FAIRFAX MEDIA LIMITED
ANNUAL GENERAL MEETING
CHAIRMAN'S SPEECH

SYDNEY, 6 November 2014: Fairfax Media Limited [ASX:FXJ] is holding its Annual General Meeting in Melbourne today. The Chairman's speech and accompanying presentation is set out below:

Ladies and Gentlemen, welcome to Fairfax Media Limited's 2014 Annual General Meeting.

I am Roger Corbett, the Chairman of the Board of Directors of Fairfax Media.

It is my pleasure to introduce to you the members of the Board and senior executives on the stage.

Starting on my left, may I introduce:

Gail Hambly our Company Secretary, Sandra McPhee, David Housego our Chief Financial Officer, Greg Hywood our Chief Executive Officer, Linda Nicholls, Peter Young, Jack Cowin, James Millar, Michael Anderson, and at the end Todd Sampson.

This is my fifth address, as Chairman, to an Annual General Meeting of Fairfax Media Limited. It has been an honour to serve the Company and its shareholders over this period.

Shareholders were given the opportunity to ask questions in advance of this meeting. We have endeavoured to answer as many of those questions as possible in my and the CEO's speeches.

Those of you who have attended these meetings before will recall that a recurring theme has been Fairfax's response to sweeping structural change taking place in the media industry globally.

Our response to the new realities of operating a contemporary media company has seen some of the greatest changes in your Company's long history.

Change is part of Fairfax's organisational DNA and it looks set to be part of the global industry dynamic for many years to come. However, this year, for Fairfax there have been two developments of particular significance.

First, Fairfax finished the financial year with net cash on the balance sheet for the first time in the Company's recent history. We reduced debt by around $1 billion over the past two years, putting us in a strong position as we respond to changing circumstances in our industry.

Secondly, we delivered stable operating earnings as we reshape the business for future growth.

These are important achievements as we transform our business.

For the 2014 financial year, Fairfax delivered operating EBITDA of $306.4 million for continuing businesses, which was about 2% higher than the prior year.

For continuing businesses we grew earnings per share from 3.7 cents to 6.6 cents and doubled the full-year dividend, which was fully franked.

In the context of a challenged global media sector, Fairfax delivered strong performance. Shareholders would also be aware of the differing performance of other companies in this sector in Australia.

The growth in full-year profit was achieved in an international and local environment of continuing print revenue declines, reflecting the structural shift away from print advertising. This was more than offset by revenue growth in Domain, digital revenue growth, new revenue streams and our cost reduction initiatives.

Total Group revenue declined 3% to $1.97 billion. After taking into account significant items, the Company reported a net profit after tax of $224.4 million. The reported net profit result includes profit on significant items after tax of $66.7 million.

Significant items comprised a gain from the sales of Stayz Group and other controlled entities totalling $100.4 million, which was offset by restructuring and redundancy costs of $16.9 million and impairments of property, plant and equipment of $16.8 million, mainly relating to print site closures.

For the last several years we have been progressively restructuring our business to provide for greater levels of productivity and efficiency. Fairfax has led the industry as we reposition from a traditional newspaper business to a digitally driven, diversified media and services business reaching large-scale audiences in a variety of ways.

Embracing change is absolutely vital to continue with our commercial model in the face of reducing revenues and what we expect will be continuing fragmentation of the advertising market as technology prompts new consumer behaviours.

Critical to our ongoing success amidst all this change is the preservation of the quality and scope of our journalism.

Our quality independent journalism remains at the heart of our business – and that's what attracts large-scale audiences to our hundreds of newspapers and websites.

This time last year, I spoke to you about a number of the elements that would contribute to our ongoing objective of simplifying our business, reducing costs, and increasing efficiency and productivity.

In 2014, we made substantial progress in delivering the benefits of Fairfax of the Future, a three year program we announced in February 2012.

The program is delivering the outcomes we intended, with core operating costs for the year down 6.3% on a continuing business basis. Publishing costs were down 13.8%.

We are on track to achieve our target of $311 million in annualised savings by FY15. The program delivered an incremental EBITDA contribution of $120 million in FY14.

