

Public version

Fairfax Media Limited
ACN 008 663 161

**Fairfax - section 87B
undertaking**

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1 Background

Fairfax and Rural Press are Australian public limited liability companies listed on the Australian Stock Exchange.

Fairfax is a newspaper publishing group which operates in both Australia and New Zealand.

Rural Press is a regional newspaper publisher which operates in Australia, New Zealand and the US.

On 6 December 2006, Fairfax and Rural Press announced a merger proposal for the acquisition of Rural Press by Fairfax by scheme of arrangement. On 13 February 2007, Fairfax made an application to the Commission seeking informal clearance for the merger.

The Commission has made market inquiries and considered the information provided by the parties and other industry participants. The Commission's inquiries were aimed at assessing whether or not the Proposed Acquisition was likely to substantially lessen competition in any substantial Australian market, in contravention of section 50 of the Act.

The Commission has concluded that the Proposed Acquisition is likely to raise substantial competition concerns in Newcastle, Maitland and the Lower Hunter Valley, particularly as regards to general retail display advertising.

After undertaking significant market inquiries in the relevant areas, the Commission was satisfied that non-newspaper forms of advertising were generally not substitutes for newspaper advertisers in this matter.

The Commission therefore adopted a market for the supply of general retail display advertising in free community newspapers. It also recognised that the market might include paid daily newspapers, particularly in Maitland. However, post-acquisition Fairfax will own all locally-focused paid daily newspapers in Newcastle, Maitland and the Lower Hunter Valley. Consequently, the Commission concluded that widening the market to include locally-focused paid daily newspapers would not affect its analysis of the Proposed Acquisition.

Fairfax and Rural Press publish all the significant free community newspapers in Newcastle, Maitland and the Lower Hunter Valley. In Newcastle, Fairfax publishes *The Newcastle and Lake Macquarie Post* and Rural Press publishes *The Newcastle and Lake Macquarie Star*. In the Maitland area, Fairfax publishes *The Hunter Post* and Rural Press publishes the *Lower Hunter Star*. Fairfax's *Hunter Post* also circulates in the Lower Hunter Valley, where Rural Press's *Lower Hunter Weekend Star* circulates. The Commission was also satisfied that barriers to entry for significant free community newspapers were sufficiently high for competition concerns to arise in the relevant areas.

Pursuant to this Undertaking, Fairfax has agreed to sell *The Newcastle and Lake Macquarie Post* and *The Hunter Post* (including all the necessary assets required to operate such businesses as going concerns) (the Divestiture Businesses) and Fairfax has agreed to have the Divestiture Businesses independently managed until they are sold. In addition, Fairfax has agreed to sell the Divestiture Businesses within a confidential timeframe to a buyer or buyers approved of by the Commission. However, in the event that Fairfax does not sell the Divestiture Businesses within the specified timeframe, Fairfax undertakes to provide a power of attorney to an independent sales agent to ensure the Divestiture Businesses are sold within a further confidential timeframe. Fairfax accepts that such a sale is to occur on terms, including as to price, necessary to ensure a sale is effected within that further period.

Fairfax does not agree that the Proposed Acquisition will be likely to substantially lessen competition. However, in order to avoid delay and to address the Commission's competition concerns, Fairfax has, without admission, provided this Undertaking.

The Commission is of the view that, taking into account, and subject to the implementation of, this Undertaking, the specified concerns in respect of the Proposed Acquisition will be addressed. Accordingly, on the basis of this Undertaking, the Commission will not object to the Proposed Acquisition.

2 Definitions and interpretations

2.1 Definitions

The meanings of the terms used in this document are set out below.

Term	Meaning
Act	the <i>Trade Practices Act 1974</i> (Cth).
Appointment Date	the date on which a Divestiture Agent is appointed under paragraph 9.4.
Approved Purchaser	a purchaser which is not objected to by the Commission in accordance with paragraph 8.3 of this Undertaking.
Business Day	means a day on which all banks are open generally in the Australian Capital Territory, but does not include a Saturday, Sunday or public holiday.
Commencement Date	the date on which this Undertaking comes into effect under paragraph 3.
Commission	the Australian Competition and Consumer Commission.
Contracts	advertising and other contracts material to the Divestiture Business.
Control Date	the date on which the scheme of arrangement between Rural Press and its ordinary shareholders, as described in the scheme booklet dated 26 February 2007 despatched to Rural Press shareholders, is implemented.
Divestiture Agent	a person appointed by Fairfax to effect the sale of the Unsold Business, and not objected to by the Commission, pursuant to paragraph 9.4.
Divestiture Business	the business of publishing the Divestiture Titles (or any one of them) including all the necessary assets or facilities required by a Proposed Purchaser, an Approved Purchaser or the Independent Manager, as the case may be, to operate such business as a going concern including, but not limited to, the assets and facilities described in Schedule 2.

