

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the course of action to be taken, you are recommended to consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser (being, in the case of Shareholders in Ireland, an organisation or firm authorised or exempted pursuant to the European Communities (Markets in Financial Instruments Nos. 1 to 3) Regulations 2007 (as amended) or the Investment Intermediaries Act 1995 or, in the case of Shareholders in the United Kingdom, an adviser authorised pursuant to the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA")) or, in the case of Shareholders in a territory outside Ireland and the United Kingdom, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred your entire holding of ordinary shares in Independent News & Media PLC, please forward this document, together with the enclosed Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee as soon as possible.

For a discussion of certain risk factors which should be taken into account when considering whether to vote in favour of the Resolutions, see Part 4 of this document.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION FOR ANY PERSON TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES IN INDEPENDENT NEWS & MEDIA PLC OR IN ANY OTHER COMPANY IN THE INDEPENDENT NEWS & MEDIA GROUP.



Independent News & Media PLC

(Incorporated and registered in Ireland with registered number 2936)

Recommended Proposed Increase in Authorised Share Capital, Related Increase in General Allotment Authorities and Dis-application of Pre-emption Rights in connection with a Restructuring and Notice of Extraordinary General Meeting

Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 3 to 14 of this document which contains the recommendation of the Board to Shareholders to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below.

Notice of an Extraordinary General Meeting to be held at The Normandy Suite, Green Isle Hotel, Newlands Cross, Dublin 22, Ireland on 26 November 2009 at 11.15 a.m. (or if later, immediately following the conclusion or adjournment of the Class 1 EGM, convened to be held at 11.00 a.m. on the same day and at the same location) is set out at the end of this document. A Form of Proxy for use at the Extraordinary General Meeting is enclosed which, if you wish to validly appoint a proxy, should be completed and signed in accordance with the instructions printed thereon, and returned by post to the Company's Registrars, Capita Registrars, P.O. Box 7117, Business Reply, Dublin 2, Ireland or by hand to Capita Registrars, Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland as soon as possible but in any event so as to be received by the Company's Registrars no later than 11.15 a.m. on 24 November 2009. The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting, or any adjournment thereof, should you wish to do so.

Electronic proxy appointment is available for the Extraordinary General Meeting. This facility enables a Shareholder to lodge its proxy appointment by electronic means by logging on to the website of the registrars, Capita Registrars: www.capitaregistrars.ie. Shareholders should select "Login to Shareholder Services" from the ONLINE SERVICES menu. Alternatively, for those who hold Ordinary Shares in CREST, a Shareholder may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Registrars (CREST participant ID 7RA08). In each case the proxy appointment must be received by no later than 11.15 a.m. on 24 November 2009. The completion and return of either an electronic proxy appointment notification or a CREST Proxy Instruction (as the case may be) will not prevent the Shareholder from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof, should the Shareholder wish to do so.

J&E Davy, which is regulated in Ireland by the Financial Regulator, is acting exclusively for Independent News & Media PLC in connection with the requirements of the Irish Stock Exchange and the UK Listing Authority relating to the Restructuring and for no one else (including the recipients of this document) in relation to the Restructuring and will not be responsible to any other person for providing the protections afforded to customers of J&E Davy or for providing advice in connection with any transaction or arrangement referred to in this document.

This document does not constitute, or form part of, any offer or invitation to sell, or any solicitation of any offer to purchase or subscribe for any shares in the Company in any jurisdiction in connection with the Rights Issue (as described in this document) nor shall it form part of it or the fact of its distribution form the basis of, or be relied upon in connection with, any contract or investment decision in relation thereto. Shareholders who are considering a subscription for or purchase of Rights Issue Shares under the Rights Issue are reminded that any such subscription or purchase may only be made solely on the basis of the information contained in the Prospectus to be issued by the Company in connection therewith.

NONE OF THE NEW ORDINARY SHARES TO BE ISSUED AS A RESULT OF THE FIRST EQUITY ISSUE OR THE RIGHTS ISSUE OR IF APPLICABLE THE SECOND EQUITY ISSUE, HAS BEEN OR WILL BE REGISTERED OR OTHERWISE MADE ELIGIBLE FOR A PUBLIC OFFERING UNDER THE SECURITIES LAWS OF ANY JURISDICTION OTHER THAN, IN THE CASE OF THE RIGHTS ISSUE SHARES TO BE OFFERED UNDER THE RIGHTS ISSUE, IRELAND AND THE UNITED KINGDOM, AND MAY THEREFORE NOT BE OFFERED, SOLD, PURCHASED, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN ANY JURISDICTION OTHER THAN IN COMPLIANCE WITH THE SECURITIES LAWS THEREOF.

None of the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Shares, or the new Ordinary Shares to be issued as a result of the First Equity Issue or, if applicable, the Second Equity Issue, have been or will be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the US and, subject to certain exceptions, none of these securities may be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in the US except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the US. There will be no public offer of any of these securities in the US.

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OUTLINE TIMETABLE	
<i>Event</i>	<i>Time and Date⁽ⁱ⁾</i>
Date of issue of the Class 1 Circular	2 November 2009
Date of issue of this document	3 November 2009
First Requisitioned EGM	11.00 a.m. on 3 November 2009
Time and date of Bondholder Meeting to consider the Restructuring	11.00 a.m. on 10 November 2009 ⁽ⁱⁱ⁾
First Equity Issue	11 November 2009
Latest time and date for receipt of Forms of Proxy and CREST Proxy Instructions for the Second Requisitioned EGM	11.00 a.m. on 11 November 2009
Second Requisitioned EGM	11.00 a.m. on 13 November 2009
Latest time and date for receipt of Forms of Proxy and CREST Proxy Instructions for the Class 1 EGM	11.00 a.m. on 24 November 2009
Time and date of Class 1 EGM	11.00 a.m. on 26 November 2009
Latest time and date for receipt of Forms of Proxy and CREST Proxy Instructions for the Extraordinary General Meeting	11.15 a.m. on 24 November 2009
Time and date of Extraordinary General Meeting	11.15 a.m. on 26 November 2009⁽ⁱⁱⁱ⁾
Record Date for participation in the Rights Issue	6.00 p.m. on a date not yet determined but expected to be on or around the business day following the EGM
Launch of Rights Issue	as soon as practicable following the conclusion of the EGM ^(iv)

Notes

- (i) References to times and dates in this document are to times and dates in Dublin, Ireland.
- (ii) The timetable assumes the Extraordinary Resolution proposed for consideration at the Bondholder Meeting is approved and assumes that the Bondholder Meeting on 10 November 2009 is quorate. In the event that the requisite quorum is not represented on that date, the Bondholder Meeting would be adjourned to no earlier than 24 November 2009, with a corresponding delay on the remainder of the expected Restructuring timetable.
- (iii) Or if later, immediately following the conclusion or adjournment of the Class 1 EGM, convened to be held at 11.00 a.m. on the same day and at the same location.
- (iv) This assumes the approval of all of the Resolutions at the Extraordinary General Meeting. A prospectus will be issued in connection, *inter alia*, with the Rights Issue, containing the detailed timetable for the Rights Issue. The Rights Issue timetable will also be notified via a Regulatory Information Service and to the Irish Stock Exchange and the London Stock Exchange.
- (v) The dates set out in the "Outline Timetable" and mentioned throughout this document may be adjusted by INM, in which event details of new dates will be notified via a Regulatory Information Service and to the Irish Stock Exchange and the London Stock Exchange.

