



MERGER OF NINE ENTERTAINMENT AND FAIRFAX MEDIA

The recommended transaction:

- Creates Australia's largest integrated media player
- Enhances position with agencies and advertisers in a consolidating environment
- Enables optimisation of, and incremental investment in, content across FTA, BVOD, SVOD and digital
- Offers data solutions at scale combined with premium content
- Combines Nine's and Fairfax's proven brand building capabilities to accelerate Domain's growth profile

26 July 2018: Nine Entertainment Co. Holdings Limited (**Nine**) (ASX:NEC) and Fairfax Media Limited (**Fairfax**) (ASX:FXJ) are pleased to announce that the companies have entered into a Scheme Implementation Agreement under which the companies will merge to establish Nine as one of Australia's leading independent media companies (**Proposed Transaction**). The Proposed Transaction will, subject to required approvals, be implemented by Nine acquiring all Fairfax shares under a Scheme of Arrangement (**Scheme**).

Following completion of the Proposed Transaction, Nine shareholders will own 51.1% of the combined entity with Fairfax shareholders owning the remaining 48.9%. The combined business will be led by Nine's current Chief Executive Officer, Hugh Marks. Three current Fairfax Directors will be invited to join the Board of the combined business, which will be chaired by Nine Chairman, Peter Costello and include two further current Nine directors.

The combined business will include Nine's free-to-air television network, a portfolio of high growth digital businesses, including Domain, Stan and 9Now, as well as Fairfax's mastheads and radio interests through Macquarie Media.

Under the Proposed Transaction, Fairfax shareholders will receive consideration comprising:

- 0.3627 Nine shares for each Fairfax share held (**Scrip Consideration**)
- \$0.025 cash consideration per Fairfax Share (**Cash Consideration**)

together, **Aggregate Consideration**.

The Aggregate Consideration implies a:

- 21.9% premium to Fairfax's closing price on 25 July 2018 of \$0.770
- 22.6% premium to Fairfax's one month VWAP to 25 July 2018 of \$0.766

The Directors of Fairfax will unanimously recommend that Fairfax shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to an independent expert concluding that the Proposed Transaction is in the best interest of Fairfax shareholders.

Commenting on the Proposed Transaction, Nine's Chairman Peter Costello said: "Both Nine and Fairfax have played an important role in shaping the Australian media landscape over many years. The combination of our businesses and our people best positions us to deliver new opportunities and innovations for our shareholders, staff and all Australians in the years ahead."

Fairfax's Chairman Nick Falloon commented: "The Fairfax Board has carefully considered the Proposed Transaction and believes it represents compelling value for Fairfax shareholders. The structure of the Proposed Transaction provides an exciting opportunity for our shareholders to maintain their exposure to Fairfax's growing businesses whilst also participating in the combination benefits with Nine."

The merger is expected to deliver annualised pro-forma cost savings of at least \$50m which will be fully implemented over two years. The Proposed Transaction, on a pro forma basis, reflecting the full benefit of the cost savings, is expected to be earnings per share neutral for Nine shareholders, prior to any consolidation adjustments.

Importantly, the combination unlocks the potential for significant value creation by combining the content, brands, audience reach and data across the respective businesses, including majority owned group companies Domain and Macquarie Media. After completing the Proposed Transaction, Nine will review the scope and breadth of the combined business, to align with its strategic objectives and its digital future.

Nine Chief Executive Officer Hugh Marks commented: "Nine's strong operating momentum has allowed us to invest in the future of our business through each of 9Now, Digital Publishing and of course, Stan. This merger with Fairfax will add another dimension, creating a unique, all-platform, media business that will reach more than half of Australia each day through television, online, print and radio.

For our audiences and employees, this means we will continue to be able to invest in premium local content across news, sport, entertainment and lifestyle. For our agency partners and advertisers, we will provide an expanded marketing platform with even greater advertising solutions underpinned by a significantly enhanced data proposition. For our shareholders, the merged business will generate an increasing percentage of its earnings from high growth digital businesses that provide a compelling opportunity to generate both incremental value and cash flow into the future."

Fairfax Chief Executive Officer Greg Hywood said: "The Proposed Transaction for Fairfax reflects the success of Fairfax's transformation strategy which has created value for shareholders through targeted investment in high growth businesses, such as Domain and Stan, and prudent management of our media assets. The combination with Nine provides an exciting opportunity to continue to drive incremental value well into the future."

"We are confident that the strength of the combined management team and staff will ensure the continuation of our quality journalism."

For the year to June 2018, Nine is expecting to report Group EBITDA at the upper end of the previously announced range of \$250-260m, and to declare a second half dividend of \$0.05 per share, fully franked. Fairfax is expecting to report Group operating EBITDA of \$272-275m which is in line with analysts' consensus, and to declare a second half dividend of \$0.018 per share (franked at \$0.0083 per share). In both cases, these declared dividends will not be affected by the Proposed Transaction.

Scheme Implementation Agreement (SIA)

Fairfax and Nine have entered into the attached SIA, which contains the customary terms and conditions on which Fairfax and Nine will now implement the merger. The SIA includes a number of customary clauses, and is subject to conditions precedent including Fairfax Shareholder approval, court approval and no regulatory intervention.

Timetable and next steps

Fairfax shareholders do not need to take any action in relation to the Proposed Transaction at this stage. A Scheme Booklet containing information in relation to the Proposed Transaction, reasons for the Fairfax Directors' recommendation, an Independent Expert's Report and details of the Scheme will be sent to shareholders in the coming weeks.

It is anticipated that the Proposed Transaction will complete before the end of this calendar year.

Nine is being advised by Jefferies as financial adviser, and Ashurst as legal counsel.

Fairfax is being advised by Macquarie Capital as financial adviser, and King & Wood Mallesons as legal counsel.

Analyst/Investor Call

Hugh Marks, CEO of Nine and Greg Hywood, CEO of Fairfax will host a teleconference for analysts and investors at 10am Eastern Standard Time to discuss the merger.

Dial-in:	Australian local number	02 9007 3187
	Australian toll free	1 800 558 698
	New Zealand toll free	0800 453 055
	US	855 881 1339
	UK	0800 051 8245
	Singapore	800 101 2785
	Hong Kong	800 966 806

Conference ID: 315565

A recording will be available after completion of the call.

Dial-in:	Australia	1800 265 784
	New Zealand	0800 886 078
	US	1855 883 1031
	UK	0800 031 4295
	Singapore	800 101 3223
	Hong Kong	800 930 639

Replay Pin: 1886#

For further information please contact:

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About Fairfax: Fairfax's network of leading information brands, marketplaces and entertainment provides powerful connections between advertisers and large, diversified audiences throughout Australia and New Zealand. As the trusted voice, Fairfax informs, engages and entertains audiences and communities. Every day, Fairfax empowers and enriches the lives of millions of people with independent, quality content and great experiences.

About Nine: Nine Entertainment is a multi-faceted media company, focussed on delivering premium content across multiple distribution platforms. Nine has a unique portfolio of assets including a leading free-to-air television network (including Channel 9, 9Go!, 9Life and 9Gem), fast-growing BVOD and SVOD services 9Now and Stan (50%), as well as a number of pre-eminent digital brands (nine.com.au, 9news.com.au, 9Honey, Pedestrian TV and CarAdvice). These platforms are aligned around the key content verticals of news, sport, lifestyle and entertainment.

APPENDIX

A COMBINED NINE / FAIRFAX WILL HAVE **LEADING** MEDIA BRANDS, **SCALE** AND A PORTFOLIO OF **HIGH GROWTH** DIGITAL BUSINESSES

DRIVING MASS AUDIENCE

LARGE SCALE BRANDS IN DIGITAL & PUBLISHING



ADVERTISING & DATA REVENUE

LEADING TELEVISION & RADIO BROADCASTERS



DESTINATIONS FOR DEEPER ENGAGEMENT

DESTINATION FOR PROPERTY CLASSIFIEDS, HOME OWNERSHIP & RELATED SERVICES



LARGE SCALE ONLINE VIDEO PLATFORM WITH STRATEGIC FLEXIBILITY



ADVERTISING, DATA & TRANSACTIONAL REVENUE

AUTOMOTIVE



FINANCE



LIFESTYLE



EVENTS



TRAVEL



FOOD



Scheme Implementation Agreement

Dated 25 July 2018

Fairfax Media Limited ("**Fairfax**")
Nine Entertainment Co. Holdings Limited ("**Nine**")

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Scheme Implementation Agreement

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Scheme Implementation Agreement

Details

Parties

Nine	Name	NINE ENTERTAINMENT CO. HOLDINGS LIMITED
	ABN	60 122 203 892
	Formed in	Australia
	Address	24 Artarmon Road, Willoughby, New South Wales 2068
	Email	rlaunders@nine.com.au
	Attention	General Counsel

Fairfax	Name	FAIRFAX MEDIA LIMITED
	ABN	15 008 663 161
	Formed in	Australia
	Address	1 Darling Island Road, Pyrmont, New South Wales 2009
	Email	ghambly@fairfaxmedia.com.au
	Attention	General Counsel

Governing law	New South Wales
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|-----------------|----------|--|
| Recitals | A | Fairfax and Nine have agreed to merge by means of a members' scheme of arrangement under Part 5.1 of the Corporations Act. |
| | B | At the request of Nine, Fairfax intends to propose the Scheme and issue the Scheme Booklet. |
| | C | Fairfax and Nine have agreed to implement the Scheme on the terms and conditions of this document. |

Scheme Implementation Agreement

General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

ACCC means the Australian Competition and Consumer Commission.

ACMA means the Australian Communications and Media Authority.

ASIC means the Australian Securities & Investments Commission.

Associate has the meaning set out in section 12 of the Corporations Act, as if section 12(1) of the Corporations Act included a reference to this document.

ASX means ASX Limited or the market operated by it, as the context requires.

Authorised Officer means a director or secretary of a party or any other person nominated by a party to act as an Authorised Officer for the purposes of this document.

Break Fee means \$20,000,000.

Business Day means a business day as defined in the Listing Rules.

Cash Scheme Consideration means \$0.025 for each Fairfax Share held at 7:00pm on the Record Date.

Competing Transaction means a proposal, transaction or arrangement (whether by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale or issue of securities, joint venture or otherwise) which, if completed, would mean a person (other than Nine or its Related Bodies Corporate) whether alone or together with its Associates would:

- (a) directly or indirectly, acquire an interest or Relevant Interest in or become the holder of 20% or more of the Fairfax Shares (other than as custodian, nominee or bare trustee);
- (b) acquire control of Fairfax, within the meaning of section 50AA of the Corporations Act;
- (c) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in all or a substantial part or a material part of the assets of or business conducted by the Fairfax Group; or
- (d) otherwise acquire or merge (including by a reverse takeover bid, scheme of arrangement or dual listed company structure) with Fairfax.

Conditions Precedent means the conditions precedent set out in clause 3.1.

Confidentiality and Exclusivity Deed means the Confidentiality and Exclusivity Deed between the parties dated 11 July 2018.

Controller has the meaning it has in the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Costs includes costs, charges and expenses, including those incurred in connection with advisers and any legal costs on a full indemnity basis.

Court means the Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act agreed by the parties.

Deed Poll means a deed poll substantially in the form of Annexure B to this document.

Details means the section of this document headed "Details".

DHG means Domain Holdings Australia Limited ACN 094 154 364.

Disclosed means fairly disclosed:

- (a) by Fairfax in writing to Nine prior to the date of this document or contained in the Fairfax Data Room as at 5:00pm on the day prior to the date of this document;
- (b) in any announcement made by Fairfax on ASX prior to the date of this document;
- (c) by Nine in writing to Fairfax prior to the date of this document or contained in the Nine Data Room as at 5:00pm on the day prior to the date of this document; or
- (d) in any announcement made by Nine on ASX prior to the date of this document.

Effective, when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Employee Share Right means a Fairfax Option, Fairfax Performance Right or Fairfax Restricted Share.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or 12(2) of the PPSA or any agreement to create any of them or allow them to exist.

End Date means 1 March 2019 or such other date as is agreed by Nine and Fairfax.

Exclusivity Period means the period from and including the date of this document to the earlier of:

- (a) the expiration of the period of good faith negotiation pursuant to clause 3.6 if the Fairfax Shareholders fail to approve the Scheme at the Scheme Meeting and the parties fail to reach agreement under clause 3.5;

- (b) the termination of this document in accordance with its terms; and
- (c) the End Date (as amended under clause 3.5(f), if applicable).

Fairfax Board means the board of directors of Fairfax.

Fairfax Confidential Information means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between Fairfax and any third party (other than Representatives of Fairfax in connection with a Competing Transaction) before, on or after the date of this document relating to the business, including the assets, liabilities, contracts, technology or other affairs, of the Fairfax Group.

Fairfax Constitution means the constitution of Fairfax.

Fairfax Convertible Note means a Convertible Note issued under the Terms and Conditions of Debentures dated 11 December 1991 which can be converted into one Fairfax Share.

Fairfax Data Room means the “Project Galaxy” electronic data room operated by or on behalf of Fairfax and hosted by Ansarada.

Fairfax Group means Fairfax and its Subsidiaries.

Fairfax Incoming Directors means at least 3 directors nominated by Nine at least 2 Business Days before the Regulator’s Draft is provided to ASIC.

Fairfax Indemnified Parties means Fairfax, its officers, employees, and advisers and its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

Fairfax Information means all information contained in the Scheme Booklet other than the Nine Information and the Independent Expert’s Report.

Fairfax Option means an Option issued by Fairfax under the Transformation Incentive Plan operated by Fairfax and adopted by the Fairfax Board on 7 November 2013.

Fairfax Outgoing Directors means all directors of Fairfax.

Fairfax Performance Right means a Performance Right issued by Fairfax under the Equity Incentive Plan Rules operated by Fairfax and adopted by the Fairfax Board on 2 December 2013, as revised on 8 December 2016.

Fairfax Permitted Dividend means a final dividend of up to \$0.018 per Fairfax Share which may be partially franked, provided it does not cause the franking account of Fairfax to be (or be deemed to be) in a deficit position at the Effective Date.

Fairfax Prescribed Event means with regard to any one or more material members of the Fairfax Group (as specified), any of the following events:

- (a) **(conversion)** Fairfax converts all or any of its shares into a larger or smaller number of shares;
- (b) **(reduction of share capital)** Fairfax or another member of the Fairfax Group resolves to reduce its share capital in any way or resolves to reclassify, combine, split or redeem or repurchase directly or indirectly any of its shares;

- (c) **(buy-back)** Fairfax or another member of the Fairfax Group:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) **(distribution)** Fairfax makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) other than the Fairfax Permitted Dividend;
- (e) **(issuing or granting shares or options)** any member of the Fairfax Group:
 - (i) issues shares;
 - (ii) grants an option over its shares; or
 - (iii) agrees to make such an issue or grant such an option,

in each case to a person outside the Fairfax Group;
- (f) **(securities or other instruments)** any member of the Fairfax Group issues or agrees to issue securities or other instruments convertible into shares or debt securities in each case to a person outside the Fairfax Group;
- (g) **(constitution)** any member of the Fairfax Group adopts a new constitution or modifies or repeals its constitution or a provision of it;
- (h) **(acquisitions, disposals or tenders)** any member of the Fairfax Group:
 - (i) acquires or disposes of;
 - (ii) agrees to acquire or dispose of; or
 - (iii) offers, proposes, announces a bid or tenders for,

any business, assets, entity or undertaking, including as part of a joint-venture, the value of which exceeds \$20,000,000;
- (i) **(Encumbrances)** other than in the ordinary course of business and consistent with past practice any member of the Fairfax Group creates, or agrees to create, any new Encumbrance over or declares itself the trustee of the whole or a substantial part of its business or property;
- (j) **(employment arrangements)** other than in the ordinary course of business and consistent with past practice any member of the Fairfax Group:
 - (i) materially increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees; or
 - (ii) pays any of its directors or employees who were, prior to termination, earning a salary of \$600,000 or more, a termination or retention payment;
- (k) **(related party transactions)** any member of the Fairfax Group entering into or resolving to enter into a transaction with a related party (as

defined in section 228 of the Corporations Act) that requires shareholder approval;

- (l) **(commitments and settlements)** other than in the ordinary course of business and consistent with past practice any Member of the Fairfax Group:
 - (i) enters into any contract or commitment involving revenue or expenditure of more than \$10,000,000 over the term of the contract or commitment;
 - (ii) (without limiting the above) enters into any contract or commitment relating to the same matter or project involving revenue or expenditure which exceeds \$10,000,000 in aggregate over the term of the contracts or commitments;
 - (iii) terminates or amends in a material manner any contract material to the conduct of the Fairfax Group's business or which involves revenue or expenditure of more than \$10,000,000 over the term of the contract;
 - (iv) waiving any material third party default; or
 - (v) accepting as a settlement or compromise of a material matter (relating to an amount in excess of \$10,000,000) less than the full compensation due to Fairfax or a Subsidiary of Fairfax;
- (m) **(Material Contract)** Fairfax enters into or agrees to enter into, terminates or agrees to terminate a Material Contract other than in the ordinary course of business; and
- (n) **(Insolvency)** Fairfax or any of its Related Bodies Corporate becomes Insolvent,

except to the extent contemplated by this document or the Scheme or where Nine has consented to the event occurring, in writing.

