

michael hill

INTERNATIONAL LIMITED

On 25 August 2010, the Company advised that it had received notification from the Hill Family that it wished to increase its shareholding in the Company from its current level of approximately 48% to approximately 50.1%. The intention had been that following approval by shareholders at the forthcoming annual meeting the Hill Family would be permitted to increase its holding by acquiring shares on-market over the following 12 months.

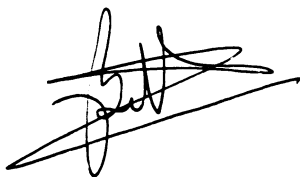
This proposal was subject to certain exemptions being obtained from the Takeovers Panel. The exemptions were required because the Takeovers Code requires certain specific matters to be included in the notice of meeting at which the shareholder approval is sought. These matters include:

- the identity of the seller of the shares; and
- the price paid for the shares.

An on-market acquisition process would mean that such information would not be known at the time of the meeting. Hence there was a need to request the Takeovers Panel to provide exemptions from these specific information requirements.

Prior to lodging the formal application for exemptions, the Company had preliminary discussions with the Takeovers Panel executive, during which the executive advised that the Takeovers Panel would be unlikely to grant the exemptions sought because the Code already provided two mechanisms for the Hill family to achieve its objectives, namely the making of a partial takeover offer to all shareholders, or, with shareholder approval, acquiring the requisite number of shares from named shareholders at stipulated prices. While exemptions are given in some circumstances from the Takeovers Code's notice of meeting information requirements (for example, in the case of underwritten allotments where the number of shares to be issued to an underwriter may be uncertain), this was unlikely to be the case here.

The Company communicated these matters to the Hill Family and the Hill Family have advised the Company today that in light of the feedback from the Takeovers Panel executive they will not be seeking approval to increase their present holding at the forthcoming annual meeting. The proposal to consolidate their holdings into a single entity will be put to the meeting.



Wayne Butler
Company Secretary 14 September 2010