

Form 604Corporations Act 2001
Section 671B**Notice of change of interests of substantial holder**To Company Name/Scheme **West Australian Newspapers Holdings Limited**

ACN/ARSN _____

1. Details of substantial holder (1)Name **JPMorgan Chase & Co. and its affiliates**ACN/ARSN (if applicable) **N/A**There was a change in the interests of the
substantial holder on **23/Feb/2011**The previous notice was given to the company on **23/Feb/2011**The previous notice was dated **23/Feb/2011****2. Previous and present voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary	53,483,843	24.35%	26,751,727	12.18%

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
23 Feb 2011	See Annexure B	Reduction in relevant interest in shares held by Seven (WAN) Pty Ltd, a subsidiary of Seven Group Holdings Limited ("SGH"), to the extent which arose under the terms of the Block Trade Agreement between J.P. Morgan Australia Limited ("J.P. Morgan"), UBS AG, Australia		26,712,134	26,712,134

		Branch ("UBS"), Seven (WAN) Pty Ltd and SGH dated 21 February 2011 (See Annexure A) ("Block Trade Agreement"), pursuant to sections 608(8), 12(2) and 53 of the Corporations Act 2001 (Cth) (the "Act") due to J.P. Morgan and UBS no longer being associates of each other pursuant to sections 12(2) and 53 of the Act.			
23 Feb 2011	See Annexure B	Proprietary		19,982	19,982

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
23 Feb 2011	See Annexure B		Relevant interest in shares held by Seven (WAN) Pty Ltd, a subsidiary of SGH, to the extent arising under the terms of the Block Trade Agreement pursuant to section 608(8) of the Act	26,712,134	26,712,134
23 Feb 2011	See Annexure B		Proprietary	80,393	80,393
23 Feb 2011	See Annexure B		Power to control disposal over shares pursuant to stock borrowing and lending activities (See Attached)	40,800	40,800

5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	Upon allocation of shares to investors under the Block Trade Agreement, J.P. Morgan and UBS ceased to be associates of each other pursuant to section 12(2) and 53 of the Act.

6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
JPMorgan Chase & Co.	1111 Polaris Parkway, Columbus, Ohio 43240.

Signature

print name **Jasmine Pang** capacity **VP/ JPMorgan Chase Bank, N.A.**

sign here date **25/Feb/2011**

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
 - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

SGH

Media, Industrial Services and Investments

COMMERCIAL-IN CONFIDENCE

21 February 2011

J.P. Morgan Australia Limited Level 32 Grosvenor Place 225 George Street Sydney NSW 2000 Attention: Richard Galvin	UBS AG, Australia Branch Level 16 Chifley Tower 2 Chifley Square Sydney NSW 2000 Attention: Andrew Stevens
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Dear Richard and Andrew

Sale of Shares in West Australian Newspapers Holdings Limited (ACN 053 480 845) (the "Company")

1. Introduction

This agreement sets out the terms and conditions upon which Seven (WAN) Pty Limited ("Seller") engages J.P. Morgan Australia Limited and UBS AG, Australia Branch (together, the "Underwriters") to conduct, manage and severally underwrite the Sale. The Seller is a wholly owned subsidiary of Seven Group Holdings Limited ("SGH").

2. Appointment

2.1 Appointment

The Seller agrees to appoint the Underwriters on an exclusive basis and each Underwriter accepts its appointment and severally agrees to:

- (a) as the Seller's agent, conduct and manage the Sale; and
 - (b) underwrite the Sale in its Respective Proportion,
- in accordance with the terms and conditions of this agreement.



Westrac

Seven Group Holdings Limited | ABN 46 142 003 469

38-42 Pirrama Road | Pyrmont NSW 2009 Australia | Postal Address: PO Box 777 | Pyrmont NSW 2009 Australia

2.2 Sub-underwriters, co-managers and brokers

The Underwriters:

- (a) may appoint sub-underwriters at their own cost to sub-underwrite subscriptions for Sale Shares; and
- (b) may appoint co-managers and brokers to all or part of the Sale at their own cost.

3. Conditions precedent

3.1 Conditions precedent - managing

The obligations of each Underwriter under clauses 2.1(a) and 4.3 are conditional on:

- (a) **(announcements)** ASX announcements having been made by SGH in accordance with clauses 4.1(b) and by the Company in connection with the Offer and Sale by 9.30am on the Announcement Date;
- (b) **(trading halt)** ASX granting the Company a trading halt pursuant to ASX Listing Rule 17.1 in respect of the Company's ordinary shares before 9.30am on the Announcement Date which operates for a period of two business days from the Announcement Date;
- (c) **(Offer Underwriting Agreement)** the Company entering into the Offer Underwriting Agreement;
- (d) **(Prospectus and Explanatory Memorandum)** the Company lodging the Prospectus and Explanatory Memorandum with ASIC by 9.30am on the Announcement Date; and
- (e) **(SMG Acquisition Agreements)** the Company, the Seller, SGH and each other person named in the SMG Acquisition Agreements as a party to the SMG Acquisition Agreements executing the SMG Acquisition Agreements by 9.30am on the Announcement Date.

3.2 Conditions precedent - underwriting

The obligations of each Underwriter under clauses 2.1(b) and 4.5 are conditional on:

- (a) satisfaction or waiver in writing of each of the conditions precedent in clause 3.1 by the date for satisfaction referred to in the relevant condition precedent;
- (b) the Company allotting and issuing the ordinary shares in the Company under the Public Offer and CULS under the Entitlement Offer, in accordance with the Offer Underwriting Agreement;
- (c) all conditions precedent to the SMG Acquisition Agreements having been satisfied or waived, and those agreements not having been terminated by 9.00am on the Selldown Settlement Date;
- (d) the Offer Underwriting Agreement not having been terminated by 9.00am on the Selldown Settlement Date;
- (e) the Underwriters receiving a Certificate from both the Seller and SGH by 9:00am on the Selldown Settlement Date in accordance with clause 4.5(a); and

- (f) by the Selldown Settlement Date, the shareholders of the Company approving (by the requisite majorities) resolutions relating to the SMG Acquisition and all requisite matters relating to the Offer and the Sale, as set out in the Explanatory Memorandum.

3.3 Conditions precedent - FIRB

- (a) The obligations of each Underwriter to underwrite the Sale under clauses 2.1(b) and 4.5 of this agreement by an amount which would exceed the Relevant Percentage (as defined in clause 3.4) are conditional on either:
- (i) the Treasurer of the Commonwealth of Australia (or his delegate) providing written advice that there are no objections under Australia's foreign investment policy to the proposed underwriting arrangements contemplated in this agreement; or
 - (ii) following notice of the proposed underwriting arrangements contemplated in this agreement having been given by the Underwriters to the Treasurer under the *Foreign Acquisitions and Takeovers Act 1975 (Cwlth)*, the Treasurer ceases to be empowered to make any order under Part II of that Act because of lapse of time.

3.4 FIRB approval

- (a) Notwithstanding any other provision of this agreement, if the sale of Sale Shares to an Underwriter pursuant to this agreement would result in that Underwriter ("Relevant Underwriter") holding an interest (including an interest in CULS as if those CULS had converted to Shares) in excess of 4.99 per cent of the total issued capital of the Company on a fully-diluted basis taking into account the number of Shares then held by the Relevant Underwriter and/or its Affiliates ("Relevant Percentage"), then where the Relevant Underwriter has not received a statement from the Treasurer of no objections to the acquisition of Excess Sale Shares (defined below) under Australia's foreign investment policy ("FIRB Approval"), the Relevant Underwriter shall give advance written notice thereof to the Company no later than the Selldown Settlement Date.
- (b) The Relevant Underwriter shall specify in such notice whether, as a result of the failure to obtain FIRB Approval, the Relevant Underwriter elects not to take delivery of Sale Shares to the extent (as a result of the delivery of such Sale Shares) its interest in the Company would be in excess of the Relevant Percentage ("Excess Sale Shares").
- (c) If such notice specifies that the Relevant Underwriter elects not to take delivery of the Excess Sale Shares, the Relevant Underwriter and the Company shall promptly consult together and the Relevant Underwriter shall use its best endeavours to procure sub-underwriters to purchase some or all of the Excess Sale Shares on or before the Selldown Settlement Date. If the Relevant Underwriter is not able to procure sub-underwriters to purchase all Excess Sale Shares and has not received FIRB Approval by the Selldown Settlement Date, then the following shall take place:

- (i) the Seller must sell and transfer the Excess Sale Shares on the Selldown Settlement Date to an independent trustee, nominated by the Relevant Underwriter, to be held by that trustee for the benefit of a charitable organisation selected by the Relevant Underwriter, provided that:
- (A) the trustee will appoint the Relevant Underwriter as agent to sell the Excess Sale Shares on behalf of the trustee in the ordinary course of the Relevant Underwriter's business;
 - (B) the Relevant Underwriter is entitled to retain any proceeds received on the disposal of the Excess Sale Shares and must apply those proceeds in accordance with clause (v);
 - (C) if the trustee receives any dividend or other distribution on the Excess Sale Shares prior to disposal of the Excess Sale Shares then the trustee must pay an amount equivalent to the after-tax amount of the receipt to the Relevant Underwriter, subject to the receipt of any necessary regulatory approvals required to do so; and
 - (D) the trustee can exercise any voting rights attaching to the Excess Sale Shares it holds at its sole discretion, and for the avoidance of doubt, the Relevant Underwriter cannot exercise any voting rights attaching to those Excess Sale Shares.
- (ii) the Relevant Underwriter will use its best endeavours, as agent for the trustee, to procure purchasers for and to sell all of the Excess Sale Shares as soon as practicable and within 12 months after the Selldown Settlement Date. The parties acknowledge that the Relevant Underwriter does not acquire any interest in the Excess Sale Shares, or any rights (by way of security or otherwise) in respect of them to act as agent for sale;
- (iii) the sale of the Excess Sale Shares will be effected in accordance with the ASX Settlement Operating Rules, with settlement to follow on a T+3 basis;
- (iv) the Relevant Underwriter must advance to the trustee an amount equal to the number of Excess Sale Shares multiplied by the Sale Price ("Advance Amount") and the trustee will direct the Relevant Underwriter to pay that Advance Amount to the Seller on the Selldown Settlement Date. No interest will be payable on the Advance Amount. The trustee must only repay the Advance Amount from and to the extent the Relevant Underwriter, as agent of the trustee, receives the proceeds of sale of the Excess Sale Shares. The outstanding Advance Amount will not be repayable in any circumstances in respect of Excess Sale Shares not sold within 12 months after the Selldown Settlement Date and the agency will terminate at that time; and
- (v) the Relevant Underwriter will automatically apply any proceeds of sale of the Excess Offer Securities as agent against repayment of the Advance Amount by the trustee, immediately upon receipt of those proceeds. The Relevant Underwriter can retain for its own account those proceeds of sale of any Excess Sale Shares that are in excess of the Sale Price per Excess Offer Share.

3.5 Conditions not satisfied and waiver

- (a) Each of the Seller and SGH must use their best endeavours to ensure or procure that the conditions precedent in clauses 3.1(a), 3.1(e), 3.2(c) and 3.2(e) are satisfied insofar as each relates to the conduct of the Seller or SGH.
- (b) Each Underwriter must use its best endeavours to ensure or procure that the condition precedent in clause 3.3 is satisfied.
- (c) If any of the conditions precedent in clause 3 are not satisfied by their respective deadlines or waived by the Underwriters then each Underwriter (in its absolute and unfettered discretion) may terminate this agreement by notice in writing to each other party.
- (d) If any of the conditions precedent in clauses 3.2(b), 3.2(f) and 3.3 are not satisfied by the deadline then each of the Seller and SGH (in its absolute and unfettered discretion) may terminate this agreement by notice in writing to the Underwriters.
- (e) The Underwriters may waive any or all of the conditions referred to in this clause 3 by giving notice to the Seller and SGH to that effect.

4. Conduct of Sale

4.1 Announcement

SGH must release an announcement regarding the Sale to ASX by 9.30am on the Announcement Date and such announcement must be substantially in the form approved by the Underwriters (acting reasonably).

4.2 Timetable

Any item in the Timetable relating to the Sale which is marked with an (*) may be amended by agreement between the Underwriters and SGH (each acting reasonably).

4.3 Bookbuild

- (a) The Underwriters will invite Institutional Investors (which may include Institutional Investors that are shareholders of the Company or SGH) to bid for Sale Shares via the Bookbuild in accordance with the Timetable.
- (b) The Underwriters (or their Related Bodies Corporate) and any sub-underwriters may bid into the Bookbuild for Sale Shares.
- (c) The sale price payable to the Seller per Sale Share will be the Sale Price. Accordingly, the Bookbuild will be a bookbuild as to volume only and will not affect the Sale Price.
- (d) The allocation of Sale Shares to and between Institutional Investors will be determined by the Underwriters. The Underwriters expressly reserve the right to allocate a lower number of Sale Shares than bid for by an Institutional Investor, or no Sale Shares at all,

if that bidding Institutional Investor does not have credit approval from the Underwriters for the amount bid for.

4.4 Manner of Sale

The Underwriters will conduct the Sale by way of an offer only to Institutional Investors.

Any investor that purchases Sale Shares will be required to execute a Selldown Confirmation Letter as soon as practicable following the Bookbuild confirming, among other things:

- (a) its status as an Institutional Investor meeting the requirements of this clause 4.4; and
- (b) its compliance with all relevant laws and regulations (including the *Corporations Act 2001 (Cth)* and the *Foreign Acquisitions and Takeovers Act 1975 (Cth)* and associated media investment policy).

4.5 Settlement

- (a) No later than 9:00am on the Selldown Settlement Date, the Seller and SGH must give the Underwriters a Certificate.
- (b) Subject to clause 12, and provided that:
 - (i) the conditions precedent in clause 3 have been satisfied or waived in accordance with clause 3; and
 - (ii) the Seller and SGH have validly given the Certificate in clause 4.5(a) above in accordance with that clause;the Underwriters must in their Respective Proportions:
 - (iii) purchase or procure purchases by Institutional Investors (at the Sale Price) for the Sale Shares; and
 - (iv) pay, or procure payment of, to the Seller the Sale Proceeds by 5:00pm on the Selldown Settlement Date;
- (c) The Seller and SGH must take all steps reasonably required to effect the transfer of the Sale Shares in accordance with the directions of the Underwriters provided they are given in accordance with this agreement;
- (d) The Seller appoints each Underwriter (or their nominee) as its agent in relation to the settlement of all transfers of Sale Shares in accordance with this agreement;
- (e) The Seller irrevocably assigns to the Underwriters all contractual rights and recourse that it may have (if any) against any intended allottee that has not settled on the Selldown Settlement Date in accordance with the Underwriters' settlement instructions. If the Seller is unable to assign to the Underwriters all such contractual rights and recourse, the Seller undertakes that it will, and SGH undertakes to procure that the Seller will, assign such rights and any relevant recourse when and to the extent that it is legally able to; and

- (f) Upon clause 4.5(b) being complied with by the Underwriters, the liability of the Underwriters under this agreement with respect to the underwriting of the Sale ceases and is extinguished.

5. Fees

In consideration of performing their obligations under this agreement, the Underwriters shall be entitled to such fees as the parties agree.

6. GST

6.1 Interpretation

- (a) Except where the context suggests otherwise, terms used in this clause 6 have the meanings given to those terms by the A New Tax System (Goods and Services Tax) Act 1999 (as amended from time to time).
- (b) Any part of a supply that is treated as a separate supply for GST purposes (including attributing GST payable to tax periods) will be treated as a separate supply for the purposes of this clause 6.
- (c) Any consideration that is specified to be inclusive of GST must not be taken into account in calculating the GST payable in relation to a supply for the purpose of this clause 6.

6.2 Reimbursements and similar payments

Any payment or reimbursement required to be made under this agreement that is calculated by reference to a Cost, expense, or other amount paid or incurred will be limited to the total Cost, expense or amount less the amount of any input tax credit to which an entity is entitled for the acquisition to which the Cost, expense or amount relates.

6.3 GST payable

- (a) If GST is payable in relation to a supply made under or in connection with this agreement then any party (Recipient) that is required to provide consideration to another party (Supplier) for that supply must pay an additional amount to the Supplier equal to the amount of that GST at the same time as any other consideration is to be first provided for that supply.
- (b) The Supplier must provide a tax invoice to the Recipient no later than 14 days after the day on which any consideration is to be first provided for that supply.

6.4 Variation of GST

If the GST payable in relation to a supply made under or in connection with this agreement varies from the additional amount paid by the Recipient under clause 6.3 such that:

- (a) a further amount of GST is payable in relation to the supply; or
- (b) a refund or credit of GST is obtained in relation to the supply,

then the Supplier will provide a corresponding refund or credit to, or will be entitled to receive the amount of that variation from, the Recipient. Any payment, credit or refund under this clause

6.4 is deemed to be a payment, credit or refund of the additional amount payable under clause 6.3.

6.5 No merger

This clause will not merge on termination or expiration of this agreement.

