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NOTICE OF ANNUAL GENERAL MEETING 2011



NOTICE OF ANNUAL GENERAL MEETING

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 Ogilvy House, 72 Christie Street, St Leonards NSW on Tuesday, 10 May 2011 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 2010.

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 Paul Richardson

"That Mr Paul Richardson, 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 Election of Mr Peter Cullinane

"That Mr Peter Cullinane, a Director of the Company appointed on 3 June 2010, who retires in accordance with the Company's Constitution and, having offered himself for election and being eligible, be elected as a Director of the Company."

2.3 Election of Ms Kim Anderson

"That Ms Kim Anderson, a Director of the Company appointed on 10 November 2010, who retires in accordance with the Company's Constitution and, having offered herself for election and being eligible, be 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 178,125 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, 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 2010 be adopted."

6. MODIFICATION TO CONSTITUTION

To consider, and if thought fit, pass the following resolution as a special resolution:

"That, with effect from the close of the Annual General Meeting, the Company modify its Constitution with the amendments set out in the Explanatory Statement accompanying this Notice of Annual General Meeting."

Note that, as a special resolution, this resolution 6 will only be passed if at least 75% of the votes cast by shareholders entitled to vote on this resolution 6 are in favour of it.

By order of the Board

Chris Rollinson
Company Secretary
4 April 2011



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 Sunday, 8 May 2011.

VOTING EXCLUSION STATEMENTS

Resolutions: Item 3, Item 4 and Item 5

In accordance with ASX Listing Rules, the Company will disregard any votes cast:

- on Item 3 and Item 4 by any Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that Director; and
- Item 5 by any Director and any associate of that Director.

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
- the person 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.

PROXIES

A shareholder, who is unable to attend and vote at the Annual General Meeting of the Company on 10 May 2011, 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.

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 9.30am (Sydney time) on Sunday, 8 May 2011; 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.

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 2010 in advance of the meeting. Written questions must be submitted to the Company by no later than 5.00pm (Sydney time) on Tuesday, 3 May 2011, 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 Tuesday, 10 May 2011 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 10 May 2011.

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 2010 will be laid before the Annual General Meeting in accordance with the requirements of the Corporations Act.

The Company's 2010 Annual Report has been made available to shareholders and is available on the Company's website (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 RE-ELECTION OF DIRECTOR 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, Paul Richardson retires by rotation in accordance with the Company's Constitution and being eligible, this Directors offers himself for re-election as a Director at the Annual General Meeting.

Paul Richardson – BA ACA MCT

Mr Richardson was appointed as a Director of STW in 1999.

Mr Richardson is currently a Director of WPP plc, a non-executive Director of Chime Communications plc, a non-executive Director of CEVA Group plc and serves on the British Airways Global Travel Advisory Board.

Mr Richardson joined WPP in 1992 as Director of Treasury and has been Group Finance Director since 1996 (responsible for the Group's worldwide finance function).

He graduated from the University of East Anglia in 1980 and joined KPMG in London where he gained his Chartered Accountancy qualifications and was a prize-winner in the Association of Corporate Treasurers exams.

Mr Richardson also spent three years with SmithKline Beecham, and then six years with Hanson as Assistant Treasurer.

Mr Richardson is a Chartered Accountant and member of the Association of Corporate Treasurers.

Board Recommendation

The Board (other than the Director concerned) recommends that shareholders vote in favour of the re-election of Mr Richardson.

RESOLUTION ITEMS 2.2 AND 2.3: ELECTION OF DIRECTORS BY THE BOARD

Mr Peter Cullinane and Ms Kim Anderson, having been appointed since the 2010 Annual General Meeting, retire in accordance with the Company's Constitution and being eligible, offers themselves for election as a Director at the Annual General Meeting.

Peter Cullinane – MBA

Mr Cullinane was appointed as a Director of STW in June 2010.

A respected force in global advertising, Mr Cullinane has led the development of some of New Zealand's most iconic brands, applying strategic and creative thinking on a local and international scale. His New Zealand success led him to become Chief Operating Officer, Saatchi & Saatchi Worldwide. Since returning to New Zealand and establishing Assignment Group Limited, Mr Cullinane has specialised in providing strategic advice to a wide range of New Zealand and international clients.

Mr Cullinane is a Director of Assignment Group New Zealand Limited and Chairman of The Antipodes Water Company Limited.

Mr Cullinane is a Director of SKYCITY Entertainment Group Limited and is a member of its Remuneration Committee and Governance and Nominations Committee.



Kim Anderson

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

Ms Anderson is a Director of Carsales Limited, Chief Executive of The Reading Room (thereadingroom.com), a community/social networking site for readers, a 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.

Ms Anderson 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 election of both Mr Cullinane and Ms 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 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.

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 178,125 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 178,125 Performance Shares will be allocated to Mr Connaghan in relation to the 2011-2013 Share Plan. These Performance Shares will be split into two plans:

- Base Plan - 150,000 Performance Shares; and
- Overperformance Plan - 28,125 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 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 performance condition - applies to 25% of the total number of Performance Shares granted to Mr Connaghan under the Base Plan.



