



Independent News & Media PLC

APN BOARD RECOMMENDS OFFER OF A\$6.10 PER SHARE BY INM LED GROUP

Dublin/London – 12th February 2007: The Board of Independent News & Media PLC (“INM”) (ticker: INWS.I; INWS.L) announces that the board of APN News & Media Limited (“APN”) (ticker: ASX, NZX: APN), a company in which INM has a 41.6% shareholding, has recommended an all-cash revised offer of A\$6.10 per share for the entire issued share capital of APN (the “Transaction”) recently made by INM, in conjunction with Providence Equity Partners (“Providence”) and The Carlyle Group (“Carlyle”) (together the “Consortium”). This recommended offer values APN at A\$3.8 billion (approximately €2.3 billion) and will be funded by a combination of equity subscription and debt.

Upon completion of the Transaction, INM will hold a 35% economic interest in the Consortium – which it will account for as an associate - with Providence at 37.5% and Carlyle at 27.5%. To reflect the continued primary role of INM within the operations of APN, INM will hold the largest voting interest (c. 39.3%) and will have preferential rights on exit by the other Consortium members.

APN Announcement

The following are the highlights from APN’s announcement issued today:

APN has today entered into a Scheme Implementation Agreement with Independent News & Media (Australia) Limited (“INMAL”), the Consortium acquisition vehicle. The acquisition will be implemented by a Scheme of Arrangement requiring the approval of APN shareholders and approval by the Court.

An independent committee of the Board of APN formed to assess the proposal recommends that shareholders vote in favour of it, in the absence of a superior proposal. The subcommittee that negotiated with the consortium was chaired by Mr. Ted Harris and its other members were Sir Wilson Whineray and Mr. Kevin Luscombe.

Mr. Harris said the recommendation of the committee is supported by the full APN Board, and all independent directors intend to vote in favour of the offer in respect of APN shares they own or control. In reaching its recommendation, Mr Harris said the committee placed particular emphasis on the following:

- APN’s closing share price on 20th October 2006 was A\$5.43, the day of the first approach by the Consortium;

- The offer of A\$6.10 represents a 21.3% premium to the 30 day VWAP of A\$5.03 prior to the introduction of media legislation into Parliament on 14th September, and a 17.1% premium to the 30 day VWAP prior to 20th October of A\$5.21;
- The offer is at a significant premium to research analysts' valuations immediately preceding speculation of an offer from the Consortium;
- INM's existing 41.6% shareholding and its stated intention that it would not otherwise sell out of APN means a competing proposal is highly unlikely; and
- The offer represents a multiple of 13.0 times estimated 2006 attributable EBITDA₍₁₎. This multiple compares favourably with multiples for comparable recent media transactions.

“After negotiating the increase from the initial proposal of A\$6.02 per share to a final offer of A\$6.10, the independent committee has formed the view that the increased offer is in the shareholders' best interests and we recommend all shareholders vote in favour of the proposal”, Mr Harris said.

The offer, which is inclusive of any final dividend that might be paid, values APN at A\$3.8 billion on an enterprise value basis, representing a multiple of 13 times estimated attributable EBITDA₍₁₎ for the 12 months ended 31st December 2006.

The proposal is subject to a number of customary conditions, including approval by the FIRB in Australia and the New Zealand Overseas Investment Office. The principal conditions are detailed in the annexure summarising the Scheme Implementation Agreement.

APN's full year earnings announcement is scheduled for 20th February 2007 but in the circumstances, APN advises that it estimates 2006 consolidated EBITDA of A\$348 million. Excluding the impact of minority interests, attributable EBITDA₍₁₎ is expected to be A\$292 million. These figures are unaudited and have not been reviewed by the APN Audit Committee, but are provided to allow shareholders to make an informed comparison with relevant, recently announced media transactions. APN expects that 2006 earnings per share will be in line with previous guidance, namely in excess of a 5% increase on the prior year.

(1) Attributable EBITDA is Consolidated EBITDA after excluding the minority interest in EBITDA generated by the non-wholly owned businesses (Radio, Asian Outdoor and the Toowoomba Chronicle – in aggregate A\$58m), the EBITDA of the Security Printing business which was sold during 2006 (A\$3m) and adding back APN's share of depreciation and amortisation from its associates (Adshel) not otherwise included in consolidated EBITDA (A\$5m).

Profile of APN

APN has market leading positions in publishing, radio, outdoor advertising, magazine and online operations in metropolitan and regional markets in Australia and New Zealand. APN is the largest operator of regional newspapers, radio broadcasting and outdoor advertising in Australasia.