7. Undertakings

Each of the Seller and SGH undertakes to:

- (i) not, prior to settlement on the Sell-down Settlement Date in connection with the Sale, commit, be involved in or acquiesce in any activity which breaches:
 - (A) the Corporations Act and any other applicable laws;
 - (B) its constitution;
 - (C) the Listing Rules or ASX Settlement Operating Rules; or
 - (D) any legally binding requirement of ASIC or the ASX;
- (ii) immediately notify the Underwriters of any breach of any warranty or undertaking given by it under this agreement;
- (iii) cooperate fully with the Underwriters in connection with the Sale;
- (iv) accept any offer to purchase Sale Shares if the Underwriters direct it to do so (provided such purchase is in accordance with the terms of this agreement); and
- (v) immediately notify the Underwriters if it becomes aware of any misleading or deceptive statement (including by omission) in the SMG Information.

8. Representations and Warranties

8.1 Representations and warranties by the Seller and SGH

As at the date of this agreement and on each day until and including the Sell-down Settlement Date, each of the Seller and SGH represents and warrants to each Underwriter that each of the following statements is true and correct and not misleading by reference to the facts and circumstances existing at such times:

- (a) **(body corporate)** it is a body corporate validly existing and duly established under the laws of its place of incorporation;
- (b) **(capacity)** it has full legal capacity and power to enter into this agreement and the SMG Acquisition Agreements (to the extent to which it is a party to those agreements) and to perform its obligations under, and to carry out the transactions contemplated by, these agreements;

- (c) **(authority)** it has taken, or will have taken by the time required, all corporate action that is necessary or desirable to authorise its entry into this agreement and the SMG Acquisition Agreements to which it is a party (to the extent to which it is a party to those agreements) and its carrying out of the transactions that these agreements contemplate;
- (d) **(validity of obligations)** this agreement and the SMG Acquisition Agreements to which it is a party (to the extent to which it is a party to those agreements) are legal, valid and binding obligation on it, enforceable against it in accordance with their terms;
- (e) **(ownership, encumbrances)** the Seller is the registered holder and sole legal owner of the Sale Shares. The Seller will transfer the full legal and beneficial ownership of the Sale Shares free and clear of all liens, charges, security interests, claims, equities and pre-emptive rights, subject to registration of the transferee(s) in the register of shareholders of the Company;
- (f) **(Sale Shares)** following sale by the Seller, the Sale Shares will rank equally in all respects with all other outstanding ordinary shares of the Company, including their entitlement to dividends, and may be offered for sale on the financial market operated by ASX without disclosure to investors under Part 6D.2 of the Corporations Act;
- (g) **(no relief)** other than the ASIC relief which has been obtained by the Underwriters, no modifications, exemptions or waivers are required of or from the Listing Rules or the Corporations Act in order to carry out and complete the Sale;
- (h) **(announcement)** all public announcements made by or on behalf of the Seller or SGH in connection with the Sale are true and correct, and not misleading or deceptive;
- (i) **(power to sell)** the Seller has the corporate authority and power to sell the Sale Shares under this agreement and no person has a conflicting right, whether contingent or otherwise, to purchase or to be offered for purchase the Sale Shares;
- (j) **(no insider trading offence)** the sale of the Sale Shares will not constitute a violation by the Seller, SGH (or their Affiliates) of Division 3 of Part 7.10 of the Corporations Act;
- (k) **(ASX listing)** the Sale Shares are quoted on the financial market operated by ASX;
- (l) **(Control)** at the time when the Bookbuild is conducted it does not control the Company within the meaning of section 50AA of the Corporations Act;
- (m) **(compliance)** the Sale conducted in accordance with this agreement will comply with the Corporations Act, the Listing Rules, regulations, licence conditions and all other applicable laws in all material respects;
- (n) **(Certificate)** the contents of the Certificate given under this agreement will be true and correct, not misleading or deceptive and contain no omissions of required information;
- (o) **(information)** none of the information supplied to the Underwriters by or on behalf of the Seller or SGH in connection with the Sale is misleading or deceptive in a material respect or contains any material omissions;
- (p) **(disclosure)** it is not aware that any information disclosed by the Company to its shareholders, ASX or ASIC, or otherwise made publicly available by the Company

- (including without limitation, the Explanatory Memorandum and the Prospectus) is misleading or deceptive in any material respect or contains any material omissions;
- (r) **(no US registration)** it is not necessary in connection with the initial offer and sale of the Sale Shares to purchasers in the manner contemplated by this agreement to register such initial offer of the Sale Shares under the US Securities Act 1933, as amended (the Securities Act);
 - (s) **(directed selling efforts)** neither the Seller, SGH, their Affiliates, nor any person acting on behalf of the Seller, SGH or any of their Affiliates (other than the Underwriters or their Affiliates or any person acting on behalf of any of them, as to whom no representation or warranty is made), has, directly or indirectly, engaged or will engage in any "directed selling efforts" within the meaning of Rule 902(c) under the Securities Act with respect to the Sale Shares;
 - (t) **(offshore transactions)** it will only offer and sell the Sale Shares in "offshore transactions" (as defined in Rule 902(h) under the US Securities Act 1933, as amended) in accordance with Regulation S;
 - (u) **(foreign private issuer)** to the best of its knowledge, the Company is a "foreign private issuer" as defined in Rule 405 under the US Securities Act 1933, as amended; and
 - (v) **(no substantial U.S. market interest)** to the best of its knowledge, there is no "substantial U.S. market interest" (as defined in Rule 902(j) under the US Securities Act 1933, as amended) in the Sale Shares or any security of the same class or series as the Sale Shares.

8.2 Representations and warranties of Underwriters

As at the date of this agreement and on each day until and including the Sell-down Settlement Date, each Underwriter represents to each of the Seller and SGH that each of the following statements is true and correct and not misleading by reference to the facts and circumstances existing at such times.

- (a) **(body corporate)** it is a body corporate validly existing under the laws of its place of incorporation;
- (b) **(capacity)** it has the power to enter into, comply with and perform its obligations under this agreement;
- (c) **(authorisations)** all corporate authorisations and other consents, licences, approvals and authorities that may be required to permit it to enter into this agreement and to perform its obligations under this agreement in accordance with its terms have been obtained and remain valid and subsisting;
- (d) **(validity of obligations)** this agreement is a legal, valid and binding obligation on it;
- (e) **(directed selling efforts)** neither it nor its Affiliates, nor any person acting on behalf of it or any of its Affiliates, has, directly or indirectly, engaged or will engage in any "directed selling efforts" within the meaning of Rule 902(c) under the Securities Act with respect to the Sale Shares;

- (f) **(no registration)** it acknowledges that the Sale Shares have not been and will not be registered under the Securities Act, and that it and its Affiliates may not in respect of such shares, offer them for sale in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Rule 902(k) under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of that Act; and
- (g) **(offshore transactions)** it will only offer and sell the Sale Shares in "offshore transactions" (as defined in Rule 902(h) under the US Securities Act 1933, as amended) in accordance with Regulation S.

8.3 Reliance

Each party giving a representation and warranty acknowledges that the other parties have relied on the above representations and warranties in entering into this agreement and will continue to rely on these representations and warranties in performing their obligations under this agreement. The above representations and warranties continue in full force and effect notwithstanding completion of this agreement.

9. Indemnities

9.1 Indemnity

Subject to clause 9.2, and to the extent permitted by law, SGH unconditionally and irrevocably undertakes to indemnify and keep indemnified each Indemnified Party from and against, and to hold them harmless from and against, all Losses incurred in respect of the Sale, whether directly or indirectly, by an Indemnified Party as a result of:

- (a) a breach by the Seller or SGH of this agreement (including any breach of any of the above representations or warranties given by the Seller or SGH (as applicable) or any applicable laws in respect of the Sale;
- (b) a breach by SGH of the SMG Acquisition Agreements or of any applicable laws in respect of the SMG Acquisition;
- (c) the making, conduct and settlement of the Sale;
- (d) the transfer of the Sale Shares;
- (e) any claims that an Indemnified Party has any liability under the Corporations Act in respect of the Sale (including sections 1308, 1309 and 1041H) or any other applicable law including because of any alleged defect in the SMG Information;
- (f) any review, inquiry or investigation undertaken by ASIC, ASX, the Australian Taxation Office, any state or territory regulatory office or any other regulatory or government agency in relation to the Sale including because of any alleged defect in the SMG Information; or
- (g) reliance by any Indemnified Party for the purpose of the Sale on information supplied by SMG or by its authorised officers or employees, including the SMG Information.

9.2 Exception

The obligations of SGH to indemnify, hold harmless, reimburse and release under clause 9.1 do not apply in relation to an Indemnified Party if and to the extent that any Loss suffered by that Indemnified Party is finally and judicially determined by a court of competent jurisdiction to have been caused by:

- (a) any penalty or fine which that Indemnified Party is required to pay for any contravention by it of the Corporations Act or any other applicable law;
- (b) the wilful misconduct, negligence, recklessness or fraud of that Indemnified Party or of the Underwriter associated with that Indemnified Party (except to the extent contributed to by the Company or its officers or employees). For the purposes of this agreement, an Indemnified Party is associated with an Underwriter if that Indemnified Party is:
 - (i) a Related Body Corporate of that Underwriter; or
 - (ii) an officer, director, employee, advisor, representative or agent of that Underwriter or a Related Body Corporate of that Underwriter; or
- (c) any amount in respect of which this indemnity would be illegal, void or unenforceable under any law.

9.3 Costs of Claim

SGH will reimburse each Underwriter for all reasonable out of pocket Costs which it may pay or incur in connection with investigating, disputing or defending any action, demand or Claim for which it is indemnified under this agreement.

9.4 Conduct of Claims

- (a) On receipt of notice by an Indemnified Party that a Claim may arise or is being brought against them, the Underwriters will notify SGH of that Claim. If, following receipt of that notice SGH promptly acknowledges that the indemnity applies to those circumstances SGH is entitled, but not obliged, to defend or to institute legal or other proceedings in the name of that Indemnified Party in respect of that Claim and to conduct those proceedings at its sole cost. If a conflict arises between the interest of SGH and the interests of the relevant Indemnified Party, the Indemnified Party shall be entitled, at its election, without prejudice to its right of indemnity under this clause 9.4 to be separately represented in such proceedings.
- (b) If SGH assumes the conduct of any Claim pursuant to this clause 9.4:
 - (i) SGH must:
 - (A) diligently pursue that Claim; and
 - (B) consult with the Underwriters and the relevant Indemnified Party about the appointment of counsel;
 - (C) keep the Underwriters and the relevant Indemnified Party fully informed of the progress of the Claim; and
 - (D) not make any admission of liability, settlement, compromise or consent to judgement whatsoever in connection with the Claim without the prior

written consent of the Underwriters and the relevant Indemnified Party (such consent not to be unreasonably withheld or delayed), unless the admission, settlement, compromise or consent:

- (1) includes an unconditional release of the relevant Indemnified Party from all liability arising out of such Claim; and
 - (2) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of the relevant Indemnified Party;
- (ii) the relevant Indemnified Party:
- (A) must promptly render all reasonable assistance and cooperation to SGH in the conduct of the Claim including, without limitation, providing SGH with any documents in its possession and signing all documents, authorities and directions, each in a form acceptable to the Indemnified Party, which SGH may reasonably require for the prosecution or advancement of the Claim;
 - (B) must do all things reasonably necessary or desirable to ensure SGH is subrogated to and enjoys the benefit of the rights of the Indemnified Party in relation to any cross claim (other than a claim against another Indemnified Party or against the issuer of any Indemnified Party) and to render such assistance as may be requested by SGH (acting reasonably) for that purpose.

provided always that an Indemnified Party is under no obligation to take or refrain from taking action under this clause if to do so would in the reasonable opinion of the Indemnified Party, lead to a risk of damage to its reputation or standing; and

- (iii) the relevant Indemnified Party has the right at any time to reassume the conduct of the Claim and, if it reassumes the conduct of the Claim ("**Reassumed Claim**"):
- (A) it will have the right to conduct the Reassumed Claim under its sole management and control and will have absolute discretion with regard to the conduct of the Reassumed Claim including any decision to settle, compromise or consent to the entry of any judgement in relation to any such proceeding, but in doing so, will act reasonably and consult with and take account of the views of SGH so far as is reasonably possible; and
 - (B) the indemnity given by SGH under this clause 9 will not apply in respect of any Losses directly or indirectly suffered by that Indemnified Party in respect of the Reassumed Claim to the extent those Losses are suffered by that Indemnified Party as a direct result of the reassumption by the Indemnified Person of the defence of that claim or proceeding.

9.5 Continuing obligation

The indemnity in clause 9.1 is a continuing obligation, separate and independent from the other obligations of the parties under this agreement and survives termination or completion of this agreement. It is not necessary for an Underwriter to incur expense or make payment before enforcing that indemnity.

9.6 Benefit of indemnity

The indemnity in clause 9.1 is granted to each Underwriter both for itself and on trust for each of its associated Indemnified Parties.

9.7 Proportional contribution

Subject to clause 9.8, the parties agree that if for any reason the indemnity in clause 9.1 is unavailable or insufficient to hold harmless any Indemnified Party against any Losses against which the Indemnified Party is stated to be indemnified (other than as expressly excluded under clause 9.2), the respective proportional contributions of SGH and the Indemnified Party or the Indemnified Parties in relation to the relevant Losses will be as agreed, or failing agreement as determined by a court of competent jurisdiction, having regard to the participation in, instigation of or other involvement of the Seller or SGH and the Indemnified Party or the Indemnified Parties in the act complained of, having particular regard to relative intent, knowledge, access to information and opportunity to correct any untrue statement or omission.

9.8 No excess contribution

SGH agrees with each of the Indemnified Parties that in no event will an Underwriter and its associated Indemnified Parties be required to contribute under clause 9.7 to any Losses in an aggregate amount that exceeds the aggregate of the fees paid to that Underwriter under this agreement.

9.9 Indemnified Party reimbursement

If an Indemnified Party pays an amount in relation to Losses where it is entitled to contribution from SGH under clause 9.7, SGH agrees promptly to reimburse the Indemnified Party for that amount.

9.10 SGH reimbursement

If SGH pays an amount to the Indemnified Parties in relation to Losses where it is entitled to contribution from the Indemnified Parties under clause 9.7, the Indemnified Parties must promptly reimburse SGH for that amount.

9.11 Release

The Seller and SGH agree that:

- (a) no Claim may be made by it or any Seven Group Member against an Indemnified Party and the Seller and SGH unconditionally and irrevocably release and discharge each Indemnified Party from any Claim that may be made by it, to recover from that Indemnified Party any Losses suffered or incurred by the Seller or SGH arising directly

or indirectly as a result of the participation of that Indemnified Party in relation to the Sale, except in relation to matters where those Losses are finally and judicially determined by a Court of competent jurisdiction, to have been caused by a matter referred to in clause 9.2(b);

- (b) the Indemnified Party is not liable in any circumstance for any indirect or consequential loss or damage; and
- (c) in any event, no proceedings may be taken against any director, officer, employee, agent or advisor of an Underwriter arising out of or in connection with the Sale, except in relation to Losses that result from a matter referred to in clause 9.2(b).

10. Announcements

10.1 Consultation

The Seller, SGH and the Underwriters will consult with each other in respect of any material public releases by any of them concerning the Sale or the SMG Acquisition. The prior written consent of the Underwriters must be obtained prior to either the Seller or SGH making any release or announcement or engaging in publicity in relation to the Sale or the SMG Acquisition and such release, announcement or engagement must be in compliance with all applicable laws, including the securities laws of Australia and any other jurisdiction.

10.2 Advertisements

Each Underwriter may, after completion of their other obligations under this agreement, place advertisements in financial and other newspapers and journals at its own expense describing their service to the Seller and SGH provided such advertisements are in compliance with all applicable laws, including the securities laws of Australia and any other jurisdiction.

11. Confidentiality

Each party agrees to keep the terms and subject matter of this agreement confidential, except:

- (a) where disclosure is required by applicable law, a legal or regulatory authority or the Listing Rules;
- (b) disclosure is made to an adviser or to a person who must know for the purposes of this agreement, on the basis that the adviser or person keeps the information confidential; and
- (c) to a person to the extent reasonably necessary in connection with any actual or potential claim or judicial or administrative process involving that party in relation to the Sale.

12. Events of Termination

12.1 Right of termination

An Underwriter may, by written notice given to the Seller, SGH and the other Underwriter, and without Cost or liability to that Underwriter, immediately terminate this agreement if any one or more of the events listed in Schedule 3 occurs or has occurred after the date of this agreement and on or before 5:00pm on the Sell-down Settlement Date (unless otherwise stated).

12.2 Materiality

No event in Schedule 3 which is marked with an “*” entitles an Underwriter to exercise its termination rights unless that Underwriter has reasonable grounds to believe, and does reasonably believe, that the event:

- (a) has or is likely to have a material adverse effect on the outcome, success or settlement of the Sale;
- (b) could give to a liability of that Underwriter under any law or regulation; or
- (c) leads (or is likely to lead) to a contravention by that Underwriter of (or involvement of that Underwriter in a contravention of) any law or regulation.

12.3 Effect of termination

Where, in accordance with this clause 12, an Underwriter terminates its obligations under this agreement:

- (a) the obligations of that Underwriter under this agreement immediately end and it will have no obligations to purchase Sale Shares; and
- (b) any rights or entitlements of that Underwriter accrued under this agreement, including the right to be indemnified, up to the date of termination survive.

12.4 Termination by one Underwriter only

Any rights or powers of the Underwriters to terminate may be exercised severally. If one Underwriter terminates, the remaining Underwriter may elect to take up the rights and obligations of that Underwriter under this agreement (in which case, the Respective Proportion applicable to that Underwriter will be 100% for rights and obligations accruing after the date of such termination). Notice of any election must be given to the Seller and SGH by the earlier of within 2 Business Days of the relevant Underwriter becoming aware of termination by the other Underwriter and 5.00pm on the Sell-down Settlement Date. If the remaining Underwriter fails to give notice in accordance with this clause 12.4, it shall be treated as having also terminated this agreement.