Term	Meaning
Divestiture Date	in relation to a Divestiture Business, the date on which the Commission confirms in writing to Fairfax that it is satisfied that the divestiture of the Divestiture Business is completed and settled by or on behalf of Fairfax, under this Undertaking.
Divestiture Period	the period described in Confidential schedule 1 of this Undertaking.
Divestiture Title	<ul style="list-style-type: none"> • <i>The Newcastle and Lake Macquarie Post</i> • <i>The Hunter Post</i>
Fairfax	Fairfax Media Limited, ACN 008 663 161, of Darling Park, Level 19, 201 Sussex Street, Sydney, NSW, 2000. Unless otherwise required by the context, a reference to Fairfax in this Undertaking is a reference to Fairfax and any of its related bodies corporate.
Final Divestiture Date	<p>in the event that there is a consecutive sale of the Divestiture Titles, the date on which the Commission confirms in writing to Fairfax that it is satisfied that the last divestiture of a Divestiture Business occurs, being the date on which the sale of all Divestiture Businesses has been completed and settled by or on behalf of Fairfax, under this Undertaking.</p> <p>In the event of a simultaneous sale of the Divestiture Titles, the Divestiture Date.</p>
Independent Manager	<p>a person independent of Fairfax and Rural Press appointed by Fairfax and not objected to by the Commission to manage and operate the Divestiture Business. Without limitation, the following persons shall not be considered independent of Fairfax and Rural Press:</p> <ul style="list-style-type: none"> • current employees or officers of Fairfax or Rural Press; • persons who were employees or officers of Fairfax or Rural Press in the past 3 years; • shareholders who, in the opinion of the Commission, hold a material number of shares of Fairfax or Rural Press; • professional advisers of Fairfax or Rural Press, whether current or in the past 3 years; • persons who have a contractual relationship with Fairfax or Rural Press; • persons who are suppliers of Fairfax or Rural Press; or • persons who are material customers of Fairfax or Rural Press.
Information Memorandum	the confidential information memorandum pertaining to the sale of the Divestiture Business, prepared by Fairfax in accordance with paragraph 7.2.
Objection Notice	a notice in writing prepared by the Commission which sets out its objection to a Proposed Purchaser(s) acquiring all or any of the Divestiture Business, in accordance with paragraph 8.3.

Term	Meaning
Proposed Acquisition	<p>the proposed acquisition of Rural Press by Fairfax by way of:</p> <ul style="list-style-type: none"> • schemes of arrangement between (a) Rural Press and its preferred shareholders and (b) Rural Press and its ordinary shareholders; or • a scheme of arrangement between Rural Press and its ordinary shareholders and a takeover offer by Fairfax for Rural Press preference shares, <p>as described in the scheme booklet dated 26 February 2007 despatched to Rural Press shareholders.</p>
Proposed Divestiture Agent	<p>a person proposed by Fairfax to be the Divestiture Agent who must be independent of Fairfax and Rural Press and with relevant experience and possessing the necessary qualifications to act as the Divestiture Agent.</p>
Proposed Purchaser Notice	<p>a confidential notice in writing to the Commission that identifies the person(s) to whom Fairfax proposes to divest one or both of the Divestiture Titles, and sets out certain other information in relation to the Proposed Purchaser including the information referred to in paragraph 8.2 of this Undertaking.</p>
Proposed Purchaser	<p>a Proposed Purchaser of the Divestiture Business (or any of the Divestiture Titles) (including an Unsold Business).</p>
Related Body Corporate	<p>in relation to a company, any other company which would be deemed to be related to the first named company by the operation of section 4A(5) of the Act.</p>
Rural Press	<p>Rural Press Limited, ACN 000 010 382, of 159 Bells Line of Road, North Richmond, NSW 2754.</p>
Sale and Purchase Agreement	<p>the agreement or agreements in respect of the sale and purchase of the Divestiture Business or any Divestiture Title.</p>
Scheme	<p>the Scheme of Arrangement described in paragraph 1 of this Undertaking.</p>
Unsold Business	<p>The Divestiture Business, or any Divestiture Title, the divestment of which has not been completed by the conclusion of the Divestiture Period.</p>

2.2 Interpretation

The following rules of interpretation apply unless the context requires otherwise.

