



Global Expert Finds Well Functioning Corporate Governance at INM

Dublin/London 4, June 2008: The Board of Independent News & Media PLC [‘INM’ or the ‘Group’] (ticker: INWS.I; INWS.L) today announced the findings of an independent assessment of INM’s corporate governance by global authority, Professor Jay W. Lorsch of the Harvard Business School, who found the Board to be “functioning effectively” and the management to be delivering “record revenues”.

Entitled “*Independent News & Media PLC Corporate Governance Assessment Report*”, the report is a thorough, independent analysis of INM’s corporate governance and was commissioned by the Board as a natural extension of its performance evaluation process reflecting INM’s continuing commitment to best practice standards, and is a form of diagnostic that the Board will subject itself to periodically.

Professor Lorsch is recognised as one of the world’s leading experts in corporate governance. He is the Chairman of the Global Corporate Governance Initiative, Faculty Chairman of the Executive Education Corporate Governance Series and the Louis Kirstein Professor of Human Relations at the Harvard Business School (*see appendix 2 for detailed biography*). Professor Lorsch is considered to be the preeminent expert in global corporate governance, he has detailed understanding of the Combined Code, he has advised public companies throughout the world and he has served as a board director for public companies.

To assess INM’s Board effectiveness Professor Lorsch interviewed each of the INM Board members individually and on a non-attributable basis, examined INM’s compliance with the Combined Code on Corporate Governance* and compared INM’s governance to boards of similarly-sized Irish companies and reviewed all related publicly available company information. His assessment concluded that, “the Board of Independent News and Media is functioning effectively in governing the company and its management and the board is doing what shareholders and other stakeholders expect of it. The acid test of a board’s success is the results that the company is providing to shareholders, and by any measure INM’s board and management have achieved extraordinary results for shareholders over the years.”

Professor Lorsch was also forthright in his assessment of the report commissioned from Mr. Stephen Davis in 2007 by Mr. Denis O’Brien detailing the deficiencies in his assessment and stating that Mr. Davis employed “sloppy and shallow methodology.” Professor Lorsch also notes that “One sided attacks from self appointed governance watch dogs and gurus” do not conform to the call within the Combined Code on Corporate Governance for reasonable dialogue and resolution.

* The Combined Code on Corporate Governance sets out standards of good practice in relation to issues such as board composition and development, remuneration, accountability and audit and relations with shareholders.

The Lorsch Report (see www.inmplc.com) contains a number of conclusions regarding the specifics of INM's governance including:

- INM Board is in compliance with the Combined Code and provides additional information to explain its governance policies when required to do so.
- INM Board contains the required number of independent directors and INM fulfills the corporate governance requirements under the Combined Code through the provision of additional information to support determination of independence.
- INM's board, with 20 members, is larger than the mean size of Irish peer companies, but this reflects the need for a board that helps the Company navigate the complexity and the scale of a global business. The presence of 6 executives on the board is to assure that the entire board is informed about the company's global strategy, performance and governance.
- Shareholders have always supported the appointment of Directors and longer standing INM Directors are best placed to express dissenting opinions based on their knowledge of the business and the market.
- All payments to INM Directors are disclosed in compliance with the Combined Code and there is no evidence to suggest that any such payments compromise independence and in addition service on subsidiary boards can make individual Directors better contributors to the main Board.
- The INM Board is fulfilling its purpose and obligations effectively and is actively contributing to and shaping INM strategy as per the Lorsch Report "The INM Board is a group of Directors who understand their responsibilities and are working well to serve their company, its shareholders and other stakeholders."

Commenting on the Lorsch Report, Baroness Jay, INM's Senior Non-Executive Director said,

"INM is one of the world's most successful media companies as measured by total shareholder returns and we aspire to the highest levels of corporate governance as a means of contributing to the continuing out-performance of the business.

The Lorsch Report confirms what we have consistently told all our stakeholders: that we also have strong corporate governance, an extremely experienced and effective independent Board with a healthy culture of open debate.

We also welcome the recent report on INM by ISS, the leading global proxy advisory firm. The report represents a strong endorsement of INM, its Board and its corporate governance practices. In particular, ISS noted that the size of the Board reflects the scale, scope and complexity of INM's business which has always been the position held by INM."

ENDS

4 June, 2008

Report is available on the INM website: www.inmplc.com
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ABOUT INDEPENDENT NEWS & MEDIA PLC

– CORPORATE PROFILE –

INM is a leading international newspaper and communications group, with its main interests in Australia, India, Ireland, New Zealand, South Africa and the United Kingdom. Spanning four continents, 10 major markets and 21 individual countries, INM has market-leading newspaper positions in Australia (regional), India, Ireland, New Zealand and South Africa. In the United Kingdom, it publishes the flagship national title, *The Independent*, as well as being the largest newspaper group in Northern Ireland.

Across these regions, the Group publishes over 180 newspaper and magazine titles, delivering a combined weekly circulation of over 31 million copies with a weekly audience of over 100 million consumers and includes the world's largest read newspaper, *Dainik Jagran*, in India. The Group has established a strong and growing online presence, with over 100 editorial and classified sites.

