



6 December 2006

**FAIRFAX MEDIA AND RURAL PRESS ANNOUNCE PROPOSAL
TO MERGE AND CREATE AUSTRALASIA'S LARGEST
INTEGRATED METROPOLITAN, REGIONAL AND
RURAL PRINT AND DIGITAL MEDIA BUSINESS**

Fairfax Media and Rural Press Limited today announced a proposal to merge and create Australasia's largest integrated metropolitan, regional and rural print and digital media business.

MERGER HIGHLIGHTS

- A cash and scrip merger proposal for the entire issued capital of Rural Press
- Creates Australasia's largest integrated metropolitan, regional and rural print and digital media business with an enterprise value of over \$9 billion
- Positions the combined business to take advantage of rapid growth in online media through enhanced financial and operational scale and high quality, localised content offering
- Unanimously recommended by the Rural Press Board in the absence of a superior proposal for all the Rural Press Ordinary and Preferred shares
- Under the merger proposal, each Rural Press Ordinary and Preferred shareholder will be entitled to receive for each share held:
 - 2 Fairfax Media shares and \$3.30 in cash; **or**
 - 2.3 Fairfax Media shares and \$1.80 in cash
- **In addition**, the Rural Press Board intends to declare a fully franked special dividend in respect of each Rural Press Ordinary share and Preferred share of 57.143 cents and 62.858 cents respectively
- The merger proposal represents a significant premium to recent Rural Press share prices
- EPS enhancing from FY08 (excluding one-off integration costs)
- Estimated synergies of at least \$35 million per annum expected to be realised in 12 to 18 months
- Two Rural Press non-executive Directors will be invited to take up seats on the Fairfax Media Board of Directors, which will be expanded to nine. Mr Ronald Walker will continue as Chairman.

The Chairman of the Board of Fairfax Media, Mr Ronald Walker, said, "Fairfax Media's role as a leading Australian media company has been greatly strengthened through this combination with Rural Press.

"This is a great day for both our companies. The publishing businesses of both companies are substantially expanded and we have immense opportunities online.

"With a geographic footprint covering the metropolitan markets of Sydney, Melbourne and now Canberra, with the prestigious Canberra Times, printing and publishing with over 240 rural, regional and community publications, a substantial presence in New Zealand, a significant agricultural publishing presence in the USA with over 20 titles, 9 radio licences in Queensland and South Australia, and over 5 million visitors to the Fairfax Digital sites and farmonline.com.au, canberratimes.com.au and yourguide.com.au, the Group is well placed for future growth.

"This merger clearly meets our investment criteria of benefiting Fairfax Media shareholders by advancing Fairfax Media's strategic growth and increasing shareholder value. Our dividend payout will be maintained.

"With an enterprise value of over \$9 billion, we are poised for stronger growth and further strategic expansion of our brand in Australia and overseas in the years ahead.

"I will invite two non-executive directors from Rural Press to the Fairfax Media Board.

"This merger has been contemplated by both companies over a number of years. We look forward to the successful completion of the transaction."

The Chairman of the Board of Rural Press, Mr John B. Fairfax, said, "The Rural Press philosophy has been one of geographic and strategic diversity to deliver earnings growth for shareholders and minimise risk and uncertainty.

"Fairfax Media is a company which through its online activity and broad media interests in Australia and New Zealand provides opportunity for enhanced growth. The merger with Rural Press will provide opportunities for Fairfax Media to leverage its online media businesses and expertise across regional communities throughout Australia.

"Since listing on the public markets in 1989, Rural Press' management has focused on growing the company's regional publishing activities. During this time, Rural Press has grown from a company with a market capitalisation below \$200 million in 1989 to over \$2.3 billion today.

"The Board of Rural Press believes the merger with Fairfax Media is a natural progression for the continued growth of the company's regional publishing businesses."

Mr David Kirk, CEO of Fairfax Media said, "Our merger agreement creates a dynamic and diversified media powerhouse that will now extend from Western Australia to New Zealand and the USA with leadership positions in metropolitan, regional, rural, business and online publishing markets.

"The long term growth profile for the merged group will exceed that of either company alone. The merged group will have exceptional cash flow, a strong dividend yield, and it will benefit from the operating disciplines and expertise of an experienced management team.

"As a result of this merger, the new Fairfax Media is stronger in several significant respects than the two companies alone. By adding an extensive portfolio of regional and rural publications to strong metropolitan and digital brands, the group is substantially more

diversified. The group will have higher cash flows and lower earnings volatility. Operating synergies are estimated to be at least \$35 million per annum, expected to be realised in 12 to 18 months.

“This merger positions the group tremendously for internet expansion. Combining the local content and connections of the Rural Press titles with the national reach of Fairfax Media’s online brands and technology will accelerate growth in online classified revenue, and enable the development of local news and information sites and a world-class rural services online business.

