

**2004 Annual General Meeting
October 29 2004
Address by Dean Wills, Chairman**

Ladies and gentlemen:

I am pleased to be able to report to you that Fairfax is well-positioned for the year ahead. Each of Fairfax's businesses – metropolitan newspapers, our regional publishing operations, Fairfax New Zealand and Fairfax Digital – performed well above the solid growth we reported a year ago.

This has resulted in substantial growth in earnings per share for the year – up 48.5% – and a significant rise in dividends to shareholders, with the dividend increasing to 16.5 cents per share, up nearly 27%.

Taking into account the Company's strong operating performance, greater earnings stability, improved credit ratios, reduced capital expenditure, and healthy (and growing) free cash flows, your Board has revised our dividend policy. Going forward, we are targeting a higher payout ratio of approximately 80% of after tax normal profits through the cycle, up from 70%.

Taking all these factors into account – the excellent year just concluded, returns to shareholders, and a more promising array of options for further growth – I have strong confidence in our future.

Fairfax successfully implemented a number of major strategic initiatives during the year under review.

By any measure – management of the acquisition, operating performance, synergies and cost management, new and improved publications – Fairfax New Zealand has been an outstanding success.

As an important strategic acquisition, Fairfax New Zealand has strengthened the Company greatly, and now accounts for about 30% of the Company's revenues and operating profits.

I thank the staff in New Zealand for their efforts in working with us to implement the acquisition and carry the business forward so successfully.

I thank our distinguished Advisory Board – Wayne Boyd, Lloyd Morrison, Humphry Rolleston and Joan Withers – which has helped guide our course over the past year.

Our new printing plant at Tullamarine, and our upgraded plant at Chullora, are now performing well, with on time running, superb print quality, and 100% colour capacity.

The acquisition of Text Media has been successfully concluded, expanding our footprint in Victoria.

Fairfax Digital and our online businesses in New Zealand are profitable at the EBITDA level, with an improved competitive position in the market.

Additionally, as Fred Hilmer will report, we are performing soundly across all our businesses, with a focus on revenue growth and cost management.

We take great pride in our papers' coverage of their communities, our nation and the world.

The quality of Fairfax journalism is a defining difference, and a competitive edge, for our company.

We are honoured that The Sunday Star-Times was named newspaper of the year in New Zealand.

And we have just marked the 150th birthday of The Age.

The Age is Melbourne's oldest – and greatest – newspaper. Earlier this year, the Premier of Victoria, Steve Bracks, launched Reflections, a visual record – drawn from The Age's photographic archives – of the landmark events of the past century and a half.

We commissioned a video to capture some of The Age's legacy at the launch event in Federation Square.

I want to take a few minutes for you to see some of this history and the role of The Age over the past 150 years.

[screen video]

As a company, we rededicate ourselves to The Age's growth and vitality in the decades ahead.

And in that respect, we welcome Andrew Jaspan, the new editor-in-chief, and his appointment to the company's Executive Management Team.

As I stated in the annual report, this is a year of transition for the Company, and I want to update you on these developments.

The search for a successor to Fred Hilmer as CEO is proceeding deliberately and expeditiously. A short list of candidates is being developed and the candidates vetted.

As announced in September, we have also embarked on a process of renewal for your Board of Directors.

We warmly welcome Joan Withers from New Zealand, who was appointed in September and who stands for re-election today.

I also extend our thanks and appreciation to two former directors. Sir Roderick Carnegie served on our board for more than 12 years, and was an outstanding contributor throughout the many trials and tribulations we experienced during that time. We thank him.

We also thank Margaret Jackson for her valuable input and wish her well in her new role with Southcorp.

A search is also well under way to add two directors with relevant experience to the Board. They will be appointed as soon as circumstances permit.

I am pleased to announce that Ron Walker has been elected Deputy Chairman by the Board. This appointment reflects the importance we place on our Victorian businesses and recognises the role Ron has played and will continue to play in representing our company in Victoria. Ron is a pillar of the business community in Melbourne, and his additional input in support of Fairfax and The Age in that market is greatly appreciated.

This appointment is designed to reflect that specific ongoing contribution and should not be construed as an indication of future succession on the Board.

Before turning over to Fred, I want to reiterate the firm standing of the Company at this time.

In 2005, we have a real prospect of the enactment of significant reform in the media ownership laws, opening up new horizons for Fairfax's future. Fairfax has argued consistently that it is time to end the artificial constraints on our growth. We believe these reforms constitute sound public policy and will provide Fairfax with a welcome opportunity to pursue new options for growth.

As a leading newspaper publisher, with vigorous businesses in Australia and New Zealand, we believe Fairfax is well placed strategically to participate in new opportunities that may be afforded by changes to the media ownership laws. I expect we will be a critical player as events unfold.

In view of our better profit result, strong operating performance, the benefits of our acquisition in New Zealand and investment in new plant in Australia, and prospects of a more favourable legislative and regulatory environment, we remain most optimistic about Fairfax's future.

The position we are in reflects the hard work and dedication of all our staff, and my colleagues on our Board, and I extend my thanks for their efforts and commitment.

Each year, we take this opportunity to provide further guidance on the outlook for the first half of this financial year.

With total revenues continuing to track more than 5% above last year's level, we expect the growth in EBIT over H1 last year to be between 12% and 15%. The size of the increase will depend on the strength of the real estate market, growth in national advertising following the election in Australia and continued growth in New Zealand.

Thank you.