- (a) Headings are for convenience only and do not affect interpretation.
- (b) The singular includes the plural and conversely.
- (c) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person includes any corporation or non-natural person.
- (e) A reference to a paragraph, annexure or schedule is to a paragraph of, or annexure or schedule to, this Undertaking.
- (f) A reference to any agreement or document (including the Undertaking) is to that agreement or document as amended, novated, supplemented, varied or replaced from time to time.
- (g) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it, and all regulations and statutory instruments issued under it.
- (h) A reference to conduct includes any omission and any statement or undertaking, whether or not in writing.
- (i) Mentioning anything after include, includes or including does not limit what else might be included.
- (j) A reference to 'the Undertaking' or 'this Undertaking' is a reference to all of the provisions of this document including any schedule.
- (k) A construction that would promote the purpose or object underlying the Undertaking (whether expressly stated or not) shall be preferred to a construction that would not promote that purpose or object.
- (l) Material not forming part of this Undertaking may be considered to:
 - (i) confirm the meaning of a paragraph is the ordinary meaning conveyed by the text of the paragraph, taking into account its context in the Undertaking and the competition concerns intended to be addressed by the Undertaking and the paragraph in question; or
 - (ii) determine the meaning of the paragraph when the ordinary meaning conveyed by the text of the paragraph, taking into account its context in the Undertaking and the purpose or object underlying the Undertaking, leads to a result that does not promote the purpose or object underlying the Undertaking.
- (m) In determining whether consideration should be given to any material in accordance with paragraph (l), or in considering any weight to be given to any such material, regard shall be had, in addition to any other relevant matters, to the:
 - (i) effect that reliance on the ordinary meaning conveyed by the text of the paragraph would have (taking into account its context in the Undertaking and whether that meaning promotes the purpose or object of the Undertaking); and
 - (ii) the need to ensure that the result of the Undertaking is to address the Commission's competition concerns.
- (n) In performing its obligations under this Undertaking, Fairfax will do everything reasonably within its power to ensure that its performance of those obligations is done in a manner which is consistent with promoting the purpose and object of the Undertaking.

3 Commencement and Termination of Undertaking

This Undertaking comes into effect when:

- (a) it has been executed by Fairfax; and
 - (b) so executed, it has been accepted by the Commission,
- and terminates on the earlier of:
- (c) 12 months after the Final Divestiture Date; or
 - (d) the date on which the Commission consents in writing to the withdrawal of this Undertaking in accordance with section 87B of the Act.

4 Undertaking to divest

Fairfax undertakes that, in accordance with the sale processes set out in this Undertaking, it will divest or cause the divestiture of the Divestiture Business as a viable going concern to an Approved Purchaser.

5 Control Date

Within 1 Business Day of the Control Date, Fairfax must advise the Commission in writing of the date of the Control Date.

6 Preservation of Divestiture Business

6.1 Maintenance of Divestiture Business

Subject to paragraph 6.2, from the Commencement Date Fairfax must not, except in accordance with this Undertaking, sell or transfer its interests in the Divestiture Business, or remove or make any material adverse change to the structure, attributes, extent or operations of the Divestiture Titles or the Divestiture Business (including, but not limited to, the Contracts, staff, management, premises, systems, intellectual property, printing and distribution arrangements).

6.2 Treatment of Divestiture Business

Subject to the provisions of this paragraph 6 Fairfax must, in accordance with this Undertaking, from the Commencement Date and until the Divestiture Date, take all reasonable steps to ensure that:

- (a) the Divestiture Business is managed and operated in the ordinary course of business as a separate fully operational, competitive going concern and in such a way that preserves the goodwill of the Divestiture Business;
- (b) each Divestiture Title continues to be published with the same frequency and substantive content as at the Commencement Date with no material change to the distribution of the Divestiture Title;
- (c) the Divestiture Business is editorially, financially and operationally separate from Fairfax.

Fairfax must, within 5 Business Days of the Commencement Date, notify the Commission of any changes to the Divestiture Business that Fairfax intends to make to ensure the separation of the Divestiture Business required by paragraph 6.2 (c).

6.3 Proposed Independent Manager

Within 5 Business Days of the Commencement Date, Fairfax must notify the Commission, in writing, of the identity of the proposed Independent Manager to oversee the operation of the Divestiture Business at Fairfax's cost, together with such information as the Commission reasonably requires to assess whether the Commission will object to the appointment of the proposed Independent Manager, including a copy of the proposed terms of engagement of the Independent Manager.

6.4 Appointment of Independent Manager

If within 10 Business Days of receipt by the Commission of the information referred to in paragraph 6.3, or such further period as is required by the Commission and notified to Fairfax in writing prior to the expiration of the 10 Business Day period, the Commission does not object to the proposed Independent Manager, Fairfax must appoint the proposed Independent Manager within 5 Business Days of being notified that the Commission does not so object, in accordance with the minimum terms of engagement set out in this paragraph and promptly forward to the Commission a copy of the executed terms of engagement.