“The addition of *The Canberra Times* strengthens the combined publishing business and provides opportunities in conjunction with our metropolitan newspapers as well as online news and classifieds. Fairfax Media will be a proud publisher of the daily newspaper in the nation’s capital.”

Post the merger, Mr Brian McCarthy, the current CEO of Rural Press, will become Deputy CEO of Fairfax Media and CEO, Australia, responsible for metropolitan, regional, rural and magazine publishing and printing in Australia. Fairfax Business Media, Fairfax Media in New Zealand, Fairfax Digital, and Trade Me continue to report to Fairfax Media CEO David Kirk.

Mr Brian McCarthy said, “The merger represents an exciting opportunity for Rural Press shareholders, customers and employees to benefit from being part of a larger organisation and accessing the considerable growth opportunities presented by increased diversity and Fairfax Media’s digital media business.

“I am proud of the Rural Press management and staff and the value that has been created for Rural Press shareholders”

Mr John B. Fairfax added, “Brian and the team have done an outstanding job in establishing Rural Press as Australia’s leading rural and regional publishing business, building the business and delivering substantial returns to shareholders. We look forward to their contribution to the ongoing success of Fairfax Media.”

The Board of Rural Press unanimously recommends that all Rural Press shareholders support the merger proposal, subject to the independent expert confirming that the merger schemes are in the best interests of Rural Press shareholders and in the absence of a superior proposal for all Rural Press Ordinary and Preferred Shares. Rural Press’ Board members intend to vote in favour of the proposal on this basis.

Further background material is attached.

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OVERVIEW OF THE PROPOSED MERGER

Following the merger, the enlarged group will have:

- An enterprise value in excess of \$9 billion (based on current share prices);
- A geographic footprint which covers the metropolitan markets of Sydney, Melbourne and Canberra, and a significant regional and rural publishing and printing presence with over 240 publications (including publications in Newcastle, Wollongong, Tamworth, Dubbo, Ballarat, Launceston and Bendigo);
- Over 5 million visitors each month to websites including *smh.com.au*, *theage.com.au*, *farmonline.com.au*, *canberratimes.com.au* and *yourguide.com.au*;
- A substantial presence in New Zealand's daily newspaper market and 6 agricultural publications;
- The leading internet site in New Zealand, *trademe.co.nz*;
- A significant agricultural publishing presence in the USA with over 20 titles; and
- 9 radio licences in Queensland and South Australia.

The Merger Proposal

Under the merger proposal, Rural Press shareholders will receive scrip and cash from Fairfax Media:

- Each Rural Press Ordinary and Preferred shareholder will be entitled to receive for each share held:
 - 2 Fairfax Media shares and \$3.30 in cash; **or**
 - 2.3 Fairfax Media shares and \$1.80 in cash.

In addition, the Rural Press Board intends to declare a fully franked special dividend in respect of each Rural Press Ordinary share and Preferred share of 57.143 cents and 62.858 cents respectively.

The Preferred share scheme will be conditional on the Ordinary share scheme proceeding. The Ordinary share scheme will be conditional on the Preferred share scheme proceeding or on Fairfax Media making a backstop bid for all of the Preferred shares.

On the basis the merger proposal is approved, Rural Press shareholders will receive Fairfax Media scrip and cash plus the special dividend. The aggregate of this consideration (excluding franking benefit), based on Fairfax Media's one month volume weighted average share price of \$4.96 and current share price of \$5.21, totals:

- \$13.78 to \$14.35 for Ordinary shareholders; and
- \$13.84 to \$14.41 for Preferred shareholders.

Based on these values, the aggregate consideration represents a premium for Ordinary shareholders as follows:

- 17.3% to 22.2% premium to Rural Press' Ordinary share price on 5 December 2006;
- 15.5% to 20.3% premium to Rural Press' volume weighted average share price for Ordinary Shares for the one month preceding this announcement; and

- 18.4% to 23.3% premium to Rural Press' volume weighted average share price for Ordinary Shares for the three months preceding this announcement.

The position for Preferred shares is not materially different from that shown above.

Interim Dividend Entitlement

Under the terms of the merger, both Fairfax Media and Rural Press shareholders will be entitled to receive an interim dividend for the period to 31 December 2006.

Rural Press Board intends to declare a fully franked interim dividend of a maximum of 30 cents per Rural Press Ordinary share and a fully franked interim dividend of a maximum of 33 cents per Preferred share, in line with the existing right of Preferred shares to receive a 10% premium on dividend payments under Rural Press' constitution.

Fairfax Media shareholders will be entitled to receive a fully franked dividend of a maximum of 10 cents per share.

Benefits to Existing Rural Press Shareholders

Since listing on the public markets in 1989, Rural Press's management has focused on growing the company's regional and rural publishing activities. During this time, Rural Press has grown from a company with a market capitalisation below \$200 million in 1989 to over \$2.3 billion today.

