



**Fairfax Media Limited
Annual General Meeting
30 November, 2007
Address of David Kirk**

Good morning ladies and gentlemen. It is once again a pleasure to address you today as Chief Executive Officer of this great company.

2007 has been a year of expansion, achievement and success for Fairfax Media:

First, we have reported solid profit results.

Last year, we had strong performance in our digital businesses, regional and rural publications, financial publishing, and magazines. This more than offset economic weakness in the greater Sydney metro market and in New Zealand.

Second, we are delivering on our mergers and investments.

I am pleased to report to all shareholders, and especially the Rural Press shareholders who are here today, that the integration of Rural Press with Fairfax Media is proceeding as planned and we are very pleased with the outcomes that have been achieved so far.

Employees at both Fairfax and Rural Press are to be commended on how smoothly the process of integration is progressing.

We anticipate cost benefits of \$45 million will be generated over the next two financial years and we are well on track to achieving those benefits in that timeframe.

As the Chairman mentioned, Trade Me exceeded its pre-acquisition earnings targets, and our program to secure the benefits of the acquisition of the Southern Cross radio and television assets is well underway.

What is significant, however, and what I want to outline to you today, is the continuing success of our strategy of diversification and growth – in publishing and digital, and now in radio – for Fairfax Media.

Diversification of our revenue streams has been an important element of our strategy and an integral part of our success in the ever-changing media landscape.

The changes have been quite dramatic, and tell the story.

The pie charts on the left reflect the earnings of the Company from a historical perspective.

Six years ago, approximately 80% of our earnings came from the Australian Metropolitan papers in Sydney and Melbourne.

The pie chart on the right indicates how the earnings of the company have now diversified.

Over the past few years we have successfully reduced volatility of earnings by investing in other media properties not intrinsically tied to the fortunes of Sydney and Melbourne.

No longer are we totally dependent upon Metropolitan papers for our earnings. Our media assets are now spread geographically and are subject to a wider range of economic influences.

We are confident this diversified group of media assets will generate earnings growth and in turn shareholder value for many years to come.

Last year, I laid out the important priorities for the business.

These were:

- To defend and grow our newspaper publishing business.
- To seek aggressive growth online, and
- To work to build a digital media company for the 21st century.

I would like to review the major achievements for the 2007 financial year against these priorities.

In defending and growing our newspaper business, we can report:

- The merger with Rural Press Limited, and
- A strong contribution for the final two months of the year, from the excellent portfolio of Rural Press publications, in Australia and offshore.
- Acquisition of the Border Mail, and
- Acquisition of the Riverina Media Group.
- Circulation and readership growth in our major metropolitan newspapers, The Sydney Morning Herald, The Age and The Australian Financial Review, and circulation growth in magazines.
- Solid growth in Fairfax Business Media, with very strong performance for the AFR newspaper.
- Sound performance in difficult trading conditions in New Zealand.
- Solid earnings growth in Fairfax Magazines.

I consider one of the strongest measures of success for our newspapers is their connectedness with the communities they serve. There are examples throughout the Group.

At the PANPA Awards, the Bendigo Advertiser, The Advocate, The Land and the Hawkesbury Gazette all won major awards for excellence. Several mastheads were commended. And The Age was named Newspaper of the Year.

Our stellar performance last night, where our publications, in print and online, won more Walkley Awards for excellence in journalism than any other media company in Australia also makes us, and I hope you, very proud.

Our newspapers don't only connect with their communities via the news – they also connect with causes that capture our readers.

A prime example is The Sydney Morning Herald and its involvement with Earth Hour.

Earth Hour was the brainchild of Phil McLean, our Group Executive Editor. Together with a good friend at Leo Burnett, a brilliant idea emerged: could Sydney turn off its lights to make a statement to the world about global warming?

That idea turned into one of the most successful environmental initiatives in recent times.

Because of The Sydney Morning Herald, 2 million Sydneysiders became involved in Earth Hour. Two thousand two hundred businesses participated by turning off their lights on the night.

Here's some film to explain what we did – and where we go from here.

