



INM MARKET UPDATE

Ticker: (Bloomberg) INM.ID/ INM.LN and (Reuters) INME.I/ INME.L

Dublin/London – 26th January 2009: Independent News & Media PLC (“**INM**” or the “**Group**”) has noted the significant and unwarranted decline in INM’s share price and believes that the current market capitalisation does not fairly reflect the true value of the underlying assets, the current trading performance and the inherent profitability and cash generative nature of the Group’s operations. This is underscored by the international diversity of the Group’s publishing, online, radio and outdoor operations across Australia, Hong Kong, India, Indonesia, Ireland, New Zealand, South Africa and the United Kingdom.

With this in mind, INM would like to update the market on a number of issues.

TRADING PERFORMANCE

INM expects to release its 2008 Full Year Results on 31st March 2009. In advance of those results, the Group is updating guidance on its expected 2008 results and initial guidance in respect of its 2009 trading performance to address potential misapprehensions in the market place.

While INM – like all other companies – is currently operating in very challenging economic and advertising conditions, the Group is pleased to confirm that its global and diverse operations are continuing to demonstrate considerable resilience. This is underpinned by the fact that over 33% of INM’s Group revenues are not dependent on advertising markets.

For the year ended 31st December 2008 – noting that these figures are still subject to full audit – total Group revenue is estimated to be in excess of €1.4 billion, or approximately 3% down on the prior year in constant currency terms.

Significantly, strong cost management across all divisions largely contained the sudden advertising contraction experienced from September 2008 onwards, and as a result, it is expected – but still subject to audit – that INM will produce a 2008 Operating Profit (Before Exceptionals) of at least €275m, which would yield a Diluted Earnings per Share (excluding exceptionals) of at least 12.0 cent per share, contrasted against a current share price of 19.0 cent. These results demonstrate that – even in tough economic conditions – INM continues to be a profitable and cash-generative business.

For 2009, the Group does not anticipate any improvement in global advertising conditions, and is forecasting that total publishing advertising revenues will contract by c. 4% - 6% on 2008, with circulation revenues forecasted to be flat to marginally up on 2008 (both in constant currencies). As a result, overall Group revenues are currently expected to be only marginally down on 2008 in constant currency terms.



Providing advertising and credit markets do not materially deteriorate further, Operating Profit for 2009 is currently forecast by management to be within a range of €240m - €270m, or down approximately 10% on 2008. This follows continuing strong cost management, particularly in the areas of discretionary costs, newsprint/consumables, and payroll (both headcount and rate). Specifically, Irish and UK staff have accepted a comprehensive series of pay reductions and other payroll related cost savings across all divisions for 2009. In addition, the INM directors have agreed to a 10% reduction in their fees and a 10% reduction in executive salaries, and no bonuses will be payable in respect of 2008.

UPDATE ON UNSOLICITED INTEREST IN APN

INM has completed its strategic review of its 39.1% shareholding in leading Australasian media company, APN News & Media Limited ("APN"). The strategic review was initiated on 31st October 2008 following the receipt of a number of unsolicited expressions of interest regarding INM's shareholding in APN.

Since the strategic review was first announced on 31st October 2008, credit market conditions have continued to deteriorate. While there was significant interest in the APN stake (and its individual divisions), the deteriorating state of credit markets made it difficult for interested parties to put together a fully-financed bid for APN at an appropriate value that would have been acceptable to both INM and to the other APN shareholders.

INM purchased Provincial Newspapers Queensland – which subsequently became and was listed as APN – in 1988, and INM believes that APN has a unique and valuable collection of high-quality and market-leading publishing, radio and outdoor advertising assets.

BALANCE SHEET

The Group confirms that it is compliant with its banking covenants and is working constructively to de-risk its Balance Sheet and to reduce debt.

In light of INM's decision to retain its interest in APN, the Group has been actively and simultaneously pursuing alternative strategies to secure sufficient capital to both de-leverage and de-risk its Balance Sheet, with a focus on free cash flow generation. This strategy encompasses the dual objective of meeting the maturity of its May 2009 €200m 5.75% Senior Bond and specifically achieving a Net Debt to EBITDA ratio of below 3.0x. Under the Group's Bank Facility Agreements – Group members in Ireland and the UK have granted fixed and floating charges to their lending banks over assets located in Ireland and the UK.



- **Dividend**

In light of the Group's financial objective to maximise cash flow and to reduce leverage, the Board has determined that it will not recommend a final dividend for 2008. For reference, the 2007 final dividend paid in cash was €60.2m.

- **Capital Expenditure**

Following significant capital additions and improvements in the last number of years – which has encompassed new full-colour print/ production centres and the installation of a group-wide Atex editorial system – 2009 capital expenditure is forecast to reduce to c. €30m, a reduction of over 50% on 2008 levels, and well below the 2009 depreciation charge.

- **Private Subordinated Bond**

The Board of INM has engaged Merrill Lynch International and Davy Stockbrokers (Dublin) to advise on the marketing of a private subordinated bond. If successfully issued, the Board plans to use the proceeds from this Subordinated Bond to meet the maturity in May 2009, of the Group's €200m 5.75% Senior Bond. Further updates will be provided in due course.

- **Asset Divestitures**

As part of the Group's stated commitment to de-leverage, INM has specifically identified potential asset divestitures – in conjunction with professional advisors - to achieve a Net Debt to EBITDA ratio of below 3.0x times. These assets are either non-strategic core assets or those assets whose disposal will not impact on the existing operating divisions and, if successfully concluded, will allow the Group to retain the central ethos, global diversity and strong multi-media mix of the Group.

As part of this de-leveraging process, the Group will also focus on eliminating any loss-making businesses. While there is no guarantee that these divestitures will complete, it is expected that these divestitures can be concluded within the next 12 months. Proceeds from any such disposals will be applied towards further debt reduction.

ENDS

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