

CONFIDENTIAL

TRINITY MIRROR PLC

(the Company)

VERIFICATION NOTES

relating to the circular to be issued by the Company on or around 9 February 2018 in respect of the proposed acquisition of Northern & Shell's publishing assets

Prepared against draft dated 8 February 2018

Copies have been supplied to:

David Grigson Simon Fox Vijay Vaghela Helen Stevenson Lee Ginsberg David Kelly Steve Hatch Olivia Streatfeild	each a Director and, together, the Directors or the Board
Trinity Mirror plc	the Company
Numis Securities Limited	the Sponsor
Norton Rose Fulbright LLP	Norton Rose Fulbright
Ashurst LLP	Solicitor to the Sponsor
Deloitte LLP	Reporting Accountants
KPMG	Reporting Accountants

No	Question	Response	Document
		Please also see page 13 of Trinity Mirror Annual Report (53 weeks to 1 January 2017) for a list of awards.	
6.	Please explain what is meant by “editorial conviction” and provide evidence that Trinity Mirror operates with “editorial conviction and high standards of journalism”.	<p>“Editorial conviction” means high standards of integrity, professionalism and honesty. Trinity Mirror entered into a contract agreeing to be regulated by IPSO and fully supports its aims and principles in the regulation and promotion of the highest ethical and professional journalistic standards. All Trinity Mirror apply the code which is expressly referred to in (and is part of) the employment contracts of journalists employed by the company.</p> <p>Trinity Mirror has a training programme to ensure that both new and existing editorial staff are familiar and comply with IPSO and the Code.</p> <p>a) When IPSO was established, Trinity Mirror rolled out a compulsory online education programme to introduce its staff across its entire portfolio to IPSO and remind them of the Code. This included practical examples and an online knowledge test. Since then, staff who are new to editorial are required to complete the IPSO online training.</p> <p>(b) New starters working for the Daily Mirror are also required to attend a one-day editorial legal training session. Existing staff can attend this session if they wish or if it is deemed necessary by their manager.</p> <p>(c) In addition, there are regular seminars on the Code and its impact on the news gathering process.</p> <p>All editorial staff are encouraged to keep a copy of the Code for reference. Where required under the Code, Editors must keep and be able to produce proper records of decision making processes.</p> <p>Please refer to the response to statement 5 above in respect of awards won by Trinity Mirror which demonstrate that it is a trusted source of information.</p>	<p>Document A1, Trinity Mirror Annual Report (53 weeks to 1 January 2017), page 4</p> <p>Document C3, IPSO editors’ code</p> <p>Document C4, Trinity Mirror’s editorial policy relating to IPSO and the Code</p>

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	long-term economic viability of smaller print publishers.	<p>the launch of only 29 newspapers, and that 198 local newspapers which have closed since 2005.</p> <p>The second article is from September 2017 and states that over the summer in 2017, 18 weekly newspapers have closed.</p> <p>The two Enders Analysis documents indicate that the newspaper market has been in structural decline for many years:-</p> <ul style="list-style-type: none"> • Paid for newspaper circulation has been falling for decades and market forecasts would suggest further declines in the future; and • Newspaper advertising revenue has been in structural decline for a number of years but has accelerated over the past decade as the internet has become more accessible together with smart phone and tablets becoming more accessible to the mass market. This is also expected to continue in the future. 	<p>2005/ http://www.pressgazette.co.uk/with-18-uk-local-newspapers-gone-this-summer-google-and-facebook-need-to-act-fast-if-they-are-serious-about-helping-journalism-industry/</p> <p>Document F8.4, Enders Analysis: <i>Local Media: New Structures Emerging</i></p> <p>Document F8.5, Enders Analysis: <i>Print Advertising Hits Structural Wall</i></p>
30.	Please confirm and provide evidence that by bringing the publishing assets of Trinity Mirror and Northern & Shell together, Trinity Mirror will be better placed to serve its readers, both in print and digital.	<p>The Directors believe and confirm that by bringing the publishing assets of both businesses together, the Enlarged Group will be able to reach a bigger audience in print and in digital – drawing on editorial expertise across both businesses to deliver good quality content to its readers.</p> <p>Please also refer to the Financial Times article which states that there is a “wider shake-up in the UK newspaper industry, as media owners face steep drops in print advertising” and the Campaign article which states that the Acquisition is “strengthening its position in the market”.</p>	<p>https://www.campaignlive.co.uk/article/project-who-trinity-mirror-acquiring-northern-shell-masterstroke/1444531</p> <p>https://www.ft.com/content/88c78fa8-fcd3-11e6-96f8-3700c5664d30</p>
31.	Please confirm that the Enlarged Group “will be able to improve its editorial propositions by reducing duplication, sharing content across the Enlarged Group and widening the breadth of [its] coverage with larger combined teams”.	The Directors believe and confirm that the Northern & Shell titles have a different editorial proposition to the Trinity Mirror titles and Trinity Mirror will ensure each title retain its unique positioning. However where there are areas where content overlaps and is not unique to each brand’s positioning e.g. lifestyle, celebrity and TV, etc., the Enlarged Group would be able to produce such	<p>Document F1.1, the Deloitte Synergy Report, pages 28-35</p> <p>Document C14, Dusk Synergy – Editorial workstream report extracts; Source: internal due diligence report prepared by Lloyd Embley Editor-in-</p>

