

Independent News & Media PLC Corporate Governance Assessment Report

by Professor Jay W. Lorsch
Louis E. Kirstein Professor of Human Relations
Chairman Global Corporate Governance Initiative
Harvard Business School

Commissioned by the Board of INM

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About Professor Jay W. Lorsch

Jay W. Lorsch is Chairman of the Global Corporate Governance Initiative and the Louis Kirstein Professor of Human Relations at the Harvard Business School. He is the author of over a dozen books on business and corporate governance, including most recently 'Back to the Drawing Board: Designing Boards for a Complex World' (with Colin B. Carter, 2003) and 'Organization and Environment' (with Paul R. Lawrence) which won the Academy of Management's Best Management Book of the Year Award. He has also been published countless times in U.S. and European media as an expert on global corporate governance.

Professor Lorsch has over 25 years of experience serving on the boards of public companies on both sides of the Atlantic, and advising boards of directors on corporate governance best practices.

He is currently Chairman of the Harvard Business School Global Corporate Governance Initiative and Faculty Chairman of the Executive Education Corporate Governance Series. As a consultant, he has had as clients such diverse companies as Applied Materials, Berkshire Partners, Biogen Idec, Citicorp, Cleary Gottlieb, Steen & Hamilton LLP, Deloitte Touche, DLA Piper Rudnick, Goldman Sachs, Kellwood Company, MassMutual Financial Group, Tyco International, Shire Pharmaceuticals and Sullivan & Cromwell LLC. He is a Director of Computer Associates International, Inc. and a member of The Antioch Review National Advisory Board. He formerly served on the boards of Benckiser (now Reckitt Benckiser), Blasland Bouck & Lee Inc., Brunswick Corporation and Sandy Corporation; he also served on the Advisory Board of U.S. Foodservice.

He is a graduate of Antioch College (1955) with a M.S. degree in Business from Columbia University (1956) and a Doctor of Business Administration from Harvard Business School (1964). At Columbia, he was a Samuel Bronfman Fellow in Democratic Business Administration. From 1956-59, he served as a Lieutenant in the U.S. Army Finance Corp.

Executive Summary

After thorough assessment and based on over 25 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 Nomination Committees
- Annual Chairman, CEO and Board reviews

On matters concerning Board size and director independence, INM fulfills its 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's 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.

Introduction

The Independent News and Media (INM) Board of Directors, while not perfect – and few boards that I know of are – is functioning effectively in governing the company and its management. The company is performing very well in a difficult industry and the board is performing its function of overseeing management and the company. I believe the board is doing what shareholders and other stakeholders expect of it.

I reached this conclusion in light of over twenty five years of experience serving on the boards of public companies on both sides of the Atlantic, consulting to such boards and on my academic research and teaching about boards of directors and corporate governance more broadly. This experience and the resulting publications and courses are described in my curriculum vitae **[Exhibit 1]**.

There are two basic approaches which can be used to assess any board. One is the method chosen by the board's critics (Mr. Denis O'Brien and his representative Stephen Davis, "Corporate Governance Review: Independent News and Media," June 11, 2007), which is to examine from public documents (e.g. proxy statements, annual reports and similar sources) the extent to which a board meets the expectations of the business community, the stock exchanges or legal authorities in the region in which it is domiciled. In the case of INM the appropriate criteria using this method, as Davis points out is "The Combined Code on Corporate Governance." Unfortunately one problem with his assessment is that he occasionally wanders across the Atlantic, and uses US Standards, which are not relevant to Irish companies.

There is, however a much more significant flaw in placing total reliance on such publicly available data for a board evaluation. As reported in the April 2008 *Harvard Business Review*, a survey of directors of the largest US companies found that these experienced board members believed that such criteria were of limited importance in understanding how boards actually carried out their responsibilities.¹ What is of more importance according to these survey results is what actually transpires in board meetings (including those of committees) in the interactions among directors and between directors and members of management who are not directors.

1. Lorsch, Jay W. and Robert C. Clark. "Leading from the Boardroom." *Harvard Business Review* 86, no. 4 (April 2008): 104-111.