Fairfax Restricted Share means a Fairfax Restricted Share issued by Fairfax under the Equity Incentive Plan Rules operated by Fairfax and adopted by the Fairfax Board on 2 December 2013, as revised on 8 December 2016.

Fairfax Share means an ordinary fully paid share in the capital of Fairfax.

Fairfax Shareholder means each person registered in the Register as a holder of Fairfax Shares.

First Court Date means the first day on which an application made to the Court, in accordance with clause 5.2(k), for orders under section 411(1) of the Corporations Act convening the Scheme Meeting is heard.

Implementation Date means the 5th Business Day following the Record Date.

Independent Expert means (as applicable) the independent expert:

- (a) appointed by Fairfax under clause 5.2(c) (after meaningful consultation with Nine), to express an opinion on whether the Scheme is in the best interest of the Fairfax Shareholders; or
- (b) appointed by the parties under clause 12.

Independent Expert's Report means the report from the Independent Expert for inclusion in the Scheme Booklet, including any update or supplementary report, stating whether or not in the Independent Expert's opinion the Scheme is in the best interest of Fairfax Shareholders.

Ineligible Overseas Shareholder means a Fairfax Shareholder who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than (and is not a resident of) Australia and its external territories and New Zealand, or whose address shown in the Register is a place outside Australia and its external territories and New Zealand or who is acting on behalf of such a person unless Nine and Fairfax jointly determine that:

- (a) it is lawful and not unduly onerous and not unduly impracticable to issue that Fairfax Shareholder with Nine Shares when the Scheme becomes Effective; and
- (b) it is lawful for that Fairfax Shareholder to participate in the Scheme by the law of the relevant place outside Australia and its external territories and New Zealand.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this document); or
- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 14 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of the things described in paragraphs (a), (b) or (c);
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this document reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Listing Rules means the Listing Rules of ASX and any other applicable rules of ASX modified to the extent of any express written waiver by ASX.

Losses means all claims, demands, damages, losses, costs, expenses and liabilities however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

Material Contract means a contract or commitment requiring payments over the term of the contract in excess of \$25,000,000.

MRN means Macquarie Media Limited ACN 063 906 927.

New Nine Shares means the Nine Shares to be issued to Scheme Participants as Scrip Scheme Consideration.

Nine Board means the board of directors of Nine, which will comprise the members described in clause 7.10 from the Implementation Date.

Nine Data Room means the “Project Wolfgang” electronic data room operated by or on behalf of Fairfax and hosted by Ansarada.

Nine Group means Nine and its Subsidiaries.

Nine Incoming Directors means three Fairfax Outgoing Directors nominated by Fairfax (after meaningful consultation with Nine) at least 2 Business Days before the Regulator’s Draft is provided to ASIC.

Nine Indemnified Parties means Nine, its officers, employees and advisers, its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

Nine Information means the information regarding Nine as is required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations or ASIC Regulatory Guide 60.

Nine Outgoing Directors means the directors nominated by Nine at least 2 Business Days before the Regulator’s Draft is provided to ASIC, such that the composition of the Nine Board will comply with clause 7.10 on the Implementation Date.

Nine Performance Right means a Performance Right issued by Nine under the Nine Performance Rights Plan.

Nine Performance Rights Plan means the Performance Rights Plan operated by Nine and adopted by the Nine Board on 14 May 2018.

Nine Permitted Dividend means a final dividend of up to \$0.05 per Nine Share, which may be fully franked.

Nine Prescribed Event means with regard to any one or more material members of the Nine Group (as specified), any of the following events:

- (a) **(conversion)** Nine converts all or any of its shares into a larger or smaller number of shares;
- (b) **(reduction of share capital)** Nine or another member of the Nine Group resolves to reduce its share capital in any way or resolves to reclassify, combine, split or redeem or repurchase directly or indirectly any of its shares;
- (c) **(buy-back)** Nine or another member of the Nine Group:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;

- (d) **(distribution)** Nine makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) other than the Nine Permitted Dividend;
- (e) **(issuing or granting shares or options)** any member of the Nine Group:
 - (i) issues shares;
 - (ii) grants an option over its shares; or
 - (iii) agrees to make such an issue or grant such an option,
 in each case to a person outside the Nine Group;
- (f) **(securities or other instruments)** any member of the Nine Group issues or agrees to issue securities or other instruments convertible into shares or debt securities in each case to a person outside the Nine Group;
- (g) **(constitution)** any member of the Nine Group adopts a new constitution or modifies or repeals its constitution or a provision of it;
- (h) **(acquisitions, disposals or tenders)** any member of the Nine Group
 - (i) acquires or disposes of;
 - (ii) agrees to acquire or dispose of; or
 - (iii) offers, proposes, announces a bid or tenders for,
 any business, assets, entity or undertaking the value of which exceeds \$20,000,000;
- (i) **(Encumbrances)** other than in the ordinary course of business and consistent with past practice any member of the Nine Group creates, or agrees to create, any new Encumbrance over or declares itself the trustee of the whole or a substantial part of its business or property;
- (j) **(employment arrangements)** other than in the ordinary course of business and consistent with past practice any member of the Nine Group:
 - (i) materially increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees; or
 - (ii) pays any of its directors or employees who were, prior to termination, earning a salary of \$600,000 or more, a termination or retention payment (otherwise than in accordance with an existing contract in place at the date of this document);

Nothing in this sub-clause prevents Nine from granting Nine Performance Rights or otherwise continuing to comply with and implement the Nine Performance Rights Plan, provided that any grants of Nine Performance Rights are in the ordinary course of business and consistent with past practice;

- (k) **(commitments and settlements)** other than in the ordinary course of business and consistent with past practice any Member of the Nine Group:
- (i) enters into any contract or commitment involving revenue or expenditure of more than \$10,000,000 over the term of the contract or commitment;
 - (ii) (without limiting the above) enters into any contract or commitment relating to the same matter or project involving revenue or expenditure which exceeds \$10,000,000 in aggregate over the term of the contracts or commitments;
 - (iii) terminates or amends in a material manner any contract material to the conduct of the Fairfax Group's business or which involves revenue or expenditure of more than \$10,000,000 over the term of the contract;
 - (iv) waiving any material third party default; or
 - (v) accepting as a settlement or compromise of a material matter (relating to an amount in excess of \$10,000,000) less than the full compensation due to Nine or a Subsidiary of Nine;
- (l) **(Material Contract)** Nine enters into or agrees to enter into a Material Contract other than in the ordinary course of business; and
- (m) **(Insolvency)** Nine or any of its Related Bodies Corporate becomes Insolvent,

except to the extent contemplated by this document or the Scheme or where Fairfax has consented to the event occurring, in writing.

Nine Share means an ordinary fully paid share in the capital of Nine.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Record Date means 7.00pm on the 2nd Business Day following the Effective Date or such other date as Fairfax and Nine agree.

Register means the share register of Fairfax and **Registry** has a corresponding meaning.

Regulator's Draft means the draft of the Scheme Booklet in a form acceptable to both parties which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act.

Regulatory Approval means any approval of a Regulatory Authority to the Scheme or any aspect of it which Nine and Fairfax jointly determine is necessary or desirable to implement the Scheme.

Regulatory Authority includes:

- (b) ASX, ACCC, ACMA, ASIC and the Takeovers Panel;
- (c) a government or governmental, semi-governmental or judicial entity or authority;
- (d) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and

- (e) any regulatory organisation established under statute.

Regulatory Review Period means the period from the date on which the Regulator's Draft is submitted to ASIC to the date on which ASIC confirms that it does not intend to make any submissions at the Court hearing on the First Court Date or otherwise object to the Scheme.

Related Body Corporate has the meaning it has in the Corporations Act.

Relevant Date means, in relation to a Condition Precedent, the date or time specified in this document for its fulfilment or, if no date or time is specified, 8:00am on the Second Court Date, subject in each case to an extension to that date made under clause 3.5.

Relevant Interest has the meaning it has in sections 608 and 609 of the Corporations Act.

Representative means, in relation to a party:

- (a) a Related Body Corporate;
- (b) a director, officer or employee of the party or any of the party's Related Bodies Corporate; or
- (c) an adviser to the party or any of the party's Related Bodies Corporate, where an "adviser" means, in relation to an entity, a financier, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser or consultant who provides advisory services in a professional capacity and who has been engaged by that entity.

Reverse Break Fee means \$20,000,000.

Scheme means the scheme of arrangement (under part 5.1 of the Corporations Act under which all the Fairfax Shares will be transferred to Nine) substantially in the form of Annexure A together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.

Scheme Booklet means, in respect of the Scheme, the information booklet to be approved by the Court and despatched to Fairfax Shareholders which includes the Scheme, a copy of the Deed Poll executed by Nine, an explanatory statement complying with the requirements of the Corporations Act and notices of meeting and proxy forms.

Scheme Consideration means the consideration provided by Nine for the transfer of Fairfax Shares held by a Scheme Participant to Nine, being:

- (a) the Cash Scheme Consideration; and
- (b) the Scrip Scheme Consideration.

Scheme Meeting means the meeting to be convened by the Court at which Fairfax Shareholders will vote on the Scheme.

Scheme Participants means each person who is a Fairfax Shareholder at the Record Date.

Scrip Scheme Consideration means 0.3627 New Nine Shares for each Fairfax Share held at 7:00pm on the Record Date.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Specified Entity means each of DHG and MRN.

Subsidiary of an entity means another entity which:

- (a) is a subsidiary of the first entity within the meaning of the Corporations Act; and
- (b) is part of a consolidated entity constituted by the first entity and the entities it is required to include in the consolidated financial statements it prepares, or would be if the first entity was required to prepare consolidated financial statements.

Superior Proposal means a bona fide Competing Transaction which the Fairfax Board, acting in good faith, and after taking advice from its legal and financial advisers, determines is:

- (a) reasonably capable of being completed taking into account all aspects of the Competing Transaction, including its conditions; and
- (b) of a higher financial value and is more favourable to Fairfax Shareholders than the Scheme, taking into account all aspects of the Competing Transaction, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters.

Tax Act means the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth), or both as the context requires.

Taxes means taxes, levies, imposts, charges and duties (including stamp and transaction duties) paid, payable or assessed as being payable by any authority together with any fines, penalties and interest in connection with them.

Timetable means the indicative timetable set out in Schedule 1 or as modified under clause 3.5 or as otherwise agreed in writing by the parties.

Transaction means the combination of Fairfax and Nine through the acquisition of Fairfax by Nine as contemplated by this document, including the implementation of the Scheme.

Trigger Dispute means any dispute between the parties as to whether an event in clauses 10 or 11 has occurred.

1.2 General interpretation

Headings and labels used for definitions are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

- (a) the singular includes the plural and vice versa;
- (b) a word which suggests one gender includes the other genders;
- (c) if a word is defined, any other grammatical form of that word or phrase has a corresponding meaning;
- (d) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (e) a reference to a document also includes any variation, replacement or novation of it;

- (f) the meaning of general words is not limited by specific examples introduced by “including”, “for example”, “such as” or similar expressions;
- (g) a reference to “**person**” includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;
- (h) a reference to a particular person includes the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (i) a reference to a time of day is a reference to time in Sydney, New South Wales;
- (j) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (k) a reference to “**law**” includes common law, principles of equity and legislation (including regulations);
- (l) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (m) a reference to “**regulations**” includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);
- (n) a reference to the knowledge of a person at a relevant time includes information that would have been discovered by the enquiries that would have been made by a reasonable person in that person’s position, even if, at that time, the matter is not actually known by the person;
- (o) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually; and
- (p) a reference to any thing (including an amount) is a reference to the whole and each part of it.

1.3 Obligations with regard to Specified Entities

- (a) Subject to clause 1.3(b), whenever this document requires any member of the Fairfax Group to take or not to take, or requires that Fairfax cause or use its reasonable endeavours to cause any member of the Fairfax Group to take or not to take, any action, such obligation will be satisfied with respect to a Specified Entity upon Fairfax’s request of the Specified Entity to take, or not to take (as the case may be) the relevant action with the application of Fairfax’s reasonable endeavours to achieve compliance with that request.
- (b) Where Fairfax has, a legal, contractual or shareholder right to require that a Specified Entity takes or does not take an action referred to in clause 1.3(a) or takes it subject to conditions, Fairfax must exercise that right and meaningfully consult with Nine as to the exercise of that right and any applicable conditions, but nothing in this clause 1.3(b) requires Fairfax to convene a shareholders’ meeting of a Specified Entity.
- (c) For the avoidance of doubt, nothing contained in this document will limit, restrict or affect in any other way the exercise by any director of a Specified Entity of his or her judgment or ability to act in the best interests of such Specified Entity and its shareholders or the unfettered

exercise of such director's fiduciary duties in accordance with legal advice obtained by that director.

1.4 Non-Business Days

If the day on or by which a person must do something under this document is not a Business Day the person must do it on or by the previous Business Day.

2 Agreement to propose and implement Scheme

2.1 Fairfax to propose Scheme

Fairfax agrees to propose the Scheme on and subject to the terms and conditions of this document and must use all reasonable endeavours to do so within the Timetable.

2.2 Agreement to implement Scheme

The parties agree to implement the Scheme on the terms and conditions of this document, subject to compliance with their respective obligations, powers and duties under their constituent documents and all applicable laws and the proper performance by the directors of each of the parties respectively of their fiduciary duties.

2.3 Nomination of acquirer Subsidiary

At any time prior to the Business Day before the First Court Date, Nine may nominate any wholly-owned Subsidiary of Nine ("**Nine Nominee**") to acquire Fairfax Shares under the Scheme by providing a written notice which sets out the details of Nine Nominee to Fairfax. If Nine decides to nominate Nine Nominee to acquire Fairfax Shares:

- (a) the parties must procure that the Fairfax Shares transferred under the Scheme are transferred to Nine Nominee rather than Nine; and
- (b) Nine must procure that Nine Nominee complies with all of the relevant obligations of Nine under this document and the Scheme.

3 Conditions Precedent

3.1 Conditions Precedent

Subject to this clause 3, the Scheme will not become Effective, and the obligations of Nine under clause 4.2 are not binding, until each of the following Conditions Precedent are satisfied or waived to the extent and in the manner set out in this clause.

Condition Precedent	
Conditions Precedent for the benefit of both parties	
(a)	(ASIC) before 8.00am on the Second Court Date, ASIC issues or provides any consents or approvals, or has done any other acts, which the parties agree are reasonably necessary or desirable to implement the Scheme, and those consents, approvals or other acts have not been withdrawn or revoked at that time.

Condition Precedent	
(b)	(Fairfax Shareholder approval) Fairfax Shareholders approve the Scheme by the requisite majorities in accordance with the Corporations Act.
(c)	(Court approval) the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.
(d)	(Regulatory intervention) no Court or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Scheme and no such order, decree, ruling, other action or refusal is in effect as at 8.00am on the Second Court Date.
Conditions Precedent for the benefit of Nine	
(e)	(No Fairfax Prescribed Event) no Fairfax Prescribed Event occurs between the date of this document and 8.00am on the Second Court Date.
(f)	(Representations and warranties) each of the representations and warranties given or made by Fairfax under this document is true and correct in all material respects as at the time it is given.
Conditions Precedent for the benefit of Fairfax	
(g)	(Independent Expert) the Independent Expert issues a report which concludes that the Scheme is in the best interest of Scheme Participants before the date on which the Scheme Booklet is lodged with ASIC and the expert does not change its opinion or otherwise withdraw the report before 8:00am on the Second Court Date.
(h)	(No Nine Prescribed Event) no Nine Prescribed Event occurs between the date of this document and 8.00am on the Second Court Date.
(i)	(New Nine Shares) the New Nine Shares to be issued pursuant to the Scheme are approved for official quotation by ASX, subject to customary conditions by, and such approval has not been withdrawn, suspended or revoked before, 8.00am on the Second Court Date.
(j)	(Representations and warranties) each of the representations and warranties given or made by Nine under this document is true and correct in all material respects as at the time it is given.

