



MEDIA STATEMENT

CHAIRMEN OF GLEANER AND RJR REITERATE BENEFITS OF PROPOSED MERGER TO ALL SHAREHOLDERS Kingston. December 24, 2015.

It has come to our attention from a report in one of the newspapers that one of the major shareholders in Radio Jamaica Limited, who also holds shares in The Gleaner Company Limited, has raised concerns about the proposed transaction between our companies. RJR and the Gleaner fully respect the views of all persons in this matter and the right of each shareholder to decide on whether or not he/she supports the transaction.

Our management and boards have examined the economic, media and competitive environments and remain convinced that the proposed transaction is the best option going forward for both companies. We have disclosed information about our companies, their valuations, our plans and our projections to shareholders and our competitors in Jamaica and abroad. We believe that any suggestion that critical shareholder information has not been provided is not correct.

Through the Jamaica Stock Exchange, websites of both companies, publications in the newspapers and advertisements on radio and television, we have indicated the following that we now repeat:

1. The media businesses of the Gleaner and Radio Jamaica have been independently valued; RJR at J\$1,564M and the Media Businesses of the Gleaner valued at J\$899M.
2. To achieve parity in the companies values a further \$665.5M was added to the Media Businesses of the Gleaner from its investment arm bringing its value level with RJR's.
3. The proposed transaction has been reviewed by two independent International Audit/Advisory firms and found to be fair;
4. Details of the valuation and fairness opinions have been made available to shareholders;
5. The companies have stated that shareholders are anticipated to be better off after the transaction because cost and revenue synergies are projected to be in the range of J\$275M to J\$450M per year;
6. The companies have also said that it is anticipated that this level of savings and therefore this level improvement in pre-tax profitability will come to shareholders each year, starting in two to three years; the delay in the full effects of the synergies reflects the time it is expected to take to implement all the changes;

The market therefore has our projections, our projected timeframe and our projected ranges so that informed analysis can be done and clients advised on benefits and risks.

Further we point out that:

- a. On the matter of dilution, a shareholder who holds 10% of RJR's shares now is holding 10% of a company valued at \$1.5b which holding translates to \$150M. A 50% dilution at the end of the transaction sees that shareholder with 5% of Radio Jamaica. However, RJR after the transaction would be valued at \$3B, so the 5% shareholding of a \$3Bn company that calculated at still \$150M. Importantly though the RJR shareholder is now in a bigger, stronger company with more business units, with more cash and with a reach through offices in four countries and not just Jamaica. Based on the above the shareholder is better off.
- b. The overall benefits to RJR include \$665.5M that is needed for capital acquisitions especially in Digital Switch Over, acquisition of additional digital, online, radio and print businesses to complement existing businesses; access to the country's most valuable archive to make numerous programmes for global distribution; gaining overseas marketing and distribution channels and offices, among others.

We reject assertions that we have not been transparent in providing information for this transaction.

While this process has taken longer than we all would have liked, we were constrained by the need for appropriate regulatory approvals for the transaction to go forward.

We also note that there seems to be a misunderstanding with respect to the Media Business that is the subject of the amalgamation. This does not include certain loss making entities and the building at North Street. In fact, the assets and operations to be transferred with The Gleaner Company (Media) Limited are listed in the detailed explanatory statements provided to shareholders in early November.

If our companies do not proceed with this transaction, especially as all others around them are strengthening, the alternatives for keeping them viable are few, not as attractive for respective shareholders and not supportive of the need to maintain a credible, independent, Jamaican owned media business.

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