Fairfax Media Limited
Annual General Meeting
13 November, 2008
Address of David Kirk

MELBOURNE, 13 November, 2008: Chairman Ronald Walker, my fellow Directors, and our Shareholders:

Welcome to our Annual General Meeting.

I want to present today our annual results for the 2008 financial year and discuss Fairfax Media's strategic and competitive strengths.

I want to preface my remarks by explaining who we are – because a lot of the public, and even our shareholders, do not fully appreciate what Fairfax Media is today, how we have grown, the changes we have instigated, and what our future prospects truly are.

Three years ago, we embarked on an aggressive strategy of diversification and growth in order to secure Fairfax Media's leadership, and our future.

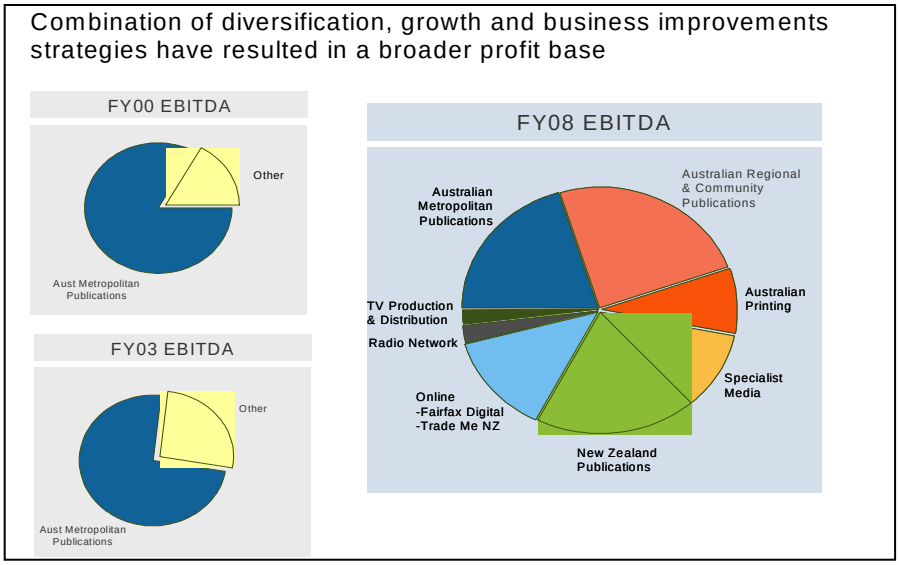
As a result, the Fairfax Media of today is not the former John Fairfax Holdings Limited.

A lot of people still think of us as The Age / Sydney Morning Herald company. That company is long gone. Today, the earnings from those newspapers are less than 20% of the company's total earnings of around $830 million at the EBITDA line.

The old John Fairfax Holdings from 5 years ago today contributes only 35% of our total earnings.

Our earnings from our online businesses are 15% of the total – that's just under $115 million – and growing rapidly.

Here is a chart of the old Fairfax Holdings and the new Fairfax Media.



As you can see, we are much more diversified.

We have been greatly strengthened through the merger with Rural Press and the media assets acquired from Southern Cross.

Thanks to the merger with Rural Press, we have over 300 mastheads in regional, community and agricultural publishing – and they are, in the main, leaders in their markets.

We are also the largest media company in New Zealand.

Financial publishing, led by the AFR, is stronger than ever.

Online, we have the leading news and information sites, strong classified positions, and several #1 sites in transactions, from dating to the leading independent online funds management business.

In print, we have regional and community publishing, financial publishing, agricultural publishing, magazine publishing, and publishing in New Zealand.

We have the only metropolitan news / talk radio network spanning Australia, and music stations in Brisbane, Melbourne and Perth. We also have a smaller regional radio network.

In summary, Fairfax Media today extends across Australia and New Zealand – in print, on air and online.

We have national reach in advertising platforms and increasingly we are moving to integrate and converge our processes as a digital media company.

Just as importantly, as a business, we serve a compelling public good, and we fulfil a public trust associated with a free press.

All of us feel strongly that a free press is a pillar of our democracy, and that if we are to fufill our public trust we need to operate a vigorous media.

What do we do? We shine a light. We undertake investigative journalism – costly and time-consuming that it is. We report on governments, businesses, sporting associations, cultural bodies, and whoever has a public trust and obligation to serve the people.

In addition, we provide insight and information that helps people come to their own conclusions about political and social issues. We encourage and facilitate meaningful engagement by citizens in a civic society. We have privileged access to people in positions of power. By passing on our reports and views and opinions we transfer that privilege to our readers.

