

**FAIRFAX TO ACQUIRE THE BORDER MORNING MAIL LIMITED  
PUBLISHER OF LEADING REGIONAL NEWSPAPER  
*THE BORDER MAIL***

SYDNEY, 3 May 2006: – John Fairfax Holdings Limited [ASX:FXJ] has reached agreement with the Board of Directors of The Border Morning Mail Limited (“BMM”), publisher of leading regional newspaper *The Border Mail*, on a proposal to acquire 100% of the shares of the company, including 51% of the Border Mail Printing Pty Ltd, for a net consideration of \$155 million.

Shareholders in BMM will be offered either shares in Fairfax issued at the higher of \$4.10 per share or a 5% premium in the 10 day VWAP prior to BMM shareholder approval, or cash, which will be financed from existing debt facilities.

The Fairfax offer is the outcome of a competitive tender process.

BMM is an unlisted public company. The Fairfax proposal will be unanimously recommended to BMM shareholders by its Directors under a Scheme of Arrangement. The transaction is expected to be completed in July 2006.

*The Border Mail* publishes six days per week with a circulation (through March 2006) of over 26,500 copies throughout the greater Albury NSW-Wodonga VIC area. Border Mail Printing Pty Ltd recently commissioned an evolutionary double width press and binding and inserting capacity in Wodonga that produces the paper as well as print publications for other shareholders and customers.

The net acquisition price of \$155 million represents an estimated 2007 financial year EBITDA earnings multiple of 10 times (adjusted for the 49% minority in Border Mail Printing).

Mr David Kirk, CEO of Fairfax, said: “Our proposed acquisition of The Border Morning Mail Limited represents further strategic growth for Fairfax’s regional publishing businesses in Australia.

“Regional newspaper companies of this quality are a scarce asset and we are delighted to have been able to reach agreement with the Directors. We are especially pleased, subject to approval by the BMM shareholders, to acquire such a respected and prestigious newspaper.

“Our newspapers share the same heritage of service to the community and excellence in journalism. Fairfax is committed to continuing *The Border Mail’s* vigorous local news reporting and participation in, and commitment to, the greater Albury-Wodonga region and its citizens.

"With strong, growing revenues and earnings, new printing capacity and with the benefit of the company's involvement in a vibrant regional economy, we believe *The Border Mail* will add significantly to Fairfax's Australian publishing business."

Mr Ronald Walker, Chairman of the Board of Fairfax, said, "*The Border Mail* is an exceptional newspaper, with over a century of achievement in publishing, and we have the highest regard for the achievements of the Mott family as proprietors. Our proposed acquisition meets our investment criteria of advancing Fairfax's strategic growth and increasing shareholder value. We look forward to the successful completion of the transaction."

Mr Kirk said the acquisition would yield significant revenue and cost synergies including classified and display advertising revenue initiatives, revenues from other publishing initiatives and savings in newsprint, printing, and public company costs.

In support of the Company's rating, the company has committed to Standard & Poor's that it may introduce a partially underwritten Dividend Reinvestment Plan for the final dividend payment for the 2006 financial year.

Fairfax will be entitled to a break fee of \$2.25 million if, under certain circumstances, the transaction does not proceed.

Further background material on The Border Morning Mail Limited and the transaction is attached.

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