There were several significant developments and milestones that contributed to our progress during the year. Greg Hywood will address these milestones during his speech.

Significant activities during the year included three transactions completed in our Digital Ventures division: the strategic divestment of Stayz in December 2013 for approximately

$220 million; the sale of InvestSMART in August 2013 for $7 million; and the merger of RSVP and Oasis Active announced in June 2014.

The RSVP/Oasis merger brings together two of Australia's largest online dating services. Fairfax holds a 58% interest in the merged entity.

These transactions followed our previous initiative to sell Trade Me – a business we acquired for NZ$750 million in 2006, grew, and sold in 2012 when its market capitalisation was NZ$1.6 billion.

Stayz was sold on an extremely pleasing multiple of 16.8x FY13 EBITDA. We had acquired this business in 2005 and expanded it significantly with only modest additional capital investment. We believe that, as digital markets evolve, Stayz's growth prospects are more secure in the hands of a global player with global reach, resources and expertise in the holiday rental space.

Our Digital Ventures portfolio now comprises seven digital businesses and investments, with a strategy to build, grow and invest. Investments during the year included a minority interest in Sydney-based digital health services company Healthshare, and a joint venture with leading international job search engine Adzuna to provide a new platform for recruiters and job seekers in Australia.

Our Domain Group is going from strength to strength.

During the year we completed a review of our Australian Community Media business. This business consists of more than 150 rural and regional newspapers and websites. We are transforming this business into a more powerful network that will deliver an even better news and advertising service to Australian regional and rural communities.

Our Chief Executive will talk to you further about the changes we are making in our Australian Community Media business.

In all parts of our business, across regional and metro, we are building on our core media assets and leveraging our strengths. Our business model now extends to a range of services businesses – marketing services, property services, data services and entertainment. This provides the core for future investment focus and the development of new revenue streams, all driven by our fundamental capabilities as a leading multi-media business with large-scale audiences.

Earlier this year Fairfax entered into a 50:50 joint-venture with Nine Entertainment to launch an Australian subscription video-on-demand service. The brand – "Stan" –was unveiled yesterday.

This is an exciting investment by Fairfax as we continue to find new ways to deliver content to our large-scale audiences. The service will offer a broad range of local and international programs to subscribers for a fixed monthly subscription fee with no minimum term. Streaming video is expected to grow significantly in Australia in the next decade with media consumers looking to supplement their free-to-air viewing with on-demand, internet-delivered content.

Our strategy and strong balance sheet put us in a position to invest in existing and new business areas where our content gives us competitive strength.

During the year we made pleasing progress with several growth initiatives, including projects relating to Events, Content Marketing, Data and other services.

We are pursuing new revenue growth by leveraging our core strengths, which include:

- the size of our audiences, and the trust that they place in Fairfax;
- our leadership in key topic areas as diverse as finance, political coverage, food, wine and parenting;
- our local sales force across Australia with strong relationships with hundreds of thousands of small to medium sized businesses.

Our Marketing Services division was created during the year and includes Content Marketing and Events businesses to take a 360-degree view of client needs – not only advertising, but a full suite of services beyond traditional marketing.

The Events business is building a good portfolio and expanding into new geographic markets via key platforms including Food, Sport and the Arts.

Content Marketing continues to attract significant interest from major clients and has a strong pipeline of activity.

We continue to develop our Data strategy, which involves sharing our audience data with clients to enable them to better understand and engage with customers more effectively. This is a fledgling business in the media but represents a significant opportunity to better serve our clients by providing additional value and services to our advertisers and subscribers.

Turning now to the issue of media ownership law reform. Fairfax has made its position absolutely clear. The archaic media ownership restrictions currently in place in Australia are outdated and outmoded by technological change and shifts in how consumers now source their news and information.

The legislation simply does not meet the current needs of the industry or the community. I will go further and say it restricts a modern media industry and fails Australian consumers.

We believe there needs to be decisive leadership shown by the Government on this important issue. The status quo is not good enough for the overwhelming majority of the industry – more particularly the Australian consumer – and therefore should not be good enough for the Australian Government.