EXPLANATORY STATEMENT (CONTINUED)

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

Base Plan - Performance Conditions (Continued)

For the 2011-2013 Plan, vesting of 75% of the Performance Shares granted to Mr Connaghan depends on compounded growth in STW's normalised earnings per share ("EPS") between the 2011 and 2013 calendar years (using the Company's normalised 2010 calendar year EPS performance as the base).

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

Under this EPS Growth Performance Condition:

- no Performance Shares will vest unless the average compound annual growth in STW's EPS ("EPS Growth Rate") between 2011 and 2013 shows growth of at least 5% per annum. At this point, 25% of the Performance Shares to which the EPS Growth performance condition is being applied will vest, subject to the Rules (ie 18.75% of the total number of Performance Shares granted to Mr Connaghan under the Base Plan);
- all of the Performance Shares to which the EPS Growth performance condition is being applied will vest, subject to the Rules, if the EPS Growth Rate between 2011 and 2013 is 10% or more per annum (ie 75% of the total number Performance Shares granted to Mr Connaghan under the Base Plan); 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 5% and 10% per annum.

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 total shareholder return ("TSR") between 2011 and 2013 compared with the TSR performance of a comparator group of companies.

The TSR performance condition compares the Company's TSR ranking at 31 December 2013 (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 2011 and 2013. Under the TSR performance condition:

- no Performance Shares will vest unless STW's TSR between 2011 and 2013 is at least equal to 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 (ie 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 2011 and 2013 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 (ie 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 to those of the STW Group.

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 28,125 Performance Shares granted under the Overperformance Plan based on the growth in STW's normalised EPS between the 2011 and 2013 calendar years (using STW's normalised 2010 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 2011 and 2013 shows growth of over 10% per annum. At this point, 20% of the Performance Shares granted to Mr Connaghan under the Overperformance Plan will vest (5,625 Performance Shares), subject to the rules;
- if the EPS Growth Rate between 2011 and 2013 is 15% or more per annum, all of the Performance Shares granted to Mr Connaghan under the Overperformance Plan will vest (28,125 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 10% and 15% 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 2014.

Price of Performance Shares and Allocation Date

No amount will be payable by Mr Connaghan for the Performance Shares allocated to him.

The Performance Shares will be allocated to Mr Connaghan on the date Item 3 is passed by the shareholders in 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 Directors unanimously recommend that shareholders vote in favour of this resolution.

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 scheme 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 short-term incentive plan ("STIP") effective for the year ending 31 December 2011.

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 ("Performance Shares") to Mr Connaghan under the STIP.

4.3 Performance Conditions

For the year ending 31 December 2011, it is proposed that Mr Connaghan will be entitled to a STIP payment in cash and 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:

- 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
- personal performance - 25% of the STIP Payment is based on personal performance and achievement of specific key performance indicators (together, "Performance Conditions").

4.4 Financial Performance

The STIP Payment will be based on a sliding scale for achieving between 100% and 105% of the NPAT Target as outlined in the table below:

NPAT range	STIP Payment (%)
NPAT achieved less than 100% of NPAT Target	0
NPAT achieved between 100% and 100.9% of NPAT Target	50
NPAT achieved between 101% and 101.9% of NPAT Target	60
NPAT achieved between 102% and 102.9% of NPAT Target	70
NPAT achieved between 103% and 103.9% of NPAT Target	80
NPAT achieved between 104% and 104.9% of NPAT Target	90
NPAT achieved greater than 105% of NPAT Target	100



EXPLANATORY STATEMENT (CONTINUED)

RESOLUTION ITEM 4: ALLOCATION OF SHARES TO DIRECTOR (CONTINUED)

4.5 Payment of STIP

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 2011 have been finalised. This is expected to be in February 2012.

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 Performance Shares will be paid to Mr Connaghan on the terms and conditions set out below:

- (a) trust – the Performance Shares will be held initially on trust and only transferred to Mr Connaghan on 1 January 2014;
- (b) dividends – Mr Connaghan will be entitled to any dividends paid by STW in relation to the Performance Shares;
- (c) forfeiture – on resignation from the Company, or on dismissal for cause, Mr Connaghan will forfeit his rights to the Performance Shares; and
- (d) termination – if Mr Connaghan's employment is terminated by STW, he will be entitled to the Performance Shares earned.

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

Number of Performance Shares = A/B where:

A = 50% x the total STIP achieved for the year ending 31 December 2011; and

B = the volume weight 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 2011.

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

4.6 Price of Performance Shares and Allocation Date

No amount will be payable by Mr Connaghan for the Performance Shares allocated to him.

The 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 2011 (which is expected to be in February 2012), and in any case, on a date which is no later than 12 months after the meeting.

4.7 No Other Directors Participating in STIP

Other than Mr Connaghan, no other Director is entitled to participate in the STIP. The Company has never received prior approval for this short term incentive plan.

RESOLUTION ITEM 5: NON-BINDING RESOLUTION ON REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act, the Remuneration Report is put to shareholders for adoption. The vote on this resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report can be found on pages 41 to 54 of the Company's 2010 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.

