posting it by using the reply paid envelope to: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001; or
- delivering it to: Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney NSW 2000.

## Corporate Shareholders

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Annual General Meeting. The appointment must comply with section 250D of the Corporations Act 2001 ("Corporations Act").

The representative should bring to the meeting evidence of their appointment, including any authority under which it is signed, unless previously given to the Company.

## Undirected Proxies

The Chairman of the Company will be the Chair of the Annual General Meeting. The Chairman will vote undirected proxies in favour of all of the resolutions. The Company recommends that all shareholders who submit proxies direct their proxy on how to vote on each resolution.

If you complete a proxy form that authorises the Chairman to vote on your behalf as proxyholder, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, then your proxy will automatically become a directed proxy in favour of the particular resolution, and the Chairman will vote accordingly. If you do not want to put the Chairman in the position to cast your votes in favour of Resolutions: Item 3, Item 4 and Item 5, you should complete the appropriate box on the proxy form, directing him to vote against or abstain from voting on the particular resolution.

## ATTENDANCE AT THE ANNUAL GENERAL MEETING

If you are attending the Annual General Meeting in person, please bring with you the personalised proxy form enclosed with this Notice of Annual General Meeting. The bar code at the top of the proxy form will facilitate registration. Registration will be open from 9.00am (Sydney time) on the day of the meeting.

## QUESTIONS AND COMMENTS BY SHAREHOLDERS AT THE ANNUAL GENERAL MEETING

In accordance with the Corporations Act, a reasonable opportunity will be given to shareholders at the meeting to ask questions about, or make comment on, the management of the Company. Shareholders will also have reasonable opportunity to ask the Company's auditor, Deloitte Touche Tohmatsu ("Deloitte"), questions about:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Shareholders may also provide written questions to the auditor concerning the content of the audit report or the conduct of the audit of the Company's financial report for the year ended 31 December 2012 in advance of the meeting. Written questions must be submitted to the Company by no later than 5.00pm (Sydney time) on Friday, 10 May 2013, and be addressed as follows:

The Company Secretary  
STW Communications Group Limited  
Level 6, Ogilvy House  
72 Christie Street  
St Leonards NSW 2065.

A question list will be prepared by Deloitte and will be made available to members at the Annual General Meeting.

# Explanatory Statement

## **STW Communications Group Limited** **ABN 84 001 657 370**

Explanatory statement accompanying this Notice of Annual General Meeting to be held on Friday, 17 May 2013 at 9.30am (Sydney time).

### **INTRODUCTION**

This Explanatory Statement has been prepared to provide the shareholders of STW Communications Group Limited with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of the Company to be held on 17 May 2013.

All shareholders should read this Explanatory Statement carefully and in its entirety. Shareholders who are in doubt regarding any part of the business of the Annual General Meeting should consult their financial or legal adviser for assistance.

### **FINANCIAL REPORT AND OTHER REPORTS**

The Financial Report, Directors' Report and Independent Auditor's Report ("Reports") for the Company and its controlled entities for the year ended 31 December 2012 will be laid before the Annual General Meeting in accordance with the requirements of the Corporations Act.

The Company's 2012 Annual Report has been made available to shareholders and is available on the Company's website ([www.stwgroup.com.au](http://www.stwgroup.com.au)).

Shareholders will be given reasonable opportunity at the Annual General Meeting to ask questions and make comments on these Reports.

There is no requirement for shareholders to approve any of these Reports and no formal resolution will be put to the Annual General Meeting in relation to Item 1.

### **RESOLUTION ITEMS 2.1 AND 2.2: RE-ELECTION OF DIRECTORS RETIRING BY ROTATION**

In accordance with the Company's constitution, it is necessary for one-third of the Directors, excluding the Managing Director, (rounded down to the nearest whole number), to retire by rotation each year.

Accordingly, Robert Mactier and Kim Anderson retire by rotation in accordance with the Company's constitution and being eligible, offer themselves for re-election as a Director at the Annual General Meeting.