Understanding these facts, I have assessed the INM board by not only examining its compliance with the Combined Code on Corporate Governance (Financial Reporting Council, June 2006), but by comparing it to boards of other similar size Irish companies, and most importantly by interviewing each of the INM board members individually to gain their insights into the functioning of the board. Obviously one cannot ignore the formal “rules” for boards and I have therefore examined INM’s compliance with the Combined Code. I have also compared those parameters of the INM board which can be observed based on reviewing company reports with similar data from ten other similar sized (based on revenues) Irish companies, I have made this second comparison because the Combined Code is a very flexible document (and wisely so). It allows companies to deviate from its various provisions if the company explains the reasons for any variances in its published documents and, according to a recent Grant Thornton study,² only 31% of companies are in complete compliance. By making this comparison I have been able to reach conclusions about the extent to which the INM board differs from the boards of peer Irish companies.

Even more significantly, I interviewed each of the INM directors about their views of the board, its processes and functioning, because this is truly the only way to learn what is happening around the boardroom table. This is a practice I have followed in the many board assessments I have conducted in the past decade, and it has always provided me and the directors involved with a clear view of a board’s strengths and the need for any improvement. In these interviews for INM I focused on, not just those aspects of the board about which there have been criticism, but also on how board members work together to govern their company and the key matter of the independent directors’ relationships with their CEO and other executive directors. I am not so naïve to believe that in 20 such interviews I can obtain an exhaustive view of how a board functions. However, in conducting many such reviews using this process I have found that I can capture the essence of a board’s functioning as I believe I have been able to do with the INM board. Perhaps the acid test of the validity of this approach to learning about a board is the willingness of directors to make suggestions about how the operation of their board could be improved. Not surprisingly to me, I have received a number of such suggestions from the INM board members, which is a strong indication to me of their frankness in the interviews and their commitment to continuous improvement of a board they already believe meets a high standard.

The INM board is in compliance with the Combined Code with respect to the separation of the CEO and Chairman roles. It does have a Senior Independent Director to lead deliberations of the independent directors, including an evaluation of its Chairman. It does have the three committees required—audit, remuneration and nomination. Further, the independent directors do conduct an annual review of the CEO, and the entire board conducts an annual review of its functioning, and the independent directors do meet without the executive directors.

2. Grant Thornton Second ISEQ Corporate Governance Review 2008.

The Davis report criticises the INM board in relation to compliance with The Combined Code on the following areas: first, the board with 20 directors is larger than most boards in the UK or Ireland. Second the board has several directors who are classified as independent by the board but who, according to a strict interpretation of the Combined Code, may not be truly independent, including its Chairman. Related to this is the third possible criticism—that too many non-executive directors receive compensation from INM beyond their basic board fees, and that this compromises their independence. Finally, the INM board, it has been asserted, includes too many non-executive directors who have been on the board longer than the nine years prescribed in the Combined Code as the limit a director can serve without compromising his/her independent status. In sum, all of this could add up to a technical conclusion that the INM board does not comply with the Combined Code on the matter of independence of its non-executive directors. The crucial context, however, that must be taken into consideration is the fact that the Combined Code is a flexible framework and it sets out a number of criteria which the Board must consider when addressing a director's independence and it allows companies to explain why they are in compliance with the Code. The Code for example acknowledges that non-executive directors may serve more than nine years but that serving more than nine "could be relevant" in determining independence. INM's explanations across each of these points have satisfied me, but, as I discuss later, INM should provide these explanations to all shareholders at the appropriate opportunity. In doing so, as far as I am concerned, it will have done everything required of it to answer each and every question asked of it by Mr. Davis or any other party.

This is the major concern that Davis expresses in his report and he goes on to argue, citing a study by Deutsche Bank, that somehow this has negatively impacted INM's performance. As I shall point out later arguing that INM is not performing well is in itself absurd. However, what is equally flawed is Davis's assertion that there is a causal connection between effective corporate governance, and the performance of INM or any other company for that matter. There are two flaws in this argument. First the Deutsche Bank study he cites was designed to look at corporate governance internationally, including developing countries and in the broadest sense, not just board functioning, but also the treatment of shareholders, including information disclosure to them and the role of auditors in the various countries. Clearly such a study has little if any relevance to companies in a modern and developed country such as Ireland. Even more fundamentally this study does not demonstrate a causal relationship between sound corporate governance and company performance. Rather it reports a correlation between the two factors. This simply means that when you find effective governance you will also find a well performing company. It says nothing about what causes what. In fact my colleagues at both the Harvard Business School and the Harvard Law School have reviewed thoroughly the Corporate Governance literature and have found no studies that establish such a causal connection. I make this point to illustrate the sloppy and shallow methodology employed by Davis!

