



Notice of Annual General Meeting

*Notice is given that the Annual General Meeting
of members of Enero Group Limited will be
held at Level 3, 1 Buckingham Street, Surry Hills
at 12pm on Thursday 25 October 2012.*

Agenda

Financial Statements and Reports

To receive and consider the Statement of Financial Position of Enero Group Limited (**Enero**) as at 30 June 2012, the Income Statement of Enero for the year ended on that date together with the consolidated Financial Statements of Enero and its controlled entities in accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**), and the reports of the Directors and auditors.

1. Resolution 1 – Non-binding Resolution to Adopt Remuneration Report

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

That, the 'Remuneration Report' as set out in the Enero's Annual Financial Report for the year ended 30 June 2012, be adopted.

2. Resolution 2 – Election of Director

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

That Mr John Porter, who was appointed as a Director and Chairman by the Board on 24 April 2012, retires in accordance with clause 6.1(e) of Enero's constitution, and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.

3. Resolution 3 – Re-election of Director

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

That Mr Max Johnston, who retires in accordance with clause 6.1(f) of Enero's constitution, and, being eligible, offers himself for re-election, be re-elected as a Director of Enero.

4. Resolution 4 – Allocation of Shares to Director under the Enero Share Appreciation Rights Plan (SARP)

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

*"That the Company approve, for all purposes including Listing Rule 10.14, the issue of 888,889 Enero Share Appreciation Rights (**Share Rights**) to the Chief Executive Officer, Mr Matthew Melhuish, under the Enero Share Appreciation Rights Plan as described in the explanatory notes accompanying this Notice of Meeting, and any issues of shares upon the vesting of those Share Rights."*

Information for shareholders

Voting Exclusions

Resolution 1:

In accordance with the *Corporations Act*, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report (**KMP**) and their 'Closely Related Parties' (as defined in the *Corporations Act 2001*) (each a **Restricted Voter**). However, Enero need not disregard a vote cast by a Restricted Voter if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of a Restricted Voter.

Further, Enero will not disregard a vote cast by the Chair of the meeting (**Chair**) as a proxy, if the appointment of the Chair expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

Resolution 4:

In accordance with the ASX Listing Rules, Enero will disregard any votes cast in respect of Resolution 4 by:

- Mr Melhuish or his associates; or
- a Director who is entitled to participate in the Share Appreciation Rights Plan (**SARP**) (being an 'Eligible Employee' as defined in the SARP) and any associate of that person.

However, Enero need not disregard a vote if:

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

Further, a Restricted Voter who is appointed as a proxy must not vote on Resolution 4 unless:

- the appointment specifies the way the proxy is to vote on Resolution 4; or
- the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though Resolution 4 is connected directly or indirectly with the remuneration of a member of the KMP.

Note: Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 4. Shareholders may also direct the Chair to vote against Resolution 4 or to abstain from voting.

Proxies

A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights and an additional form of proxy is available on request from Enero. A proxy need not be a shareholder of Enero. If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy but not directed as to how to vote, the proxy may only vote on Resolutions 1 and 4 if the proxy is the Chair of the meeting and the appointment expressly authorises the Chair to exercise the proxy, even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP. If such authorisation is given, the Chair intends to vote in favour of Resolutions 1 and 4.

Where a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, each proxy may exercise half of the votes.

The form of proxy must be signed by a shareholder or a shareholder's attorney. Proxies given by corporations must be signed in accordance with their constituent documents or as authorised by the *Corporations Act*.

If the form of proxy is executed under power of attorney it must accompany the form of proxy unless it has already been noted by Enero.

In the case of joint shareholders, names of the joint shareholders should be shown on the form of proxy.

Enero has determined in accordance with regulation 7.11.37 of the *Corporations Regulations*, that for the purpose of determining voting entitlements for the General Meeting, Enero Shares will be taken to be held by those people who are shown in the register of members as at 12pm Sydney time on Tuesday 23 October 2012.