3.2 Reasonable endeavours

Each of Fairfax and Nine agree to use reasonable endeavours to procure that:

- (a) each of the Conditions Precedent:
 - (i) is satisfied as soon as practicable after the date of this document and in any event by the Relevant Date; and
 - (ii) continues to be satisfied at all times until the last time it is to be satisfied (as the case may require); and
- (b) there is no occurrence that would prevent the Condition Precedent for which it is a party responsible being satisfied.

3.3 Waiver of Conditions Precedent

- (a) A Condition Precedent may only be waived in writing by the party or parties entitled to the benefit of that Condition Precedent as noted in clause 3.1 and will be effective only to the extent specifically set out in that waiver.
- (b) A party entitled to waive the breach or non-fulfilment of a Condition Precedent under this clause 3.3 may do so in its absolute discretion, provided that a party must not waive the Condition Precedent if doing so would result in a breach of law.
- (c) If either Fairfax or Nine waives the breach or non-fulfilment of a Condition Precedent in accordance with this clause 3.3, then:
 - (i) subject to clause 3.3(c)(ii), that waiver precludes that party from suing the other for any breach of this document arising as a result of the breach or non-fulfilment of that Condition Precedent or arising from the same event which gave rise to the breach or non-fulfilment of that Condition Precedent; but
 - (ii) if the waiver of the Condition Precedent is itself conditional and the other party:
 - (A) accepts the condition, the terms of that condition apply notwithstanding any inconsistency with clause 3.3(c)(i); or
 - (B) does not accept the condition, the Condition Precedent has not been waived.
- (d) A waiver of a breach or non-fulfilment in respect of a Condition Precedent does not constitute:
 - (i) a waiver of a breach or non-fulfilment of any other Condition Precedent arising from the same event; or
 - (ii) a waiver of a breach or non-fulfilment of that Condition Precedent resulting from any other event.

3.4 Notices in relation to Conditions Precedent

Each party must:

- (a) **(notice of satisfaction)** promptly notify the other of satisfaction of a Condition Precedent and must keep the other informed of any material development of which it becomes aware that may lead to the breach or non-fulfilment of a Condition Precedent;
- (b) **(notice of failure)** immediately give written notice to the other of a breach or non-fulfilment of a Condition Precedent, or of any event which will prevent a Condition Precedent being satisfied; and
- (c) **(notice of waiver)** upon receipt of a notice given under clause 3.4(b), give written notice to the other party as soon as possible (and in any event before 5.00pm on the day before the Second Court Date) as to whether or not it waives the breach or non-fulfilment of any Condition Precedent resulting from the occurrence of that event, specifying the Condition Precedent in question.

3.5 Consultation on failure of Condition Precedent

If:

- (a) there is a breach or non-fulfilment of a Condition Precedent which is not waived in accordance with this document by the time or date specified in this document for the satisfaction of the Condition Precedent;
- (b) there is an act, failure to act or occurrence which will prevent a Condition Precedent being satisfied by the Relevant Date (and the breach or non-fulfilment which would otherwise occur has not already been waived in accordance with this document); or
- (c) the Scheme has not become Effective by the End Date,

the parties must consult in good faith and promptly with a view to determine whether:

- (d) the Scheme may proceed by way of alternative means or methods;
- (e) to extend the relevant time for satisfaction of the Condition Precedent or to adjourn or change the date of an application to the Court; or
- (f) to extend the Relevant Date, the End Date or both.

3.6 Failure to agree

If the parties are unable to reach agreement under clause 3.5 within 5 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date):

- (a) subject to clause 3.6(b), either party may terminate this document (and that termination will be in accordance with clause 14.1(f)(i)); or
- (b) if a Condition Precedent may be waived and exists for the benefit of one party only, that party only may waive that Condition Precedent or terminate this document (and that termination will be in accordance with clause 14.1(f)(ii)),

in each case before 8.00am on the Second Court Date.

- (c) A party will not be entitled to terminate this document under this clause if the relevant Condition Precedent has not been satisfied or agreement cannot be reached as a result of a breach of this document by that party or a deliberate act or omission of that party.

4 Outline of Scheme

4.1 Scheme

Fairfax must propose a scheme of arrangement under which:

- (a) all of the Fairfax Shares held by Scheme Participants at the Record Date will be transferred to Nine; and
- (b) subject to the terms and conditions of this document and the Scheme, each Scheme Participant will be entitled to receive the Scheme Consideration.

4.2 Scheme Consideration

- (a) Nine, subject to clause 4.2(b), covenants in favour of Fairfax (in its own right and on behalf of the Scheme Participants) that in consideration of the transfer to Nine of each Fairfax Share held by a Scheme Participant, Nine will pay the Cash Scheme Consideration and issue the Scrip Scheme Consideration to each such Scheme Participant. Any fractional entitlement of a Scheme Participant to a part of a New Nine Share will be rounded up or down to the nearest whole number of Nine Shares and, for the avoidance of doubt, fractional entitlements of 0.5 of a New Nine Share will be rounded up.
- (b) Nine will, unless satisfied that the laws of an Ineligible Overseas Shareholder's country of residence (as shown in the Register) permit the issue of Nine Shares to the Ineligible Overseas Shareholder (either unconditionally or after compliance with conditions which Nine and Fairfax reasonably regard as acceptable and not unduly onerous and not unduly impracticable), issue Nine Shares to which an Ineligible Overseas Shareholder would otherwise become entitled to a nominee jointly appointed by Nine and Fairfax who will sell those Nine Shares and pay to that Ineligible Overseas Shareholder the proceeds received, after deducting any applicable brokerage, taxes and charges.

4.3 Shares to rank equally

Nine covenants in favour of Fairfax (in its own right and on behalf of the Scheme Participants) that:

- (a) the New Nine Shares will rank equally in all respects with all existing Nine Shares;
- (b) it will do everything reasonably necessary to ensure that trading in the New Nine Shares commences by the first Business Day after the Implementation Date; and
- (c) on issue, each New Nine Share will be fully paid and free from any Encumbrance.

4.4 Employee incentives

- (a) Fairfax must ensure that, by no later than the Effective Date, there are no outstanding Employee Share Rights.
- (b) In order to comply with its obligation under clause 4.4(a), Fairfax must cause all of the outstanding Employee Share Rights to vest (to the extent they are unvested) and, following such vesting, either:
 - (i) cause the relevant number of Fairfax Shares to be transferred to the relevant former holder in sufficient time to allow the relevant former holders of the relevant Employee Share Rights to participate in the Scheme; or
 - (ii) making a cash payment to the holder in lieu of an allocation of Fairfax Shares in exchange for the cancellation of the relevant Employee Share Rights with effect from the Effective Date, provided such cash payments are not materially different to the proposed amounts Disclosed to Nine prior to the date of this document.

4.5 No amendment to the Scheme without consent

Fairfax must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of Nine (not to be unreasonably withheld or delayed).

5 Implementation

5.1 General obligations

Fairfax and Nine must each:

- (a) use all reasonable endeavours and commit necessary resources (including management and corporate relations resources and the resources of external advisers); and
- (b) procure that its officers and advisers work in good faith and in a timely and co-operative fashion with the other party (including by attending meetings and by providing information),

to produce the Scheme Booklet and implement the Scheme as soon as reasonably practicable and in accordance with the Timetable.

5.2 Fairfax's obligations

Fairfax must take all necessary steps to propose and implement the Scheme on a basis consistent with this document and as expeditiously as reasonably practicable including within the Timetable, and in particular must:

- (a) **(announce directors' recommendation)** following execution of this document, announce, in the form agreed between the parties (on the basis of statements made to Fairfax by each member of the Fairfax Board) that:
 - (i) the Fairfax Board considers the Scheme to be in the best interest of the Scheme Participants and intends to unanimously recommend to Scheme Participants that the Scheme be approved; and
 - (ii) each Fairfax Board member who holds Fairfax Shares, intends to vote his or her Fairfax Shares in favour of the Scheme,subject to:
 - (iii) the Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interest of Fairfax Shareholders; and
 - (iv) there being no Superior Proposal;
- (b) **(preparation of Scheme Booklet)** subject to clause 5.2(e)(i), as soon as practicable after the date of this document, prepare and despatch the Scheme Booklet:
 - (i) in accordance with all applicable laws, including the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60, Takeovers Panel policy and guidance notes and the Listing Rules; and

- (ii) which includes a statement by the Fairfax Board:
 - (A) unanimously recommending that the Scheme is in the best interest of the Fairfax Shareholders and that the Fairfax Shareholders vote in favour of the Scheme; and
 - (B) that each Fairfax Board member who holds Fairfax Shares intends to vote his or her Fairfax Shares in favour of the Scheme,

subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Fairfax Shareholders and there being no Superior Proposal;
- (c) **(Independent Expert)** promptly appoint the Independent Expert and provide any assistance and information reasonably requested by the Independent Expert to enable the Independent Expert to prepare its report for the Scheme Booklet as soon as practicable;
- (d) **(section 411(17)(b) statement)** apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (e) **(consultation with Nine)** consult with Nine as to the content and presentation of:
 - (i) the Scheme Booklet, which includes:
 - (A) allowing Nine a reasonable opportunity to review and make comments on successive drafts of the Scheme Booklet (accepting that any review of the Independent Expert's Report is limited to review for factual accuracy of those parts that include information relating to Nine);
 - (B) taking any reasonable comments made by Nine into account in good faith when producing a revised draft of the Scheme Booklet;
 - (C) providing to Nine a revised draft of the Scheme Booklet within a reasonable time before the draft of the Scheme Booklet which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act is finalised; and
 - (D) obtaining Nine's consent to the inclusion of the Nine Information (including in respect of the form and context in which the Nine Information appears in the Scheme Booklet); and
 - (ii) documents required for the purposes of the Court hearings held for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme (including originating processes, affidavits, submissions and draft minutes of Court orders), and consider in good faith any comments on, or suggested amendments to, those documents from Nine prior to filing those documents with the Court;
- (f) **(lodgement of Regulator's Draft)**
 - (i) as soon as practical, but no later than 14 days before the First Court Date, provide an advanced draft of the Scheme Booklet

("Regulator's Draft") to ASIC for its review for the purposes of section 411(2) of the Corporations Act, and provide a copy of the Regulator's Draft to Nine immediately thereafter; and

- (ii) keep Nine reasonably informed of any material issues raised by ASIC in relation to the Regulator's Draft and, where practical to do so, consult with Nine in good faith prior to taking any steps or actions to address those material issues (provided that, where those issues relate to Nine Information, Fairfax must not take any steps to address them without Nine's prior written consent, not to be unreasonably withheld);
- (g) **(Board approval)** procure that a meeting of the Fairfax Board is convened to approve the Scheme Booklet for dispatch and provide Nine with a copy of the relevant board minutes as soon as reasonably practicable;
- (h) **(send Scheme Booklet)** send the Scheme Booklet to Fairfax Shareholders as soon as practicable after the Court orders Fairfax to convene the Scheme Meeting;
- (i) **(supplementary disclosure)** if, after despatch of the Scheme Booklet, Fairfax becomes aware:
 - (i) that information included in the Scheme Booklet is or has become misleading or deceptive in any material respect (whether by omission or otherwise); or
 - (ii) of information that is required to be disclosed to Fairfax Shareholders under any applicable law but was not included in the Scheme Booklet,
 - (iii) promptly consult with Nine in good faith as to the need for, and the form of, any supplementary disclosure to Fairfax Shareholders, and make any disclosure that Fairfax considers reasonably necessary in the circumstances, having regard to applicable laws and to ensure that there would be no breach of clause 13.2(b) if it applied as at the date that information arose;
- (j) **(Court documents)** prepare all documents necessary for the Court proceedings relating to the Scheme in accordance with all applicable laws;
- (k) **(Court application)** apply to the Court for an order under section 411(1) of the Corporations Act directing Fairfax to convene the Scheme Meeting;
- (l) **(Scheme Meeting)** convene the Scheme Meeting to agree to the Scheme in accordance with any orders made by the Court pursuant to section 411(1) of the Corporations Act;
- (m) **(explanatory statement)** take all reasonable measures necessary to cause ASIC to register the Scheme Booklet under section 412 of the Corporations Act;
- (n) **(proxy information)** upon request of Nine made before the commencement of the Scheme Meeting, inform Nine of the total number of proxy votes in respect of which the appointment for the Scheme Meeting specified that:
 - (i) the proxy is to vote in favour of the Scheme;

- (ii) the proxy is to vote against the Scheme;
 - (iii) the proxy is to abstain from voting on the Scheme; and
 - (iv) the proxy may vote at the proxy's discretion;
- (o) **(director's voting)** use its reasonable endeavours to procure that each member of the Fairfax Board votes any Fairfax Shares in which they have a Relevant Interest in favour of the Scheme;
 - (p) **(section 411(17)(b) statement)** if the approval of the Fairfax Shareholders is obtained, apply to ASIC for the production of a statement under section 411(17)(b) of the Corporations Act in relation to the Scheme;
 - (q) **(No Fairfax Prescribed Event)** take all reasonable steps to ensure that no Fairfax Prescribed Event occurs during the period commencing on the date of this document and ending at 8:00am on the Second Court Date and, if a Fairfax Prescribed Event occurs, immediately inform Nine;
 - (r) **(Court approval)** subject to all Conditions Precedent, other than paragraph (c) in clause 3.1 being satisfied or waived in accordance with this document, apply to the Court for an order approving the Scheme in accordance with sections 411(4)(b) and 411(6) of the Corporations Act;
 - (s) **(Conditions Precedent certificate)** at the hearing on the Second Court Date, provide to the Court (through its counsel):
 - (i) a certificate confirming (in respect of matters within Fairfax's knowledge) whether or not the Conditions Precedent included for its benefit, as noted in clause 3.1 (other than paragraph (c)), have been satisfied or waived in accordance with clause 3, a draft of which must be provided to Nine by 5.00pm two Business Days prior to the Second Court Date; and
 - (ii) any certificate provided to it by Nine under clause 5.3(g);
 - (t) **(not act inconsistently)** subject to clauses 9.4 and 9.5, not act in a manner inconsistent with obtaining Court approval for the Scheme;
 - (u) **(lodge copy of Court order)** lodge with ASIC an office copy of the Court order approving the Scheme as approved by the Fairfax Shareholders at the Scheme Meeting in accordance with section 411(10) of the Corporations Act by no later than 4:00pm on the day after that office copy is received (or any later date agreed in writing by Nine);
 - (v) **(Scheme Participants)** give to the share registry of Nine details of the names, registered addresses and holdings of Fairfax Shares of every Fairfax Shareholder as shown in the Register on the Record Date, in such form as Nine may reasonably require, and determine Fairfax Shareholders' respective entitlements to the Scheme Consideration in accordance with the Scheme;
 - (w) **(Register)** close the Register as at the Record Date to determine the identity of Scheme Participants and their entitlements to Scheme Consideration;

- (x) **(instruments of transfer)** subject to Nine satisfying its obligations under clause 4.2 on the Implementation Date:
 - (i) execute proper instruments of transfer and effect the transfer of Fairfax Shares to Nine in accordance with the Scheme; and
 - (ii) register all transfers of Fairfax Shares held by Scheme Participants to Nine;
- (y) **(Suspension of trading)** apply to ASX to suspend trading in Fairfax Shares with effect from the close of trading on the Effective Date;
- (z) **(listing)** take all reasonable steps to maintain Fairfax's listing on ASX, notwithstanding any suspension of the quotation of Fairfax Shares, up to and including the Implementation Date, including making appropriate applications to ASX and ASIC; and
- (aa) **(other steps)** do all other things necessary to lawfully give effect to the Scheme and the orders of the Court approving the Scheme.