The terms of Fairfax's engagement of the Independent Manager will provide for the following obligations:

- (a) the Independent Manager will operate the Divestiture Business in the ordinary course of business and must not make any material change to the attributes of the Divestiture Titles, including but not limited to the frequency of publication, the substantive content, the amount of advertising space and distribution;
- (b) the Independent Manager will operate the Divestiture Business in a manner which is editorially, financially and operationally separate from Fairfax;
- (c) the Independent Manager will keep the books and records of the Divestiture Business separate from those of Fairfax;
- (d) the Independent Manager will implement specific measures to maintain the confidentiality of any competitively sensitive information of the Divestiture Business, including, without limitation, in respect of:
 - (i) the determination of advertising rates and discounts (if applicable); and
 - (ii) determining advertising terms of trade,and Fairfax will not request access to such information
- (e) the Independent Manager will use best endeavours to renew or replace sales, promotions and advertising contracts on expiry on commercial terms no less favourable to the Divestiture Business and entering into new, commercially favourable contracts where possible;
- (f) the Independent Manager will continue current printing and distribution arrangements for each Divestiture Title;
- (g) the Independent Manager will maintain current staffing and staffing levels and ensure that the Divestiture Business has access to a sufficient number of management personnel, journalists and advertising staff to operate as a viable going concern;
- (h) the Independent Manager will not, at any time during the Divestiture Period, or within one year of the completion of the sale of the Divestiture Business, use any confidential information gained through the ownership and/or management

of the Divestiture Business to the detriment of any aspect of the Divestiture Business, including its goodwill, competitive standing, or commercial viability;

- (i) from the date of appointment, the Independent Manager must provide a written report each month to the Commission, in relation to the operation of the Divestiture Business and this Undertaking, and the Independent Manager must carry out the Commission's directions in relation to matters arising from the report;
- (j) the Independent Manager must review and report to the Commission regarding any changes made to the Divestiture Business by Fairfax to ensure separation of the Divestiture Business required by paragraph 6.2(c), and make any recommendation s/he considers appropriate, including, if necessary, steps to reverse such changes made by Fairfax;
- (k) the Commission can request information from the Independent Manager directly at any time and the Independent Manager will provide the information so requested. The Independent Manager can report and respond to the Commission directly in response to any such request, or as otherwise required by the Commission; and
- (l) Fairfax will indemnify the Independent Manager for any expenses, loss, claim or damage arising from the performance by the Independent Manager of functions required to be performed by the Independent Manager by this Undertaking.

6.5 Alternative Independent Manager

The Commission may object to the appointment of the Independent Manager identified by Fairfax if the Commission considers in its absolute discretion the Independent Manager is not independent of Fairfax and Rural Press or does not have relevant experience or skills to act as the Independent Manager, or that the terms of engagement will not enable appropriate hold separate arrangements. Fairfax undertakes not to challenge any Commission objection to the proposed Independent Manager.

If within 10 Business Days of receipt by the Commission of the information referred to in paragraph 6.3, or such further period as is required by the Commission and notified to Fairfax in writing prior to the expiration of the 10 Business Day period, the Commission objects to the proposed Independent Manager, Fairfax must, within 5 Business Days of the Commission nominating an alternative Independent Manager, appoint an Independent Manager nominated by the Commission on terms (including price) agreed by the Commission and to be paid by Fairfax.

6.6 Resignation of the Independent Manager

In the event that the Independent Manager resigns or otherwise stops acting as the Independent Manager before the Final Divestiture Date, Fairfax must within 5 Business Days of the Commission nominating an alternative Independent Manager, appoint an Independent Manager nominated by the Commission on terms (including price) agreed by the Commission and to be paid by Fairfax.

6.7 Termination of Independent Manager

The Commission must approve any proposal by, and alternatively may direct, Fairfax to terminate the Independent Manager if the Independent Manager acts inconsistently with the provisions of this Undertaking or the terms of its appointment, and specifically with this paragraph 6. On termination, Fairfax must within 5 Business Days of the Commission nominating an alternative Independent Manager, appoint an Independent Manager nominated by the Commission on terms (including price) agreed by the Commission and to be paid by Fairfax.

