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Independent News & Media PLC

Outline Agreement Reached on Financial Restructuring

- €350 million reduction in Net Debt through Equitisation of Bonds, Rights Issue and Disposals
- Proposed Senior Debt Facilities based on 4 ½ Year Term
- Rights Issue to raise up to €4 million for discharge of Bond claim

Dublin/London – 28th September 2009: The Board of Independent News & Media PLC (“INM” or “the Company”) announces that it has reached an agreement in principle with the Ad Hoc Committee of Bondholders in relation to the proposed financial restructuring (“Restructuring”) of the Group’s balance sheet and the Board has formally agreed to proceed with the Restructuring on the terms outlined below. INM’s Banks have indicated that they are supportive of the Company pursuing this Restructuring.

The Restructuring will deliver INM’s stated objective of achieving a consensual solution (capable of implementation outside of a Court-administered process) that recognises the economic interests of, and preserves value for, all stakeholders in the business, achieves significant deleveraging, facilitates the participation of existing Shareholders, and allows for the restoration of the INM Group to a position of financial stability.

The key features of the Restructuring are:

- €123 million of the outstanding principal amount of the Bonds to be exchanged for 723.2 million New Ordinary Shares representing 46% of the Then Issued Share Capital, with the balance of the Bondholders’ claim (including accrued but unpaid interest) being applied to underwrite a Rights Issue;
- INM existing Shareholders to be offered an opportunity to participate in the Restructuring by means of a Rights Issue of up to €4 million at a Rights Issue Price of €0.05 per Rights Issue Share;
- INM existing Shareholders able to retain approximately 52% equity interest (assuming Shareholders take up their full rights entitlements);
- Proposed Senior Debt Facilities based upon a 4 ½ year maturity and revised financial covenants to provide adequate headroom to accommodate prevailing trading conditions and expectations; and
- As part of the foregoing, the parties to the Restructuring have consented to the disposal of certain businesses (as previously announced) for an aggregate sum of approximately €150 million. One of these disposals, INM Outdoor, will be subject to a vote at a specially-convened extraordinary general meeting of shareholders, details of which will follow in due course.

In making its decision to proceed with the Restructuring on the terms outlined in this Announcement, the Board has duly considered all other proposals including the proposal received from Mr. Denis O'Brien (details of which have been widely commented upon in the media). The Board determined, supported by the financial and legal advice provided to it, that the Company's Restructuring delivers a superior outcome (specifically for existing Shareholders and Bondholders) with materially less execution risk compared to any other proposal received.

The Restructuring involves a number of conditions and steps to implementation. It is conditional, *inter alia*, upon Bondholder consent (approval by Bondholders representing at least 75% by value of the aggregate principal amount of Bonds held by persons attending a meeting (in person or by proxy) of Bondholders). The Ad Hoc Committee of Bondholders, whose holdings represent in aggregate 39% of the outstanding principal of Bonds, are supportive of the Restructuring and have agreed to it in principle. It is also conditional upon Bank credit committee approvals and subsequent facility agreements having been entered into, and requisite Shareholder approvals to, *inter alia*, implement the Rights Issue.

Commenting on the Restructuring, Mr. Gavin O'Reilly, Chief Executive Officer stated:

"After intensive negotiations over a number of months, the Company is pleased to be able to announce that an outline restructuring has been agreed in principle with the Ad Hoc Committee of Bondholders, which also has the broad support of our Banks. The Company acknowledges the support of its Banks and the Ad Hoc Committee throughout its restructuring discussions and in reaching this key milestone.

"This Restructuring will provide the INM Group with a €350 million reduction in net debt in 2009 (through the combination of the equitisation of the Bonds, the Rights Issue and the Group's previously-announced disposal programme) and a stabilised financial position.

"We now expect that all parties will move towards implementation of the Restructuring without delay, including procuring necessary consents and approvals.

"With economic fundamentals expected to recover over the medium-term, INM's market-leading assets, restructured balance sheet and improved financial situation leave the Company very well positioned to benefit from any cyclical economic recovery."

Details of the First Equity Issue

Approximately €123 million of the outstanding principal amount of the Bonds will be exchanged for 723.2 million New Ordinary Shares (being the amount of the available authorised but unissued share capital of the Company) representing 46.3% of the Then Issued Share Capital.

The First Equity Issue will be conditional, *inter alia*, upon Bondholder consent (approval by Bondholders representing at least 75% by value of the aggregate principal amount of Bonds held by persons attending a meeting (in person or by proxy) of Bondholders) and upon Bank credit committee approvals and subsequent facility agreements having been entered into. New Ordinary Shares to be issued under the First Equity Issue will carry an entitlement to participate in the Rights Issue.