5.3 Nine's obligations

Nine must take all necessary steps to assist Fairfax to implement the Scheme on a basis consistent with this document and as soon as reasonably practicable, and in particular must:

- (a) **(announcement)** on the date of this document, make an announcement in the form agreed between the parties;
- (b) **(Nine Information)** prepare and promptly provide to Fairfax for inclusion in the Scheme Booklet the Nine Information (in accordance with all applicable laws, including the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60, Takeovers Panel policy and guidance notes and the Listing Rules) and consent to the inclusion of that information in the Scheme Booklet;
- (b) **(further Nine Information)** promptly provide to Fairfax any further or new Nine Information as may arise after the Scheme Booklet has been sent to Fairfax Shareholders and until the date of the Scheme Meeting as may be necessary to ensure that the Nine Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission) and to ensure that there would be no breach of clause 13.4(b) if it applied as at the date on which such further or new Nine Information arose;
- (c) **(Independent Expert information)** provide any assistance or information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report;
- (d) **(representation)** procure that it is represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which, through its counsel, Nine must undertake (if requested by the court) to do all things and take all steps within its power as may be necessary in order to ensure the fulfilment of its obligations under this document and the Scheme;
- (e) **(Deed Poll)** prior to the Scheme Booklet being sent, sign and deliver the Deed Poll;

- (f) **(no Nine Prescribed Event)** take all reasonable steps to ensure that no Nine Prescribed Event occurs during the period commencing on the date of this document and ending at 8.00am on the Second Court Date and if a Nine Prescribed Event occurs, immediately inform Fairfax;
- (g) **(certificates)** before commencement of the hearing by the Court of the application for the order under section 411(4)(b) of the Corporations Act, give to Fairfax a certificate signed by Nine stating whether or not each representation or warranty given by Nine is true and correct as at the time it is given or made under clause 13;
- (h) **(not act inconsistently)** not act in a manner inconsistent with obtaining Court approval for the Scheme (provided that nothing in this paragraph prevents any action by or on behalf of Nine or its directors if failure to take the action would, in the reasonable opinion of the board of directors of Nine, be likely to involve a breach of duties of the directors of Nine. The reasonable opinion of the Nine Board must be based on specific legal and other appropriate advice);
- (i) **(Conditions Precedent certificate)** before 8.00am on the Second Court Date, provide to Fairfax for provision to the Court at the hearing on that date a certificate confirming (in respect of matters within Nine's knowledge) whether or not the Conditions Precedent for which Nine is responsible, as noted in clause 3.1 (other than paragraph (c)), have been satisfied or waived in accordance with clause 3, a draft of which must be provided to Fairfax by 5.00pm on the Business Day prior to the Second Court Date;
- (j) **(Share transfer)** if the Scheme becomes Effective, accept a transfer of the Fairfax Shares as contemplated by clause 4.2;
- (k) **(Listing)** procure that the New Nine Shares to be issued as Scrip Scheme Consideration pursuant to the Scheme are approved for official quotation by ASX, subject to any conditions which ASX may reasonably require and which are acceptable to both Nine and Fairfax, acting reasonably and promptly;
- (l) **(Scheme Consideration)** if the Scheme becomes Effective:
 - (i) register or cause to be registered the Scheme Participants (or the nominee of Ineligible Overseas Shareholders appointed pursuant to clause 4.2(b)) as the holders of New Nine Shares to which the Scheme Participants are entitled under the Scheme; and
 - (ii) pay or procure the payment of the Cash Scheme Consideration in the manner and amount contemplated by clause 4.2 and the terms of the Scheme; and
- (m) **(Scheme)** do all things within its power that are reasonably necessary to lawfully give effect to the Scheme and the orders of the Court approving the Scheme.

5.4 Scheme Booklet responsibility statement

The responsibility statement to appear in the Scheme Booklet, in a form to be agreed by the parties, will contain words to the effect of:

- (a) Fairfax has prepared, and is responsible for, the content of the Scheme Booklet other than, to the maximum extent permitted by law, the Nine

Information, the Independent Expert's Report or any other report or letter issued to Fairfax by a third party; and

- (b) Nine has prepared, and is responsible for, the Nine Information in the Scheme Booklet (and no other part of the Scheme Booklet).

5.5 Disagreement on content of Scheme Booklet

If Nine and Fairfax disagree on the form or content of the Scheme Booklet, they must consult in good faith and promptly to try to settle an agreed form of the Scheme Booklet. If complete agreement is not reached after reasonable consultation, then:

- (a) if the disagreement relates to the form or content of the Nine Information contained in the Scheme Booklet, Fairfax will make any amendments as Nine, acting in good faith requires; and
- (b) if the disagreement relates to the form or content of any other part of the Scheme Booklet, the Fairfax Board will, acting in good faith, decide the final form or content of the disputed part of the Scheme Booklet.

5.6 Verification

Each party must undertake appropriate verification processes for the information supplied by that party in the Scheme Booklet.

5.7 Conduct of Court proceeding

Fairfax and Nine are entitled to separate representation at all Court proceedings relating to the Scheme. This document does not give Fairfax or Nine any right or power to give undertakings to the Court for or on behalf of the other party without that party's written consent. Fairfax and Nine must give all undertakings to the Court in all Court proceedings which are reasonably required to obtain Court approval and confirmation of the Scheme as contemplated by this document.

5.8 Appeal process

If the Court refuses to make orders convening the Scheme Meeting or approving the Scheme, Nine and Fairfax must appeal the Court's decision to the fullest extent possible except to the extent that:

- (a) the parties agree otherwise; or
- (b) an independent senior counsel of the New South Wales bar advises that, in their opinion, an appeal would have no reasonable prospect of success before the End Date,

in which case either party may terminate this document in accordance with clause 14.1(f)(iii). If the parties cannot agree on the appointment of an independent senior counsel for the purposes of 5.8(b) within three Business Days of the Scheme Court's refusal to make orders, the independent senior counsel will be appointed by the chairperson or other senior office bearer for the time being of the New South Wales Chapter of the Resolution Institute or a delegate of such person, on the application of any party.

5.9 No partnership or joint venture

Subject to this document, nothing in this clause requires either party to act at the direction of the other. The business of each party will continue to operate independently from the other until the Implementation Date. The parties agree

that nothing in this document constitutes the relationship of a partnership or a joint venture between the parties.

6 Board recommendation

6.1 Recommendation

Fairfax must use its best endeavours to procure that none of its directors withdraws, or changes their recommendation in favour of the Scheme, unless:

- (a) there is a Superior Proposal; or
- (b) the Independent Expert concludes that the Scheme is not in the best interest of Fairfax Shareholders, or adversely changes its previously given opinion that the Scheme is in the best interest of Fairfax Shareholders; and
- (c) the Fairfax Board determines in good faith and acting reasonably, having received expert advice in writing from its legal advisors, (who must be reputable advisers experienced in transactions of this nature) that they must do so because of their fiduciary or statutory duties to Fairfax Shareholders.

7 Directors and employees

7.1 Release of Fairfax and Fairfax directors and officers

Subject to the Corporations Act, Nine releases its rights, and agrees with Fairfax that it will not make a claim, against any Fairfax Indemnified Party (other than Fairfax and its Related Bodies Corporate) as at the date of this document and from time to time in connection with:

- (a) any breach of any representations and warranties of Fairfax or any other member of Fairfax Group in this document; or
- (b) any disclosures containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Fairfax Indemnified Party has not acted in good faith or has engaged in wilful misconduct or fraud. Nothing in this clause 7.1 limits Nine's rights to terminate this document under clause 14.1.

7.2 Benefit for Fairfax Indemnified Parties

Fairfax receives and holds the benefit of this clause to the extent it relates to each Fairfax Indemnified Party on behalf of each of them.

7.3 Release of Nine and Nine directors and officers

Subject to the Corporations Act, Fairfax releases its rights, and agrees with Nine that it will not make a claim, against any Nine Indemnified Party (other than Nine and its Related Bodies Corporate) as at the date of this document and from time to time in connection with:

- (a) any breach of any representations and warranties of Nine or any other member of Nine Group in this document; or

- (b) any disclosures containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Nine Indemnified Party has not acted in good faith or has engaged in wilful misconduct or fraud. Nothing in this clause 7.3 limits Fairfax's rights to terminate this document under clause 14.1.

7.4 Benefit for Nine Indemnified Parties

Nine receives and holds the benefit of this clause to the extent it relates to each Nine Indemnified Party on behalf of each of them.

7.5 Appointment/retirement of directors

- (a) On the Implementation Date, but subject to the Scrip Scheme Consideration having been issued and the Cash Scheme Consideration having been paid to the Scheme Participants and receipt by Fairfax of signed consents to act, Fairfax must:

- (i) cause the appointment of each Fairfax Incoming Director to the Fairfax Board; and
- (ii) procure that the Fairfax Outgoing Directors retire from the Fairfax Board, unless Nine gives notice of its desire for one or more of the directors not to retire (such notice to be given prior to 8:00am on the Second Court Date),

in each case, in accordance with Fairfax's constitution, the Corporations Act and the Listing Rules.

- (b) On the Implementation Date, but subject to the Scrip Scheme Consideration having been issued and the Cash Scheme Consideration having been paid to the Scheme Participants and receipt by Nine of signed consents to act, Nine must:

- (i) cause the appointment of each Nine Incoming Director to the Nine Board; and
- (ii) procure that each of the Nine Outgoing Directors retire from the Nine Board,

in each case, in accordance with Nine's constitution, the Corporations Act and the Listing Rules.

7.6 Directors' and officers' insurance

Subject to the Scheme becoming Effective and subject to the Corporations Act, Nine undertakes in favour of Fairfax and each other person who is a Fairfax Indemnified Party that it will:

- (a) for a period of 7 years from the Implementation Date, ensure that the constitutions of Fairfax and each other member of the Fairfax Group continue to contain such rules as are contained in those constitutions at the date of this document that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a member of the Nine Group; and
- (b) procure that Fairfax and each other member of the Fairfax Group complies with any deeds of indemnity, access and insurance made by

them in favour of their respective directors and officers from time to time and without limiting the foregoing, ensure that the directors' and officers' run-off insurance cover for those directors and officers is maintained, subject to clause 7.7, for a period of 7 years from the retirement date of each director and officer.

7.7 Run-off

Each party acknowledges that, notwithstanding any other provision of this document, Fairfax and its Subsidiaries may, prior to the Implementation Date, enter into a run-off insurance policy in respect of any directors or officers of a Fairfax Group for a 7 year period (or longer if Nine agrees acting reasonably) provided that:

- (a) the scope of cover of the policy will be on the same or substantially the same terms as the existing insurance policies in place for directors or officers of the Fairfax Group at the date of this document; and
- (b) Fairfax will use reasonable endeavours to obtain the most attractive commercial terms for the policy from a reputable insurer and in no circumstances shall the aggregate cost of such insurance to the Fairfax Group exceed the amount agreed between the parties in writing for the purposes of this clause without the prior written consent of Nine.

7.8 Period of undertaking

The undertakings contained in clause 7.6 are given until the earlier of the end of the relevant period specified in that clause or the relevant member of the Fairfax Group ceasing to be part of the Nine Group.

7.9 Benefit of undertaking for Fairfax Group

Fairfax acknowledges that it receives and holds the benefit of clause 7.6 to the extent it relates to each director and officer of a member of the Fairfax Group on behalf of each of them.

7.10 Nine Board

From the Implementation Date, the Nine Board shall comprise:

- (a) Hugh Marks (Chief Executive Officer);
- (b) 3 Nine Incoming Directors; and
- (c) 3 directors nominated by Nine, including Peter Costello (Chairman), (after consultation with Fairfax) at least 2 Business Days before the Regulator's Draft is provided to ASIC.

8 Conduct of business

8.1 Overview

- (a) From the date of this document up to and including the Implementation Date, Fairfax must, and must cause each member of the Fairfax Group to, conduct its business in the ordinary course and in substantially the same manner as previously conducted.
- (b) From the date of this document up to and including the Implementation Date, Nine must, and must cause each member of the Nine Group to,

conduct its business in the ordinary course and in substantially the same manner as previously conducted.

8.2 Fairfax Specific obligations

Without limiting clause 8.1 and other than with the prior approval of Nine (which approval must not be unreasonably withheld or delayed) or as required by this document, Fairfax must, during the period contemplated by clause 8.1, use all reasonable endeavours to ensure that Fairfax and each member of the Fairfax Group:

- (a) **(business and assets)** maintains the condition of its business and assets;
- (b) **(officers and employees)** keeps available the services of its officers and employees;
- (c) **(relationships)** preserves its relationships with customers, suppliers, licensors, licensees, joint venturers and others with whom it has business dealings;
- (d) **(change of control provisions)** identifies any change of control or similar provisions in any significant contracts (including all Material Contracts) or any joint venture documentation and obtain the consents of relevant persons who have rights in respect of such contracts to the transactions contemplated by the Scheme; and
- (e) **(cash)** ensures there is no material decrease in the amount of cash in Fairfax other than as:
 - (i) used in the ordinary course of business and consistent with forecast cash utilisation; or
 - (ii) a result of reasonable costs incurred directly in relation to the transactions contemplated by the Scheme.

8.3 Nine Specific obligations

Without limiting clause 8.1 and other than with the prior approval of Fairfax (which approval must not be unreasonably withheld or delayed) or as required by this document, Nine must, during the period contemplated by clause 8.1, use all reasonable endeavours to ensure that Nine and each member of the Nine Group:

- (a) **(business and assets)** maintains the condition of its business and assets;
- (b) **(officers and employees)** keeps available the services of its officers and employees;
- (c) **(relationships)** preserves its relationships with customers, suppliers, licensors, licensees, joint venturers and others with whom it has business dealings;
- (d) **(change of control provisions)** identifies any change of control or similar provisions in any significant contracts (including all Material Contracts) or any joint venture documentation and obtain the consents of relevant persons who have rights in respect of such contracts to the transactions contemplated by the Scheme; and
- (e) **(cash)** ensures there is no material decrease in the amount of cash in Nine other than as:

- (i) used in the ordinary course of business and consistent with forecast cash utilisation; or
- (ii) a result of reasonable costs incurred directly in relation to the transactions contemplated by the Scheme.

8.4 Exceptions to conduct of business provisions

Nothing in clauses 5.2(q), 5.3(f), 8.2 or 8.3 restricts the ability of Fairfax or Nine to take any action which:

- (a) is expressly required or permitted by this document, the Scheme, or otherwise required by law;
- (b) has been Disclosed to Nine or Fairfax, as applicable; or
- (c) has been agreed to in writing by Nine or Fairfax, as applicable.

8.5 Access to Fairfax

Between the date of this document and the Implementation Date, Fairfax must provide Nine and its officers and advisers with reasonable access to Fairfax's officers and advisers and documents, records, and other information (subject to any existing confidentiality obligations owed to third parties, or applicable privacy laws and in accordance with any information exchange protocol agreed between the parties) which Nine reasonably requires for the purposes of:

- (a) applying for all relevant Regulatory Approvals;
- (b) understanding the financial position of it and its Subsidiaries including the cashflow and working capital position of each of them;
- (c) preparing, subject to any required Regulatory Approvals, for integrating the business of Fairfax with the business of Nine;
- (d) understanding the operations of the business of it and its Subsidiaries;
- (e) implementation of the Scheme; and
- (f) any other purpose which is agreed in writing between the parties.

For the avoidance of doubt, Fairfax is not obliged to provide access to officers of the Specified Entities and their Subsidiaries, nor to documents, records and other information of the Specified Entities and their Subsidiaries that are not otherwise in Fairfax's possession and lawfully able to be disclosed to Nine.

8.6 Access to Nine

Between the date of this document and the Implementation Date, Nine must provide Fairfax and its officers and advisers with reasonable access to Nine's officers and advisers and documents, records, and other information (subject to any existing confidentiality obligations owed to third parties, or applicable privacy laws and in accordance with any information exchange protocol agreed between the parties) which Fairfax reasonably requires for the purposes of:

- (a) applying for all relevant Regulatory Approvals;
- (b) understanding the financial position of it and its Subsidiaries including the cashflow and working capital position of each of them;

- (c) preparing, subject to any required Regulatory Approvals, for integrating the business of Fairfax with the business of Nine;
- (d) understanding the operations of the business of it and its Subsidiaries;
- (e) implementation of the Scheme; and
- (f) any other purpose which is agreed in writing between the parties.

9 Exclusivity

9.1 No existing discussions

- (a) From the date of this document, Fairfax will promptly enforce the terms of any confidentiality agreement entered into with a party other than Nine in relation to a Competing Transaction and will immediately request the return of all Fairfax Confidential Information from any such party and terminate their access to any confidential information on an ongoing basis. Fairfax agrees not to waive, and will enforce, any standstill obligations of any such party, except in relation to a Superior Proposal where Nine has failed to provide a matching or superior proposal which satisfies clause 9.7(e).
- (b) Fairfax represents and warrants to Nine that, as at the date of this document, it is not in discussions or negotiations with any third party regarding any Competing Transaction.

9.2 No-shop

During the Exclusivity Period, Fairfax must ensure that neither it nor any of its Representatives directly or indirectly:

- (a) solicits, invites, encourages or initiates any enquiries, negotiations or discussions; or
- (b) communicates any intention to do any of these things,

with a view to obtaining any offer, proposal or expression of interest from any person in relation to a Competing Transaction.