13. Relationship of the Underwriters

13.1 Underwriters' relationship

In relation to the Underwriters:

- (a) where the consent or approval of the Underwriters is required under this agreement, that consent or approval must be obtained from each of the Underwriters;
- (b) subject to clause 12.4, when the Underwriters have any rights or powers under this agreement, those rights or powers must be exercised by unanimous agreement of the Underwriters;
- (c) all obligations of the Underwriters under this agreement are several obligations only; and
- (d) any reference to the Underwriters in this agreement is a reference to each Underwriter separately so that, for example, a representation, warranty or undertaking is given by each of them separately.

13.2 No fiduciary

The parties acknowledge and agree that:

- (a) this agreement and the performance of this agreement;
- (b) any prior relationship between the parties; and
- (c) any services provided or representations made by the Underwriters to the Seller and SGH in connection with the Sale prior to the date of this agreement,

do not represent or imply any fiduciary relationship in relation to the Sale or any other category of commercial relationship recognised at law or in equity as giving rise to forms of specific rights and obligations in relation to the Sale, except those rights expressly set out in this agreement. In providing the services under this agreement, each Underwriter will be acting solely pursuant to a contractual relationship with SGH on an arm's length basis and will not be acting as fiduciary to either the Seller or SGH or any other person. By entering into this agreement the Seller and SGH will be deemed to have provided their informed consent to the exclusion of any such fiduciary relationship or duty.

The Seller and SGH acknowledge that the Underwriters are not advising the Seller, SGH or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Seller and SGH will consult with their own advisors concerning such matters and will be responsible for making their own independent investigation and appraisal of those matters, and the Underwriters will have no responsibility or liability to either the Seller or SGH with respect to those matters. The Seller and SGH further acknowledge and agree that any review by an Underwriter of a Seven Group Member, the Sale, the Sale Shares and other related matters will be performed solely for the benefit of that Underwriter and will not be on behalf of the Seller, SGH or any other person.

14. Miscellaneous

14.1 Entire agreement

Except as expressly stated, this agreement constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that matter.

14.2 Governing law

This agreement is governed by the laws of New South Wales, Australia. Each party submits to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales, and waives any right to claim that those courts are an inconvenient forum.

14.3 Severability

Any provision of this agreement which is prohibited or unenforceable in any jurisdiction will be ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That will not invalidate the remaining provisions of this agreement nor affect the validity or enforceability of that provision in any other jurisdiction.

14.4 Waiver and variation

A provision of this agreement or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

14.5 No merger

The rights and obligations of the parties will not merge on the termination or expiration of this agreement. Any provision of this agreement remaining to be performed or observed by a party, or having effect after the termination of this agreement for whatever reason remains in full force and effect and is binding on that party.

14.6 No assignment

No party may assign its rights or obligations under this agreement without the prior written consent of the other parties.

14.7 Notices

Any notice, approval, consent, agreement, waiver or other communication in connection with this agreement must be in writing.

14.8 Continuing obligations

Each representation and warranty and indemnity (and associated contribution provisions) in this agreement is a continuing obligation, separate and independent from other representation, warranties and obligations of the parties, and survives withdrawal of the Sale, completion of the Sale or termination of this agreement or termination by an Underwriter or purchase of or acceptance of and payment for any of the Sale Shares.

14.9 Enforceability

For the purpose of this agreement, each Underwriter is taken to be acting as agent and trustee on behalf of and for the benefit of all of its Indemnified Parties and all of those persons are to this extent taken to be parties to this agreement.

14.10 Conflict of interest

The parties' rights and remedies under this agreement may be exercised even if this involves a conflict of duty or a party has a personal interest in their exercise.

14.11 Interpretation

In this agreement:

- (a) capitalised terms have the meaning given in Schedule 1, unless defined elsewhere;
- (b) headings and sub-headings are for convenience only and do not affect interpretation;
- (c) reference to any legislation or to any section or provision of any legislation includes any statutory modification or re-enactment or any statutory provision substituted for it, and ordinances, by laws, regulations, and other statutory instruments issued under any legislation;
- (d) a reference to conduct includes an omission, statement and undertaking, whether or not in writing;

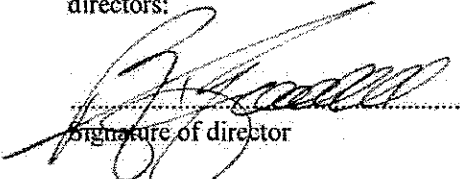
- (e) a reference to any party includes that party's executors, administrators, successors, substitutes and assigns, including any person taking by way of novation;
- (f) a reference to this agreement or to any other agreement, deed or document includes, respectively, this agreement or that other agreement, deed or document as amended, novated, supplemented, varied or replaced from time to time;
- (g) references to parties, clauses or schedules are references to parties, clauses and schedules to or of this agreement, and a reference to this agreement includes any schedule;
- (h) if any day appointed or specified by this agreement for the payment of any money or doing of any thing falls on a day which, in the jurisdiction in which it is to be paid or done, is not a Business Day, the day so appointed or specified will be deemed to be the next Business Day;
- (i) references to payments to any party to this agreement will be construed to include payments to another person upon the direction of such party;
- (j) references to currency are references to Australian currency unless otherwise indicated;
- (k) all payments to be made under this agreement must be made by unendorsed bank cheque or other immediately available funds and in Australian currency; and
- (l) all references to time are to Sydney Time unless otherwise indicated.

14.12 Counterparts

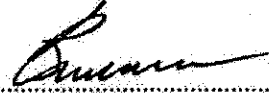
This agreement may be executed in any number of counterparts. All counterparts together will be taken to constitute one agreement.

Yours sincerely,

EXECUTED by SEVEN GROUP
HOLDINGS LIMITED in accordance
with section 127(1) of the Corporations
Act 2001 (Cth) by authority of its
directors:

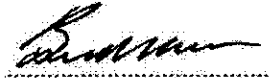

Signature of director

Peter J T Carmell
Name of director (block letters)

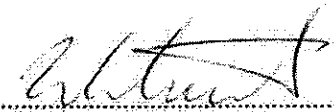

Signature of director/company
secretary*

*delete whichever is not applicable
Bruce Mackinnon
Name of director/company secretary*
(block letters)
*delete whichever is not applicable

EXECUTED by SEVEN (WAN) PTY
LIMITED in accordance with section
127(1) of the Corporations Act 2001
(Cth) by authority of its directors:


Signature of director

Bruce Mackinnon
Name of director (block letters)


Signature of director/company
secretary*

*delete whichever is not applicable
Wanda Cornish
Name of director/company secretary*
(block letters)
*delete whichever is not applicable

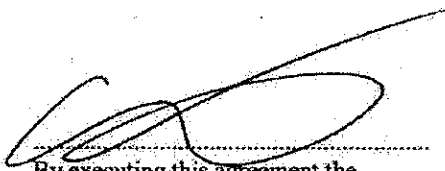
Accepted and agreed to as of the date of this agreement:

SIGNED by)

as attorney for J.P. MORGAN)
AUSTRALIA LIMITED under power)
of attorney dated 18 September 2007 in)
the presence of:)

Simone Haslinger)
Signature of witness)

SIMONE HASLINGER)
Name of witness (block letters))



By executing this agreement the)
attorney states that the attorney has)
received no notice of revocation of the)
power of attorney)

RICHARD GALVIN)
Name of attorney (block letters))

SIGNED on behalf of UBS AG,)
AUSTRALIA BRANCH by its duly)
authorised signatories:)

.....)
Signature)

.....)
Name (block letters))

.....)
Signature)

.....)
Name (block letters))

Accepted and agreed to as of the date of this agreement:

SIGNED by)

as attorney for **J.P. MORGAN**)
AUSTRALIA LIMITED under power)
of attorney dated 18 September 2007 in)
the presence of:)

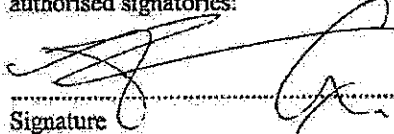
.....)
Signature of witness)

.....)
Name of witness (block letters))

.....
By executing this agreement the
attorney states that the attorney has
received no notice of revocation of the
power of attorney

.....
Name of attorney (block letters)

SIGNED on behalf of **UBS AG,**)
AUSTRALIA BRANCH by its duly)
authorised signatories:)

)
.....)
Signature)

SIMON COX)
.....)
Name (block letters))

)
.....)
Signature)

Merran Edwards)
.....)
Name (block letters)

Schedule 1

Definitions

Affiliate of any person means, in respect of any person, any other person that is a Related Body Corporate of the person or who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such person, and control (including the terms controlling, controlled by and under common control with) means the possession, direct or indirect, of the power to direct or cause the direction of the management, policies or activities of a person, whether through the ownership of securities, by contract or agency or otherwise.

Announcement Date means the date referred to as the Announcement Date in the Timetable.

ASTC means ASX Settlement Pty Limited (ABN 49 008 504 532), the body which administers CHES systems in Australia.

ASX means ASX Limited (ABN 98 008 624 691).

ASX Settlement Operating Rules means the settlement rules of the ASTC and any other rules of ASX which apply while the Sale Shares are CHES Approved Securities.

Bookbuild means the volume bookbuild for the Sale.

Bookbuild Closing Date means the date referred to as the Bookbuild Closing Date in the Timetable.

Business Day has the same meaning as in the Listing Rules.

Certificate means a certificate signed on behalf of the Seller and SGH by 2 directors or a director and the company secretary of each of them, which certifies to the Underwriters as at the date of the certificate that to the best of those persons' knowledge and information after due enquiry, except as set out in the certificate (on the basis that any qualification set out in the certificate will be without prejudice to an Underwriter's right of termination under this agreement):

- (a) the Seller and SGH have complied with all obligations on their part to be performed as at the date of the certificate:
 - (i) under this agreement; and
 - (ii) in respect of the Sale under statute or otherwise;
- (b) none of the termination events set out in Schedule 3 has occurred; and
- (c) the representations and warranties set out in clause 8 are true and correct.

CHES Approved Securities means securities in respect of which approval has been given by the securities clearing house (being the body corporate approved or licensed under the Corporations Act, namely ASTC) in accordance with the ASX Settlement Operating Rules.

Claim means, in relation to any person, any allegation, debt, cause of action, liability, claim, investigation or proceeding, suit or demand of any nature made against the person howsoever arising and

whether present or future, fixed or unascertained, actual or contingent whether at law, in equity, under statute or otherwise.

Corporations Act means the *Corporations Act 2001* (Cth).

Costs means any costs, charges or expenses.

CULS means the convertible unsecured loan securities to be issued by the Company under the Entitlement Offer as described in the Prospectus.

Due Diligence Planning Memorandum means the memorandum (in the form adopted by the Due Diligence Committee) including its schedules and annexures setting out the responsibilities and purpose of the Due Diligence Committee.

Due Diligence Committee means the due diligence committee formed by the Company in connection with the Offer.

Entitlement Offer means the accelerated non-renounceable pro rata entitlement offer to the Company's institutional and retail shareholders as at the Entitlement Offer record date to subscribe for CULS; each part thereof and related matters including the conduct and marketing of the Entitlement Offer (whether before or after the date of this agreement), the issue of any CULS under the Offer Underwriting Agreement and the grant of entitlements.

Explanatory Memorandum means the explanatory memorandum prepared by the Company and provided to its shareholders for the purposes of approving the SMG Acquisition and related matters.

Group means the Company and each Subsidiary of the Company (and **Group Member** means any one or more of them).

Indemnified Parties means the Underwriters and any of their Affiliates, successors or Related Bodies Corporate, the directors, officers, agents, employees, representatives or advisers of the Underwriters or any of their Affiliates, successors or Related Bodies Corporate.

Institutional Investor means a person who warrants or represents to the Underwriters that they are, (and who the Underwriters do not believe is not), a person:

- (a) if in Australia, who is a sophisticated investor or professional investor (within the meaning of sections 708(8) and (11) of the Corporations Act); or
- (b) in any other case, to whom sales of Sale Shares may lawfully be made in New Zealand, the United Kingdom, Belgium, Denmark, Germany, Luxembourg, Netherlands, Ireland, France, Norway, Sweden, Switzerland, Hong Kong, Singapore, Malaysia and United Arab Emirates (or other jurisdiction that the parties may agree) without the need for a lodged prospectus or other disclosure document or other lodgement, registration, filing with or approval by a government agency.

Listing Rules means the listing rules of ASX, except as waived or modified in respect of the Company or the Sale from time to time.

Losses means mean any Costs, Claims, damages, liabilities or other losses or expenses of any kind (including actions or proceedings in respect thereof) and reasonable legal costs and expenses however arising, including penalties, Claims, fines and interest and including those which are prospective or contingent and those the amount of which for the time being is not ascertained or ascertainable.

Meeting Date means the date referred to as the Meeting Date in the Timetable.

Offer means the Entitlement Offer (including the related bookbuild) and the Public Offer (each as described in the Prospectus).

Offer Documents means:

- (a) the Prospectus; and
- (b) all announcements released to ASX by the Company in connection with the Offer.

Offer Underwriting Agreement means the agreement between the Underwriters and the Company regarding the underwriting of the Offer, dated on or about the date of this agreement.

Prospectus means the prospectus issued or published by or on behalf of the Company in respect of the Offer which is lodged or to be lodged with ASIC by the Company under section 718 of the Corporations Act on the Announcement Date.

Public Information means any press releases, presentation materials, or public or media statement made (on or after the Announcement Date and up to and including the Selldown Settlement Date) in relation to the Group, the SMG Acquisition or the Offer (including the Explanatory Memorandum) or in relation to bids or applications received under the Offer or the progress or results of the Offer, in each case by the Company (or, with its prior consent, on its behalf).

Public Offer means the offer to subscribe for ordinary shares of the Company as described in the Prospectus.

Related Body Corporate means a "related body corporate" as that expression is defined in the Corporations Act except that the term "subsidiary" used therein shall have the meaning ascribed to "Subsidiary" in this agreement.

Respective Proportion means, for each Underwriter, 50%.

Sale means the sale of the Sale Shares at the Sale Price.

Sale Price means A\$5.60 per Sale Share.

Sale Proceeds means the amount which is the Sale Price multiplied by the number of Sale Shares.

Sale Shares means 53,424,268 existing fully paid ordinary shares in the Company held by the Seller as evidenced by the holding statement in Annexure A.

Selldown Confirmation Letter means a letter substantially in the form agreed by the Seller, SGH and the Underwriters (each acting reasonably) prior to the closing of the Bookbuild (and as may be amended by mutual agreement) whereby investors confirm, among other things, the items noted in clause 4.4.

Selldown Settlement Date means the date referred to as the Selldown Settlement Date in the Timetable.

Seven Group means SGH and each Subsidiary of SGH (and **Seven Group Member** means any one or more of them).

Share means an ordinary share in the Company.

SMG means Seven Media Group Pty Limited (ACN 116 850 607).

SMG Acquisition means the acquisition of SMG by the Company (including the subscription by Kohlberg Kravis Roberts & Co. LP for ordinary shares in the Company) in the manner described in the Explanatory Memorandum.

SMG Acquisition Agreements means:

- (a) the share sale agreement between SGH (as vendor) and the Company in relation to the sale and purchase of SMG dated on or about the date of this agreement;
- (b) the subscription agreement between Kohlberg Kravis Roberts & Co. LP or one or more of its Affiliates and the Company dated on or about the date of this agreement in relation to the subscription of shares in the Company; and
- (c) the share sale agreement between Seven Group Holdings Ltd (ACN 142 003 469) and Kohlberg Kravis Roberts & Co. LP or one or more other parties dated on or about the date of this agreement.

SMG Information means the factual and historical information regarding SMG contained in section 5 of the Prospectus and relating to matters, events and circumstances in existence on or before the date on which SGH gave its consent to the form and context in which that information appears in the Prospectus. For the avoidance of doubt, the SMG Information does not include information relating to a financial period, including the half year or year to 25 June 2011, which commences before, but ends after, the date on which this consent was given.

Subsidiary in relation to an entity, has the meaning given to that term in section 9 of the Corporations Act.

Timetable means the timetable set out in Schedule 2 as varied if at all in accordance with clause 4.2.

Trading Day has the meaning given to "Trading Day" in the Listing Rules.

Underwriter means each of JPM and UBS.

