



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

Publishing and Broadcasting Limited (PBL) announced today a \$5.5 billion recapitalisation and the establishment of Australia's largest diversified media group, PBL Media.

The transaction will involve the transfer to PBL Media of PBL's existing media properties - the Nine Network, ACP Magazines and several of its interests in on-line ventures, including its 50% interest in ninemsn and 41% shareholding in carsales.com.au. A diagram illustrating the transaction structure is attached to this release.

PBL and private equity funds managed by CVC will each hold a 50% economic interest in PBL Media, which will continue to be operated by existing PBL management.

PBL will receive a cash inflow of \$4.542 billion, and have an on-going equity investment of \$982m (50%) in Australia's largest and first fully integrated media company.

PBL will retain management control of PBL Media, with John Alexander as Executive Chairman, Ian Law as Chief Executive Officer and Pat O'Sullivan as Chief Financial Officer. The Executive Deputy Chairman of PBL, Chris Anderson, will also serve on the PBL Media Board. Mr. Alexander will also continue to serve as the Group Chief Executive of PBL.

The Executive Chairman of PBL, Mr James Packer, said the plan allowed PBL to employ internal capital to maximise domestic and international growth opportunities while also recruiting external capital, energy and expertise to allow PBL Media to expand and capitalise on emerging media opportunities.

"PBL has a history of working well with co-investors. We see the establishment of PBL Media as an opportunity to work with a great international firm such as CVC, to drive growth in our media businesses and to gain access to new sources of capital and expertise. We are long-term holders of these media assets," Mr Packer said.

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

Adrian MacKenzie, a Partner of CVC, said he was delighted to be involved with one of the world's great media companies.

"Opportunities to invest in quality, market leading assets such as PBL Media are rare. There is terrific chemistry between PBL and CVC. I am confident that this will be a great success."

The new company will have six directors from PBL and three from CVC.

PBL Media will operate as an integrated media company, with the Nine Network, ACP, the 50% joint venture with Microsoft, ninemsn, and the holding in Sky News (which remains owned and under the direction of the Nine Network), reporting to the new company. PBL will retain its shareholding in Foxtel, Premier Media Group (FoxSports), Hoyts, Ticketek, New Regency and Seek.

PBL Media brings together the number one television network, the Nine Network; the leading magazine company, ACP, with more than 130 titles; and the country's number one online venture, ninemsn, into one integrated company.

Gaming Opportunities

PBL will retain full ownership of its existing gaming interests, including market leaders, Crown Casino in Melbourne and Burswood Casino in Perth. This business will continue to be led by Rowen Craigie and will have a renewed focus on potential investments in Macau, Europe and possibly Singapore.

Mr Packer said: "Over the last 12 months we've strongly indicated our desire to invest in new opportunities wrought by deregulation across the Asia-Pacific region. The restructure will provide the additional capital and flexibility necessary for the company to achieve its ambition to fast-track the international expansion of our gaming interests".

Protection for PBL Shareholders

"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 its 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".

About CVC

The investment will be made by funds managed by CVC Capital Partners and CVC Asia Pacific.

CVC Capital Partners is a leading international private equity and investment advisory firm founded in 1981. It has acquired over 232 companies for total consideration of US\$75.2 billion. CVC manages funds totaling US\$15bn and its fourth fund, CVC European Equity Partners IV, closed in July 2005 raising US\$7.2 billion.

CVC Asia Pacific was formed in 1999 as a joint venture between CVC Capital Partners and Citigroup. It is focused on large-scale buy-outs in the Asia-Pacific region. CVC Asia Pacific manages CVC Asia Pacific Fund I of US\$750 million and CVC Asia Pacific Fund II of US\$2.0 billion, the largest dedicated buy-out fund in the region.

CVC Asia Pacific has acquired 21 companies in the region with a combined value of over US\$8.5 billion¹. It has supported a number of local companies and successful investments including Amatek, Pacific Brands, Tech Pacific and Affinity Health, and has recently announced a recommended US\$2.0 billion offer for DCA Group.

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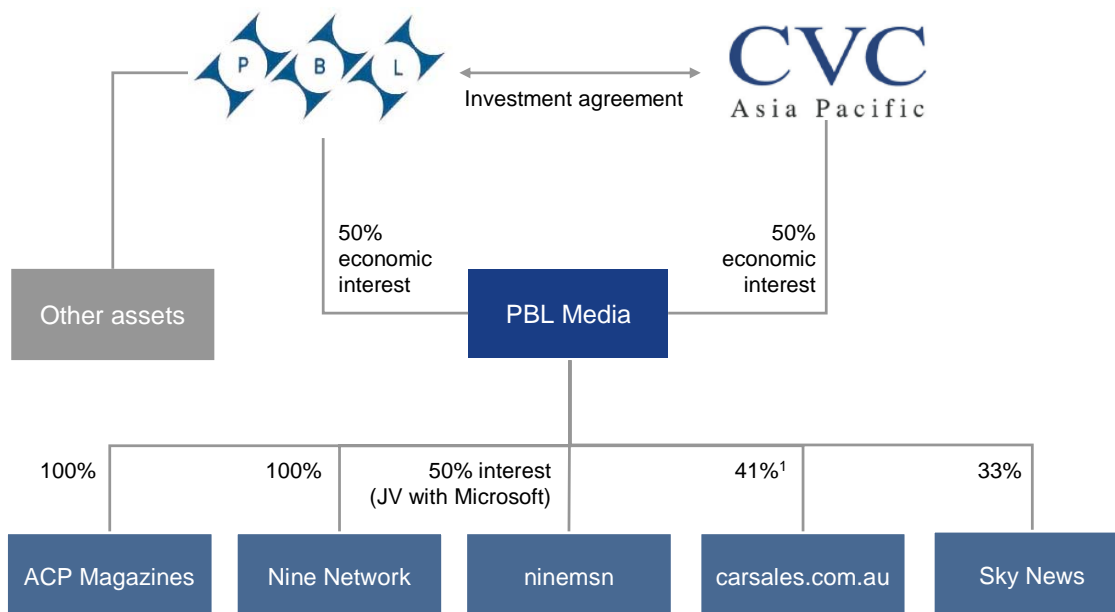
Copies of previous media and ASX announcements issued by PBL are available on the company website at www.pbl.com.au

¹ Excludes proposed US\$2.0 billion investment in DCA Group

Transaction structure



PBL has announced the recapitalisation of its core media businesses with CVC Asia Pacific acquiring a 50% economic interest



Note:

¹ Announced takeover offer for 100% of shares following purchase of option for further 3% of Fairfax shareholding