The frustrating thing is that when you talk to people across the Government they privately concede the current legislation’s irrelevance. This is about doing the right thing for the country. There will be inevitable disinvestment in the sector if the legislation doesn’t change and that has potential consequences for the quality of information that flows to the Australian people.

Australia will be left floundering well behind the rest of the world which is sprinting to keep up with global demands for better, faster and broader forms of media communication.

Abolishing the reach rules, and the two-out-of-three rule which stops anyone owning more than two of a newspaper, commercial TV or radio licence in a major market, would reset the competitive base for a modern media industry.

Media companies like Fairfax need to have the flexibility to operate across all available media platforms in an environment of intense competition from global media and technology giants for advertising revenue and audiences.

This would allow media companies to reposition so they can, if it makes sense, move towards consolidation amid massive convergence of communication technologies coupled with fragmentation of the advertising dollar.

In this new media landscape in Australia the growth in the number of national and international media players is challenging, but guarantees an ever increasing diversity of media voices for local consumers.

We believe the Government must exercise balanced judgment in the interests of all Australians to create the right environment for a modern, flexible, multi-platform media industry.

There is a multitude of possible scenarios should the legislation change. The strength of our balance sheet, reduced cost structures and the market position of our mastheads means that Fairfax is in a strong position to take advantage of any market opportunities that might arise to the benefit of our audiences and consumers – and to maximise value for our shareholders – should the Government embrace what is a compelling case for change.

I would like now to make a few remarks about two matters that are the subject of resolutions later this morning – the Remuneration Report and director elections.

2014 is the first year of operation of the remuneration arrangements that received strong support from our shareholders at the 2013 Annual General Meeting. These arrangements were developed to support the achievement of the Company's strategic transformation by concentrating most incentives on the longer term and setting annual targets that represent milestones on the way.

That is why remuneration is now structured to be heavily weighted to longer term equity opportunities. All the detail can be found in the Remuneration Report. Your ongoing support of these new arrangements is well justified by the results to date.

Ensuring the appropriate balance of skills and experience on the Board is an ongoing focus for your Directors. Today we have three serving Directors standing for election or re-election. I am one of the Directors who will stand for re-election.

I joined the Board in February 2003 and took on the position of Chairman in October 2009. You are most likely already aware that I have informed the Board that if I am re-elected at this AGM that I would expect in the normal course of our succession plan to hand over the Chairmanship during this term and to retire as a Director.

I would like to acknowledge my fellow Board members for the invaluable skills and expertise they each bring to this Company.

I note in particular the outstanding contribution of Sam Morgan who retired from the Board in May 2014. We thank him for his input into the Company's strategic thinking over the past six years. Sam decided that the time was right for him to move on and he will be devoting more time to his charitable and business ventures in various parts of the world.

I would like to take the opportunity afforded by the AGM to welcome Todd Sampson to the Board. Todd brings a deep knowledge of media, marketing, advertising and digital transformation to our Board. He also brings his commercial success as the long-serving and successful national CEO of Leo Burnett, one of Australia's most successful communication companies.

Finally, on behalf of the Board, I would like to thank all of our people for their tireless efforts in achieving significant progress for the Company in the past year.

In Greg Hywood, our CEO, we are fortunate to have a talented and determined leader driving innovation through every part of our Company.

In closing, let me assure you that the Fairfax Board and management will remain disciplined, pragmatic and innovative as we execute our strategy.

What remains front of mind for your Board is the importance of maintaining our core editorial values of independence and integrity. These editorial values keep us relevant to our audiences and form the basis of our unique position in the ever-changing media landscape in Australia and New Zealand.

Your Board is confident that your Company is well placed to stay true to its proud 180-year history, while maximising the available opportunities in both the short and long term in the interests of shareholders.

I now invite Greg to speak to you.

