SENIOR EXECUTIVE REMUNERATION FRAMEWORK

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1. OVERVIEW

This Framework is designed to provide a formal, consistent and transparent framework that aligns executive remuneration arrangements with shareholder interests (both short and long term), while ensuring that remuneration remains competitive. This will enable the Company to attract and retain talented people, who are vital to delivering a sustainable and prosperous future, and therefore to achieve its strategic objectives and maximise shareholder value.

2. OBJECTIVE OF THE EXECUTIVE REMUNERATION FRAMEWORK

The Framework aims to ensure that reward for performance is competitive and appropriate for the results delivered. The Framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, consistent with market practice for delivery of reward. Executive reward will be aligned with:

- strategic objectives
- competitiveness and reasonableness
- acceptability to shareholders
- executive performance.

There will be a focus on:

- sustained growth
- consistent shareholder returns
- attracting and retaining high calibre executives.

The Framework will deliver:

- rewards for capability and experience
- a clear structure for earning reward
- recognition for contribution

3. GUIDELINES FOR EXECUTIVE REMUNERATION

3.1 Executive tiers

This Framework applies to executives who are a member of the National Executive Team, as set out in the table below.

The National Executive Team includes the Company's Senior Leadership Team, which is made up of the Chief Executive Officer and executives reporting to the CEO, comprising the Chief Financial Officer, the Chief Operating Officer, the Chief Sales Officer, the Chief Creative

Officer and the Head of Regional Media. These Leadership Executives are the Company's executive Key Management Personnel (**KMP**) for the purposes of Accounting Standard AASB 124 being those persons "having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company.

Executive tier	**Role**
Leadership Executives	Chief Executive Officer Chief Financial Officer Chief Operating Officer Chief Sales Officer Chief Creative Officer Head of Regional Media
Tier 2 executives	Head of Content, Hit Network Head of Content, Triple M Network Head of Content, Regional Radio Head of National Content and Development Head of People and Culture Head of Marketing Head of Regulatory Affairs and Corporate Communications General Counsel and Company Secretary
Tier 3 executives	Head of Engineering Head of Television Operations Head of Technology General Manager, Brisbane General Manager, Adelaide General Manager, Perth Regional General Manager, Queensland Regional General Manager, Vic/SA Regional General Manager, NSW Regional General Manager, WA Regional General Manager, Tasmania/NT

3.2 Components of executive remuneration

Remuneration packages for executives are set in accordance with the following considerations:

- **Composition**: Executive remuneration packages should include an appropriate balance of fixed remuneration and at-risk performance-based remuneration.

- **Base remuneration**: An executive's base or fixed remuneration should be reasonable and fair, taking into account the Company's obligations at law and labour market conditions, and should be relative to the scale of the Company's business. It should reflect core performance requirements and expectations.

- **At-risk remuneration**: An executive's at-risk remuneration should be linked to clearly specified personal and corporate performance targets. These targets should be aligned to the Company's short and long-term performance objectives and should be appropriate to its circumstances, goals and risk appetite.

- **Equity-based remuneration:** Well-designed equity-based remuneration, including options or performance rights, is an effective form of remuneration, especially when linked to hurdles that are aligned to the Company's longer-term performance objectives. Care needs to be taken in the design of equity-based remuneration schemes, however, to ensure that they do not lead to "short-termism" on the part of executives or the taking of undue risks.

- **Termination payments:** Termination payments, if any, for executives should be agreed in advance and the agreement should clearly address what will happen in the case of early termination. There should be no payment for removal for misconduct.

Having regard to these considerations, remuneration packages for the Company's executives may include the following components.

- **Base**: An executive's base remuneration is a mix of cash salary and allowances (to be paid monthly), motor vehicle (where appropriate), car parking, and the provision of work related technology. The base includes the minimum superannuation contribution under the superannuation guarantee legislation.