**PART 1: LETTER FROM THE CHAIRMAN OF
INDEPENDENT NEWS & MEDIA PLC**



Independent News & Media PLC

(Incorporated and registered in Ireland, registered number 2936)

Directors

Dr Brian Hillery (Chairman)
GK O'Reilly* (Chief Executive Officer)
DJ Buggy* (Chief Financial Officer)
L Buckley
K Clarke (UK)
P Connolly
L Gaffney
Baroness M Jay (UK)
B Mulroney (Canada)
F Murray

Head and Registered Office
Independent House
2023 Bianconi Avenue
Citywest Business Campus
Naas Road
Dublin 24
Ireland

* denotes executive director

**Recommended Proposed Increase in Authorised Share Capital, Related Increase in
General Allotment Authorities
and
Dis-application of Pre-emption Rights in connection with a Restructuring
and
Notice of Extraordinary General Meeting**

3 November 2009

To the Shareholders of Independent News & Media PLC and, for information only, to Option Holders

Dear Shareholder,

1. INTRODUCTION

Discussions with creditors over a number of months following INM's inability to redeem the €200 million Bonds at their maturity in May 2009 and to comply with certain covenant tests under the Group's core bank debt facilities in June 2009, culminated in an agreement in principle being reached on a restructuring of the Company's balance sheet by the Company with the Ad Hoc Committee of Bondholders (formed for the purposes of discussions and whose holdings represent in aggregate approximately 39 per cent. of the Bond principal). The details of this agreement were announced on 28 September 2009 at which time it was also confirmed that INM's Banks had indicated that they were broadly supportive of the Company pursuing this Restructuring. On 7 October 2009, INM announced that it had entered into a Restructuring Agreement to formalise the agreement in principle with the members of the Ad Hoc Committee providing for the implementation of the Restructuring. On 19 October 2009, INMF issued a notice to Bondholders convening the Bondholder Meeting for 11.00 a.m. on 10 November 2009, to seek the requisite consent of Bondholders to the Restructuring. The Company has also now accepted a term sheet proposed by INM's Banks. A Facilities Agreement reflecting the term sheet is in the process of being agreed with INM's Banks and once finalised, it will record the terms on which the Proposed Senior Debt Facilities will, subject, *inter alia*, to approval of the Class 1 Resolution at the Class 1 EGM and implementation of the Restructuring, be available to the Group.

The Restructuring will, if and when completed in full, significantly reduce the debt burden of the Group (by an aggregate of €350 million in 2009 in combination with the Disposals) and provide the Group with the necessary financial stability and liquidity to benefit from any cyclical economic recovery across its multinational portfolio of market leading media assets.

The proposals set out in this document are very important and require your close attention. Your Board is of the view that the Restructuring represents the best prospect for securing a significantly improved financial structure for the Group and the continued support of its Banks upon which the Group is dependent for its ability to continue to trade as a going concern. Whether or not you intend to take up your Rights under the Rights Issue, you are strongly urged to vote in favour of all of the Resolutions to be proposed at the Extraordinary General Meeting.

The principal elements of the Restructuring include: (i) an agreed issue of equity to the Eligible Bondholders in part settlement of the repayments due to them under the Bonds; (ii) a proposed Rights Issue to raise gross proceeds of approximately €92.2 million, fully underwritten on behalf of the Bondholders through the balance of their claim; and (iii) the proposed restructuring of the Group's senior debt facilities. The Group is also continuing to progress its previously announced deleveraging divestiture strategy, of which the disposal of INM Outdoor is a key component as the Proposed Senior Debt Facilities are conditional on Shareholder approval of the resolution relating to the disposal of INM Outdoor to be considered at the Class 1 EGM being held immediately prior to the EGM. An update on the divestiture programme is set out in section 3 of this Part 1 (*Asset Disposal Programme*).

The full implementation of the Restructuring, and of the Rights Issue in particular, will require an increase in the authorised share capital of the Company, the grant of share allotment authorities to the Directors and the disapplication of Shareholders' pre-emption rights in connection with the Rights Issue. The necessary Shareholder approvals will be sought at an extraordinary general meeting of the Company which has been convened to be held at The Normandy Suite, Green Isle Hotel, Newlands Cross, Dublin 22, Ireland on 26 November 2009 at 11.15 a.m. (or if later, immediately following the conclusion or adjournment of the Class 1 EGM, convened to be held at 11.00 a.m. on the same day and at the same location). All Shareholders entered on the Company's register of members at 6.00 p.m. on 24 November 2009 are eligible to vote on the Resolutions proposed for consideration at the EGM.

The purpose of this document therefore, is to (i) set out the reasons for, and details of, the Restructuring; (ii) to convene the required extraordinary general meeting to facilitate, *inter alia*, the completion of the Restructuring including the implementation of the Rights Issue; and (iii) to explain why your Board considers the Resolutions to be in the best interests of the Company, its creditors and its Shareholders as a whole and recommends that Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting. A notice convening the EGM, at which the Resolutions will be proposed and considered, is set out at the end of this document.

For further information on the Resolutions and the effects on the Company and its Shareholders if one or more of the Resolutions are not approved at the EGM please read section 12 of this Part 1. Your attention is also drawn to Part 4 of this document which contains important risk factors relevant to your assessment of the Resolutions.

2. BACKGROUND TO AND REASONS FOR THE RESTRUCTURING

Background

As per previous announcements by the Company, due to the difficult credit markets and ongoing economic turbulence, the Group confirmed that it would be unable to meet its repayment obligations in relation to the maturity of the Bonds on 18 May 2009 (which would have triggered a cross default under the terms of certain senior debt facilities). In addition, as at 30 June 2009, the Group was unable to comply with certain covenant tests contained within its core bank debt facilities (being INM Group facilities other than non-recourse debt of APN News & Media Limited ("APN")) relating to net debt to EBITDA and EBITDA to net interest ratios. Failure by the Company to comply with a covenant test renders these facilities in default and repayable on demand at the option of the lenders unless an amendment or waiver is granted by the Banks.

On 16 May 2009, in advance of the maturity of the Bonds, and in advance of the covenant testing date in respect of the Group's core bank debt facilities, the Company agreed a financial standstill with the Bondholders and its Banks, whereby all parties agreed to forbear from taking any action to enforce any claim for any payment during the financial standstill period and to continue to make the Group's core bank debt facilities available, subject to certain qualifications. This initial financial standstill period ran until 26 June 2009. It has subsequently been extended on a monthly basis and the current standstill period, extended from 30 October 2009 for the purposes of facilitating implementation

of the Restructuring, extends until 23 December 2009 (but can be terminated by the Majority Lenders or the Majority Bondholders prior to that date subject to certain conditions including if the Bondholders do not pass the Extraordinary Resolution to be considered at the Bondholder Meeting convened for 10 November 2009, if the First Equity Issue does not occur prior to 13 November 2009 or if Shareholders do not approve the Class 1 Resolution at the Class 1 EGM).

During the period of the financial standstill, the Company has been engaged in discussions with its Banks and the Ad Hoc Committee of Bondholders with the objective of agreeing a consensual restructuring solution, capable of implementation outside of a court administered process, and which would recognise the economic interests of, and preserve value for, all stakeholders in the Group's businesses. These discussions have included representatives of both of the largest Shareholders in the Company (Sir Anthony O'Reilly and Mr. Denis O'Brien).