Schedule 2

Timetable

Event	Date
Announcement Date - ASX announcement and commencement of 2-day trading halt	21 February 2011
(*) Bookbuild Opening Date	21 February 2011
(*) Bookbuild Closing Date	22 February 2011
Re-commencement of trading in ordinary shares of the Company on an ex-entitlement basis	23 February 2011
Meeting Date - Company meeting to approve SMG Acquisition	11 April 2011
(*) Selldown Settlement Date - settlement and transfer of Sale Shares	18 April 2011

Schedule 3

Termination Events

- (a) The SMG Acquisition Agreements or the Offer Underwriting Agreement are terminated, rescinded or repudiated or amended in a material particular (without the prior written consent of the Underwriters, such consent not unreasonably withheld or delayed);
- (b) SGH makes a public statement that it cannot or does not intend to complete the sale of SMG to the Company or either the Seller or SGH is advised that an approval or consent required to complete the SMG Acquisition will not be provided;
- (c) The S&P/ASX 200 index of ASX:
 - (i) at any time between the date of this agreement and 12.00pm on the Business Day following the Bookbuild Closing Date falls to a level that is 10% or more below the level at market close on the Trading Day immediately preceding the date of this agreement (*Starting Level*); or
 - (ii) closes, on any 3 consecutive Business Days, at a level that is 15% or more below the Starting Level, during the period from the date of this agreement until the Selldown Settlement Date,

and the parties to this agreement do not agree on a new Sale Price for the Sale following good faith discussions and the parties acting reasonably;

- (d) There is a material adverse change in relation to the business, operations, financial condition or performance, results of operations, assets, liabilities or prospects of the Company, provided however, that the following shall not be taken into account in determining whether there has been a material adverse change:
 - (i) any such effect, change or circumstance relating to or resulting from, directly or indirectly, the announcement or implementation of the transactions contemplated by the acquisition of SMG;
 - (ii) any such effects attributable to any new equity plans implemented, or to be implemented, in respect of SMG management;
 - (iii) fees and expenses, severances and other bonus, benefit or compensation costs paid or to be paid by the Company or any Group Member in connection with the transactions contemplated in the SMG Acquisition Agreements;
 - (iv) any action required to be taken under any law or order or any existing contract by which the Company or any Group Member is bound;
 - (v) any failure by the Company to meet any internal projections or forecasts;
 - (vi) any such effect, change in circumstance attributable to general conditions affecting the economy, nationally or regionally which does not affect the Company materially disproportionately relative to other participants in the same industry or market; and

- (vii) any action taken by any competitor of the Company or SMG or any owner of any competitor of the Company or SMG, including, without limitation the sale or initial public offering of any media business in competition with the Company or SMG;
 - (e) SGH fails to publicly announce the Sale on or before the Announcement Date;
 - (f) ASIC commences a hearing under the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Sale and any such hearing becomes public or is not withdrawn within 2 Business Days after it is commenced, or where it is commenced less than 2 Business Days before the Selldown Settlement Date it has not been withdrawn before the Selldown Settlement Date;
 - (g) Either the Seller or SGH withdraws the Sale or indicates that it does not intend to proceed with all or any part of the Sale;
 - (h) The Company ceases to be admitted to the official list of ASX or its shares are suspended from official quotation on ASX (other than a voluntary suspension required by the Company or consented to by the Underwriters to facilitate the Sale);
-
- (i) A public announcement made by or on behalf of the Seller or SGH in connection with the Sale is or becomes misleading or deceptive, or a matter required to be included is omitted;
 - (j) Any Certificate which is required to be provided to the Underwriters under this agreement is not provided when required;
 - (k) An event specified in the Timetable is delayed for more than 3 Business Days, in each case without the prior written approval of the Underwriters (such approval not having been unreasonably withheld or delayed);
 - (l) The Seller, SGH or any material Seven Group Member becomes insolvent, commences winding up, has a receiver or receiver and manager appointed, or is placed into voluntary administration;
 - (m) * There is any change of law, which is likely to prohibit or regulate the Sale, capital issues or stock markets or affect the taxation treatment of the Sale;
 - (n) * Either the Seller or SGH contravenes the Corporations Act, its constitution, any of the Listing Rules, or any other applicable law or regulation;
 - (o) * The public announcements by or on behalf of the Seller or SGH in connection with the Sale do not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;
 - (p) * Either the Seller or SGH defaults in the performance of any of its obligations under this agreement;
 - (q) * A representation provided by either the Seller or SGH is not true or correct, or is misleading or deceptive;
 - (r) * Any Certificate given to the Underwriters under this agreement is false, misleading or deceptive, or inaccurate;

- (s) *Between the date of this agreement and the Sell-down Settlement Date, hostilities not presently existing commence or a major escalation in existing hostilities commences involving any one of Australia, the United States, the United Kingdom, or a member of the European Union, or there is a declaration of war, or a major terrorist act is perpetrated in any of those countries; and
- (t) *There is a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom, or there is a material disruption in commercial banking or settlement services in any of those countries; or trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for one Business Day or substantially all of one Business Day.

Annexure A
Holding statement



WEST AUSTRALIAN NEWSPAPERS
HOLDINGS LIMITED
ABN 98 008 667 632
State of Incorporation/Registration: WA



099544 02442
SEVEN (WAN) PTY LIMITED
C/- SEVEN NETWORK LTD
ATTN: PETER LEWIS
38-42 PIRRAMA ROAD
PYRMONT NSW 2009

CHESSE HOLDING STATEMENT

For statement enquiries contact
your CHESSE Sponsor:

MACQUARIE EQUITIES LIMITED

1 SHILLEY STREET
SYDNEY, NSW 2000

☎ 1800 621 656

Holder ID Number (HIN):

CHESSE Sponsor's ID (PID):

Statement Period: September 2010

Page: 1 of 1

WAN - ORDINARY FULLY PAID

Date	Transaction Type	Transaction ID	Ex/Cum Status	Quantity		Holding Balance
				On	Off	
	Balance Brought Forward from 31 Mar 10					51399279
30 Sep 10	Allotment of Securities due to Dividend Reinvestment Plan	5736500008998400		2024989		53424268



FOR YOUR INFORMATION

- Full terms and conditions of the Company, Trust or other issuer's securities can be obtained from the Registry.
- CDIs: To obtain a free copy of CHESSE Depository Nominee's Financial Services Guide or any Supplementary FSG, go to www.asx.com.au/cdis or phone 131 279 to have one sent to you
- ASTC may be required by law to disclose information in CHESSE Holdings to third parties.

See over for additional Important Information and Disclaimer

Issued by:

ASX Settlement and Transfer Corporation Pty. Ltd
ABN 49 008 504 532



Share Registry Details:

COMPUTERSHARE INVESTOR SERVICES PTY LTD
GPO BOX D182
PERTH WA 6840
Ph: 1300 557 010

West Australian Newspapers Holdings Limited (ISIN AU000000WAN0)											Annexure B	
											Proprietary	Block Trade Agreement
											J.P.Morgan Australia Limited and UBS AG, Australia Branch	
Transaction date	Entity	Type of transaction	Ccy	Price	Quantity	Total Positions	Issued share capital	% Owned	JPMSAL		Total	
Balance as at 21 Feb 2011						53,483,843	219,668,970	24.35%	59,575		53,424,268	53,483,843
23-Feb-10	J.P.Morgan Australia Limited and UBS AG, Australia Branch	Reduction in relevant interest arising under the terms of the Block Trade Agreement between J.P. Morgan Australia Limited, UBS AG, Australia Branch, Seven (WAN) Pty Ltd and SGH dated 21 February 2011 (See Annexure A)	-	-	(26,712,134)	26,771,709	219,668,970	12.19%	-		(26,712,134)	(26,712,134)
23-Feb-10	JPMSAL	Purchase	AUD	5.63	180,018	26,951,727	219,668,970	12.27%	180,018		-	180,018
23-Feb-10	JPMSAL	Sell	AUD	5.64	(200,000)	26,751,727	219,668,970	12.18%	(200,000)		-	(200,000)
Balance as at 23 Feb 2011						26,751,727	219,668,970	12.18%	39,593		26,712,134	26,751,727
JPMSAL = J.P.Morgan Securities Australia Limited												



Australian Securities Lending Association Limited

(ACN 054 944 482)
Level 18, 20 Bond Street
Sydney NSW 2000
Tel: (02) 9220 1413
Fax: (02) 9220 1379

AUSTRALIAN MASTER SECURITIES LENDING AGREEMENT *

(Version: November 2003)

dated as of:

Between: (1) (Name of Company) **J.P. Morgan Securities Australia Limited**

(ACN or ARBN (as applicable)) (ABN 61 003 245 234)

(AFSL 238 066)

a company incorporated under the laws of the United States

of (Business address) Level 32, Grosvenor Place,

225 George Street,

Sydney NSW 2000

And: (2) (Name of Company) []

(ACN or ARBN (as applicable)) (ABN)

a company incorporated under the laws of []

of (Business address) []

* The original (Version: 4 April 1997) version of this agreement was adapted from the ISLA Overseas Securities Lender's Agreement (Version: December 1995, as amended by 1996 UK Tax Addendum), prepared by Clifford Chance, London, England for use by parties required to meet UK Inland Revenue tax requirements. The 4 April 1997 version has been updated in December 2002 and November 2003 to take account of, among other things, intervening Australian tax, stamp duty and regulatory changes, and also to better reflect Australian market practice.

* The original and updated versions of this agreement are both also subject to the "Warning and Disclaimer" on the coversheet to the original (Version: 4 April 1997) and updated (Version: November 2003) "User's Guide" relating to this agreement.

© m

Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Telephone (02) 9296 2000
Fax (02) 9296 3999
DX 113 Sydney
Ref: JCK

AGREEMENT

Recitals:

- A. The Parties hereto are desirous of agreeing to a procedure whereby either one of them (the “**Lender**”) will make available to the other of them (the “**Borrower**”) from time to time Securities (as hereinafter defined).
- B. All transactions carried out under this Agreement will be effected in accordance with the Rules (as hereinafter defined), if applicable, **together with** current market practices, customs and conventions, in so far as they are not inconsistent with the terms of this Agreement.

Operative provisions:

1 Interpretation

- 1.1 [**Definitions**] The terms defined in clause 26 and in Schedule 1 have the meanings therein specified for the purposes of this Agreement.
- 1.2 [**Inconsistency**] In the event of any inconsistency between the provisions of Schedule 1 and the other provisions of this Agreement, Schedule 1 will prevail. In the event of any inconsistency between the provisions (if any) of Schedule 3 and the other provisions of this Agreement (including Schedule 1), Schedule 3 will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Agreement (including Schedules 1 and 3), such Confirmation will prevail for the purpose of the relevant transaction.
- 1.3 [**Single agreement**] All transactions are entered into in reliance on the fact that this Agreement and all Confirmations form a single agreement between the Parties (collectively referred to as this “**Agreement**”), and the Parties would not otherwise enter into any transactions.
- 1.4 [**Interpretation**] In this Agreement:
 - (a) Unless the context otherwise requires:
 - (i) The **singular** includes the plural and vice versa.
 - (ii) A **person** includes a corporation.
 - (iii) A **corporation** includes any body corporate and any statutory authority.
 - (iv) A reference to a statute, ordinance, code or other law or the Rules includes regulations or other instruments under it or them and consolidations, amendments, re-enactments or replacements of any of them.
 - (b) Notwithstanding the use of expressions such as “borrow”, “lend”, “Collateral”, “Margin”, “redeliver” etc., which are used to reflect terminology used in the market for transactions of the kind provided for in

this Agreement, all right, title and interest in and to Securities “borrowed” or “lent” and “Collateral” which one Party Transfers to the other in accordance with this Agreement (“**title**”) shall pass from one Party to the other free and clear of any liens, claims, charges or encumbrances or any other interest of the Transferring Party or of any third party (other than a lien routinely imposed on all securities in a relevant clearance system), the Party obtaining such title being obliged to redeliver Equivalent Securities or Equivalent Collateral, as the case may be. Each Transfer under this Agreement will be made so as to constitute or result in a valid and legally effective transfer of the Transferring Party’s legal and beneficial title to the recipient.

- (c) Where, in respect of any transaction, any distribution is made, or Income or fee is paid, other than in cash, the provisions of this agreement (other than clause 4.2(b)) shall apply, with necessary modifications, to the same extent as if the distribution, Income or fee had been made or paid in cash, and terms such as “pay” and “amount” shall be construed accordingly.
- 1.5 **[Headings]** All headings appear for convenience only and shall not affect the interpretation of this Agreement.
- 1.6 **[Currency conversion]** For the purposes of clauses 6, 8.3 and 8.4, when a conversion into the Base Currency is required, all prices, sums or values (including any Value, Offer Value and Bid Value) of Securities, Equivalent Securities, Collateral or Equivalent Collateral (including Cash Collateral) stated in currencies other than the Base Currency shall be converted into the Base Currency at the rate quoted by an Australian bank selected by the Lender (or, if an Event of Default has occurred in relation to the Lender, by the Borrower) at or about 11.00am (Sydney time) on the day of conversion as its spot rate for the sale by the bank of the Base Currency in exchange for the relevant other currency.
- 1.7 **[Other agreements]** Where at any time there is in existence any other agreement between the Parties the terms of which make provision for the lending of Securities (as defined in this Agreement) as well as other securities, the terms of this Agreement shall apply to the lending of such Securities to the exclusion of any other such agreement.
- 1.8 **[Nominees]** If payment is made or Securities, Equivalent Securities, Collateral or Equivalent Collateral is Transferred to a Party’s nominee or otherwise in accordance with the directions of a Party (whether by the other Party or by a third party), it shall be deemed, for the purposes of this agreement, to have been paid or made or Transferred to the first mentioned Party.

2 Loans of Securities

- 2.1 **[Borrowing Request and acceptance thereof]** The Lender will lend Securities to the Borrower, and the Borrower will borrow Securities from the Lender, in accordance with the terms and conditions of this Agreement and with the Rules. The terms of each Loan should be agreed prior to the commencement of the relevant Loan, either orally or in writing (including any agreed form of electronic communication) and confirmed in such form and on such basis as is agreed between the Parties. Any confirmation produced by a Party shall not supersede or prevail over the prior oral, written or electronic communication (as the case may be).

2.2 **[Changes to a Borrowing Request]** The Borrower has the right to reduce the amount of Securities referred to in, or otherwise vary, a Borrowing Request **provided that:**

- (a) the Borrower has notified the Lender of such reduction or variation no later than midday Australian Eastern standard or summer (as appropriate) time on the day which is two Business Days prior to the Settlement Date, unless otherwise agreed between the Parties, and
- (b) the Lender shall have accepted such reduction or variation (by whatever means).

3 Delivery of Securities

[Delivery of Securities] The Lender shall procure the delivery of Securities to the Borrower or deliver such Securities in accordance with the relevant agreement **together with** appropriate instruments of transfer (where necessary) duly stamped (where necessary) and such other instruments (if any) as may be requisite to vest title thereto in the Borrower. Such Securities shall be deemed to have been delivered by the Lender to the Borrower on delivery to the Borrower or as it shall direct of the relevant instruments of transfer and certificates or other documents of title (if any), or in the case of Securities title to which is registered in a computer based system which provides for the recording and transfer of title to the same by way of electronic entries (such as CHES), on the transfer of title in accordance with the rules and procedures of such system as in force from time to time, or by such other means as may be agreed.

4 Title, Distributions and Voting

4.1 **[Passing of title]** The Parties shall execute and deliver all necessary documents and give all necessary instructions to procure that all right, title and interest in:

- (a) any Securities borrowed pursuant to clause 2;
- (b) any Equivalent Securities redelivered pursuant to clause 7;
- (c) any Collateral delivered pursuant to clause 6;
- (d) any Equivalent Collateral redelivered pursuant to clauses 6 or 7,

shall pass from one Party to the other, free from all liens, charges, equities and encumbrances, on delivery or redelivery of the same in accordance with this Agreement. In the case of Securities, Collateral, Equivalent Securities or Equivalent Collateral title to which is registered in a computer based system which provides for the recording and transfer of title to the same by way of electronic entries, delivery and transfer of title shall take place in accordance with the rules and procedures of such system as in force from time to time.

4.2 **[Distributions]**

- (a) **[Distributions]** Unless otherwise agreed, where Income is paid by the issuer in relation to any Securities on or by reference to an Income Payment Date on which such Securities are the subject of a loan under this Agreement, the Borrower shall, on the date of the payment of such Income, or on such other date as the Parties may from time to time agree, (the

“**Relevant Payment Date**”) pay to the Lender a sum of money (a “**Substitute payment**”) equivalent to the amount that the Lender would have been entitled to receive (after any deduction, withholding or payment for or on account of any tax made by the relevant issuer (or on its behalf) in respect of such Income) had such Securities not been loaned to the Borrower and been held by the Lender on the Income Payment Date, irrespective of whether the Borrower received the same.

- (b) **[Corporate actions]** Subject to paragraph (c) (unless otherwise agreed), where, in respect of any borrowed Securities or any Collateral, any rights relating to conversion, subdivision, consolidation, pre-emption, rights arising under a takeover offer or other rights, including those requiring election by the holder for the time being of such Securities or Collateral, become exercisable prior to the redelivery of Equivalent Securities or Equivalent Collateral, then the Lender or Borrower, as the case may be, may, within a reasonable time before the latest time for the exercise of the right or option, give written notice to the other Party that, on redelivery of Equivalent Securities or Equivalent Collateral, as the case may be, it wishes to receive Equivalent Securities or Equivalent Collateral in such form as will arise if the right is exercised or, in the case of a right which may be exercised in more than one manner, is exercised as is specified in such written notice.
- (c) **[1936 Tax Act sections 26BC(3)(c)(ii) and (v) requirements]** Notwithstanding paragraph (b), where, in respect of any borrowed Securities or any Collateral, the relevant issuer company, trustee, government or government authority issues any right or option in respect of the borrowed Securities or Collateral, as the case may be, the Borrower or the Lender, respectively, must deliver or make available, as the case may be, to the other Party on the date of such issue or on such other date as the Parties may from time to time agree:
- (i) the right, or option; or
 - (ii) an identical right or option; or
 - (iii) a payment equal to the value to the Lender or the Borrower, respectively, of the right or option;
- together with any such endorsements or assignments as shall be customary and appropriate.
- (d) **[Manner of payment]** Any payment to be made by the Borrower under this clause shall be made in a manner to be agreed between the Parties.