#### **Robert Mactier – BEC MAICD**

Mr Mactier was appointed as a Director of STW in December 2006 and Chairman with effect from 1 July 2008.

Mr Mactier is a consultant to the Investment Banking division of UBS AG in Australia, a role he has held since June 2007. He has extensive investment banking experience in Australia, having previously worked for Citigroup, E.L. & C. Baillieu and Ord Minnett Securities between 1990 and 2006. During this time, he was

primarily focused on the media and entertainment and private equity sectors and initial public offerings generally. Prior to these roles, he worked with KPMG from 1986 to 1990 during which time he qualified as a Chartered Accountant.

Mr Mactier is also a Non-executive Director of Melco Crown Entertainment Limited, where he is a member of their Compensation Committee and Nominating and Corporate Governance Committee.

Rob is a former Non-executive Director of Aurora Community Television Limited.

Rob is a member of the Audit and Risk Committee.

#### **Kim Anderson**

Ms Anderson was appointed as a Director of STW in November 2010.

Ms Anderson is a Director of carsales.com Limited, Chief Executive of The Reading Room ([thereadingroom.com](http://thereadingroom.com)), which is a curated community site for readers, a former Fellow of the Sydney University Senate and a former Director of The Sax Institute. Ms Anderson has more than 25 years' experience in various advertising and media executive positions within companies such as Southern Star Entertainment, Publishing and Broadcasting Limited and ninemsn.

Kim is a member of the Remuneration and Nominations Committee.

### **Board Recommendation**

The Board (other than the Directors concerned) recommends that shareholders vote in favour of the re-election of both Robert Mactier and Kim Anderson.

### **RESOLUTION ITEM 3: ALLOCATION OF SHARES TO DIRECTOR UNDER STW EXECUTIVE SHARE PLAN**

#### **3.1 Overview**

Mr Michael Connaghan was appointed Chief Executive Officer ("CEO") and Managing Director with effect from 1 July 2008.

The Company proposes to allocate shares under the STW Executive Share Plan ("ESP") to Mr Michael Connaghan, an executive Director of the Company, on the terms and conditions summarised below.

The Company established the ESP, which was approved by shareholders at the Company's Annual General Meeting on 25 May 2004, and ordinary shares in the Company were issued pursuant to the ESP rules ("Rules").

A summary of the key terms of the Rules is set out in Appendix A to this Explanatory Statement. Any capitalised terms not defined within this Part 3 of the Explanatory Statement are defined in Appendix A.

# Explanatory Statement (Continued)

## RESOLUTION ITEM 3: ALLOCATION OF SHARES TO DIRECTOR UNDER STW EXECUTIVE SHARE PLAN (CONTINUED)

### 3.1 Overview (Continued)

Pursuant to the Rules, a number of ordinary shares have been issued to the Trustee and are being held by the Trustee on trust for Participants and future participants of the ESP. Accordingly, the shares proposed to be allocated to Mr Connaghan have been issued and are currently being held by the Trustee, subject to shareholder approval.

### 3.2 Approval for Acquisition by Directors under Employee Incentive Scheme

ASX Listing Rule 10.14 provides that the Company must not permit a Director to acquire securities under an employee incentive scheme without the approval of ordinary shareholders.

Accordingly, the Company seeks the approval of shareholders in respect of the proposed allocation to Mr Connaghan of 412,000 fully paid ordinary shares in the Company ("Performance Shares").

### 3.3 Terms of Issue

The Performance Shares will be allocated to Mr Connaghan on terms and conditions set out in the Rules.

#### Number of Shares

A total of 412,000 Performance Shares will be allocated to Mr Connaghan in relation to the 2013 Share Plan which operates between 1 January 2013 and 31 December 2015. These Performance Shares will be split into two plans:

- Base Plan – 346,947 Performance Shares; and
- Overperformance Plan – 65,053 Performance Shares.

