

MILTON CORPORATION LIMITED

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ASX+MEDIA RELEASE

7 SEPTEMBER 2010

MILTON AND CHOISEUL AGREE TERMS OF A PROPOSED MERGER

Further to the announcement made on 20 August 2010, the independent directors of Milton Corporation Limited (**Milton**) are pleased to announce that Milton has entered into a Merger Implementation Agreement (**MIA**) with Choiseul Investments Limited (**Choiseul**) under which it is proposed the two listed investment companies merge by way of scheme of arrangement (**Scheme**).

If the Scheme is implemented, New Milton Shares will be issued to Choiseul shareholders in exchange for their Choiseul shares. The number of New Milton Shares to be issued to each Choiseul shareholder will be calculated by reference to the relative pre tax net tangible asset backing per share of each company, determined in the same manner as per each company's monthly net asset backing per share announcement to ASX and adjusted for the proposed dividends.

Key Benefits to Milton Shareholders

The benefits of the proposed merger of Milton and Choiseul for Milton shareholders are expected to include:

- An effective acquisition, without brokerage, of an equity investment portfolio which Milton has managed since 1992;
- Additional cash available for future investment;
- An increase in total assets to approximately \$2 billion and an increase in shareholders to more than 18,000. This is expected to provide Milton shareholders with access to greater liquidity in the trading of their shares;
- The larger asset base and greater liquidity are expected to reduce the extent to which the shares in the combined entity trade at a discount to net asset backing; and
- A lower Management Expense Ratio.

Indicative timetable

It is anticipated that Choiseul shareholders will consider the Scheme in November 2010 and if approved the New Milton Shares will be issued in December 2010.

The key terms of the MIA will be available on Milton's website www.milton.com.au and shareholders may request a copy of the key terms of the MIA by phoning Milton on 02 8006 5357.

Mr Robert Millner
Chairman
Milton Corporation Limited

**FOR FURTHER
INFORMATION**

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