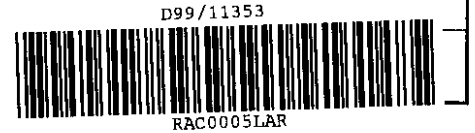


TRADE PRACTICES ACT 1974

UNDERTAKING TO THE TRADE PRACTICES COMMISSION OPEN SUBMISSION
TO SECTION 87B

by

Austereo Limited (ACN 007 914 641) ('



BACKGROUND

Village Roadshow Limited (ACN 010 672 054) ("Village") and Austereo Limited (ACN 007 914 641) ("Austereo") propose to merge their radio networks in the manner described in the Announcement and Heads of Agreement between Village and Austereo dated 26 September 1994, copies of which are attached as Annexure 1 (the "proposed merger").

Village and/or certain related bodies corporate directly or indirectly own or control the following commercial radio broadcasting licences:

Licence Call Sign	Location
2MMM	Sydney
3MMM	Melbourne
4MMM	Brisbane
6NOW (6MMM)	Perth
5KKA (5MMM)	Adelaide

Village and/or certain related bodies corporate directly or indirectly own, control or have an interest in certain radio transmission facilities which are owned by the following companies:

Owner of Transmission Facilities	Location of Transmission Facilities	Village Interest in the Transmission Facilities
Sydney FM Facilities Pty Ltd	Sydney	50% Interest in the owner
Melbourne FM Facilities Pty Ltd	Melbourne	25% Interest in the owner
Television & Telecasters (Properties) Pty Ltd	Brisbane	Lease of part of the facilities - shared access to antenna
Perth FM Facilities Pty Ltd	Perth	33% Interest in the owner
State Bank of South Australia	Adelaide	Lease of part of Australis Centre
Television Broadcasters Ltd		
South Australian Telecasters Ltd	Adelaide	Licence of part land-shared access to antenna

Austereo and/or certain related bodies corporate directly or indirectly own, control or have an interest in the following commercial radio broadcasting licences:

Licence Call Sign	Location
3FOX (FOX FM)	Melbourne
3KKZ (Gold 104FM)	Melbourne
5SSA (SAFM)	Adelaide
2ROC (FM 104.7)	Canberra
2CA	Canberra
2DAY	Sydney
4BBB (B105 FM)	Brisbane

In addition, Austereo provides programming, research and sales representation services to the commercial radio stations PMFM and KYFM in Perth pursuant to an agreement executed in or around September 1993 with Consolidated Broadcasting Systems Limited and an agreement dated 3 February 1994 with Consolidated Broadcasting Systems Limited and 6KY Pty Ltd ("the PMFM and KYFM Arrangements").

Austereo and/or certain related bodies corporate directly or indirectly own, control or have an interest in certain radio transmission facilities which are owned by the following companies:

Owner of Transmission Facilities	Location of Transmission Facilities	Austereo Interest in the Transmission Facilities
Sydney FM Facilities Pty Ltd	Sydney	50% interest in the owner
Melbourne FM Facilities Pty Ltd	Melbourne	50% interest in the owner (reducing to 25% on sale of Gold 104 FM)
Television & Telecasters (Properties) Pty Ltd	Brisbane	Lease of part of the facilities - shared access to antenna
Southern Television Corporation Pty Ltd	Adelaide	Lease of part of the facilities - access to antenna

Village currently owns approximately 16.68 million of the issued ordinary shares in Austereo representing approximately 14.99% of the issued capital of Austereo.

TPC CONSIDERATION OF PROPOSED MERGER

The Trade Practices Commission ("TPC") is of the view that certain aspects of the proposed merger, unless modified, may contravene section 50 of the *Trade Practices Act 1974* ("the Act").

In particular, the TPC is concerned that:

- (a) the ownership by Austereo of 3 commercial radio broadcasting licences in Melbourne, as a result of the proposed merger, may have the effect of substantially lessening competition for the supply of commercial radio broadcasting services in Melbourne;
- (b) the ownership by Austereo and/or Village of 6MMM in Perth and the continuation of the PMFM and KYFM Arrangements may, following the proposed merger, have the effect of substantially lessening competition for the supply of commercial radio broadcasting services in Perth; and
- (c) the ownership and/or control of the interests in the relevant radio transmission facilities by Austereo and/or Village as a result of the merger, may place Austereo and/or Village in a position to impede access to these facilities so as to have the effect of substantially lessening competition for the supply of commercial radio broadcasting services in the relevant licence areas.

