

NZME & FAIRFAX NZ MERGER: NZCC DRAFT DETERMINATION ISSUED

SYDNEY and AUCKLAND, 8 November 2016: As part of the New Zealand Commerce Commission (“NZCC”) process for approval of the proposed merger between NZME Limited (NZX:NZM, ASX:NZM) (“NZME”) and the New Zealand subsidiary of Fairfax Media Limited (ASX:FJX) (“Fairfax New Zealand”), the NZCC today published a Draft Determination setting out its preliminary view as to whether it is likely to grant authorisation to the proposed merger. The NZCC’s preliminary view is that, based on information it has received to date, it should decline the proposed merger between NZME and Fairfax New Zealand.

The Commerce Act requires the NZCC to assess whether the public benefits outweigh detriments to competition. In this case, the NZCC has concluded, based on its standard test, that the public benefits arising from the merger outweigh quantified detriments. The NZCC has then indicated that its preliminary view is that it will decline the merger due to unquantified concerns relating to plurality of media. The parties’ view is that the NZCC has failed to properly take into account the diversity of opinions that will continue post-transaction in an increasingly converged digital world. The parties will be discussing this point further with the NZCC, including making further written submissions and submitting through the NZCC’s conference process.

The purpose of the Draft Determination is to elicit further submissions and evidence to assist the NZCC in making a final determination, and today’s Draft Determination demonstrates that the NZCC is taking an appropriately thorough approach to considering the proposed merger. The Draft Determination will be available on the NZCC’s website at: <http://www.comcom.govt.nz/business-competition/mergers-and-acquisitions/authorisations/merger-authorisation-register/nzme-limited-and-fairfax-new-zealand-limited/>.

NZME and Fairfax New Zealand will now take time to review the Draft Determination in detail and provide further information to the NZCC to assist in working through its consideration of the issues that have been identified on a preliminary basis.

The NZCC are seeking submissions by 22 November 2016 and have currently scheduled a conference for three days in Wellington: Tuesday 6 – Thursday 8 December 2016. This is where the Commissioners considering the proposed merger will question NZME, Fairfax and other interested parties on areas they need more information about before making their final decision.

A final NZCC determination is currently expected on or before 15 March 2017.

The merger remains conditional on NZME shareholder and NZCC approval, among other matters.

– ENDS –

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About NZME

NZME is one of New Zealand's leading media and entertainment businesses with its brands connecting with over 3 million kiwis¹. Whether reading, listening, watching or engaging with NZME brands, they can get the content they want - where and when they want it. NZME is listed on the NZX Main Board with a foreign exempt listing on the ASX.

www.nzme.co.nz

About Fairfax New Zealand

Fairfax NZ is an integrated multi-media business with leading brands across multiple platforms, including stuff.co.nz (New Zealand's number one local digital news brand²); a share of neighbourly.co.nz; more than 60 metro, Sunday, regional and community newspapers, lifestyle magazines; and a fast-growing events business. Fairfax Media is recognised for its digital innovation with its brands reaching more than 3.5 million New Zealanders every month³.

www.fairfaxmedia.co.nz

¹ Nielsen CMI, fused database: February 2016 (based on population 10 years +). Based on unduplicated weekly reach of NZME newspapers, radio stations, and monthly domestic unique audience of NZME's digital channels

² Nielsen Market Intelligence domestic traffic August 2016

³ Nielsen CMI 10+ Q2 2015 – Q1 2016