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From: **Antony Catalano** <xxxxxxxxx@mmpgroup.com.au>

Date: Tue, Jun 4, 2013 at 9:46 AM

Subject: Announcement

To: MMPALL <mmpall@mmpgroup.com.au>

It is with regret that we today announce the closure of our East Division titles with the exception of the Dandenong Journal. The last publication will be in the week commencing June 17.

The closure of the titles will result in 32 redundancies or the equivalent of 27 full-time positions being lost effective June 14.

This has been an extremely difficult decision, and we have been grateful for the enormous input and goodwill from staff over the past four weeks as we conducted a comprehensive review of the titles and their prospects.

The East division was losing several million dollars at the time of the merger with Fairfax in July 2012. We went into the deal aware of the substantial losses and committed to trying to turn the business around. While we have done a good job of reducing the losses, the unprofitable titles remain a financial drain on the company. We have certainly tried a lot of things over the past 12 months to attempt to reinvigorate the business, and we have given it our best shot. We should all be very proud of what we have achieved over a long period of time.

Our ability to gain new real estate advertising clients has been undermined by the millions of dollars News Limited is paying to agents across Melbourne and particularly in the south-east, which has made it impossible to compete fairly. We have lodged a number of formal complaints with the State Government and Consumer Affairs Victoria in the past 12 months. However, this process is taking much longer than we can afford.

It is ironic that a media organisation's kickback program is the cause of media jobs being lost.

We will be retaining the Dandenong Journal, and remain optimistic about its prospects. The Dandenong Journal is Victoria's oldest community newspaper with a proud 148-year history, and we have plans to reinforce its position as the most authoritative and important voice in Melbourne's south-east. The classifieds team will continue to service the remaining MMP titles.

We have senior managers at Dandenong today working with the staff and outplacement professionals to ensure the best possible outcome for our people.

To those people affected by the closure of these titles, I would like to thank you for all of your hard work and to offer my sincere best wishes for the future.

If you have any questions or require further information, please call John Hine on 0413 xxxxxx or xxxxx@mmpgroup.com.au.

Antony