The TPC has undertaken and completed market enquiries in relation to the proposed merger. As a result of the TPC's market enquiries, the TPC has formed the view that the proposed merger will not, nor is it likely to, have the effect of substantially lessening competition subject only to its concerns referred to in (a), (b) and (c) above.

Subject to the provision of the undertakings set out herein, the TPC has advised Village and Austereo that it has no objection to the proposed merger.

To address the TPC's concerns referred to at (a), (b) and (c) above, Austereo has agreed to provide certain undertakings concerning:

- (i) the access to the relevant radio transmission facilities (the "access undertakings");

- (ii) the divestiture of radio station Gold 104FM Melbourne (the "Melbourne divestiture undertakings"); and
- (iii) the divestiture of radio station 6MMM or the termination of the PMFM and KYFM Arrangements (the "Perth undertakings");

in the event that Village and Austereo proceed with the proposed merger.

INTERPRETATION

Related body corporate has the meaning given to that expression by Section 4A of the Act.

Associated body corporate has the meaning given to that expression in Part 1.2 of Division 2 of the Corporations Law.

A reference to the doing of or refraining to do anything directly or indirectly by a body corporate shall include the doing of or refraining to do that thing by a body corporate which is a related body corporate of the body corporate referred to. Where these undertakings require Austereo to do or to refrain from doing a certain thing directly or indirectly, Austereo shall take all reasonable steps to procure that a relevant related body corporate shall do or refrain from doing that thing so as to ensure that thing is done or not done, as the case may be.

A reference to a relevant radio transmission facility is a reference to a radio transmission facility, or a part of a facility, (whether or not referred to under the heading "Background" above) in which either Village or Austereo has, at the date of these undertakings, directly or indirectly an interest, including an interest held by way of a licence, lease or control, or to a radio transmission facility, or a part of a facility, in which either Village or Austereo acquires directly or indirectly an interest, including an interest held by way of a licence, lease or control.

A reference to a person includes a body corporate.

The singular includes the plural and vice versa.

UNDERTAKINGS

Melbourne Divestiture Undertakings

Austereo undertakes, for the purposes of Section 87B of the Act, that:

- (1) if Village directly or indirectly:
 - (a) obtains control of, or the ability to control, the composition of the Board of Directors of Austereo; or
 - (b) becomes entitled to more than 50% of the issued ordinary shares in Austereo,

Austereo will cause directly or indirectly Austereo to sell within 6 months of the earliest date ("the trigger date") on which either (a) or (b) occurs, but in any event the trigger date shall be no earlier than 1 December 1994, ("the divestiture period"), on an arms' length basis, radio station Gold 104 FM including the business and all of the assets used in the business of radio broadcasting carried on under the radio station name Gold 104 FM including the fully paid ordinary shares in KZFM Radio Pty Limited (ACN 005 503 917) and the commercial radio broadcasting licence number CRB 81-1994 (but excluding assets which the TPC consents in writing may be excluded from the sale, such consent not to be unreasonably withheld having regard, inter alia, to the use to which any asset is put, its availability from other sources and the ability of the radio station to be sold as a going concern) (collectively the "Gold 104 FM radio station") to a company that is not a related body corporate or an associated body corporate of either Village or Austereo;

- (2) if at the expiration of 6 months from the trigger date the Gold 104 FM radio station has not been sold Austereo will cause directly or indirectly the radio station to be put up for sale within two months of the expiration of the divestiture period in the manner and on terms directed by the TPC.

