

21 December 2007

<Name>
(CEO)
<Name of company>
<Address>
<Address>

Dear <Name>

**INVITATION TO BECOME A MEMBER OF AN ELIGIBLE JOINT VENTURE COMPANY FOR
THE MELBOURNE RA1 COMMERCIAL RADIO LICENCE AREA**

Pursuant to sub-section 102C(5) of the *Radiocommunications Act* 1992 (the “**Radcoms Act**”) Commercial Radio Australia invites:

- each **incumbent digital commercial radio broadcasting licensee**¹ in the Melbourne RA1 commercial radio licence area; and
- the **digital community radio broadcasting representative company**² for the Melbourne RA1 commercial radio licence area (if any),

to subscribe for shares in a company (“**Melbourne JV Company 1**”) to be an **eligible joint venture company** for the purposes of section 102C(5) of the *Radiocommunications Act* 1992

In addition to and separate and severable from the invitation above, Commercial Radio Australia invites:

- each **incumbent digital commercial radio broadcasting licensee**³ in the Melbourne RA1 commercial radio licence area; and
- the **digital community radio broadcasting representative company**⁴ for the Melbourne RA1 commercial radio licence area (if any),

to subscribe for shares in a second company (“**Melbourne JV Company 2**”) to be an **eligible joint venture company** for the purposes of section 102C(5) of the *Radiocommunications Act* 1992.

This second invitation is conditional on a determination by Commercial Radio Australia to promote Melbourne JV Company 2.

Please note that **only** those persons that fit the above criteria are entitled to become members of a Melbourne JV Company.

¹ See sub-section 9D(1) of the Radcoms Act. Please note that this definition specifically excludes the licensee of a commercial radio broadcasting licence that was allocated under sub-section 40(1) of the *Broadcasting Services Act* 1992.

² See section 9C of the Radcoms Act.

³ See sub-section 9D(1) of the Radcoms Act. Please note that this definition specifically excludes the licensee of a commercial radio broadcasting licence that was allocated under sub-section 40(1) of the *Broadcasting Services Act* 1992.

⁴ See section 9C of the Radcoms Act.

1. **Reason for establishment**

Melbourne JV Company 1 is being formed to apply for either:

- both “Category 1 digital radio multiplex transmitter licences” for the Melbourne RA1 commercial radio licence area, being the licences to be issued for the 2 multiplexes specified as TS1132485 and TS1132486; or
- if CRA determines to form Melbourne JV Company 2, only one of the 2 multiplex licenses referred to above (being the multiplex specified as TS1132485).

If CRA determines to form Melbourne JV Company 2, Melbourne JV Company 2 will be formed to apply for the license for the multiplex specified as TS1132486.

As you know, the Australian Communications and Media Authority (**ACMA**) recently issued an invitation for an “**eligible joint venture company**” to apply for the licences for those 2 multiplexes. The term eligible joint venture company is defined in sub-section 102C(5) of the Radcoms Act.

ACMA’s invitation to apply for the multiplex licences will be open for at least 150 days from the date on which it was published on ACMA’s website which was 11 December 2007. In other words until no earlier than 9 May 2008.

2. **Invitation to become a member**

It is required that these invitations remain open for at least 120 days beginning on the date on which they are first published on ACMA’s website.

It is our intention that Melbourne JV Company 1 (and, if formed, Melbourne JV Company 2) will be established after the required 120 days and will then apply for the relevant Melbourne digital radio multiplex transmitter licences before the 150 days, referred to above, elapses.

3. **Indicative Capital Costs for JV Members**

Please note that the capital and operating costs for one (or two) Melbourne JV Company(ies) will be significant.

Although the initial amount payable for the issue of shares will be \$1.00 per share, at an early stage after the establishment of the Melbourne JV company(ies) , all members will be called on to provide further funding. Those contributions will be made on a pro rata basis relative to the number of shares that each member in the JV holds when the call for additional funding is made.

In order to assist in making the decision on joining the Melbourne JV company(ies), Commercial Radio Australia has developed an indicative infrastructure cost for each JV member which will fall due in calendar year 2008. These figures will be further refined and are meant as a guide only.

The total indicative capital cost for the Melbourne licence area for the operation of 2 multiplexes is estimated to be \$.....

All eligible parties, and particularly those which have any doubts about the capacity to meet the initial and ongoing contributions required of all members, are encouraged to consider these issues before consenting to become a member of a JV company.

4. **Membership is voluntary**

Please note that membership of the Melbourne JV Company is **voluntary**. If you are eligible but choose not to become a member of the Melbourne JV Company, you will then be classed as an “*access seeker*”. This means you will still have the statutory right to obtain access to one of the Melbourne digital radio multiplexes in order to provide digital commercial radio broadcasting services when digital radio broadcasting commences.

In order to obtain access to the digital broadcasting facilities operated by the JV, *access seekers* will be required to pay an annual access fee which will be set by the JV.

5. Activities of the proposed company

Pursuant to sub-section 109B(1)(l) of the Radcoms Act, the activities of the Melbourne JV Company(ies) will be confined to:

- operating one or both Melbourne digital radio multiplex transmitters under the licences to be issued by ACMA; and
- activities that are related to the operation of those multiplex transmitters.

6. Share issue

On registration of a Melbourne JV Company with ASIC, each eligible applicant for membership will be issued with shares in the Company.

Further, assuming that each invitation is accepted by each incumbent digital commercial radio broadcasting licensee and by the digital community radio broadcasting representative company, then:

- the incumbent digital commercial radio broadcasting licensees would, in aggregate, hold seven-ninths of the shares; and
- the digital community radio broadcasting representative company would hold two-ninths of the shares.

7. How to apply

If you meet the eligibility criteria above and wish to become a member of Melbourne JV Company 1 (and, if formed, Melbourne JV Company 2), you may do so via the application forms attached to this letter.

Each member of the Melbourne JV Company 1 (or of Melbourne JV Company 2) will be entitled to appoint one (1) director to the board of the company.

Please ensure that the attached form is signed by people with the authority to bind your company.

Once the consent forms are completed, please return them to our solicitors - Simpsons Solicitors. Postal and fax details for Simpsons Solicitors are listed on the forms.

Don't hesitate to contact me on (02) 9281 6577 if you have any questions in relation to this invitation.

Yours sincerely



Joan Warner
Chief Executive Officer

**APPLICATION TO BECOME A MEMBER
OF A MELBOURNE JV COMPANY**

To: Moses Kakaire **Fax:** (02) 9247 3442
Simpsons Solicitors
Suite 1202, 135 Macquarie Street,
Sydney NSW 2000

APPLICATION TO BECOME A MEMBER

The company whose details are noted below (the “**Applicant**”) applies to become a member of a Melbourne JV Company (the “**Company**”) on the basis:

- (1) firstly, contemplated under section 102(C)(5) of the *Radiocommunications Act 1992*; and
- (2) secondly, as otherwise set out in the letter from Commercial Radio Australia dated 21 December 2007 (to the extent consistent with the provisions of section 102(C) of the *Radiocommunications Act 1992*).

Type of Applicant company
(please tick one)

digital **commercial** radio licensee company

digital **community** radio broadcasting **representative company**

Applicant company name: _____

ACN: _____

ABN: _____

Registered Address: _____

Share Class: ORDINARY SHARES

Date:

Signed for and on behalf of the Applicant company, identified above, in accordance with section 127 of the Corporations Act:

Signature of director

Signature of director/secretary

Full name of director (please print)

Full name of director/secretary (print)