Constructive discussions between the Company and its Banks and the Ad Hoc Committee of Bondholders remained ongoing throughout the period of the standstill arrangement and culminated in agreement of the outline terms of the Restructuring which were originally announced by the Company on 28 September 2009.

The Restructuring includes, *inter alia*, the First Equity Issue, the Rights Issue (or, as an alternative, the Second Equity Issue) and the Proposed Senior Debt Facilities. Further information on each of these elements of the Restructuring is set out in section 3 of this Part 1 and in Parts 2 and 3 of this document. The Restructuring involves a number of conditions to be satisfied prior to its implementation.

The Restructuring represents, in the view of the Board, the best outcome having regard to the financial circumstances of the Company and the stated position of the stakeholders as ascertained over the past months in the restructuring discussions. The Company's continued existence outside of a formal insolvency process has been entirely dependent upon the forbearance of both the Banks and Bondholders (by way of the Standstill Agreement) from taking any enforcement action against the Company in relation to the defaults under their respective creditor claims. The Board would note that, absent a restructuring solution acceptable to both the Banks and Bondholders, such creditors may, in the opinion of the Board, seek, without delay, to have an examiner appointed to the Company or to initiate another court administered insolvency process (receivership or liquidation). The Board is of the view that any such process would severely impair Company and Shareholder value.

Objectives of the Restructuring

INM is a leading international newspaper and communications group with a large and geographically diverse portfolio of assets including publishing printing, radio, outdoor advertising and online. It has operations or interests in Ireland, Australia, India, Indonesia, New Zealand, South Africa and the United Kingdom, publishing over 200 newspaper and magazine titles and delivering a combined weekly circulation of over 32 million copies with a weekly audience of over 100 million consumers. It has also established a robust and growing online presence with over 100 editorial, classified and transactional sites, operates over 130 radio stations in Australasia and has leading outdoor advertising positions in Australasia, Hong Kong, Malaysia, India, Indonesia and (pending the disposal of INM Outdoor) South Africa. The INM Group employs approximately 8,700 staff (as at 30 June 2009) across the globe.

While the exceptionally difficult business conditions prevailing in many of the countries in which the Group operates over the last year have significantly adversely impacted performance, most acutely in the area of advertising (as indicated in the Half Yearly Report and the Interim Management Statement), mitigating action has been taken by the Group involving a renewed focus on operating cost reduction and pursuit of a series of business process improvements, including product and platform innovation. Group revenue for the six months ended 30 June 2009 was €608.8 million (a decline from €780.4 million in 2008) with a reduction in operating costs of €91.0 million (down 14.5 per cent. or 7.5 per cent. in constant currency terms on the same period in 2008). The resultant operating margin for the first half of 2009 of 12 per cent. (before exceptional items) confirms the INM Group's ranking at the top end of its peer group.

The Board believes that the completion of the Restructuring will create a stable and secure foundation from which to leverage the Group's businesses and their key strengths. The Restructuring will achieve a significant reduction in net debt (the combination of the equitisation of the Bonds, the Rights Issue

and the Group's previously-announced disposal programme resulting in deleveraging of approximately €350 million, with further debt reduction of approximately €50 million targeted in 2010 as a result of additional non-core disposals), increased liquidity and a stabilised financial position. If the Restructuring is not implemented, there is a material uncertainty in relation to whether the Company can continue as a going concern.

Key tenets of the Group's business plan and strategy following completion of the Restructuring include a continued strengthening in governance and management resources, and a renewed focus on growing (to the extent that cash flow allows) and leveraging the diversified (both geographic and platform) revenue and earnings base to deliver a measured return to growth in the medium term. Strong cost and cash management, including addressing loss making businesses will also be prioritised. With the Restructuring complete, the Company's strong operating leverage should facilitate incremental revenue growth from any cyclical economic recovery, substantially translating into a much improved operating profit performance and allowing for the restoration of equity value from its current historic low.

3. THE RESTRUCTURING

First Equity Issue

The First Equity Issue includes the indirect issue of 723,200,000 new Ordinary Shares at an effective price of €0.17 per share to Eligible Bondholders and the transfer to the Company of approximately €122.9 million (representing principal and accrued interest) in Bond claim due to them and the subsequent release of that Bond claim. These new Ordinary Shares will represent approximately 46.3 per cent of the Then Issued Share Capital of the Company.

The First Equity Issue is conditional, *inter alia*, upon (i) Bondholder consent (approval of the Extraordinary Resolution by Bondholders representing at least 75 per cent. by value of the aggregate principal amount of Bonds held by persons voting at the Bondholder Meeting (in person or by proxy) and with a quorum of not less than two thirds of the outstanding principal amount of Bonds); (ii) the Facilities Agreement in respect of the Proposed Senior Debt Facilities having been entered into (conditional, *inter alia*, on the approval by Shareholders of the Class 1 Resolution in respect of the proposed disposal of INM Outdoor); and (iii) the agreement of the Irish Takeover Panel being obtained that the Bondholders would not be treated as acting in concert for the purposes of the Irish Takeover Rules (or an unconditional waiver of any consequent obligation to make a mandatory offer for the remaining of the Company's issued share capital). If the Extraordinary Resolution is duly passed at the Bondholder Meeting, the Restructuring will become binding on all Bondholders irrespective of whether or not they voted in favour of the Extraordinary Resolution. For the avoidance of doubt it should be noted that the First Equity Issue is not conditional on the approval of the Resolutions at the EGM or on the passing of the Class 1 Resolution. The First Equity Issue Shares will be issued under the existing authority of the Board to issue shares which was granted by Shareholders at the Company's annual general meeting in June 2009. It is expected that the conditions of the First Equity Issue will be satisfied and the First Equity Issue Shares will be issued on 11 November 2009. The First Equity Issue Shares will carry an entitlement to participate in the Rights Issue and are expected to be entitled to vote at the Second Requisitioned EGM.

Further information on the First Equity Issue, including the mechanism for its implementation via the First Bond Purchaser, a special purpose company incorporated for the purposes thereof, is contained in Part 2 of this document.

Rights Issue

Conditional, *inter alia*, on completion of the First Equity Issue and approval of all of the Resolutions at the EGM, the Company will then implement the Rights Issue. The Company intends to raise up to €92.2 million by way of the Rights Issue. The Rights Issue will be fully underwritten on behalf of Bondholders with the balance of the Bond claim, including accrued but unpaid interest, 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, Eligible Bondholders will receive new Ordinary Shares at the Rights Issue Price 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. Eligible Bondholders will also receive an underwriting fee equal to 5 per cent. of the amount of the Rights Issue in respect of their obligations with respect to the Rights Issue, which will be used to subscribe for additional new Ordinary Shares at the Rights Issue Price (the "Underwriting Shares").

In the event of 100 per cent. subscription under the Rights Issue and assuming the allotment by the Company of the Underwriting Shares, Bondholders would, following completion of the Rights Issue, be interested in approximately 47.7 per cent. of the Enlarged Issued Share Capital. In the event of no subscription under the Rights Issue, Bondholders would, following completion of the Rights Issue and the Underwriting, be interested in approximately 76 per cent. of the Enlarged Issued Share Capital.