The number of Performance Shares granted to Mr Connaghan, that will vest and become accessible by him, will be determined according to the extent that the performance conditions ("Performance Conditions") are satisfied in relation to the plans.

#### Dividends

Mr Connaghan will not be entitled to any dividends paid by STW in relation to the Performance Shares.

#### Base Plan – Performance Conditions

For the Base Plan, the Performance Conditions are tested over a three year period. There are two separate Performance Conditions applicable for this grant of Performance Shares set out as follows:

- earnings per share ("EPS") growth performance condition – applies to 75% of the total number of Performance Shares granted to Mr Connaghan under the Base Plan; and

- total shareholder return ("TSR") performance condition – applies to 25% of the total number of Performance Shares granted to Mr Connaghan under the Base Plan.

For the 2013 Plan, vesting of 75% of the Performance Shares granted to Mr Connaghan depends on compounded growth in STW's normalised EPS between the 2013 and 2015 calendar years (using the Company's normalised 2012 calendar year EPS performance as the base).

Normalised earnings per share is EPS calculated on earnings adjusted for impairment of assets, profits or losses on sale of investments, write-offs, amortisation of unidentifiable and identifiable intangible assets and other non-recurring items.

EPS growth rate between 2013 & 2015	Percentage of Performance Shares subject to the EPS growth performance condition that vest
less than 3%	No Performance Shares vest
3% or more	10% of Performance Shares being tested (i.e. 7.5% of the total number of Performance Shares granted to the CEO under the Base Plan)
4% or more	20% of Performance Shares being tested (i.e. 15% of the total number of Performance Shares granted to the CEO under the Base Plan)
5% or more	30% of Performance Shares being tested (i.e. 22.5% of the total number of Performance Shares granted to the CEO under the Base Plan)
6% or more	50% of Performance Shares being tested (i.e. 37.5% of the total number of Performance Shares granted to the CEO under the Base Plan)
7% or more	70% of Performance Shares being tested (i.e. 52.5% of the total number of Performance Shares granted to the CEO under the Base Plan)
8% or more	100% of Performance Shares being tested (i.e. 75% of the total number of Performance Shares granted to the CEO under the Base Plan)

Any Performance Shares that do not vest over the performance period will be forfeited.

#### Base Plan – Total Shareholder Return Performance Condition

Vesting of 25% of the Performance Shares granted to Mr Connaghan depends on STW's TSR between 2013 and 2015 compared with the TSR performance of a comparator group of companies.

The TSR performance condition compares the Company's TSR ranking at 31 December 2015 (calculated using the average closing share price over the three months prior to that date) with the TSR performance of the companies in the comparator group over the same period.

TSR measures growth in shareholder value – essentially, movement in the share price plus dividends (assuming reinvestment) between 2013 and 2015. Under the TSR performance condition:

- no Performance Shares will vest unless STW's TSR between 2013 and 2015 is equal to or greater than the TSR of the company which is at the 50th percentile of the comparator group ranked by TSR performance. If that threshold is attained, 50% of the Performance Shares to which the TSR performance condition is being applied will vest, subject to the Rules (i.e. 12.5% of the total number of Performance Shares granted to the Mr Connaghan under the Base Plan);
- all of the Performance Shares to which the TSR performance condition is being applied will vest, subject to the Rules, if STW's TSR between 2013 and 2015 is equal to or greater than the TSR of the company which is at the 75th percentile of the comparator group ranked by TSR performance (i.e. 25% of the total number of Performance Shares granted to Mr Connaghan under the Base Plan); and
- the percentage of the Performance Shares to which the TSR performance condition is being applied will vest on a straight-line basis, for STW's TSR performance between the 50th and 75th percentiles.

#### Comparator Group

The Company's TSR will be compared to the TSR of companies that were in the S&P/ASX All Ordinaries – Consumer Discretionary Index ("Comparator Group") as at the start date of the Base Plan. The Board chose this Comparator Group as it represented a broad base of companies whose operations face similar challenges STW.

