



FAIRFAX MEDIA COMPANY UPDATE

SYDNEY, 12 May, 2009: Mr Brian McCarthy, Chief Executive Officer and Managing Director of Fairfax Media Limited [ASX:FXJ], today issued the following statement on the Company's outlook for the 2009 financial year and further developments within the Company.

"In the weeks since Easter, a clearer picture has emerged in relation to trading conditions in advertising markets in both Australia and New Zealand. It is apparent the markets have continued to deteriorate and although the rate of deterioration has abated, advertising levels are not expected to show any marked improvement at least for the rest of this financial year.

"Assuming no further major deterioration in trading conditions, the Company expects to report underlying earnings before depreciation, interest and tax (EBITDA) of circa \$600 million.

"Demonstrating the benefits of the Company's diversification programme, a more resilient performance from regional publishing, broadcasting and digital businesses has reduced the impact of more significant advertising declines in the metropolitan publishing business.

"Notwithstanding the advertising revenue declines, market shares have improved in key advertising categories. Also, circulation revenues have improved over the prior corresponding periods.

"Fairfax Media has undertaken wide ranging cost reduction initiatives. For the second half to date, total costs are approximately 10% lower than for the prior corresponding period. Management remains focussed on achieving further cost reductions.

"Consistent with these reductions the CEO, Directors and generally direct reports to the CEO have accepted fee and salary freezes.

"The new management structure, multi media diversification, cost initiatives and strength of the Company's performance in its markets ideally positions it to take advantage of any upturn in conditions."

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