- 4.3 **[Voting]** Unless paragraph 4 in Schedule 1 specifies that this clause 4.3 does not apply, each Party undertakes that, where it holds Securities of the same description as any Securities borrowed by it or transferred to it by way of Collateral at a time when a right to vote arises in respect of such Securities, it will use its best endeavours to arrange for the voting rights attached to such Securities to be exercised in accordance with the instructions of the other Party **provided always that** each Party shall use its best endeavours to notify the other of its instructions in writing no later than seven Business Days prior to the date upon which such votes are exercisable, or as otherwise agreed between the Parties, and that the Party concerned shall not be obliged so to exercise the votes in respect of the number of Securities greater than the number so lent or transferred to it. For the avoidance of

doubt, the Parties agree that, subject as hereinbefore provided, any voting rights attaching to the relevant Securities, Equivalent Securities, collateral and/or Equivalent Collateral shall be exercisable by the persons in whose name they are registered, or in the case of Securities, Equivalent Securities, collateral and/or Equivalent Collateral in bearer form by the persons by or on behalf of whom they are held, and not necessarily by the Borrower or the Lender (as the case may be).

5 Fees

- 5.1 **[Fees]** In respect of each loan of Securities:
- (a) for which the Collateral is cash:
 - (i) the Lender must pay a fee to the Borrower in respect of the amount of that Collateral, calculated at the rate agreed between them; and
 - (ii) unless the Parties otherwise agree, the Borrower is not obliged to pay a fee to the Lender;
 - (b) for which there is no Cash Collateral, the Borrower must pay a fee to the Lender, calculated at the rate agreed between them.
- 5.2 **[Where there are different types of Collateral]** Where the Collateral comprises only partly cash, clause 5.1 is to be construed as if there were separate loans of Securities, one secured solely by Cash Collateral and the other secured solely by non-cash Collateral.
- 5.3 **[Calculation of fees]** In respect of each loan of Securities, the payments referred to in clause 5.1 of this clause shall accrue daily in respect of the period commencing on and inclusive of the Settlement Date and terminating on and exclusive of the Business Day upon which Equivalent Securities are redelivered or Cash Collateral is repaid. Unless otherwise agreed, the sums so accruing in respect of each calendar month shall be paid in arrears by the Borrower to the Lender or to the Borrower by the Lender (as the case may be) not later than the Business Day which is one week after the last Business Day of the calendar month to which such payment relates or such other date as the Parties from time to time agree. Any payment made pursuant to clause 5.1 shall be in Australian currency, unless otherwise agreed, and shall be paid in such manner and at such place as shall be agreed between the Parties.

6 Collateral

- 6.1 **[Borrower's obligation to provide Collateral]** Unless otherwise agreed, subject to the other provisions of this clause 6, the Borrower undertakes to deliver to or deposit with the Lender (or in accordance with the Lender's instructions) Collateral of the kind specified in the relevant Borrowing Request or as otherwise agreed between the Parties (together with appropriate instruments of transfer duly stamped (where necessary) and such other instruments as may be requisite to vest title thereto in the Lender) simultaneously with delivery of the borrowed Securities by the Lender.
- 6.2 **[Global margining]**
- (a) **[Adjustments to Collateral]** Unless otherwise agreed between the Parties, subject to paragraph (b), clause 6.4 and paragraph 1.5 in Schedule 1:
 - (i) The aggregate Value of the Collateral delivered to or deposited with the Lender or its nominated bank or depositary (excluding any

Collateral repaid or redelivered under paragraph (ii) below (as the case may be) in respect of **all** loans of Securities outstanding under this Agreement (“**Posted Collateral**”) shall from day to day and at any time be at least the aggregate of the Required Collateral Values in respect of such loans.

- (ii) If at any time the aggregate Value of the Posted Collateral in respect of all loans of Securities outstanding under this Agreement exceeds the aggregate of the Required Collateral Values in respect of such loans, the Lender shall (on demand) repay such Cash Collateral and/or redeliver to the Borrower such Equivalent Collateral as will eliminate the excess.
 - (iii) If at any time the aggregate Value of the Posted Collateral in respect of all loans of Securities outstanding under this Agreement falls below the aggregate of Required Collateral Values in respect of all such loans, the Borrower shall (on demand) provide such further Collateral to the Lender as will eliminate the deficiency.
- (b) **[Netting of Collateral obligations where a Party is both Lender and Borrower]** Unless otherwise agreed between the Parties, subject to clause 6.4 and paragraph 1.5 in Schedule 1, where paragraph (a) applies, if a Party (the “**first Party**”) would, but for this paragraph, be required under paragraph (a) to repay Cash Collateral, redeliver Equivalent Collateral or provide further Collateral in circumstances where the other Party (the “**second Party**”) would, but for this paragraph, also be required to repay Cash Collateral, redeliver Equivalent Collateral or provide further Collateral under paragraph (a), then the Value of the Cash Collateral, Equivalent Collateral or further Collateral deliverable by the first Party (“**X**”) shall be set-off against the Value of the Cash Collateral, Equivalent Collateral or further Collateral deliverable by the second Party (“**Y**”) and the only obligation of the Parties under paragraph (a) shall be, where X exceeds Y, an obligation of the first Party, or where Y exceed X, an obligation of the second Party, (on demand) to repay Cash Collateral, redeliver Equivalent Collateral or deliver further Collateral having a Value equal to the difference between X and Y.
- 6.3 **[Required Collateral Value]** For the purposes of clause 6.2(a), the Value of the Posted Collateral to be delivered or deposited in respect of any loan of Securities, while the loan of Securities continues, shall be equal to the aggregate of the Value of the borrowed Securities and the Margin applicable thereto (the “**Required Collateral Value**”).
- 6.4 **[Time for payment/repayment of Collateral]** Except as provided in clause 6.1 or clause 6.6 or as otherwise agreed, where any Cash Collateral is to be repaid, Equivalent Collateral is to be redelivered or further Collateral is to be provided under this clause 6, it shall be paid or delivered as stated in paragraph 1.4 in Schedule 1.
- 6.5 **[Substitution of Alternative Collateral]** The Borrower may from time to time call for the repayment of Cash Collateral or the redelivery of Equivalent Collateral prior to the date on which the same would otherwise have been repayable or redeliverable,

provided that, at the time of such repayment or redelivery, the Borrower shall have delivered or delivers Alternative Collateral acceptable to the Lender.

6.6 **[Return of Collateral/Equivalent Collateral on redelivery of Equivalent Securities]**

- (a) Cash Collateral shall be repaid and Equivalent Collateral shall be redelivered at the same time as Equivalent Securities in respect of the Securities borrowed are redelivered.
- (b) Where Collateral is provided through a book entry transfer system (such as Austraclear or RITS), the obligation of the Lender shall be to redeliver Equivalent Collateral through such book entry transfer system in accordance with this Agreement. If the loan of Securities in respect of which Collateral was provided has not been discharged when the Equivalent Collateral is redelivered, any payment obligation generated within the book entry transfer system on such redelivery shall, until the loan of Securities is discharged or further Collateral is provided, be deemed to constitute an obligation to pay Cash Collateral.

6.7 **[Receipt by Lender of Income on Collateral]** Where Collateral (other than Cash Collateral) is delivered in respect of which any Income may become payable and an Income Payment Date in respect of that Collateral occurs prior to the redelivery of Equivalent Collateral, then, unless such Income is paid directly to the Borrower, the Lender shall, on the date on which such Income is paid or on such other date as the Parties may from time to time agree, pay to the Borrower a sum of money (a “**Substitute payment**”) equivalent to the amount of such Income that (after any deduction, withholding or payment for or on account of any tax made by the relevant issuer (or on its behalf) in respect of such Income) the Lender either actually received, or would have been entitled to receive had such Collateral been held by the Lender on the Income Payment Date, irrespective of whether the Lender received the same. If the Lender is required by law, as modified by the practice of any relevant taxing authority, to make any deduction or withholding from any Substitute payment to be made under the preceding sentence, then the Lender must:

- (a) promptly pay to the relevant taxing authority the full amount of the deduction or withholding; and
- (b) forward to the Borrower on request a copy of any official receipt or other evidence showing that the full amount of any such deduction or withholding has been paid over to the relevant taxing authority.

6.8 **[Borrower’s rights re Collateral are not assignable]** The Borrower may not assign, transfer or otherwise dispose of, or mortgage, charge or otherwise encumber, or otherwise deal with its rights in respect of any Collateral without the prior written consent of the Lender.

6.9 **[Lender may set off obligation to repay or return Equivalent Collateral]** If the Borrower fails to comply with its obligation to redeliver Equivalent Securities, the obligation of the Lender in respect of any Collateral may be the subject of a set-off in accordance with clause 8.

6.10 **[Collateral provided to Lender’s Nominee]** Without limiting clause 1.8, where Collateral is provided to the Lender’s nominee, any obligation under this Agreement to repay or redeliver or otherwise account for Equivalent Collateral shall be an

obligation of the Lender, notwithstanding that any such repayment or redelivery may be effected in any particular case by the nominee.

- 6.11 **[Letters of Credit]** If the Collateral in respect of one or more loans of Securities is or includes a letter of credit, the Lender may only draw down under that letter of credit when an Event of Default occurs in relation to the Borrower and, upon the Lender drawing down, whether or not permitted under this clause 6.11, the Collateral (or that part of it represented by the letter of credit) becomes Cash Collateral.
- 6.12 **[Non-Cash Collateral]** If the Collateral in respect of one or more loans of Securities is or includes other Securities and either the Borrower is a taxpayer to whom the Tax Act applies in respect of the disposal of those other Securities or in any other case the Parties so agree:
- (a) The Parties acknowledge that the provision of those other Securities is by way of a loan of Securities under this Agreement, to which section 26BC(3)(a) of the 1936 Tax Act may apply (subject to the re-acquisition time being less than 12 months after the original disposal time).
 - (b) For the purposes of section 26BC(3)(d) of the 1936 Tax Act, the notifiable consideration in respect of the provision of those Securities by way of loan is specified as follows:
 - (i) There is no fee.
 - (ii) There is no adjustment for variations in the market value of the Collateral or Equivalent Collateral.
 - (iii) There is other consideration: see the obligations of the recipient of the Collateral under clauses 4.2(b), 4.2(c), 4.3 and 6.7.
 - (c) For the avoidance of doubt, this clause 6.12 is directed solely at clarifying either or both of the following issues: that the provision of the other Securities as Collateral is eligible for the application of first section 26BC and secondly, where applicable, sections 216-10 and 216-30 of the 1997 Tax Act. Accordingly, clauses 2, 4.2(a), 5, 6.1 to 6.11, 7, 8, 9.1, 9.2 (unless otherwise agreed), 9.4 and 12 do not apply to any loan of Securities under paragraph (a). Instead, those Securities are simply to be regarded as Collateral for the purposes of those clauses.

7 Redelivery of Equivalent Securities

- 7.1 **[Borrower's obligation to redeliver Equivalent Securities]** The Borrower undertakes to redeliver Equivalent Securities in accordance with this Agreement and the terms of the relevant Borrowing Request.
- 7.2 **[Lender may call for redelivery of Equivalent Securities]** Subject to clause 8 and the terms of the relevant Borrowing Request, the Lender may call for the redelivery of all or any Equivalent Securities at any time by giving notice on any Business Day of not less than the Standard Settlement Time for such Equivalent Securities or the equivalent time on the exchange or in the clearing organisation through which the relevant borrowed Securities were originally delivered. The Borrower shall as hereinafter provided redeliver such Equivalent Securities not later than the expiry of such notice in accordance with the Lender's instructions.

- 7.3 **[Lender may terminate loan if Borrower defaults]** If the Borrower does not redeliver Equivalent Securities in accordance with such call, the Lender may elect to continue the loan of Securities; **provided that**, if the Lender does not elect to continue the loan, the Lender may by written notice to the Borrower elect to terminate the relevant loan. Upon the expiry of such notice the provisions of clauses 8.2 to 8.5 shall apply as if upon the expiry of such notice an Event of Default had occurred in relation to the Borrower (who shall thus be the Defaulting Party for the purposes of this Agreement) and as if the relevant loan were the only loan outstanding.
- 7.4 **[Consequence of exercise of “buy-in” against Lender, as a result of Borrower default]** In the event that, as a result of the failure of the Borrower to redeliver Equivalent Securities to the Lender in accordance with this Agreement, a “buy-in” is exercised against the Lender, then, provided that reasonable notice has been given to the Borrower of the likelihood of such a “buy-in”, the Borrower shall account to the Lender for the total costs and expenses reasonably incurred by the Lender as a result of such “buy-in”.
- 7.5 **[Right of Borrower to terminate loan early]** Subject to the terms of the relevant Borrowing Request, the Borrower shall be entitled at any time to terminate a particular loan of Securities and to redeliver all and any Equivalent Securities due and outstanding to the Lender in accordance with the Lender’s instructions.

7A Suspended Securities

- 7A.1 This clause 7A applies if:
- (a) dealings in any borrowed Securities or Collateral Securities are suspended from trading by the stock exchange on which the Securities were listed at the time of delivery under this Agreement, whether by reason of the adverse position of the issuer or otherwise; or
 - (b) for any other reason concerning the issuer of those Securities (such as the liquidation, provisional liquidation, administration or receivership of the issuer, or the Securities ceasing to be listed for trading on the stock exchange on which they were listed at the time of delivery under this Agreement), or concerning the exchange or clearing house through which they are traded, one Party is unable to transfer title to those Securities or Equivalent Securities to the Other Party.
- 7A.2 At any time while a situation described in clause 7A.1 prevails in relation to particular borrowed or Collateral Securities (the “**Suspended Securities**”), either the Lender or the Borrower may give notice (a “**Suspension Notice**”) to the other, in which event clauses 7A.3 and 7A.4 shall apply.
- 7A.3 If a Suspension Notice is given, the Borrower and the Lender shall promptly enter into negotiations in good faith with a view to promptly agreeing the market value of the Suspended Securities for the purposes of this clause 7A. Neither the Borrower nor the Lender may unreasonably withhold or delay its agreement to a market value reasonably proposed by the other Party.
- 7A.4 Any market value agreed under clause 7A.3 applies to the Suspended Securities notwithstanding the definition of Value in clause 26.

8 Set-off etc.

- 8.1 **[Requirement for simultaneous delivery]** On the date and time that Equivalent Securities are required to be redelivered by the Borrower in accordance with the provisions of this Agreement the Lender shall simultaneously redeliver the Equivalent Collateral and repay any Cash Collateral held (in respect of the Equivalent Securities to be redelivered) to the Borrower. Neither Party shall be obliged to make delivery (or make a payment as the case may be) to the other unless it is satisfied that the other Party will make such delivery (or make an appropriate payment as the case may be) to it simultaneously. If it is not so satisfied (whether because an Event of Default has occurred in respect of the other Party or otherwise), it shall notify the other Party and, unless that other Party has made arrangements which are sufficient to assure full delivery (or the appropriate payment as the case may be) to the notifying Party, the notifying Party shall (provided it is itself in a position, and willing, to perform its own obligations) be entitled to withhold delivery (or payment, as the case may be) to the other Party.
- 8.2 **[Netting following occurrence of Event of Default]** If an Event of Default occurs in relation to either Party, the Parties' delivery and payment obligations (and any other obligations they have under this Agreement) shall be accelerated so as to require performance thereof at the time such Event of Default occurs (the date of which shall be the "**Performance Date**" for the purposes of this clause), and in such event:
- (a) the Relevant Value of the Securities to be delivered (or payment to be made, as the case may be) by each Party shall be established in accordance with clause 8.3; and
 - (b) on the basis of the Relevant Values so established, an account shall be taken (as at the Performance Date) of what is due from each Party to the other and (on the basis that each Party's claim against the other in respect of delivery of Equivalent Securities or Equivalent Collateral or any cash payment equals the Relevant Value thereof) the sums due from one Party shall be set-off against the sums due from the other and only the balance of the account shall be payable (by the Party having the claim valued at the lower amount pursuant to the foregoing) and such balance shall be payable on the Performance Date.
- 8.3 **[Relevant Value]** For the purposes of clause 8.2 the Relevant Value:
- (a) of any cash payment obligation shall equal its par value (disregarding any amount taken into account under (b) or (c) below);
 - (b) of any Securities to be delivered by the Defaulting Party shall, subject to clause 8.4(b) and (c) below, equal the Offer Value thereof; and
 - (c) of any Securities to be delivered to the Defaulting Party shall, subject to clause 8.4(b) and (c) below, equal the Bid Value thereof.
- 8.4 **[Bid Value/Offer Value]**
- (a) For the purposes of clause 8.3, but subject to (b) and (c) below, the Bid Value and Offer Value of any Securities shall be calculated as at the Close of Business in the most appropriate market for Securities of the relevant description (as determined by the Non-Defaulting Party) on the first Business Day following the Performance Date, or, if the relevant Event of

Default occurs outside the normal business hours of such market, on the second Business Day following the Performance Date (the “**Default Valuation Time**”).

