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Open Letter to Roger Corbett, Chairman, with copies for Fairfax Directors.

Dear Roger

We wish you great success with Fairfax Media.

The performance of Fairfax Media over the past five years has been distressing for shareholders. Shareholder value has fallen significantly. So has the circulation of once-proud mastheads.

These are the issues of shareholder concern. Where we have differed most profoundly is not over the Charter of Editorial Independence, contrary to much Fairfax reporting, but over how to save a business that is reportedly in danger of dying.

Given that, we propose in the interests of all shareholders that clear performance milestones be set for the Chairman to be achieved prior to the November 2012 Annual General Meeting.

The milestone we propose is that the Fairfax Media weighted average trade share price increase from current levels to 87c per share prior to the AGM, which would represent only a 50% loss from the commencement of your Chairmanship in October 2009. To limit the loss under your Chairmanship to 50% is not an unreasonable expectation, although perhaps shareholders would prefer a higher milestone target? Shareholders should at the very least be advised what the loss target is, and be assured that should you not meet that target, there would be light at the end of the tunnel. And, if the five year decline in paid circulation and in revenue of the Fairfax mastheads do not reverse prior to the 2012 AGM, we ask that you tender your resignation at that meeting.

Roger, although you are only a 0.004% shareholder, you have extraordinary power as Chairman, derived from the Fairfax Media Board Governance Principles (FMBGP) you insisted I comply with. That power includes being able to prevent directors from receiving professional advice (FMBGP point7) and prevent directors from being able to discuss Fairfax Media matters with senior Fairfax executives or others (FMBGP point 5). While this restriction applies to directors, it does not apply to you. Given this special opportunity to lead the company, it is entirely

reasonable that the Chairman shares with the suffering shareholders his performance milestones for Fairfax Media and the consequences of not meeting them prior to the 2012 AGM.

You may find it helpful in meeting those milestones to allow your fellow board members to carry out their duties to shareholders effectively, which means freeing them from the restrictions imposed on them by the FMBGP.

Freeing them of your points 5 and 7 in your FMBGP would enable them to obtain relevant information to carry out their directorship duties and assist with the ongoing challenges. This would be especially helpful for those directors who may not have had any media background of substance prior to becoming Fairfax directors.

As we have already discussed, after your decision was announced and also in my letter to you of 18 June, 2012, it is very difficult for directors to make decisions if the relevant information is not available to them. For instance, I have already shared with you information I have received raising concerns with the decision to switch printing from modern plants to older ones in Richmond, Canberra and Albury, given concerns regarding double-handling, extra transport costs and inevitable shrinkage of deadline times for editorial.

Were the directors able to probe this decision adequately?

I have also in this letter and in discussion with you raised a concern that full information may not have been made available to directors about the likely effects of announcing a three-year program to make Fairfax employees redundant. It is important that remaining staff know where they stand and can get back to the business of running the enterprise without years of uncertainty and potentially disputes and strikes.

Such a sprawling time-frame can lead to staff demoralisation and a lack of focus on a strategy for recovery.

Other shareholder concerns include:

- a. The very profitable Trade Me, picked up by the previous Chairman of Fairfax, has now been partly sold down;
- b. Yet the Fairfax radio stations, a more peripheral business, haven't been sold;
- c. Cost savings of any substance were not undertaken last year when the world could see both Europe and USA were in financial and economic difficulties, and advertising revenue was diminishing;

These are just some of my concerns, and I raise them to demonstrate why directors should be allowed to override your FMBGP in the interests of the company and its shareholders, and to demonstrate also that our issues of disagreement are wider than Fairfax media reports.

Indeed, we both know that the issues that prevented us reaching agreement did not revolve around the Charter of Editorial Independence. I don't recall you even sending me that charter, and very little time or correspondence was spent on discussing it.

We did however discuss and I note again that you as a director, along with the then Chairman, in fact overrode the Charter of Editorial Independence and directed the then Editor of the Age to address a bias believed to be causing a decline in the Age's circulation. Indeed you believed that it was in the interests of the shareholders that you did so, and that it was also right for you to sack the Editor when you weren't satisfied that he was sufficiently addressing your editorial direction. Are you now taking a different position and saying that the Charter of Editorial Independence should come before the interests of shareholders?

What is at stake is the survival of Fairfax Media, so it is not time for smoke screens to divert attention. Please advise the shareholders of your milestones at your early convenience.

Yours sincerely

Gina Rinehart