6.8 Specific obligations relating to the Divestiture Business

In complying with, and without limiting, the obligations in this paragraph 6, Fairfax must:

- (a) continue to provide access to reasonable working capital and sources of credit;
- (b) provide and maintain reasonable levels of administrative, promotional, technical, advertising and marketing support to the Divestiture Business;
- (c) ensure that the Independent Manager is fully able to acquire and pay for sufficient and timely delivery of all goods and services (including from third parties) required by the Divestment Business;
- (d) accept (and direct its directors, officers, employees and agents to accept) direction from the Independent Manager as to the control, management, financing and operations of the Divestiture Business, and for the Divestiture Business to meet all of its legal, corporate, financial, accounting, taxation, audit and regulatory obligations;
- (e) provide and pay for any external expertise, assistance or advice reasonably required by the Independent Manager to perform his or her role;
- (f) continue current printing and distribution arrangements for each Divestiture Title;
- (g) ensure that the Divestiture Business has, at Fairfax's cost, access to a sufficient number of management personnel, editors, journalists and advertising staff to operate as a viable going concern;
- (h) not procure, promote or encourage the redeployment of management or staff working at the Divestiture Business at the Commencement Date, including those listed in confidential Schedule 3, to any other business operated by Fairfax or Rural Press;
- (i) take any steps directed by the Commission, following a recommendation of the Independent Manager pursuant to paragraph 6.4(j), to reverse changes made by Fairfax to the Divestiture Business, within 10 Business Days of being so directed;
- (j) not solicit or otherwise cause an advertiser of a Divestiture Title to cease advertising in the Divestiture Title. For the avoidance of doubt, nothing in this paragraph prevents Fairfax from engaging in conduct, including marketing or promotional activity, directed towards advertisers generally whether in the area in which the Divestiture Titles are circulated or otherwise;
- (k) not, at any time from the Commencement Date, or within one year of the completion of the sale of the Divestiture Business, use any confidential information gained through the ownership and/or management of the Divestiture Business to the detriment of any aspect of the Divestiture Business, including its goodwill, competitive standing, or commercial viability; and
- (l) direct its directors, managers, officers, employees and agents to act in accordance with the prohibitions and duties in these Independent Manager obligations.

As soon as practicable after the Commencement Date, Fairfax will direct each member of staff of the Divestiture Business not to do anything inconsistent with Fairfax's obligations in this Undertaking.

7 Divestiture Process

7.1 Sale of Divestiture Business

Fairfax undertakes to complete the sale of the Divestiture Business within the Divestiture Period.

7.2 Information Memorandum

- (a) Fairfax must prepare a confidential information memorandum (or similar) relating to the sale of the Divestiture Business, including a comprehensive description of the assets, contracts and other elements that make up the Divestiture Business for its divestiture in accordance with this Undertaking (the **Information Memorandum**).
- (b) Prior to the release of the Information Memorandum to any Proposed Purchaser, and in any case prior to the Control Date, Fairfax will provide a copy of the Information Memorandum to the Commission and seek the Commission's written notice of no objection to the Information Memorandum prepared by Fairfax.
- (c) The Commission will, within 10 Business Days of the date of the receipt of the proposed Information Memorandum under paragraph 7.2(b), consider the proposed Information Memorandum and advise Fairfax in writing of any decision to object on the basis of inconsistency with this Undertaking (in which case the Commission will provide Fairfax with its written reasons for its objection) or not to object to the proposed Information Memorandum.
- (d) Within 15 Business Days of an objection by the Commission pursuant to paragraph 7.2(c), Fairfax will amend the Information Memorandum to address the Commission's concerns as stated in its reasons of objection.
- (e) Fairfax must not provide the Information Memorandum (or any part of it) to any Proposed Purchaser(s) unless the Commission's written notice of no objection to the Information Memorandum has been first obtained (or deemed to have been obtained) pursuant to paragraph 7.2(c).

7.3 Divestiture terms

The terms on which each of the Divestiture Businesses is to be divested (and to be included in the Sale and Purchase Agreement) must include provision for:

- (a) the assignment or transfer of the intellectual property in the Divestiture Titles;
- (b) the assignment or transfer to the purchaser or purchasers of all other material assets that comprise the Divestiture Business;
- (c) Fairfax not to do anything, the intention or likely effect of which is to discourage any staff of the Divestiture Business from taking up employment with the purchaser, and for Fairfax to take all reasonable steps to facilitate the transfer of those employees to the purchaser;
- (d) Fairfax to procure that the Independent Manager continue to operate the Divestiture Business in the ordinary course of business between the date of execution of the relevant Sale and Purchase Agreement and the relevant Divestiture Date; and
- (e) the assignment or transfer to the purchaser or its nominee of the rights and obligations under any of the Contracts or any of the contracts referred to in Schedule 2; and

- (f) Fairfax to apply for third party consents to assignment or transfer of the Contracts or the contracts referred to in Schedule 2.

7.4 Reporting to the Commission

- (a) Without limiting the operation of paragraph 11.1, on the first Business Day of every month from the Control Date, Fairfax will provide a written report to the Commission as to the progress made in the divestiture of the Divestiture Businesses.
- (b) Fairfax will respond in a timely manner to any queries made by the Commission about the divestiture of the Divestiture Businesses, and in particular, Fairfax must, if the Commission so requests, provide information to the Commission as to the attributes and extent of assets and arrangements comprising the Divestiture Business.