Details of the Rights Issue

The size of the Rights Issue will be equal to the balance of the Bond claim (including accrued and accruing, unpaid interest during implementation of the Restructuring) following the equitisation under the First Equity Issue. Accordingly, the Rights Issue is referred to in this Announcement as

being for an “up to” amount which assumes completion of implementation by 31 December, 2009. On this basis, the Rights Issue will not be in excess of €4 million.

The Rights Issue Price is €0.05. This represents a discount of approximately 81% to the closing market price per Share on the Irish Stock Exchange on 28th September, 2009 (the date of this Announcement) and a discount of approximately 71% to the First Equity Issue Price. The Rights Issue will be made to all Qualifying Shareholders. The Record Date for participation in the Rights Issue has not yet been determined and will not occur until after the First Equity Issue.

The Rights Issue will be fully underwritten by the Bondholders with the balance of their Bond claim remaining after the First Equity Issue. Accordingly, to the extent that Rights Issue Shares are subscribed for under the Rights Issue, the cash proceeds thereof will be paid on closing to discharge an equivalent amount of the Bond claim. To the extent that the Rights Issue Shares are not taken up, Bondholders will receive New Ordinary Shares at €0.05 to discharge the remainder of their claim. Taken together with the First Equity Issue, this will satisfy the outstanding amount of the Bond claim in full. Bondholders will also receive a 5% underwriting fee in respect of their obligations with respect to the Rights Issue, which will be payable in New Ordinary Shares at the Rights Issue Price.

In the event of 100% subscription under the Rights Issue (excluding the Bondholders pro rata Rights Issue entitlement), Bondholders would following Completion be interested in approximately 47% of the Enlarged Issued Share Capital of the Company. In the event of no subscription under the Rights Issue, Bondholders would following Completion be interested in approximately 76% of the Enlarged Issued Share Capital of the Company.

The Bondholders are a diverse group of international, primarily institutional, holders, with individual retail holders also included, and as such, and save for the purposes of the realisation of their Bond claim, they do not, and will not represent an homogenous group. The largest single Bondholder is interested in €20 million of the Bonds, which following the First Equity Issue would represent a maximum individual holding of 4.6% of the Then Issued Share Capital.

The Rights Issue will be conditional, *inter alia*, upon:

- (a) the First Equity Issue having previously occurred;
- (b) the approval by Shareholders at an extraordinary general meeting of a number of Share Capital Resolutions necessary to facilitate the Rights Issue, including a special resolution to disapply pre-emption rights in order to provide flexibility for dealing with Overseas Shareholders and fractional entitlements;
- (c) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms; and
- (d) Admission becoming effective.

In the event that the special resolution necessary to effect the Rights Issue is not approved, the Rights Issue will not occur and (assuming the other Share Capital Resolutions are approved) the amount of the Bondholders’ claim including accrued interest remaining after the First Equity Issue will be equitised at a price of €0.05. Together with the First Equity Issue, this would result in Existing Shareholders being diluted by up to 76% without having the opportunity to re-invest under the Rights Issue.

Denis O'Brien's Alternative Proposal

Over the course of the restructuring discussions, proposals from a number of stakeholders in the Company have been considered. Most recently (and as widely reported in the media), the Company has received a proposal from Mr. Denis O'Brien. Mr. O'Brien is interested in 219,456,184 Ordinary Shares representing 26.14% of the Existing Issued Share Capital of the Company, and has three Board nominees, Messrs. Paul Connolly and Leslie Buckley and Ms. Lucy Gaffney.

The Company notes Mr. O'Brien's expressed interest in acquiring control of the Company by means of an investment of €100 million at a price of €0.0142 per share (a discount of approximately 95% to the closing market price per Share on the Irish Stock Exchange on 28th September, 2009 - the date of this Announcement) for 67% of the Company. The Board has carefully considered Mr. O'Brien's proposal in light of, *inter alia*, the response from certain key stakeholders whose support would be necessary for its implementation. In particular, the Ad Hoc Committee has stated categorically to the Company that the proposal from Mr. O'Brien is unacceptable to it. In addition, representatives of Sir Anthony O'Reilly, the largest Shareholder in the Company holding 28.01% of the Existing Issued Share Capital of the Company - a stake capable of blocking those special resolutions which would be required to implement Mr. O'Brien's proposals - have stated that he would not be prepared to support Mr. O'Brien's unilateral proposal.

