

18 February, 2002

Mr. Andrew Black  
Senior Companies Advisor  
Australian Stock Exchange  
20 Bridge Street  
SYDNEY 2000

BY FACSIMILE: 9241.7620

Dear Andrew,

We are pleased to respond to your letter of February 15, 2002. John Fairfax Holdings Limited is, and has always been, in compliance with listing rule 3.1.

In direct response to your questions:

- (1) *When did the Company first become aware that its profit would be significantly different from the previous corresponding period?*
- (2) *If this was before 14 February 2002, please identify any earlier announcement from the Company, which disclosed that the Company's profit would be significantly different from the previous corresponding period?*

In our outlook for the 2002 financial year, issued with our 2001 annual results on September 7, 2001, the Company stated, "Without a pickup in advertising demand, the profit for the 2002 financial year could be well below the 2001 result." In the 2001 annual report, issued October 4, 2001, the Chairman, Mr. Brian Powers, stated, "It is impossible to forecast financial results for the year ahead with any confidence. The economy is too uncertain, not only here in Australia but worldwide, to make meaningful predictions. It is for this reason that we have been conservative in our outlook."

At the Annual General Meeting on November 7, 2001, Mr. Powers stated, "It is impossible to forecast financial results for the year ahead with any confidence. The economy is too uncertain, not only here in Australia, but worldwide, to make meaningful predictions. It is for this reason that we have been conservative in our outlook. We made a statement in early September to the effect that advertising markets remained weak and that without a lift in the second half, profits this year could be well down on last year's result. While our revenues have been stable following the events of September 11, our earlier statement remains an accurate view."

At the Annual General Meeting on November 7, 2001, Mr. Fred Hilmer, Chief Executive Officer, stated, "As we move through the first half of this financial year, we have experienced the same downturn in advertising markets that has affected media companies worldwide, particularly those operating in major media markets. For Fairfax, employment advertising, one of our major revenue categories, is down by about 25% as fewer jobs are advertised in a weaker market. The same trends are evident in internet employment advertising. National display advertising is also off in the order of 20% ... In this environment, it is impossible to give you an accurate near-term outlook for the company. We simply do not know what trading conditions we will face in the aftermath of the election, or early next year."

Towards the end of his remarks on November 7, 2001, Mr. Hilmer said: "In the current advertising market, we are still doing the hard yards. When reporting our full year result in early September I pointed out that the key advertising markets for Fairfax remained weak and that without a lift in the second half, profits this year could be well down on last year's result. While our revenues have been stable following the events of September 11, my earlier statement remains an accurate view of our near term outlook."

In a statement to the Australian Stock Exchange on December 19, 2001, the Company said: "In an interview with Reuters on 18 December, 2001, Mr. Fred Hilmer, Chief Executive Officer of John Fairfax Holdings Limited [ASX:FXJ], reiterated previous statements to the market that, without a pickup in advertising demand, the profit for the 2002 financial year could be well below the 2001 result. Mr. Hilmer also reiterated the Company's previous statement that f2's loss is expected to fall significantly over the 2002 financial year, subject to economic conditions."

In response to a further request from the Australian Stock Exchange, the Company stated on December 20, 2001:

- "1. It is not aware of any information, which if announced would reasonably be expected to have a material effect on the price or trading volumes of the Company's securities.
  - "2. Other than as set out in the Company's ASX announcement on 7 September, 2001 and reiterated on 19 December, 2001, the Company is unable, at this time, to make any informed projection of profits for the 2002 Financial Year. Like other Companies in the media industry the Company's profits are strongly dependent on the advertising market and therefore the economy. The advertising market itself is extremely seasonal and volatile. Consequently, the Company cannot at this stage of the year and in the present economic climate make any reliable quantitative estimate of 2002 profits compared to 2001.
  - "3. The Company is not presently aware of any abnormal or extraordinary item likely to be recorded for the year ended 30 June, 2002.
  - "4. The Company believes its recent share price and volumes traded are entirely in line with media sector and general market trends."
- (3) *If there was no earlier announcement, and the Company became aware of the decrease in profit prior to 14 February 2002, please advise why the information was not released to the market at an earlier time. Please comment specifically with respect to listing rule 3.1.*

Not applicable by virtue of the numerous earlier announcements cited above.

- (4) *Please confirm that the company is in compliance with the listing rules and, in particular, listing rule 3.1.*

The Company is, and has throughout, been in compliance with the listing rules and rule 3.1.

We note further that there was no adverse market reaction or disappointment in the half-year results, with the stock closing up 8 cents, or 2%. With regard to the transaction between f2 and Pacific Access, which resulted in a write down of \$11 million, and which in turn reduced the net profit after tax from 34.7% to 53%, the reaction has been favourable. That transaction was concluded only hours before our release to the Exchange of the results on February 14, 2002.

We trust this is fully responsive to your correspondence.

Yours sincerely,

Gail Hambly