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		<p>content more efficiently (which is what we currently do within the different titles in Trinity Mirror). Document F1.1 talks about the editorial (print) and digital editorial synergies from the Acquisition and the de-duplicating of roles. The Enlarged Group will also be able to draw on the best expertise across the editorial teams.</p> <p>Document C14 discusses the four main strands to the editorial strategy (1. Avoid duplication, 2. Share Content, 3. Simplify structures and 4. Improve our product).</p>	<p>chief as part of Trinity Mirror's due diligence and synergy work conducted</p>
32.	<p>Please provide evidence that the Enlarged Group will be "able to provide advertisers and agencies with a large and high quality print and digital audience".</p>	<p>The Directors believe and confirm that by bringing the publishing assets of both businesses together, the Enlarged Group will be able to reach a bigger audience in print and in digital – drawing on editorial expertise across both businesses to deliver good quality content to its readers. Advertisers would be able to target their campaigns / products to a wider audience, including those that were never reached by Trinity Mirror on its own.</p> <p>Please see the attached link to an article published in Campaign which states: "With The Express and Mirror being political polar opposites, the acquisition will see Trinity Mirror cover both sides of the political spectrum – meaning advertisers can now reach a truly diverse range of people." This demonstrates how the enlarged Group will be able to provide a high quality print audience to advertisers and agencies.</p>	<p>https://www.campaignlive.co.uk/article/project-who-trinity-mirror-acquiring-northern-shell-masterstroke/1444531</p>
33.	<p>Please provide evidence that the Enlarged Group will also be able to make efficiencies when improving its digital products through shared investment.</p>	<p>An increase in the scale of Trinity Mirror's digital portfolio would allow it to better leverage its investments in technology and systems as by rolling out such investments across a greater number of news brands, the return on such investments would be greater.</p> <p>Document F1.1, the Deloitte Synergy Report, shows that efficiency savings of up to £4.4 million are potentially available in the digital workstream through removing duplicated roles, sharing content, migrating Northern & Shell onto Trinity Mirror content management systems and consolidating third party contracts.</p> <p>Please also refer to the response to statement 49 which</p>	<p>Document F1.1, Deloitte Synergy Report, pages 33-35</p>

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47.	Please explain how Trinity Mirror plans to retain the “distinct editorial propositions of each of the four national newspaper sites to ensure that each has its own editorial and audience focus”.	<p>The Directors believe and confirm that the Northern & Shell titles have a different editorial proposition to the Trinity Mirror titles and Trinity Mirror will ensure each title retains its unique positioning. However where there are areas where content overlaps and is not unique to each brand’s positioning e.g. lifestyle, celebrity and TV, etc., the Enlarged Group would be able to produce such content more efficiently (which is what we currently do within the different titles in Trinity Mirror). The Enlarged Group will also be able to draw on the best expertise across the editorial teams.</p> <p>The internal synergy and due diligence report produced by Lloyd Embley (Editor in Chief) and his team on the Editorial workstream (page 14 of Deloitte Synergy Report states that Lloyd is the synergy workstream lead for Editorial) sets out the strategy for the national brands post Acquisition – where they will retain their brand identities and political voice.</p>	Document C14, Dusk Synergy – Editorial workstream report extracts; Source: internal due diligence report prepared by Lloyd Embley Editor-in-chief as part of Trinity Mirror’s due diligence and synergy work conducted
48.	Please explain how statement 47 above enables Trinity Mirror to “minimise editorial duplication and maximise digital revenue”.	By ensuring each site retains its distinctive editorial proposition, but at the same time draw on the expertise across a larger combined editorial team to produce high quality content more efficiently (e.g. by ensuring that where there are areas of content overlap which is not unique to each brand’s positioning, the Enlarged Group would be able to produce such content more efficiently), the Directors believe Trinity Mirror will be able to continue to grow digital audience and maximise revenues.	Document F1.1, Deloitte Synergy Report, page 33-35 Document C14, Dusk Synergy, Editorial workstream report extracts, page 1
49.	Please explain and provide evidence of how Trinity Mirror has demonstrated with the Local World acquisition that, by sharing digital and other technology, there is an opportunity to deliver improved digital products for all brands and benefit from efficiencies when doing so through shared	Please see page 6 of Document A6 which states that many of the Local World publishing websites have been successfully migrated onto Trinity Mirror’s Escenic content publishing platform and onto Trinity Mirror’s fully responsive website infrastructure so when they roll out any improvements, they can do so across all sites more effectively and efficiently. The migrated sites are benefiting from the new look design, cleaner template and more powerful storytelling tools, and also provide a greater emphasis on video,	Document A6, Trinity Mirror Half Year Results Announcement for 26 weeks ended 2 July 2017, page 6 under the ‘Grow’ section Document F1.1, the Deloitte Synergy Report pages 33-35

