

NOTES TO THE FINANCIAL STATEMENTS

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 30 JUNE 2013

31. EMPLOYEE BENEFITS

(A) NUMBER OF EMPLOYEES

As at 30 June 2013 the consolidated entity employed 7,043 full-time employees (2012: 8,416) and 1,384 part-time and casual employees (2012: 1,748). This includes 1,813 (2012: 2,094) full-time employees and 285 (2012: 310) part-time and casual employees in New Zealand.

(B) EMPLOYEE SHARE PLANS

The Company had three employee share plans during the period. The terms of each plan are set out below:

1. FAIRFAX EXEMPT EMPLOYEE SHARE PLAN

This plan is open to all Australian employees with at least twelve months service with the consolidated entity in Australia, whose adjusted taxable income is \$180,000 per annum or less. Under this Plan, participants may salary sacrifice up to \$1,000 of pre tax salary per annum for the purchase of issued Fairfax shares at the market price on the open market of the ASX. The shares are purchased by an independent trustee company on predetermined dates.

2. FAIRFAX DEFERRED EMPLOYEE SHARE PLAN

This plan is open to all Australian employees with at least twelve months service with the consolidated entity in Australia. Under this Plan, participants may salary sacrifice a minimum of \$1,000 and up to a maximum of \$5,000 of salary per annum for the purchase of issued Fairfax shares at the market price on the open market of the ASX. The shares are purchased by an independent trustee company on predetermined dates. Participants must nominate a 'lock' period of either 3, 5 or 7 years during which their shares must remain in the plan, unless they leave the consolidated entity in Australia.

3. LONG TERM EQUITY BASED INCENTIVE SCHEME

The long term incentive plan is available to certain permanent full-time and part-time employees of the consolidated entity.

2008 – 2012 Financial Year

Under this plan, the cash value of a percentage of an eligible executive's annual total fixed remuneration will be in the form of nominally allocated Fairfax shares, which are beneficially held in a trust. The shares will vest if the eligible employee remains in employment three years from the date the nominal shares are allocated and certain performance hurdles are satisfied. If the allocation does not vest at the end of year three, a re-test of the performance hurdles occurs in the fourth year. There are currently no cash settlement alternatives. Dividends on the allocated shares during the vesting period are paid directly to the eligible employee and the Company does not have any recourse to dividends paid.

2013 Financial Year

For 2013, participants in the plan received an allocation of performance rights (rights) which allow the executive to acquire shares for no consideration subject to achievement of the performance hurdles. No dividends are payable to participants on the unvested rights.

The number of rights to which a participant is entitled will depend on the participant's role and responsibilities. Allocations are set at a fixed percentage of the executive's fixed remuneration at the time they participate in the scheme. The value of the rights at the time of allocation is determined by an independent external valuer.