

MILTON CORPORATION LIMITED

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ASX code: **MLT**
Share Registry Enquiries: 1800 641 024*

20 August 2010

Dear Shareholder

MILTON AND CHOISEUL PROPOSE A MERGER TO CREATE \$2B ASSET BASE

Please find attached a copy of the announcement made to the Australian Securities Exchange on 20 August 2010 regarding a proposed merger of Milton Corporation Limited and Choiseul Investments Limited.

Yours faithfully
MILTON CORPORATION LIMITED



F.G. Gooch
Managing Director

MILTON CORPORATION LIMITED & CHOISEUL INVESTMENTS LIMITED

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ABN 36 000 005 041

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ASX+MEDIA RELEASE

20 AUGUST 2010

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Listed investment companies, Milton Corporation Limited (Milton) and Choiseul Investments Limited (Choiseul), are pleased to announce they are in discussions to merge the two companies by scheme of arrangement (Scheme).

It is proposed that Choiseul shareholders will receive Milton shares and a fully franked special dividend (Special Dividend). The payment of the Special Dividend would be conditional on the scheme being implemented and the receipt of a favorable tax opinion.

The number of Milton shares to be issued would be determined by reference to the relative net asset backing per share, before providing for tax on unrealised capital gains, of each company.

Milton's Managing Director, Mr. Frank Gooch said, "Milton's independent directors will work with the independent directors of Choiseul to finalise the details of the proposed merger. It is anticipated that Milton and Choiseul will enter into a merger implementation agreement over the coming days.

"The proposed merger will create an investment company with approximately \$2 billion of assets and more than 18,000 shareholders and will provide Choiseul shareholders with access to greater liquidity in the trading of their shares," Mr. Gooch said.

Mr Richard England, an independent director of Choiseul, said, "The proposed merger will create a bigger asset base which, through combination, should reduce the extent to which the shares in the combined entity trade at a discount to net asset backing, especially for Choiseul shareholders."

Milton has managed Choiseul since 1992 and currently owns approximately 11.9% of the issued capital.

"The proposed merger will enable Choiseul shareholders to continue to benefit from the ongoing management of their investment by Milton," Mr. England added.

It is proposed that an Independent Expert will be appointed by the independent directors of Choiseul to consider the Milton proposal and provide an opinion on whether the Milton proposal is in the best interests of Choiseul shareholders, in the absence of a superior proposal. Choiseul has also appointed KPMG Corporate Finance as corporate and financial advisor.

Mr. Robert Millner
Chairman
Milton Corporation Limited

Mr. Richard England
Independent Director
Choiseul Investments Limited

**FOR FURTHER
INFORMATION**

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