The Board of Rural Press believe the merger with Fairfax Media is a natural progression for the continued growth of the company's regional and rural publishing businesses and will provide the following benefits for Rural Press shareholders:

- A unique opportunity to have an interest in Australasia's largest integrated metropolitan, regional and rural print and digital media business;
- Securing the leading online portfolio and capability in Australasia to drive local news and information, national classifieds and regional and rural trading and services;
- Strong premium offered under the merger to recent share price performance; and
- Scrip component of the offer ensures that Rural Press shareholders can continue to participate in the future benefits arising from the merger (including synergies) and receive capital gains tax roll-over relief.

Board and Management

The Fairfax Media Board will invite the Rural Press Board to nominate two Rural Press non-executive directors to an enlarged Fairfax Board of nine directors.

Mr Brian McCarthy will join Fairfax Media as Deputy CEO of Fairfax Media and CEO, Australia, responsible for metropolitan, regional, rural and magazine publishing and printing in Australia.

Merger Implementation Deed

Fairfax Media and Rural Press have entered into a Merger Implementation Deed under which they have agreed to proceed with the merger by way of two Schemes of Arrangement. Implementation of the merger is conditional on the satisfaction of a number of conditions precedent.

The conditions and key terms included in the Merger Implementation Deed are attached in Appendix I.

Anticipated Timetable

The two Schemes of Arrangement are presently expected to be completed by April 2007. The Scheme Booklets are expected to be circulated to Rural Press Ordinary and Preferred shareholders in February 2007.

Key steps include discussions with the ACCC, lodging Scheme documents with ASIC, an initial court hearing, Rural Press shareholder scheme meetings and a second court hearing.

Shareholder Information

Further information on the merger proposal will be lodged with the ASX and included on Fairfax Media's website, www.fxj.com.au, and Rural Press' website, www.ruralpress.com.

A shareholder information helpline has been established to assist with any queries regarding the merger:

- For callers from within Australia, dial toll-free 1300 782 565; or
- For callers outside Australia, dial +613 9415 4122

ABN AMRO Corporate Finance is advising Rural Press. Lazard is advising Fairfax Media.

Analyst Briefing

Date: 6 December 2006
Time: 11:00 am

The Sofitel Wentworth Hotel
Melbourne Room, Level 3
61 Phillip Street
Sydney

For those unable to attend the presentation, a teleconference facility is available. Conference access numbers are:

Australia	1800 009 696
New Zealand	0800 449 118
Hong Kong	800 967 659
Singapore	800 616 2160
UK	0800 068 9834
USA	1866 369 4113

Introduction

John Fairfax Holdings Limited (**Fairfax**) and Rural Press Limited (**Rural Press**) entered into a Merger Implementation Deed (**MID**) on 5 December 2006. The MID sets out the terms and the parties' respective obligations in connection with the implementation of the scheme.

A copy of the MID will be contained in the Scheme Booklet to be provided by Rural Press to Rural Press Ordinary and Preferred Shareholders prior to the Scheme Meetings. An outline of the key terms of the MID is set out below.

Conditions precedent

The Schemes will not become Effective unless each of the following conditions precedent is satisfied or waived:

- (a) Regulatory approvals:
 - i) ASIC and ASX issue or provide any consents or approvals or do other acts necessary or desirable to implement the Scheme; and
 - ii) the ACCC takes no action to oppose the Transaction.
- (b) Rural Press Preferred Shareholder approval: Rural Press Preferred Shareholders approve the Rural Press Preferred Scheme at the Rural Press Preferred Scheme Meeting (or any adjournment or postponement of it at which the Rural Press Preferred Scheme is voted on) by the requisite majorities under the Corporations Act or Fairfax has dispatched the Rural Press Preferred Share Offers to the Rural Press Preferred Shareholders.
- (c) Rural Press Preferred Share Offers: if Rural Press Preferred Shareholders do not approve the Rural Press Preferred Scheme at the Rural Press Preferred Scheme Meeting (or any adjournment or postponement of it at which the Rural Press Preferred Scheme is voted on) by the requisite majorities under the Corporations Act, the Rural Press Preferred Share Offers have been dispatched and have been open and capable of acceptance for at least 5 Business Days before the Rural Press Ordinary Scheme Meeting (or any adjournment or postponement of it at which the Rural Press Ordinary Scheme is voted on) and remain open and capable of acceptance at 8.00am on the Second Court Date.
- (d) Rural Press Ordinary Shareholder approval: Rural Press Ordinary Shareholders approve the Rural Press Ordinary Scheme at the Rural Press Ordinary Scheme Meeting (or any adjournment or postponement of it at which the Rural Press Ordinary Scheme is voted on) by the requisite majorities under the Corporations Act.
- (e) Quotation of Fairfax Shares: The Fairfax Shares to be issued pursuant to the Schemes are approved for official quotation by ASX by 8.00 am on the Second Court Date (any such approval may be subject to customary conditions and to the relevant Scheme becoming Effective).