INM is the largest radio operator – over 130 stations and an audience of almost six million people – and outdoor advertising operator in Australasia and also has leading outdoor advertising positions in Hong Kong, Malaysia, India, Indonesia and across Africa.

The Group has grown consistently over the last 15 years by building a geographically unique and diverse portfolio of market-leading brands, and today manages gross assets of €4.1 billion, revenue of €1.8 billion and employs approximately 9,600 people worldwide. Further information is available on the Group's website www.inmplc.com.

Appendix 1

Independent News & Media PLC – Corporate Governance Assessment

Professor Jay W. Lorsch

Executive Summary

After thorough assessment and based on over twenty five years of corporate governance research, consulting and advisory experience, the Board of Independent News and Media (INM) is functioning effectively in governing the company and its management and the board is doing what shareholders and other stakeholders expect of it. The INM Board has a wealth of knowledge about the company, which is put to good use at board discussions, and a healthy culture of open debate on both the development of the business and how to continually improve the Board's contribution.

In order to assess the Board's effectiveness I have:

- interviewed each of the INM Board members individually
- examined INM's compliance with the Combined Code on Corporate Governance
- compared INM's governance to boards of other similarly sized Irish companies and reviewed all related publicly available company information

My findings have shown that INM is in compliance with the Combined Code in the following key areas:

- Separation of Chairman and CEO roles
- Appointment of a Senior Independent Director
- Set-up of Audit, Remuneration and Corporate Governance
- Annual Chairman, CEO and Board reviews

On matters concerning Board size and director independence, INM fulfill their corporate governance requirements under the Combined Code through the provision of additional information to support its determination of independence.

The acid test of a board's success is the results that the company is providing to shareholders and by any measure INM board and management have achieved extraordinary results for shareholders over the years.

With this track record it is not surprising that most shareholders are not concerned about what is transpiring in the boardroom. In fact they should be very pleased with the board's work.

Executive Summary Ends (visit www.inmplc.com to view full report)

Appendix 2

BIOGRAPHY - JAY W. LORSCH

Jay W. Lorsch
Louis E. Kirstein Professor of Human Relations
Harvard Business School

EDUCATION

1964 Doctor of Business Administration: Harvard University
1956 S.M. in Business Administration: Columbia University
1955 A.B. in Business Administration: Antioch College

SPECIAL HONORS AND AWARDS

Academy of Management Book Award (*Organization and Environment*), 1967
James A. Hamilton Hospital Administrators' Book Award from American College of Hospital Administration (*Organization and Environment*), 1969

BUSINESS EXPERIENCE

Independent Governance Advisory Panel, American Red Cross (2006-present)
Advisory Board, U.S. Foodservice, (2004-2007)
Sony Ericsson WTA Tour Global Advisory Council (2003-present)
National Nominating Committee, NASD (2003-2006)
Director, Computer Associates (2002-present)
Director, Blasland, Bouck & Lee, Inc. (2003-2006)
Advisory Board, BoardVantage, Inc. (2001-2004)
Director, InteCap, Inc. (2001-2004)
Director, Brunswick Corporation (1983-2003)
Director, Benckiser N.V. (1997-1999)
Director, Directorship (1995-1997)
Director, Sandy Corporation (1987-1995)
Lieutenant, U.S. Army Finance Corps (1956-1959)
Controller's Department, Hallmark Card, Inc. (1959-1960)

TEACHING EXPERIENCE

Professor of Organizational Behavior (1971-present), currently teaching the second-year MBA course "Board of Directors and Corporate Governance" as well as two Executive Education courses, "Leading Professional Service Firms" and "Making Corporate Boards More Effective"
Associate Professor of Organizational Behavior (1968-1970)
Assistant Professor of Organizational Behavior (1965-1967)
Research Fellow in Business Administration, HBS (1964-1965)
Visiting Instructor, Antioch College (1961)

ADMINISTRATIVE ACTIVITIES

Faculty Chairman, Global Corporate Governance Initiative (1998-present)
Chairman, Doctoral Programs, Director of Research (1995-1999)
Senior Associate Dean, Chairman of Executive Education Program (1991-1995)
Senior Associate Dean, Director of Research (1986-1991)
Chairman of Advanced Management Program, HBS (July 1980-July 1985)
Chairman of Organizational Behavior Area (1974-1979)

CONSULTING ACTIVITIES

Consultant on strategic, organizational and managerial issues to companies such as Ameritech, Applied Materials, Bank of Montreal, Citicorp, Coopers & Lybrand, Corning Glass Works, Ford Motor Company, General Electric, Goldman Sachs, Merck Sharp and Dohme, and Petreleos de Venezuela S.A.