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 in principal amount of the Bonds, which following the First Equity Issue will represent a maximum individual holding of 4.7 per cent. of the Then Issued Share Capital and between 4.8 per cent. and 7.7 per cent. of the Enlarged Issued Share Capital.

It will be a term of the Rights Issue, as required under the Listing Rules, that the Company will appoint brokers to endeavour to procure subscribers for those Rights Issue Shares (other than those attributable to First Equity Issue Shares, as described below) not validly taken up in the Rights Issue at a price per Rights Issue Share which is at least equal to the aggregate of the Rights Issue Price and the expenses of procuring such subscribers. Assuming subscribers can be procured (and the brokers may cease to endeavour to procure any such subscribers at any time if in its opinion it is unlikely that any such subscribers can be procured on this basis), the relevant premium will be for the benefit of the relevant non-participating Shareholder.

It is a term of the Rights Issue that Rights Issue Shares attributable to those First Equity Issue Shares allotted for the account of the Bondholders and not disposed of by the relevant Bondholders by the Record Date will not be available for sale under these arrangements.

This arrangement is necessary to enable the effective take-up by the Bondholders of their entitlements under the Rights Issue through the underwriting arrangements, recognising that individual take-up by Bondholders of their entitlements under the Rights Issue by direct surrender or transfer to the Company of Bonds and related interest entitlements would not be feasible in practice due to the denomination of the Bonds and the fact that the accrued but unpaid interest attaching to the Bonds cannot be used to subscribe for Rights entitlement directly.

Further information on the terms and conditions of the Rights Issue is set out in section 4 below and in Part 3 of this document. This includes information on the mechanism for the implementation of the underwriting of the Rights Issue via the Second Bond Purchaser.

Second Equity Issue

Alternatively, if Resolution 3 is not approved at the EGM (such that the Rights Issue cannot proceed), but conditional on the passing of Resolutions 1 and 2 at the EGM, the outstanding principal amount of the Bonds (and accrued but unpaid interest thereon) following the First Equity Issue will indirectly be exchanged for further new Ordinary Shares in the Company at the Rights Issue Price. The number of new Ordinary Shares to be issued under the Second Equity Issue would be the same as for the Rights Issue, save for the Underwriting Shares which would not be issued if the Rights Issue did not proceed.

In the event of the Second Equity Issue being implemented rather than the Rights Issue, the combined interests of the Bondholders would, following completion of the Second Equity Issue be approximately 75.4 per cent. of the then enlarged issued share capital of the Company. As noted above, however, 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 Second Equity Issue, if implemented, will represent a maximum individual holding of approximately 7.6 per cent. of the then enlarged issued share capital of the Company.

Further information on the terms and conditions of the Second Equity Issue is set out in Part 3 of this document. This includes information on the mechanism for the implementation of the Second Equity Issue, if required, via the Second Bond Purchaser.

Proposed Senior Debt Facilities

A key component of the Restructuring is the availability from the Banks of term and revolving credit facilities in an aggregate amount of approximately €745 million under the Proposed Senior Debt Facilities. The principal commercial terms of the Proposed Senior Debt Facilities are contained in a term sheet prepared by the Banks which has been accepted by the Company. The Facilities Agreement is expected to reflect this term sheet and will record the terms on which the Banks are willing to continue to make available certain debt facilities to members of the Group and the terms on which the Banks are willing to provide certain new facilities to members of the Group upon and after completion of the Restructuring.

The Facilities Agreement and the related security and financing documents are in the process of being agreed with the Banks and are not expected to be executed until shortly before the Bondholder Meeting. The availability of the Proposed Senior Debt Facilities will be conditional, upon, amongst other matters: (i) approval by INM Shareholders of the Class 1 Resolution at the Class 1 EGM; and (ii) settlement of the Bond claim by a combination of the First Equity Issue and either the Rights Issue or the Second Equity Issue.

Certain of the principal terms of the Proposed Senior Debt Facilities to be set out in the Facilities Agreement are described in section 4 of Part 6 of this document. These key terms include:

- term and revolving facilities with a final maturity date of up to four and a half years from the date of execution of the Facilities Agreement;
- a term loan which carries a significant payment in kind coupon (PIK) which will be borrowed to fund payment of accrued but unpaid interest due in respect of the existing facilities and certain anticipated restructuring costs;
- an obligation that the net proceeds from the Asset Disposal Programme (as described below) shall be applied in prepayment/cancellation of part of the facilities;
- revised financial covenants to provide adequate headroom taking account of prevailing trading conditions and market expectations;
- restrictions on the declaration and distribution of dividends by the Company, depending on the achieved leverage ratios of the Group;
- restrictions regarding permitted capital expenditure, acquisitions and asset disposals (other than those contemplated in the context of the Asset Disposal Programme) and a cash sweep of a certain percentage of excess cash flow; and
- a requirement that the Company and certain material subsidiaries provide a guarantee of the obligations under the Facilities Agreement and a comprehensive security package.

Asset Disposal Programme

In February 2009 the Board initiated a process seeking to dispose of certain Group assets in order to raise in aggregate €150 million for the repayment of senior debt. This followed a number of developments, as outlined below, which supported a material deleveraging of the INM Group. These developments comprised indications that the Group's ability to fund the then forthcoming repayment of the Bonds (May 2009) and to comply with trading covenants under its core bank debt facilities, were in significant doubt. In particular the deterioration in global economic conditions meant that financing the repayment of the Bonds by way of bank debt (as had occurred in August 2008 with respect to the bonds which had been due for repayment in December 2008) was not an option. The Group had also sought to finance the repayment of the Bonds by way of a replacement debt instrument but this proposal was not successful due to insufficient demand. Following the receipt of unsolicited approaches, the Group had also sought to dispose of its stake in APN. This disposal did not proceed due primarily to an inability of potential purchasers to finance large media asset acquisitions in the then prevailing environment.

Accordingly, a number of smaller Group assets were identified as potential candidates for disposal, having regard to the key priorities of retaining core newspaper assets and only selecting assets likely to generate a good price in the prevailing weak market and of a more modest magnitude than APN, so that the availability of acquisition financing would not likely be an impediment to potential purchasers. The Group's resultant targeted divestiture strategy therefore focused on its 18.1 per cent interest

in Cashcade (sold in July 2009 for net €15.2 million), INM Outdoor (agreed to be sold to a pan-African private equity group, conditional *inter alia* on approval by INM Shareholders in general meeting, which meeting has also been convened to be held on 26 November 2009 by way of the Class 1 Circular), Verivox (the disposal process of which is ongoing and expected to be completed by the end of 2009) and part of the Group's stake in JPL (7.3 per cent. of JPL was sold in July 2009 for €21.7 million), with the intention of realising, in aggregate, approximately €150 million in sale proceeds.

The Standstill Agreement entered into by the Company for the purposes of the restructuring discussions provided that initial proceeds from disposals identified under the divestiture programme would be applied to repay the short term facilities extended to the Group for working capital purposes earlier this year. Accordingly in July 2009 €15 million of disposal proceeds were applied to repay the amount drawn down under this facility in full. Excess proceeds have been available to the Group for liquidity purposes within the terms of the Standstill Agreement and otherwise retained pending resolution of the Restructuring discussions. As detailed under "*Proposed Senior Debt Facilities*" above, all such remaining disposal proceeds (being in aggregate approximately €21 million) will be used to repay senior debt, together with all of the net proceeds of the disposal of INM Outdoor (approximately €95.9 million) (if and when completed).