- (f) Court approval: The Court approves the Schemes (or, if Fairfax has dispatched the Rural Press Preferred Share Offers to the Rural Press Preferred Shareholders, the Court approves the Rural Press Ordinary Scheme) in accordance with section 411(4)(b) of the Corporations Act either unconditionally or on conditions that are customary or usual.
- (g) Restraints: No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the Transaction is in effect at 5.00pm on the day before the Second Court Date.
- (h) Fairfax Material Adverse Change: No Fairfax Material Adverse Change is in existence at 5.00pm on the day before the Second Court Date.
- (i) Rural Press Material Adverse Change: No Rural Press Material Adverse Change is in existence at 5.00pm on the day before the Second Court Date.
- (j) Fairfax Prescribed Occurrence: No Fairfax Prescribed Occurrence has occurred as at 5.00pm on the day before the Scheme Meetings and at 5.00pm on the day before the Second Court Date.
- (k) Rural Press Prescribed Occurrence: No Rural Press Prescribed Occurrence has occurred as at 5.00pm on the day before the Scheme Meetings and at 5.00pm on the day before the Second Court Date.
- (l) Fairfax representations: No representation given by Fairfax has become materially incorrect before 5.00pm on the day before the Second Court Date.
- (m) Rural Press representations: No representation given by Rural Press has become materially incorrect before 5.00pm on the day before the Second Court Date.
- (n) Independent Expert: The Independent Expert giving a report to Rural Press that in its opinion the Schemes are in the best interests of Rural Press Shareholders and the Independent Expert does not change its conclusion or withdraw its report prior to 5.00pm on the day prior to the Second Court Date.
- (o) Rural Press Options:
 - i) Rural Press uses its best endeavours to:
 - 1 cause all Rural Press Options to be cancelled by agreement;
 - 2 enter into agreements with holders of Rural Press Options for the cancellation of their Rural Press Options; or
 - 3 ensure all Rural Press Options are exercised, before the Rural Press Preferred Scheme Meeting (and continue to do so after that meeting), and
 - ii) Rural Press keeps Fairfax reasonably informed and reasonably consults with Fairfax in relation to the cancellation, agreements to cancel and exercise of the Rural Press Options.

Inter-conditionality of Schemes

The Rural Press Ordinary Scheme will be subject to and conditional upon the Rural Press Preferred Scheme becoming Effective or Fairfax dispatching the Rural Press Preferred Share Offers to the Rural Press Preferred Shareholders.

The Rural Press Preferred Scheme will be subject to and conditional upon the Rural Press Ordinary Scheme becoming Effective.

Rural Press Preferred Share Offers

Subject only to the MID not being terminated in accordance with its terms, if Rural Press Preferred Shareholders do not approve the Rural Press Preferred Scheme at the Rural Press Preferred Scheme Meeting (or any adjournment or postponement of it at which the Rural Press Preferred Scheme is voted on) by the requisite majorities under the Corporations Act, Fairfax must dispatch the Rural Press Preferred Share Offers to Rural Press Preferred Shareholders in sufficient time for the offers to be open and capable of acceptance for 5 Business Days before the Rural Press Ordinary Scheme Meeting, keep the offers open and capable of acceptance for the earlier of compulsory acquisition being completed under the Rural Press Preferred Share Offers and 60 days after the Rural Press Ordinary Scheme becomes Effective and make payment to Rural Press Preferred Shareholders who accept before the Rural Press Ordinary Scheme meeting on the Implementation Date, and Rural Press Preferred Shareholders who accept after that on a weekly basis.

Board and management changes

Rural Press must, as soon as practicable:

- (a) after the Second Court Date, cause the appointment of that number of nominees of Fairfax to the Rural Press Board which gives those nominees acting together control of the Rural Press Board; and
- (b) after the Rural Press Ordinary Scheme Consideration and the Rural Press Preferred Scheme Consideration has been paid, ensure that all directors on the Rural Press Board, other than the Fairfax nominees, resign.

Fairfax must, as soon as practicable after the Second Court Date, take all actions necessary to cause the appointment of 2 of the non-executive directors of the Rural Press Board, nominated by Rural Press as non-executive directors on the Fairfax Board.

Exclusivity

During the Exclusivity Period, Rural Press and Fairfax must not, and must use their best endeavours to ensure that their Representatives do not, except with the prior consent of the other party:

- (a) solicit, initiate or invite any enquiries, discussions or proposals in relation to, or which may reasonably be expected to lead to, a Third Party Proposal for that party;
- (b) participate in any discussions or negotiations in relation to, or which may reasonably be expected to lead to, a Third Party Proposal for that party; or
- (c) communicate to any person an intention to do any of the things referred to in (a) or (b).