Earth Hour is part of our continuing commitment to protecting and conserving our environment.

As a company, we are in the process of measuring our total carbon footprint, and we will ultimately implement a carbon reduction strategy.

Continuing now with the second business priority – aggressive growth online – there were several achievements:

- Trade Me in New Zealand achieved the pre-acquisition earnings targets.
- Fairfax Digital achieved strong revenue and profitability growth, and continued online news leadership.
- New online initiatives in a host of areas, including the launches of Brisbanetimes.com.au, BusinessDay.com.au and afr.com.
- Rapid growth in video content distributed online.

I'd like to show you more about this development:

With respect to our third priority of building a digital media company that is fit for the 21st century:

We are progressing steadily to meaningful integration through the creation and distribution of multimedia content, multimedia sales, and cross media marketing and promotions.

We are building the infrastructure to carry us forward as a digital media company:

- We have successfully completed the move in Sydney to One Darling Island, where we are now publishing The Sydney Morning Herald and The Sun-Herald from the Newsroom of the future: an integrated, digital newsroom where print and online editors sit and work together to make editorial decisions across all our platforms. It is the most advanced newsroom in the country – reflecting the convergence of media content and our ability to distribute it in print, online, in video and audio, and on mobile platforms.
- We intend to build the same advanced newsroom in Melbourne as part of a new headquarters for The Age and 3AW in Melbourne. This major project will be formally announced next month.

As mentioned earlier, the acquisition of the Southern Cross metropolitan radio assets and the Southern Star television production business is a strategic expansion for Fairfax Media and will enhance our position in metropolitan media markets and on the internet generally.

An equal part of our success is the excellent cost management of the publishing businesses, while continuing to gain circulation and set the news agenda.

To summarise, we are successfully pursuing a dynamic strategy of diversification and growth. This is underpinned by our focus on defending and growing our newspapers, aggressive growth online, and building a digital media company for the 21st century.

For the year ahead, your management team has two clear key priorities:

- First, to generate earnings per share growth through continuous operational improvements, achieving the synergy benefits from the Rural Press merger and Southern Cross Broadcasting acquisition and to continue the strong investment and growth in earnings from our digital businesses.
- Second, to maintain the pace of change occurring in our working processes, capabilities and culture as we grow in an increasingly complex media and digital world.

Taken together, Fairfax Media in the years ahead will enjoy the benefits of these investments and strategic initiatives, with steadier and stronger earnings growth than the past.

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

Year to date October trading performance was strong with like-for-like revenue growth in the mid single digits. Fairfax has changed considerably in the last 6 months with the merger of Rural Press and other acquisitions. The integration of the businesses is performing in accordance with our expectations. With the usual disruption of advertising markets caused by the Federal election and the subsequent period of adjustment, we are not able to accurately predict the first half revenue outlook.

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Finally, I also want to pay tribute to our staff. Their dedication to quality journalism, exceptional sales ability, expertise in digital content and technology, excellence in printing, service to our customers, and making our offices work so effectively is deeply appreciated by management and the Board.

These are very positive and exciting times for the company, our staff and our shareholders.

Thank you.

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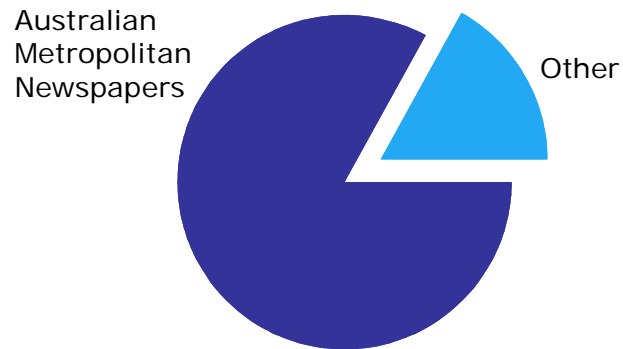
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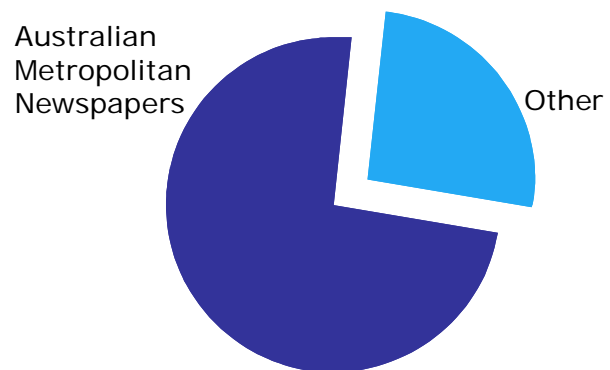
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Fairfax Media Diversification and Growth

