



**THIS IS AN IMPORTANT DOCUMENT
AND REQUIRES YOUR ATTENTION**

SOUTHERN CROSS BROADCASTING (AUSTRALIA) LIMITED

ABN 86 006 186 974

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Notice is hereby given that the Twenty-Third Annual General Meeting of Southern Cross Broadcasting (Australia) Limited is to be held on **Thursday 16 November 2006** at the offices of Southern Cross Broadcasting located at Level 1, 70 Park Street, South Melbourne, Victoria, commencing at **11.00 am**.

Southern Cross Broadcasting
(Australia) Limited
ABN 86 006 186 974

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South Melbourne
Victoria 3205 Australia

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Victoria 3001 Australia

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4 October 2006

Dear Shareholder,

The 2006 Annual General Meeting (“**AGM**”) of Southern Cross Broadcasting will be held at the offices of Southern Cross Broadcasting located at Level 1, 70 Park Street, South Melbourne, Victoria, on Thursday 16 November 2006, commencing at 11:00am.

If you are attending the AGM, please bring the barcoded Proxy Form included in this package with you, to facilitate your registration. If you are unable to attend the meeting, I would encourage you to lodge a completed Proxy Form, either online at www.linkmarketservices.com.au (select ‘proxy voting’ on the left menu and follow the prompts), or by returning the hard copy form in the enclosed reply paid envelope or faxing it to +61 2 9287 0309, to be received before 11:00am AEST on Tuesday 14 November 2006.

I also invite you to submit any questions you may have regarding the company, using the enclosed Shareholder Question Form. The Managing Director and I will endeavour to address the most frequently asked questions during the AGM.

Shareholders are invited to join the Board for light refreshments at the conclusion of the AGM. I look forward to seeing you.

Yours faithfully,

A handwritten signature in black ink, appearing to read "John Dahlsen". The signature is fluid and cursive, with a prominent initial "J" and a long, sweeping underline.

John Dahlsen
Chairman



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty-Third Annual General Meeting of Southern Cross Broadcasting (Australia) Limited (“**Southern Cross Broadcasting**” or the “**Company**”) is to be held on Thursday 16 November 2006 at the offices of Southern Cross Broadcasting located at Level 1, 70 Park Street, South Melbourne, Victoria, commencing at 11:00am.

BUSINESS

1 FINANCIAL STATEMENTS AND REPORTS

To receive and consider the financial report, directors’ report and auditor’s report for the year ended 30 June 2006.

2 REMUNERATION REPORT

To adopt the remuneration report for the year ended 30 June 2006.

3 RE-ELECTION OF DIRECTORS

- (a) Charles George Clark retires by rotation and offers himself for re-election; and
- (b) Marina Darling retires by rotation and offers herself for re-election.

4 GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR

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

“That, under and for the purposes of Australian Stock Exchange Listing Rule 10.14 and for all other purposes, the grant to Mr Anthony E Bell, the Managing Director of the Company, of 50,000 Performance Rights under the Executive Performance Plan on the terms set out in the Explanatory Memorandum, be approved.”

EXPLANATORY MEMORANDUM

Further details of, and the reasons for, the proposed resolutions are contained in the attached Explanatory Memorandum, which should be read together with, and forms part of, this Notice of Annual General Meeting.

SHAREHOLDERS WHO ARE ENTITLED TO VOTE

In accordance with the Corporations Act 2001, the Board of Southern Cross Broadcasting has determined that a person’s entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Company’s Share Register as at 7:00pm AEST on Tuesday 14 November 2006.

VOTING EXCLUSION STATEMENT

In accordance with the Australian Stock Exchange Listing Rules, the Company will disregard any votes cast on Item 4 by:

- Mr Anthony E Bell; and
- Any director of the Company (other than a director who is ineligible to participate in any employee incentive scheme in relation to the Company),

and any of their respective associates. However, the Company need not disregard a vote if:

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

VOTING

A member of Southern Cross Broadcasting can vote in either of two ways:

- by attending the meeting and voting in person or by attorney; or
- by appointing a proxy to attend and vote on their behalf.