4. SUMMARY INFORMATION ON THE RIGHTS ISSUE

By way of a Prospectus and (in the case of Qualifying Shareholders holding Ordinary Shares in certificated form) a Provisional Allotment Letter and (in the case of Qualifying Shareholders holding Ordinary Shares in CREST, a crediting of CREST accounts with Rights Issue Shares, nil paid), Qualifying Shareholders will be invited to apply in the Rights Issue for an aggregate of 1,844,099,165 Rights Issue Shares. Each Rights Issue Share will be offered at a price of €0.05 per share. The PALs will be posted (and relevant CREST accounts will be credited), and the Rights Issue will proceed, as soon as practicable following the conclusion of the Extraordinary General Meeting, assuming satisfaction of the conditions attaching to the Rights Issue which are detailed below. **This document does not constitute an offer of, or solicitation of offers to purchase, the Rights Issue Shares.**

The Rights Issue will be on the following basis:

59 Rights Issue Shares for every 50 Ordinary Shares

held on the Record Date and so in proportion for any other number of Ordinary Shares then held. The Rights Issue Price represents a discount of approximately 81 per cent. to the closing middle market price of €0.27 per Ordinary Share on 28 September 2009, the day prior to the announcement of agreement of the Restructuring. Shareholders with registered addresses in certain overseas jurisdictions may not be entitled to participate in the Rights Issue.

In order for the Rights Issue to proceed, a number of conditions must be satisfied, which include, *inter alia*, (i) the completion of the First Equity Issue; (ii) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated prior to Admission; (iii) the approval of the Resolutions at the EGM; (iv) the approval of the Prospectus by the Financial Regulator; (v) the posting of the PALs to Qualifying Shareholders on the Impact Day; and (vi) admission of the Rights Issue Shares, nil paid, to the Official Lists and to trading on the respective main markets for listed securities of the Irish Stock Exchange and the London Stock Exchange and such admission becoming effective by not later than 8.00 a.m. after the Impact Day.

The Nil Paid Rights, the Fully Paid Rights and the Rights Issue Shares have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the US and, subject to certain exceptions, may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the US except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the US. There will be no public offer in the US.

INM is not extending the Rights Issue into the United States unless an exemption from registration is available. The Rights Issue Shares which are not taken up in the Rights Issue may be offered and sold within the US only pursuant to an applicable exemption from the registration requirements of the US Securities Act and outside the United States in offshore transactions in accordance with Regulation S of the US Securities Act.

The Rights Issue Shares and the PALs have not been and will not be registered under the securities laws of any jurisdiction in Canada, Australia, the Republic of South Africa and Japan or any other territory or jurisdiction where the posting of the Prospectus and/or PALs would constitute a breach of local law or regulation, and may not be, directly or indirectly, offered or sold, taken up, renounced or delivered, in or into Canada, Australia, the Republic of South Africa or Japan or to or by any resident of such countries.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION FOR ANY PERSON TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES IN INDEPENDENT NEWS & MEDIA PLC OR IN ANY OTHER COMPANY IN THE INDEPENDENT NEWS & MEDIA GROUP.

5. USE OF PROCEEDS

The Rights Issue will be underwritten by the Second Bond Purchaser (on behalf of the Bondholders), and represents all of the Bondholders residual Bond claim (including accrued but unpaid and accruing interest) following completion of the First Equity Issue. Therefore all of the proceeds of the Rights Issue will be paid to the Bondholders and these proceeds will be used to discharge the Bond claim outstanding following the First Equity Issue.

The expenses of the Rights Issue, estimated to be approximately €3.0 million, other than the underwriting fee which will be discharged by way of the issue by the Company of new Ordinary Shares to be issued to the Underwriter (which new Ordinary Shares will subsequently be distributed to the accounts of the Eligible Bondholders or sold), will be funded from the Company's existing resources.

6. EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting is set out at the end of this document. The EGM is being held for the purpose of considering and, if thought fit, passing the Resolutions in connection with the Restructuring, of which Resolutions 1 and 2 will be proposed as ordinary resolutions and Resolution 3 will be proposed as a special resolution. Shareholder approval of these Resolutions is required in accordance with the Companies Acts and the Articles of Association of the Company.

Resolution 1 (to increase the Company's authorised share capital)

This resolution increases the authorised share capital of the Company by €150,000,000 from €300,000,000 divided into 1,606,122,805 Ordinary Shares and 878,775,439 Deferred Shares to €450,000,000 divided into 4,606,122,805 Ordinary Shares and 878,775,439 Deferred Shares.

This represents an increase of approximately 50 per cent. of the existing authorised share capital of the Company (including Deferred Shares) as at the date of this document, and an increase of approximately 187 per cent. of the existing authorised ordinary share capital of the Company as at the date of this document. The increase in the Company's authorised share capital is being sought in order to create sufficient authorised share capital to enable the issue of the Rights Issue Shares (subject to the approval of Resolutions 2 and 3) or of the Second Equity Issue Shares (if Resolution 2 is approved but Resolution 3 is not approved) and to allow for the issue of a further number of Ordinary Shares with a nominal value which is equal to approximately one third of the issued ordinary share capital of the Company as enlarged by the Restructuring.

A table setting out the effect of Resolution 1 on the share capital of the Company is set out in section 1 of Part 6 of this document.

Resolution 2 (to renew the Director's authority to allot relevant securities)

This resolution proposes to authorise the Directors to allot relevant securities pursuant to and in accordance with section 20 of the 1983 Act (the "Section 20 Authority") up to the amount equal to the authorised but unissued share capital of the Company as at the close of business on the date of the EGM.

The Section 20 Authority is necessary, *inter alia*, to facilitate the issue of the Rights Issue Shares (subject to the approval of Resolutions 1 and 3) or of the Second Equity Issue Shares (if Resolution 1 is approved but Resolution 3 is not approved) and to give the Directors power, in accordance with

applicable guidelines, to allot further Ordinary Shares up to a nominal value which is equal to approximately one third of the issued ordinary share capital of the Company as enlarged by the Restructuring.

The maximum amount of securities which the Directors will have authority to allot under the Section 20 Authority is 3,000,000,000 Ordinary Shares representing approximately 357 per cent. of the Existing Issued Share Capital, and approximately 192 per cent. of the Then Issued Share Capital Unless renewed or revoked, the Section 20 Authority will remain effective up to and including 25 November 2014.

Save in connection with the Rights Issue, or the Second Equity Issue, as the case may be, the Directors have no present intention to exercise this authority.

Resolution 3 (to dis-apply pre-emption rights)

The purpose of this resolution is to grant the Directors a general authority to dis-apply pre-emption rights in relation to any offer of securities by way of rights, open offer or otherwise in favour of holders of Ordinary Shares, and in respect of an offer of securities of up to a maximum aggregate nominal value of 10 per cent. of the Then Issued Share Capital (being 156,279,590 Ordinary Shares) and in respect of the subscription by Bondholders of new Ordinary Shares at the Rights Issue Price for the 5 per cent. underwriting fee payable to the Eligible Bondholders in respect of their obligations with respect to the Rights Issue.