#### Overperformance Plan - Performance Condition

For the Overperformance Plan, the Performance Condition is tested over a three year period. There is one Performance Condition applicable for this grant of Performance Shares which relates to EPS growth. This applies to all Performance Shares granted to Mr Connaghan under the Overperformance Plan.

#### Overperformance Plan - Earnings Per Share Growth Performance Condition

Mr Connaghan has the opportunity to earn up to 65,053 Performance Shares granted under the Overperformance Plan based on the growth in STW's normalised EPS between the 2013 and 2015 calendar years (using STW's normalised 2012 calendar year EPS performance as the base).

Under this EPS growth performance condition:

- no additional Performance Shares will vest unless the EPS growth rate between 2013 and 2015 shows growth of over 8% per annum. At this point, 20% of the Performance Shares granted to Mr Connaghan under the Overperformance Plan will vest (13,011 Performance Shares), subject to the Rules;
- if the EPS growth rate between 2013 and 2015 is 13% or more per annum, all of the Performance Shares granted to Mr Connaghan under the Overperformance Plan will vest (65,053 Performance Shares), subject to the Rules; and
- the proportion of the Performance Shares to which the EPS growth performance condition is being applied that vest, subject to the Rules, will increase on a straight-line basis for an EPS growth rate between 8% and 13% per annum.

Any Performance Shares that do not vest over the performance period will be forfeited.

#### Vesting of Performance Shares

Subject to satisfaction of the Performance Conditions, the vested Performance Shares will be accessible by Mr Connaghan on 1 March 2016.

#### Price of Performance Shares and Allocation Date

No amount will be payable by Mr Connaghan for the Performance Shares allocated to him. The Company will not extend a loan to Mr Connaghan in relation to the Performance Shares to be issued.

The Performance Shares will be allocated to Mr Connaghan on the date Resolution: Item 3 is passed by the shareholders at the Annual General Meeting, and in any case, on a date which is no later than 12 months after the meeting.

#### 3.4 Shares Issued under ESP since Last Shareholder Approval

There has been no allocation of shares to Directors since the date of last approval. No other Director is currently entitled to participate in the ESP.

#### Board Recommendation

The Board (other than the Director concerned) recommends that shareholders vote in favour of this resolution.

# Explanatory Statement (Continued)

## RESOLUTION ITEM 4: ALLOCATION OF SHARES TO DIRECTOR

### 4.1 Overview

Subject to shareholder approval, the Company proposes to allocate Shares under a short-term employee incentive plan ("STIP") to Mr Connaghan on the terms and conditions summarised below.

### 4.2 Approval of Acquisition under ASX Listing Rule 10.14

Outlined below are the details of Mr Connaghan's proposed STIP effective for the year ending 31 December 2013.

ASX Listing Rule 10.14 provides that the Company must not permit a Director to acquire securities under an employee incentive scheme without the approval of ordinary shareholders.

As a result, the Company seeks the approval of shareholders in respect of the proposed allocation of up to \$250,000 worth of Shares ("STIP Performance Shares") to Mr Connaghan under the STIP.

### 4.3 Performance Conditions

For the year ending 31 December 2013, it is proposed that Mr Connaghan will be entitled to a STIP payment in cash and STIP Performance Shares of up to \$500,000 ("STIP Payment") that will be payable based on meeting financial and personal performance conditions.

There are two elements to the STIP:

- (a) financial performance – 75% of the STIP Payment is based on a sliding scale which is dependent on the Company achieving within a certain range of net profit after tax target ("NPAT Target") (see below); and
- (b) personal performance – 25% of the STIP Payment is based on personal performance and achievement of specific key performance indicators,

(together, "Performance Conditions").

### 4.4 Payment STIP

The STIP Payment will be based on a sliding scale for achieving between 100% and 108% of the NPAT Target.

Subject to the satisfaction of the Performance Conditions, the cash component of the STIP Payment will be payable after the Company's financial results for the year ending 31 December 2013 have been finalised. This is expected to be in February 2014.

