



FAIRFAX MEDIA LIMITED ANNUAL GENERAL MEETING ALLOCATION OF PERFORMANCE RIGHTS TO THE CHIEF EXECUTIVE

SYDNEY, 15 October 2012: Fairfax Media Limited [ASX:FXJ]

The Company's Notice of meeting for its Annual General Meeting scheduled to take place on 24 October 2012 includes the following resolution:

"That approval be given for the grant of performance rights to the Chief Executive, Mr Gregory Hywood for 2013 and subsequent years, in accordance with the terms and conditions of the Company's Long Term Equity-Based Incentive Scheme and on the terms summarised in the Company's 2012 Annual Report and as summarised in the Explanatory Notes to this agenda."

The Company wishes to provide further clarity regarding some aspects of the operation of the Scheme as follows:

- 1. Board discretion:** If there is an offer to acquire the Company the Board has a discretion regarding vesting of the rights. In exercising that discretion the Board would be guided by the time remaining before the vesting test date of the rights, whether if the vesting tests were applied (that is, the performance hurdles of EPS growth and relative TSR) at the date of the offer the rights would pass the vesting test and the best interests of shareholders.
- 2. EPS hurdle:** the base case to be used for the EPS performance test for the 2013 allocation of rights will be the underlying 2012 EPS of 8.7 cents per share as set out in the 2012 Annual Report. Underlying EPS is calculated excluding significant items. Significant items are set out in note 4 to the audited accounts. A consistent methodology using underlying EPS will be used at test date.
- 3. Valuation of the performance right:** at 9 cents per right for the 2013 allocation was based on the value of the rights after allowing for the absence of dividends during the vesting period as well as the probabilities of achieving the EPS and TSR performance conditions over the relevant period. The allowance for the value impact of the EPS condition was assumed to be identical to that independently calculated by PwC as at 17 September (immediately prior to the release of the Notice of Meeting) for the TSR performance condition. The value of the TSR related rights was calculated by PwC in accordance with AASB 2 – Share Based Payments. The period over which EPS and TSR performance was assessed for the rights commenced at 1 July 2012 and the probabilities of achieving the TSR hurdle assessed by PwC reflect the performance of the Fairfax shares from that date to 17 September.

Contact:

Gail Hambly
Group General Counsel and Company Secretary
+61 2 9282 1674