Save in connection with the Rights Issue, the Directors have no present intention to exercise this authority. The authority conferred by Resolution 3, if approved, shall expire at the close of business on the earlier of the date of the next annual general meeting of the Company after the passing of this Resolution or 25 November 2010, unless previously revoked.

The total number of issued Ordinary Shares as at the date of this document, 3 November 2009, is 839,595,903, excluding treasury shares. A further 723,200,000 Ordinary Shares are expected to be issued pursuant to the First Equity Issue before the EGM. On a vote by way of a show of hands every Shareholder who is present at the EGM has one vote and every proxy has one vote (but no individual shall have more than one vote). On a poll every Shareholder who is present in person or by proxy has one vote for every Ordinary Share of which he is the holder. Resolutions 1 and 2 are ordinary resolutions and therefore require a simple majority of Shareholders voting in person or by proxy to vote in favour in order to be passed. Resolution 3 is a special resolution and requires a 75 per cent vote in favour by Shareholders voting in person or by proxy in order to be passed. The Deferred Shares referred to above were created in connection with the change in the nominal value of the Ordinary Shares (from €0.30 each to €0.05 each) approved at the annual general meeting in 2009 and have negligible rights or value and no voting rights.

7. ACTION TO BE TAKEN

The EGM will be held at The Normandy Suite, Green Isle Hotel, Newlands Cross, Dublin 22, Ireland on 26 November 2009 at 11.15 a.m. (or if later, immediately following the conclusion or adjournment of the Class 1 EGM, convened to be held at 11.00 a.m. on the same day and at the same location). You will find enclosed with this document a Form of Proxy for use by Shareholders at the EGM. Whether or not you wish to attend the EGM, you are requested to complete and sign the Form of Proxy and return it to the Company's Registrars, Capita Registrars, by post to P.O. Box 7117, Business Reply, Dublin 2, Ireland or by hand to Capita Registrars, Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland so as to arrive no later than 11.15 a.m. on 24 November 2009. The return of the Form of Proxy will not prevent you from attending the EGM and voting in person should you wish to do so.

Electronic proxy appointment is available for the Extraordinary General Meeting. This facility enables a Shareholder to lodge its proxy appointment by electronic means by logging on to the website of the Registrars, www.capitaregistrars.ie. Shareholders should select "Login to Shareholder Services" from the ONLINE SERVICES menu. Alternatively, for those who hold Ordinary Shares in CREST, a Shareholder may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Registrars (CREST participant ID 7RA08). In each case the proxy appointment must be received by no later than 11.15 a.m. on 24 November 2009. The completion and return of either an electronic proxy

appointment notification or a CREST Proxy Instruction (as the case may be) will not prevent the Shareholder from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof, should the Shareholder wish to do so.

8. CURRENT TRADING AND PROSPECTS

The Company released its unaudited interim results for the six months ended 30 June 2009 on 28 August 2009. The Directors believe that the Interim Results represented a resilient performance in a global market that is experiencing adverse economic pressures and unprecedented advertising weakness. Although advertising revenue was weak in the period, the trend was reasonably steady and the outlook remains consistent with that trend. Despite a weak economic environment, the Group's circulation revenues were flat in the period, reflecting cover price increases on selected titles, which were offset by marginal volume declines. Strong, effective and ongoing cost management across all the Group's markets and divisions partially offset the pronounced contraction in advertising spend.

On 13 October 2009 APN issued an updated statement confirming the expectations of the APN board that, if current market conditions continued, APN was likely to end the year (ending 31 December 2009) with earnings before interest and tax ("EBIT") in the range of A\$180-A\$190 million and a net profit after tax ("NPAT") in the range of A\$90-A\$95 million. APN also advised in that announcement that the consensus for APN's NPAT for FY 2009 of nine leading media analysts was A\$94 million. Chief Executive of APN, Brendan Hopkins, also commented: *"Overall trading continues to show improvements, especially in Publishing and Outdoor and although, as should be expected, some weeks remain inconsistent, we are pleased to see overall quarter four trading returning to normal trends"*.

On 29 October 2009 the Company issued its Interim Management Statement in respect of the period from 1 July 2009 to 28 October 2009 and commented that in the 43 weeks to 23 October 2009, the Company's total revenues in constant currency are estimated to be approximately 14 per cent. behind last year, with Group advertising revenue down by approximately 19 per cent. and Group circulation revenue down by approximately 2 per cent. This marginally improved year-to-date revenue performance compared to the trend for the first half of 2009 demonstrates a stabilising advertising revenue trend, with each region experiencing similar advertising trends to the first half of 2009.

Group operating profit before exceptional items (in constant currency) for the year to date is estimated to be approximately 37 per cent. behind last year, compared to 44.8 per cent. down in the first half of 2009. This improved operating profit performance on the first half resulted from the stabilisation in advertising revenue and continued strong cost management across all regions. Year to date operating costs (in constant currency) are estimated to be down approximately 9 per cent. on the same period last year, compared to 7.5 per cent. down in the first half of 2009.

Based on still limited visibility, the advertising trends experienced in September and October 2009 remain challenging and are expected to continue for the remainder of 2009. As a result, assuming a continuation of these trends and seasonal factors, the full year operating profit before exceptionals forecast for 2009 is expected to be in the range €170 million to €190 million.

This statement in relation to the expected operating profit before exceptionals for 2009 constitutes a profit forecast in respect of the period to 31 December 2009. Section 5 of Part 6 of this document contains additional information on the assumptions underlying this profit forecast. This forecast and the underlying assumptions are not included in this document to meet any requirement under the Listing Rules but are provided as additional information. This profit forecast has not been the subject of an independent review for the purposes of this Circular.

9. ADDITIONAL INFORMATION

Your attention is drawn to Parts 2 to 6 of this document, each of which provides additional information on the matters referred to in this letter.

10. IRREVOCABLE UNDERTAKINGS

Assuming approval of the Extraordinary Resolution by Bondholders at the Bondholder Meeting, and satisfaction of all of the pre-conditions to the First Equity Issue, the First Equity Issue Shares will be

issued and allotted to a nominee on behalf of the Eligible Bondholders in discharge of approximately €122.9 million of the Bondholders' claim. The Nominee will be authorised and directed by the Extraordinary Resolution passed at the Bondholder Meeting to vote all of the First Equity Issue Shares held by it (being in aggregate 723,200,000 new Ordinary Shares representing approximately 46.3 per cent. of the Then Issued Share Capital) in favour of the Share Capital Resolutions.

11. WORKING CAPITAL

The Company is of the opinion that, having regard to existing cash resources, the Group does not have sufficient working capital for its present requirements, that is for at least the 12 month period from the date of this document.

As set out above, the Group is by way of the Standstill Agreement (a summary of the key terms of which is set out in section 3 of Part 6 of this document) currently reliant on the forbearance of its Banks and Bondholders. The Group was unable to meet its repayment obligations in relation to the maturity of the Bonds on 18 May 2009 and, as at 30 June 2009, the Group was unable to comply with certain covenant tests contained within its core bank debt facilities. Failure to comply with a covenant test renders these facilities in default and liable to be repaid on demand at the option of the lenders unless an amendment or waiver is granted by the Banks. In the absence of a continuation of the forbearance, and assuming the Banks deemed their outstanding debt immediately repayable in full, the Group would have an immediate cash demand of approximately €934 million being the aggregate of that amount outstanding in respect of the Bonds including accrued interest (approximately €215 million) and its core bank debt facilities including accrued interest (approximately €719 million).