VOTING BY PROXY

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in the member's stead at the meeting and the proxy has the same right as the member to speak at the meeting. If a member appoints more than one proxy, the proxies shall be entitled to vote on a poll but shall not be entitled to vote on a show of hands.
- A single proxy exercises all voting rights. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion or number of the member's voting rights. If the proportion or number is not specified, each proxy may exercise half of the member's voting rights. Fractional votes will be disregarded.
- A proxy need not be a member of the Company.
- The instrument appointing a proxy must be in writing under the hand of the appointer or of that person's attorney and if the appointer is a corporation, in accordance with the Corporations Act 2001. Where two or more persons are registered as a member, each person must sign the proxy form.
- If a proxy form is completed by an individual or a corporation under power of attorney, the power of attorney under which the form is signed must accompany the completed proxy form unless the power of attorney has previously been noted by the Company.
- If an attorney is to attend the meeting please submit the relevant power of attorney for noting and return. If a representative of a corporation or body corporate is to attend the meeting the appropriate Letter of Representation should be produced prior to admission.

- Proxy forms may be lodged online at the Company's share registry website, www.linkmarketservices.com.au. Select 'proxy voting' on the left hand menu. The website address will take you to a holder verification screen. You will need to enter your HIN/SRN number to validate your entry, together with your surname or company name and postcode. Select the proxy voting options on the left of screen and continue to follow the prompts to lodge your proxy vote. If you lodge electronically, you will not need to return your proxy form by mail or fax.
- Alternatively, a reply paid envelope is provided for return of the completed hard copy proxy form or you may fax the completed form to +61 2 9287 0309 or hand deliver it to the office of the Company's share registry:

Southern Cross Broadcasting (Australia) Limited
Share Registry

Link Market Services Limited
Level 4, 333 Collins Street
Melbourne VIC 3000
Australia

OR Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Australia

- Proxies must be lodged by no later than 11am AEST on Tuesday 14 November 2006.
- Members of Southern Cross Broadcasting who return their proxy forms but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any director which do not contain a direction will be voted in favour of all resolutions.

BY ORDER OF THE BOARD

Edward Chia
Company Secretary
Southern Cross Broadcasting (Australia) Limited
4 October 2006

EXPLANATORY MEMORANDUM

1 FINANCIAL STATEMENTS AND REPORTS

The Corporations Act 2001 requires that the financial report, directors' report and auditor's report for the year ended 30 June 2006 be laid before the Annual General Meeting. However, neither the Corporations Act nor the Company's constitution requires shareholders to vote on, approve or adopt those reports.

Shareholders will have the opportunity at the meeting to raise questions in respect of those reports.

2 REMUNERATION REPORT

The Corporations Act 2001 requires that the remuneration report be submitted to shareholders for consideration and adoption by way of a non-binding resolution.

The remuneration report is set out on pages 25 to 32 of the Company's annual report.

Shareholders will have the opportunity at the meeting to raise questions in respect of the remuneration report.

3 RE-ELECTION OF DIRECTORS

In accordance with Listing Rule 14.4 and clause 18.4 of the constitution of the Company, at every Annual General Meeting, one-third of the directors must retire from office and are eligible for re-election. The directors to retire are those who have been longest in office since their appointment or last re-appointment, or, if the directors have been in office for an equal length of time, by agreement.

Charles George Clark and Marina Darling each retire by rotation as a director of the Company and offer themselves for re-election.

Profiles of Mr Clark and Ms Darling are set out below.

Charles G Clark

Age 62, B Com, Dip. Ag. Econ. Director of the company since 1983 and is also chairman of the Audit Committee. Chairman of Aviva Australia Holdings Limited and The Myer Family Office Limited. Director of Select Harvests Limited, The Myer Foundation and a number of other companies. Trustee of The William Buckland Foundation, and chairman of Council, Melbourne Grammar School. Former deputy chairman of Legal Practice Board of Victoria and former director of CGNU Australia Holdings Limited.

Your Board, other than Mr Clark, recommends that shareholders vote in favour of the re-election of Mr Clark. Mr Clark makes no recommendation to shareholders on this matter given his personal interest.

Marina Darling

Age 47, LLB, BA (Hons) (Melb). Director of the company since 1999 and is also chair of the Nomination and Corporate Governance Committee and a member of the Remuneration Committee. Managing director of Caponero Group. Director of Argo Investments Limited and other companies. Member of the Prime Minister's Community Business Partnership. Former senior executive of Potter Warburg & Co. and senior associate of Corrs Chambers Westgarth.

Your Board, other than Ms Darling, recommends that shareholders vote in favour of the re-election of Ms Darling. Ms Darling makes no recommendation to shareholders on this matter given her personal interest.

