

media prima

MEDIA PRIMA BERHAD

PROPOSED EMPLOYEES SHARE OPTION SCHEME (ESOS)

PRESENTATION TO MEDIA PRIMA SHAREHOLDERS

**EXTRAORDINARY GENERAL MEETING
15 APRIL 2010**



- MPB's previous ESOS scheme ("Old Scheme") came into effect on 11 January 2005 and expired on 10 January 2010.
- The Old Scheme:
 - A performance based reward system.
 - Employees participate and be rewarded for MPB Group's financial and earnings performance via the capital market.
 - Motivate and incentivise employees
 - Employees benefited:
 - Capital appreciation of their MPB shares; and
 - Dividends income
- MPB proposing a new ESOS Scheme.

- Approved by the shareholders in an extraordinary general meeting (“EGM”) on 7 January 2005.
- Based on paid-up capital of 540.7 mill, an allocation of 54.0 million was made (10% of MPB’s paid-up capital).
- The following summarises the options issued under the Old Scheme:

	Number of options		
Option Price (RM)	1.46	1.55	2.33
Number of options granted	24,034,000	22,743,000	5,000,000
Number of options exercised	21,821,000	18,615,900	1,608,600
Percentage of Exercise	90.79%	81.85%	32.17%

- The Options were mostly “in-the-money”, with MPB share price peaking at RM3.20.

- NSTP's ESOS was approved in its EGM on 12 January 2004 ("NTSP Scheme").
- Based on paid-up capital of 216.84 million, an allocation of 21.68 million (10% of the paid-up capital) was made.
- The following summarises the options issued under the NSTP Scheme:

	Number of options		
Option Price (RM)	4.05	3.55	3.51
Number of options granted	20,739,900	784,300	450,000
Number of options exercised	373,300	11,000	-
Percentage of Exercise	1.80%	1.40%	0.00%

- NSTP Scheme expired on 27 January 2009.
- Price range of NSTP shares during the 5-year period was between RM0.98 and RM4.90 (average price of RM2.56)

- On 16 March 2010, RHB Bank Berhad announced that MPB proposes to establish and implement a new ESOS for the enlarged MPB Group (“New Scheme”).
- The New Scheme :
 - Completion of the VGO exercise which resulted in NSTP being part of the enlarged MPB Group.
 - Will provide additional incentive for the employees of the enlarged MPB Group.
- Proposed terms :
 - Maximum number of new Shares shall not exceed 10% of the total issued and paid-up share capital of MPB Group (excluding treasury shares, if any)
 - Based on paid-up capital of 977.2 mill (as at 19 March 2010), approximately 97.7 mill of shares may be allocated for the New Scheme
 - Duration - 5 years
 - ESOS options to be offered to all eligible employees (permanent and HR contract), including the Executive Directors (approximately 4,058 employees)
 - Entitlement will be based on individual employee grade
 - Under the new ESOS rules, Non-Executive Directors eligible for ESOS.

- Provide employees opportunity to participate in the equity of the enlarged MPB Group
- Integration for employees of MPB and NSTP to enhance value of the enlarged MPB Group.
- To vary the remuneration to employees from purely cash basis to non-cash basis
- Retention tool
- Motivate and incentivise employees

PROPOSED ALLOCATION OF OPTIONS

Category of employee	2010	2004
	Total Entitlement	Total Entitlement
Non Executive Directors	420,000	-
Senior Management	4,825,000	5,250,000
General Managers	9,285,000	7,400,000
Managers	17,785,000	11,370,000
Executives	33,826,500	21,020,000
Non Executives	18,906,000	7,780,000
	85,047,500	52,820,000
Paid-up capital (RM million)	977.2	540.7
No of employees	4,058	1,437

ALLOCATION - MARKET COMPARISON

The following is the comparison of MPB's proposed issue against recent issuance by other issuers:

Category of employee	Number of options per employee		
	Media Prima	MRCB	IOI Corp
Non Executive Directors	60,000	n/a	n/a
- Group Executive Chairman	n/a	n/a	3,000,000
- Group Executive Director	n/a	n/a	1,200,000
- Group Managing Director	650,000	2,000,000	n/a
- Executive Director	325,000	n/a	800,000
- Vice President	525,000	1,000,000	n/a
Senior General Manager	165,000	n/a	500,000
General Managers	140,000	n/a	450,000
Deputy General Manager	115,000	n/a	650,000
Senior Manager	55,000	n/a	230,000
Managers	80,000	475,000	310,000
Executives	73,000	240,000	175,000
Non Executives	11,500	150,000	n/a
Paid-up Capital	977,237,389	803,069,000	1,116,723,000
Percentage out of Paid-up Capital	8.70%	15.00%	9.09%

EFFECTS ON SHARE CAPITAL

- Proforma effect of Proposed ESOS on the issued and paid-up share capital of MPB as at 19 March 2010, assuming full exercise of the maximum number of Options granted is set out below:

	Par Value RM	No. of Shares (‘000)	RM‘000
Existing issued and paid-up share capital as at 19 March 2010	1.00	977,237	977,237
Full exercise of Option(s) to be granted under the Proposed ESOS ⁽¹⁾	1.00	97,723	97,723
Enlarged issued and paid-up share capital	1.00	1,074,961	1,074,961