The Performance Share component of the STIP Payment will be subject to shareholder approval and the satisfaction of the Performance Conditions.

It is proposed that the STIP Performance Shares will be allocated to Mr Connaghan on the terms and conditions set out below:

- (a) trust – the STIP Performance Shares will be held initially on trust and only transferred to Mr Connaghan on 1 January 2016;
- (b) dividends – Mr Connaghan will be entitled to any dividends paid by STW in relation to the STIP Performance Shares;
- (c) forfeiture – on resignation from the Company, or on dismissal for cause, Mr Connaghan will forfeit his rights to the STIP Performance Shares; and
- (d) termination – if Mr Connaghan's employment is terminated by STW, he will be entitled to the STIP Performance Shares earned.

The number of STIP Performance Shares payable under the STIP will be determined using the following formula:

Number of STIP Performance Shares = A/B, where:

A = 50% x the total STIP achieved for the year ending 31 December 2013; and

B = the volume weighted average market price of Shares for the 10 trading days prior to the release of the Company's financial results for the year ending 31 December 2013.

The maximum number of Shares to be allocated to Mr Connaghan is 500,000.

### 4.5 Price of STIP Performance Shares and Allocation Date

No amount will be payable by Mr Connaghan for the STIP Performance Shares allocated to him. The Company will not extend a loan to Mr Connaghan in relation to the Performance Shares to be issued.

The STIP Performance Shares will be allocated to Mr Connaghan on the trading day following the release of the Company's financial results for the year ending 31 December 2013 (which is expected to be in February 2014), and in any case, on a date which is no later than 12 months after the meeting.

### 4.6 No Other Directors Participating in STIP

Other than Mr Connaghan, no other Director is entitled to participate in the STIP.



#### RESOLUTION ITEM 5: NON-BINDING RESOLUTION ON REMUNERATION REPORT

The Remuneration Report can be found on pages 37 to 57 of the Company's 2012 Annual Report. It sets out the remuneration policy and remuneration arrangements for the key management personnel which comprise the Company's Directors and certain senior executives.

In accordance with section 250R(2) of the Corporations Act, the Remuneration Report is put to shareholders for adoption.

This resolution to adopt the Remuneration Report is advisory in nature and does not bind the Directors or STW. However, as a consequence of recent changes to the Corporations Act, if at least 25% of the votes cast on the resolution are voted against adoption of the Remuneration Report at the meeting, then:

- if comments are made on the report at the Annual General Meeting, STW's Remuneration Report for the next financial year will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if at next year's Annual General Meeting, at least 25% of the votes cast on the resolution for adoption of the Remuneration Report are against it, STW will be required to put to shareholders a resolution proposing that an extraordinary general meeting ("EGM") be called to consider the election of Directors of the Company ("spill resolution"). If a spill resolution is passed (i.e. more than 50% of votes cast are in favour), all of the Directors (other than the Managing Director) will cease to hold office at the EGM, unless re-elected at that meeting.

A reasonable opportunity will be provided for discussion of and questions relating to the Remuneration Report at the meeting.

**If you intend to appoint a proxy to vote on your behalf on the Remuneration Report Resolution: Items, please read the information above, under the heading 'Undirected Proxies'.**

The Remuneration Report forms part of the Directors' Report in the Company's 2012 Annual Report which has been made in accordance with a unanimous resolution of the Board. Each Director recommends that shareholders vote in favour of the adoption of the Remuneration Report.

At last year's Annual General Meeting, 86.8% of the votes cast were in favour of the adoption of the Remuneration Report for the year ended 31 December 2011.

#### RESOLUTION ITEM 6: RATIFICATION OF PLACEMENT ANNOUNCED ON 30 OCTOBER 2012

ASX Listing Rule 7.1 broadly precludes the Company issuing securities representing more than 15% of its issued capital in any 12 month period unless the Company obtains shareholder approval.

