



**ASX RELEASE
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**PBL'S \$5.5 BILLION RECAPITALISATION AND ESTABLISHMENT OF
AUSTRALIA'S LARGEST DIVERSIFIED MEDIA GROUP, PBL MEDIA**

SYDNEY: Publishing and Broadcasting Limited (ASX: PBL) announced today that it has entered into binding agreements to implement a recapitalisation of certain of its media interests, including ACP Magazines, Nine Network (including its interest in Sky News), its 50% interest in ninemsn and its 41% shareholding in carsales.com.au.

These media businesses are being transferred to a new company, PBL Media, in which PBL and CVC Asia Pacific will each hold a 50% economic interest.

The key features of the transaction are as follows:

- PBL will receive net cash proceeds of \$4.542 billion
- To fund the payment to PBL, PBL Media has underwritten financing from UBS for new debt of \$3.75 billion non-recourse to PBL and CVC. Additionally, CVC will invest \$982 million to acquire convertible notes in PBL Media.
- Once the new media laws become effective and subject to FIRB approval at that time, CVC's convertible notes will convert to 50% of the ordinary shares in PBL Media. Until that time, PBL will continue to control the Nine Network
- PBL will also continue to control Ninemsn in its joint venture with Microsoft

John Alexander will act as Executive Chairman of PBL Media, and will continue as Chief Executive Officer of PBL. Ian Law will be Chief Executive Officer of PBL Media, and Pat O'Sullivan will be Chief Financial Officer.

The transaction is conditional upon any regulatory or other approvals that may be required by PBL. Completion is expected to occur in early 2007.

In announcing the transaction, the Executive Chairman of PBL, Mr James Packer, said: "Over the last 12 months we've strongly indicated our desire to invest in new opportunities. The restructure will provide the capital and flexibility necessary for the company to achieve its ambition to expand its international gaming interests".

"A clear benefit of the restructure will be the quarantining of the gaming and media businesses, with the latter's use of non-recourse debt protecting PBL shareholders from additional capital risk incurred in the funding of any expansion through acquisition," said Mr Packer.

"For PBL it releases cash at a time when there is a land-grab underway for gaming and entertainment assets around the world".

The Chief Executive Officer & Managing Director of PBL, Mr John Alexander, said "This transaction enables PBL Media to take advantage of opportunities in the media sector both in Australia and overseas".

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COPIES OF RELEASES

Copies of previous media and ASX announcements issued by PBL are available at PBL's website at www.pbl.com.au. After accessing the site, click on "Investor Info" on the menu on the left hand side of the home page and then on "Media & ASX Releases."