As at 30th June 2006 (being the last date to which consolidated financial information on APN has been published) the gross assets of APN were A\$2,417 million (31st December 2005: A\$2,540 million) and total liabilities were A\$1,303 million (31st December 2005: A\$1,276 million). In the six months ended 30th June 2006, the total revenue of APN was A\$606 million (31st December 2005: A\$1,270 million) and profit before and after tax was respectively A\$113 million and A\$88 million (A\$245 million and A\$186 million respectively for the year ended 31st December 2005).

The key senior management at APN are the Group CEO, Group CFO and divisional CEO's of each of Radio, Outdoor, Australian Publishing, New Zealand Publishing, Online, Business Development and Print & Group Services divisions. Further information on APN management is disclosed in APN's 2005 annual report (www.apn.com.au). The Consortium has indicated that it has no plans to change existing management.

Impact of the Transaction on INM

INM currently holds, in aggregate, 191,541,073 shares in APN, representing approximately 41.6% of the existing issued share capital of APN. Based on the offer price of A\$6.10, this shareholding is valued at approximately €700 million. After subscribing for its shares in the new Consortium Company and taking its share of the costs and expenses of the Transaction, INM will receive over €350 million. These proceeds will be applied towards the acceleration of the Group's expansion in its global markets, to the maximisation of shareholder returns and to general corporate purposes.

Documents containing details of the Transaction and the convening of the requisite meetings of APN and INM shareholders will be posted to the respective constituencies in due course (expected to be in late March 2007). The shareholder meetings are expected to be held in April 2007. Further details of the expected timing of implementation of the Transaction will be contained in these documents.

Commenting on the Transaction, Sir Anthony O'Reilly, CEO of INM said: *"This Transaction with APN continues our successful and long-standing investment in Australasia, while at the same time will yield additional resources for the continued expansion of the INM Group, which we believe will further enhance shareholder returns."*

ENDS.

Monday, 12th February 2007

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INDEPENDENT NEWS & MEDIA PLC – 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 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 175 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 70 editorial and classified sites.

INM is the largest radio operator – 132 stations and an audience exceeding five 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 €4.0 billion, revenue of €1.8 billion and employs approximately 10,300 people worldwide. Further information is available on the Group's website www.inmplc.com.

ANNEXURE

APN News & Media Limited Summary of Scheme Implementation Agreement

APN and Independent News & Media (Australia) Limited (**INMAL**) have entered into a Scheme Implementation Agreement dated 12 February 2007 (**SIA**) in relation to a proposed scheme of arrangement for INMAL to acquire all of the shares in APN for \$6.10 cash per share (**Scheme**).

The SIA sets out the rights and obligations of APN and INMAL in relation to the Scheme. A copy of the SIA will be included in the Scheme Booklet that is to be provided to APN shareholders prior to the Scheme Meeting. A summary of the key terms of the SIA is set out below.

1 Conditions Precedent to the Scheme

Implementation of the Scheme is subject to a number of conditions precedent which, unless noted otherwise, must be satisfied or waived before the Second Court Hearing Date including the following:

- (a) **(FIRB approval)** Obtaining approval from the Treasurer of Australia under the Federal Government's foreign investment policy.
- (b) **(New Zealand foreign investment)** Obtaining Overseas Investment Office (NZ) approval.
- (c) **(Scheme participants approval)** Approval by APN shareholders (other than INMAL and its associates) of the Scheme at the Scheme Meeting by the requisite majorities under the Corporations Act.
- (d) **(Court approval)** Approval of the Scheme by the Court in accordance with section 411(4)(b) of the Corporations Act.
- (e) **(Independent News & Media PLC (INM) shareholder approval)** In accordance with the Listing Rules of the Irish Stock Exchange, approval by INM shareholders of INM entering into the SIA and implementation of the Scheme before the Scheme Meeting.
- (f) **(INM bank syndicate approval)** Obtaining written consent from INM's banking syndicate for the transfer or sale of shares held in APN to certain wholly-owned subsidiaries of the Consortium pursuant to the Scheme.
- (g) **(EU competition clearance)** Obtaining EU competition clearance.
- (h) **(Other regulatory approvals)** Obtaining any approvals required from regulatory bodies (including ASIC, ASX, NZSE, the New Zealand Commerce Commission and the Irish Stock Exchange) and government agencies which are necessary or reasonably desirable to implement the Scheme.
- (i) **(No restraints)** No restraints issued by a court preventing implementation of the Scheme or other material legal restraint or prohibition preventing the implementation of the Scheme.
- (j) **(No APN Prescribed Event)** No "APN Prescribed Event" as set out in the SIA has occurred.
- (k) **(No APN Material Adverse Change)** No "APN Material Adverse Change" as set out in the SIA has occurred, which includes any event which:
 - i individually, or when aggregated with other such matters, could reasonably be expected to result in the consolidated net assets of APN diminishing by an amount of at least \$50 million (after taking into account any event that has or is likely to have a positive effect on net assets);
 - ii has or is likely to have an adverse financial effect of \$10 million or more on APN's recurring operating earnings before interest, tax, depreciation and amortization (**EBITDA**) (after taking into account any event that has or is likely to have a positive financial effect on EBITDA); or