- Under FRS2: Share Based Payment- Issuer will have to ascertain the fair value of the share option
- Fair value of the Option would be charged to the Income Statement in the period the option is granted, represents an “economic loss”.
- The proforma effect of the Proposed ESOS on the earnings of MPB Group (Audited FYE 2009), assuming full exercise is set out below:

ESOS scenario	FYE 2009 (Before ESOS)	FYE 2009 (After ESOS)
PATAMI (RM '000)	194,800	194,800
FRS 2 effect (RM '000)	-	(36,940)
Cost of issuing ESOS (assumed) (RM '000)	-	(200)
Adjusted PATAMI	194,800	157,660
Number of shares (as at 19 March 2010) ('000)	977,237	977,237
ESOS - options ('000) (10% of Paid-up Capital)	-	97,724
Total shares ('000)	977,237	1,074,961
EPS (sen)	19.93	14.67
Dilution (sen)		5.26
Fair Value per Option (RM)	0.378	
Charge on P&L (RM '000)	-	(37,140)

BASIS OF ALLOCATION

- The Options are allocated to eligible employees (including eligible Directors).
- Directors (whether executive or non-executive) of MPB shall only be eligible to participate in the New Scheme if the allotment of Shares to him has been approved by the shareholders of the Company in a general meeting.
- Allocation to the employees are further made on the basis of their job grading.
- Under Bursa Securities' Listing Requirements, allocations for Senior Management/Executive Directors/Non-Executive Directors are capped to no more than 50% of the total ESOS.
- Number of options allocated per employee is markedly less than the allocation made in the previous ESOS:
 - (a) Eligible employees for the new ESOS is 4,058 employees (compared to 1,437 employees previously).
 - (b) Restriction on allocation to Senior Management (50% of the ESOS issued).
 - (c) High charge to MPB's Income Statement due to the effects of FRS2 (the option is fair valued at between 30 sen to 40 sen per option) on MPB earnings in 2010.
 - (d) Large issue will increase the share capital base of MPB, diluting earnings per share.
- Under Bursa Securities' Listing Requirements, the non-executive Directors shall not transfer, sell or assign the shares from the exercise of Options within one year from the Offer Date.

Date	Event
16 March 2010	<ul style="list-style-type: none">• Announcement of Proposed ESOS• Submission of ESOS By-Laws, listing application and circular to shareholders to Bursa Securities
29 March 2010	<ul style="list-style-type: none">• Approval from Bursa Securities
1 April 2010	<ul style="list-style-type: none">• Despatch of circular to shareholders
15 April 2010	<ul style="list-style-type: none">• EGM to approve the New Scheme
19 April 2010	<ul style="list-style-type: none">• Price fixing date for the exercise price of the ESOS
End April 2010	<ul style="list-style-type: none">• Implementation of the New Scheme

- The ESOS Committee will be the body that decides on the allocation of the ESOS options.
- It is proposed that the members of the ESOS Committee comprise of:
 - Dato' Abdul Kadir Bin Mohd Deen (Chairman)
 - Dato' Fateh Iskandar Bin Tan Sri Dato' Mohamad Mansor
 - Dato' Amrin Bin Awaluddin
- The Secretary of the ESOS Committee will be the Company Secretary.
- Implementation and administration of the New Scheme will be made by the Human Resource Department of MPB, together with the Human Resource Department of NSTP.

APPROVALS SOUGHT

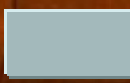
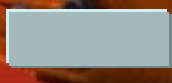
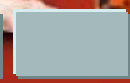
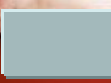
We seek the MPB shareholders' approval for the following:

- Approval on the proposed ESOS of up to 10% of the issued and paid-up share capital of MPB;
- Proposed allocation of ESOS Options to the following Directors :-
 - i. Datuk Johan Bin Jaaffar;
 - ii. Dato' Amrin Bin Awaluddin (Executive Director);
 - iii. Dato' Sri Ahmad Farid Bin Ridzuan (Executive Director);
 - iv. En Shahril Ridza Bin Ridzuan;
 - v. Tan Sri Lee Lam Thye;
 - vi. Tan Sri Mohamed Jawhar;
 - vii. Dato' Abdul Kadir Bin Mohd Deen;
 - viii. Datuk Ahmad Bin Abd Talib (Executive Director);
 - ix. Dato' Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor; and
 - x. Dato' Gumuri Bin Hussain.

THANK YOU

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Q&A



Note:

The presentation may contain forward-looking statements which are based on MPB's current expectations, forecasts and assumptions based on management's good faith expectations and belief concerning future developments. In some cases forward-looking statements may be identified by forward-looking words like "would", "intend", "hope", "will", "may", "should", "expect", "anticipate", "believe", "estimate", "predict", "continue", or similar words. Forward-looking statements involve risks and uncertainties which could cause actual outcomes and results to differ materially from MPB's expectations, forecasts and assumptions. We caution that these forward-looking statements are not statements of historical facts and are subject to risks and uncertainties not in the control of MPB, including, without limitation, economic, competitive, governmental, regulatory, technological and other factors that may affect MPB's operations. Unless otherwise required by law, MPB disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Although we believe the expectations reflected in forward-looking statements are reasonable we cannot guarantee future results, levels of activity, performance or achievements.