- **At-risk**: An executive's at-risk remuneration may include one or more of a Short Term Incentive (**STI**) and a Long Term Incentive (**LTI**). The more senior the executive, the greater the at-risk component of remuneration should be.

- **Short Term Incentive**: An STI is an at-risk cash bonus linked to appropriate financial, operational and behavioural measures, payable within three months after the end of each financial year.

- **Long Term Incentive**: An LTI is an at-risk equity-based performance incentive plan linked to hurdles that are aligned to the Company's longer-term performance objectives for executives. The objective of an LTI is to align the interests of executives and shareholders by encouraging executives to have some "skin in the game" by being rewarded for long term corporate performance and holding shares in the Company. Under the Company's Senior Executive Share Ownership Policy, executives are required to retain 25% of the shares allocated to them on vesting of performance rights or options under the LTI plan.

- **Termination payments:** Termination periods are included in each employment contract. These are typically six months for leadership executives and three months for other executives. Executive employment contracts do not allow for payment for removal for misconduct.

3.3 Composition of executive remuneration

The table below summarises the typical composition of an executive's remuneration package. The remuneration package of all new executive appointments should adopt this composition. The remuneration package of incumbent executives in these roles at the date of this policy should be adjusted to this structure over an appropriate transition period.

Executive tier	Salary composition					
	FY2017			FY2018		
	Base	STI	LTI	Base	STI	LTI
Chief Executive Officer	40%	30%	30%	40%	30%	30%
Leadership Executive	60%	20%	20%	50%	25%	25%
Tier 2 Executive	70%	15%	15%	70%	15%	15%
Tier 3 Executive	70%	20%	10%	70%	20%	10%

3.4 External benchmarking

The Company will perform external remuneration benchmarking for the Leadership Executives every 24 months, where appropriate.

4. SHORT TERM INCENTIVE PROGRAM

The key terms of the STI program are outlined below:

Key term	Description
What is the incentive?	The STI is an annual "at risk" bonus designed to reward executives for meeting or exceeding financial and non-financial objectives.
How is each executive's entitlement determined?	Each executive is allocated a dollar value (which may be a fixed percentage of the executive's total remuneration) representing the executive's maximum STI opportunity for the year.
How is the incentive delivered?	STI awards for all executives other than the CEO are paid in cash according to the extent of achievement of the applicable performance measures. No portion of an STI award is subject to deferral. The CEO's STI award is payable partly in cash and partly in equity. The equity component is 25% of the after-tax value of the total STI award.
What are the performance measures and hurdles?	The Board sets the annual KPIs for the CEO near the beginning of each financial year. The KPIs are allocated to three categories having regard to the Company's business strategy: profitability and financial performance (40%), high level operational improvements (40%) and cultural and behavioural influences (20%). The CEO determines the KPIs for the other members of the senior leadership team in the same three categories and having regard to their areas of responsibility. KPIs for the Chief Creative Officer may allocate up

Key term	Description
	to 40% to creative and content performance instead of profitability and financial performance. The metrics that apply under the STI plan in FY2017 are summarised below. **Profitability and financial performance / Creative and content performance (40%)** • **Group NPAT compared with budget**: Focuses on financial results and collaboration for the overall benefit of the Group. This financial metric applies for the CEO and CFO and COO. • **Segment EBITDA compared with budget**: Focuses on the performance of segments for which they have direct responsibility. This metric applies for the COO and Head of Regional Media, as well as for the Chief Creative Officer. • **Sales-related targets**: Focuses on achieving sustainable financial performance from growing top line revenue. This metric applies for the Chief Sales Officer. • **Radio survey ratings targets**: Revenue and financial performance is heavily dependent on ratings on both radio and television (although, as an affiliate broadcaster, the Company is not responsible for the content of its television broadcasts and has minimal ability to influence television ratings). This metric applies for the Chief Creative Officer. Profitability and financial performance metrics also include targets to ensure non-revenue related costs are closely controlled and to ensure implementation of specific corporate strategy projects to improve the asset base. The Board has discretion to adjust budget targets to take into account acquisitions or divestments or other significant items during a year where appropriate for linking remuneration reward to corporate performance. Achievements against financial metrics are based on the Company's audited annual financial statements. The Board has discretion to make adjustments to take into account any significant non-cash items (for example impairment losses), acquisitions and divestments and one-off events/abnormal/non-recurring items, where appropriate for linking remuneration reward to corporate performance.

