



**Fairfax Media Limited
Annual General Meeting
11 November, 2010
Address of Roger Corbett, Chairman**

MELBOURNE, 11 November, 2010

Ladies and gentlemen welcome to the Fairfax Media Limited 2010 Annual General Meeting.

I am honoured to address you for the second year as Chairman. It is also a great pleasure to be meeting here in Victoria, the home of some of our very important assets including The Age, theage.com.au, radio station 3AW, several modern printing facilities and a stable of strong local community and regional newspapers such as the Weekly suburban network in Melbourne, The Border Mail in Albury/Wodonga, The Courier in Ballarat, The Bendigo Advertiser and The Ararat Advertiser to name just a few.

It is particularly appropriate to be meeting in Melbourne in the year in which our new Media House was opened – a modern, environmentally responsible 5 star building where many of our businesses now work under one roof. This building proudly presents our brands to the Melbourne community. With its technology and the integration of our various businesses, the building reflects the evolving nature of Fairfax as it addresses the changing media environment.

Before I begin my substantive address I should let you know that as today is Remembrance Day we will halt the proceedings for 1 minute's silence at 11am regardless of where we are up to in the proceedings of the meeting. I hope that you will understand even if 11am comes at an inconvenient time.

It is also my pleasure today to introduce to you the members of the Board and senior executives on the stage. Information regarding each of the directors is contained in our Annual Report beginning on page 10.

Starting on my left, may I introduce:

Michael Anderson

Sandra McPhee

Nicholas Fairfax

Bob Savage

Brian Cassell (Chief Financial Officer)

Brian McCarthy (Managing Director and CEO)

Gail Hambly (Company Secretary)

Peter Young

John Fairfax

Linda Nicholls

Sam Morgan; and

Greg Hywood

Without further ado I will move on to talk to you about our company and its progress this year.

Fairfax Media is a company which is at the forefront of the rapidly changing media world. Via new technologies and channels, as well as our radio stations and newspapers, Fairfax is now reaching larger audiences than at any time in its history. Our news websites are among the most visited in Australia and through the depth and breadth of content, Fairfax radio stations and publications of all types continue to play a very important role in informing the nation, stimulating debate and enhancing the working of the democratic process.

The Global Financial Crisis made the last 2 years challenging for all businesses. This was more so for media companies which are highly geared to the economy. In addition, metropolitan print media has faced continued market changes worldwide as media consumption habits change and new competitors emerge.

Some years ago, Fairfax Media recognised the changing environment it faced and commenced proactive measures to accommodate the effect of these changes on its existing businesses and to establish new businesses to take best advantage of the structural changes. The company has diversified its earnings streams away from an

almost total dependence upon two metropolitan newspapers. This was the traditional profile of the company.

Through internal development of new print and online businesses, judicious acquisitions such as Trade Me and the Southern Cross Radio assets, the merger with Rural Press and various other online acquisitions, our earnings have now diversified considerably in geography, format and platforms. These actions have expanded existing revenues and generated new revenue streams.

The success of this diversification is illustrated by the fact that the Metropolitan Media Segment of the Company reported in our financial statements now represents under 17% of the total earnings before interest and tax, compared to over 70% just seven years ago. Indeed, in 2010 the two major Australian metropolitan titles represented less than 10% of the company's earnings.

On an operational basis, management has instigated a number of steps to improve efficiencies across the entire organisation. Although much work has been done, we face the ongoing challenge of changing consumer habits in a continually evolving media sector and our business must similarly evolve to meet the news and information consumption habits of our vast audiences.

Our CEO, Brian McCarthy will provide more detail about some of the company's initiatives shortly in his address to this meeting.

Although the last two years have been economically challenging and the company has had to make some difficult decisions, we have continued to invest in the training and development of our staff and development of our products.

As evidence of the value of this commitment, Brian McCarthy will provide you with some detail of the major awards Fairfax has won in the last year and as shareholders, you should all be very proud of the achievements of our staff and the quality of our publications.

You have had the Annual Report since 21st September, so I will not go into the detail of the financial performance during the past financial year. Brian will address some

of the key points in his address. There are, however some important points I would like to highlight.

Firstly, there has been a major turnaround in the profitability achieved by the Company.