These factors, together with the significant competition law and media plurality issues associated with an assumption of control by Mr. O'Brien of Ireland's largest media group, and, *inter alia*, significant differences in the value being attributed to the existing Shares (Mr. O'Brien's proposal would dilute existing shareholders by 92%, with their residual 8% holding having a value on Mr. O'Brien's investment terms of only €12 million) were taken into account by the Board in deciding to proceed with the Restructuring on the terms detailed in this Announcement.

Notwithstanding today's Board decision, it remains open to any party to put forward an alternative and viable proposal, which provides better economics for stakeholders, with no added execution risk and which is deliverable on a timely basis relative to the Restructuring. Any such proposal would be further considered by the Board.

Further Information

Further announcements and various Bondholder and Shareholder documentation will be issued in due course, together with a timetable for the Rights Issue.

For further information, please contact:

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This Announcement does not constitute, or form part of, an invitation or offer of securities for subscription, sale or purchase to any person, to be issued or sold in connection with the Restructuring. Any purchase of, or application for, securities referred to in this Announcement should only be made on the basis of information contained in the Prospectus to be published by the Company in due course in connection with the Restructuring. The Prospectus will contain detailed information about the Rights Issue, INM and its management, as well as financial information.

Participation in the Rights Issue will not be available to Shareholders resident in the United States, the Commonwealth of Australia, the Republic of South Africa, Japan, Canada, New Zealand, Switzerland or any other jurisdiction where it would be unlawful to offer participation (each "an Excluded Territory").

The offer of the New Ordinary Shares in certain jurisdictions may be restricted by law and therefore potential investors should inform themselves about and observe any such restrictions. The Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters and the New Ordinary Shares will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States or any other Excluded Territory and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States or any other Excluded Territory except pursuant to an applicable exemption from the registration requirements of the US Securities Act (in the case of the United States) and in compliance with any applicable securities laws of any state or other jurisdiction of the United States or any other Excluded Territory. There will be no public offer in the United States or any other Excluded Territory.

The distribution of this announcement or any other document issued by the Company in connection with the Rights Issue and the transfer of Nil Paid Rights, Fully Paid Rights and New Ordinary Shares into jurisdictions other than Ireland and the United Kingdom may be restricted by law and therefore, persons into whose possession these documents come should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to certain exceptions, this announcement and any other documents issued by the Company in connection with the Rights Issue should not be distributed, forwarded to or transmitted in any Excluded Territories.

Davy (which is regulated in Ireland by the Financial Regulator) is acting exclusively for INM as financial adviser and as sponsor for the purposes of the Listing Rules of the Irish Stock Exchange and the Listing Rules of the UK Listing Authority, and no one else in connection with the Restructuring and will not regard any other person (including the recipients of this document) as a client in relation to the Restructuring and will not be responsible to anyone other than the Company for providing the protections afforded to its customers or for providing advice in relation to the Restructuring or any other matters referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed by the Financial Regulator or any applicable Irish law, Davy makes no representation, express or implied, with respect to the accuracy, verification or completeness of any information contained in this document and accepts no responsibility for, nor does it authorise, the contents of this document or its publication, or any other statement made or purported to be made by the Company, or on its behalf, in connection with the Restructuring, the Rights Issue, Admission, the New Ordinary Shares or any of the other arrangements described in this document, and accordingly disclaims all and any liability whatsoever whether arising out of tort, contract or otherwise which it might otherwise have to any person other than INM in respect of this document or any other statement.

North Sea (which is authorised and regulated in the UK by the FSA) is acting exclusively for INM as financial adviser and no one else in connection with the Restructuring and will not regard any other person (including the recipients of this document) as a client in relation to the Restructuring and will not be responsible to anyone other than the Company for providing the protections afforded to its customers or for providing advice in relation to the Restructuring or any other matters referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed by the FSA, the Financial Regulator or any applicable law, North Sea makes no representation, express or implied, with respect to the accuracy, verification or completeness of any information contained in this document and accepts no responsibility for, nor does it authorise, the contents of this document or its publication, or any other statement made or purported to be made by the Company, or on its behalf, in connection with the Restructuring, the Rights Issue, Admission, the New Ordinary Shares or any of the other arrangements described in this document, and accordingly disclaims all and any liability whatsoever whether arising out of tort, contract or otherwise which it might otherwise have to any person other than INM in respect of this document or any other statement.

This document and any materials distributed in connection with this document may contain certain forward-looking statements regarding the belief or current expectations of INM, the Directors and other members of its senior management about INM's financial condition, results of operations and business and the transactions described in this document. Generally, but not always, words such as 'may', 'could', 'should', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'assume', 'believe', 'plan', 'seek', 'continue', 'target', 'goal', 'would' or their negative variations or similar expressions identify forward-looking statements. Such forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the INM and are difficult to predict, that may cause the actual results, performance, achievements or developments of the Group or the industries in which it operates to differ materially from any future results, performance, achievements or developments expressed or implied from the forward-looking statements. A number of material factors could cause actual results to differ materially from those contemplated by the forward-looking statements.