- (b) Where the Non-Defaulting Party has, following the occurrence of an Event of Default but prior to the Default Valuation Time, purchased Securities forming part of the same issue and being of an identical type and description to those to be delivered by the Defaulting Party and in substantially the same amount as those Securities or sold Securities forming part of the same issue and being of an identical type and description to those to be delivered by the Non-Defaulting Party to the Defaulting Party and in substantially the same amount as those Securities, the cost of such purchase or the proceeds of such sale, as the case may be, (taking into account all reasonable costs, fees and expenses that would be incurred in connection therewith) shall be treated as the Offer Value or Bid Value, as the case may be, of the relevant Securities for the purposes of this clause 8.
- (c) Where the amount of any Securities sold or purchased as mentioned in (b) above is not in substantially the same amount as those Securities to be valued for the purposes of clause 8.3, the Offer Value or the Bid Value (as the case may be) of those Securities shall be ascertained by:
 - (i) dividing the net proceeds of sale or cost of purchase by the amount of the Securities sold or purchased so as to obtain a net unit price; and
 - (ii) multiplying that net unit price by the amount of the Securities to be valued.

8.5 **[Interpretation: “Securities”]** Any reference in this clause 8 to Securities shall include any asset other than cash provided by way of Collateral, and, for the avoidance of doubt, shall include Equivalent Securities and Equivalent Collateral.

8.6 **[Interpretation: “Event of Default”]** If the Borrower or the Lender for any reason fails to comply with its respective obligations under clause 6.6 in respect of the redelivery of Equivalent Collateral or the repayment of Cash Collateral, such failure shall be an Event of Default for the purposes of this clause 8, and the person failing to comply shall thus be the Defaulting Party.

8.7 **[Waiver of right to require simultaneous delivery]** Subject to and without prejudice to its rights under clause 8.1, either Party may from time to time in accordance with market practice and in recognition of the practical difficulties in arranging simultaneous delivery of Securities, Collateral and cash transfers waive its right under this Agreement in respect of simultaneous delivery and/or payment; **provided that** no such waiver in respect of one transaction shall bind it in respect of any other transaction.

9 Stamp duty, taxes etc and loss of tax benefits

9.1 **[Stamp duty etc]** The Borrower hereby undertakes promptly to pay and account for any transfer or similar duties or taxes, and any loan security or other stamp duties, (if any) chargeable in connection with any transaction effected pursuant to or contemplated by this Agreement, and shall indemnify and keep indemnified the Lender against any liability arising in respect thereof as a result of the Borrower’s failure to do so.

9.2 **[Borrower to give Transfer of Distribution Statement to Lender re Franked Distributions]** If:

- (a) an Income Payment Date occurs during an Income Determination Period in relation to a particular loan of Securities;
- (b) had the Lender been the holder of those Securities on the relevant Income Payment Date, it would have received a Franked Distribution in respect of those Securities;
- (c) the Agreement or the relevant Confirmation states that the Lender is an Australian Taxpayer;
- (d) the failure of the Lender to receive a Franked Distribution is not due to any unreasonable act or omission by or on behalf of the Lender; and
- (e) neither paragraph 7 in Schedule 1 nor the relevant Confirmation states that the Lender is **not** entitled to compensation for the loss of Imputation Benefits;

then:

- (f) the Borrower must either:
 - (i) if section 216-10 of the 1997 Tax Act applies, as soon as practicable, and in any event within 10 Business Days after the relevant Income Payment Date, give to the Lender a Transfer of Distribution Statement in respect of those Securities (which the Borrower is to be taken as having warranted is correct in all material respects and is effective for the purposes of section 216-30 of the 1997 Tax Act); or
 - (ii) otherwise, on the 10th Business Day after the relevant Income Payment Date pay to the Lender an amount equal to the Franking Credit allocated (or, under section 202-65 of the 1997 Tax Act, taken to have been allocated) to the Franked Distribution and specified in the Distribution Statement for that Franked Distribution.

9.3 [Deleted.]

9.4 **["Notifiable consideration" for the purposes of s 26BC(3)(d) of the 1936 Tax Act]** For the purposes of section 26BC(3)(d) of the 1936 Tax Act, the notifiable consideration in respect of any loan of Securities is dissected as follows:

- (a) a fee - see clause 5.1 (as applicable); and
- (b) other consideration - see clauses 4.2, 6 and 9 and the definition of "Equivalent Securities" in clause 26.

9.5 **[GST]**

- (a) All payments (including the provision of any non-monetary consideration) to be made by either Party under or in connection with this Agreement have been calculated without regard to GST.
- (b) If all or part of any such payment is the consideration for a Taxable Supply, then, when the payer makes the payment, the payer must, after receipt of a

Tax Invoice, pay to the supplier additional consideration equal to the GST Amount. Such additional amount is to be paid on the earlier of:

- (i) the date of the first payment for the Taxable Supply; and
 - (ii) the date five Business Days after the date on which the Tax Invoice for the Taxable Supply is received by the payer.
- (c) Where under or in connection with this Agreement a Party is required to reimburse or indemnify for an amount, that Party will pay the relevant amount:
- (i) including any sum in respect of GST which has been paid by the payee upon any supply made to the payee in connection with the circumstances giving rise to the operation of the indemnity or right of reimbursement;
 - (ii) less any GST Input Tax Credit that that Party determines (acting reasonably) that the payee is entitled to claim in respect of the circumstances giving rise to the operation of the indemnity or right of reimbursement.
- (d) If a person is a member of a GST Group, references to GST for which the person is liable and to Input Tax Credits to which the person is entitled include GST for which the Representative Member of the GST Group is liable and Input Tax Credits to which the Representative Member is entitled.
- (e) In this clause:

GST means the goods and services tax as imposed by the GST Law together with any related interest, penalties, fines or other charges.

GST Amount means in relation to a Taxable Supply the amount of GST for which the supplier is liable in respect of the Taxable Supply.

GST Group has the meaning given to this term by the GST Law.

GST Law has the meaning given to that term in A New Tax System (Goods and Services Tax) Act 1999 (or, if that Act does not exist for any reason, means any Act imposing or relating to the imposition or administration of a goods and services tax in Australia) and any regulation made under that Act.

Input Tax Credit has the meaning given to that term by the GST Law.

Invoice has the meaning given to that term by the GST Law.

Representative Member has the meaning given to that term by the GST Law.

Taxable Supply has the meaning given to that term by the GST Law.

Tax Invoice has the meaning given to that term by the GST Law.

9.6 [Non-Australian GST]

- (a) All payments (including the provision of any non-monetary consideration) to be made by either Party under or in connection with this Agreement have been calculated without regard to Non-Australian GST.

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- (b) If all or part of any such payment is the consideration for a supply of goods or services (however defined) in respect of which Non-Australian GST is payable (whether by a Party or its Related Entities or any person on its behalf or in its place (the “**supplier**”)) to any relevant tax authority or government agency, the other Party must pay to the supplier additional consideration equal to the amount of any such Non-Australian GST. Such additional amount is to be paid on demand by the supplier.
 - (c) Where under or in connection with this Agreement a Party is required to reimburse or indemnify for an amount, that Party will pay the relevant amount:
 - (i) including any sum in respect of non-Australian GST which has been paid by the payee upon any supply made to the payee in connection with the circumstances giving rise to the operation of the indemnity or right of reimbursement;
 - (ii) less any input tax credit (however defined or described) that that Party determines (acting reasonably) that the payee is entitled under the law applicable to that Non-Australian GST to claim in respect of the circumstances giving rise to the operation of the indemnity or right of reimbursement.
 - (d) In this clause, the expression *Non-Australian GST* means any goods and services tax, value added tax or similar transactional tax, however described, imposed on supplies of goods or services (however defined) under the law of any jurisdiction outside Australia, together with any related interest, penalties, fines or other charges.

9.7 [Grossing up]

- (a) All payments under clauses 4.2 (a), 5.1(b) and 13 of this Agreement are to be made free and clear of, and without any deduction or withholding for or on account of, any taxes.
- (b) Accordingly, if any deduction or withholding in respect of any such payment is required by law, as modified by the practice of any relevant taxing authority, then the payer must:
 - (i) pay to the other Party, in addition to the payment to which that other Party is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount (free and clear of any taxes payable by deduction or withholding, whether assessed against one Party or the other) will equal the full amount that that other Party would have received had no such deduction or withholding been required;
 - (ii) promptly pay to the relevant taxing authority the full amount of the deduction or withholding by the payer; and
 - (iii) forward to the payee on request a copy of any official receipt or other evidence showing that the full amount of any such deduction or withholding has been paid over to the relevant taxing authority.

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- (c) Otherwise, unless otherwise agreed in respect of a particular loan of Securities or a particular payment, no such gross up is required in respect of any payment under this Agreement.

10 Lender's warranties

[Lender's warranties] Each Party hereby warrants and undertakes to the other on a continuing basis, to the intent that such warranties shall survive the completion of any transaction contemplated by this Agreement, that, where acting as a Lender:

- (a) it is duly authorised and empowered to perform its duties and obligations under this Agreement;
- (b) it is not restricted under the terms of its constitution or in any other manner from lending Securities in accordance with this Agreement or from otherwise performing its obligations under this Agreement;
- (c) it is absolutely entitled to pass full legal and beneficial ownership of all Securities provided by it under this Agreement to the Borrower free from all liens, charges, equities and encumbrances;
- (d) where paragraph 3 in Schedule 1 specifies that this clause 10(d) applies, it is not resident in Australia for the purposes of the Tax Act and either:
 - (i) does not have a branch or other permanent establishment in Australia for the purposes of the Tax Act or of any applicable double tax agreement between Australia and its country of tax residence; or
 - (ii) if it does have such a branch or other permanent establishment in Australia, that the loan is not entered into in the course of carrying on business through such branch or permanent establishment; and
- (e) unless clause 14 applies, it is acting as principal in respect of this Agreement.

11 Borrower's warranties

[Borrower's warranties] Each Party hereby warrants and undertakes to the other on a continuing basis, to the intent that such warranties shall survive the completion of any transaction contemplated by this Agreement, that, where acting as a Borrower:

- (a) it has all necessary licences and approvals, and is duly authorised and empowered, to perform its duties and obligations under this Agreement and will do nothing prejudicial to the continuation of such authorisation, licences or approvals;
- (b) it is not restricted under the terms of its constitution or in any other manner from borrowing Securities in accordance with this Agreement or from otherwise performing its obligations under this Agreement;
- (c) it is absolutely entitled to pass full legal and beneficial ownership of all Collateral provided by it under this Agreement to the Lender free from all liens, charges, equities and encumbrances;

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- (d) it is acting as principal in respect of this Agreement; and
 - (e) unless otherwise agreed, it shall in respect of every loan of Securities return to the Lender Equivalent Securities not later than 360 days from the date of delivery by the Lender of the original Securities to the Borrower.

12 Events of Default

- 12.1 **[Events of Default]** Each of the following events occurring in relation to either Party (the “**Defaulting Party**”, the other Party being the “**Non-Defaulting Party**”) shall be an Event of Default for the purpose of clause 8:
- (a) the Borrower or Lender failing to pay or repay Cash Collateral or deliver or redeliver Collateral or Equivalent Collateral upon the due date, and the Non-Defaulting Party serves written notice on the Defaulting Party;
 - (b) the Lender or Borrower failing to comply with its obligations under clause 6, and the Non-Defaulting Party serves written notice on the Defaulting Party;
 - (c) the Borrower failing to comply with clause 4.2 or clause 9.2 and the Non-Defaulting Party serves written notice on the Defaulting Party;
 - (d) an Act of Insolvency occurring with respect to the Lender or the Borrower and (except in the case of an Act of Insolvency which is the presentation of a petition for winding up or any analogous proceeding or the appointment of a liquidator or analogous officer of the Defaulting Party in which case no such notice shall be required) the Non-Defaulting Party serves written notice on the Defaulting Party;
 - (e) any representations or warranties made by the Lender or the Borrower being incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, and the Non-Defaulting Party serves written notice on the Defaulting Party;
 - (f) the Lender or the Borrower admitting to the other that it is unable to, or it intends not to, perform any of its obligations hereunder and/or in respect of any loan hereunder, and the Non-Defaulting Party serves written notice on the Defaulting Party;
 - (g) the Lender (if appropriate) or the Borrower being declared in default by the appropriate authority under the Rules or being suspended or expelled from membership of or participation in any securities exchange or association or other self-regulatory organisation, or suspended from dealing in securities by any government agency, and the Non-Defaulting Party serves written notice on the Defaulting Party;
 - (h) any of the assets of the Lender or the Borrower or the assets of investors held by or to the order of the Lender or the Borrower being ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation and the Non-Defaulting Party serves written notice on the Defaulting Party, or
 - (i) the Lender or the Borrower failing to perform any other of its obligations hereunder and not remedying such failure within 30 days after the Non-Defaulting Party serves written notice requiring it to remedy such failure,

and the Non-Defaulting Party serves a further written notice on the Defaulting Party.

- 12.2 **[Obligation of each Party to notify its Event of Default]** Each Party shall notify the other if an event occurs which would constitute an Event of Default in relation to it with the giving of notice.

13 Outstanding payments

[Default interest] In the event of either Party failing to remit sums in accordance with this Agreement, such Party hereby undertakes to pay to the other Party upon demand interest (before as well as after judgment) on the net balance due and outstanding, for the period commencing on and inclusive of the original due date for payment to (but excluding) the date of actual payment, in the same currency at a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it in good faith) if it were to fund or of funding the relevant amount, plus 2% (or other agreed percentage) per annum.

14 Transactions entered into as agent

- 14.1 **[Agency Transactions]** Subject to the following provisions of this clause, the Lender may enter into loans as agent (in such capacity, the “**Agent**”) for a third person (a “**Principal**”), whether as custodian or investment manager or otherwise (a loan so entered into being referred to in this clause as an “**Agency Transaction**”).
- 14.2 **[Conditions for Agency Transactions]** A Lender may enter into an Agency Transaction if, but only if:
- (a) it specifies that loan as an Agency Transaction at or before the time when it enters into it;
 - (b) it enters into that loan on behalf of a single Principal whose identity is disclosed to the Borrower (whether by name or by reference to a code or identifier which the Parties have agreed will be used to refer to a specified Principal) at the time when it enters into the loan or as otherwise agreed between the Parties;
 - (c) it has at the time when the loan is entered into actual authority to enter into the loan and to perform on behalf of that Principal all of that Principal’s obligations under the agreement referred to in clause 14.4(b) below; and
 - (d) the Borrower has agreed that the Lender may act as Agent in respect of the relevant loan, including as indicated (if at all) in paragraph 8 in Schedule 1.
- 14.3 **[Undertakings by Lender]** The Lender undertakes that, if it enters as agent into an Agency Transaction, forthwith upon becoming aware:
- (a) of any event which constitutes an Act of Insolvency with respect to the relevant Principal; or
 - (b) of any breach of any of the warranties given in clause 14.5 below or of any event or circumstance which has the result that any such warranty would be untrue if repeated by reference to the current facts,

it will inform the Borrower of that fact and will, if so required by the Borrower, furnish it with such additional information as it may reasonably request.

14.4 [Consequences of Agency Transaction]

- (a) Each Agency Transaction shall be a transaction between the relevant Principal and the Borrower and no person other than the relevant Principal and the Borrower shall be a party to or have any rights or obligations under an Agency Transaction. Without limiting the foregoing, the Lender shall not be liable as principal for the performance of an Agency Transaction or for breach of any warranty contained in clause 10(d) of this Agreement, but this is without prejudice to any liability of the Lender under any other provision of this clause.
- (b) All the provisions of the Agreement shall apply separately as between the Borrower and each Principal for whom the Agent has entered into an Agency Transaction or Agency Transactions as if each such Principal were a party to a separate agreement with the Borrower in all respects identical with this Agreement other than this paragraph and as if the Principal were Lender in respect of that agreement; **provided that:**
 - (i) if there occurs in relation to the Agent an Event of Default or an event which would constitute an Event of Default if the Borrower served written notice under any paragraph of clause 12, the Borrower shall be entitled by giving written notice to the Principal (which notice shall be validly given to the Lender in accordance with clause 20) to declare that, by reason of that event, an Event of Default is to be treated as occurring in relation to the Principal. If the Borrower gives such a notice, then an Event of Default shall be treated as occurring in relation to the Principal at the time when the notice is deemed to be given; and
 - (ii) if the Principal is neither incorporated nor has established a place of business in Australia, the Principal shall for the purposes of the agreement referred to in the preamble in this paragraph (b) be deemed to have appointed as its agent to receive on its behalf service of process in the courts of Australia the Agent, or, if the Agent is neither incorporated nor has established a place of business in Australia, the person appointed by the Agent for the purposes of this Agreement, or such other person as the Principal may from time to time specify in a written notice given to the other party.
- (c) The foregoing provisions of this clause do not affect the operation of the Agreement as between the Borrower and the Lender in respect of any transactions into which the Lender may enter on its own account as principal.

- 14.5 **[Warranty by Lender]** The Lender warrants to the Borrower that it will, on every occasion on which it enters or purports to enter into a transaction as an Agency Transaction, have been duly authorised to enter into that loan and perform the obligations arising thereunder on behalf of the person whom it specifies as the Principal in respect of that transaction and to perform on behalf of that person all the obligations of that person under the agreement referred to in clause 14.4(b).

15 Termination of course of dealings by notice

Each Party shall have the right to bring the course of dealing contemplated under this Agreement to an end by giving not less than 15 Business Days' notice in writing to the other Party (which notice shall specify the date of termination), subject to an obligation to ensure

that all loans which have been entered into but not discharged at the time such notice is given are duly discharged in accordance with this Agreement and with the Rules (if applicable).

