



## **FAIRFAX MEDIA BOARD OF DIRECTORS ANNOUNCEMENTS**

SYDNEY, December 10, 2008 – The Board of Directors of Fairfax Media Limited [ASX:FXJ], issued the following announcements after its meeting today:

### **Chairman Ronald Walker**

The Board announced today its unanimous support for the Chairman, Ronald Walker, and acknowledged the great contribution he continues to make to the Company.

### **Appointment of Brian McCarthy as CEO and Managing Director**

Mr Brian McCarthy has been appointed Chief Executive Officer and Managing Director of Fairfax Media Limited, effective immediately.

Mr Ronald Walker, Chairman of the Board, said:

“Brian McCarthy is an excellent choice given his deep and extensive media experience and very successful track record as Managing Director of Rural Press Limited for 13 years. Fairfax Media has benefited enormously by his achievements as Deputy CEO and CEO, Australia, where he has managed the Australian publishing and printing assets. Mr McCarthy is the right person with the right experience at this time to run the Company.”

### **Dividend Reduction and Actions**

The Chairman announced today that, given the significant recent deterioration in the global outlook, and the high level of economic uncertainty ahead, the Board has decided to temporarily reduce its dividend payout ratio to approximately 20% for the interim dividend payable in March 2009 to preserve capital to facilitate debt reduction.

The Board intends to be able to return to its policy of a payout ratio of approximately 80% through the cycle as soon as economic conditions permit.

Given the current global economic environment, the Company is well positioned to manage the downturn. Key points include:

- (1) The diversification of Fairfax Media from a metropolitan newspaper publisher to a broader media group is significantly helping mitigate the impact on earnings in this difficult economic environment. With respect to concerns about debt levels, we note that the major acquisitions and mergers over the last three years of Trade Me, Rural Press, and Southern Cross, which have contributed to the diversification of Fairfax Media, have been financed over 70% by the issue of new equity.
- (2) Continuing to aggressively reduce the cost base in this economic downturn by implementing a significant business improvement program in August 2008. The review and containment of costs is ongoing.
- (3) Contain the Company's capital expenditure.

- (4) The Company has minimal re-financing requirements until 2011. Under the current cycle of interest rate reductions, the Company will see a significant reduction in our interest costs in the second half of the 2009 financial year with further reductions anticipated in 2010.
- (5) We have completed the sale of Carnival Film and Television Limited, formerly a part of Southern Star.

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