9.3 No-talk

Subject to clause 9.4, during the Exclusivity Period, Fairfax must ensure that neither it nor any of its Representatives:

- (a) negotiates or enters into; or
- (b) participates in negotiations or discussions with any other person regarding,

a Competing Transaction or any agreement, understanding or arrangement that may be reasonably expected to lead to a Competing Transaction, even if that person's Competing Transaction was not directly or indirectly solicited, invited, encouraged or initiated by Fairfax or any of its Representatives or the person has publicly announced the Competing Transaction; or

- (c) discloses any non-public information about the businesses or affairs of that party to a third party (other than a Representative, Regulatory Authority or auditors) other than in the ordinary course of business or as

required under that party's existing contractual obligations to the extent those obligations have been disclosed to the other party and cannot be terminated.

9.4 Exceptions

Clause 9.3 does not apply to the extent that it restricts Fairfax or the Fairfax Board from taking or refusing to take any action with respect to a genuine Competing Transaction (which was not solicited, invited, encouraged or initiated by Fairfax in contravention of clause 9.2) provided that the Fairfax Board has determined, in good faith and acting reasonably that:

- (a) after consultation with its financial advisors, such a genuine Competing Transaction is, or could reasonably be considered promptly to become, a Superior Proposal; and
- (b) after receiving written legal advice from its external legal advisers (who must be reputable advisers experienced in transactions of this nature) that failing to respond to such a genuine Competing Transaction would be reasonably likely to constitute a breach of the Fairfax Board's fiduciary or statutory obligations.

9.5 Further exceptions

Nothing in this document prevents Fairfax from:

- (b) continuing to make normal presentations to, and to respond to enquiries from, brokers, portfolio investors and analysts in the ordinary course in relation to the Scheme or its business generally; or
- (b) subject to clause 15, fulfilling its continuous disclosure requirements.

9.6 Notice of unsolicited approach

Subject to any obligation of confidentiality during the Exclusivity Period, Fairfax must immediately inform Nine if it, or any of its Related Bodies Corporate or Representatives, receives any unsolicited approach with respect to any Competing Transaction and must disclose to Nine the fact that such an approach has been made, the general nature of the approach.

9.7 Matching right

Without limiting clauses 9.2 and 9.3, during the Exclusivity Period, Fairfax:

- (a) must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a Third Party, Fairfax or both proposes or propose to undertake or give effect to an actual, proposed or potential Competing Transaction; and
- (b) must use its best endeavours to procure that none of its directors change their recommendation in favour of the Scheme to publicly recommend an actual, proposed or potential Competing Transaction (or recommend against the Scheme),

unless:

- (c) the Fairfax Board acting in good faith and in order to satisfy what the Fairfax Board considers to be its statutory or fiduciary duties (having received written advice from its external legal advisers, who must be reputable advisers experienced in transactions of this nature), determines that the Competing Transaction is a Superior Proposal;

- (d) Fairfax has provided Nine with the material terms and conditions of the actual, proposed or potential Competing Transaction, including price, conditions, timing and break fees (if any) the identity of the Third Party making the actual, proposed or potential Competing Transaction and must disclose any Fairfax Confidential Information that has been disclosed to the third party but not to Nine;
- (e) Fairfax has given Nine at least 5 Business Days after the date of the provision of the information referred to in clause 9.7(d) to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction; and
- (f) Nine has not announced a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction by the expiry of the 5 Business Day period referred to in clause 9.7(e).

9.8 Nine counterproposal

If Nine proposes to Fairfax, or announces amendments to the Scheme or a new proposal that constitute a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction (“**Nine Counterproposal**”) by the expiry of the 5 Business Day period referred to in clause 9.7(e), Fairfax must procure that the Fairfax Board considers the Nine Counterproposal and if the Fairfax Board, acting reasonably and in good faith, determines that the Nine Counterproposal would provide an equivalent or superior outcome for Fairfax Shareholders as a whole compared with the Competing Transaction, taking into account all of the terms and conditions of the Nine Counterproposal, then:

- (a) Fairfax and Nine must use their best endeavours to agree the amendments to this document and, if applicable, the Scheme, Deed Poll and any other relevant documents that are reasonably necessary to reflect the Nine Counterproposal and to implement the Nine Counterproposal, in each case as soon as reasonably practicable;
- (b) Fairfax must use its best endeavours to procure that each of the directors of Fairfax continues to recommend the Scheme (as modified by the Nine Counterproposal) to Fairfax Shareholders.

9.9 Matching rights continue

Any material modification to any Competing Transaction (which will include any modification relating to the price or value of any Competing Transaction) will be taken to make that proposal a new Competing Transaction in respect of which Fairfax must comply with its obligations under clause 9.7.

9.10 Time of essence

Time is of the essence in this clause 9.

9.11 Legal advice

Fairfax acknowledges that it has received legal advice on this document and the operation of this clause.

10 Break Fee

10.1 Background

This clause has been agreed in circumstances where:

- (a) Nine and Fairfax believe that the Scheme will provide significant benefits to Nine, Fairfax and their respective shareholders, and Nine and Fairfax acknowledge that, if they enter into this document and the Scheme is subsequently not implemented, Nine will incur significant costs, including those set out in clause 10.5;
- (b) Nine requested that provision be made for the Break Fee, without which Nine would not have entered into this document;
- (c) both the Nine Board and Fairfax Board believe that it is appropriate for both parties to agree to the payment referred to in this clause to secure Nine's participation in the Scheme; and
- (d) both parties have received legal advice on this document and the operation of this clause.

10.2 Payment by Fairfax to Nine

Fairfax agrees to pay the Break Fee to Nine if the Scheme does not proceed because:

- (a) **(Competing Transaction)** on or before the End Date a Competing Transaction is announced or any Fairfax Board member recommends, promotes or otherwise endorses a Competing Transaction and within 12 months of the End Date the third party who announced or made the Competing Transaction (or any of its Associates):
 - (i) completes a Competing Transaction; or
 - (ii) acquires more than 50% of Fairfax;
- (b) **(change of recommendation)** any Fairfax Director fails to recommend the Scheme or withdraws their recommendation, adversely changes or qualifies their recommendation or otherwise makes a public statement indicating that he or she no longer supports the Scheme, except where the change of recommendation or statement is made after the Independent Expert concludes that in the opinion of the Independent Expert the Scheme is not in the best interest of Fairfax Shareholders (other than where a Competing Transaction has been proposed or announced before the report is issued which the Independent Expert may reasonably regard to be on more favourable terms than the transaction contemplated by this document); or
- (c) **(termination for material breach)** Nine validly terminates this document in accordance with clause 14.1(c).

10.3 No amount payable if Scheme becomes Effective

Notwithstanding the occurrence of any event in clause 10.2, if the Scheme becomes Effective:

- (a) no amount is payable by Fairfax under clause 10.2; and

- (b) if any amount has already been paid under clause 10.2 it must be refunded by Nine.

10.4 Timing of payment

- (a) A demand by Nine for payment of the Break Fee under clause 10.2 must:
 - (i) be in writing;
 - (ii) be made after the occurrence of the event in that clause giving rise to the right to payment;
 - (iii) state the circumstances which give rise to the demand; and
 - (iv) nominate an account in the name of Nine into which Fairfax must pay the Break Fee.
- (b) Fairfax must pay the Break Fee to Nine under clause 10.2 within 5 Business Days of receipt by Fairfax of a valid demand for payment from Nine under clause 10.4(a).

10.5 Nature of payment

The Break Fee is an amount to compensate Nine for:

- (a) advisory costs
- (b) costs of management and directors' time;
- (c) out-of-pocket expenses;
- (d) the distraction of Nine's management from conducting Nine's business as usual caused by pursuing the Scheme;
- (e) reasonable opportunity costs incurred by Nine in pursuing the Scheme or in not pursuing alternative acquisitions or strategic initiatives which Nine could have developed to further its business and objectives; and
- (f) damage to Nine's reputation associated with a failed transaction and the implications of that damage to Nine's business.

The parties agree that the costs incurred are of a nature that they cannot be accurately quantified and that a genuine pre-estimate of the costs would equal or exceed the amount payable under clause 10.2.

10.6 Reduction in amount payable

- (a) The Break Fee is reduced by an amount equal to the amount which is recovered by Nine as a result of a claim against Fairfax pursuant to any other remedies available to Nine under this document including pursuant to clause 13.1.
- (b) Where the Break Fee has already been paid, Nine must, within 5 Business Days of the event contemplated by clause 10.6(a) which would have reduced the amount payable, refund an amount to Fairfax which is equivalent to that calculated under clause 10.6(a).

10.7 Compliance with law

If it is finally determined following the exhaustion of all reasonable avenues of appeal to the Takeovers Panel or a Court that all or any part of the amount payable under clause 10.2:

- (a) is unlawful or would if performed be, unlawful;
- (b) involves a breach of the duties of the Fairfax Board; or
- (c) constitutes unacceptable circumstances within the meaning of the Corporations Act,

then Fairfax's obligation to pay the applicable amount or part of the amount payable under clause 10.2 does not apply and if Nine has received any such part of the payment due under clause 10.2 it must refund it within 5 Business Days of such final determination.

Neither party may make or cause or permit to be made any application to a Court, arbitral tribunal or the Takeovers Panel for or in relation to a determination referred to in this clause 10.7.

11 Reverse Break Fee

11.1 Background

This clause has been agreed in circumstances where:

- (a) Nine and Fairfax believe that the Scheme will provide significant benefits to Nine, Fairfax and their respective shareholders, and Nine and Fairfax acknowledge that, if they enter into this document and the Scheme is subsequently not implemented, Fairfax and Fairfax Shareholders will incur significant costs including those set out in clause 11.5;
- (b) Fairfax requested that provision be made for the payment of the Reverse Break Fee, without which Fairfax would not have entered into this document;
- (c) both the Nine Board and Fairfax Board believe that it is appropriate for both parties to agree to the payment referred to in this clause to secure Fairfax's participation in the Scheme; and
- (d) both parties have received legal advice on this document and the operation of this clause.

11.2 Payment by Nine to Fairfax

Nine agrees to pay the Reverse Break Fee to Fairfax without withholding or set off if the Scheme does not proceed because:

- (a) **(termination for material breach)** Fairfax validly terminates this document in accordance with clause 14.1(d); or
- (b) **(failure to issue or pay Scheme Consideration)** Nine does not issue the Scrip Scheme Consideration or pay the Cash Scheme Consideration in accordance with the terms and conditions of this document, the Scheme and the Deed Poll.

11.3 No amount payable if Scheme becomes Effective

Notwithstanding the occurrence of any event in clause 11.2, if the Scheme becomes Effective:

- (a) no amount is payable by Nine under clause 11.2; and
- (b) if any amount has already been paid under clause 11.2 it must be refunded by Fairfax.

11.4 Timing of payment

- (a) A demand by Fairfax for payment of the Reverse Break Fee under clause 11.2 must:
 - (i) be in writing;
 - (ii) be made after the occurrence of the event in that clause giving rise to the right to payment;
 - (iii) state the circumstances which give rise to the demand; and
 - (iv) nominate an account in the name of Fairfax into which Nine must pay the Reverse Break Fee.
- (b) Nine must pay the Reverse Break Fee to Fairfax without withholding or set off within 5 Business Days of receipt by Nine of a valid demand for payment from Fairfax under clause 11.4(a).

11.5 Nature of payment

The Reverse Break Fee is an amount to compensate Fairfax for:

- (a) advisory costs
- (b) costs of management and directors' time;
- (c) out-of-pocket expenses;
- (d) the distraction of Fairfax's management from conducting Fairfax's business as usual caused by pursuing the Scheme;
- (e) reasonable opportunity costs incurred by Fairfax in pursuing the Scheme or in not pursuing strategic initiatives which Fairfax could have developed to further its business and objectives; and
- (f) damage to Fairfax's reputation associated with a failed transaction and the implications of that damage to Fairfax's business.

The parties agree that the costs incurred are of a nature that they cannot be accurately quantified and that a genuine pre-estimate of the costs would equal or exceed the amount payable under clause 11.2.

11.6 Reduction in amount payable

- (a) The Reverse Break Fee is reduced by an amount equal to the amount which is recovered by Fairfax as a result of a claim against Nine pursuant to any other remedies available to Fairfax under this document including pursuant to clause 13.4.

- (b) Where the Reverse Break Fee has already been paid, Fairfax must, within 2 Business Days of the event contemplated by clause 11.6(a) which would have reduced the amount payable, refund an amount to Nine which is equivalent to that calculated under clause 11.6(a).

12 Trigger Disputes

- (a) If there is a Trigger Dispute between the parties which is not resolved within two Business Days of one party notifying the other, the Trigger Dispute must be referred to the Independent Expert, to be appointed by the parties (or where the parties cannot agree on an appointment, the Independent Expert will be appointed by the chairperson or other senior office bearer for the time being of the New South Wales Chapter of the Resolution Institute or a delegate of such person, on the application of any party).
- (b) The parties must instruct the Independent Expert to determine the Trigger Dispute within 10 Business Days.
- (c) In determining the dispute, the Independent Expert must act as an expert and not an arbitrator.
- (d) The determination of the Independent Expert will, in the absence of manifest error, be final and binding on the parties.
- (e) The Independent Expert's fees will be borne equally by the parties.

13 Representations and warranties

13.1 Mutual representations and warranties

Each party represents and warrants to the other (on its own behalf and separately as trustee or nominee for each of the directors of the other party) that each of the following statements is true and correct in all material respects as at the date of this document and as at 5.00pm on the Business Day immediately prior to the Second Court Date:

- (a) **(status)** it has been incorporated or formed in accordance with the laws of its place of incorporation;
- (b) **(power)** it has power to enter into this document, to comply with its obligations under it and exercise its rights under it;
- (c) **(no contravention)** the entry by it into, its compliance with its obligations and the exercise of its rights under, this document do not and will not conflict with:
 - (i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded; or
 - (ii) any law binding on or applicable to it or its assets;
- (d) **(authorisations)** it has in full force and effect each authorisation and each corporate approval necessary for it to enter into this document, to comply with its obligations and exercise its rights under it, and to allow them to be enforced;

- (e) **(validity of obligations)** its obligations under this document are valid and binding and are enforceable against it in accordance with its terms; and
- (f) **(not representative capacity)** it is not entering into this document as trustee of any trust or settlement or otherwise in a representative capacity.

13.2 Fairfax representations and warranties

Subject to any matter, event or circumstance Disclosed to Nine, Fairfax represents and warrants to Nine (on its own behalf and separately as trustee or nominee for each Nine director) that each of the following statements is true and correct in all material respects as at the date of this document and as at 5.00pm on the Business Day immediately prior to the Second Court Date:

- (a) **(reliance)** the Fairfax Information contained in the Scheme Booklet will be included in good faith and on the understanding that Nine and its directors will rely on that information for the purposes of considering and approving the Nine Information in the Scheme Booklet before it is despatched, approving the entry into the Deed Poll and implementing the Scheme;
- (b) **(Fairfax Information)** the Fairfax Information provided in accordance with this document and included in the Scheme Booklet as at the date of the Scheme Booklet will not contain any material statement which is misleading or deceptive nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Listing Rules and all relevant regulatory guides and other guidelines and requirements of ASIC;
- (c) **(disclosure)** Fairfax has provided to Nine all information actually known to it (having made reasonable enquiries) as at the date of this document regarding matters affecting or relating to it:
 - (i) which is not already in the public domain; and
 - (ii) the disclosure of which might reasonably be expected to have resulted in Nine not entering into this document at all or only entering into this document on materially different terms;
- (d) **(complete and accurate)** all the information provided to Nine by Fairfax in connection with this document, whether under due diligence or not, has been prepared and provided in good faith, and Fairfax has not knowingly or recklessly:
 - (i) omitted anything from the information disclosed to Nine that would make any part of that information materially false or misleading;
 - (ii) included anything materially false or misleading in the information provided to Nine; or
 - (iii) denied access to requested material information with the intention of misleading Nine;
- (e) **(compliance)** to Fairfax's knowledge, the Fairfax Group has complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign governmental agencies having jurisdiction over it and has all material licenses, permits

and franchises necessary for it to conduct its respective businesses as presently being conducted;

- (f) **(opinions)** any statement of opinion or belief contained in the Fairfax Information is honestly held and there are reasonable grounds for holding the opinion or belief;
- (g) **(provision of information to Independent Expert)** all information provided by or on behalf of Fairfax to the Independent Expert to enable the Independent Expert's Report to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's Report;
- (h) **(no default)** neither Fairfax nor any of its Subsidiaries is in default under any material document, agreement or instrument binding on it or its assets nor has anything occurred which is or would with the giving of notice or lapse of time constitute an event of default, prepayment event or similar event, or give another party a termination right or right to accelerate any right or obligation, under any such document or agreement with such an effect;
- (i) **(no litigation)** no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or to its knowledge, threatened which, if adversely decided, could reasonably be expected to have a material adverse change or effect, or any development involving a prospective material adverse change or effect, in or affecting the business, operations, financial position or performance of the Fairfax Group (taken as a whole);
- (j) **(no other approvals)** to Fairfax's knowledge, no consents, approvals or other acts by a Regulatory Authority are necessary to implement the Scheme, other than the Regulatory Approvals;
- (k) **(securities)** Fairfax's issued securities as at the date of this document are:
 - (i) 2,299,475,546 Fairfax Shares (including 2,308,019 Fairfax Restricted Shares);
 - (ii) 16,154,370 Fairfax Options;
 - (iii) 9,559,247 Fairfax Performance Rights; and
 - (iv) 281 Fairfax Convertible Notes,and other than as Disclosed it has not issued or agreed to issue any other securities or instruments which are still outstanding and which may convert into Fairfax Shares;
- (l) **(no Encumbrances)** there are no material Encumbrances over all or any of its assets or revenues; and
- (m) **(Insolvency event)** no material member of the Fairfax Group is Insolvent.