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		<p>the time of the acquisition of Local World in 2015.</p> <p>Please see response to statement 53 in respect of Trinity Mirror's track record for delivering synergies.</p> <p>Please see pages 7, 9 and 15 of Trinity Mirror Annual Report (53 weeks to 1 January 2017) for specific confirmation of Trinity Mirror's "tight management of the cost base" and references to the synergy savings achieved from the acquisition of Local World.</p> <p>Pages 21 to 24 of the Deloitte Synergy Report look at Trinity Mirror's historical track record in generating synergies expected from the Transaction to other comparators in the industry.</p>	
55.	Please provide evidence that Trinity Mirror management has experience of operating a large stable of different new brands under a single combined management structure.	<p>The acquisition of Local World in November 2015 and successful integration post acquisition demonstrates Trinity Mirror management's experience. Please refer to page 3 of Trinity Mirror Annual Report (52 weeks ended 27 December 2015).</p> <p>Please also refer to "Our Daily Brands" on page 5 of Trinity Mirror Annual Report (53 weeks to 1 January 2017) which sets out some of the different brands.</p> <p>In Q4 2012, Trinity Mirror incorporated into its strategic objectives a focus area of "One Trinity Mirror: Harnessing the combined strength of our journalists and our audience reach under a unified organisation structure." This can be seen in the Strategic Update provided in Document A9. The Directors' have confirmed that this was removed from the Trinity Mirror strategy as it became part of the normal way of working and no longer needed to be separately identified for reporting purposes.</p>	<p>Document A2, Trinity Mirror Annual Report (52 weeks to 27 December 2015), page 3</p> <p>Document A1, Trinity Mirror Annual Report (53 weeks to 1 January 2017), page 5</p> <p>Document A9, Trinity Mirror Annual Results Announcement (52 weeks ended 29 December 2013), page 4.</p>
56.	Please provide evidence that there will be no reduction in media plurality following the Acquisition as each newspaper brand will continue with its current editorial positioning,	The Directors confirm that there will be each newspaper brand will continue with its current editorial positioning, ensuring that it continues to present the editorial content to which its readers and advertisers are accustomed.	<p>Document C15, Daily Mirror front, page 9 Jun 17</p> <p>Document C16, Birmingham Mail</p>

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	ensuring that it continues to present the editorial content to which its readers and advertisers are accustomed.	Please see the responses to statements 58 and 59 where the Directors confirm that Trinity Mirror does not interfere in the editorial position of its titles and that Trinity Mirror's policy is that each news brand is free to take its own editorial position on politics and current affairs.	front, page 9 Jun 17
57.	Please provide evidence that Trinity Mirror currently operates over 100 news brands.	Please refer to Document C5, Trinity Mirror portfolio of titles and websites, which shows that Trinity Mirror has 111 print regional titles (excluding Scotland). Please refer to Document F8.8, the list prepared by Local Media Works shows Trinity Mirror as the largest regional publisher with 181 titles.	Document C5, TM Group Print & Digital Titles Document F8.8, a list of the top 20 regional press publishers prepared by Local Media Works
58.	Please confirm and provide evidence that it is Trinity Mirror's policy that each Trinity Mirror news brand is free to take its own editorial position on politics and current affairs, bearing in mind the opinions of their readers.	The Directors confirm that it is Trinity Mirror's policy that each news brand is free to take its own editorial position on politics and current affairs. The Daily Mirror is and has historically always been a politically left-leaning newspaper whereas our regional titles tend to stay more politically-neutral. The editorial positioning of each news brand is determined by each editorial team. See attached front pages of the Daily Mirror and Birmingham Mail on 9 June 2017 (day after the General Election) as way of example of the different tone and positioning adopted by each brand.	Document C15, Daily Mirror front, page 9 Jun 17 Document C16, Birmingham Mail front, page 9 Jun 17
59.	Please confirm and provide evidence that Trinity Mirror does not interfere in the editorial positions of its titles, which remain firmly the responsibility of the individual titles' editors and their senior editorial teams.	The Directors confirm that Trinity Mirror does not interfere in the editorial position of its titles. Please see the response to statement 58 where the Directors confirm that it is Trinity Mirror's policy that each news brand is free to take its own editorial position on politics and current affairs.	Document C15, Daily Mirror front page 9 Jun 17 Document C16, Birmingham Mail front page 9 Jun 17
60.	Please provide evidence that it is anticipated that cost savings will be	The Directors confirm that there will be cost savings following the Acquisition.	Document F1.1, Deloitte Synergy Report, pages 5-7