Each of Rural Press and Fairfax have also agreed that they will notify the other of any unsolicited approach to them or their Representatives that relates to a Third Party Proposal (including the identity of the third party and terms of the proposal) (**Notification Obligation**). Each party must give at least 48 hours notice before recommending a Third Party Proposal.

The obligations in paragraphs (b) and (c) and the Notification Obligation are subject to fiduciary carve-outs.

Payment of costs

Rural Press must pay to Fairfax the Break Fee to compensate Fairfax for the costs and disbursements incurred by Fairfax and the time invested by the management and board of Fairfax if the MID is terminated or the Schemes are not implemented as a result of:

- (a) the non-satisfaction of certain conditions precedent (Rural Press Ordinary Shareholder approval, Rural Press Material Adverse Change, Rural Press Prescribed Occurrence, Rural Press representations, Rural Press Options) provided that, immediately before the termination or, if the agreement has not been terminated, when Court approval was due to be sought, no matter has occurred which would prevent certain conditions precedent (Regulatory Approvals, Quotation of Fairfax Shares, Restraints, Fairfax Material Adverse Change, Fairfax Prescribed Occurrences, Fairfax representations) from being satisfied;
- (b) Rural Press not using its best endeavours to cause certain conditions precedent (Rural Press Preferred Shareholder Approval, Rural Press Ordinary Shareholder Approval and Court Approval) to be satisfied, provided that all other conditions precedent have been or are reasonably likely to be satisfied;
- (c) any Rural Press Board member withdrawing or changing their recommendation or supporting a Third Party Proposal for Rural Press;
- (d) a Third Party Proposal for Rural Press being announced or made before the Second Court Date and, within 6 months of the date of the MID, the person making the Third Party Proposal for Rural Press acquiring voting power of 50% or more in Rural Press; or
- (e) Rural Press breaching its exclusivity obligations,

Fairfax must pay to Rural Press the Break Fee to compensate Rural Press for the costs and disbursements incurred by Rural Press and the time invested by the management and board of Rural Press if:

- (a) the MID is terminated or the Schemes are not implemented as a result of:
 - i. the non-satisfaction of certain conditions precedent (Rural Press Preferred Share Offers, Quotation of Fairfax Shares, Fairfax Material Adverse Change, Fairfax Prescribed Occurrence, Fairfax representations) provided that, immediately before the termination or, if the MID has not been terminated when Court approval was due to be sought, no matter has occurred which would prevent certain conditions precedent (Regulatory Approvals, Quotation of Fairfax Shares, Restraints, Rural Press Material Adverse Change, Rural Press Prescribed Occurrence, Rural Press representations, Rural Press Options) from being satisfied; or
 - ii. the person making the Third Party Proposal for Fairfax, which proposal resulted in termination of the MID, acquiring voting power of 50% or more in Fairfax;
- (b) Fairfax breaches its exclusivity obligations; or
- (c) Fairfax breaches its obligations set out above in relation to the Rural Press Preferred Share Offers.

Neither party is obliged to pay a break fee if:

- (a) either party becomes aware of a Material Adverse Change prior to the end of the Due Diligence Period and terminates the MID; or
- (b) the Rural Press Board changes its recommendation as a result of the Independent Expert concluding that the scheme is not in the best interests of Rural Press Shareholders for reasons not associated with a Third Party Proposal for Rural Press.

Termination

- (a) Either party may terminate the MID by written notice to the other party at any time before 5.00pm on the day before the Second Court Date if:
 - i) the other party is in material breach of any provision of the MID, the party wishing to terminate has given written notice to the other party setting out the relevant circumstances and stating an intention to terminate, and the relevant circumstances continue to exist 5 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) from the time the notice is given;
 - ii) a Court or Government Agency has taken any action permanently restraining or otherwise prohibiting the Transaction, or has refused to do any thing necessary to permit the Transaction, and the action or refusal has become final and cannot be appealed; or
 - iii) the other party breaches its exclusivity obligations.
- (b) Fairfax may terminate the MID by written notice to Rural Press if:
 - i) at the Rural Press Ordinary Scheme Meeting or any adjournment or postponement of it at which the Rural Press Ordinary Scheme is voted on, the

Rural Press Ordinary Scheme is not approved by 22 June 2007 by the requisite majority of Rural Press Ordinary Shareholders required under the Corporations Act; or

- ii) the Rural Press Board withdraws or changes its recommendation in relation to the Schemes for any reason.
- (c) Rural Press may terminate the MID by written notice to Fairfax if after Rural Press has received notice (pursuant to the MID) of a Third Party Proposal for Fairfax, the Rural Press Board has determined in good faith and acting reasonably that if the Third Party Proposal for Fairfax that has the support of the majority of members of the Fairfax Board is implemented the Transaction would not be in the best interests of, or fair and reasonable to, Rural Press Shareholders.
- (d) Rural Press may terminate the MID if it becomes aware of a Fairfax Material Adverse Change prior to the end of the Due Diligence Period.
- (e) Fairfax may terminate the MID if it becomes aware of a Rural Press Material Adverse Change prior to the end of the Due Diligence Period.