– ENDS –

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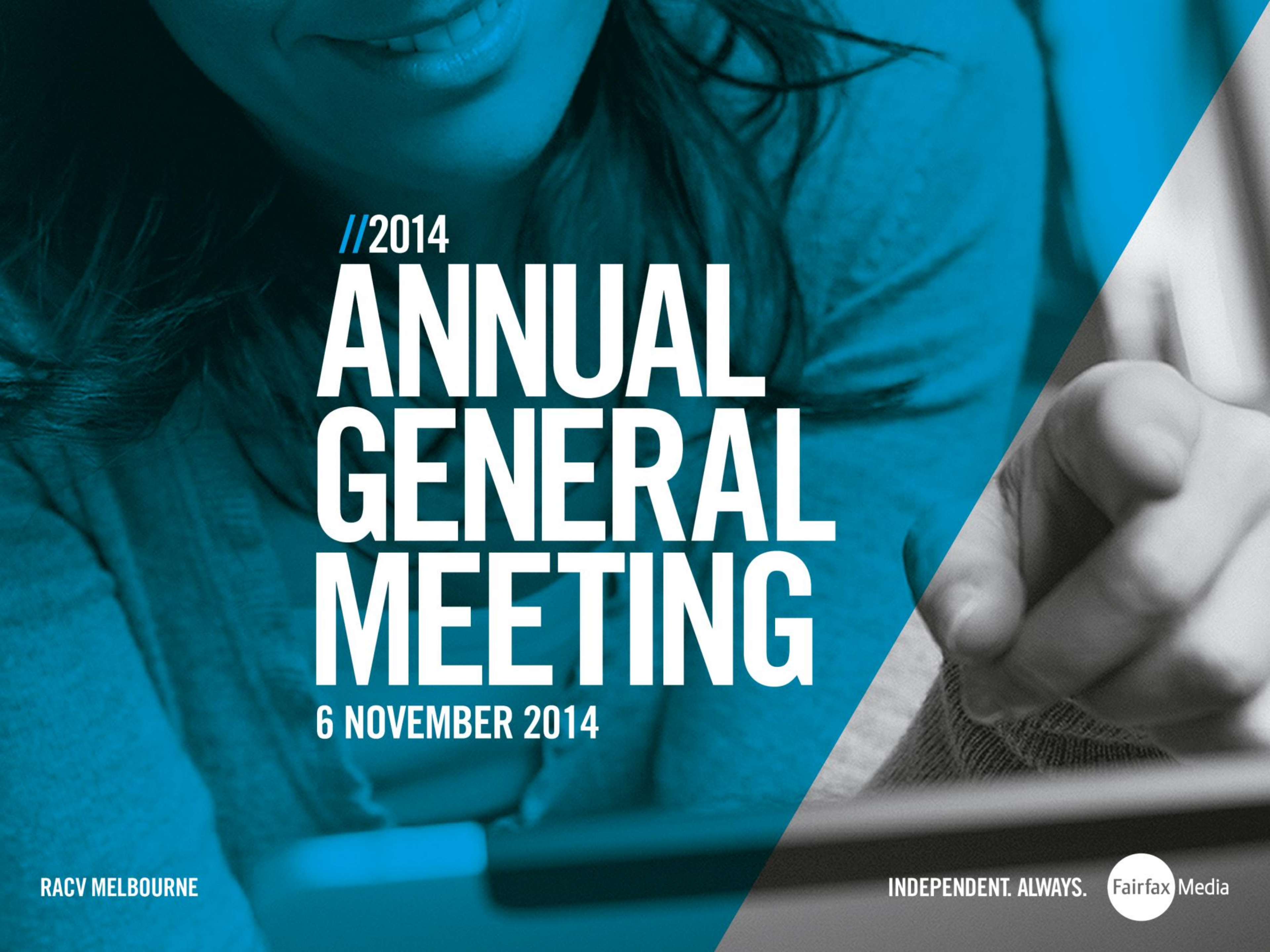
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ANNUAL
GENERAL
MEETING
6 NOVEMBER 2014
RACV MELBOURNE
INDEPENDENT. ALWAYS.
Fairfax Media

