



FAIRFAX AND APN IN EXCLUSIVE DISCUSSIONS TO EXPLORE THE MERGER OF THEIR NEW ZEALAND BUSINESSES

SYDNEY, 11 May 2016: Fairfax Media Limited [ASX:FXJ] (**Fairfax**) and APN News & Media Limited [ASX, NZX:APN] (**APN**) today announced that they are in exclusive discussions to explore a merger between APN's New Zealand business (**NZME**) and Fairfax New Zealand.

If completed, the combined company will be a leading New Zealand media business, offering depth of news, sport and entertainment coverage across a diverse mix of channels including print, digital and radio.

The New Zealand businesses of NZME and Fairfax are, to a large extent, complementary. The expanded network of brands and channels would create an opportunity to deliver improved, innovative offerings to advertisers and audiences.

Fairfax Chief Executive Officer and Managing Director Greg Hywood said: "This is an important opportunity for all of our shareholders to be part of the future of content and journalism in New Zealand. The merger would enhance the position the businesses are in to continue to deliver high quality, local content to audiences now and in the future."

APN Chief Executive Officer Ciaran Davis added: "Along with the other initiatives APN announced this morning, the merger of NZME and Fairfax's NZ business provides an exciting opportunity for our shareholders, particularly our New Zealand shareholders, to participate in the creation of a leading media business for New Zealanders.

"The combination of these two businesses would provide the necessary capability to continue investing in high-quality local news, sport and entertainment at a time when advertiser commercial investment continues to fragment across international media platforms that do not invest in local content."

Simon Tong, the Managing Director of Fairfax NZ said: "As the tastes and habits of media consumers continue to evolve, so too do the needs of advertisers looking to reach these audiences. The depth and breadth of the combined business would be a win for audiences, and also enable us to create innovative solutions for advertisers based on the best of both of us."

Michael Boggs, Chief Executive of NZME added: "NZME has already demonstrated the significant benefits that can be achieved by combining news media, digital, ecommerce and radio operations. This merger offers a compelling opportunity to develop these important media brands in providing relevant and innovative news, sport and entertainment content for New Zealanders long into the future."

Transaction Structure

Fairfax and APN/NZME have commenced preliminary discussions around a potential transaction structure. The parties will continue to negotiate while APN continues to pursue its other strategic initiatives.

The transaction remains subject to agreement by the respective Boards of the businesses.

The discussions are subject to exclusivity provisions with standard fiduciary and other carve-outs.

Timetable and Approvals

The transaction is subject to all necessary regulatory consents, including New Zealand Commerce Commission (**NZCC**). The parties intend to work towards completion of the merger by the end of calendar 2016 subject to all approvals.

In addition to regulatory approvals, any necessary shareholder approvals will be sought at the appropriate time.

Fairfax and APN will keep shareholders informed of any material developments.

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