The INM Board Compared to Its Peers

To understand INM's corporate governance performance relative to peers I also examined the boards of other large Irish companies. Perhaps because Ireland is a smaller country than the UK there might be fewer independent directors on a given board for example. Comparing the INM board to other Irish companies with similar revenue **[Exhibit 2]** we find that INM boardroom practices in many respects are similar to its peers. The number of board meetings held by INM in 2007 was 11 (the average of the companies reviewed was nine board meetings). Certainly the number of times a board meets must be considered one indicator of its diligence, even if a crude one. The INM board also compares favourably with peer boards in the proportion of board members who are non-executives and those who are independent. Obviously the definition of who is a non-executive director is very clear, but as I shall discuss later the definition of independence is more complicated.

Where the INM board is quite different from other similar Irish boards is in its size. No doubt a 20 person board is large by Irish standards, where for peer companies, the mean size is 12. Obviously, however, its size is one reason the INM board compares well, to other companies in the proportion of non-executive and independent directors.

The INM Board and the Combined Code

Board Size:

The first and most obvious issue as I have said is board size, and as I stated above, a board of 20 needs an explanation when, for Irish peer companies, the mean size is only 12. The Combined Code states that the board “should not be so large as to be unwieldy.” Let me point out first that none of the directors with whom I spoke thought that the board was so large as to be “unwieldy”. A few did say that perhaps it could be reduced in size slightly, but they did not think its size was a significant problem. Further this requirement is what the Combined Code calls a “supporting principle” The “main principle” (which I assume is more important than a supporting principle) states that “The board should include a balance of executive and non-executive directors (and in particular independent non-executive directors) such that no individual or small group of individuals can dominate the board’s decision making.” In my judgment it is the need to achieve this balance between executives and non-executives that is a major cause of the INM board’s large size.

The most significant contributor to the board’s size is the top management structure of the company. In addition to the CEO, the COO, and the CFO, the top management echelon includes four geographic CEOs (Australasia, Ireland, South Africa and the United Kingdom). Three of these four are executive directors. The reason for including them on the board is to give them a chance to participate in the company’s strategy as well as to inform the other directors (executives and especially non-executives) of developments in their part of the world. In fact, I learned that one reason the fourth regional CEO had not been placed on the board was to keep the size at 20. Thus the INM board starts with a belief that six executive directors are necessary to ensure that the entire board is informed about the company’s global strategy performance and governance. Certainly it is hard to argue against this logic as all directors need to understand all aspects of the business.

The second reason the board is so large can be found in a provision of the Combined Code (A3.2), which states, “Except in smaller companies, at least half the board excluding the Chairman should comprise non-executive directors determined by the board to be independent.” Clearly INM is not a “smaller company”. Thus to meet this requirement the board needs at least eight non-executive directors, which brings it to fifteen directors including its Chairman. However there are two other non-executive directors, A.C. O’Reilly and A.J. O’Reilly, Jr., the sons of the CEO who for that reason are not independent.³ Thus the mathematics accounting for board size must account for them. Excluding the Chairman – as per the Combined Code the Chairman is always deemed not independent – there are six executive directors and two non-executives who are not considered independent. Taking the Chairman into account, the number of directors that are not independent adds up to nine directors. Thus the minimum size the board can be to meet the provision of the Combined Code calling for half the directors to be independent is 18.

There is, however, another reason, that the board has become this large. This is, the fact, that INM is a global company in the complex media business and, according to the directors I interviewed, it makes sense to have among the directors some who understand each geographic region and all facets of the company’s activities. In fact this is consistent with provision A.4.2 of the code which specifies the importance of having a balance of “skills, knowledge and experience on the board”.

More importantly, from my perspective, is the overwhelming belief of the directors I spoke with that a great strength of the board is the breadth of geographic and functional expertise its members represent. As one director stated, “there is a great deal of diversity. It’s not just Irish. The board has many eloquent and informed directors who make interesting contributions. We have many different sets of expertise. It is a very interesting board on which to be.”