13.3 Fairfax's indemnity

Fairfax indemnifies the Nine Indemnified Parties against all Losses incurred directly or indirectly as a result of any of the representations and warranties in clauses 13.1 or 13.2 not being true and correct.

13.4 Nine's representations and warranties

Subject to any matter, event or circumstance Disclosed to Fairfax, Nine represents and warrants to Fairfax (on its own behalf and separately as trustee or nominee for each of the Fairfax directors) that each of the following statements is true and correct in all material respects as at the date of this document and as at 5.00pm on the Business Day immediately prior to the Second Court Date:

- (a) **(reliance)** the Nine Information provided to Fairfax for inclusion in the Scheme Booklet will be provided in good faith and on the understanding that Fairfax and its directors will rely on that information for the purposes of preparing the Scheme Booklet and proposing and implementing the Scheme in accordance with the Corporations Act;
- (b) **(Nine Information)** the Nine Information provided in accordance with this document and included in the Scheme Booklet as at the date of the Scheme Booklet, will not contain any material statement which is misleading or deceptive nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Listing Rules and all relevant regulatory guides and other guidelines and requirements of ASIC;
- (c) **(disclosure)** Nine has provided to Fairfax all information actually known to it (having made reasonable enquiries) as at the date of this document regarding matters affecting or relating to it:
 - (i) which is not already in the public domain; and
 - (ii) the disclosure of which might reasonably be expected to have resulted in Fairfax not entering into this document at all or only entering into this document on materially different terms;
- (d) **(complete and accurate)** all the information provided to Fairfax by Nine in connection with this document, whether under due diligence or not, has been prepared and provided in good faith, and Nine has not knowingly or recklessly:
 - (i) omitted anything from the information disclosed to Fairfax that would make any part of that information materially false or misleading;
 - (ii) included anything materially false or misleading in the information provided to Fairfax; or
 - (iii) denied access to requested material information with the intention of misleading Fairfax;
- (e) **(compliance)** to Nine's knowledge, the Nine Group has complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign governmental agencies having jurisdiction over it and has all material licenses, permits and franchises necessary for it to conduct its businesses as presently being conducted;
- (f) **(opinions)** any statement of opinion or belief contained in the Nine Information is honestly held and there are reasonable grounds for holding the opinion or belief;
- (g) **(no dealing with Fairfax Shareholders)** neither it nor any of its associates has any agreement, arrangement or understanding with any

Fairfax Shareholder under which that Fairfax Shareholder (or an associate of that Fairfax Shareholder) would be entitled to receive consideration for their Fairfax Shares different from the Scheme Consideration or under which the Fairfax Shareholder agrees to vote in favour of the Scheme or against any Competing Transaction;

- (h) **(provision of information to Independent Expert)** all information provided by or on behalf of Nine to the Independent Expert to enable the Independent Expert's Report to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's Report;
- (i) **(no default)** neither Nine nor any of its Subsidiaries is in default under any material document, agreement or instrument binding on it or its assets nor has anything occurred which is or would with the giving of notice or lapse of time constitute an event of default, prepayment event or similar event, or give another party a termination right or right to accelerate any right or obligation, under any such document or agreement with such an effect;
- (j) **(no litigation)** no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or to its knowledge, threatened which, if adversely decided, could reasonably be expected to have a material adverse change or effect, or any development involving a prospective material adverse change or effect, in or affecting the business, operations, financial position or performance of the Nine Group (taken as a whole);
- (k) **(no other approvals)** to Nine's knowledge, no consents, approvals or other acts by a Regulatory Authority are necessary to implement the Scheme, other than the Regulatory Approvals;
- (l) **(securities)** Nine's issued securities as at the date of this document are 871,373,191 Nine Shares and 10,055,801 Nine Performance Rights, and other than as Disclosed it has not issued or agreed to issue any other securities or instruments which are still outstanding and which may convert into Nine Shares;
- (m) **(no Encumbrances)** there are no material Encumbrances over all or any of its assets or revenues; and
- (n) **(Insolvency event)** no material member of the Nine Group is Insolvent.

13.5 Nine's indemnity

Nine indemnifies the Fairfax Indemnified Parties against all Losses incurred directly or indirectly as a result of any of the representations and warranties in clauses 13.1 and 13.4 not being true and correct.

13.6 Reliance on representations and warranties

Each party acknowledges that the other party has executed this document and agreed to take part in the transactions that this document contemplates in reliance on the representations and warranties that are made in clauses 13.1, 13.2 and 13.4.

13.7 No representations made on economic or future matters

Each party acknowledges and agrees that the other party makes no representation or warranty other than as set out in this clause 13 and, in

particular, at no time has the other party made or given any representation or warranty in relation to the achievability of:

- (a) any economic, fiscal or other interpretations or evaluations by it; or
- (b) future matters, including future or forecast costs, prices, revenues or profits.

14 Termination

14.1 Termination events

This document may be terminated:

- (a) **(End Date)** by either party, if the Scheme has not become Effective on or before the End Date;
- (b) **(lack of support)** by Nine at any time prior to 8.00am on the Second Court Date if any of the directors of the Fairfax Board:
 - (i) changes its recommendation to the Scheme Participants that they vote in favour of the resolution to approve the Scheme, including any adverse modification to its recommendation, or otherwise makes a public statement indicating that it no longer supports the Scheme; or
 - (ii) recommend a Competing Transaction;
- (c) **(Fairfax material breach)** by Nine at any time prior to 8.00am on the Second Court Date, if:
 - (i) Fairfax is in material breach of clauses 3.2, 5.1 or 5.2; or
 - (ii) the representations and warranties in clauses 13.1 or 13.2(m) are not true and correct,

provided that Fairfax has, if practicable, given notice to Nine setting out the relevant circumstances and the relevant circumstances continue to exist 5 Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given;

- (d) **(Nine material breach)** by Fairfax at any time prior to 8.00am on the Second Court Date, if:
 - (i) Nine is in material breach of clauses 3.2, 5.1 or 5.3; or
 - (ii) the representations and warranties in clauses 13.1 or 13.4(n) are not true and correct,

provided that Nine has, if practicable, given notice to Fairfax setting out the relevant circumstances and the relevant circumstances continue to exist 5 Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given;

- (e) **(Competing Transaction)** by Fairfax if the Fairfax Board determines that a Competing Transaction that was not solicited, invited, encouraged or initiated in breach of clause 9.2 is a Superior Proposal and the processes in clauses 9.7 and clause 9.9 (if applicable) have been complied with;

- (f) **(consultation or appeal failure)** in accordance with and pursuant to:
 - (i) clause 3.6(a);
 - (ii) clause 3.6(b); or
 - (iii) clause 5.8; or
- (g) **(agreement)** if agreed to in writing by Nine and Fairfax.

14.2 Termination

Where a party has a right to terminate this document, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other party stating that it terminates this document.

14.3 Effect of Termination

If this document is terminated by either party, or if this document otherwise terminates in accordance with its terms, then in either case all further obligations of the parties under this document, other than the obligations set out in this clause and in clauses 5.8, 7.1 to 7.4 (inclusive), 10.2, 11.2, 13 and 15 to 22 (inclusive) will immediately cease to be of further force and effect without further liability of any party to the other, provided that nothing in this clause releases any party from liability for any pre-termination breach of this document.

14.4 Damages

- (a) In addition to the right of termination under clause 14.1 where there is no appropriate remedy for the breach in this document (other than termination), the non-defaulting party is entitled to damages for Losses suffered by it and expenses incurred by it as a result of the breach of the terms of this document.
- (b) The parties acknowledge that damages may not be a sufficient remedy for breach of this document. Specific performance, injunctive relief or any other remedies that would otherwise be available in equity or at law are available as a remedy for a breach or threatened breach of this document by any party, notwithstanding the ability of any party to terminate this document or seek damages for such a breach or threatened breach.

15 Public announcements

15.1 Public announcement of Scheme

Immediately after signing this document, Fairfax and Nine must issue a joint public announcement of the proposed Scheme in the form agreed between the parties.

15.2 Required disclosure

Where a party is required by any applicable law or any Listing Rule to make any announcement or make any disclosure in connection with the Scheme, it must use all reasonable endeavours, to the extent possible, to meaningfully consult with the other party prior to making the relevant disclosure.

15.3 Other announcements

Subject to clauses 15.1 and 15.2, no party may make any public announcement or disclosure in connection with the Scheme (including disclosure to a Regulatory Authority) other than in a form approved by each party (acting reasonably). Each party will use all reasonable endeavours to provide such approval as soon as practicable.

16 Confidential Information

16.3 Confidentiality and Exclusivity Deed

The parties agree to terminate the Confidentiality and Exclusivity Deed effective on due execution of this document.

16.4 Confidential Information

For the purposes of this clause 16, **Confidential Information** means the following information in whatever form:

- (a) all information in respect of the party disclosing the information (the **Disclosing Party**), provided by the Disclosing Party or any of its Representatives to the party receiving the information (the **Receiving Party**) or any of its Representatives; and
- (b) information created or derived from the information described in paragraph (a),

other than information that:

- (c) at the date of this document, was already in the public domain, or which subsequently comes into the public domain, other than by breach of any duty or obligation owed by the Receiving Party or any of its Representatives to the Disclosing Party or any of its Representatives;
- (d) at the time it was disclosed to the Receiving Party, was in the possession of the other party lawfully and without breach of any duty or obligation; or
- (e) has been disclosed to the other party as a Receiving Party and was not generally and publicly available at the date of disclosure, but subsequently, through no act or omission of the other party (or any person to whom it disclosed that information), becomes so available from another source.

16.5 Disclosure of Confidential Information

- (a) Subject to clause 16.5(b), each party must:
 - (i) treat as confidential, and keep confidential, all Confidential Information;
 - (ii) notify the other party immediately if it suspects or becomes aware that there may have been or has been any breach of this document, including becoming aware of any actual or suspected copying, or use or disclosure of Confidential Information other than in accordance with this document; and

- (iii) protect the confidentiality of the Confidential Information, and ensure that the confidentiality of the Confidential Information is maintained.
- (b) Each party as a Receiving Party may disclose Confidential Information:
 - (i) to any Representative of the Receiving Party;
 - (ii) with the prior written consent of the Disclosing Party on terms determined by the Disclosing Party, in each case, in the absolute discretion of the Disclosing Party; or
 - (iii) to the extent required by:
 - (A) law or Regulatory Authority;
 - (B) any applicable accounting standards; or
 - (C) order by any court,

provided the Receiving Party notifies the Disclosing Party that it may be required to Disclose Confidential Information and consults with the Disclosing Party with a view to agreeing in good faith the form, content, timing and manner of Disclosure, unless such notification and consultation requirement will breach any law or the requirements of the ASX Listing Rules.

17 Standstill

17.1 Restriction on Nine

Subject to clause 17.2, during the Exclusivity Period, Nine must not, and must make sure that members of the Nine Group do not, and must use reasonable endeavours to ensure its other Representatives do not:

- (a) acquire or offer to acquire, any securities or property or any right or option to acquire any Fairfax Shares or other securities in Fairfax unless it has received the prior written consent of Fairfax;
- (b) enter into any arrangements involving the conferring of rights the economic effect of which is equivalent, or substantially equivalent, to acquiring, holding or disposing of securities in Fairfax (including cash-settled derivative contracts, contracts for difference or other derivative contracts);
- (c) solicit proxies from Fairfax Shareholders or otherwise seek to influence or control the management or policies of Fairfax; or
- (d) intentionally procure, aid, abet, counsel or induce any other person in doing any of the things mentioned in this clause 17.1.

17.2 Exceptions

Clause 17.1 does not apply to any action required to be taken by Nine, members of the Nine Group or any other person under the Scheme.

17.3 Restrictions on Fairfax

Subject to clause 17.4, during the Exclusivity Period, Fairfax must not, and must make sure that members of the Fairfax Group, apart from the Specified Entities and their Subsidiaries, do not, and must use reasonable endeavours to ensure its other Representatives, including the Specified Entities and their Subsidiaries, do not:

- (a) acquire or offer to acquire, any securities or property or any right or option to acquire any Nine Shares or other securities in Nine unless it has received the prior written consent of Nine;
- (b) enter into any arrangements involving the conferring of rights the economic effect of which is equivalent, or substantially equivalent, to acquiring, holding or disposing of securities in Fairfax (including cash-settled derivative contracts, contracts for difference or other derivative contracts); or
- (c) intentionally procure, aid, abet, counsel or induce any other person in doing any of the things mentioned in this clause 17.3.

17.4 Exceptions

Clause 17.3 does not apply to any action required to be taken by Fairfax, members of the Fairfax Group or any other person under the Scheme.

18 Notices and other communications

18.1 Form

- (a) Unless this document expressly states otherwise, all notices, demands, certificates, consents, approvals, waivers and other communications in connection with this document must be in writing and signed by the sender (if an individual) or an Authorised Officer of the sender.
- (b) All communications (other than email communications) must also be marked for the attention of the person referred to in the Details (or, if the recipient has notified otherwise, then marked for attention in the way last notified).
- (c) Email communications must state the first and last name of the sender and are taken to be signed by the named sender.

18.2 Delivery

Communications must be:

- (a) left at the address referred to in the Details;
- (b) sent by regular ordinary post (airmail if appropriate) to the address referred to in the Details; or
- (c) sent by email to the address referred to in the Details.

If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

18.3 When effective

Communications take effect from the time they are received or taken to be received under clause 18.4 (“When taken to be received”) (whichever happens first) unless a later time is specified in the communication.

18.4 When taken to be received

Communications are taken to be received:

- (a) if sent by post, 6 Business Days after posting (or 10 days after posting if sent from one country to another);
- (b) if sent by email:
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) 4 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that delivery failed,

whichever happens first.

18.5 Receipt outside business hours

Despite anything else in this clause 18, if communications are received or taken to be received under clause 18.4 (“When taken to be received”) after 5.00pm on a Business Day or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day. For the purposes of this clause, the place in the definition of Business Day is taken to be the place specified in the Details as the address of the recipient and the time of receipt is the time in that place.

19 GST

19.1 Definitions and interpretation

For the purposes of this clause:

- (a) “**GST Act**” means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);
- (b) a term which has a defined meaning in the GST Act has the same meaning when used in this clause, unless the contrary intention appears; and
- (c) each periodic or progressive component of a supply to which section 156-5(1) of the GST Act applies will be treated as if it were a separate supply.

19.2 GST exclusive

Unless this document expressly states otherwise, all consideration to be provided under this document is exclusive of GST.

19.3 Payment of GST

- (a) If GST is payable, or notionally payable, on a supply in connection with this document, the party providing the consideration for the supply

agrees to pay to the supplier an additional amount equal to the amount of GST payable on that supply ("**GST Amount**").

- (b) Subject to the prior receipt of a tax invoice, the GST Amount is payable at the same time as the GST-exclusive consideration for the supply, or the first part of the GST-exclusive consideration for the supply (as the case may be), is payable or is to be provided.
- (c) This clause does not apply to the extent that the consideration for the supply is expressly stated to include GST or the supply is subject to a reverse-charge.

19.4 Adjustment events

If an adjustment event arises for a supply made in connection with this document, the GST Amount must be recalculated to reflect that adjustment. The supplier or the recipient (as the case may be) agrees to make any payments necessary to reflect the adjustment and the supplier agrees to issue an adjustment note.

19.5 Reimbursements

Any payment, indemnity, reimbursement or similar obligation that is required to be made in connection with this document which is calculated by reference to an amount paid by another party must be reduced by the amount of any input tax credits which the other party (or the representative member of any GST group of which the other party is a member) is entitled to. If the reduced payment is consideration for a taxable supply, clause 19.3 will apply to the reduced payment.

20 Costs

20.1 Costs

The parties agree to pay their own Costs in connection with the preparation, negotiation, execution and completion of this document, except for amounts covered by clause 20.2.