Key term	Description
	High level operational performance (40%) • **Strategy**: Focuses on strategic initiatives (such as network strategy, material contracts and diversification of revenue streams) that deliver growth, improved business performance and shareholder value. • **Operational improvements**: Focuses on effective management of business support functions and infrastructure to sustain and improve long term earnings performance. **Cultural and behavioural influences (20%)** • **People**: Focuses on effective leadership and development and retention of talent to sustain and improve long term earnings performance. • **External relationships**: Focuses on development and maintenance of constructive relationships with key stakeholders to sustain and improve long term earnings performance.
Is there a gateway?	At least 95% of financial metrics relating to NPAT or EBITDA must be achieved before any STI based on those metrics is payable. At least 97.5% of financial metrics for sales or costs must be achieved before any STI based on those metrics is payable. (Where the budget for a financial year is less than the previous year's actual result, the applicable financial metric will be the previous year's actual result.) If the gateway for an executive's financial metric relating to NPAT, EBITDA, sales or radio survey ratings is not achieved, then none of the executive's 40% Profitability and Financial Performance STI opportunity will vest, even if other KPIs within that category would otherwise have vested. Vesting of the executive's STI opportunity under KPIs relating to High Level Operational Improvements and Cultural and Behavioural Influences will not be affected. There is no gateway for non-financial measures. Individual performance must be at a "meets expectations" level before any STI is payable.
What are the target and maximum amounts payable?	The target and maximum award for non-financial measures under the STI plan is 100% of an executive's STI opportunity for those measures. The target award for financial measures under the STI plan is 100% of an executive's STI opportunity for that measure. In addition, an executive can earn up to 200% of the financial component (40%) of the executive's STI if the Group achieves up to 105% of its NPAT target. An executive's maximum STI opportunity is therefore 140% of target. Any STI award for outperformance against the NPAT target must be self-funding. This

Key term | **Description**

means that the outperformance must be achieved after providing for the incremental cost of any STI award.

Percentage of budget		Percentage of financial STI payable
NPAT / EBITDA	Sales	
<95%	<97.5%	0%
95% to 100%	97.5% to 100%	Straight line between 50% and 100%
100% to 105% NPAT	N/a	Progressive scale between 100% and 200%
>105%	N/a	200%

The progressive scale for vesting of the outperformance opportunity is as follows.

NPAT	>100%	>101%	>102%	>103%	>104%	>105%
Vesting	100%	110%	125%	145%	170%	200%

How is performance assessed?

CEO: At the end of each financial year, with the assistance of the Committee, the Board assesses the actual performance of the Company and the CEO against the applicable KPIs and determines the STI amount payable to the CEO.

Other executive KMP: At the end of the financial year the CEO assesses the actual performance of the Group and the executive KMPs against the applicable KPIs and determines the STI amount payable to each executive. The CEO provides these assessments to the Committee for review.

Cessation of employment

“Bad Leavers” (who resign or are terminated for cause) will forfeit their STI entitlement, unless otherwise determined by the Board or the CEO as appropriate.

The STI payments of executives who cease employment for other reasons are pro-rated for time and performance, unless otherwise determined by the Board.

Change of control

In the event of a change of control before the STI payment date, the STI payment is pro-rated for time and performance, subject to Board discretion.

Clawback

The Board may reconsider the level of satisfaction of a performance measure and take steps to reduce the benefit of an STI award to the extent its vesting was affected by fraud, dishonesty, breach of obligation or other action likely to result in long term detriment to the Company.