8 Approved Purchaser(s)

8.1 Sale only to an Approved Purchaser

- (a) Fairfax must not sell, and must not authorise the Divestiture Agent to sell, to a purchaser other than an Approved Purchaser.
- (b) Fairfax must not contract to sell the Divestiture Business on terms which would be inconsistent with the Divestiture Agent's role, the granting of authority to the Divestiture Agent under paragraph 9.4, or any other obligation in this Undertaking.
- (c) An Approved Purchaser is a Proposed Purchaser which is:
 - (i) independent of and has no direct or indirect controlling interest in Fairfax;
 - (ii) Fairfax believes, in good faith, having made reasonable inquiries, is of good financial standing and has an intention to operate the Divestiture Business as a going concern; and
 - (iii) has not been objected to by the Commission in accordance with paragraph 8.3.

8.2 Proposed Purchaser Notice

- (a) In respect of a Proposed Purchaser Fairfax must provide the Commission for the purposes of its approval with a Proposed Purchaser Notice on a confidential basis that:
 - (i) sets out the name, address, telephone number and any other available contact details of the Proposed Purchaser(s);
 - (ii) attaches a copy of the proposed Sale and Purchase Agreement;
 - (iii) includes a description of the business carried on by the Proposed Purchaser(s) identifying whether the Proposed Purchaser is a newspaper publisher;
 - (iv) includes the names of the owners and directors of the Proposed Purchaser(s); and
 - (v) includes such other information that the Commission requires to assess the independence of the Proposed Purchaser.

- (b) Fairfax must not enter into a Sale and Purchase Agreement with a Proposed Purchaser until the Commission has confirmed in writing that it does not object to the terms of the proposed Sale and Purchase Agreement.
- (c) If the Commission is satisfied, based on submissions of a Proposed Purchaser, or an Approved Purchaser, that the Proposed Purchaser or Approved Purchaser requires Fairfax to provide printing or other services to the Divestiture Title(s) following the Divestiture Date, the Commission may give notice to Fairfax to provide a printing contract or contract for other services, on reasonable commercial terms, for the printing of the Divestiture Title(s) for the Approved Purchaser(s), or such other services as the Commission may specify, having regard to the requirements of the Proposed or Approved Purchaser. Details of any proposed printing or service arrangement must be provided to and approved by the Commission prior to entry into the Sale and Purchase Agreement.

8.3 Objection Notice

The Commission may, within 15 Business Days after receipt by the Commission of the Proposed Purchaser Notice, or such further period as is required by the Commission and notified to Fairfax in writing prior to the expiration of the 15 Business Day period, provide Fairfax with an Objection Notice. An Objection Notice can be issued by the Commission if it is of the view that the Proposed Purchaser is not an appropriate purchaser having regard to the Commission's competition concerns.

Fairfax must not divest a Divestiture Business to a person named in an Objection Notice. Fairfax undertakes not to challenge the Commission's decision to issue an Objection Notice.

8.4 Deeming of Approved Purchaser

Should the Commission fail to provide Fairfax with an Objection Notice pursuant to paragraph 8.3, the Proposed Purchaser will be deemed to be an Approved Purchaser.

9 Failure to divest within the Divestiture Period

9.1 Sale of Unsold Business

In the event that the sale of the Divestiture Business is not completed by the end of the Divestiture Period, the business becomes an Unsold Business.

9.2 Notification of Proposed Divestiture Agent

Within 5 Business Days of the Divestiture Business becoming an Unsold Business, Fairfax must notify the Commission, in writing, of the identity of the Proposed Divestiture Agent, together with such information as the Commission requires to assess whether the Commission will object to the appointment of the Proposed Divestiture Agent.

9.3 Alternative Divestiture Agent

If within 10 Business Days of receipt by the Commission of the information referred to in paragraph 9.2, or in accordance with paragraph 9.8, the Commission objects to the Proposed Divestiture Agent, Fairfax must appoint a Divestiture Agent nominated by the Commission within 10 Business Days of nomination by the Commission.

If agreement cannot be reached between Fairfax and the Divestiture Agent nominated by the Commission within 5 Business Days of nomination by the Commission, Fairfax will agree to pay such fees as are directed by the Commission.

9.4 Appointment of Divestiture Agent

If within 10 Business Days of receipt by the Commission of the information referred to in paragraph 9.2, or such further period as is required by the Commission and notified to Fairfax in writing prior to the expiration of the 10 Business Day period, the Commission does not object to the Proposed Divestiture Agent, Fairfax must appoint, within 5 Business Days of the Commission confirming that it does not object to the Proposed Divestiture Agent, the Proposed Divestiture Agent as a Divestiture Agent, in accordance with the minimum terms of appointment set out in this paragraph and forward to the Commission a copy of the executed terms of appointment.