As part of the Company's capital raising as announced to the ASX on 30 October 2012 ("Announcement"), the Company placed approximately 9.4% of its expanded capital to certain sophisticated and institutional investors ("Placement"). The Placement was within the Company's capacity under ASX Listing Rule 7.1.

ASX Listing Rule 7.4 permits the Company to seek ratification of the Placement from shareholders. The effect of ratification will be to restore the Company's 15% placement capacity.

The securities issued under the Placement were all fully paid ordinary shares in the Company ranking equally in all respects with the then issued Shares and were issued to sophisticated and institutional investors on 6 November 2012. The funds raised from the Placement were used to partly fund the acquisitions referred to in the Announcement.

ASX Listing Rule 7.5 requires the following information to be provided to shareholders in respect of Resolution: Item 6 for the purposes of ASX Listing Rule 7.4:

<b>The number Shares issued</b>	34,020,619 Shares
<b>Issue price</b>	\$0.97 per Share
<b>Allottees</b>	The 34,020,619 Shares were issued and allotted to certain sophisticated and institutional investors
<b>Terms of the Shares</b>	The 34,020,619 Shares rank equally with the existing Shares on issue
<b>Use or intended use of funds raised</b>	The funds raised from the Placement were used to partly fund the acquisitions referred to in the Announcement

# Appendix

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## SUMMARY OF RULES – STW EXECUTIVE SHARE PLAN

### 1. ELIGIBILITY

The Board may make offers to Eligible Executives to acquire Performance Shares under, and in accordance with, the Rules.

### 2. OFFER

The Board will determine:

- the number of Performance Shares to be offered to an Eligible Executive;
- the terms and conditions of an Offer including the performance conditions and vesting restrictions and conditions (collectively referred to as the "Vesting Conditions");
- the time and manner in which the Vesting Conditions are to be satisfied; and
- the date by which the Vested Performance Shares are to be transferred to the Participant.

The Trustee will subscribe for, or purchase, Performance Shares as directed by the Board which will be held and dealt with by the Trustee in accordance with the Rules and the Trust Deed.

Performance Shares which have been allocated to, and are held on behalf of, a Participant by the Trustee under the Plan are known as "Vested Performance Shares".

### 3. PRICE OF PERFORMANCE SHARES

No amount will be payable by a Participant for Performance Shares which have been allocated to a Participant.

### 4. PLAN LIMIT

The total number of Performance Shares on issue under the Plan will not exceed 5% of the then issued ordinary shares of the Company.

### 5. ENTITLEMENTS OF PARTICIPANTS

While Performance Shares are held by the Trustee on behalf of Participants:

- Participants will be entitled to voting rights relating to the Performance Shares (whether vested or not); and
- any ordinary share issued as part of a pro rata bonus issue to shareholders of the Company will be held on trust for the Participants in accordance with the Rules. Participants will be entitled to receive notice of every general meeting of members of the Company and all accompanying documents. Within 72 hours before a general meeting, Participants may give the Trustee written notice directing the Trustee how to vote in respect of the Vested Performance Shares held for those Participants.

Participants will, as soon as practicable, be given a notice setting out all entitlements which have accrued to the Vested Performance Shares allocated to the Participants.

### 6. VESTING OF PERFORMANCE SHARES

When the Vesting Conditions applicable to an Offer have been satisfied or waived:

- the Company will give the Participant a notice specifying the number of Vested Performance Shares which are to be allocated to, and held by, the Trustee for the benefit of the Participant; and
- the Participant may, after receiving notice, give the Company an application, in a form prescribed by the Board, directing that the Vested Performance Shares be transferred to the Participant.

### 7. SALE OF PERFORMANCE SHARES

A Participant may not sell, encumber or otherwise deal with a Vested Performance Share until the Vested Performance Share has been transferred to the Participant, unless otherwise permitted by the Rules or the Board.

### 8. FORFEITURE OF OFFER OR VESTED PERFORMANCE SHARES

The rights of a Participant in respect of an Offer or Vested Performance Shares are subject to forfeiture, in certain circumstances, for a period of up to 10 years after the date an Offer is made to the Participant, unless the Board determines otherwise.

