CHAIRMAN'S ADDRESS

WAM CAPITAL LTD ANNUAL GENERAL MEETING

Monday 13th November 2006 – 9.30am

SMC
Ionic Room, Ground Floor
66 Goulburn Street
Sydney NSW 2000

1. INTRODUCTION

Good morning, welcome to the eighth annual general meeting of WAM Capital Ltd (WAM). Thank you for your attendance and for your support since we listed in August 1999.

My name is Geoff Wilson, I am chairman of the board of directors and I will be chairing the meeting today. I would like to introduce the other members of the board – Matthew Kidman, James Chirnside and Paul Jensen.

2. MISSION

WAM is an investment company whose mission is to provide superior returns to its investors over the medium to long term. WAM is managed by Wilson Asset Management (International) Pty Limited.

3. PERFORMANCE

We are pleased to report that the company has performed solidly in its seventh year of operation. A strong performance by a number of investee companies has led to the market out performance. Over the period, approximately 20% of total assets were held in cash, fixed interest and listed debt securities. In the year to June 2006 the Gross Portfolio increased 27.4% while the All Ordinary Accumulation Index rose 24.2%. Since inception in August 1999 to June 2006 the portfolio, before all fees and taxes, has significantly outperformed the All Ordinaries Accumulation Index. The portfolio has increased 370.4% while the All Ordinaries Accumulation Index has increased approximately 123.6%.

For the 2006 year WAM made an operating profit before tax of $24.6 million and an after tax profit of $18.0 million. For the year, dividends paid and declared totaled 14.0 cents per share fully franked, equivalent to $9.4 million. The current year has started strongly with the gross portfolio up 6.4% for the 3 months to September while the All Ords Accum. increased 2.9%.

The performance has been achieved through two main channels – the strong performance of heavily researched companies and the active trading of our market driven investments. During the year to June 2006 we had more than 700 meetings with management. This is consistent with our investment process, which will be discussed by fellow director Mr Matthew Kidman later.

4. NTA & SHARE PRICE

Since our last AGM it is pleasing to see the share price increasing at a greater rate than the NTA. Our goal is to have the share price trading at a slight premium to NTA. We believe this will be achieved with continued performance and the payment of fully franked dividends delivering a high dividend yield. The share price is currently at a slight discount to the pre-tax NTA and the prospective fully franked dividend yield is over 9%.

5. PORTFOLIO

The manager continues to refine the portfolio. A significant amount of work has been done on the structure, the size, the weightings, and the number of companies owned.

As at 30th September 2006 WAM owned shares in 94 companies. Since 30 June 2006 WAM sold out of 34 companies, reduced its position in 37, took new positions in 37 companies and increased its holdings in 34 companies. The structure of the portfolio has changed over the last 12 months. In October 2005 33.6% of the portfolio was invested in the top 300 companies, at 31 October, 2006 20.9% was invested in the top 300. There has been a move away from larger companies to small and mid cap ones. We will move to where we believe the opportunities are!

6. TOTAL RETURN

Since floating in August 1999 at $1.00 shareholders have received 82.0 cents in fully franked dividends and two free options, one exercisable at $1.20 and the other exercisable at $1.55. The gross portfolio has had an average annual increase of 25.2% p.a. since inception to June 06. The increase was 22.8% p.a. for the last 5 years, 22.7% for the last 3years and 27.4% for the last 12 months to June 2006.

7. OPTION ISSUE

The company has announced a bonus option issue to all shareholders on a 1 for 1 basis with the options exercisable at $1.80 any time up until 17th December 2007.

Since listing the company has issued two free options, one exercisable at $1.20 and the other exercisable at $1.55. The board believe an option issue is the most equitable way of raising capital over time. The option exercise price has been set at a premium to the last stated pre tax NTA ($1.69 ex dividend).Shareholders have a 12 month period in which to exercise the options which requires the payment of $1.80 for each new share. The options will trade separately on the ASX and this will allow shareholders to sell their entitlement if they so desire.

8. GOAL

Our goal is to deliver a return of 15-20% per annum for our shareholders. This would ideally be achieved with a portfolio of 25 to 30 companies that are growing earnings at 15-25% per annum, trading on a low price earnings multiple, are well managed and have a strong position in a growth industry. The problem is, companies with all these characteristics are hard to find. We will always be looking. Along the way we see numerous opportunities that aren't purely research based and when we believe the risk reward is in our favour, we invest.

9. DIVIDEND POLICY

It is the board's intention to increase the ordinary dividend paid each year. Obviously this will be dependent on realised profit. Last year, the dividend declared increased 16.7% to 14.0 cents fully franked. After the strong start to the current year it is anticipated dividends will again be increased, assuming adequate profitability and franking credits are available.