The appointment of the Divestiture Agent must be on terms approved by the Commission, which should include terms to the effect that the Divestiture Agent:

- (a) is empowered by Fairfax and required to effect the divestiture of the Unsold Business, only to an Approved Purchaser or Approved Purchasers, within 3 months of the Appointment Date, at the best price that is attainable within that 3 month period, but subject to an absolute and unconditional obligation to sell the Unsold Business at no minimum price;
- (b) may charge such fees as are agreed between the Divestiture Agent and Fairfax (but not contingent on the price to be obtained for the Unsold Business), to be paid by Fairfax. If agreement cannot be reached between the Divestiture Agent and Fairfax within 5 Business Days from the date of the Commission's notice that it does not object to the Proposed Divestiture Agent, Fairfax will agree to pay such fees as are directed by the Commission;
- (c) is the only person who may divest an Unsold Business after the Appointment Date;
- (d) may retain any lawyer or other adviser or agent reasonably required to effect the divestiture of an Unsold Business, and the fees of that adviser or agent must be paid by Fairfax;
- (e) must account to Fairfax for:
 - (i) any moneys derived from the divestiture of any Unsold Title(s);
 - (ii) all disbursements, fees and charges incurred by the Divestiture Agent in undertaking his/her duties; and
 - (iii) all fees of the Divestiture Agent;
- (f) must provide a written report on the first Business Day of each month until the Final Divestiture Date to the Commission and Fairfax, or answer any reasonable enquiries of either the Commission or Fairfax, concerning:
 - (i) the efforts made to sell the assets;
 - (ii) the identity of any advisers engaged;
 - (iii) costs incurred;
 - (iv) the identity of any persons expressing interest in the Divestiture Business;
or
 - (v) any other information reasonably required by the Commission or Fairfax;
and
- (g) must use best endeavours to ensure that Fairfax complies with its obligations as set out in this Undertaking and notify the Commission of any material failure by Fairfax to do so.

9.5 Powers of Divestiture Agent

Fairfax will grant the Divestiture Agent an irrevocable power of attorney conferring all necessary power and authority to effect the divestiture of the Unsold Business on terms considered by the Divestiture Agent in its sole discretion to be consistent with this Undertaking.

9.6 Assistance to Divestiture Agent

Fairfax must provide the Divestiture Agent all relevant information available to Fairfax and reasonably assist the Divestiture Agent to effect the divestiture of each Unsold Business as quickly as possible.

9.7 Provision of information to the Commission by the Divestiture Agent

The Commission can request information from the Divestiture Agent directly at any time. Fairfax undertakes to require the Divestiture Agent to report and respond to the Commission directly in response to any such request, or as otherwise required by the Commission.

9.8 Termination of Divestiture Agent

The Commission must approve any proposal by, and alternatively may direct, Fairfax to terminate the Divestiture Agent if the Divestiture Agent acts inconsistently with the provisions of this Undertaking, including this paragraph 9. On termination, the Commission can appoint at its discretion an alternative Divestiture Agent, in accordance with paragraph 9.3.

10 Release of staff

10.1 Release

Where:

- (a) a Divestiture Business is sold as contemplated by this Undertaking; and
- (b) the terms of sale contemplate that, immediately following the completion of the sale, a Fairfax staff member will be employed by or otherwise provide services to, the Divestiture Business,

Fairfax must release the relevant staff member, with effect from the Divestiture Date, from:

- (c) any obligation to provide services to Fairfax; and
- (d) any non-compete or similar restraint of trade obligation, to the extent that such obligation would otherwise prevent the staff member from performing his or her contemplated role in relation to the Divestiture Business.

10.2 Employment of staff by Proposed Purchaser

Fairfax further undertakes that it will not, directly or indirectly, discourage staff of a Divestiture Business from seeking employment with the Proposed Purchaser(s) of the Divestiture Business.

11 Compliance and information

11.1 Further information

- (a) Fairfax will provide the Commission with copies of any executed agreement in connection with the sale of the Divestiture Business within 5 Business Days of it being entered into.
- (b) At the Commission's direction, Fairfax will itself, and will procure that its directors, employees, agents or contractors identified by the Commission to:
 - (i) furnish information to the Commission;
 - (ii) produce documents to the Commission within Fairfax's custody, control or power; and/or
 - (iii) attend the Commission at a time and place appointed by the Commission to answer any questions the Commission (its Commissioner, staff or agents) may have,in relation to Fairfax's compliance with this Undertaking.
- (c) Information furnished, documents produced or information given in answer to questions may be used by the Commission for any purpose consistent with its statutory duties.
- (d) Any direction made by the Commission under paragraph (b) will be notified to the Company Secretary of Fairfax.

