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Australian Securities Exchange
Continuous Disclosure Area

ASX Release

The Board of Premium Investors Limited, is pleased to announce changes to the operations of the Company involving:

- the replacement of the existing Investment Management Agreement (existing contract) between Premium Investors Limited (Premium) and Treasury Group Investment Services Limited (TIS) by an Amended Investment Management Agreement and a Management Services Agreement
- the role of Managing Director of Premium Investors Limited.

Under the existing contract, TIS is engaged by Premium to manage the investment portfolio and provide the day to day management of the Company until 2028. Under the new arrangements, the existing contract has been split into an Investment Management Agreement and a Management Services Agreement, to provide the Board of Premium greater flexibility in the way it oversees the business.

The restated Investment Management Agreement maintains the absolute return focus of the investment portfolio, with a revised investment benchmark of 7% after fees and income taxes. This replaces the existing cash plus 2% benchmark used in the original agreement. The revised benchmark aligns the investment objectives for the portfolio with the company's dividend target of a fully franked dividend of approximately 7% of the net tangible assets (NTA)

All fee arrangements have also been re-negotiated. Base management fees for investment management have been reduced from 1% per annum, based on monthly assets to 0.9% per annum based on monthly assets.

Performance fees remain at 10% of out performance of the new benchmark for TIS and 10% for each of its underlying investment managers. Premium currently has a capped performance fee arrangement in place and this will continue under the new agreement,

however the cap has been increased marginally, to take into account the reduced management fee.

The Premium Board believes the revised investment management benchmark provide better alignment with the Company's dividend policy and helps to ensure that the earnings necessary to support a high dividend yield are achieved, before any performance fees are payable.

Termination fees payable to TIS have also been reviewed.. In the event that the Company is wound up or the Amended Investment Management Agreement is terminated by Premium, TIS is entitled to one year's base fee. No termination fees are payable if TIS terminates or is unable to perform the agreement.

The Management Services Agreement provides the Premium Board with greater flexibility in the management of the Company, including oversight and selection of any business support services Premium may require.

The Board of Premium has decided that the Company no longer requires the services of a full time Managing Director. Our current Managing Director, John Elfverson, whose services are provided under contract from TIS, steps down from that role, effective from 18th July 2007. John will continue to serve as a director of Premium and will also assume the role of Company Secretary.

A handwritten signature in dark ink, appearing to read "Don Sharp", with a stylized flourish at the end.

Don Sharp
Chairman