- In 2010 we recorded a net profit after tax of \$282 million compared to a loss of \$380 million the year before; and
- On a continuing business basis, EBITDA increased 7% to \$639 million.

The actions we have undertaken to improve efficiencies came to the fore in the second half of the financial year when revenues increased 6% while EBITDA increased 34%.

These are very creditable results in the circumstances and compare favourably to both domestic and global media companies.

Secondly, over the last financial year we reduced our debt levels by almost \$350 million with another reduction anticipated in the 2011 financial year and I am very pleased to report that just this week, ratings agency Standard and Poors advised they have given Fairfax a positive outlook on its credit ratings. The Company is now in a much stronger financial position and is able to focus on further developing its multi platform capabilities.

As you are well aware, in 2009 the Board had to take the difficult decision to reduce dividends to prioritise debt reduction. The Board understands the importance to shareholders of a stable dividend stream and this decision was not taken lightly.

As I have just mentioned, we were successful in reducing our debt levels and in the 2010 financial year the Board felt it appropriate to pay a final fully franked dividend payment of 1.4 cents per share. The final dividend, together with the interim dividend of 1.1 cents per share paid in March 2010, provided a total dividend payout of 2.5 cents per share, representing a payout ratio of approximately 21%.

An increase in the dividend payout ratio is an important Board objective. As part of our continual review of capital management, we closely monitor business and trading conditions, capital requirements and debt market conditions with a view to moving the payout ratio higher as the company's earnings, credit metrics and the strength of its balance sheet continue to improve.

These improvements in operations, earnings and financial position are a testament to the hard work and commitment shown by our CEO and Managing Director Brian McCarthy, his management team and all of the staff of Fairfax Media. I thank them for their continued efforts and achievements.

I would now like to turn to discussion about the Board. As you will have seen from the Notice of Meeting, we have a number of new directors standing for election for the first time and 2 ongoing directors standing for re-election.

The annual general meeting last year saw a number of Board retirements. This in turn provided an opportunity for the Company to refresh the Board and enhance its skills to face the challenges of the new world.

As I foreshadowed last year, we undertook a full review and skills audit of the Board this past year and this resulted in a number of new directors being appointed to the Board.

We welcome to your Board Sandra McPhee, Linda Nicholls, Sam Morgan Michael Anderson and Greg Hywood who were all appointed during 2010. They all stand for election today. Also standing for re-election are ongoing directors Robert Savage and Nicholas Fairfax both of whom have provided invaluable skills to the Board since their last election 3 years ago.

I will not, as part of this address, go into detail regarding the skills and qualifications of each director standing for election or re-election. This has been adequately covered in the Notice of Meeting. I would like to state however, that I believe the Company now has in place a team of Board members with the required skills to take the Company forward, while at the same time maintaining our excellent journalistic

traditions. I'm sure shareholders will look forward to meeting with the new directors at the conclusion of the meeting

At this point I would also like to take the opportunity to say thankyou and bid farewell to one of our most esteemed directors, Mr John B Fairfax.

John indicated some time ago that he would not seek re-election at this annual general meeting and we are grateful to him for giving us the time to find candidates with appropriate skills to at least in part fill the gap made by his retirement.

John has enjoyed a half century association with Fairfax. He began with the company as a cadet journalist in 1961. His achievements are numerous and far too many to mention in this short address.

We thank him for his depth of experience and his important contributions to the Company both directly and indirectly over the past 50 years and wish him well for the future. Of course, John will continue to have a significant interest in the Company via his family company shareholding.

John I would at this point like to invite you to say a few words to mark the occasion.

Thank you John.

Finally on behalf of the Board I would like to thank the 10,000 people who make Fairfax Media the leading media company in Australasia and one of the best media companies in the world. Their enthusiasm and confidence in delivering great news, information and entertainment to all of our audiences is the key to our success.

With its diversified portfolio of media assets, new media initiatives, sound financial position, new Board members, committed management team, skilled and dedicated staff, Fairfax is well positioned to improve returns to shareholders with recovery in the economies in which it operates.

I look forward to the remainder of the meeting, your questions and comments and the opportunity to catch up with you at the conclusion of the meeting.

I would now like to call upon Brian McCarthy to address the meeting.

-- ENDS --

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