Shareholders attending the Annual General Meeting will have reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

RESOLUTION ITEM 6: MODIFICATION TO CONSTITUTION

6.1 Background

STW is proposing to amend its Constitution as set out below.

The amendments will remove the express requirement that dividends may only be paid out of the Company's profits, to reflect amendments to the Corporations Act which were effective from 28 June 2010.

The profit requirement has been replaced with a new rule that prohibits a company from paying a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

Resolution 6 proposes amendments to the Constitution removing the express requirements that dividends only be paid out of profits (and incidental references to the payment of profits from dividends) consistent with the 28 June 2010 amendments to the Corporations Act.

If you would like to see or have sent to you a copy of the Constitution including the amendments proposed below, please contact the Company Secretary, Chris Rollinson on +61 2 9373 6311.



6.2 Specific Amendments to the Constitution

The specific amendments to the Constitution are as follows:

- (a) in clause 87.1, delete the word “profits” and replace with “any amount available for distribution as a dividend”;
- (b) in clause 87.2, delete the word “profits” and replace with “such amounts”;
- (c) in clause 87.4, delete the word “profits” and replace with “amount available for distribution as a dividend”;
- (d) insert the following as a new clause 91.4:

“Where the Company pays a dividend by the transfer of shares in another corporation:

- (a) the Members receiving the dividend will be taken to have agreed to become members of that corporation; and
- (b) each of those Members appoints the Company or any of the Directors as its agent to execute any transfer of shares or other document required to facilitate or effect the distribution and transfer of the shares to the Member.”
- (e) in clause 94.3, delete the words “from the Company’s profits or any reserve available for distribution” and replace them with “from the amount available for distribution as a dividend”;
- (f) in clause 94.5, delete the words “profits where appearing” and replace it with “amounts available for distribution”;
- (g) in the clause 96 heading, delete the word “profit” and replace it with “amounts available for distribution”; and
- (h) in clause 96.1(a), delete the words “being the Company’s profits or any reserve.”



APPENDIX A

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 group company into serious disrepute; or
- the employment of the Participant is terminated in the circumstances specified in the Offer to that Participant.

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

In this booklet:

ASX	means ASX Limited.
ASX Listing Rules	means the listing rules of the ASX, as applicable to the Company, from time to time.
Board	means the board of Directors.
Constitution	means STW's constitution.
Corporations Act	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.
Director	means a director of the Company.
Eligible Executive	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.
Explanatory Statement	means this explanatory statement accompanying this Notice of Annual General Meeting.
Notice of Meeting	means this notice of meeting and Explanatory Statement.
Offer	means an offer made to an Eligible Executive under the Rules.
Participant	means an Eligible Executive who has accepted an Offer.
Performance Shares	means fully paid ordinary shares of the Company referred to in an Offer.
Plan or ESP	means the STW Executive Share Plan established in accordance with the Rules.
Resolution	means a resolution set out in the Notice of Meeting.
Rules	means the rules of the Plan, as amended from time to time.
Share	means a fully paid ordinary share in the Company.
Trust Deed	means the deed establishing the Plan, as amended from time to time.
Trustee	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

For all enquiries call:

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

Proxy Form

For your vote to be effective it must be received by 9.30am (Sydney time) on Sunday 8 May 2011

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.

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.computershare.com.

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: <http://www.stwgroup.com.au/for-investors/default.aspx>
View your securityholder information, 24 hours a day, 7 days a week: www.investorcentre.com

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



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

☐

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, as the proxy sees fit) at the Annual General Meeting of STW Communications Group Limited to be held at Ogilvy House, 72 Christie Street, St Leonards NSW on Tuesday, 10 May 2011 at 9.30am (Sydney time) and at any adjournment of that meeting.

Important for Items 3, 4 & 5: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 3, 4 & 5 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 3, 4 & 5 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 3, 4 & 5 of business.

☐

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

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.

Ordinary Resolutions

	For	Against	Abstain
2.1 To re-elect Mr Paul Richardson as a Director of the Company	☐	☐	☐
2.2 To elect Mr Peter Cullinane as a Director of the Company	☐	☐	☐
2.3 To elect Ms Kim Anderson as a Director of the Company	☐	☐	☐
3 Approve allocation of 178,125 Performance Shares to Mr Michael Connaghan under STW Executive Share Plan	☐	☐	☐
4 Approve allocation of up to \$250,000 worth of Shares to Mr Michael Connaghan under employee incentive scheme	☐	☐	☐
5 Adopt the Remuneration Report for the year ended 31 December 2010	☐	☐	☐

Special Resolution

6 Modification to Constitution	☐	☐	☐
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The Chairman of the Meeting intends to vote undirected 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 ____/____/____

SGN

1 2 8 8 7 7 A

Computershare



Dear Securityholder,

We have been trying to contact you in connection with matters arising from your securityholding in STW Communications Group Limited. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than the Notice of Meeting.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

- Security Reference Number (SRN);
- ASX trading code;
- Name of company in which security is held;
- Old address; and
- New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

STW Communications Group Limited