Perth Undertakings

Austereo further undertakes, for the purposes of Section 87B of the Act, that:

- (3) It will within the period from the trigger date to 7 July 1995 :

- (a) terminate the PMFM and KYFM Arrangements and forward copies of the termination documents to the TPC as soon as practicable; or
 - (b) sell radio station 6MMM including the business and all of the assets used in the business of radio broadcasting carried on by Village and related bodies corporate under the radio station name 6MMM, including the commercial broadcasting licence call sign 6NOW expiring on 16 October 1995 (but excluding assets which the TPC consents in writing may be excluded from the sale, such consent not to be unreasonably withheld having regard, inter alia, to the use to which any asset is put, its availability from other sources and the ability of the radio station to be sold as a going concern) (collectively the "6MMM radio station") to a company that is not a related body corporate or an associated body corporate of either Village or Austereo.
- (4) If, at the expiration of the period referred to in (3), neither of the events described in (3)(a) nor (3)(b) has occurred, Austereo will cause the 6MMM radio station to be put up for sale within 2 months of the expiration of that period in a manner and on terms directed by the TPC.
- (5) It will take all steps necessary to ensure that, so long as the 6MMM radio station is owned or controlled by Village or Austereo or a related body corporate to either of them it is managed and operated solely by Village and Austereo will take no action that would hinder or prevent Village from ensuring that;
- (a) the business of the 6MMM radio station is managed by Village in its normal, proper and efficient manner;
 - (b) Village uses all reasonable endeavours to preserve the goodwill of 6MMM;
 - (c) it maintains its assets at normal levels;
 - (d) it will remain free of bank or other indebtedness or liabilities outside the ordinary course of business;
 - (e) the officers or employees engaged in the management and operation of the radio station do not have access to any information or materials relating to or arising from the PMFM or KYFM arrangements;
 - (f) no action is taken by way of the sale or encumbrance of assets, the retrenchment of staff or similar measures which have the effect of causing damage to the viability of the radio station business.

Access Undertakings

Austereo further undertakes, for the purposes of Section 87B of the Act that, in the event Village, directly or indirectly:

- (a) obtains control of, or the ability to control, the composition of the Board of Directors of Austereo; or
- (b) becomes entitled to more than 50% of the issued ordinary shares in Austereo.

but in any event, no earlier than 1 December 1994,

- (6) Austereo will take all reasonable steps to provide or to procure the provision of, access on reasonable commercial terms to a relevant radio transmission facility, to any other holder of a commercial radio broadcasting licence which requests that such access be provided;
- (7) in the event of a disagreement as to access or the terms of access to a relevant radio transmission facility ("an access dispute"), Austereo will directly or indirectly cause the access dispute to be referred to an independent commercial arbitrator. Such arbitrator is to be appointed by the National Disputes Centre or any other commercial dispute resolution body agreed to by the TPC and Austereo, and the costs of the arbitrator are to be borne equally by the parties to the arbitration. Austereo undertakes to abide by the determination of the arbitrator, and to provide access in accordance with the terms of the determination;
- (8) in the event of an access dispute, Austereo will, as soon as practical, notify the TPC in writing of the fact of the dispute and the nature of the dispute; and
- (9) where a determination is made pursuant to undertaking (7) above, Austereo will, as soon as practical, provide the TPC with a copy of the determination.

ACKNOWLEDGMENTS

Austereo acknowledges and accepts that this document will be placed on the TPC's public register and agrees that the TPC may otherwise publish and refer to this document at its discretion.

Austereo also notes that these undertakings in no way derogate from the rights or remedies available to any person.

The TPC acknowledges that the undertaking given in paragraphs (3), (4) and (5) will not in any way prevent Village from agreeing to indemnify Austereo for any losses incurred as a result of Village's management and operation of radio station 6MMM or Village's entitlement to the profits earned from the management and operation of radio station 6MMM.