CHAIRMAN'S ADDRESS

//ROGER CORBETT

STABILISING OPERATING EARNINGS IN FY14

$306m
Underlying EBITDA
Excluding Businesses Divested

+2% ON LAST YEAR

$224.4m
Statutory Net Profit
After Tax

$16M LOSS IN FY13

6.6¢
Underlying EPS

+78% ON LAST YEAR

4¢
Total Dividends
Fully Franked

DOUBLE FY13 DIVIDEND

$284m
Cashflow

FROM TRADING

$68m
Net Cash
As at 29 June 2014

NET DEBT OF $154M IN FY13

MILESTONES IN TRANSFORMING OUR BUSINESS

DELIVERING FAIRFAX OF THE FUTURE PROGRAM

FY14 core operating costs down 6.3% for continuing businesses and down 13.8% for publishing

$311m annualised savings by FY15

Incremental EBITDA contribution of $120m in FY14

BECOMING A LEANER AND MORE AGILE BUSINESS

Partnering with contact centre services provider

Outsourcing of advertising production

Subletting of real-estate

Use of centralised sub-editing services

CLOSURE OF CHULLORA AND TULLAMARINE PRINT SITES

Re-scaling into upgraded plants at North Richmond NSW and Ballarat VIC

North Richmond recognised by PANPA as Print Centre of the Year in 2014

PRINT PARTNERING IN AUCKLAND, NEW ZEALAND

APN providing printing services at its Ellerslie facility

Avoiding NZ$20m capital cost

MILESTONES IN TRANSFORMING OUR BUSINESS

DIGITAL SUBSCRIPTIONS (SMH & THE AGE)

Established with strong performance in first year

Contributed total revenue of $24m in FY14

STRATEGIC CORPORATE TRANSACTIONS

Sale of Stayz for $220m at 16.8x EBITDA multiple

Investment in Digital Ventures portfolio

Merger of RSVP and Oasis Active

INVESTING IN DOMAIN GROUP

Acquisition of Property Data Solutions for $30m

Acquisition of Allhomes in Canberra for $50m

STRENGTHENING AND SUSTAINING AUSTRALIAN COMMUNITY MEDIA

Building a modern, stronger rural and regional media network of 150+ mastheads

Simplified management structure

New operating model to drive consistency, reduce duplication and cost

STRATEGY TO DELIVER GROWTH

CONTEXT	OUR STRATEGY		
STRONG MULTI-MEDIA AUDIENCE, BRANDS & CONTENT	BUILDING OUR SERVICES AND SUBSCRIPTION OFFERINGS	LEVERAGING OUR AUDIENCES AND ENGAGEMENT TO DELIVER NEW PRODUCTS AND SERVICES	
CHALLENGING ADVERTISING REVENUE ENVIRONMENT	CONTINUING OUR DIGITAL TRANSFORMATION JOURNEY & PURSUING NEW REVENUE INITIATIVES	EVENTS, CONTENT MARKETING, DATA & OTHER SERVICES	
STRONG BALANCE SHEET	CONSIDER SELECTIVE OPPORTUNITIES	STRATEGIC ACQUISITIONS FOR DOMAIN GROUP	50:50 JOINT VENTURE WITH NINE ENTERTAINMENT CO. TO LAUNCH VIDEO STREAMING SERVICE

REMUNERATION ARRANGEMENTS

- **Shareholders approved new remuneration arrangements at AGM in 2013. These arrangements continue for the 2015 year.**
- **Transformation incentive scheme introduced in 2014 for our most senior executives to better align with the Company's future performance and delivery of transformation strategy.**
- **The new scheme comprises a proportion of long-term options and a smaller proportion of deferred performance shares granted at the end of the year for achieving milestones:**
  - Incentive aligned with achieving total shareholder return targets.
  - Options will only vest if absolute total shareholder return growth performance condition is satisfied in subsequent years.
  - Small percentage of incentive opportunity in the form of deferred performance shares, granted for achieving annual milestones in the transformation strategy.
  - Half of the shares granted following testing of performance will be deferred for 12 months and the other half for two years.
- **10% of fixed remuneration sacrificed** by key management executives to purchase Company shares in 2014 and continues for 2015.
- **Non-Executive Director base fees reduced by 10%** from 1 July 2013.
- **Freeze on majority of senior executive base salaries continued in 2014.**
- **Long-term incentives under previous plans did not vest** having been granted previously and tested at the end of the performance period this year.