I have included a list of our major holdings as at 30th September 2006.

COMPANY	MARKET VALUE $
Alesc Corporation Ltd (ALS)	1,251,845
B Digital Ltd (BBB)	1,087,465
Babcock and Brown Ltd (BNB)	1,585,884
Bank of Queensland Reset Prefs (BOQPB)	1,721,213
Bendigo Bank Ltd (BEN)	1,214,479
Coffey International Ltd (COF)	1,241,453
Colorado Group Ltd (CDO)	1,698,370
Contango Microcap Ltd (CTN)	2,144,406
Credit Corp Group Ltd (CCP)	6,316,591
DWS Adanced Business Solutions Ltd (DWS)	1,634,759
Gropep Ltd (GRO)	1,017,856
Harvey Norman Holdings Ltd (HVN)	2,004,199
Incremental Petroleum Ltd (IPM)	2,559,375
IWL Ltd (IWL)	1,798,697
Jumbuck Entertainment Ltd (JMB)	1,020,505
Linq Resources Fund (LRF)	2,363,237
Loftus Capital Partners Ltd (LCP)	2,016,504
Ludowici Ltd (LDW)	1,237,851
Mariner Financial Ltd (MFI)	1,234,800
McMillan Shakespeare Ltd (MMS)	2,632,123
Melbourne IT Ltd (MLB)	2,503,536
Mortgage Choice Ltd (MOC)	1,212,900
NewSat Ltd (NWT)	1,299,240
Oakton Ltd (OKN)	1,780,510
Oamps Ltd (OMP)	2,384,474
OFM Investment Group Ltd (OFM)	1,222,462
Photon Group Ltd (PGA)	3,572,076
Rebel Sport Ltd (REB)	1,596,437
Reckon Ltd (RKN)	3,734,913
Reef Casino Trust (RCT)	1,233,632
Reverse Corp Ltd (REF)	1,039,110
Select Harvests Ltd (SHV)	3,031,761
Service Stream Ltd (STR)	1,052,770
Suncorp-Metway Ltd (SUN)	1,013,628
Tassal Group Ltd (TGR)	2,382,899
The Reject Shop Ltd (TRS)	1,233,182
Tower Ltd (TWR)	3,728,934
Webjet Ltd (WEB)	1,175,555
Wentworth Mutual Ltd (WWM)	1,930,546

10. CONCLUSION

In conclusion I would like to thank the staff, directors and shareholders of WAM Capital for their continuing support. We look forward to an exciting future ahead together. We believe there are always opportunities and we look forward to the current year with optimism.

Now ladies and gentlemen we shall conduct the formal part of the meeting. All resolutions are ordinary resolutions and only require a simple majority of 50% of votes cast to be passed.

The first matter is to receive and consider the financial report, the directors' report and the auditors' report for the Company for the year ended 30 June 2006. Our auditor Scott Whiddett is in the audience. Shareholders can ask questions of the directors or auditor. Are there any questions?

I move that the financial report and the report of the directors and auditors for the financial year be adopted.

The second matter is to confirm that a final dividend of 7.0c a share be declared. I will take any questions at this time relating to the dividend.

I wish to announce that as chairman I hold 297 proxies of 11,400,532 for resolution 1 and 74,758 against resolution 1. I hold 290 proxies of 10,999,261 for resolution 2, and 433,043 against resolution 2. I hold 282 proxies of 10,448,539 for resolution 3, and 963,318 against resolution 3.

The first resolution is "That Mr Matthew Kidman retired by rotation and having offered himself for re-election in accordance with Rule 6.4 of the constitution of the Company be re-elected as director of the Company."

We will take any questions.

I hold proxies amounting to 11,400,532 in favour of this resolution and 74,758 against. I ask for a proposer, thank you, a seconder, thank you. Would the shareholders voting in favour of the resolution raise their hand?
Against?
I declare the resolution passed.

The second resolution is "That the Remuneration Report be adopted". This resolution is advisory only and does not bind the Company or its Directors. Are there any questions? I hold proxies amounting to 10,999,261 for and 433,043 against. I ask for a proposer, thankyou, a seconder, thankyou. Would those shareholders voting in favour of the resolution raise their hand?
Against?
I declare the resolution passed.

The final resolution is "That the maximum total remuneration of Directors be increased from $60,000pa to $80,000pa."

We will take any questions.

I hold proxies amounting to 10,448,539 in favour of this resolution and 963,318 against. I ask for a proposer, thank you, a seconder, thank you. Would the shareholders voting in favour of the resolution raise their hand?
Against?
I declare the resolution passed.
Thank you ladies and gentlemen for your time. I now declare the formal meeting closed.