IN WITNESS OF THESE UNDERTAKINGS

the Common Seal of
Austereo Limited (ACN 007 914 641) affixed with
the authority of the Board of Directors
previously given in the presence of



DATED : 27 October 1994

Accepted by the Trade Practices Commission pursuant to section 87B of the Trade Practices Act 1974

(Professor Allan Fels)
CHAIRMAN

This 27th day of October 1994



VILLAGE ROADSHOW LIMITED

VILLAGE ROADSHOW LIMITED ACN 010 672 054

Melbourne: Head Office: 206 Bourke Street, Melbourne, VIC, Australia 3000

Box 1411M, GPO Melbourne 3001 · Telephone (03) 667 6666 · Fax (03) 663 1972

Sydney: 4th Floor, The Merin Centre, 235 Pyrmont Street, Pyrmont, NSW, Australia 2009

Box 2581, GPO Sydney 2001 · Telephone (02) 552 8600 · Fax (02) 552 2510

Registered Office: Warner Roadshow Movie World Studios, Pacific Highway, Oxenford, QLD, Australia 4210
Telephone (075) 38 6866 · Fax (075) 53 3698

ANNOUNCEMENT TO AUSTRALIAN STOCK EXCHANGE LIMITED

MEDIA RELEASE

SEPTEMBER 26, 1994

TRIPLE M AND AUSTEREO RADIO NETWORKS TO MERGE

Austereo Limited and Village Roadshow Limited are to merge their radio networks, the Chairman of Austereo, Mr Bill Cooper, and the Chairman of Village Roadshow, Mr Robert Kirby, announced today.

Under a Heads of Agreement signed today, Austereo will purchase Triple M radio stations in Sydney, Melbourne, Brisbane and Adelaide, and may acquire Triple M in Perth.

The Triple M radio stations will join the current Austereo network comprising 2DAY FM Sydney, FOX FM and GOLD 104 Melbourne, B105 FM Brisbane, SA FM Adelaide, and FM104.7 and 2CA Canberra.

Village Roadshow will acquire at least 50.1 percent of Austereo Limited in two stages:

- A new issue of 52.5 million Austereo shares for the business of the Triple M group which, together with its existing 12.8 percent shareholding, will give Village Roadshow about 40.8 percent of the enlarged Austereo;
- A Part A takeover offer by Village Roadshow for 20 per cent of each Austereo shareholder's existing shareholding at \$1.75 per share.

In a joint statement, Mr Cooper and Mr Kirby said: "The merger brings significant long term benefits to the shareholders of both Austereo and Village Roadshow.

"Under the new arrangement Austereo and Triple M will continue to operate separately and will compete vigorously from an on-air and marketing stand point.

"In recent times each company has actively investigated the benefits of operating a second, complementary FM network. The merger of Austereo and Triple M fulfils this business objective."

Fundamental opportunities and benefits arising from the merger include:

- More competitive marketing of radio as an effective advertising medium;
- The development of an Australian company of world quality with a depth of management under the leadership of Managing Director, Mr Paul Thompson;
- The expertise to exploit international broadcasting opportunities over the coming decade;
- Maintaining the separate and unique Austereo and Triple M operations, maximising the diversity of services in each market while benefiting from long term economic synergies and savings.

In accordance with undertakings given to the Trade Practices Commission by Village Roadshow, Austereo will sell one of its Melbourne stations within six months of completion of the merger. This undertaking also meets the Australian Broadcasting Authority's "two-stations-to-a-market" requirements.

Austereo will remain listed on the Australian Stock Exchange. The merger is subject to final clearance by the Trade Practices Commission and the approval of Austereo shareholders at an Extraordinary General Meeting.

The merger is also subject to the approval of the bankers to Triple M and Austereo. Austereo will assume net bank debt of \$65 million from Triple M.

The merger of the two radio networks is expected to be completed by the end of November, with Village Roadshow expected to become entitled to at least 50.1 percent of Austereo before the end of 1994.

For further information phone Robert Kirby
Village Roadshow Limited
Tel: (03) 667 6666.

**AUSTEREO/MMM MERGER
HEADS OF AGREEMENT**

The purpose of this heads of agreement is to record the understandings and agreements reached between Austereo Limited (ACN 007 914 841) ("**Austereo**") and Village Roadshow Limited (ACN 010 672 054) ("**Village**") in recent days, which are as follows:

1. Representatives of Austereo and their financial advisers have met with representatives of Village and their financial advisers to discuss a possible transaction involving a merger of Austereo and the radio interests of Village. The merger proposal attached to this memorandum and initialled for the purpose of identification has been negotiated and is agreed (the "**Proposal**").
2. The parties acknowledge that implementation of the Proposal is subject to the following conditions, which in the case of the condition specified in paragraph (a) is a condition precedent of the nature referred to in ASC Policy Statement 74, paragraph 47(a):
 - (a) prior approval of a general meeting of the shareholders of Austereo;
 - (b) approval of the Proposal by the Trade Practices Commission on terms reasonably satisfactory to both parties;
 - (c) approval of the Proposal by the bankers to each of Austereo and Village on terms reasonably satisfactory to both parties; and
 - (d) execution of the definitive documents contemplated by paragraph 3(a).
3. The parties agree that as soon as practicable following the signing of this memorandum:
 - (a) they will use their reasonable endeavours to prepare, negotiate, agree and cause to be executed appropriate definitive documentation to give effect to the terms and conditions described in the Proposal;
 - (b) subject to (a), Austereo will prepare (in consultation with Village) an explanatory statement and give notice of a general meeting;
 - (c) Village will give Austereo reasonable access to information to enable Austereo to complete due diligence;
 - (d) the parties will jointly approach the Trade Practices Commission to seek the approval of the Proposal by the Trade Practices Commission (all approaches must be on a joint basis).
4. Austereo acknowledges that the general terms of the Undertaking to the Trade Practices Commission dated 31 August 1994 given by Village pursuant to section 87B of the Trade Practices Act 1974 are satisfactory to Austereo.

**AUSTEREO/MMM
MERGER PROPOSAL SUMMARY**

1. Objectives

1.1 The parties agree that the objective of the Proposal is that:

- Austereo will acquire 100% of the radio business of Village (the "**MMM Business**");
- Village will acquire a majority interest in Austereo;
- Austereo will remain a publicly listed company.

1.2 To give effect to the above objectives a four step process is proposed to be undertaken, as described in greater detail below:

Step 1 - the sale by Village to Austereo of the MMM Business in exchange for ordinary shares and options in the capital of Austereo.

Step 2 - a recommended proportional takeover bid by Village for ordinary shares in the capital of Austereo.

Step 3 - a placement (if required) by Austereo to Village to ensure Village holds 50.1% of the ordinary shares in the capital of Austereo.

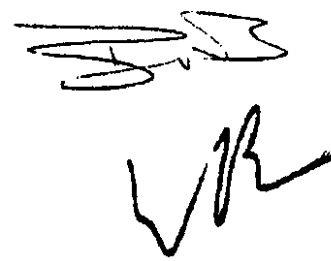
Step 4 - the sale of agreed assets.

2. Step 1 Sale of the MMM Business to Austereo

2.1 Austereo will acquire from Village the MMM Business comprising the 2MMM, 3MMM, 4MMM and 5MMM radio stations of Village through the acquisition of the relevant Village subsidiaries operating those businesses (the "**MMM Companies**").

2.2 Austereo will assume not more than \$65 million of net bank debt (excluding bank guarantees securing property leases) as a consequence of the acquisition. Both parties will use their best endeavours to ensure that the existing terms of the bank debt are retained including, without limitation:

- interest rate of the bank bill rate plus 0.5%;
- annual amortisation of 50% of the after tax profits of the MMM Companies;
- termination date of 30 June 2001;
- fixed and floating charge over all the assets and undertaking of the MMM Companies;
- recourse only to the MMM Business.

