

FAIRFAX ACQUISITION OF NZ PUBLISHING BUSINESSES ADVANCES

SYDNEY, May 26, 2003 – John Fairfax Holdings Limited [ASX:FXJ] has signed a sale and purchase agreement with Independent News Limited [NZSE:INL] to acquire INL's New Zealand publishing business for NZ\$1.188 billion.

Separately, in light of foreshadowed changes to New Zealand tax law, the company has decided to use senior debt of A\$702 million for the whole of the debt component of the transaction, rather than partial masthead financing.

Mr Fred Hilmer, CEO of Fairfax, said:

“The acquisition of INL's New Zealand publishing businesses is proceeding well. Everything we have seen in the due diligence gives us confidence in the strength of the INL business and the increased earnings it will contribute to Fairfax. We continue to expect at least a 10% increase in earnings per share for Fairfax that INL will generate in the 2004 financial year.

“We have finalised documentation for an underwritten 364-day bridge facility of A\$702 million in senior debt finance. This approach will give us reduced transaction and financing costs.

“While our original masthead financing proposals were properly structured within existing New Zealand tax law and precedents, we elected not to proceed given the Government's policy announcements.

“We expect to complete the acquisition as planned on 30 June 2003.”

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Contact

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