ASX RELEASE

Fairfax Media

Fairfax Media Limited Scheme Meeting Chairman's Address

Sydney, 19 November 2018: Fairfax Media Limited [ASX:FXJ] ("**Fairfax**" or "**Company**") is today holding a Scheme Meeting in Sydney relating to the proposed merger of Fairfax and Nine Entertainment Co. Holdings Limited [ASX:NEC] ("**Nine**"). The meeting is being webcast at www.fairfaxmedia.com.au/investors/webcasts.

Commentary from Fairfax Chairman Nick Falloon is set out below.

Fairfax Chairman, Nick Falloon:

Good morning Ladies and Gentlemen.

I would like to start by paying my respects to the Traditional Owners of the land on which we meet – and their Elders past, present and future.

Thank you for joining me to vote on the merger of Fairfax and Nine.

I am Nick Falloon, Chairman of Fairfax.

On 26 July 2018, Fairfax and Nine announced that they had entered into an agreement by which Nine proposes to acquire 100% of outstanding Fairfax Shares via a Fairfax scheme of arrangement. If the Scheme is approved and implemented, eligible Fairfax shareholders will receive 0.3627 New Nine Shares in addition to 2.5 cents in cash for each Fairfax Share held.

The purpose of this Scheme Meeting is to seek the agreement of shareholders to the merger.

I am advised that a quorum is present and I therefore declare the Scheme Meeting open.

Before I introduce your directors, I will outline the conduct of today's meeting.

I remind everyone that this is a shareholders' meeting and only shareholders, appointed proxies, corporate representatives and attorneys have the right to speak at the meeting. We have allowed visitors into the meeting as observers only.

As outlined in the Scheme Booklet dated 12 October 2018, the resolution to be voted on by shareholders at today's meeting will be decided by a poll.

I would now like to introduce the members of the Board of Directors and senior executives. Starting on my far left – Todd Sampson, Mickie Rosen, Jack Cowin, our Chief Executive Officer Greg Hywood, our Group General Counsel and Company Secretary Gail Hambly, Patrick Allaway, Linda Nicholas, and James Millar.

Our CFO David Housego is also with us.

Response to media reports

Before we move to formal business, I want to note the company's response to media reports overnight relating to a letter received from Antony Catalano late last night and released by him to the media.

The company's release to the ASX this morning notes that the letter from Mr Catalano contains no actual proposal that could be considered by Fairfax Shareholders as an alternative to the proposed Scheme of Arrangement with Nine.

The letter does not constitute a Superior Proposal under the terms of the Scheme Implementation Agreement between Fairfax and Nine, and therefore the Fairfax board is unable to consider it in any event.

Accordingly, the Fairfax board, which met earlier this morning, will proceed with this Federal Court ordered Scheme Meeting, and continues to unanimously recommend that shareholders vote in favour.

Formal Business

The agenda of today's meeting is set out in the Notice of Meeting sent to you. I propose to take it as read.

Scheme Resolution

As you are all aware, the purpose of this meeting is to consider and, if thought fit, to pass the resolution set out in the notice of meeting and appearing on the screen behind me and via the webcast.

The proposal has also been outlined in detail in the Scheme Booklet which was provided to shareholders in accordance with Court orders.

The Fairfax Board believes that the value and strategic opportunities offered by the merger reflect a compelling proposition for Fairfax Shareholders.

The merger brings together two largely complementary businesses to create a diversified portfolio of media assets, comprising Fairfax's mastheads, Nine's FTA TV network, high-growth digital businesses including Domain, Stan and 9Now, as well as radio interests through Macquarie Media.

The at-scale creation of content and access to audiences, premium brands and data across this portfolio are expected to underpin the combined group's ability to compete in the changing media market and deliver value for shareholders.

The combined group's strong financial position will provide flexibility to pursue strategic investment in its portfolio and to explore market opportunities as and when they arise.

The financial performance of Fairfax and Nine's operations are expected to be further enhanced through annualised cost synergies.

The combined group will be focused on enhancing the growth prospects for Domain and Stan and providing an improved proposition to advertisers to grow revenue.

The merger ratio reflected a significant premium to the closing price of Fairfax shares prior to the announcement of the proposed merger.

The significant scrip component of the merger consideration is particularly compelling for Fairfax shareholders, as they will own approximately 48.9% of the combined group if the merger is implemented. Fairfax shareholders will have the opportunity to participate in the benefits expected to be unlocked from the combined group's combination of assets and strategic opportunities.

As demonstrated by the transformation of our business in recent years, Fairfax has a strong record of embracing change and making strategic decisions to create shareholder value. We have built businesses such as Domain and Stan, while at the same time maximising the growth drivers of our core assets. We have maintained our commitment to quality independent journalism.

We welcome the Nine Board's unanimous endorsement of Fairfax's Charter of Editorial Independence.

In assessing the Scheme, the Fairfax Board considered the advantages and disadvantages of the merger. We undertook a comprehensive review of the potential alternatives available to Fairfax, including acquisition and divestment opportunities and maintaining the status quo.

The Fairfax Board believes that the value and strategic opportunities offered by the Scheme represent a compelling proposition for Fairfax Shareholders.

In the absence of a superior proposal, the Fairfax Board determined that the Scheme is in the best interests of Fairfax Shareholders and unanimously recommends that Fairfax Shareholders vote in favour of the Scheme. Each Fairfax Director intends to vote in favour of the Scheme, in relation to the Fairfax Shares held or controlled by him or her.

The Fairfax Board commissioned Grant Samuel to prepare an Independent Expert's Report in relation to the Scheme. Grant Samuel concluded that the Scheme is in the best interests of Fairfax Shareholders, in the absence of a superior proposal.

As a Fairfax Shareholder, you have the opportunity to vote on the Scheme.

For the Scheme to proceed, the Scheme Resolution must be approved by the requisite majority of Fairfax Shareholders, which is: a majority in number (more than 50%) of Fairfax Shareholders present and voting at this Scheme Meeting (whether in person or by proxy, attorney or corporate representative); and at least 75% of the total number of votes cast.

On 8 November 2018, the ACCC announced that it would not oppose the merger. All conditions precedent to the Scheme have been, or are in the process of being, satisfied. The Second Court Hearing is currently scheduled for 27 November 2018.

Subject to approval of the Scheme by the requisite majority of shareholders today, and by the Court at the Second Court Hearing, the merger is expected to be implemented on 7 December 2018.

Fairfax shares are expected to be suspended from trading on the ASX from 28 November 2018. Trading in New Nine Shares on the ASX is expected to commence on a normal settlement basis on 10 December 2018.

Ends

Contact:
Brad Hatch
Director of Communications
+61 2 9282 2168
bhatch@fairfaxmedia.com.au