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5. Each party agrees and undertakes to do all other things reasonably necessary to give effect to the intentions and objectives expressed in the Proposal and the transactions contemplated by the Proposal.
6. In order to ensure an orderly market in Austereo securities Village undertakes that it and its related bodies corporate and associates (that it has the power to direct) will not during the period of the Proposal, without the prior written consent of Austereo announce or proceed with any previously announced proposal to make an acquisition of shares in Austereo in accordance with Parts 6.3 or 6.4 of the Corporations Law (including, for the avoidance of doubt, the intention to make a takeover bid announced on 16 September 1994).
7. Nothing in paragraph 6 shall restrict Village from acquiring an entitlement or announcing any proposal in circumstances where a third party (not associated with Village) has announced a proposal to make an acquisition of shares in Austereo in accordance with Parts 6.3 or 6.4 of the Corporations Law, provided that the acquisition or announcement by Village is at a higher price than that proposed by the third party.
8. Except as contemplated by the proposal, Austereo undertakes that it and its related bodies corporate will not during the period of the Proposal without the prior consent of Village issue or agree to issue any shares or securities in the capital of Austereo or its related bodies corporate (other than the conversion of existing securities).
9. The parties acknowledge that on signing this memorandum it is necessary that a public announcement be made concerning the Proposal. The parties will jointly agree the form of a public announcement to be released as soon as practicable. No party shall make any public announcement or communication relating to the negotiations of the parties or the subject matter of the Proposal without such party submitting a copy of the proposed announcement to the other and providing it with an opportunity to comment on the proposed announcement or otherwise without the prior approval of the other party (consents not to be unreasonably withheld).
10. Village agrees to immediately discontinue Federal Court of Australia proceedings number VG3409. Village and Austereo agree to immediately release each other in relation to the matters referred to in the Village Federal Court proceedings and in the letter dated 12 September 1994 from Mallesons Stephen Jaques to Village Roadshow Broadcasting Pty Limited and enter into a deed of release in a form reasonably satisfactory to both parties.
11. The signatories to this memorandum have requisite authority to sign this memorandum.

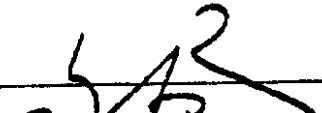
DATED: 26 September 1994

Signed by 

Name W. T. COOPER

Title CHAIRMAN

For and on behalf of AUSTereo LIMITED

Signed by 

Name Greg Bassar

Title Attorney

For and on behalf of VILLAGE ROADSHOW LIMITED

2.3 Austereo will remain indebted for not more than \$48.5 million. Both parties will use their best endeavours to ensure that the existing terms of the bank debt are retained as described in Austereo's June 1994 prospectus and with interest rates and amortisation requirements as previously disclosed to Village.

2.4 The price payable by Austereo for the acquisition will comprise the issue by Austereo of 52.5 million new Austereo ordinary shares and 6 million Austereo options. The price is subject to the representations and warranties being capable of fulfilment and is subject to all terms of the Proposal being as represented.

The new Austereo ordinary shares will rank pari passu with existing Austereo ordinary shares following the 1994 interim dividend.

The Austereo options will be issued at an exercise price of \$1.50 per share but otherwise on the same terms and conditions as are applicable to the options held by SGIC and SASFIT.

2.5 Village will represent and warrant to Austereo that:

- EBIT of the MMM Business (on a stand alone basis) is not less than \$11.5 million for each of the next 3 years; and
- other customary acquisition representations and warranties.

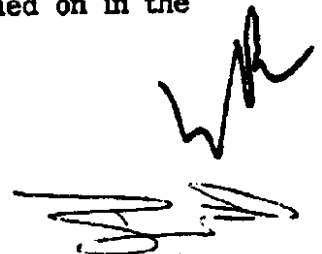
Village will indemnify Austereo for any inaccuracy in representations and warranties.

2.6 Austereo will be entitled to the profits of the MMM Business from completion or such earlier date as may be mutually agreed. No dividends or other distributions will be made by Austereo except as contemplated by Austereo's June 1994 prospectus (it being agreed a \$0.025 interim dividend will be declared provided sufficient profits are available).

2.7 From the date of definitive documents all material decisions concerning the MMM Business will require prior notification to and approval by Austereo. Village agrees not to make any material changes to the MMM Business following the date of this memorandum (including to working capital of the business) and to carry on that business in the ordinary course.

2.8 From the date of definitive documents all material decisions concerning the Austereo business will require prior notification to and approval by Village. Austereo agrees not to make any material changes to the Austereo business following the date of this memorandum (including to working capital of the business) and to carry on that business in the ordinary course.

2.9 Village will continue to operate and be responsible for the business of 6MMM following completion and will hold harmless and indemnify Austereo and its subsidiaries from all liabilities and commitments of that business. At any time within 6 months of completion Austereo will either elect that 6MMM become part of the Austereo group (in which case the provisions referred to above will cease) or that 6MMM be transferred out of the Austereo group (in which case the business will be transferred to Village at no cost or liability to Austereo). During that period no material changes will be made to the business and the business will be carried on in the ordinary course.