In sum, the reasons the board is large in comparison to other Irish large companies or by the standards of the Combined Code, are complicated. I personally have been a long-time proponent of smaller boards, because they are easier to work within.⁴ However, as I have just explained there is a strong set of reasons why INM may be an exception to the idea that smaller boards are better. Accepting this conclusion, I believe the company can and should provide a very clear explanation of why the board is as large as it is.

Director Independence:

A second question that has been raised about the INM board is: which of the directors are truly independent? Davis, in his report mentioned earlier, for example, makes a blanket indictment of all the non-executive directors’ independence. In essence there seem to be four alleged reasons why he argues that all these directors are not independent. Three of these reasons are mentioned as potential issues in the Combined Code (A.3.1), and I shall discuss them first. The director:

1. Has received or receives additional remuneration from the company apart from the director’s fees...
2. Has close family ties with any of the company’s advisors, directors or senior employees.
3. Has served on the board for more than nine years from the date of their first election.

3. Of course some may ask why they have been nominated to the board. The answer lies in the fact that they have commercial experience, are significant shareholders, and in any event the majority of shareholders have elected them.

4. Lorsch, Jay W. and Martin Lipton. “A Modest Proposal for Improved Corporate Governance.” *The Business Lawyer* 48, no. 1 (November 1992).

With regard to the additional remuneration, it is true that several of the INM directors considered independent do receive payments beyond their main board fees. These payments I have learned are for one of three reasons: the director serves on the board of a subsidiary; the director serves on the company's International Advisory Board, which is meant to enable board members on the main board and senior executives to understand the evolving events in the world; the director undertakes an assignment to study and help resolve a particular business issue, about which he has special expertise and knowledge, which requires time and effort beyond the scope of his normal board duties.

While I found examples of similar payments to directors considered independent at the other Irish companies, they were more frequent at INM. **However, few companies in Ireland, or elsewhere, have the geographic breadth and complexity of INM. The reason that INM has unusually active subsidiary boards is because of this fact.** Unlike the subsidiary boards in other companies I have observed, those at INM are more than a “legal nicety”. In fact, I have become convinced that the subsidiary boards are important and that having members of the PLC board on them brings their expertise to the subsidiary and knits the entire governance of the company together. To provide evidence of this, let me quote from an interview: “The U.K. board focuses on the London Independent and its position. The board talks with editors and knows them well. We have vigorous discussions about the paper's strategy. Do we want to add new sections? Do we have the right vision for the paper? The board is very specific.”

The International Advisory Board, on which some of the independent directors serve, also plays an unusually important role. In a nutshell, it helps the management understand and deal with uncertainty and complicated problems in different regions—originally in South Africa and then in Australia and New Zealand and most recently in India.

Thus, I have concluded, having some of the main board members serving on the subsidiary board and the International Advisory Board is a sound idea. Obviously this extra work deserves extra compensation. **In this regard it is no different than paying committee chairs extra for their efforts.**

Payments to Directors:

There is also the matter of the materiality of these payments to the directors receiving them. At INM, where many of these payments are in excess of the basic board fees, I heard nothing from any of the directors either those receiving the fees, or their colleagues suggesting that these payments compromised the objectivity or independence of those receiving the fees. On the contrary a number of the directors pointed out that service on subsidiary boards or the International Advisory Board made them better contributors to the main board. Thus I cannot agree that the receipt of these fees automatically compromises the independence of any of these directors. There is no evidence from interviewing them to support that view. However, I believe the company should simply explain these payments and especially the reasons for them more fully.

The issue of family ties always needs to be reviewed, but family ties do not necessarily mean compromised corporate governance. First, Davis in his report claims that two of the younger O'Reilly's are considered independent by INM. However, according to company documents and my discussions with the directors, Gavin O'Reilly is COO and therefore an executive director, and A.C. O'Reilly and A.J. O'Reilly, Jr., are considered non-executive directors, but not independent. Second, the non-executive Chairman, Brian Hillery is the brother-in-law of another director, as well as non-executive Chair of Providence Resources in which Sir Anthony O'Reilly is a 45.8% shareholder.

Board Term:

The third reason it is claimed that some directors are not independent is because they have served more than nine years (the limit referred to by the Combined Code, which "could be relevant to the determination" of independence). The evidence I gathered from all the directors to whom I spoke indicated that they did not believe that the longer serving directors were any less independent than their newer peers. In fact I was told that the more senior directors having had more experience and a longer relationship with the CEO, were quite comfortable in expressing their dissenting opinions or doubts to him in board meetings and in private conversations. As one director put it, "No one is in Sir Anthony's pocket." Apropos this same matter of long serving directors, I was also told by a number of the newer directors that their more experienced peers not only had a wealth of knowledge about the company, which they used well at board discussions, but also were well aware of the changing nature of the media business.