The Group remains both profitable (before exceptional items) and cash generative. The Restructuring will address the Group's outstanding indebtedness and includes the settlement of all amounts due under the Bonds, including accrued but unpaid interest, and the revision of the Group's core bank debt facilities by way of the Proposed Senior Debt Facilities (to include extended maturity and revised covenants). The Board notes that, absent a restructuring solution acceptable to both the Banks and Bondholders, such creditors might seek, without delay, to have an examiner appointed to the Company or to initiate another enforcement or court-administered insolvency process (receivership or liquidation). It should also be noted that under the terms of the Standstill Agreement, the Majority Lenders or Majority Bondholders can terminate the standstill if certain conditions relating to the Restructuring are not satisfied. Whilst the precise outcome of an examinership, receivership or liquidation cannot be predicted with any degree of certainty it would severely impair Company and Shareholder value. The Board believes, based on the advice of its financial and legal advisers, that the Restructuring represents a substantially better outcome for Shareholders than they would obtain in an examinership, receivership or other court-administered insolvency process.

The Restructuring represents, in the view of the Board, the best outcome for the Group and its Shareholders having regard to the financial circumstances of the Company and the stated position of the stakeholders as ascertained over the past number of months in the Restructuring discussions. Accordingly, while there remain a number of conditions precedent to the implementation of the Restructuring, the Directors are confident that given the progress achieved to date, the Restructuring will be completed. The likely consequences for the Company if the Restructuring does not proceed are set out in section 12 of this Part 1.

After the Restructuring

The Company is of the opinion that having regard to existing cash resources, and in the event that the Restructuring is implemented in its entirety, the Group has sufficient working capital for its present requirements, that is for at least the 12 month period from the date of this document.

12. IMPORTANCE OF APPROVAL OF THE RESOLUTIONS

Importance of Resolutions 1 and 2 in order to complete the Restructuring

In the event of the failure of the Restructuring by reason of the rejection by Shareholders of Resolutions 1 and 2, and in the absence of any alternative restructuring solution acceptable to both the Banks and the Bondholders and which can be implemented on a consensual and timely basis (the Board is not aware of any such alternative restructuring proposal at this time), such creditors may

seek, without delay, to have an examiner appointed to the Company or to initiate another court administered insolvency process (receivership or liquidation). Any such process would be expected to severely impair Company and Shareholder value. In such circumstances, no assurance can be given to Shareholders as to the level of distribution that would be made to them (if any). The Board believes, based on the advice of its financial and legal advisers, that the Restructuring represents a substantially better outcome for Shareholders than they would receive in an examinership or other court administered insolvency process.

The approval of Resolutions 1 and 2 is a condition of the Restructuring (other than the First Equity Issue) and the Restructuring will not complete if Resolutions 1 and 2 are not approved. Resolutions 1 and 2 are ordinary resolutions requiring the approval of a majority of those voting in person or by proxy.

If Resolutions 1 and 2 are not passed, the Restructuring (other than the First Equity Issue which is not conditional on the Resolutions) cannot be implemented and the Proposed Senior Debt Facilities would not be available to the Group. Given the level of committed support for Resolutions 1 and 2 if the First Equity Issue has preceded the EGM (as explained in section 11 of this Part 1), it is not considered likely that these Resolutions would be rejected. The continued existence of the Company since 18 May 2009 outside of a formal insolvency process has been entirely dependent upon the forbearance (expressed in the Standstill Agreement) of both the Banks and Bondholders from taking any enforcement action against the Company in relation to the defaults under their respective creditor claims. As outlined in section 2 of this Part 1 these relate to the inability of the Company to repay the Bonds on maturity and the inability of the Group to comply with certain covenant tests contained within its core bank debt facilities.

13. RECOMMENDATION

The Board believes that the approval of the Resolutions is in the best interests of the Company, and its Shareholders as a whole and in the best interests of its creditors. Accordingly, the Board recommends that Shareholders vote in favour of the Resolutions. The Directors, other than the O'Brien Directors, intend to vote in favour of the Resolutions in respect of their own respective beneficial holdings, which amount, at the date of this Circular, in aggregate to 1,480,110 Ordinary Shares, representing approximately 0.18 per cent. of the Existing Issued Share Capital.

Yours sincerely,

DR. BRIAN HILLERY
Chairman

PART 2: TERMS OF THE FIRST EQUITY ISSUE

Each element of the First Equity Issue, Rights Issue and Second Equity Issue described in this Circular, and in particular in Parts 2 and 3, applies only to Eligible Bondholders (as defined). Excluded Bondholders may, subject to any applicable legal restrictions, vote in relation to the Extraordinary Resolution but if the Extraordinary Resolution, is passed Excluded Bondholders will receive cash arising from the sale of Ordinary Shares and will have no right to receive or beneficially hold any shares in the capital of the First Bond Purchaser, the Second Bond Purchaser or the Company or any other consideration for their Bonds other than cash. Instead the Nominee will be authorised to retain, otherwise than for the account of the Excluded Bondholders, any Ordinary Shares which would otherwise be held by it for the account of the Excluded Bondholders and to procure the sale of such Ordinary Shares in the market by instructing a broker to sell them at the best price reasonably obtainable and to remit the proceeds of such sale to the Excluded Bondholders, net of the expenses of such sale. Neither the Company, the broker, nor the Nominee will have any responsibility for the timing of, or the price obtainable from such sale.

Accordingly except where otherwise specifically stated, the description of each step of the Restructuring as reflected in this Circular, including the monetary amounts, numbers of shares and percentages referred to, are presented on the assumption that all Bondholders are Eligible Bondholders. Those steps, monetary amounts, numbers of shares and percentages will be correspondingly adjusted to the extent that there are any Excluded Bondholders and this Circular should be read throughout on that basis.

The First Equity Issue will include the indirect issue of 723,200,000 new Ordinary Shares at an effective price of €0.17 per share to Bondholders and the release of €122.9 million in Bond claim (including accrued but unpaid interest) due to them. The First Equity Issue is the first step in a two-step process, the combined effect of which would be that the Bondholders would receive the First Equity Issue Shares, and, to the extent that the Rights Issue is implemented and Shareholders take up their rights, a mixture of Rights Issue Shares and cash, in consideration for the exchange or cancellation (directly or indirectly) of their Bonds and a corresponding release of the Guarantee.

The elements of these steps are set out in more detail below (and in respect of the Rights Issue in Part 3 of this document) and include the use of special purpose companies in connection with the equitisation of the Bonds. This structure is used, *inter alia*, for the purposes of facilitating the implementation of the Restructuring and overcoming any practical difficulties associated with arrangements with a non-homogenous group of Bondholders. The implementation of the First Equity Issue does not guarantee the implementation of the Rights Issue, or in the alternative, the Second Equity Issue, which are dependent on, among other things, the passing of the relevant Resolutions at the EGM.

Implementation of First Equity Issue

The First Equity Issue will be implemented by means of a sale of the First Bonds to the First Bond Purchaser. The First Bond Purchaser will be a newly incorporated special purpose company to be established for the purpose of purchasing those Bonds, and the founding two issued ordinary shares of which are held by the Nominee as nominee for the Bondholders.

