

Fairfax

John Fairfax Holdings

Limited

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May 27 2002

ASX ANNOUNCEMENT

Please find attached a copy of a note released today to all employees of John Fairfax Holdings Limited regarding refinements made to the internal organisational structure of the Company.

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STAFF ANNOUNCEMENT

Dear Colleagues

Over the past two months, we have undertaken thorough reviews of our editorial, commercial and circulation and distribution areas in the context of the main business challenges facing the company.

We needed to do this because we have tremendous opportunities before us to increase revenues as a result of the investment in expanded printing capacity at Tullamarine and Chullora.

In addition, we need to learn from our experience of the last five years that we must manage costs as aggressively in the upturns as we do in downturns. As this cycle turns, I want to retain our cost focus while putting more emphasis on the other side of the equation – revenue growth.

The reviews highlighted four key challenges:

- Driving revenue growth in advertising by enhancing our franchises in employment, real estate and motoring, and strengthening our competitive edge in the display market.
- Improving editorial quality without increasing costs in order to build on our leading positions, particularly with our AB demographic readers.
- Developing and implementing innovative strategies for circulation and distribution.
- Continuing to build on our progress in cost management through further process improvements, streamlining of overheads, and performance management.

We have refined our organisational structure to deal with these priorities.

- The publishers of our metropolitan newspapers, Greg Hywood and Alan Revell, will retain their primary focus on ensuring that the papers continue to meet the needs of our readers through their strength and identity as outstanding local mastheads. Greg will chair Editorial Projects between the two newspapers, including further editorial collaboration. Greg also becomes publisher of Good Weekend and Fairfax Group Magazines.
- Greg and Alan will undertake a concerted focus on display advertising, both national and local, across both broadsheets.
- Alan will chair a cross-metro masthead group responsible for national sales for selected key accounts. Alan will also oversee pilot circulation and distribution projects for both papers.
- Nigel Dews will be responsible for advertising categories in employment, real estate and the Drive automotive section for Sydney and Melbourne. Nick Leeder will become Chief Operating Officer of f2, responsible for its day-to-day operations. He will continue to report to Nigel.

As a result of these changes, the recent merging of the regional and community newspapers under Brian Evans, and the plan to bring IT into Group Operations, there are now fewer people, with more direct responsibility for revenues, reporting to me. My role has therefore changed as well. I will have more direct and immediate involvement with our key customers and overall advertising.

This new structure enables us to gain several critical advantages:

The important markets of employment, real estate and automotive, as well as our national and industry-specific accounts, will have more attention from our senior people. Our aim is to give our customers an even better experience in dealing with us, both within and across the mastheads. This is particularly timely as our new printing capacity begins to come on line.

In editorial, we have reaffirmed the primary goal of our newspapers as local mastheads that are leading voices and an integral part of their communities. The stronger editorial cooperation, in bringing more of the best journalism we produce to readers in each city, will add value and

quality, while maintaining critical focus on our readers and what they want from us.

In circulation and distribution, we will continue our programs to drive growth, reduce returns of unsold papers, and establish higher service standards for our subscribers.

On costs, the additional cross-group collaboration and cooperation will promote further process improvements so that we can operate more efficiently.

Indeed, one of the strongest lessons to come out of this review was that the more we work as a team, the more insights we have and the more problems we can solve.

This new structure makes a virtue of our working more closely together to achieve the improvements outlined across the group.

I want particularly to thank the significant number of senior staff and managers who worked so hard over the past several weeks to examine these issues rigorously and without preconditions. Their efforts provided an extraordinary focus on the challenges and opportunities we face, as a profession and a business, in the years ahead.

We are now better aligned to take them on.

Sincerely,

Fred Hilmer