4 GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR

Shareholder approval is sought for the grant of 50,000 Performance Rights to the Managing Director of the Company, Mr Anthony E Bell, under the terms of the Company's Executive Performance Plan (**Plan**). Shareholder approval is required under ASX Listing Rule 10.14 because Mr Bell is a Director of the Company. The terms of grant applicable to the Performance Rights are outlined below.

In recent years, the Board has sought to better align Mr Bell's interests with the interests of shareholders, by more closely linking his total remuneration with the attainment of performance hurdles which reflect superior performance by the Company. Regular grants of options and/or performance rights subject to performance hurdles will provide an ongoing performance incentive to Mr Bell by giving him the opportunity to obtain a valuable stake in the Company.

The non-executive Directors are of the view that Mr Bell's overall remuneration, including the proposed grant of Performance Rights, is appropriate having regard to the circumstances of the Company, the duties and responsibilities of Mr Bell and market levels of remuneration for managing directors and chief executive officers of similar sized companies. Mr Bell's current base salary (including non-monetary benefits) and superannuation is \$1,075,545. Mr Bell is also entitled to a short-term performance incentive bonus of up to \$376,441 (or 35% of his fixed base salary), subject to the achievement of appropriate internal and personal hurdles and the extent to which they are achieved.

The fair value of each Performance Right has been estimated by Deloitte Touche Tohmatsu using a Black Scholes Monte-Carlo Simulation Model at \$6.60 for tranche 1 and \$6.21 for tranche 2 (as referred to below). The number and value of Performance Rights that ultimately vest will depend on the relative level of performance of the Company under the hurdles.

The Board's current estimate of the total cost of Mr Bell's performance rights proposed to be granted under Item 4 is approximately \$320,250, based on the fair values referred to above.

The Directors (other than Mr Bell) recommend that shareholders vote in favour of Item 4. Mr Bell makes no recommendation to shareholders on this matter given his personal interest.

Terms of grant of Performance Rights

The Performance Rights proposed to be granted Mr Bell are zero exercise price options, which entitle the holder to acquire fully paid ordinary shares in the Company, without payment, subject to the satisfaction of a performance hurdle. The Performance Rights are to be granted on the terms of the Company's Executive Performance Plan, which was approved by shareholders at the 2004 AGM (**Plan**).

Briefly, the key terms of the Performance Rights are:

- (a) **(Tranches and Exercise Period)**: the Performance Rights are granted in two tranches as follows:
 - (i) the first tranche is exercisable from and including the third anniversary of the Grant Date, to the fifth anniversary of the Grant Date, provided the Performance Hurdle is satisfied;
 - (ii) the second tranche is exercisable from and including the fourth anniversary of the Grant Date, to the fifth anniversary of the Grant Date, provided the Performance Hurdle is satisfied.
- (b) **(Expiry Date)**: any Performance Rights that remain unexercised after the fifth anniversary of the Grant Date expire and are no longer exercisable.

- (c) **(Performance Hurdle)**: the performance hurdle is assessed by reference to the Performance Measurement Date, and is based on the Company's Total Shareholder Return (TSR) performance, compared with the TSR of each of the companies in the S&P/ASX 200 Industrials Accumulation Index. TSR is, broadly, the change in the share price over the performance period plus dividends notionally reinvested in the Company's shares.

The TSR performance hurdle incorporates a sliding scale. The percentage of Performance Rights that may be exercised depends on the level of TSR performance, namely, more shares are received the better the Company's TSR performance over the performance period relative to the other companies in the comparative group.

For this purpose, the companies in the comparative group (including the Company) are listed in descending order and ranked in percentiles according to their respective TSR performance over the performance period. If the Company is ranked in the 51st percentile, then 52% of Rights in the tranche are exercisable, and if the Company is ranked in the 75th or greater percentile, then all Performance Rights in the tranche will be exercisable. A ranking between the 51st and 75th percentile would result in a proportionate increase in the number of Performance Rights in the tranche, namely between 52% and 100%, becoming exercisable. No Performance Rights are exercisable if the Company is ranked below the 51st percentile.