20.2 Stamp duty and registration fees

Nine:

- (a) agrees to pay or reimburse all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with this document or any other transaction contemplated by this document (including any fees, fines, penalties and interest in connection with any of those amounts); and
- (b) indemnifies Fairfax against, and agrees to reimburse and compensate it for, any liability in respect of stamp duty under clause 20.2(a).

Nine agrees to pay amounts due to Fairfax under this clause within 5 Business Days of demand from Fairfax.

21 General

21.1 Variation and waiver

A provision of this document, or right, power or remedy created under it, may not be varied or waived except in writing signed by the party to be bound.

21.2 Consents, approvals or waivers

By giving any approval, consent or waiver a party does not give any representation or warranty as to any circumstance in connection with the subject matter of the consent, approval or waiver.

21.3 Discretion in exercising rights

Unless this document expressly states otherwise, a party may exercise a right, power or remedy or give or refuse its consent, approval or a waiver in connection with this document in its absolute discretion (including by imposing conditions).

21.4 Partial exercising of rights

Unless this document expressly states otherwise, if a party does not exercise a right, power or remedy in connection with this document fully or at a given time, they may still exercise it later.

21.5 Conflict of interest

Each party may exercise their rights, powers and remedies in connection with this document even if this involves a conflict of duty or they have a personal interest in their exercise.

21.6 Remedies cumulative

The rights, powers and remedies in connection with this document are in addition to other rights, powers and remedies given by law independently of this document.

21.7 Indemnities and reimbursement obligations

Any indemnity, reimbursement or similar obligation in this document.

- (a) is a continuing obligation despite the satisfaction of any payment or other obligation in connection with this document, any settlement or any other thing;
- (b) is independent of any other obligations under this document; and
- (c) continues after this document, or any obligation arising under it, ends.

It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity in connection with this document.

21.8 Inconsistent law

To the extent the law permits, this document prevails to the extent it is inconsistent with any law.

21.9 Supervening law

Any present or future law which operates to vary the obligations of a party in connection with this document with the result that another party's rights, powers or remedies are adversely affected (including, by way of delay or postponement) is excluded except to the extent that its exclusion is prohibited or rendered ineffective by law.

21.10 Counterparts

This document may consist of a number of copies, each signed by one or more parties to it. If so, the signed copies are treated as making up a single document.

21.11 Entire agreement

This document constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

21.12 Further steps

Each party agrees to do anything (such as obtaining consents, signing and producing documents, producing receipts and getting documents completed and signed), which the other party asks and considers necessary to:

- (a) bind the party and any other person intended to be bound under this document; or
- (b) show whether the party is complying with this document.

21.13 No liability for loss

Unless this document expressly states otherwise, a party is not liable for any loss, liability or costs arising in connection with the exercise or attempted exercise of, failure to exercise, or delay in exercising, a right, power or remedy in connection with this document.

21.14 Severability

If the whole or any part of a provision of this document is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this document has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause has no effect if the severance alters the basic nature of this document or is contrary to public policy.

21.15 No merger

No provisions of this document merge on the implementation of the Scheme.

21.16 Rules of construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this document or any part of it.

21.17 Assignment

A party may not assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied without the consent of the other party.

21.18 Enforceability

For the purpose of this document:

- (a) Fairfax is taken to be acting as agent and trustee on behalf of and for the benefit of all Fairfax Indemnified Parties; and
- (b) Nine is taken to be acting as agent and trustee on behalf of and for the benefit of all Nine Indemnified Parties,

and all of those persons are to this extent taken to be parties to this document.

21.19 No representation or reliance

Each party acknowledges that:

- (a) no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this document, except for representations or inducements expressly set out in this document;
- (b) it does not enter into this document in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this document; and
- (c) clauses 21.19(a) and 21.19(b) above do not prejudice any rights a party may have in relation to information which had been filed by the other party with ASIC or ASX.

22 Governing law

22.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. The parties submit to the non-exclusive jurisdiction of the courts of that place.

22.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address for service of notices under clause 18.2.

EXECUTED as an agreement

Scheme Implementation Agreement

Schedule 1 Timetable (clause 5.1)

Day	Event
26 July	Scheme Implementation Agreement signed and scheme of arrangement announced
Week commencing 30 July	Drafting of the Scheme Booklet and incidental documents commences and independent expert is engaged ACCC consultation commences
Week commencing 17 September	Provision of draft Scheme Booklet and Independent Expert Report to ASIC for review and comment.
Week commencing 8 October	Provision of Scheme Booklet and Independent Expert Report and further evidence to the Court for its review ahead of the First Court Date
Week commencing 15 October	First Court Date The Court makes orders convening the Scheme Meeting Scheme Booklet to be amended to make any changes required by the Court
Week commencing 15 October	Scheme Booklet and Independent Expert Report is printed Scheme Booklet and Independent Expert Report is registered with ASIC, published on ASX and sent to Fairfax Shareholders
Week commencing 15 October	Notice of date of Second Court Date published
14 November	Nine AGM
Week commencing 19 November	Scheme Meeting held Fairfax Shareholders approve the proposed scheme of arrangement by the required majorities
Week commencing 19 November	Results of Scheme Meeting are announced to ASX
Week commencing 19 November	Provision of evidence to the Court ahead of the Second Court Date
Week commencing 26 November	Second Court Date Court approves the scheme of arrangement
Week commencing 26 November	Copy of Court orders approving the scheme are lodged with ASIC Scheme becomes effective (Effective Date) Nine to lodge a preliminary Appendix 3B with the ASX applying for quotation of the New Nine Shares

Day	Event
Week commencing 26 November	New Nine Shares commence trading on the ASX on a deferred settlement basis
Week commencing 3 December	Fairfax Shares are suspended from trading on the ASX
Week commencing 3 December	Scheme record date for determining entitlements to the Scheme Consideration (Record Date)
Week commencing 3 December	<p>Implementation Date</p> <p>Nine issues the Scrip Scheme Consideration and pays the Cash Scheme Consideration to those Scheme Participants and Scheme Participants' shares are transferred to Nine</p> <p>Nine to lodge final Appendix 3B with the ASX applying for quotation of the precise number of New Nine Shares issued as Scrip Scheme Consideration</p>

The parties acknowledge that they may be required to amend the Timetable to allow for delays, for example as a result of engagement with a Regulatory Authority, and agree to negotiate in good faith and promptly to amend the dates and other relevant content to account for the delay.

Scheme Implementation Agreement

Signing page

DATED: 25 July 2018

EXECUTED by **FAIRFAX MEDIA LIMITED** in accordance with section 127(1) of the *Corporations Act 2001* (Cth) by authority of its directors:



Signature of director

N.G. FALLON

Name of director (block letters)

Signature of director/company secretary*

*delete whichever is not applicable

CAROL HAMBLY

Name of director/company secretary* (block letters)

*delete whichever is not applicable

EXECUTED by **NINE ENTERTAINMENT CO. HOLDINGS LIMITED** in accordance with section 127(1) of the *Corporations Act 2001* (Cth) by authority of its directors:

Signature of director

Name of director (block letters)

Signature of director/company secretary*

*delete whichever is not applicable

Name of director/company secretary* (block letters)

*delete whichever is not applicable

Scheme Implementation Agreement

Signing page

DATED: 25 July 2018

EXECUTED by FAIRFAX MEDIA
LIMITED in accordance with section
127(1) of the *Corporations Act 2001*
(Cth) by authority of its directors:


.....
Signature of director

.....
Name of director (block letters)

.....
Signature of director/company
secretary*
*delete whichever is not applicable


.....
Name of director/company secretary*
(block letters)
*delete whichever is not applicable

EXECUTED by NINE
ENTERTAINMENT CO. HOLDINGS
LIMITED in accordance with section
127(1) of the *Corporations Act 2001*
(Cth) by authority of its directors:


.....
Signature of director

HUGH MARKS

.....
Name of director (block letters)


.....
Signature of director/company
secretary*

*delete whichever is not applicable

RACHEL LAUNDERS

.....
Name of director/company secretary*
(block letters)
*delete whichever is not applicable

Scheme Implementation Agreement

Annexure A Scheme of Arrangement

Scheme of Arrangement

Dated 2018

Fairfax Media Limited (ABN 15 008 663 161) ("**Fairfax**")

Scheme Participants

King & Wood Mallesons

Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.kwm.com

Scheme of Arrangement

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Scheme of Arrangement

Details

Parties

Fairfax	Name	FAIRFAX MEDIA LIMITED
	ABN	15 008 663 161
	Formed in	Australia
	Address	1 Darling Island Road, Pyrmont, New South Wales 2009
	Email	ghambly@fairfaxmedia.com.au
	Attention	General Counsel

Scheme Participants	Each person registered as a holder of fully paid ordinary shares in Fairfax as at 7.00pm on the Record Date.
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Governing law	New South Wales
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General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited or the market operated by it, as the context requires.

Business Day means a business day as defined in the Listing Rules.

Cash Scheme Consideration means \$0.025 for each Fairfax Share held at 7:00pm on the Record Date.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act agreed in writing by Nine and Fairfax.

Deed Poll means the deed poll dated [insert date] executed by Nine substantially in the form of Annexure B of the Scheme Implementation Agreement or as otherwise agreed by Nine and Fairfax under which Nine covenants in favour of each Scheme Participant to perform its obligations under this Scheme.

Details means the section of this agreement headed “Details”.

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any “security interest” as defined in sections 12(1) or (2) of the PPSA, or any agreement to create any of them or allow them to exist.

End Date means 1 March 2019 or such other date as is agreed by Nine and Fairfax.

Fairfax Convertible Note means a Convertible Note issued under the Terms and Conditions of Debentures dated 11 December 1991 which can be converted into one Fairfax Share.

Fairfax Share means a fully paid ordinary share in the capital of Fairfax.

Fairfax Shareholder means each person registered in the Register as a holder of Fairfax Shares.

Immediately Available Funds means a bank cheque or other form of cleared funds acceptable to Fairfax.

Implementation Date means the fifth Business Day following the Record Date or such other date as is agreed by Nine and Fairfax.

Ineligible Overseas Shareholder means a Fairfax Shareholder who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than (and is not a resident of) Australia and its external territories and New Zealand, or whose address shown in the Register is a place outside Australia and its external territories and New Zealand or who is acting on behalf of such a person unless Nine and Fairfax jointly determine that:

- (a) it is lawful and not unduly onerous and not unduly impracticable to issue that Fairfax Shareholder with New Nine Shares when the Scheme becomes Effective; and
- (b) it is lawful for that Fairfax Shareholder to participate in the Scheme by the law of the relevant place outside Australia and its external territories and New Zealand.

Ineligible Overseas Shareholder Sale Facility means the facility to be conducted in accordance with clause 6.7.

Listing Rules means the Listing Rules of the ASX.

New Nine Shares means the Nine Shares to be issued to Scheme Participants as Scheme Consideration.

Nine means Nine Entertainment Co. Holdings Limited (ABN 60 122 203 892).

Nine Share means a fully paid ordinary share in the capital of Nine.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Record Date means the fifth Business Day following the Second Court Date or such other date as Fairfax and Nine agree.

Register means the register of members of Fairfax maintained by or on behalf of Fairfax in accordance with section 168(1) of the Corporations Act.

Registered Address means, in relation to a Fairfax Shareholder, the address shown in the Register.

Scheme means this scheme of arrangement between Fairfax and Scheme Participants under which all of the Scheme Shares will be transferred to Nine under Part 5.1 of the Corporations Act as described in clause 6 of this Scheme, in consideration for the Scheme Consideration, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by Fairfax and Nine in accordance with clause 10 of this Scheme.

Scheme Consideration means the consideration payable by Nine for the transfer of Fairfax Shares held by a Scheme Participant to Nine, being, in respect of each Fairfax Share:

- (a) the Cash Scheme Consideration; and
- (b) the Scrip Scheme Consideration.

Scheme Implementation Agreement means the scheme implementation agreement dated [insert date] between Fairfax and Nine under which, amongst other things, Fairfax has agreed to propose this Scheme to Fairfax Shareholders, and each of Nine and Fairfax has agreed to take certain steps to give effect to this Scheme.

Scheme Meeting means the meeting of Fairfax Shareholders, ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act at which Fairfax Shareholders will vote on this Scheme.

Scheme Participant means each person who is a Fairfax Shareholder as at 7.00pm on the Record Date.

Scheme Share means a Fairfax Share held by a Scheme Participant as at the Record Date and, for the avoidance of doubt, includes any Fairfax Shares issued on or before the Record Date.

Scrip Scheme Consideration means 0.3627 New Nine Shares for each Fairfax Share held at 7:00pm on the Record Date.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Share Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Subsidiary has the meaning given to it in the Corporations Act.

Trust Account means the trust account operated by or on behalf of Fairfax to hold the Scrip Scheme Consideration on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with clause 6.2 of this Scheme.

1.2 General interpretation

Headings and labels used for definitions are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to a document also includes any variation, replacement or novation of it;
- (d) the meaning of general words is not limited by specific examples introduced by “including”, “for example”, “such as” or similar expressions;
- (e) a reference to “**person**” includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;
- (f) a reference to a particular person includes the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

- (g) a reference to a time of day is a reference to Australian Eastern Standard Time;
- (h) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (i) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (j) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually;
- (k) a reference to any thing (including an amount) is a reference to the whole and each part of it;
- (l) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (m) if a party must do something under this document on or by a given day and it is done after 5.00pm on that day, it is taken to be done on the next day; and
- (n) if the day on which a party must do something under this document is not a Business Day, the party must do it on the next Business Day.

2 Preliminary

2.1 Fairfax

Fairfax is:

- (a) a public company limited by shares;
- (b) incorporated in Australia and registered in Australian Capital Territory; and
- (c) admitted to the official list of the ASX and Fairfax Shares are officially quoted on the stock market conducted by ASX.

As at [insert date], Fairfax's issued securities comprise 2,299,475,546 Fairfax Shares and 281 Fairfax Convertible Notes.

2.2 Nine

Nine is:

- (a) a public company limited by shares; and
- (b) incorporated in Australia and registered in Victoria.

2.3 If Scheme becomes Effective

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to Nine, Fairfax will procure Nine to provide the Scheme Consideration to Fairfax on behalf of each Scheme Participant in accordance with the terms of this Scheme;

- (b) all Scheme Shares will be transferred to Nine on the Implementation Date; and
- (c) Fairfax will enter the name of Nine in the Register in respect of all Scheme Shares transferred to Nine in accordance with the terms of this Scheme.

2.4 Scheme Implementation Agreement

Fairfax and Nine have agreed by executing the Scheme Implementation Agreement to implement the terms of this Scheme.

2.5 Deed Poll

Nine has executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide the Scheme Consideration.

3 Conditions precedent

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date, the Deed Poll not having been terminated;
- (b) all of the conditions precedent in clause 3.1 of the Scheme Implementation Agreement having been satisfied or waived (other than the conditions precedent in item 3.1(b) and 3.1(c)) in accordance with the terms of the Scheme Implementation Agreement;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, Fairfax and Nine having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act; and
- (d) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

3.2 Conditions precedent and operation of clause 5

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of clause 5 of this Scheme.

3.3 Certificate in relation to conditions precedent

Fairfax and Nine must provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(c) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

The certificate referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1 of this Scheme (other

than the condition precedent in clause 3.1(c) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

4 Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 End Date

This Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date.

5 Implementation of Scheme

5.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(d) of this Scheme) are satisfied, Fairfax must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 4.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as Nine and Fairfax agree in writing.

5.2 Transfer and registration of Fairfax Shares

On the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clause 6 of this Scheme and Nine having provided Fairfax with written confirmation of the provision of the Scheme Consideration:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Nine without the need for any further act by any Scheme Participant (other than acts performed by Fairfax as attorney and agent for Scheme Participants under clause 8 of this Scheme) by:
 - (i) Fairfax delivering to Nine a duly completed and executed Share Scheme Transfer executed on behalf of the Scheme Participants; and
 - (ii) Nine duly executing the Share Scheme Transfer and delivering it to Fairfax for registration; and
- (b) as soon as practicable after receipt of the duly executed Share Scheme Transfer, Fairfax must enter the name of Nine in the Register in respect of all Scheme Shares transferred to Nine in accordance with the terms of this Scheme.

5.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to Nine of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

5.4 Title and rights in Fairfax Shares

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on and from the Implementation Date, Nine will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by Fairfax of Nine in the Register as the holder of the Scheme Shares.

5.5 Scheme Participants' agreements

Under this Scheme, each Scheme Participant agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme.

5.6 Warranty by Scheme Participants

Each Scheme Participant warrants to Nine and is deemed to have authorised Fairfax to warrant to Nine as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Nine under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Nine under the Scheme.