All rights and interests of a Participant under an Offer or in the Vested Performance Shares which have not been transferred to the Participant will be forfeited if:

- the Participant is dismissed for cause;
- the Board determines that the Participant has committed any act of fraud or dishonesty or serious breach of duty (including harassment or discrimination);
- the Participant has brought a STW group company into serious disrepute; or
- the employment of the Participant is terminated in the circumstances specified in the Offer to that Participant.

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## **9. TRUST**

The Trustee will hold the Performance Shares and all rights and entitlements attaching to the Performance Shares on behalf of Participants subject to the terms of the Trust Deed and in accordance with the Rules.

The Company will provide the Trustee with the necessary funds to enable the Trustee to purchase, or subscribe for, ordinary shares in accordance with instructions from the Company. All funds received by the Trustee from the Company will form part of the capital of the trust and shall not, generally, be repaid to the Company.

## **10. AMENDMENT OF RULES**

Subject to the ASX Listing Rules, the Board may, from time to time, amend the Rules.

# Glossary Of Terms

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In this booklet:

<b>ASX</b>	means ASX Limited.
<b>ASX Listing Rules</b>	means the listing rules of the ASX, as applicable to the Company, from time to time.
<b>Board</b>	means the board of Directors.
<b>Constitution</b>	means STW's constitution.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth) and includes any regulations made under that Act and any exemption or modification to that Act which applies to the Company.
<b>Director</b>	means a Director of the Company.
<b>Eligible Executive</b>	means an employee (including a Director employed in an executive capacity) who is declared by the Board to be an Eligible Executive for the purposes of the Plan.
<b>Explanatory Statement</b>	means this explanatory statement accompanying this Notice of Annual General Meeting.
<b>Notice of Meeting</b>	means this notice of meeting and Explanatory Statement.
<b>Offer</b>	means an offer made to an Eligible Executive under the Rules.
<b>Participant</b>	means an Eligible Executive who has accepted an Offer.
<b>Performance Shares</b>	means fully paid ordinary shares of the Company referred to in an Offer.
<b>Plan or ESP</b>	means the STW Executive Share Plan established in accordance with the Rules.
<b>Resolution</b>	means a resolution set out in the Notice of Annual General Meeting.
<b>Rules</b>	means the rules of the Plan, as amended from time to time.
<b>Share</b>	means a fully paid ordinary share in the Company.
<b>Trust Deed</b>	means the deed establishing the Plan, as amended from time to time.
<b>Trustee</b>	means the trustee for the time being under the Trust Deed.





## Lodge your vote:



### 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](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

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

## Proxy Form

**For your vote to be effective it must be received by 9:30am (Sydney time) on Wednesday, 15 May 2013**

### 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 as they choose. 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

**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](http://www.investorcentre.com) under the information tab, "Downloadable 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.

**Turn over to complete the form →**



To view the annual report go to: [www.stwgroup.com.au/for-investors/default.aspx](http://www.stwgroup.com.au/for-investors/default.aspx)

View your securityholder information, 24 hours a day, 7 days a week: [www.investorcentre.com](http://www.investorcentre.com)

**Review your securityholding**

**Update your securityholding**

#### Your secure access information is:

**SRN/HIN: I9999999999**



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

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

I ND

# 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 STW Communications 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 STW Communications Group Limited to be held at be 1 Kent Street, Millers Point NSW 2000 on Friday, 17 May 2013 at 9.30am (Sydney time) 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 3, 4 and 5 (except where I/we have indicated a different voting intention below) even though Items 3, 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**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 3, 4 and 5 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
2.1 Re-election of Mr Rob Mactier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.2 Re-election of Ms Kim Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Allocation of Shares to Director under STW Executive Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Allocation of Shares to Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Ratification of placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

## 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 \_\_\_\_ / \_\_\_\_ / \_\_\_\_