

2005 Annual General Meeting

Written Questions from Shareholders

Of the shareholder forms returned to the Fairfax Share Registry on “Questions from Shareholders”, there were three principal areas of queries. Those questions, and the company’s responses, are as follows:

Question 1: Will the Board resist increasing profits by sacking journalists, and acknowledge that the quality and independence of Fairfax publications, and their unique selling position, requires experienced and able staff?

Response: We will not undermine our capacity to put out the best newspapers in Australia. We have no intention to reduce quality. We are confident that the present redundancy program does not do that.

Notwithstanding the redundancy program, which is anticipated to encompass about 55-60 staff at Herald Publications and The Age, we will still have the biggest, best and most experienced newsrooms in the country – with 900 journalists at The Age and the Sydney Morning Herald and Sun-Herald, and their magazines. This is a formidable pool of editorial talent.

The quality of newspapers is about more than costs. It is about editorial leadership and ensuring the paper is in touch with its audience and the communities it serves. The SMH has an excellent new editor in Alan Oakley. The Age has clearly improved under Andrew Jaspán.

We are working with the editors to implement these changes without any loss of quality.

Question 2: Shareholders are being asked to approve the issue of shares to the managing director without being aware of the full details of the

performance criteria set by the Board. Shareholders, if they are to vote responsibly, need to be informed of these details prior to the AGM.

Response: A comprehensive statement on the performance criteria for Mr Kirk was posted with the ASX on November 4 and is also on the company's website (www.fxj.com.au). This sets out what the KPIs are, but in relation to financial targets, it does not disclose the specific number target.

Question 3: In the Remuneration Report, pages 33-41, numerous references to 'align the interests of executives and Fairfax shareholders' over the longer term, or 'more closely align shareholders' interests with the company's remuneration principles.' What does this mean?

Response: The company wants to hire – and retain – excellent employees of the highest calibre, and wants to be an employer of choice in a highly competitive environment. At the same time, remuneration packages are benchmarked, with incentives devised to advance the achievement of the company's commercial objectives. Remuneration policies and practices are reviewed regularly, with the benefit of objective, outside advice, to ensure that proper balances are struck and that remuneration is consistent with value to shareholders.

Bruce Wolpe
Director, Corporate Affairs
18 November 2005