MEMBERSHIPS

Advisory Committee, Administrative Services, The President's Reorganizational Committee (1978-1979)
American Academy of Arts and Sciences (2005-present)
American Sociological Association
Board of Governors, The Academy of Management (January 1971)
Member of *The Antioch Review* National Advisory Board (2007-present)

BOOKS

Restoring Trust in American Business, with Leslie Berlowitz and Andy Zelleke (eds.), American Academy of Arts and Sciences, MIT Press: Cambridge, MA, 2004.
Back to the Drawing Board: Designing Corporate Boards for a Complex World, with Colin B. Carter, Harvard Business School Press: Boston, MA, 2003
Aligning the Stars: How to Succeed When Professionals Drive Results, with Thomas J. Tierney, Harvard Business School Press: Boston, MA, 2002.
Pawns or Potentates: The Reality of America's Corporate Boards, with Elizabeth MacIver, Harvard Business School Press: Boston, MA, 1989.
The Handbook of Organizational Behavior, editor. Prentice-Hall: Englewood Cliffs, NJ, 1987.
Decision Making at the Top: The Shaping of Strategic Direction, with Gordon Donaldson. Basic Books: New York, NY, 1983.
Understanding Management, with James P. Baughman, James Reece and Henry Mintzberg. Harper & Row: New York, NY, 1978.
Organizational Behavior and Administration, with P.R. Lawrence and L.B. Barnes. Richard D. Irwin: Homewood, IL, 1976.
Organizations and Their Members: A Contingency Approach, with John Morse. Harper & Row: New York, NY, 1975.
Managing Group and Intergroup Relations, with P.R. Lawrence. Richard D. Irwin: Homewood, IL, 1972.
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- Managers and Their Careers*, with L.B. Barnes. Richard D. Irwin: Homewood, IL, 1973.
- Managing Diversity and Interdependence*, with Stephen A. Allen, III. Division of Research, Harvard Business School: Boston, MA, 1973.
- Organizational Structure and Design*, with P.R. Lawrence and G.W. Dalton. Richard D. Irwin: Homewood, IL, 1970.
- Studies in Organization Design*, edited with P.R. Lawrence. Richard D. Irwin: Homewood, IL, 1970.
- Organizational Development: Diagnosis and Action*, with P.R. Lawrence. Addison-Wesley: Reading, MA, 1969.
- Organization and Environment*. Division of Research, Harvard Business School: Boston, MA, 1967.
- Product Innovation and Organization*. Macmillan Publishing: New York, NY, 1965.

ARTICLES

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- With John L. Howard. "The Board of Directors and the Company Lawyers." *Directors Monthly* 30, no. 5 (May 2006): 1-6.
- "A Progress Report on U.S. Corporate Governance." Corporate Governance in Canada and the United States: A Comparative View. *One Issue, Two Voices*, no. 5 (April 2006): 2-8.
- With Andy Zelleke. "Should the CEO be the Chairman?" Art. 46214. *MIT Sloan Management Review* 46, no. 2 (winter 2005): 71-74.
- With Porter, Michael E., and Nitin Nohria. "Seven Surprises for New CEOs." R0410C. *Harvard Business Review* 82, no. 10 (October 2004): 62-72.
- With Colin B. Carter. "Director, Heal Thyself." *Manager's Journal. The Wall Street Journal*, January 6, 2004, B2.
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- With Thomas J. Tierney. "Building a Bench." *The American Lawyer* (July 2003).
- With Thomas J. Tierney. "Creating Competitive Advantage in the Knowledge Economy." *Leader to Leader* no. 28 (Fall 2002): 41-47.
- With Martin Lipton. "A Modest Proposal for Dealing with the Enron Crisis." *Corporate Governance Advisor* 10, no. 3 (May/June 2002): 1-4.
- With Andargachew Zelleke, and Katharina Pick. "Unbalanced Boards." F0102E *Harvard Business Review* (February 2001).
- With Duke K. Bristow, Paul D. Lapidus, Chuck King, and T.K. Kerstetter. "Building a Better Board." Roundtable Discussion. 2001 Special Supplement. *Corporate Board Member* (2001): 12-19.
- "Changing Leaders: The Board's Role in CEO Succession." *Harvard Business Review* (May-June 1999).
- "CEO Pay: Facts and Fallacies." *The Corporate Board* (May-June 1999).
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- "Performance Assessment in the Boardroom." *Directors and Boards* 18, no. 3 (spring 1994). With Martin Lipton, "A Modest Proposal for Improved Corporate Governance." *The BusinessLawyer* 48, no. 1 (November 1992).
- With C.R. Wharton and L. Hanson. "Advice and Dissent: Rating the Corporate Governance Compact." *Harvard Business Review* 69, no. 6 (November-December 1991).
- "War and Peace in the Boardroom." *Director's Monthly* 15, no. 7 (July 1991). With Elizabeth MacIver. "Restructure Boardrooms." Supplement. *Institutional Investor* (December 1990).
- With Gary W. Loveman and John J. Gabarro, and Jay W. Lorsch. "The Managerial Implications of Changing Work Force Demographics: A Scoping Study." *Human Resource Management Journal* 4, no. 4 (1989).
- With Peter Mathias. "When Professionals Have to Manage." *Harvard Business Review* (July-August 1987).
- "Managing Culture: The Invisible Barrier to Strategic Change." *California Management Review*, XXVIII, no. 2 (Winter, 1986).
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- "Organization Design: A Situational Perspective." *Organizational Dynamics* (Autumn, 1977). With John Morse. "Beyond Theory Y." *Harvard Business Review* (May-June 1970).
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