Due Diligence

Each party will, during the Due Diligence Period make available information reasonably required by the other party for the purposes of due diligence inquiries. The due diligence will include management interviews and review of management papers and documents.

Relevant Definitions

Term	Meaning
ACCC	the Australian Competition and Consumer Commission.
ASIC	the Australian Securities and Investments Commission.
ASX	the Australian Stock Exchange Limited.
Break Fee	\$10,000,000.
Business Day	has the meaning given in the Listing Rules.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Court	The Supreme Court of New South Wales or any other court of competent jurisdiction under the Corporations Act agreed in writing by Fairfax and Rural Press.

Term	Meaning
Due Diligence Period	6 December to 15 December 2006 unless extended by agreement between the parties.
Effective	when used in relation to a Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.
End Date	30 June 2007.
Exclusivity Period	the period from and including the date of the MID to the earlier of: <ol style="list-style-type: none"> 1 the termination of the MID in accordance with its terms; and 2 the End Date.
Fairfax Board	the board of directors of Fairfax.
Fairfax Material Adverse Change	<p>matters, events or circumstances other than:</p> <ol style="list-style-type: none"> 1 those required to be done or procured by Fairfax pursuant to the MID; 2 those which Rural Press and Fairfax agree in writing are not a Fairfax Material Adverse Change; or 3 those fairly disclosed by Fairfax to Rural Press in writing prior to the date of the MID, <p>which are not of a one off non recurring nature and which individually have or are reasonably likely to have, or when aggregated with all other such matters, events or circumstances, have or are reasonably likely to have, a materially adverse impact, leading to a decline of 15% or more in the earnings per share from that reported for Fairfax for the financial year ending 30 June 2006.</p>
Fairfax Prescribed Occurrence	<p>(other than as required by the MID or the Schemes) the occurrence of any of the following between the date of the MID and 5.00pm on the day before the Second Court Date:</p> <ol style="list-style-type: none"> 1 Fairfax converting all or any of its shares into a larger or smaller number of shares; 2 Fairfax or a Material Subsidiary of Fairfax resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares; 3 Fairfax or a Material Subsidiary of Fairfax: <ul style="list-style-type: none"> • entering into a buy-back agreement; or • resolving to approve the terms of a buy-back agreement under the Corporations Act; 4 Fairfax declaring, paying or distributing any dividend, bonus or other share of its profits or assets (other than an interim dividend of not more than \$0.10 a Fairfax Share, and a dividend on Fairfax stapled preference shares payable on 30 April 2007 of \$4.0040); 5 Fairfax or a subsidiary of Fairfax issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than pursuant to Fairfax's existing dividend reinvestment plan; 6 Fairfax or a subsidiary of Fairfax issuing or agreeing to issue, securities convertible into shares or debt securities; 7 Fairfax or a subsidiary of Fairfax making any change to its constitution other than to

Term	Meaning
	change Fairfax's name in accordance with the resolution passed at Fairfax's annual general meeting held on 10 November 2006;
8	Fairfax or a subsidiary of Fairfax: <ul style="list-style-type: none"> • acquiring or disposing of; • agreeing to acquire or dispose of; or • offering, proposing, announcing a bid or tendering for, any business, assets, entity or undertaking, the value of which exceeds \$100 million, or that otherwise constitutes a Fairfax Material Adverse Change;
9	Fairfax or a subsidiary of Fairfax being notified of Material Proceedings against Fairfax or a subsidiary of Fairfax;
10	Fairfax or a Material Subsidiary of Fairfax creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property otherwise than: <ul style="list-style-type: none"> • in the ordinary course of business; and • a lien or other encumbrance which arises by operation of law or legislation securing an obligation that is not yet due;
11	Fairfax or a Material Subsidiary of Fairfax resolving that it be wound up;
12	a liquidator or provisional liquidator of Fairfax or of a Material Subsidiary of Fairfax being appointed;
13	the Court making an order for the winding up of Fairfax or of a Material Subsidiary of Fairfax;
14	an administrator of Fairfax or of a Material Subsidiary of Fairfax being appointed under the Corporations Act;
15	Fairfax or a Material Subsidiary of Fairfax being deregistered as a company or otherwise dissolved;
16	Fairfax or a Material Subsidiary of Fairfax executing a deed of company arrangement; or
17	a receiver, or a receiver and manager, being appointed in relation to the whole, or a substantial part, of the property of Fairfax or of a Material Subsidiary of Fairfax.
Fairfax Shares	fully paid ordinary shares of Fairfax.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state.
Implementation Date	the third Business Day after the Transaction Record Date.
Independent Expert	the independent expert in respect of the Schemes appointed by Rural Press.
Listing Rules	means the official listing rules of the ASX.
Material Proceedings	investigation, prosecution or litigation, which is not withdrawn or discontinued within 14 days of proceedings being filed, involving a claim in excess of \$100 million.

