



FAIRFAX MEDIA ANNOUNCES BUSINESS IMPROVEMENT PROGRAM

SYDNEY, 26 August, 2008: Fairfax Media Limited [ASX:FXJ] said today it would begin implementing during the first half of the 2009 financial year a business improvement program across the Group's corporate division, Australian publishing and printing businesses and Fairfax New Zealand. A wide range of initiatives will result in a head count reduction of approximately 550 employees in Australia and New Zealand, or approximately 5% of the Company's full time workforce.

The program will deliver around \$50 million in annualised cost savings. Approximately \$25 million of the savings will flow into the 2009 financial year result.

The Company will book a one-off charge of approximately \$50 million for redundancy and associated costs.

Mr David Kirk, CEO, said:

"This is the third wave of business improvement initiatives we have undertaken over the past three years. Over the course of the 2006 and 2007 financial years we achieved \$52 million in ongoing real cost reductions. Cost synergies associated with the merger of Fairfax Media and Rural Press and the acquisition of Southern Cross Radio produced a further \$53 million in savings (\$45 million Rural Press, \$8 million radio). All of these synergies will be realised by the end of this financial year.

"With the new organisation structure in place and line management operating effectively, now is the time to launch a third wave of business improvement which will deliver benefits over the next two years.

"Media companies fit for the modern media world need to be lean and agile. This far-reaching program will position us well for the next stage of our growth and development."

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