Key term	Description
Other features	**Discretionary elements**: The Board (for KMP) and the CEO (for other executives) have discretion to grant additional bonuses for special projects or achievements that are not contemplated in the normal course of business or that have a particular strategic impact for the Company, such as acquisitions and divestments, refinancing, or major capex projects. **Minimum employment period**: Participants must be employed for at least three months in the performance period to be entitled to receive an STI payment.

5. LONG TERM INCENTIVE PLAN

The key terms of the LTI plan are summarised below. The full terms are set out in the Rules of the LTI plan, which prevail in case of any inconsistency with the summary below.

Key term	Description
What is the incentive?	The LTI plan provides executive KMP with grants of performance rights over ordinary shares, for nil consideration. Performance rights granted under the LTI plan are subject to a three year performance period. From FY2017, the LTI plan has also been made available to about 20 executives in the next tiers of management.
How is each executive's entitlement determined?	Each executive is allocated a dollar value (which may be a fixed percentage of the executive's total remuneration) representing the executive's maximum LTI opportunity for the year. This dollar value is converted into a number of performance rights in the LTI plan, based on the face value of performance rights at the applicable grant date. The face value of performance rights is calculated as: • the volume weighted average price of the Company's shares for the five trading days commencing seven days after the Company's results for the prior financial year are announced to ASX; less • the amount of any final dividend per share declared as payable in respect of the prior financial year. (For LTI grants made before 1 July 2017, the dollar value is based on the fair value of performance rights at the applicable grant date. Where relevant, the Company engages an independent expert to determine the fair value of performance rights.)
How is the incentive delivered?	To the extent that the applicable vesting conditions are satisfied at the end of the three year performance period, LTI awards are delivered by allocation to participants of one fully paid ordinary share for each performance right that vests. The Board has discretion to settle vested awards in cash.

Key term	Description
What are the performance measures and hurdles?	From 1 July 2017, each grant under the LTI plan has two equally weighted performance hurdles over a three year performance period: Return on Invested Capital (**ROIC**) and Absolute Earnings per Share (**EPS**). **Return on Invested Capital Performance hurdle (50%)**: ROIC measures management's efficiency at allocating the capital under its control to generate profitable returns. To maintain and improve the Company's ROIC, management is required to focus on the quality of earnings and the capital required to deliver improved earnings. ROIC is calculated as follows: Operating earnings before interest and tax (**EBIT**) Invested Capital (Net Debt plus Equity) ROIC is defined by reference to factors substantially within management's sphere of influence. Accordingly: • Operating EBIT is adjusted to exclude the impact of significant or non-recurring items (both income and costs) to provide a fair measure of underlying long-term performance. • Impairments and other significant items during the life of an LTI grant are added back to operating EBIT and Invested Capital. (Past impairments and significant items are not added back, it being recognised that these are not the responsibility of current management.) • Non-cancellable operating leases are included in Invested Capital. • Returns are measured pre-tax. • Invested Capital is measured at the end of each month over the final year of an LTI grant and is averaged for the purposes of calculating ROIC. • Where applicable, items used to calculate ROIC will be rebased to accommodate changes in accounting standards and policies during the life of an LTI grant. ROIC performance rights will vest if the Company's ROIC performance in the final year of the performance period is at or above a threshold set by the Board at the time of making the relevant LTI grant. ROIC performance rights granted in FY2018 are eligible to vest according to the following schedule:

ROIC Performance in	% of allocation that vests

Key term	Description	
	Below 10.1%	Nil
	10.1%	50%
	10.1% - 12.5%	Straight-line vesting between 50% and
	At or above 12.5%	100%

Absolute EPS Performance hurdle (50%): Performance rights will vest if the Company's adjusted EPS performance over the performance period is at or above a 3% Compound Annual Growth Rate (**CAGR**). Adjusted EPS excludes the impact of significant or non-recurring items (both income and costs) and so provides a fair measure of underlying long-term performance.