Term	Meaning
Material Subsidiary	an operating subsidiary of Rural Press or Fairfax, as applicable, that conducts business or has assets of more than \$50,000.
Regulatory Approvals	has the meaning given to that term in the conditions precedent clause.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Representative	in relation to a party: <ol style="list-style-type: none"> 1 each of the party's subsidiaries; and 2 each of the directors, officers, employees and advisers of the party or of any of its subsidiaries.
Rural Press Board	the board of directors of Rural Press.
Rural Press Options	rights granted to participants the Rural Press executive option plan or otherwise to subscribe for or acquire Rural Press Preferred Shares.
Rural Press Material Adverse Change	<p>matters, events or circumstances other than:</p> <ol style="list-style-type: none"> 1 those required to be done or procured by Rural Press pursuant to the MID; 2 those which Rural Press and Fairfax agree in writing are not a Rural Press Material Adverse Change; or 3 those fairly disclosed by Rural Press to Fairfax in writing prior to the date of the MID, <p>which are not of a one off non recurring nature and which individually have or are reasonably likely to have, or when aggregated with all other such matters, events or circumstances, have or are reasonably likely to have, a materially adverse impact, leading to a decline of 15% or more in the earnings per share from that reported for Rural Press for the financial year ending 30 June 2006.</p>
Rural Press Ordinary Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Rural Press and the Rural Press Ordinary Shareholders in respect of all the Rural Press Ordinary Shares in substantially the form of Annexure 1 with such amendments as Rural Press and Fairfax may agree.
Rural Press Ordinary Scheme Consideration	the consideration to be provided to Rural Press Ordinary Scheme Shareholders for the transfer of each Rural Press Ordinary Scheme Share in accordance with the Rural Press Ordinary Scheme being either Cash consideration of \$3.30 and 2 Fairfax Shares or cash consideration of \$1.80 and 2.3 Fairfax Shares at the election of the shareholder
Rural Press Ordinary Scheme Meeting	the meeting of Rural Press Ordinary Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act.
Rural Press Ordinary Scheme Shareholders	Rural Press Ordinary Shareholders as at the Transaction Record Date.

Term	Meaning
Rural Press Ordinary Shareholders	each person who is registered as the holder of Rural Press Ordinary Shares.
Rural Press Ordinary Shares	fully paid ordinary shares of Rural Press.
Rural Press Preferred Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Rural Press and the Rural Press Preferred Shareholders in respect of all the Rural Press Ordinary Shares in substantially the form of Annexure 2 with such amendments as Rural Press and Fairfax shall agree.
Rural Press Preferred Scheme Consideration	the consideration to be provided to Rural Press Preferred Scheme Shareholders for the transfer of each Rural Press Preferred Scheme Share in accordance the Rural Press Preferred Scheme being either Cash consideration of \$3.30 and 2 Fairfax Shares or cash consideration of \$1.80 and 2.3 Fairfax Shares at the election of the shareholder.
Rural Press Preferred Scheme Meeting	the meeting of Rural Press Preferred Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to be held 14 days before the Rural Press Ordinary Scheme Meeting.
Rural Press Preferred Scheme Shareholders	Rural Press Preferred Shareholders as at the Transaction Record Date.
Rural Press Preferred Share Offers	Offers under a takeover bid made under Chapter 6 of the Corporations Act by Fairfax to purchase the Rural Press Preferred Shares, conditional only on the Rural Press Ordinary Scheme becoming Effective, which offers as consideration for each Rural Press Preferred Share either cash consideration of \$3.30 and 2 Fairfax Shares or cash consideration of \$1.80 and 2.3 Fairfax Shares at the election of the accepting shareholder and which must remain open and capable of acceptance for the earlier of compulsory acquisition being completed and 60 days after the Rural Press Ordinary Scheme becoming Effective.
Rural Press Preferred Shareholders	each person who is registered as the holder of Rural Press Preferred Shares.
Rural Press Preferred Shares	fully paid preferred shares in Rural Press.
Rural Press Prescribed Occurrence	<p>(other than as required by the MID or the Schemes) the occurrence of any of the following between the date of the MID and 5.00pm on the day before the Second Court Date:</p> <ol style="list-style-type: none"> 1 Rural Press converting all or any of its shares into a larger or smaller number of shares; 2 Rural Press or a Material Subsidiary of Rural Press resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares; 3 Rural Press or a Material Subsidiary of Rural Press: <ul style="list-style-type: none"> • entering into a buy-back agreement; or • resolving to approve the terms of a buy-back agreement under the Corporations