16 No reliance on tax or accounting representations by other Party

Each Party acknowledges, represents and warrants to the other that, except as expressly stated in this Agreement or any Confirmation:

- (a) it has not relied on any advice, statement, representation or conduct of any kind by or on behalf of the other Party in relation to any tax (including stamp duty) or accounting issues concerning this Agreement or any transactions effected under it; and
- (b) it has made its own determination as to the tax (including stamp duty) and accounting consequences and treatment of any transaction effected under this Agreement, including (without limitation) of any moneys paid or received or any property transferred or received in connection with any such transaction.

17 Observance of procedures

Each of the Parties hereto agrees that, in taking any action that may be required in accordance with this Agreement, it shall observe strictly the procedures and timetable applied by the Rules (if and to the extent applicable) and, further, shall observe strictly any agreement (oral or otherwise) as to the time for delivery or redelivery of any money, Securities, Equivalent Securities, Collateral or Equivalent Collateral entered into pursuant to this Agreement.

18 Severance

If any provision of this Agreement is declared by any judicial or other competent authority to be void or otherwise unenforceable, that provision shall be severed from the Agreement and the remaining provisions of this Agreement shall remain in full force and effect. The Agreement shall, however, thereafter be amended by the Parties in such reasonable manner so as to achieve, without illegality, the intention of the Parties with respect to that severed provision.

19 Specific performance

Each Party agrees that, in relation to legal proceedings, it will not seek specific performance of the other Party's obligation to deliver or redeliver Securities, Equivalent Securities, Collateral or Equivalent Collateral, but without prejudice to any other rights it may have.

20 Notices

20.1 **[Effectiveness]** Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under clause 12 or clause 15 may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see paragraph 6 in Schedule 1) and will be deemed effective as indicated:

- (a) if in writing and delivered in person or by courier, on the date it is delivered;
- (b) if sent by telex, on the date the recipient's answerback is received;

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- (c) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and may be met by a transmission report generated by the sender's facsimile machine);
 - (d) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or
 - (e) if sent by electronic messaging system, on the date that electronic message is received,

unless the date of that delivery (or attempted delivery) or the receipt, as applicable, is not a Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Business Day.

- 20.2 **[Change of Address]** Either Party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

21 Assignment

Neither Party may assign, transfer or otherwise dispose of all or any of its rights or obligations under this Agreement without the prior written consent of the other Party.

22 Non-Waiver

No failure or delay by either Party to exercise any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege as provided in this Agreement.

23 Time

Time shall be of the essence of the Agreement.

24 Recording

The Parties agree that each may electronically record all telephonic conversations between them.

25 Miscellaneous

- 25.1 **[Entire Agreement]** This Agreement constitutes the entire agreement and understanding of the Parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.
- 25.2 **[Amendments]** No amendment in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the Parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.
- 25.3 **[Survival of Obligations]** The obligations of the Parties under this Agreement will survive the termination of any transaction.

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- 25.4 **[Remedies Cumulative]** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.
- 25.5 **[Counterparts]** This Agreement (and each amendment in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.
- 25.6 **[Expenses]** A Defaulting Party will, on demand, indemnify and hold harmless the other Party for and against all reasonable out-of-pocket expenses, including legal fees and stamp duty, incurred by such other Party by reason of the enforcement and protection of its rights under this Agreement or by reason of the early termination of any transaction, including, but not limited to, costs of collection.

26 Definitions

In this Agreement:

Act of Insolvency means in relation to either Party:

- (a) its making a general assignment for the benefit of, or entering into a reorganisation, arrangement, or composition with creditors; or
- (b) its admitting in writing that it is unable to pay its debts as they become due; or
- (c) its seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or
- (d) the presentation or filing of a petition in respect of it (other than by the other Party to this Agreement in respect of any obligation under this Agreement) in any court or before any agency alleging or for the bankruptcy, winding-up or insolvency of such Party (or any analogous proceeding) or seeking any reorganisation, arrangement, composition,

re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition (except in the case of a petition for winding-up or any analogous proceeding in respect of which no such 30 day period shall apply) not having been stayed or dismissed within 30 days of its filing; or

- (e) the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such Party over all or any material part of such Party's property; or
- (f) the convening of any meeting of its creditors for the purpose of considering a compromise or arrangement within Part 5.1 of the Corporations Law of Australia (or any analogous proceeding).

In this definition:

- (g) "liquidator" shall be deemed to include a "provisional liquidator";
- (h) "receiver" shall be deemed to include a "receiver and manager";
- (i) "administrator" shall be deemed to include an "official manager";
- (j) "arrangement" shall be deemed to include a "scheme of arrangement"; and
- (k) "creditors" shall be deemed to include "any class of creditors".

Agent has the meaning given in clause 14.

Alternative Collateral means Collateral of a Value equal to the Collateral delivered pursuant to clause 6 and provided by way of substitution for Collateral originally delivered or previously substituted in accordance with the provisions of clause 6.5.

Australian Taxpayer means any person other than:

- (a) a Party who is not a resident of Australia for the purposes of the Tax Act (whether that Party is acting as a trustee, nominee or agent or in some other capacity) at the time a Distribution is paid; or
- (b) a Party who is acting in the capacity of trustee, nominee or agent for a person who is not a resident of Australia for the purposes of the Tax Act at the time a Distribution is paid.

Bankers Acceptances has the meaning given in paragraph 1.1(d) in Schedule 1.

Base Currency has the meaning given in paragraph 2 in Schedule 1.

Bid Price, in relation to Equivalent Securities or Equivalent Collateral, means the best available bid price thereof on the most appropriate market in a standard size.

Bid Value, subject to clause 8.5, means:

- (a) in relation to Equivalent Collateral at a particular time:

-
- (i) in relation to Collateral type (h) (more specifically referred to in paragraph 1.1 in Schedule 1), the Value thereof as calculated in accordance with paragraph 1.2(d) in Schedule 1;
 - (ii) in relation to all other types of Collateral (more specifically referred to in paragraph 1.1 in Schedule 1), the amount which would be received on a sale of such Collateral at the Bid Price thereof at such time **less** all costs, fees and expenses that would be incurred in connection with selling or otherwise realising such Equivalent Collateral, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out such sale or realisation and adding thereto the amount of any interest, dividends, distributions or other amounts paid to the Lender and in respect of which equivalent amounts have not been paid to the Borrower in accordance with clause 6.7 prior to such time in respect of such Equivalent Collateral or the original Collateral held gross of all and any tax deducted or paid in respect thereof; and
- (b) in relation to Equivalent Securities at a particular time, the amount which would be received on a sale of such Equivalent Securities at the Bid Price thereof at such time **less** all costs, fees and expenses that would be incurred in connection therewith, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the transaction.

Borrower, in relation to a particular loan of Securities, means the Borrower as referred to in Recital A of this Agreement.

Borrowing Request means a request which may be oral or in writing in such form as is agreed between the Parties (a written example of which comprises Schedule 2 to this Agreement) by the Borrower to the Lender pursuant to clause 2.1 specifying, as necessary:

- (a) the description, title and amount of the Securities required by the Borrower;
- (b) the description (if other than Australian currency) and amount of any Collateral to be provided;
- (c) the proposed Settlement Date;
- (d) the duration of such loan (if other than indefinite);
- (e) the mode and place of delivery, which shall, where relevant, include the bank, agent, clearing or settlement system and account to which delivery of the Securities and any Collateral is to be made;
- (f) the Margin in respect of the transaction (if different from that stated in Schedule 1 or Schedule 3, as appropriate); and
- (g) the Fee.

Business Day means a day on which banks and securities markets are open for business generally in each place stated in paragraph 5 in Schedule 1 and, in

relation to the delivery or redelivery of any of the following in relation to any loan, in the place(s) where the relevant Securities, Equivalent Securities, Collateral (including Cash Collateral) or Equivalent Collateral are to be delivered.

Cash Collateral means Collateral that takes the form of a deposit of currency.

Close of Business means:

- (a) in relation to any borrowing of Securities or redelivery of Equivalent Securities under this Agreement, the final time on a Business Day at which settlement of the transfer of those Securities can take place in order to constitute good delivery on that day; and
- (b) in relation to the provision of Collateral or return of Equivalent Collateral or the making of any other payment under this agreement, the time at which trading banks close for general banking business in the place in which payment is to be made or Collateral or Equivalent Collateral is to be delivered or redelivered.

Collateral means such securities or financial instruments or deposits of currency as are referred to in paragraph 1.1 in Schedule 1 or any combination thereof which are delivered by the Borrower to the Lender in accordance with this Agreement and includes the certificates or other documents of title (if any) and transfer in respect of the foregoing (as appropriate), and includes Alternative Collateral.

Confirmation means the Borrowing Request, as it may be amended pursuant to clause 2.2, or other confirming evidence exchanged between the Parties confirming the terms of a transaction.

Defaulting Party has the meaning given in clause 12.

Distribution has the meaning given to that term in section 995-1(1) of the 1997 Tax Act.

Distribution Statement means a statement given in accordance with section 202-80 (as it may be finally amended under section 202-85) of the 1997 Tax Act.

Equivalent Collateral or **Collateral equivalent to**, in relation to any Collateral provided under this Agreement, means securities, cash or other property, as the case may be, of an identical type, nominal value, description and amount to particular Collateral so provided and shall include the certificates or other documents of title (if any) and transfer in respect of the foregoing (as appropriate). If and to the extent that such Collateral consists of securities that are partly paid or have been converted, subdivided, consolidated, redeemed, made the subject of a takeover, capitalisation issue, rights issue or event similar to any of the foregoing, the expression shall have the following meaning:

- (a) in the case of conversion, subdivision or consolidation the securities into which the relevant Collateral has been converted, subdivided or consolidated **provided that**, if appropriate, notice has been given in accordance with clause 4.2(b);

- (b) in the case of redemption, a sum of money equivalent to the proceeds of the redemption;
- (c) in the case of a takeover, a sum of money or securities, being the consideration or alternative consideration of which the Borrower has given notice to the Lender in accordance with clause 4.2(b);
- (d) in the case of a call on partly paid securities, the paid-up securities **provided that** the Borrower shall have paid to the Lender an amount of money equal to the sum due in respect of the call;
- (e) in the case of a capitalisation issue, the relevant Collateral **together with** the securities allotted by way of a bonus thereon;
- (f) in the case of a rights issue, the relevant Collateral **together with** the securities allotted thereon, **provided that** the Borrower has given notice to the Lender in accordance with clause 4.2(b), and has paid to the Lender all and any sums due in respect thereof;
- (g) in the event that a payment or delivery of Income is made in respect of the relevant Collateral in the form of securities or a certificate which may at a future date be exchanged for securities or in the event of an option to take Income in the form of securities or a certificate which may at a future date be exchanged for securities, and notice has been given to the Lender in accordance with clause 4.2(b), the relevant Collateral **together with** securities or a certificate equivalent to those allotted; and
- (h) in the case of any event similar to any of the foregoing, the relevant Collateral **together with** or replaced by a sum of money or securities equivalent to that received in respect of such Collateral resulting from such event.

For the avoidance of doubt, in the case of Bankers' Acceptances (Collateral type (d)), Equivalent Collateral must bear dates, acceptances and endorsements (if any) by the same entities as the bill to which it is intended to be equivalent and, for the purposes of this definition, securities are equivalent to other securities where they are of an identical type, nominal value, description and amount and such term shall include the certificate and other documents of or evidencing title and transfer in respect of the foregoing (as appropriate).

Equivalent Securities means securities of an identical type, nominal value, description and amount to particular Securities borrowed and such term shall include the certificate and other documents of or evidencing title and transfer in respect of the foregoing (if appropriate). If and to the extent that such Securities are partly paid or have been converted, subdivided, consolidated, redeemed, made the subject of a takeover, capitalisation issue, rights issue or event similar to any of the foregoing, the expression shall have the following meaning:

- (a) in the case of conversion, subdivision or consolidation the securities into which the borrowed Securities have been converted, subdivided or consolidated **provided that** if appropriate, notice has been given in accordance with clause 4.2(b);

-
- (b) in the case of redemption, a sum of money equivalent to the proceeds of the redemption;
 - (c) in the case of a takeover, a sum of money or securities, being the consideration or alternative consideration of which the Lender has given notice to the Borrower in accordance with clause 4.2(b);
 - (d) in the case of a call on partly paid securities, the paid-up securities **provided that** the Lender shall have paid to the Borrower an amount of money equal to the sum due in respect of the call;
 - (e) in the case of a capitalisation issue, the borrowed Securities **together with** the securities allotted by way of a bonus thereon;
 - (f) in the case of a rights issue, the borrowed Securities **together with** the securities allotted thereon, **provided that** the Lender has given notice to the Borrower in accordance with clause 4.2(b), and has paid to the Borrower all and any sums due in respect thereof;
 - (g) in the event that a payment or delivery of Income is made in respect of the borrowed Securities in the form of securities or a certificate which may at a future date be exchanged for securities or in the event of an option to take Income in the form of securities or a certificate which may at a future date be exchanged for securities, and notice has been given to the Borrower in accordance with clause 4.2(b), the borrowed Securities **together with** securities or a certificate equivalent to those allotted; and
 - (h) in the case of any event similar to any of the foregoing, the borrowed Securities **together with** or replaced by a sum of money or securities equivalent to that received in respect of such borrowed Securities resulting from such event.

For the purposes of this definition, securities are equivalent to other securities where they are of an identical type, nominal value, description and amount and such term shall include the certificate and other documents of or evidencing title and transfer in respect of the foregoing (as appropriate).

Event of Default has the meaning given in clause 12.

Fee, in respect of a transaction, means the fee payable by one Party to the other in respect of that transaction under clause 5.

Franked Distribution has the meaning given to that term in section 995-1(1) of the 1997 Tax Act.

Franking Credit has the meaning given to that term in section 995-1(1) of the 1997 Tax Act.

Imputation Benefits has the meaning given to that term in section 204-30(6) (other than paragraph (d) thereof) of the 1997 Tax Act.

Imputation System has the meaning given to that term in section 995-1(1) of the 1997 Tax Act.

Income means any dividends, interest or other distributions of any kind whatsoever with respect to any Securities or Collateral.

Income Determination Period, in relation to a particular loan of Securities, means:

- (a) in relation to the Securities, the period commencing when the Securities cease to be registered in the name of the Lender (or the relevant transferor) upon or before delivery of those Securities under clause 3 and ending when Equivalent Securities are registered in the name of the Lender (or the relevant transferee) upon or following redelivery of those Equivalent Securities under clause 7.1; and
- (b) in relation to Collateral (other than Cash Collateral), the period commencing when the Collateral ceases to be registered in the name of the Borrower (or the relevant transferor) upon or before delivery of that Collateral under clause 6.1 and ending when Equivalent Collateral is registered in the name of the Borrower (or the relevant transferee) upon or following redelivery of that Equivalent Collateral under clause 6.6.

Income Payment Date, in relation to any Securities or Collateral, means the date on which Income is paid in respect of such Securities or Collateral, or, in the case of registered Securities or Collateral, the date by reference to which particular registered holders are identified as being entitled to payment of Income.

Lender, in relation to a particular loan of Securities, means the Lender as referred to in Recital A of this Agreement.

Margin has the meaning in paragraph 1.3 in Schedule 1.

Nominee means an agent or a nominee appointed by either Party to accept delivery of, hold or deliver Securities, Equivalent Securities, Collateral and/or Equivalent Collateral on its behalf whose appointment has been notified to the other Party.

Non-Defaulting Party has the meaning given in clause 12.

Offer Price, in relation to Equivalent Securities or Equivalent Collateral, means the best available offer price thereof on the most appropriate market in a standard size.

Offer Value, subject to clause 8.5, means:

- (a) in relation to Collateral equivalent to Collateral type (h) (more specifically referred to in paragraph 1.1 in Schedule 1), the Value thereof as calculated in accordance with paragraph 1.2(d) in Schedule 1; and
- (b) in relation to Equivalent Securities or Collateral equivalent to all other types of Collateral (more specifically referred to in paragraph 1.1 in Schedule 1), the amount it would cost to buy such Equivalent Securities or Equivalent Collateral at the Offer Price thereof at such time **plus** all costs, fees and expenses that would be incurred in connection therewith, calculated on the assumption that the aggregate

thereof is the least that could reasonably be expected to be paid in order to carry out the transaction.

Paid, in relation to a Distribution, includes credited, distributed or issued and like terms are to be construed accordingly.

Parties means the Lender and the Borrower and **Party** shall be construed accordingly.

Performance Date has the meaning given in clause 8.

Posted Collateral has the meaning given in clause 6.2(a)(i).

Principal has the meaning given in clause 14.

Reference Price means:

- (a) in relation to the valuation of Securities, Equivalent Securities, Collateral and/or Collateral equivalent to type (g) or (i) (more specifically referred to in paragraph 1.1 in Schedule 1), such price as is equal to the mid market quotation of such Securities, Equivalent Securities, Collateral and/or Equivalent Collateral as derived from a reputable pricing information service (such as the services provided by SEATS, Bloomberg or Reuters) reasonably chosen in good faith by the Lender or if unavailable the market value thereof as derived from the prices or rates bid by a reputable dealer for the relevant instrument reasonably chosen in good faith by the Lender, in each case at Close of Business on the previous Business Day; and
- (b) in relation to the valuation of Securities, Equivalent Securities, Collateral and/or Collateral equivalent to Collateral types (b)-(f) (more specifically referred to in paragraph 1.1 in Schedule 1), the market value thereof as derived from the prices or rates bid by a market maker or reputable dealer for the relevant instrument reasonably chosen by the Lender in good faith or, in the absence of such a bid, the average of the rates bid by two leading market makers reasonably chosen in good faith by the Lender in each case at Close of Business on the previous Business Day.