Adjusted EPS is calculated by dividing the adjusted profit after tax attributable to shareholders for the relevant reporting period (reported profit after tax, adjusted for the after-tax effect of significant or non-recurring items) by the weighted average number of ordinary shares on issue in the Company over the relevant reporting period.

Absolute EPS Performance	% of allocation that vests
Below 3% CAGR	Nil
3% CAGR	50%
3% - 8% CAGR	Straight-line vesting between 50% and 100%
At or above 8% CAGR	100%

Relative TSR Performance hurdle (50%, for LTI grants made before 1 July 2017): TSR provides a comparison of relative shareholder returns that is relevant to most of the Company's investors.

The Relative TSR Performance hurdle takes into account share price appreciation plus reinvested dividends, expressed as a percentage of investment and adjusted for changes in the Company's capital structure.

Performance rights will vest if the Company's TSR over the performance period is at or above the 51st percentile against the constituents of the ASX Consumer Discretionary Index at each grant date, excluding News Corporation.

The comparator group represents a range of alternative companies that shareholders could invest in while maintaining portfolio sector balance. News Corporation has been excluded from each comparative group given the extent of its international business operations and exposure to the declining print media business.

Key term	Description
	TSR Performance — **% of allocation that vests**

TSR Performance	% of allocation that vests
Below 51st percentile	Nil
51st percentile	50%
51st to 75th percentile	Straight-line vesting between 50% and 100%
At or above 75th percentile	100%

Key term	Description
Is there a gateway?	The ROIC Performance hurdle will be achieved only if the Company's adjusted ROIC performance in the final year of the performance period is at or above a threshold set by the Board at the time of making the relevant LTI grant. The ROIC Performance hurdle for grants made in FY2018 will be achieved if the Company's adjusted ROIC performance in FY2020 is at or above 10.1%. The Absolute EPS Performance hurdle will be achieved only if the Company's EPS performance over the performance period is at or above 3% CAGR. The Relative TSR Performance hurdle will be achieved only if the Company's relative TSR over the performance period is at or above the 51st percentile of the comparator group.
What is the maximum amount payable?	The maximum award under the LTI plan is 100% of an executive's grant if all vesting conditions are fully satisfied over the performance period.
How is performance assessed?	The Board will calculate the Company's ROIC and EPS Performance at the end of the performance period for each LTI grant by reference to the Company's accounting records and the Company's audited financial reports. The Company may engage an independent consultant to review or carry out these calculations. The Group engages an independent consultant to report on the Company's TSR ranking within the comparator group as defined in each of the LTI plans at each vesting date. There is no re-testing of performance hurdles under the LTI plan.
Cessation of employment	"Bad Leavers" (who resign or are terminated for cause) will forfeit any unvested performance rights, unless otherwise determined by the Board. For executives who cease employment for other reasons, the Board has discretion to vest any unvested performance rights on a pro-rata basis

Key term	Description
	taking into account time and the current level of performance against the performance hurdle, or to hold the LTI award to be tested against performance hurdles at the end of the original vesting period.
Change of control	In the event of a change of control before vesting of an LTI award, the Board has discretion as to how to treat the unvested award, including to determine that the award will vest or lapse in whole or in part, or that it will continue subject to the same or different conditions.
Clawback	The Board may reconsider the level of satisfaction of a performance hurdle and take steps to reduce the benefit of an LTI award to the extent its vesting was affected by fraud, dishonesty, breach of obligation or other action likely to result in long term detriment to the Company.
Other features	**Treatment of dividends**: There are no dividends payable to participants on unvested performance rights. Once performance rights have vested to fully paid ordinary shares, the participant will be entitled to dividends on these shares. **Sourcing of shares**: The Board has discretion to purchase shares on market or to issue new shares in respect of vested performance rights.

6. REVIEW OF POLICY

The People & Culture Committee will review the effectiveness of this Framework annually to ensure that it remains relevant and appropriate to the Company. Any changes identified by the People & Culture Committee will be recommended to the Board for approval.