Term	Meaning
	<p>Act;</p> <p>4 Rural Press declaring, paying or distributing any dividend, bonus or other share of its profits or assets (other than an interim dividend of not more than \$0.30 per Rural Press Ordinary Share, \$0.33 per Rural Press Preferred Share and the Rural Press Special Dividends);</p> <p>5 Rural Press or a subsidiary of Rural Press issuing shares (other than pursuant to the exercise of existing options), or granting an option over its shares, or agreeing to make such an issue or grant such an option;</p> <p>6 Rural Press or a subsidiary of Rural Press issuing or agreeing to issue, securities convertible into shares or debt securities;</p> <p>7 Rural Press or a subsidiary of Rural Press making any change to its constitution;</p> <p>8 Rural Press or a subsidiary of Rural Press:</p> <ul style="list-style-type: none"> • acquiring or disposing of; • agreeing to acquire or dispose of; or • offering, proposing, announcing a bid or tendering for, <p>any business, assets, entity or undertaking, the value of which exceeds \$100 million, or that otherwise constitutes a Rural Press Material Adverse Change;</p> <p>9 Rural Press or a subsidiary of Rural Press being notified of Material Proceedings against Rural Press or a subsidiary of Rural Press;</p> <p>10 Rural Press or a Material Subsidiary of Rural Press creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property otherwise than:</p> <ul style="list-style-type: none"> • in the ordinary course of business; and • a lien or other encumbrance which arises by operation of law or legislation securing an obligation that is not yet due; <p>11 Rural Press or a Material Subsidiary of Rural Press resolving that it be wound up;</p> <p>12 a liquidator or provisional liquidator of Rural Press or of a Material Subsidiary of Rural Press being appointed;</p> <p>13 the Court making an order for the winding up of Rural Press or of a Material Subsidiary of Rural Press;</p> <p>14 an administrator of Rural Press or of a Material Subsidiary of Rural Press being appointed under the Corporations Act;</p> <p>15 Rural Press or a Material Subsidiary of Rural Press being deregistered as a company or otherwise dissolved;</p> <p>16 Rural Press or a Material Subsidiary of Rural Press executing a deed of company arrangement; or</p> <p>17 a receiver, or a receiver and manager, being appointed in relation to the whole, or a substantial part, of the property of Rural Press or of a Material Subsidiary of Rural Press.</p>
Rural Press Shareholders	the Rural Press Ordinary Shareholders and the Rural Press Preferred Shareholders.
Rural Press Special Dividends	<p>1 a dividend of no more than \$0.57143 per Rural Press Ordinary Share; and</p> <p>2 a dividend of no more than \$0.62858 per Rural Press Preferred Share, with a record date on or before the Transaction Record Date.</p>

Term	Meaning
Scheme Booklet	the information to be approved by the Court and despatched to Rural Press Ordinary Shareholders and Rural Press Preferred Shareholders and which must include the Schemes, an explanatory statement complying with the requirements of the Corporations Act, an independent expert's report, notices of meeting and proxy forms in the form the parties agree.
Scheme Meetings	the Rural Press Ordinary Scheme Meeting and the Rural Press Preferred Scheme Meeting.
Scheme Shares	the Rural Press Ordinary Shares and Rural Press Preferred Shares on issue at the Transaction Record Date.
Schemes	the Rural Press Preferred Scheme and the Rural Press Ordinary Scheme.
Second Court Date	the first day on which an application made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Schemes is heard.
Third Party Proposal	<p>in relation to a party, any expression of interest, proposal or offer in relation to a bid, scheme, joint venture, dual listed company structure, purchase of a main undertaking, share issue or other similar reorganisation (other than as contemplated by the MID) by any person under which:</p> <ol style="list-style-type: none"> 1 a person (together with the person's Associates) may acquire a Relevant Interest in more than 15% of one or more classes of securities of the party; 2 a person may acquire voting power (as defined in Chapter 6 of the Corporations Act) of more than 15% in the party; 3 a person may acquire, directly or indirectly any interest (including legal, equitable or economic) in all or a material part of the business or assets (on a consolidated basis) of the party; or 4 a person may otherwise merge or amalgamate with the party. <p>For the purposes of paragraph (3), the acquisition of an interest in a part of the business or assets (on a consolidated basis) of a party will be material if:</p> <ol style="list-style-type: none"> (a) the relevant business or businesses contribute 15% or more of the consolidated net profit after tax of the party; or (b) the assets represent 15% or more of the total consolidated assets of the party.
Transaction	the acquisition by Fairfax of all the Scheme Shares through implementation of the Schemes (or, if Fairfax has dispatched the Rural Press Preferred Share Offers to the Rural Press Preferred Shareholders, the Rural Press Ordinary Scheme and the Rural Press Preferred Share Offers) in accordance with the terms of the MID.