



ANNOUNCEMENT

SYDNEY, 28 September, 2009: Fairfax Media Limited [ASX: FXJ] advises it has received the attached announcement for release to the market from its Independent, Non-Executive Directors.

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A STATEMENT BY ALL OF THE INDEPENDENT DIRECTORS OF FAIRFAX MEDIA LIMITED

28 September 2009

The Independent Directors of Fairfax Media Limited (“The Independent Directors”) note with deep regret the statement issued today by Chairman Ronald Walker in relation to his decision not to seek reelection at the forthcoming Annual General Meeting.

The Independent Directors wish to express their thanks to Mr Walker for his stewardship of the Board and many achievements on behalf of Fairfax Media Limited shareholders during very challenging times for all media companies. Mr Walker has led the Board with great integrity and strength, and has upheld the highest standards of corporate governance at all times. The Independent Directors wish to express their gratitude to Mr Walker for characteristically placing the best interests of all shareholders ahead of his own personal interests in this matter. The circumstances and some of the developments of the past weeks are deeply regrettable, however it is to be hoped that his decision to not seek re-election will allow the company to rule a line under these events and move forward.

The Independent Directors have noted statements and reports in media coverage over the past fortnight in relation to the recent past history of Fairfax Media Limited, and are concerned that the market is ill-informed.

Any review of the Board minutes and the available relevant evidence would show the following to be fact:

1. All directors of the Fairfax Media Limited voted unanimously in favour of every one of the recent acquisitions made by the company.
2. Between June 2004 and June 2008 the company markedly reduced its earnings risk profile via a successful program of revenue diversification away from metropolitan newspapers. This acquisition program was funded in the majority through the use of equity, not debt.
3. All directors approved the following statement being made to the ASX on December 10 2008: “With respect to concern 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.**”
4. The Independent Directors were made aware of the margin loan taken out by Marinya against its stake in Fairfax Media Limited by market speculation, not by Marinya or any of its directors. It was regrettable that when the Marinya margin loan speculation entered the market, the company’s shares suffered a dramatic loss in value.
5. The decision to reduce the dividend payout ratio of the company was made with regard to all of the relevant information available at the time, and in the best interests of all shareholders, and agreed to by all directors.

Deputy Chairman Mr Roger Corbett will take soundings from shareholders in Fairfax Media Limited in coming days on their views in relation to the way forward following Mr Walker’s decision not to seek reelection. It is to be hoped the election of Mr Walker’s successor as Chairman can be resolved amicably and quickly. We wish to bring to an end the damage being done to this fine company’s reputation and the morale of its employees.

Issued by:

Ms Julia King, Mr David Evans, Mr Robert Savage, Mr Peter Young and Mr Roger Corbett.

FD Third Person

Ross Thornton/Jim Kelly 02 8298 6100