- (d) **(Performance Measurement Date)**: the first Performance Measurement Date for the first and second tranches is the third and fourth anniversaries respectively of the Grant Date. Remeasurement against the Performance Hurdle is permitted after three years and six months and then after four years from the Grant Date (for the first tranche of Performance Rights) and then after four years and six months from the Grant Date (for the first and second tranches of Performance Rights). Accordingly, a maximum of four remeasurements is available in respect of the Performance Rights.
- (e) **(Rights to acquire shares)**: provided the Performance Hurdle is satisfied, the Performance Rights entitle the holder to receive fully paid ordinary shares in the Company without payment.
- (f) **(Early Cessation of Employment)**: if a participant ceases employment with a participating company prior to the stipulated first Performance Measurement Date of any tranche as a result of death, incapacity, retirement, redundancy, or the sale of a company or a business, then subject to the satisfaction of the Performance Hurdle as at the time of cessation, the participant may exercise rights within the periods stated in the Plan rules. The number of Performance Rights in a tranche that may be exercised in such case may be reduced pro rata to the elapsed portion of the period over which performance is measured, relative to the period from the Grant Date to the first Performance Measurement Date for that tranche. In the case of resignation, the Board has a discretion to permit a pro rata vesting of rights and will take into account the precise circumstances of the participant's resignation.
- (g) **(Change of Control)**: there may be an exercise of rights, whether or not the Performance Hurdle has been achieved, on a takeover bid, change of control, scheme of arrangement, or winding up and, subject to the discretion of the Board, in the case of a demerger on such terms and conditions as the Board may decide.

Additional Information

The following information in relation to the Performance Rights which may be granted pursuant to item 4 is set out for the purposes of ASX Listing Rule 10.15.

The maximum number of Performance Rights that may be acquired by all persons for whom approval is required under Listing Rule 10.14 is 50,000 Performance Rights (being those Performance Rights that the Board proposes to grant to Mr Bell, as described above).

There is no amount payable by Mr Bell either on grant or exercise of the performance rights.

Mr Bell is the only director or associate of directors who has previously received securities under the Plan.

Mr Bell is the only director of the Company entitled to participate in the Plan.

The voting exclusion statement that applies to Item 4 is set out below the resolutions.

There is no loan scheme in relation to the Plan.

The date by which performance rights approved under Item 4 will be granted will be no later than one year from the Annual General Meeting, being 16 November 2007.

Other features of the Performance Rights, which are consistent with the Plan rules, include:

- the Performance Rights will not be listed on ASX;
- the shares issued on exercise of the Performance Rights will rank equally in all respects with the Company's shares listed on ASX; and
- the Company will apply to ASX for official quotation of the newly issued shares on exercise of the Performance Rights.

The present intention of the Company is to procure the acquisition of existing shares on the ASX to satisfy an exercise of the Performance Rights on the ASX, instead of issuing new shares.



HOW TO GET TO THE AGM

Location

Southern Cross Broadcasting
Level 1, 70 Park Street, South Melbourne, Victoria

Park Street intersects with St Kilda Road opposite the Shrine of Remembrance Gardens and Kings Way. 70 Park Street is between St Kilda Road and Kings Way.

By Tram

From St Kilda Road

The nearest tram stop is the Domain Interchange at the Junction of St Kilda Road and Park Street. All trams departing from Flinders St running along St Kilda Road **apart from Routes 1 and 22** will stop at the Domain Interchange. 70 Park Street is a three to five minute walk west from Domain Interchange.

From Kings Way

Route 55 travels along William Street through the CBD. The nearest tram stop is at the corner of Kings Way and Park Street. Alight at stop and proceed east to 70 Park Street.

By Car

Limited meter parking is available in Park Street and the surrounding streets.

The following commercial car parks are located close to Southern Cross Broadcasting:

Secure Parking

- 312 St Kilda Road, South Melbourne – enter from Coventry Street; and
- 21 Bank Street, South Melbourne.



QUESTIONS FROM SHAREHOLDERS

We invite you to use this form to submit questions to:

- Management of the Company regarding Southern Cross Broadcasting generally. We will endeavour to respond to as many of the most frequently asked questions as practicable as part of the Chairman's and Managing Director's addresses; and/or
- Ernst & Young, the Company's auditor, regarding the content of Ernst & Young's audit report or the conduct of its audit of the Company's financial report for the year ended 30 June 2006. A list of these questions will be made available to shareholders attending the Annual General Meeting.

Questions should be submitted no later than 5:00pm on 9 November 2006 as follows:

By Facsimile: (61 3) 9682 5158

By Mail: GPO Box 1837Q
Melbourne Vic 3001

By Internet: Complete this form online at www.southerncrossbroadcasting.com.au

Shareholder's Name
Address
Shareholder Reference Number (SRN) or Holder Identification Number (HIN)
Question(s) _____ _____ _____ _____ _____ _____