



**Fairfax Media Limited
Annual General Meeting
10 November, 2009
Address of Roger Corbett**

SYDNEY, 10 November, 2009

Good morning ladies and gentlemen.

Welcome to the Annual Meeting of Fairfax Media Limited for the year 2009.

This is my first Annual General Meeting as your Chairman, which is both a privilege and an honour: a duty which I shall endeavour to carry out at all times to the best of my ability; serving you, the shareholders, the Board, the management and indeed all of the Fairfax team across this great company.

I shall say more about the Board a little later.

I do not presume my re-election later in the meeting; indeed it could be that I might be the shortest surviving Chairman on record!

The world media industry has faced a completely unprecedented set of circumstances since we last met this time last year. The effect of a combination of the impacts of the world financial crisis, and resultant fallback in advertising, and therefore our revenues, and the ongoing structural changes, have impacted on media companies around the world.

As a result of Fairfax's policy of major diversification over the last 5 years, and some outstanding work by the entire Fairfax team at all levels, under the leadership of Brian McCarthy, the Company has produced an EBITDA result of in excess of \$600 million. By comparison with media companies both in Australia and Internationally, this is a creditable result.

Brian will give more details on the result, and our current trading, a little later.

There have been some difficult issues that the Board has had to deal with, particularly over the past few months. These issues have been well publicised and I will not go into them in detail here.

We cannot change what has happened in the past but I can assure shareholders that these issues have been resolved and it is time for the Board to move forward.

As Chairman, I shall endeavour to ensure that the Board works as one for the benefit of all shareholders and will have one voice. We will work together with management to capture the opportunities and meet the challenges facing the media industry today.

Further, we are undertaking a full review and skills audit of the Board. The audit is highlighting areas where the Board needs to be strengthened, particularly in the areas of new media.

This will be an ongoing process and I hope to present to shareholders a number of new Directors next year.

You will also have noticed that both Julia King and Ronald Walker have chosen not to be present at today's meeting.

Julia has been a Director for more than 14 years and has served this Company with distinction during each of those years. She has brought a wealth of experience and expertise to the Board especially in the areas of advertising and marketing. We wish Julia all the best in the future.

Ron has been a Director for 6 years and Chairman of the Company for the past four. Over this time Ron has been a passionate and tireless worker for the Company. I wish to acknowledge the great contribution and leadership that he has made during his time on the Board and as Chairman.

Ron resigned as Chairman on 30 October, and will retire as a Director effective at the close of this meeting. Ron chose not to be here today, as he thought it important for the company to move forward from the issues of the past few months, and commence the process of regeneration.

It is also with regret that I confirm the resignation of David Evans from the Board, effective 15 November. David is with us today.

The Australian Communications and Media Authority has informed him that he cannot continue to be a Director of both Fairfax Media Limited and Village Roadshow Limited because Village has a substantial shareholding in Austereo, which owns radio licences in some areas which overlap with radio licences held by Fairfax. As a result he has made the decision to resign from Fairfax. The Company announced this yesterday.

I am very sorry that David has had to resign from our Board. In the four and a half years David has served on the Board he has made a very valuable and insightful contribution. We will miss him. We wish him the very best for the future.

Shareholders are aware that three external candidates have nominated for the Board. Messrs Steve Harris, Stephen Mayne and Gerard Noonan. All Directors have recommended against the election of these candidates.

We have taken this position as we believe the most effective process for Board renewal is for the completion of the full review of skills which is currently underway.

Each candidate will have an opportunity to address the meeting at a later time if they wish.

Finally, I would like to comment on the dividend issue, which of course we understand is very important to our shareholders.

The Board made a decision in December of last year to reduce the dividend payout ratio to 20% for the immediate foreseeable future.

This decision was not taken lightly and was made as a result of dramatically changed market conditions. As a result of the combination of the global financial crisis, and indeed industry structural changes referred to earlier, the level of the company's debt, in prudence, needed to be addressed by the Board.

This resulted in two major actions. First, the sourcing of future capital funds from the market, which I am sure shareholders were pleased to know were fully subscribed to the sum of \$624 million, and, secondly, for a period of time yet to be determined, the reduction of the dividend payout ratio to 20 per cent.

Directors do not like having to take the decision to reduce dividends; however it was prudent and was to the long-term benefit of all shareholders. We believe, under the conditions, it was the correct, albeit in some quarters, understandably unpopular, decision.

At this time, the paying down of debt remains a priority and we believe for the foreseeable future the current 20% payout ratio will remain in place. Obviously the Board will continue to look very closely at the dividend policy with a view to moving the dividend payout ratio higher as conditions allow.

As I noted earlier, the global media industry faces unprecedented structural changes.

Whilst these clearly will have an impact on our business, they also provide the Board and Management with a chance to address the changing needs of the marketplace. Your Board believes that being flexible and adapting this business as the needs of the market place change, is fundamentally necessary if the company is to grow and prosper.

Your Directors and management are, and will be, focussed on this issue moving forward. Whilst the market is moving quickly your Directors will be careful to make considered and constructive decisions in light of both market trading conditions and the opportunities and challenges that are and will become available.

Thank you for your support.

I look forward to the remainder of the meeting, and your questions and comments later.

I now call upon Brian McCarthy to address the meeting in some detail about our last year result and trading conditions.

As shareholders are aware, Brian assumed the position of Chief Executive on December 10 last year, so a significant part of this trading year has come under his stewardship, particularly the difficult second half.

This follows the resignation of David Kirk, who made a significant contribution to this company in the diversification phase. We are grateful for David's contribution.

Over to you Brian

-- ENDS --

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