2.10 The transaction will be subject to a quick assets working capital adjustment based on completion accounts (certified by each party's auditor) as at completion. The quick assets adjustment will be based on the represented bank debt and the value of each of Austereo's and the MMM Business' quick assets (cash and deposits, trade receivables, trade creditors, provisions and prepayments).

3. Step 2 Proportional Takeover Bid

3.1 Village will register a Part A statement complying with section 750 of the Corporations Law and will make conditional offers in accordance with Part 6.3 of the Corporations Law for 20% of each Austereo shareholders existing shareholding at a cash price of \$1.75 per Austereo share.

3.2 The Part A statement will be despatched together with the Part B statement following completion of the acquisition referred to in section 2 and the issue of Austereo shares contemplated by section 2.

3.3 Austereo will release all existing shareholders of Austereo from escrow arrangements to which they are a party with Austereo so as to participate in the offers made by Village.

4. Step 3 Austereo Placement

4.1 If, as a result of completion of the offers made by Village, Village has not become the holder of 50.1% of the issued capital of Austereo, Austereo will issue to Village such number of new ordinary shares at \$1.75 per share in cash so that Village is the holder of 50.1% of the issued capital of Austereo.

4.2 The parties will further use their reasonable endeavours to negotiate terms of sale with existing institutional shareholders so that Village is offered the opportunity to acquire at least 2 million of the Austereo options that are currently on issue at \$0.40 per option. Village acknowledges that the proposal is not conditional on such a sale and that Austereo does not influence those shareholders.

5. Step 4 Asset Sales

5.1 Austereo will undertake (as required by the Australian Broadcasting Authority and Trade Practices Commission) to sell one of its radio stations in Melbourne to be agreed by both parties. That sale will take place on terms determined by Austereo.

6. Board and Management

6.1 At the time of completion of step 1 the parties agree that they will take steps to ensure that:

- the Board of Austereo is fixed at 9 persons (or such other number as is agreed between the parties);
- 5 directors are Village nominees (or such other number as is necessary to give Village a majority on the board);
- the remaining directors are existing directors of Austereo.

6.2 Current Austereo executive arrangements are to be preserved.



7. **Conditions to Proposal**

7.1 Conditions to all steps of the Proposal proceeding are as follows:

- prior approval of a general meeting of shareholders of Austereo including in relation to:
 - section 623 of Corporations Law
 - Listing Rule 3J(3)
 - Section 205 of Corporations Law
 - Article 12.36 of the Articles of Association of Austereo
 - Listing Rule 3E(6).
- approval by the Trade Practices Commission on terms reasonably satisfactory to both parties;
- approval by the bankers to Austereo and Village on terms reasonably satisfactory to both parties.

7.2 The parties agree that an independent expert's report is required in relation to the shareholder approvals referred to above. The parties will agree the identity of the independent expert and agree to provide to the expert all information necessary for the preparation of the relevant reports.

7.3 The current Board of Directors of Austereo will recommend that shareholders of Austereo vote in favour of approving the Proposal and accept the offer made by Village in the absence of:

- a transaction offering greater value to shareholders; or
- the independent expert's report concluding that the Proposal is not fair and reasonable; or
- a material breach of Village's representations and warranties.

7.4 Conditions to the execution of definitive documentation are the completion by Austereo of its due diligence review of the MMM Business as notified by Austereo to Village to the satisfaction of Austereo. Austereo may only rely on this condition if the due diligence review demonstrates the represented EBIT will not be achieved or does not permit the directors of Austereo, consistent with their fiduciary duties acting bona fide and in good faith, to make the recommendation contemplated by paragraph 7.3.

7.5 The parties agree to discuss in good faith any alternative transaction structure that might be proposed to give a preferred result for both Austereo and Village. In particular, the parties agree to discuss appropriate arrangements to ensure goodwill is minimised and to maximise the stamp duty and taxation treatment of the transaction.

7.6 If the conditions specified in this section 7 are not fulfilled or waived by 16 December 1994 all obligations of the parties in relation to the Proposal will be terminated on written notice of termination being given.

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