All of this evidence plus my own experience causes me to question whether a rigid application of the nine-year limit is sensible at INM. I would argue that there is nothing magical about any particular tenure in judging a director's independence. Independence to me is a quality of mind, which directors can retain throughout their career on a board, or which they can begin to lose almost as soon as they join a board. In spite of these beliefs, or maybe because of them, I again believe that the Company needs to better explain why it is satisfied that it does not compromise independence. If shareholders are unhappy with this explanation, they obviously can vote against any long serving director when he or she is standing for re-election. This is certainly one area in which shareholders do have the power to effect change if they wish to do so.

A fourth reason that it has been argued certain directors are not independent is because of relationships they have with each other through non profit institutions or foundations. Based on my reading of the Combined Code I see no provision covering such relationships. Further, whether such matters affect a director's independence also depends on the materiality of the relationship to the director(s) involved. From my interviews with the relevant directors, I conclude that such connections were minor matters and not material to their financial or social status. Given this and the fact that Ireland is a relatively small place where such overlapping relations cannot and probably should not be eliminated, I would again suggest that the solution of the matter rests in full disclosure.

INM – Complying with the Code:

The heavy emphasis on the question of director independence may obscure the fact that the INM board is in compliance with the Combined Code and provides additional information to explain its governance policies when required to do so. It does have a Chairman, who is not the CEO. It does have a Senior Independent Director to lead deliberations of the independent directors, including an evaluation of its Chairman. It does have the three committees required—audit, remuneration and nomination. Although the board has only added one new director in the last year, that decision was put forward by the governance committee based on its assessment of the skills and knowledge the board needed to add. In this instance it was financial knowledge. Further, the independent directors do conduct an annual review of the CEO, and the entire board conducts an annual review of its functioning, and the independent directors do meet without the executive directors.

I would make one final point about the matter of INM's compliance with the combined code. To put my position in context, I want to quote at length from Point 7 of the preamble to the code:

Whilst recognising that directors are appointed by shareholders who are the owners of the companies, it is important that those concerned with the evaluation of corporate governance should do so with common sense in order to promote partnership and trust, based on mutual understanding. They should pay due regard to companies' individual circumstances and bear in mind in particular the size and complexity of the company and the risks and challenges it faces. Whilst shareholders have every right to challenge companies' explanations if they are unconvincing, they should not be evaluated in a mechanistic way and departures from the Code should not be treated as breaches. Institutional shareholders and their agents should be careful to respond to statements from companies that supports the 'comply or explain' principle. As the principles in Section 2 make clear, institutional shareholders should carefully consider explanations given for departures from the Code, and make reasonable judgments in each case. They should put their views to the company and be prepared to enter a dialogue if they do not accept the company's position. Institutional shareholders should be prepared to put such views in writing where appropriate.

This is a wise and balanced statement of how the Code should be applied. One-sided attacks from self appointed governance watch-dogs and gurus do not conform to this call for reasonable dialogue and resolution. If INM is to blame for any of the criticism it has received it is merely because the company has not adequately explained or given enough detail to explain its views and the special circumstances it faces as a global giant in the turbulent media business. This can be remedied by better explanation.

The View From Inside the Board Room

My interviews with the INM directors provide a view of their work together which, as I have already suggested, is quite positive. To put this conclusion in context let me explain briefly my own views about what the board's role in a company as large and complex as INM should be. First, such a board has to assure that the company and its management is complying with applicable laws, regulations and standards. Second the board should assure that the company has a long term strategy which is leading to corporate success in the competitive market place, and creating long-term value for shareholders, as well as other stakeholders. Finally, the board must ensure that the company has a strong top management group, including especially the CEO and those who report to him. This involves the board in remuneration decisions, in assessing the CEO's performance, and in ensuring that the company has a supply of up-and-coming talent. All of this must be accomplished in the context of a company that, as I have said is global in its scope and is competing in a dynamic and difficult industry in which a number of its competitors are struggling to survive. Governance under such circumstances is not an easy task for the INM board, but from the evidence I have heard and seen the board is doing these things effectively.