To be valid, the proxy forms (together with any power of attorney or other authority) must be returned:

- by post to the share registry Computershare Investor Services Pty Limited GPO Box 242, Melbourne Vic 3001
- online at www.investorvote.com.au
- successfully transmitted facsimile transmission to either Computershare on +613 9473 2555 (outside Australia) or 1800 783 447 (within Australia)

by no later than 12pm Sydney time on Tuesday 23 October 2012.

Shareholder queries should be directed to the Company Secretary at Enero on (02) 8213 3084 or email agm@enerogroup.com.

By Order of the Board

Eleni North
Company Secretary
21 September 2012

Explanatory statement

This Explanatory Statement has been prepared to provide shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of Enero.

All shareholders should read this Explanatory Statement carefully and in its entirety before making any decision in relation to the resolutions.

Receiving Financial Statements and Reports

Under the *Corporations Act 2001*, the directors of Enero must lay the Financial Report, the Directors' report and the Auditor's Report for Enero (and the Enero Group) for the financial year ended 30 June 2012 before the meeting (**Reports**).

These Reports are set out in the Company's 2012 Annual Report, which has been made available to shareholders and is available on the Company's website (www.enero.com).

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

No resolution is required to be moved in respect of this item of General Business.

Resolution 1 – Non-binding resolution to adopt remuneration report

Under the *Corporations Act 2001*, Enero is required to include in the Directors' Report a detailed Remuneration Report including prescribed information in relation to the remuneration of Directors and Executives of Enero (and the Enero Group) and Enero's remuneration practices.

The Remuneration Report for the year ended 30 June 2012 is incorporated in the Company's 2012 Annual Report (as part of the Directors' Report). As noted previously, the 2012 Annual Report has been made available to shareholders and is available on the Company's website (www.enero.com).

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The vote on the Remuneration Report is advisory only and does not bind the Directors or Enero. However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2012 AGM, and then again at the 2013 AGM, Enero will be required to put a resolution to the 2013 AGM, to approve calling an extraordinary general meeting (**spill resolution**). If more than 50% of shareholders vote in favour of the spill resolution, Enero must then convene an extraordinary general meeting (**spill meeting**) within 90 days of the 2013 AGM. All of the Directors who were in office when the 2013 Directors' Report was approved, other than the Managing Director, will (if they desire) need to stand for re-election at the spill meeting.

Each director recommends the adoption of the Remuneration Report by shareholders.

Resolution 2 – Election of Director

Clause 6.1(e) of Enero's constitution requires any director who has been appointed since the last Annual General Meeting, to fill a casual vacancy to retire. Retiring Directors may seek re-election.

Mr John Porter was appointed as an independent and Non-Executive Director and Chairman of the Board on 24 April 2012. John Porter has retired and is seeking re-election in accordance with clause 6.1(e) of Enero's constitution.

Prior to joining Enero Group, John Porter was Executive Director and Chief Executive Officer of Austar United Communications Limited from June 1999 to April 2012. John was Managing Director of Austar Entertainment Pty Limited from July 1997 to December 1999. From January 1997 to August 1999, he also served as the Chief Operating Officer of United Asia Pacific, Inc. He led the establishment of Austar Entertainment Pty Limited in 1995, and by doing so played an integral role in the development of Australia's subscription television industry. Prior to joining Austar, John spent 10 years in various senior management capacities for Time Warner Cable, a subsidiary of Time Warner, Inc. He has more than 30 years management experience in the US and Australian subscription television industries. John is also currently Non-Executive Director and Chairman on the board of oOh!media and a Councillor on the Cranbrook School Council.

Each Director (other than John Porter) recommends that shareholders vote in favour of Resolution 2 to elect John Porter as a Director of Enero.

Resolution 3 – Re-election of Directors

Clause 6.1(f) of Enero's constitution requires that one third of Directors (rounded down to the nearest whole number and excluding the Managing Director) and any other Director who, if he or she does not retire, will at the conclusion of the meeting have been in office for three or more years or for three or more AGMs since he or she was last elected to office, must retire at the AGM. Retiring Directors may seek re election. Max Johnston is a current Director of Enero who is retiring and seeking re election in accordance with clause 6.1(f) of the constitution.