Relevant Payment Date has the meaning given in clause 4.2(a).

Required Collateral Value has the meaning given in clause 6.3.

Rules means the rules for the time being of the Stock Exchange (where either Party is a member of the Stock Exchange) and/or any other regulatory authority whose rules and regulations shall from time to time affect the activities of the Parties pursuant to this Agreement (**provided that** in an Event of Default, where either Party is a member of the Stock Exchange, the Rules and Regulations of the Stock Exchange shall prevail).

Securities means “eligible securities” within the meaning of section 26BC(1) of the 1936 Tax Act which the Borrower is entitled to borrow from the Lender in accordance with the Rules and which may be or are the subject of a loan or provided as Collateral pursuant to this Agreement and such term shall include the certificates or other documents of title (if any) in respect of the foregoing.

Settlement Date means the date upon which Securities are or are to be transferred to the Borrower in accordance with this Agreement.

Standard Settlement Time in relation to a Security means the period of time within which transactions in such Securities are customarily required to be settled.

Stock Exchange means the Australian Stock Exchange Limited.

Tax Act includes:

- (a) the Income Tax Assessment Act 1936 (the “**1936 Tax Act**”);
- (b) the Income Tax Assessment Act 1997 (the “**1997 Tax Act**”); and
- (c) Schedule 1 to the Taxation Administration Act 1953.

Transfer means:

- (a) in relation to Cash, payment or delivery by wire transfer into one or more bank accounts;
- (b) in relation to certificated securities that cannot, or which the Parties have agreed will not, be paid or delivered by book-entry, payment or delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, assignments in blank, transfer tax stamps and any other documents necessary to constitute a valid and legally effective transfer to the recipient;
- (c) in relation to securities that must, or which the Parties have agreed will, be paid or delivered by book-entry, initiating the Transfer by the giving of written instructions (including instructions given by telephone, facsimile transmission, telex, e-mail or message generated by an electronic messaging system or otherwise) to the relevant depository institution or other entity specified by the recipient, together with a written copy thereof to the recipient, sufficient if complied with to result in a valid and legally effective transfer of the relevant interest to the recipient.

Transfer of Distribution Statement, in relation to Distributions, means a properly completed document in the form, or substantially in the form, of Appendix 6.27 to the Rules or a properly completed statement in another form which is acceptable for the purposes of section 216-30 of the 1997 Tax Act.

Transferring Party means the Party making or effecting a Transfer to the other Party.

Value at any particular time means, in relation to Securities and Equivalent Securities, the Reference Price thereof then current and in respect of Collateral and/or Equivalent Collateral such worth as determined in accordance with paragraph 1.2 in Schedule 1.

27 Governing Law and Jurisdiction

- 27.1 **[Governing law]** This Agreement is governed by, and shall be construed in accordance with, the law in force in New South Wales, Australia.

27.2 **[Consent to jurisdiction]** Each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales in respect of any dispute in connection with this Agreement.

EXECUTED as an agreement

Schedule 1 Particulars

1 **COLLATERAL** (*see definition in clause 26, and also clause 6*)

1.1 **Types** (*see definition of “Collateral” in clause 26*)

Collateral acceptable under this Agreement may include the following or otherwise, as agreed between the Parties from time to time, whether transferable by hand or within a depository:

- (a) Cash;
- (b) Australian Government Inscribed Stock;
- (c) Australian, State or Territory Government stock, bonds or promissory notes (including those issued by any central borrowing authority such as Treasury Corporation of New South Wales);
- (d) Bills of exchange accepted by any bank carrying on business in Australia (“**Bankers Acceptances**”) with an S&P rating of A1+ or a Moody’s rating of P1;
- (e) Promissory notes issued by any such bank;
- (f) Negotiable Certificates of Deposit issued by any such bank;
- (g) Corporate bonds in registrable form;
- (h) Irrevocable Standby Letters of Credit issued or confirmed by any such bank; and
- (i) At the discretion of the Lender, Equity Securities listed on the Australian Stock Exchange and included in the S&P/ASX 200 Index.

1.2 **Valuation of Collateral** (*see definition of “Value” in clause 26 and clause 6.2*)

Collateral provided in accordance with this Agreement shall be evaluated by reference to the following, or by such means as the Parties may from time to time agree:

- (a) in respect of Collateral type (a), the amount thereof in, or converted into, the Base Currency;
- (b) in respect of Collateral type (b), the value calculated by reference to the middle market price of each stock as determined daily by the Reserve Bank of Australia, adjusted to include the accumulated interest thereon;
- (c) in respect of Collateral types (c) to (g) and (i), the Reference Price thereof;
- (d) in respect of Collateral type (h), the value specified therein.

1.3 **Margin** (*see definition in clause 26 and clause 6.3*)

The Value of any Collateral delivered, or to be delivered, pursuant to clause 6 by the Borrower to the Lender under the terms and conditions of this Agreement shall on each Business Day represent not less than the Value of the borrowed Securities together with the following additional percentages, hereinbefore referred to as (“**the Margin**”), unless otherwise agreed between the Parties:

- (a) in the case of Collateral type (a): **5%**; or
- (b) in the case of Collateral types (b) to (f) and (h): **5%** (except that, for Negotiable Certificates of Deposit, the Margin shall be the accumulated interest thereon); or
- (c) in the case of Collateral type (g): **5%**; or
- (d) in the case of Collateral type (i): such amount as is notified by the Lender to the Borrower and, in the event no amount is notified, then 10%.

If the Value of the borrowed Securities includes any margin over the mid market price of the borrowed Securities, this shall be taken into account in determining the Margin applicable.

1.4 Basis of Margin Maintenance (see clause 6.4)

Minimum period after demand for transferring Collateral or Equivalent Collateral other than Letters of Credit:

- (a) If a request is received prior to 11am EST (on a Sydney Business Day), then prior to close of business on the day the request is received.
- (b) If the request is received after 11am EST, then prior to 11am the following Sydney Business Day.
- (c) Minimum period after demand for transferring Letter of Credit: within **two** Business Days.”

1.5 Minimum adjustments (see clauses 6.2(a)(ii) and (iii))

- (a) The Lender may not demand that further Collateral be provided by the Borrower if the aggregate deficiency calculated in accordance with clause 6.2 is less than the lesser of:
 - (i) **\$5,000**; and
 - (ii) **2%** of the Value of the Required Collateral Value.
- (b) The Borrower may not demand the return of Collateral provided to the Lender if the Borrower has committed an Event of Default in respect of any transaction or if the aggregate excess calculated in accordance with clause 6.2 is less than the lesser of:
 - (i) **\$5,000**; and
 - (ii) **2%** of the Required Collateral Value.

2 BASE CURRENCY (see definition in clause 26 and clause 1.6)

The Base Currency applicable to this Agreement is Australian Dollars.

3 LENDER’S WARRANTIES (see clause 10(d))

Clause 10(d) shall apply to [# name of any Party which is not a resident of Australia and where any transaction is not entered into through any branch of that non-resident in Australia].

4 VOTING (see clause 4.3)

Clause 4.3 does ~~not~~^{not} apply.

5 PLACE OF BUSINESS (see definition of "Business Day" in clause 26)

Sydney.

6 ADDRESS FOR NOTICES AND STATUS OF PARTIES (see clause 20.1)**6.1 Address for notices or communications to -J.P. Morgan Securities Australia Limited:**

Address: Level 25~~5~~, Grosvenor Place, 225 George Street,
Sydney, New South Wales, 2000

Attention: Securities Lending Trader

Facsimile No: +(612)-9220-1379

Telephone No: +(612)-9220-1873

Electronic Messaging System Details: Equity.Finance@jpmorgan.com

which is ~~is not~~^{is not} an Australian Taxpayer.

6.2 Address for notices or communications to []

Address:

Attention:

Facsimile No:

Telephone No:

Electronic Messaging System Details:

which is/is not * an Australian Taxpayer.

7 COMPENSATION FOR LOSS OF IMPUTATION BENEFITS (see clause 9.2)

Is not required by

and

[INSERT NAME OF RELEVANT AUSTRALIAN TAXPAYER PARTY (if applicable). OTHERWISE, DELETE THE PARAGRAPH OR LEAVE IT BLANK.

Note: There is no need to insert the name of any Party who **is not** an Australian Taxpayer, as such a party is not entitled to compensation in any event.]

8 [Substituted in December 2002 revision.]

8 AGENCY (see clause 14.2(d))

Clause 14 may apply to J.P. Morgan Securities Australia Limited: Yes/~~No~~ *.

Clause 14 may apply to []: Yes/No *.

*** DELETE ONE ALTERNATIVE**

Schedule 2

Specimen Form of Borrowing Request (see clause 2.1 and definition of "Borrowing Request" in clause 26)

To: [Name and Address of Lender]

This is a Borrowing Request under the Master Securities Lending Agreement between us dated # (the "Agreement")

1 We wish to make the following borrowing of Securities:

- (a) **Description of Securities:** [eg "fully paid ordinary shares in # "]
- (b) **Amount of Securities:** [eg "1 million"]
- (c) **Proposed Settlement Date of Borrowing:** [eg "today"]
- (d) **Time, Mode and Place of Delivery of Securities, including (as appropriate) settlement system and account to which delivery is to be made:** [eg "to the account of #, HIN #, in CHESS"]
- (e) **Duration of Loan:** No longer than eleven months and 20 days after the Borrowed Securities are delivered under this Borrowing Request.
- (f) **Type of Collateral:** [eg "Cash"]
- (g) **Time, Mode and Place of Delivery of Collateral:** [eg "dvp on CHESS"]
- (h) **Rates (see clause 5.1 of the Agreement):** [eg (a) "#% per annum on the Cash Collateral", or (b) "# % per annum on the daily value of the Borrowed Securities" as appropriate].

2 Please confirm your acceptance of this Borrowing Request by return fax.

Dated:

Signature of Authorised Representative

Name and title of Authorised Representative

Schedule 3 Supplementary Terms and Conditions (if any)

This Schedule forms part of and amends the Master Securities Lending Agreement (including Schedule 1) to which it is a Schedule, as follows:

1 **Clause 6.6**

Clause 6.6 is amended by deleting “or RITS” in the second line of paragraph (b).

2 **Clause 7.2**

Clause 7.2 is deleted and replaced by the following:

“7.2 **[Lender may call for redelivery of Equivalent Securities]** Subject to clause 8 and the terms of the relevant Borrowing Request, the Lender may call for the redelivery of all or any Equivalent Securities at any time by giving notice on any Business Day of not less than the Standard Settlement Time for such Equivalent Securities, or the equivalent time on the exchange or in the clearing organisation through which the relevant borrowed Securities were originally delivered (and where there is a difference between the settlement time for sales and the settlement time for purchases on the relevant exchange or in the relevant clearing organisation, such equivalent time is taken to be the shorter of the two times). The Borrower must redeliver such Equivalent Securities not later than the expiry of such notice in accordance with the Lender’s instructions. Simultaneously with the redelivery of the Equivalent Securities in accordance with such call, or at such other time as may be agreed by the Parties, the Lender must repay any Cash Collateral and redeliver to the Borrower Collateral equivalent to the Collateral delivered pursuant to clause 6 in respect of the borrowed Securities.”.

3 **Clause 12**

Clause 12 is amended as follows:

- (a) by deleting “or” at the end of clause 12.1(h);
- (b) by deleting all the words after “hereunder” in clause 12.1(i) and replacing them with “and the Non-Defaulting Party serves written notice on the Defaulting Party”;
- (c) by inserting the following new clauses 12.1(j):
 - “(j) a violation by the Borrower in connection with any Securities borrowed under this Agreement or the holding or disposition of such Securities by the Borrower, of any applicable law, regulation or rule of any jurisdiction, or of the requirements of any Relevant Organisation to which the Borrower may be subject; or”;
- (d) by inserting the following new clause 12.1(k):
 - “(m) At any time, the Net Asset Value of [] is equal to or less than the higher of AUD [] million and []% of the Net Asset Value of [] as of the date of its last annual financial statement.”; and
- (e) Clause 12.2 is amended by deleting and replacing it with the following:

“[Obligation of each Party to notify its Event of Default] Each Party shall notify the other in writing (the “Notice”) if an event occurs, which would constitute an

Event of Default in relation to it with the giving of notice. The Notice must set forth the nature of such default and the steps being taken by it to remedy such default.”

4 **Clause 26**

Clause 26 is amended by:

- (a) deleting and replacing “agreement” with “Agreement” in the second line of paragraphs (b) of the definition of “Close of Business”;
- (b) inserting the following definition:

“**Relevant Organisation** means any governmental agency, bureau, commission or department and any self-regulatory or other organisation concerned with dealings, and any association of dealers, in securities of any description.”

5 **Clause 28**

The following new clause 28 is inserted:

“28 **Covenants of the Borrower:**

28.1 The Borrower agrees to furnish to the Lender:

- (a) as soon as available and in any event within 90 days after the end of each of its fiscal years, a copy of its annual consolidated financial statements ~~and its consolidated subsidiaries~~ duly audited by independent certified public accountants (including, without limitation, a balance sheet as at the end of such fiscal year and the related statement of income and changes in financial position for such fiscal year; and the Borrower is taken to represent at the time of provision of such statements that each of the statements and related notes are complete and correct and fairly present consolidated financial condition of the Fund as at the said dates and for such periods, and have been prepared in accordance with generally accepted accounting principles consistently applied;
- (b) as soon as available and in any event within 90 days after the end of each quarter of each of its fiscal years, a copy of its ~~consolidated~~ financial statements and its consolidated subsidiaries ~~for the period then ended~~ (including, without limitation, a balance sheet as at the end of such period statement of income and changes in financial position for such period; and the Borrower is taken to represent at the time of provision of such statements that each of the statements and related notes are complete and correct and fairly present consolidated financial condition of the Fund as at the said dates and for such periods, and have been prepared in accordance with generally accepted accounting principles on a basis consistent with that used in the preparation of the financial statements referred to in paragraph (a) above and certified by an appropriate officer of the Borrower;
- (c) from time to time such further information (whether or not of the kind mentioned above) regarding its business, affairs and financial condition as the Lender may reasonably request.”

28.2 The Borrower agrees to give the Lender immediate notice if at any time any order, decree, determination or instruction is issued on the authority of any rule, regulation

or proceeding of any Relevant Organisation in relation to the Borrower, or any litigation, arbitration or similar proceeding against or affecting the Borrower is commenced, which in any such case could have a material adverse effect on the ability of the Borrower to perform its obligations under this Agreement or to carry on its business as conducted as at the date of this Agreement or which might adversely affect the borrowing of securities by the Borrower. Any such notice must set out in reasonable detail a description of the event which has occurred and of the action, if any which the Borrower proposes to take with respect to it.”.

6 Schedule 1

Schedule 1 is amended as follows:

- (a) by deleting paragraphs 1.1(a) to 1.1 (i) and replacing them with the following
 - “(a) Cash;
 - (b) At the discretion of the Lender, Equity Securities listed on the Australian Stock Exchange and included in the S&P/ASX 100 Index; and
 - (c) Any other types of collateral agreed between the parties from time to time.”
- (b) by deleting paragraphs 1.2(a) to 1.2(d) and replacing them with the following:
 - “(a) in respect of Collateral type (a), the amount thereof in, or converted into, the Base Currency; and
 - (b) in respect of Collateral type (c), the Reference Price thereof.”
- (c) by deleting paragraphs 1.3(a) to 1.3(d) and replacing them with the following:
 - “(a) in the case of Collateral types (a): 5%.; and
 - (b) in the case of Collateral type (b): such amount as is notified by the Lender to the Borrower and, in the event no amount is notified, then 10%.”
- (d) by deleting and replacing paragraph 1.4 with the following:
 - “Minimum period after demand for transferring Collateral or Equivalent Collateral:
 - (a) If a request is received prior for 11am EST (on a Sydney Business Day), then prior to close of business on the day the request is received.
 - (b) If the request is received after 11am EST, then prior to 11am the following Sydney Business Day.”



Australian Securities Lending Association Limited

(ACN 054 944 482)
Level 18, 20 Bond Street
Sydney NSW 2000
Tel: (02) 9220 1413
Fax: (02) 9220 1379

Coversheet to

AUSTRALIAN MASTER SECURITIES LENDING AGREEMENT*

(Version: November 2003)

dated as of:

Between: J.P. Morgan Securities Australia Limited

And: []

- * *The original (Version: 4 April 1997) version of this agreement was adapted from the ISLA Overseas Securities Lender's Agreement (Version: December 1995, as amended by 1996 UK Tax Addendum), prepared by Clifford Chance, London, England for use by parties required to meet UK Inland Revenue tax requirements. The 4 April 1997 version has been updated in December 2002 and November 2003 to take account of, among other things, intervening Australian tax, stamp duty and regulatory changes, and also to better reflect Australian market practice.*
- * *The original and updated versions of this agreement are both also subject to the "Warning and Disclaimer" on the coversheet to the original (Version: 4 April 1997) and updated (Version: November 2003) "User's Guide" relating to this agreement.*

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