11.2 Addresses for service

Any notice, demand, consent or other communication given or made under this Undertaking should be sent to the address or fax number below or the address or fax number last notified by the intended recipient to the sender:

To:

Fairfax:

Fairfax Media Limited
Attention: Gail Hambly
Company Secretary
Address: 201 Sussex Street, Sydney, NSW 2000
Fax No: (02) 9282 3065

with a copy (for information purposes) to:

Freehills:

Freehills
Attention: Michael Gray
Address: MLC Centre, Martin Place, Sydney, NSW 2000
Fax No: (02) 9322 4000

The Commission:

Australian Competition & Consumer Commission
Attention: General Manager, Mergers and Asset Sales
Address: 470 Northbourne Avenue, Dickson, ACT 2602
Fax No: (02) 6243 1212

12 Confidentiality and disclosure

12.1 Public inspection

Subject to paragraph 12.2, Fairfax acknowledges that the Commission will make this Undertaking available for public inspection.

12.2 Confidential schedules

Fairfax and the Commission agree that subject to paragraph 12.3, Confidential Schedule 1 of this Undertaking will remain confidential until the Final Divestiture Date and Confidential Schedule 3 will remain confidential.

12.3 Disclosure of Undertaking

Subject to paragraph 12.2, Fairfax acknowledges that the Commission will from time to time publicly refer to this Undertaking.

Nothing in paragraph 12.2 prevents the Commission from disclosing such information as:

- (a) is required by law;
- (b) is reasonably necessary for the purpose of enforcement action under section 87B of the Act; or
- (c) is necessary for the purpose of making such market inquiries as the Commission thinks fit to assess the impact on competition arising in connection with the divestment of the Divestiture Businesses.

13 No derogation

13.1 Action for breach of Undertaking

The Undertaking does not prevent the Commission from taking enforcement action at any time whether during or after the period of this Undertaking in respect of any breach by Fairfax of any term of the Undertaking.

13.2 Other action under the Act

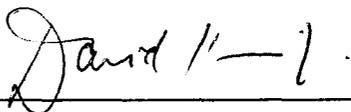
Nothing in the Undertaking is intended to restrict the right of the Commission to take action under the Act for penalties, divestiture or any other remedy/s in the event that divestiture of the Divestiture Titles is not implemented in accordance with the Undertaking.

14 Costs

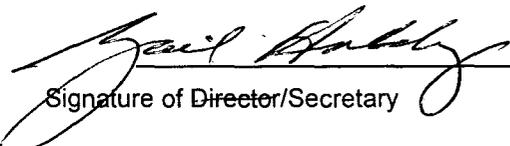
All costs incurred by Fairfax in providing information to the Commission, in responding to Commission inquiries as required by the Undertaking or in complying with this Undertaking are to be paid by Fairfax.

Signed by: Fairfax Media Limited ACN 008 663 161

by:



Signature of Director



Signature of Director/Secretary

DAVID KIRK
Name of Director (please print)

GAIL HAMBLY
Name of Director/Secretary (please print)

Date: 17 April 2007

The Undertaking offered by Fairfax Media Limited ACN 008 663 161 is accepted by the Australian Competition & Consumer Commission pursuant to section 87B of the Trade Practices Act 1974



Graeme Julian Samuel
Chairman

Date: 18 April 2007

Confidential schedule 1

Confidentiality granted

Schedule 2

Divestiture Business

- (a) Intellectual property including legal and beneficial interests in any intellectual property in the mastheads, including trade marks and copyright and legal and beneficial interests in intellectual property in any advertising or sponsorship materials used to promote the mastheads.
- (b) Fairfax staff and contractors referred to in Confidential Schedule 3.
- (c) Licenses and other rights to use business management systems, but not to include the provision of access to business management systems of Fairfax or the provision of business management services by Fairfax.
- (d) Office equipment.
- (e) Contracts including the benefit of current contracts with advertisers in the Divestiture Titles and the benefit of the distribution agreement for distribution of the Divestiture Titles, to which Fairfax has transferable contractual rights.
- (f) Goodwill.
- (g) Business records including customer lists.
- (h) Archive material.
- (i) Work-in-progress including advertisements placed by advertisers but not yet published.
- (j) Printing arrangements (where required in accordance with paragraph 8.2).
- (k) Access to premises (where required in accordance with paragraph 8.2).
- (l) Third party Information Technology software, systems or solutions in relation to which Fairfax has transferable contractual rights.

Confidential Schedule 3

Confidentiality granted