With regard to the INM board's work in compliance, I understand that the three required committees meet regularly and are functioning well. To the best of my knowledge the company has not encountered any questions about its financial accounting and reporting. Nor am I aware of any complaints or concerns about executive remuneration from shareholders and it appears, from my interviews that the compensation committee is doing its job.

Apropos the directors involvement in strategy, as is true in most companies proposals for new directions emanate with management. In the case of INM these proposals are discussed, shaped and brought forward to the full board by the Executive Committee, which consists of the company's six executive directors and the CEO of the South African business. However it is clear to me from my interviews with all the directors, that the full board is not a "rubber stamp" for such proposals. I was provided with several examples from the recent past where the non-executive and especially the independent directors debated with each other and with the executive directors proposal from the executive committee which were eventually altered because of such discussions. As a number of directors said to me "the strength of the board is both its diversity (of experience) and that it works well together."

With regard to the board's involvement in management development and succession, there is a process in place among the directors to manage succession.

Independence of Independent Directors:

In these interviews I pressed especially hard to understand the relationship between the non-executive directors and their CEO. What I learned, as one director stated it, is that “the board is not in the thrall of Sir Anthony. He has an open mind, but doesn’t mind and takes criticism.” Or as another director said, “we have a strong CEO, but it isn’t his little fiefdom. He values the board, and likes debate. That’s the way it has always been.”

While I could provide many more comments in a similar vein to these, those I have presented are representative of the views of the directors with whom I spoke. They believe the board is working well. In fact a number compared it favorably to other boards on which they served, including FTSE 100 companies. Nevertheless some directors made suggestions for how the board could be improved. For example, there were suggestions from a couple of directors about the desirability of the board gradually becoming smaller. Other directors suggested that the board would be more effective if the non-executive directors received more information well in advance of board meetings. In my experience such critical comments are healthy, and reveal a group of directors who feel comfortable speaking their minds, even when they realise it may enter the public domain.

Is the board at INM perfect? No, but then few boards are. To paraphrase Chancellor Chandler of the Delaware Court of Chancery in the Walt Disney Company derivative litigation, perfection is aspirational. But clearly what I have found in 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.

The Acid Test

As I pointed out above, the INM board, like other boards is responsible not only for assuring compliance, but also for assuring that management is delivering competitive and financial results. Without wanting to get into the ongoing debate about the importance of satisfying all the company's stakeholders or just shareholders, I believe that for most shareholders the acid test of a board's success is the results that its company's management is providing to shareholders. No matter how you choose to measure these results I would argue that the INM board and management have achieved extraordinary results for shareholders over a number of years including 2007: record revenues; increased operating margins; increased EBITDA margins; and increased dividends. INM has also out performed the average of its peers in revenue growth, reduction in operating expense margin, growth in EBITDA margin and in its dividend payout ratio. Finally, as **Exhibit 3** illustrates, in total shareholder return the company has surpassed major indices. With this record of accomplishment, it is not surprising that most shareholders are not concerned about what is transpiring in the INM board room. In fact they should be pleased about it.

Exhibit 1

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.
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Exhibit 2

	Revenue (Bil Euros)	Board Meetings	Directors	Non-Executive Directors	Non-executive Directors as a percent of all directors	Independent Directors*	Independent Directors as a percent of all directors
Ryanair	2.237	4	9	8	89%	7	78%
IAWS Group**	1.908	14	10	7	70%	5	50%
Glanbia	2.207	12	21	18	86%	17	81%
Paddy Power	2.028	8	9	7	78%	3	33%
United Drug	1.584	7	9	5	56%	4	44%
INM	1.674	11	20	14	70%	11	55%
Total Produce	1.577	6	5	2	40%	2	40%
Kingspan Group	1.863	10	14	8	57%	5	36%
Greencore Group	1.267	7	11	7	64%	7	64%
AER Lingus Group	1.285	11	14	12	86%	7	86%
C & C Group	0.981	9	11	7	64%	6	64%
Average	1.770	9	12	9	69%	7	53%