iii have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of APN and its subsidiaries or on arrangements entered into by APN and its subsidiaries or on any regulatory approvals applicable to APN or its subsidiaries.

- (l) **(No INMAL Prescribed Event)** No "INMAL Prescribed Event", as set out in the SIA has occurred.
- (m) **(Independent Expert Report)** The Independent Expert issuing a report which concludes that the Scheme is in the best interest of shareholders.
- (n) **(No Superior Proposal)** APN has not entered into another transaction with a third party in relation to a Superior Proposal.

2. Options

INMAL will make offers to acquire all employee options on terms corresponding to the offer for shares in APN.

3. Payment of Liquidated Amount

APN has agreed to pay INMAL an amount of \$27.5 million if:

- (a) a competing transaction is announced and the person proposing the transaction: acquires a relevant interest in at least 50% of APN's shares and the competing transaction becomes unconditional; or acquires an interest in all or a substantial part of APN's business or assets;
- (b) the APN Independent Committee fails to recommend the Scheme or withdraws its recommendation or makes a public statement that it no longer supports the Scheme (other than as a result of the Independent Expert giving an opinion that the Scheme is not in the best interests of shareholders);
- (c) any member of the APN Independent Committee publicly recommends a Competing Transaction;
- (d) the Court fails to approve the Scheme as a result of a material breach of the SIA by APN which would prevent the implementation of the Scheme; or
- (e) the Scheme has not become effective by 30 September 2007 as a direct result of a material breach of the SIA by APN which would prevent the implementation of the Scheme.

4. No-shop and No Due Diligence

APN must ensure that during the Exclusivity Period (from the date of the SIA to the earlier of the termination of the SIA and the Effective Date of the Scheme):

- (f) neither it nor any of its representatives solicits or encourages any Competing Transaction from any person; and
- (g) without INMAL's prior written consent, it must not solicit or encourage any party to undertake due diligence investigations on APN for the purposes of a Competing Transaction.

5. Right to Respond to Competing Transactions

If during the Exclusivity Period the APN Independent Committee wishes to recommend or enter into a Competing Transaction, it must not do so until INMAL has been given 3 Business Days to make a counterproposal.

6. Termination

The SIA may be terminated if the Scheme has not become Effective on or before the End Date of 30 September 2007. The SIA may also be terminated at any time prior to the Second Court Date in certain circumstances:

- (h) by either party if:
 - i the other party is in material breach of any material provision of the SIA which has not been remedied within seven business days;
 - ii the Scheme is not approved by shareholders at the Scheme Meeting;
 - iii the court refuses to make orders to convene the Scheme Meeting or approve the Scheme and the party wishing to terminate the agreement obtains an opinion from Queen's Counsel or Senior Counsel that an appeal would have no reasonable prospect of success before the end date of 30 September 2007;
 - iv the court or other government agency has taken any action permanently restraining or prohibiting the Scheme or the acquisition of APN Shares under the Scheme;
 - v a condition precedent is not satisfied and APN and INMAL cannot reach agreement to proceed by way of alternative means;
 - vi the Independent Expert opines that the Scheme is not in the best interest of APN shareholders;
 - vii an insolvency event has occurred in relation to APN or INMAL or any of their related bodies corporate; or
 - viii the liquidated amount referred to in section 2 above is paid by APN to INMAL;
- (i) by INMAL if other than as a result of the Independent Expert giving an opinion that the Scheme is not in the best interest of APN shareholders, the APN Independent Committee fails to unanimously recommend, or withdraws its recommendation of the Scheme, or makes a public statement that it no longer supports the Scheme, or any member of the Committee recommends a competing transaction.