

NEWS LIMITED

9 July 2012

Dear Newsagent,

As you may be aware, we are progressing well towards the development of a new retailing and distribution model for News Limited newspapers across Queensland, NSW and Victoria. I am pleased to advise you that details are expected to be announced on Thursday 9 August.

The aim of the model is to ensure that newspaper distribution and retailing are commercially attractive and sustainable for newsagents. Since starting work on this project, we have had a great deal of valuable input both directly from newsagents and from newsagent associations. The model we're finalising now for Queensland, NSW and Victoria is a response that aims to address both the challenges and the future opportunities in the industry.

Whilst we are still finalising the details, I can advise that under the new model, newsagents will be able to choose whether they enter into a new newspaper distribution contract with News Limited, focus solely on their retail business or do a mix of both.

Newsagents with a current distribution contract with News will be invited to tender for a new, larger territory either individually or with others. This larger territory will include the area that is serviced under the current contract. Remuneration for each territory will be discussed on a case by case basis recognising the costs involved in servicing different territories.

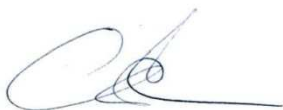
To enable distributors to realise the benefits of scale, maps are being drawn up for Queensland, NSW and Victoria defining larger distribution territories. Our aim is to ensure that all new territories are economically viable for distributors, so we are creating territory boundaries that are intended to create fair and sustainable outcomes for agents entering into a new distribution contract.

As part of the model, in line with our intention to drive a more sustainable and commercially viable business model, we are also looking at incentive programmes for both retailers and distributors.

A process with separate timelines is underway in South Australia. As we get underway with the Eastern states, we will also start to consider the right approach for WA, NT and Tasmania. We will do this with input from associations and newsagents.

Following the planned announcement on 9 August, there will be opportunities for detailed discussions however, if you have any queries over the next few weeks, please don't hesitate to raise them with your usual News Limited representative.

Kind regards



Catrin Thomas
Director of Retail Circulation, News Limited