Max Johnston was appointed as a Director of the Company on 28 April 2011 and serves on the Board as an independent Non-Executive Director. Max is also a Non-Executive Director of Probiotec Limited. For 11 years he was President and Chief Executive Officer of Johnson & Johnson, Pacific and an Executive Director of Johnson & Johnson. Max has also held several prominent industry roles, including as a past President of ACCORD Australasia Limited, a former Vice Chairman of the Australian Food and Grocery Council and a former member of the Board of ASMI. He has had extensive overseas experience during his career in leading businesses in both Western and Central-Eastern Europe and Africa.

Each Director (other than Max Johnston) recommends that shareholders vote in favour of Resolution 3 to re-elect Max Johnston as a Director of Enero.

Resolution 4 – Approval of proposed issue of Share Appreciation Rights to Executive Director and Chief Executive Officer, Mr Matthew Melhuish

Matthew Melhuish was appointed Chief Executive Officer and Executive Director of the Company on 16 January 2012. Pursuant to his contract of employment with the Company, the key terms of which were disclosed to the ASX on 16 January 2012 (**Service Agreement**), his remuneration is comprised of the following elements:

1. Base salary – cash component together with statutory superannuation contributions;
2. Short term incentive (**STI**) – to be determined annually by the Board subject to achievement of targets for annual growth in earnings per share of the Company and non-financial performance. The STI is capped at \$200,000 per annum; and
3. Long term incentive (**LTI**) – it is proposed that Matthew is issued with 888,889 Share Rights under the Company's Share Appreciation Rights Plan (the **CEO Share Rights**).

Approval is sought to issue the CEO Share Rights in three tranches, as follows:

- 197,531 CEO Share Rights with a vesting date of 20 business days after the release to ASX of the Company's preliminary Financial Report for the financial year ended 30 June 2013.
- 296,296 CEO Share Rights with a vesting date of 20 business days after the release to ASX of the Company's preliminary Financial Report for the financial year ended 30 June 2014.
- 395,062 CEO Share Rights with a vesting date of 20 business days after the release to ASX of the Company's preliminary Financial Report for the financial year ended 30 June 2015.

If shareholder approval is obtained, the issue of the CEO Share Rights to Matthew will be made shortly after the meeting and in any case no later than three months from the date of the meeting.

(a) Price

No payment will be required in relation to the issue and allotment of the CEO Share Rights or on the exercise or vesting of the CEO Share Rights. Enero will not raise any funds from the issue of the CEO Share Rights.

There is no loan being provided to Matthew in relation to his acquisition of the CEO Share Rights.

(b) Exercise and issue

The exercise of each CEO Share Right will entitle Matthew to receive a fraction of an ordinary share based on a conversion formula of:

$$\text{Share Entitlement (E)} = \frac{A - B}{A}$$

Where:

A = Enero VWAP for the 20 trading days before the Vesting Date.

B = Enero VWAP for the 20 trading days before the Date of Issue of the Share Right.

If A – B is less than or equal to zero, the Share Right will not vest and will immediately lapse on the applicable Vesting Date.

The total number of shares received (by way of issue) upon any conversion of Share Rights will be the number of Share Rights converted multiplied by E, with the result rounded up to the nearest whole number.

The maximum number of shares which Matthew may acquire is 888,889 shares.

(c) Prior issues under the SARP

Matthew Melhuish was granted 333,333 Share Rights in August 2011 in his capacity as the Head of the Australian Agencies Division. Shareholder approval was not required for the previous issue of Share Rights to Matthew as he was not a Director of the Company at that time.

No other Directors or their associates are currently entitled to participate in the SARP. Any additional person for whom shareholder approval is required under Listing Rule 10.14, who may become entitled to participate in the SARP, must not participate in the plan until approval is obtained in accordance with Listing Rule 10.14.

Each Director (other than Matthew Melhuish) recommends that shareholders vote in favour of Resolution 4 to grant CEO Share Rights to Matthew Melhuish.