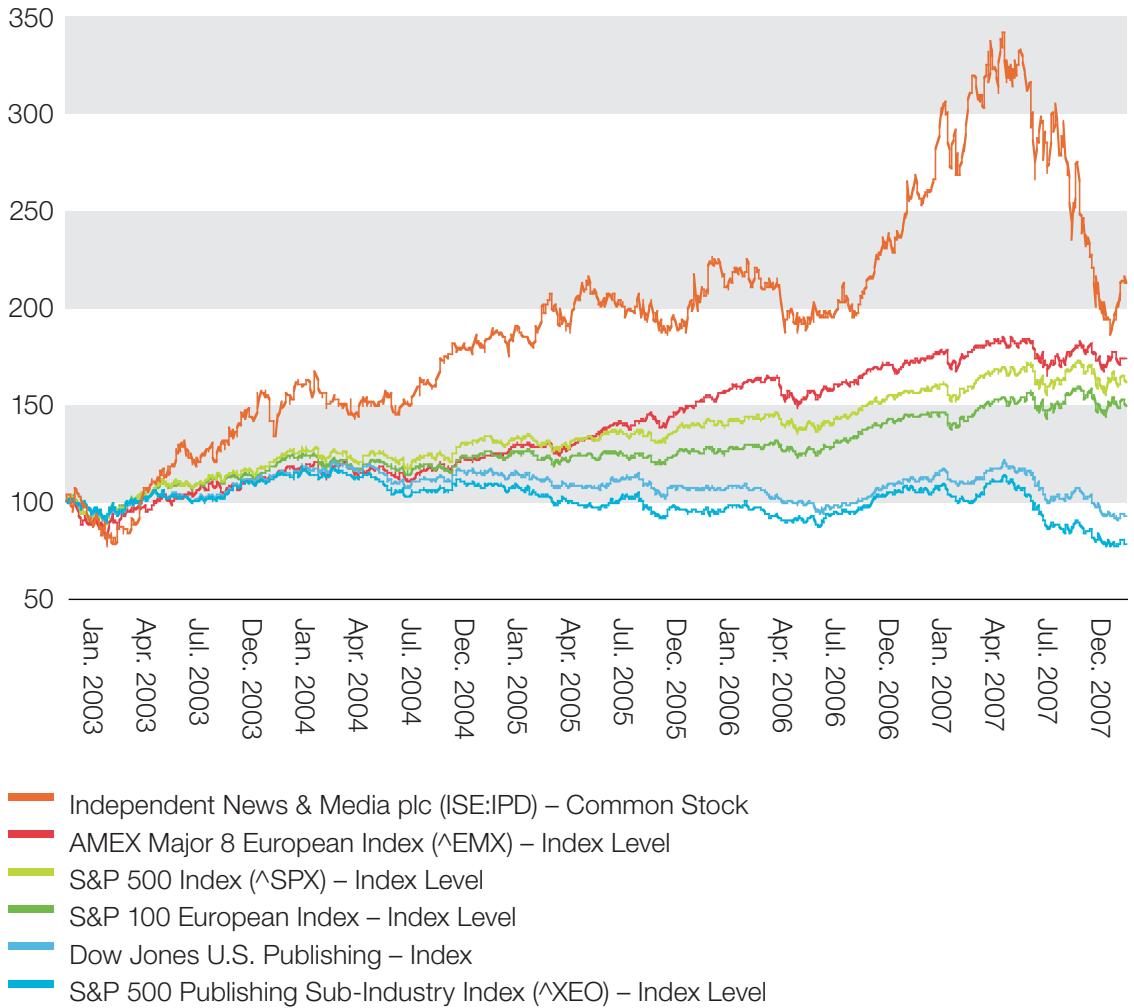
* Note: A number of companies in the above list (Ryanair, IAWS, Glanbia, Paddy Power, United Drug and Greencore) consider their Chairman to be an independent, non-executive Director. Under the Combined Code, a Chairman should, on appointment, meet the relevant independence criteria provision, but thereafter the test of independence is not appropriate in relation to the Chairman. As a consequence, the Chairman has been excluded from the classification of Independent Director in the above analysis to ensure comparison on a 'like-as-like' basis.

** Note: IAWS – One executive and two non-executive Directors retired following the 2007 AGM.

Information is based on the 2007 Annual Report for each company, with the exception C&C Group who's Annual Report for 2007 was not issued at the date of this report's publication.

Exhibit 3

IN&M Total Shareholder Return vs. Major Indices



Independent News & Media PLC
Corporate Governance Assessment Report

Professor Jay W. Lorsch