FY2000 EBITDA¹

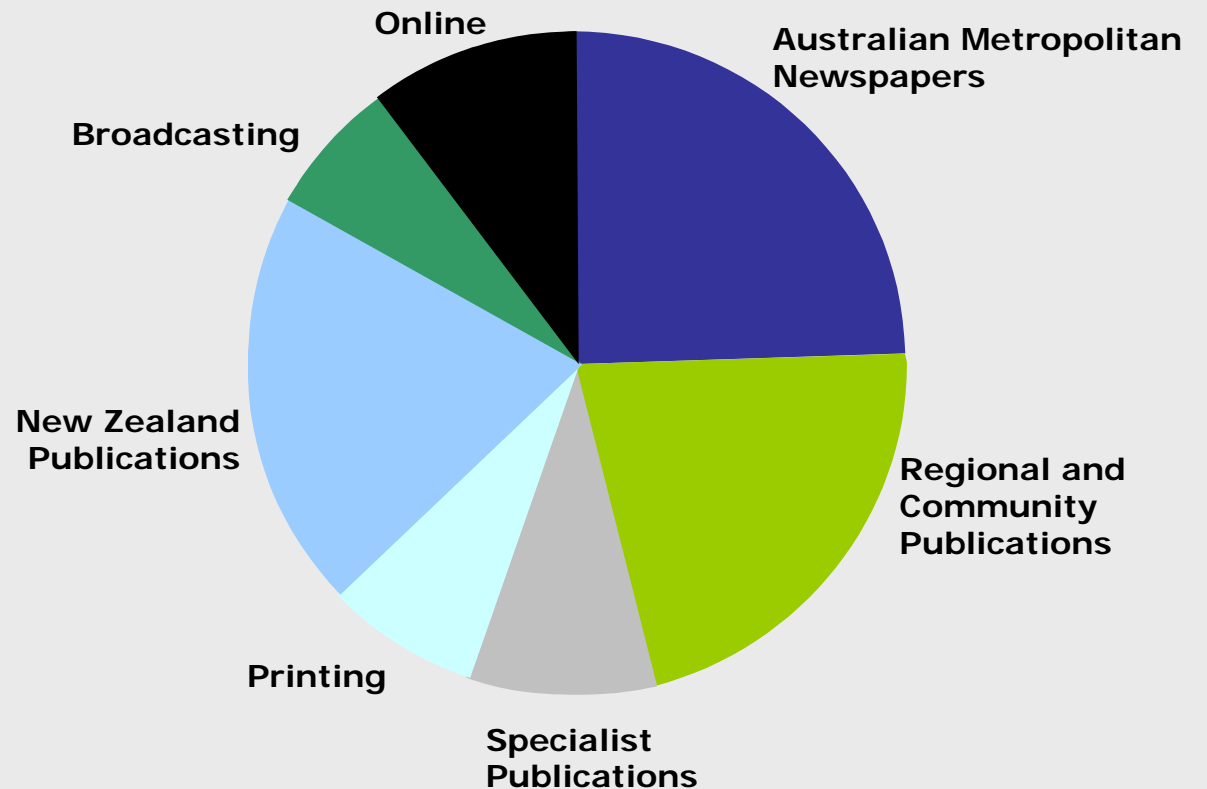


FY2003 EBITDA¹



¹ EBITDA = Earnings before Interest, Tax, Depreciation and Amortisation

PROFORMA FY2007* EBITDA¹



*Includes 12 month results for Rural Press and Southern Cross for FY2007