This is a hallmark of Fairfax Media's quality, independent journalism – and we are irrevocably committed to maintaining, defending and enhancing our brand of journalism.

We believe firmly that we have an obligation to be accountable – for what we do and how we do it and for the quality of our journalism – to our readers, to the public and to our shareholders.

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For the 2008 financial year, we reported strong earnings growth in the face of increasingly difficult economic conditions in Australia's Sydney and Melbourne metropolitan markets and in New Zealand.

These results highlight the successful implementation of our strategy of diversification of revenue, investment in digital earnings growth and constant focus on operational improvement to drive earnings per share growth.

Our highest priority this past year was to deliver on what we promised when we undertook substantial investment and expansion – and we have delivered.

Full year performance highlights include strong earnings growth in Australian Regional and Community Publishing, Financial and Agricultural publishing, and aggressive growth online at both Fairfax Digital in Australia and Trade Me in New Zealand.

With respect to overall business performance, we had many achievements, including:

- Successful completion of the merger with Rural Press, and the establishment of a new management team for Australian Publishing and Printing led by Brian McCarthy, with delivery of all synergies.
- A range of upgrades and investments to expand our printing business.
- A continued program of bolt-on acquisitions.
- Successful completion of the acquisition of the radio broadcasting and television production and distribution businesses of Southern Cross, with rebranding completed, and cross-promotion with radio and our print and online mastheads in major markets underway, and cost synergies realised.
- Successful launch of WAtoday.com.au, extending our national footprint in news and classifieds, and bringing diversity and competition to the media market in Western Australia.
- Successful completion of our move to One Darling Island in Sydney, with new infrastructure and facilities serving our Sydney operations, including Herald publications, Fairfax Business Media, Fairfax Digital, and corporate.
- A major reorganisation in Fairfax New Zealand, with new editorial and commercial leadership, growth of our online news and information sites, and continued strong market leadership in newspapers and magazines.

In August we announced the implementation during the first half of the 2009 financial year of a substantial restructure across the Group's corporate division, Australian publishing and printing businesses and Fairfax New Zealand.

The program will deliver around $50 million in annualised cost savings. Approximately $25 million of the savings will flow into the 2009 financial year result.

The Company will book a one-off charge of approximately $50 million for redundancy and associated costs during this year.

This is the third wave of business improvement initiatives we have undertaken over the past three years. Over the course of the 2006 and 2007 financial years we achieved $52 million in ongoing real cost reductions. Cost synergies associated with the merger of Fairfax Media and Rural Press and the acquisition of Southern Cross radio produced a further $53 million in savings. All of these synergies will be realised by the end of this financial year.

Media companies fit for the modern media world need to be lean and adaptable. This far-reaching program will position us well for the next stage of our growth and development.

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Our diversification, balance and scale make us the largest and strongest media company in Australasia.

I know shareholders are greatly concerned about our share price. Our executives and managers are aligned with you on this concern.

This is a difficult time for investors in just about every industry sector.

As a company, we are in the grip of forces larger than any one company – and even any one country.

In the meantime, we will maintain our steady focus on operational performance, cost control, and online growth.

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I would now like to update shareholders on current trading conditions.

In late August this year at the time of reporting our 2008 results, I said that advertising markets had slowed since the start of the financial year. Global events and the flow on to economic activity in Australia and New Zealand have resulted in continued weakness in these markets.

In the first quarter of the current financial year, EBITDA was below the same period last year by mid-teen percentages.

However trading performance has improved in the second quarter.

EBITDA in the second quarter to this point is below the same period last year by mid single digit percentages. This is not a result of strengthening revenue. The improvement is driven by strong cost reductions. We are confident of continued strong cost performance across the Group.

The current low levels of business and consumer confidence together with continuing uncertainty and volatility in financial markets makes it very difficult to predict trends for the crucial Christmas trading period and beyond.

However, Fairfax is better positioned today than at any time in its recent history to face these challenging times.

We have:

- Moved quickly to reduce our cost base this financial year;
- Diversified our geographic sources of revenue so as not to be overly dependent on just one or two markets, in particular the big metropolitan markets of Sydney and Melbourne;
- Invested in media assets with strong growth profiles such as Trade Me and our Australian digital businesses; and, perhaps most importantly of all we have
- A very experienced and capable management team

We are well positioned for earnings growth when market conditions improve.

Thank you.

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