5.7 Transfer free of Encumbrances

To the extent permitted by law, all Fairfax Shares (including any rights and entitlements attaching to those shares) which are transferred to Nine under this Scheme will, at the date of the transfer of them to Nine, vest in Nine free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

5.8 Nomination of acquirer Subsidiary

If Nine nominates a **Nine Nominee** (as defined in clause 2.3 of the Scheme Implementation Agreement) to acquire Fairfax Shares under the Scheme references to the transfer of Scheme Shares to Nine and the entering of Nine into the Register, will be read as references to Nine Nominee.

6 Scheme Consideration

6.1 Consideration under the Scheme

On the Implementation Date, Fairfax must procure that, in consideration for the transfer to Nine of the Fairfax Shares, Nine:

- (a) pays to the Scheme Participants the Cash Scheme Consideration; and
- (b) issues to the Scheme Participants (or to the nominee in the case of Ineligible Overseas Shareholders, in accordance with clause 6.7) the Scrip Scheme Consideration,

in accordance with this clause 6.

6.2 Satisfaction of obligations

The obligation of Nine to procure payment of the Cash Scheme Consideration pursuant to clause 6.1 of this Scheme will be satisfied by Fairfax procuring Nine no later than 2 Business Days before the Implementation Date to deposit (or procure the deposit) in Immediately Available Funds the aggregate amount of the Cash Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited will be to Nine's account).

6.3 Payment of Cash Scheme Consideration

Within 2 Business Days after the Implementation Date, subject to receipt of the Scheme Consideration from Nine in accordance with clause 6.2 of this Scheme, Fairfax must pay to each Scheme Participant an amount equal to the Cash Scheme Consideration for each Scheme Share transferred to Nine on the Implementation Date by that Scheme Participant.

Unless otherwise directed by the Scheme Participants before the Record Date, the amounts referred to in this clause 6.3 of this Scheme must be paid by direct credit or sending a cheque drawn on an Australian bank in Australian currency on the Implementation Date to each Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their address recorded in the Register at 7.00pm on the Record Date.

6.4 Unclaimed monies

Fairfax may cancel a cheque issued under clause 6.3 of this Scheme if the cheque:

- (a) is returned to Fairfax; or
- (b) has not been presented for payment within 6 months after the date on which the cheque was sent.

During the period of 1 year commencing on the Implementation Date, on request from a Scheme Participant, Fairfax must reissue a cheque that was previously cancelled under this clause 6.4.

6.5 Orders of a Court

In the case of notice having been given to Fairfax (or the Registry) of an order made by a court of competent jurisdiction:

- (a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant in accordance with clause 6 of this Scheme, then Fairfax must procure that payment is made in accordance with that order; or
- (b) which would prevent Fairfax from dispatching payment to any particular Scheme Participant in accordance with clause 6.3 of this Scheme, Fairfax will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Cash Scheme Consideration until such time as payment in accordance with clause 6.3 of this Scheme is permitted by law.

6.6 Scheme participants' agreements

Under this Scheme, each Scheme Participant (and the nominee on behalf of the Ineligible Overseas Shareholders) irrevocably:

- (a) agrees to become a member of Nine, to have their name entered in the Nine register, accepts the Nine Shares issued to them and agrees to be bound by the Nine constitution;
- (b) agrees and acknowledges that the issue of Nine Shares in accordance with clause 6.1 constitutes satisfaction of all that person's entitlements under this Scheme;
- (c) acknowledges that the Scheme binds Fairfax and all of the Scheme Participants from time to time (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting); and
- (a) consents to Fairfax and Nine doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it.

6.7 Ineligible Overseas Shareholder Sale Facility

Where a Scheme Participant is an Ineligible Overseas Shareholder, each Ineligible Overseas Shareholder authorises Nine to:

- (a) issue to a nominee appointed by Nine any Nine Shares to which an Ineligible Overseas Shareholder would otherwise be entitled to (**Relevant Nine Shares**);
- (b) procure, as soon as reasonably practicable after the Implementation Date, and in no event no more than 30 days after the Implementation Date, that the nominee:
 - (i) sells or procures the sale of all of the Relevant Nine Shares issued to the nominee pursuant to clause 6.7(a), in the ordinary course of trading on the ASX at such price as the nominee determines in good faith; and
 - (ii) remits to Nine the proceeds of sale (free of any applicable brokerage, stamp duty and other selling costs, taxes and charges, which are to be paid by Nine); and
- (c) promptly after the last sale of the Relevant Nine Shares in accordance with clause 6.7(b)(i), pay to each Ineligible Overseas Shareholder an amount equal to the proportion of the net proceeds of sale received by Nine under clause 6.7(b)(ii) to which that Ineligible Overseas Shareholder is entitled, in full satisfaction of their entitlement to the Relevant Nine Shares.

Neither Fairfax nor Nine make any representation as to the amount of proceeds of sale to be received by Ineligible Overseas Shareholders under the Ineligible Overseas Shareholder Sale Facility. Both Fairfax and Nine expressly disclaim any fiduciary duty to the Ineligible Overseas Shareholders which may arise in connection with the Ineligible Overseas Shareholder Sale Facility.

6.8 Shares to rank equally

Nine covenants in favour of Fairfax (in its own right and on behalf of the Scheme Participants) that:

- (a) the New Nine Shares will rank equally in all respects with all existing Nine Shares;
- (b) it will do everything reasonably necessary to ensure that trading in the New Nine Shares commences by the first Business Day after the Implementation Date; and
- (c) on issue, each New Nine Share will be fully paid and free from any Encumbrance.

6.9 Joint holders

In the case of Fairfax Shares held in joint names:

- (a) any Nine Shares to be issued under this Scheme must be issued and registered in the names of the joint holders and entry in the Nine Register must take place in the same order as the holders' names appear in the Register;
- (b) any cheque required to be sent under this Scheme will be payable to the joint holders and sent to either, at the sole discretion of Fairfax, the holder whose name appears first in the Register as at the Record Date or to the joint holders; and
- (c) any document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Fairfax, the holder whose name appears first in the Register as at the Record Date or to the joint holders.

7 Dealings in Scheme Shares

7.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares will only be recognised by Fairfax if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before 7.00pm on the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before 7.00pm on the Record Date at the place where the Register is kept.

7.2 Register

Fairfax must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) of this Scheme on or before 7.00pm on the Record Date.

7.3 No disposals after Effective Date

If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way

except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.

Fairfax will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after 7.00pm on the Record Date (except a transfer to Nine pursuant to this Scheme and any subsequent transfer by Nine or its successors in title).

7.4 Maintenance of Fairfax Register

For the purpose of determining entitlements to the Scheme Consideration, Fairfax will maintain the Register in accordance with the provisions of this clause 7.4 until the Scheme Consideration has been issued to the Scheme Participants and Nine has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to Nine contemplated in clauses 5.2 and 7.4 of this Scheme, any statements of holding in respect of Scheme Shares will cease to have effect after 7.00pm on the Record Date as documents of title in respect of those shares (other than statements of holding in favour of Nine and its successors in title). After 7.00pm on the Record Date, each entry current on the Register as at 7.00pm on the Record Date (other than entries in respect of Nine or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration.

7.6 Details of Scheme Participants

Within 3 Business Days after the Record Date Fairfax will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at 7.00pm on the Record Date are available to Nine in such form as Nine reasonably requires.

7.7 Quotation of Fairfax Shares

Suspension of trading on ASX in Fairfax Shares will occur from the close of trading on ASX on the Effective Date.

7.8 Termination of quotation of Fairfax Shares

After the Scheme has been fully implemented, Fairfax will apply:

- (a) for termination of the official quotation of Fairfax Shares on ASX; and
- (b) to have itself removed from the official list of the ASX.

8 Power of attorney

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints Fairfax and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- (a) executing any document necessary or expedient to give effect to this Scheme including the Share Scheme Transfer;

- (b) enforcing the Deed Poll against Nine,
and Fairfax accepts such appointment.

9 Notices

9.1 No deemed receipt

If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Fairfax, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Fairfax's registered office or at the office of the registrar of Fairfax Shares.

9.2 Accidental omission

The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

10 General

10.1 Variations, alterations and conditions

Fairfax may, with the consent of Nine (which cannot be unreasonably withheld), by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.

10.2 Further action by Fairfax

Fairfax will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

10.3 Authority and acknowledgement

Each of the Scheme Participants:

- (a) irrevocably consents to Fairfax and Nine doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds Fairfax and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that Meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Fairfax.

10.4 No liability when acting in good faith

Without prejudice to the parties' rights under the Scheme Implementation Agreement, neither Fairfax nor Nine, nor any of their respective officers, will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

10.5 Enforcement of Deed Poll

Fairfax undertakes in favour of each Scheme Participant to enforce the Deed Poll against Nine on behalf of and as agent and attorney for the Scheme Participants.

10.6 Stamp duty

Nine will pay all stamp duty (including any fines, penalties and interest) payable in connection with this Scheme.

11 Governing law

11.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. The parties submit to the non-exclusive jurisdiction of the courts of that place.

11.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address set out in the Details.

Scheme Implementation Agreement

Annexure B Deed Poll

Deed Poll

Dated 2018

Nine Entertainment Co. Holdings Limited (ABN 60 122 203 892) ("**Nine**")

In favour of each person registered as a holder of fully paid ordinary shares in Fairfax Media Limited (ABN 15 008 663 161) ("**Fairfax**") as at 7.00pm on the Record Date ("**Scheme Participants**")

King & Wood Mallesons

Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.kwm.com

Deed Poll

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Deed Poll

Details

Parties

Nine	Name	NINE ENTERTAINMENT CO. HOLDINGS LIMITED
	ABN	60 122 203 892
	Formed in	Australia
	Address	24 Artarmon Road, Willoughby, New South Wales 2068
	Email	rlaunders@nine.com.au
	Attention	General Counsel

In favour of	Each registered holder of fully paid ordinary shares in Fairfax as at 7.00 pm on the Record Date.
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Governing law	New South Wales
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Recitals	A	The directors of Fairfax have resolved that Fairfax should propose the Scheme.
	B	The effect of the Scheme will be that all Scheme Shares will be transferred to Nine.
	C	Fairfax and Nine have entered into the Scheme Implementation Agreement.
	D	In the Scheme Implementation Agreement, Nine agreed (amongst other things) to provide the Scheme Consideration to Fairfax on behalf of the Scheme Participants, subject to the satisfaction of certain conditions.
	E	Nine is entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to perform its obligations in relation to the Scheme.

Deed Poll

General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

Authorised Officer means a director or secretary of a party or any other person nominated by a party to act as an Authorised Officer for the purposes of this document.

Scheme Implementation Agreement means the scheme implementation agreement dated [insert date] between Fairfax and Nine under which, amongst other things, Fairfax has agreed to propose the Scheme to Fairfax Shareholders, and each of Nine and Fairfax has agreed to take certain steps to give effect to the Scheme.

Scheme means the proposed scheme of arrangement between Fairfax and Scheme Participants under which all the Scheme Shares will be transferred to Nine under Part 5.1 of the Corporations Act, substantially in the form of Annexure A to this deed poll, or as otherwise agreed by Nine and Fairfax, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent they are approved in writing by Fairfax and Nine in accordance with clause 10 of the Scheme.

All other words and phrases used in this document have the same meaning as given to them in the Scheme or the Scheme Implementation Agreement, as applicable.

1.2 General interpretation

Clause 1.2 of the Scheme applies to this document.

1.3 Nature of deed poll

Nine acknowledges that this document may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it.

2 Conditions precedent and termination

2.1 Conditions precedent

Nine's obligations under clause 4 are subject to the Scheme becoming Effective.

2.2 Termination

Nine's obligations under this document will automatically terminate and the terms of this document will be of no further force or effect if:

- (a) the Scheme has not become Effective on or before the End Date; or

- (b) the Scheme Implementation Agreement is terminated in accordance with its terms.

2.3 Consequences of termination

If this document is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) Nine is released from its obligations to further perform this document except those obligations contained in clause 7.2 and any other obligations which by their nature survive termination; and
- (b) each Scheme Participant retains the rights, powers or remedies they have against Nine in respect of any breach of this document which occurs before it is terminated.

3 Performance of obligations generally

Nine will comply with its obligations under the Scheme Implementation Agreement and do all acts and things necessary or desirable on its part to give full effect to the Scheme.

4 Scheme Consideration

4.1 Compliance with Scheme obligations generally

Subject to clause 2, Nine covenants in favour of Scheme Participants to observe and perform the steps attributed to it under, and otherwise to comply with, the Scheme as if named as a party to the Scheme and do all acts and things necessary to give effect to the Scheme.

4.2 Provision of Scrip Scheme Consideration

- (a) Subject to clause 2, Nine will on the Implementation Date, issue to each Scheme Participant (or to a nominee appointed by Nine in respect of Ineligible Overseas Shareholders) the Scrip Scheme Consideration in accordance with clause 6 of the Scheme.
- (b) The Nine Shares to be issued under the Scheme will be validly issued and fully paid up and will rank equally in all respect with all other Nine Shares on issue as at the Implementation Date.

4.3 Payment of Cash Scheme Consideration

Subject to clause 2, Nine covenants in favour of each Scheme Participant to pay the Cash Scheme Consideration to the Trust Account on behalf of each Scheme Participant in accordance with the Scheme.

4.4 Manner of payment

Nine's undertaking to provide the Cash Scheme Consideration to Fairfax on behalf of each Scheme Participant is satisfied by Nine, no later than 2 Business Days before the Implementation Date, depositing in Immediately Available Funds the aggregate amount of the Cash Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited will be to Nine's account).

4.5 Joint holders

In the case of Scheme Shares held in joint names any bank cheque required to be paid to Scheme Participants by Nine must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at 7.00pm on the Record Date.

5 Representations and warranties

Nine represents and warrants that:

- (a) **(status)** it has been incorporated or formed in accordance with the laws of its place of incorporation or formation, is validly existing under those laws and has power and authority to own its assets and carry on its business as it is now being conducted;
- (b) **(power)** it has power to enter into this document, to comply with its obligations under it and exercise its rights under it;
- (c) **(no contravention)** the entry by it into, its compliance with its obligations and the exercise of its rights under, this document do not and will not conflict with:
 - (i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded;
 - (ii) any law binding on or applicable to it or its assets; or
 - (iii) any Encumbrance or document binding on or applicable to it;
- (d) **(authorisations)** it has in full force and effect each authorisation necessary for it to enter into this document, to comply with its obligations and exercise its rights under it, and to allow them to be enforced;
- (e) **(validity of obligations)** its obligations under this document are valid and binding and are enforceable against it in accordance with its terms; and
- (f) **(solvency)** is not Insolvent.

6 Continuing obligations

This document is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Nine has fully performed its obligations under this document; or
- (b) the earlier termination of this document under clause 2.2.

7 Costs

7.1 Costs

If the Scheme becomes Effective, Nine agrees to pay all costs in respect of the Scheme (including, in connection with the transfer of Fairfax Shares to Nine in accordance with the terms of the Scheme) except for amounts covered by clause 7.2.

7.2 Stamp duty and registration fees

Nine:

- (a) agrees to pay or reimburse all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with this document or any other transaction contemplated by this document (including any fees, fines, penalties and interest in connection with any of these amounts); and
- (b) indemnifies each Scheme Participant against, and agrees to reimburse and compensate it, for any liability in respect of stamp duty under clause 7.2(a).

8 Notices

Notices and other communications in connection with this document must be in writing. They must be sent to the address or email address referred to in the Details and (except in the case of email) marked for the attention of the person referred to in the Details. If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

9 General

9.1 Variation

A provision of this document or any right created under it may not be varied, altered or otherwise amended unless:

- (a) the variation is agreed to by Fairfax and Nine in writing; and
- (b) the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event Nine must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

9.2 Partial exercising of rights

Unless this document expressly states otherwise, if Nine does not exercise a right, power or remedy in connection with this document fully or at a given time, it may still exercise it later.

9.3 Remedies cumulative

The rights, powers and remedies in connection with this document are in addition to other rights, powers and remedies given by law independently of this document.

9.4 Assignment or other dealings

The Nine and each Scheme Participant may not assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied without the consent of Nine and Fairfax.

9.5 Further steps

Nine agrees to do anything including executing all documents and do all things (on its own behalf or on behalf of each Scheme Participant) necessary or expedient to give full effect to this document and the transactions contemplated by it.

10 Governing law and jurisdiction

10.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. Nine submits to the non-exclusive jurisdiction of the courts of that place.

10.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on Nine by being delivered or left at Nine's address set out in the Details.

EXECUTED as a deed poll

Deed Poll

Annexure A - Scheme