This Announcement is not a Prospectus. A Prospectus in relation to, *inter alia*, the Rights Issue will be published by the Company in due course. Investors should rely on the information contained in the Prospectus and any documents incorporated therein by reference.

The following defined terms used in this Announcement have the following meaning:

“Ad Hoc Committee”	the committee of Bondholders formed for the purposes of participating in the restructuring discussions whose interests represent in aggregate 39% of the outstanding principal of the Bonds;
“Admission”	Admission of shares to the official lists of the Irish Stock Exchange and the UK Listing Authority;
“Announcement”	this announcement dated 28 th September, 2009;
“Banks”	the eight banks providing senior facilities to the INM Group (excluding APN News & Media Limited);
“Bondholder(s)”	holders of the Group’s May 2009 €200 million 5.75% Bond, or any one of them as the context may require;
“Bonds”	the Group’s May 2009 5.75% Bond;
“Completion”	completion of the Restructuring;
“Davy”	J&E Davy and Davy Corporate Finance;
“Existing Issued Share Capital”	839,595,903 Ordinary Shares in INM (excluding treasury shares) in issue as at the close of business on 28 th September, 2009 (the latest practicable date prior to the issue of this Announcement);
“Enlarged Issued Share Capital”	the Existing Issued Share Capital, the New Ordinary Shares to be issued under the First Equity Issue and the Rights Issue Shares;
“Excluded Territories”	territories into which the Rights Issue will not be made;
“First Equity Issue”	the issue of 723.2 million New Ordinary Shares in exchange for €123 million of the Bond principal;
“First Equity Issue Price”	the price per New Ordinary Share under the First Equity Issue, being €0.17;
“FSA”	the Financial Services Authority;
“FSMA”	the Financial Service and Markets Act 2000 of the United Kingdom;
“Fully Paid Rights”	rights which are provisionally allotted to Qualifying Shareholders pursuant to the Rights Issue and which have been recorded in the register of the Company as having been paid at the Rights Issue Price;
“INM” or “the Company”	Independent News & Media PLC;
“INM Group” or “the Group”	the Company and its subsidiaries;
“Irish Stock Exchange”	The Irish Stock Exchange Limited;
“Issuer”	the issuer of the Bonds, being Independent News & Media (Finance) Limited;
“New Ordinary Shares”	new Ordinary Shares to be issued under the Restructuring;
“Nil Paid Rights”	rights to acquire New Ordinary Shares under the Rights Issue, nil paid;
“North Sea”	North Sea Partners LLC;
“Ordinary Shares” or “Shares”	ordinary shares of nominal value €0.05 each in the capital of the Company;
“Overseas Shareholder(s)”	Shareholders in Excluded Territories;
“Proposed Senior Debt Facilities”	the proposed senior debt facilities to be entered into by the INM Group with the Banks;
“Provisional Allotment Letter(s)”	the provisional allotment letters to be issued in connection with the Rights Issue;

“Qualifying Shareholder(s)”	Shareholders having an entitlement to participate in the Rights Issue, being existing shareholders on the Record Date other than Overseas Shareholders;
“Restructuring”	the restructuring as detailed in this Announcement, including the First Equity Issue and the Rights Issue;
“Record Date”	the record date for participation in the Rights Issue (not yet determined);
“Rights Issue”	the proposed rights issue of up to €4 million to be underwritten by Bondholders;
“Rights Issue Price”	€0.05 per Rights Issue Share;
“Rights Issue Share(s)”	the new ordinary shares to be issued under the Rights Issue, including shares which may be issued in discharge of the related underwriting fees;
“Shareholder(s)”	holders of Ordinary Shares;
“Share Capital Resolutions”	resolutions for the increase of the authorised share capital of the Company and for the grant to the Directors of the share allotment authorities necessary to implement the Restructuring;
“Standstill Agreement”	the standstill agreement between the Banks, the Ad Hoc Committee and certain members of INM Group dated 16 May, 2009 (as amended and restated on 26 June, 2009, 24 July, 2009, 27 August, 2009 and 25 September, 2009);
“Then Issued Share Capital”	the shares in issue following the First Equity Issue (assuming no other share issues);
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 of the United Kingdom; and
“Underwriting Agreement”	an agreement to reflect the underwriting commitment of the Bondholders in respect of the Rights Issue.