Under the terms of the Extraordinary Resolution, the Nominee, being a person approved by, the Bondholders pursuant to the Extraordinary Resolution would, on the date on which the Extraordinary Resolution is passed (or on the following Business Day) and subject to satisfaction or waiver of the other conditions to the implementation of the First Equity Issue, sell and transfer on behalf of the Bondholders (the "First Bond Sale") the First Bonds, being Bonds having a principal amount outstanding which, when aggregated with accrued but unpaid interest in respect of those Bonds as at the First Equity Issue Date, equals €122.9 million, to the First Bond Purchaser pursuant to the First Bond Sale and Purchase Agreement. The Bondholder Meeting at which the Extraordinary Resolution is to be proposed is due to be held on 10 November 2009. Accordingly, it is expected that, conditional on the approval of the Extraordinary Resolution, the First Bond Sale would take place on the following Business Day.

The consideration for the First Bond Sale would be the issue by the First Bond Purchaser to the Nominee on behalf of Bondholders of 723,199,998 shares in the capital of the First Bond Purchaser with an effective price of €0.17 per First Bond Purchaser Shares based on the First Bonds having a value of €122.9 million. This would result in the Nominee holding 723,200,000 shares in the capital of

the First Bond Purchaser (the “First Bond Purchaser Shares”), being a number of shares equal to the number of authorised but unissued ordinary shares in the capital of the Company which are available for issue to or for the account of the Bondholders in exchange for the First Bond Purchaser Shares pursuant to the existing authority of the Directors to allot shares. The First Bond Purchaser would have no further assets other than those First Bonds and would have no liabilities.

Subject to completion of the First Bond Sale, the Nominee (on behalf of the Bondholders) would on the First Equity Issue Date sell First Bond Purchaser Shares to the Company in consideration for the issue by the Company to the Nominee (for the account of the Bondholders) of the 723,200,000 First Equity Issue Shares, pursuant to the First Share Sale and Purchase Agreement, in a share for share exchange, i.e. an effective issue price per First Equity Issue Share of €0.17.

On completion of the First Equity Issue, the Nominee would hold for the account of Bondholders, *pro rata* to their holdings of Bonds at the date on which the Extraordinary Resolution is passed, new Ordinary Shares of the Company representing in aggregate approximately 46.3 per cent of the Then Issued Share Capital of the Company. The Nominee will be authorised and directed to vote those First Equity Issue Shares at the EGM, as described below. The First Bonds transferred to the First Bond Purchaser will, upon completion of the share for share exchange referred to above constitute intra-group indebtedness owed by INMF to the First Bond Purchaser (which will thereupon be a member of the Group).

Conditions of the First Equity Issue

The First Equity Issue (and the Restructuring as a whole) is conditional, *inter alia*, upon:

- (1) The Extraordinary Resolution being passed by the Bondholders. This requires Bondholders representing at least 75 per cent. by value of the aggregate principal amount of Bonds voted at the Bondholder Meeting (in person or by proxy) to be voted in favour and with a quorum of two thirds of the outstanding principal amount of Bonds, or at an adjourned Bondholder Meeting, with a quorum of one third of the outstanding principal amount of Bonds).

This Bondholder Meeting has been convened by way of the Bondholder Meeting Document to be held at 11.00 a.m. on 10 November 2009.

The Nominee will, by means of the Extraordinary Resolution if approved by Bondholders, be granted authorities and instructions to:

- (a) give on behalf of each Bondholder any instructions to or via Euroclear or Clearstream, Luxembourg which are necessary to effect a transfer of its Bonds to the First Bond Purchaser and the Second Bond Purchaser;
 - (b) vote the First Equity Issue Shares at the EGM in favour of the Resolutions and, in respect of any other resolutions to be put to the EGM, the Second Requisitioned EGM or the Class 1 EGM, in accordance with directions (if any) from the entitled Bondholders;
 - (c) transfer or procure the transfer of the First Equity Issue Shares, the Second Equity Issue Shares (where the Second Equity Issue occurs), any Rights Issue Shares not subscribed in the Rights Issue, the Underwriting Shares and the gross cash proceeds of the Rights Issue to Bondholders (but subject to the Nominee first being able to deduct all costs and expenses associated with carrying out its duties in effecting the Restructuring to the extent the same are not recoverable from the Company); and
 - (d) enter into, or give, on behalf of all Bondholders (irrespective of whether they have voted in favour of the Extraordinary Resolution), all agreements, deeds, associated transfer forms or instructions, instruments, instructions, and do all things and acts necessary or desirable in order to consummate and give effect to the transactions contemplated, including without limitation the First Bond Sale and Purchase Agreement, the Second Bond Sale and Purchase Agreement, the First Share Sale and Purchase Agreement, the Second Share Sale and Purchase Agreement, the Underwriting Agreement, and any such other agreements as may be necessary or desirable to effect the Restructuring.
- (2) The Proposed Senior Debt Facilities having been executed and being conditional only on the implementation of the Restructuring and the approval by Shareholders of the Class 1 Resolution at the Class 1 EGM and the Principal Restructuring Documents having been agreed and executed.

The Facilities Agreement, reflecting the term sheet agreed by the Company and the Banks, is in the process of being agreed (a summary of certain of the principal terms of the Proposed Senior Debt Facilities to be set out in the Facilities Agreement is contained in section 4 of Part 6 of this document). The Facilities Agreement is scheduled to be executed prior to the Bondholder Meeting. The Class 1 EGM is scheduled for 11.00 a.m. on the same date and at the same location as the EGM;

- (3) The agreement of the Irish Takeover Panel being obtained that all or any of the Bondholders would not be obliged under Rule 9 of the Irish Takeover Rules to make a mandatory offer or if they were so obliged, the Irish Takeover Panel having granted an unconditional waiver of any such obligation.

As at the Latest Practicable Date, the consultation process with the Irish Takeover Panel in respect of this condition is ongoing.

- (4) The continuation of the Standstill Period.

The Standstill Agreement is in place up to 23 December 2009;

- (5) Various consents, regulatory approvals and confirmations having been obtained by the Company.

All such consents, approvals and confirmations have been obtained as of the date of this document;

- (6) The Company having convened the EGM to consider the Resolutions.

The publication of this document satisfies this condition;

- (7) No regulatory or stock exchange impediments to the implementation of the Restructuring having arisen and not having been resolved.

No such issues have arisen as of the date of this document;

- (8) No legal proceedings having been issued which materially restrict the rights attached to or require the disposal of, the First Equity Issue Shares or which delay, or would be likely to delay, completion of the Restructuring beyond 30 December 2009.

No such proceedings have been issued as of the date of this document.

The Directors have the authority to allot the First Equity Issue Shares and it is expected, subject to the prior satisfaction of the above conditions, that the First Equity Issue Shares will be issued on or before 11 November 2009. On issue, the First Equity Issue Shares will rank *pari passu* in all respects with the Existing Ordinary Shares of the Company. As they will be in issue prior to the planned Record Date for the Rights Issue, they will also carry an entitlement to participate in the Rights Issue. The First Equity Issue Shares will continue to be held by the Nominee until the conclusion of the EGM at which point or shortly thereafter they will be distributed to the Eligible Bondholders (or sold on behalf of Excluded Bondholders). As referred to in Part 3 of this document, the residual balance of the Bond claim, including accrued but unpaid and accruing interest, will be used to underwrite the Rights Issue.

Application will be made to list the First Equity Issue Shares on the Official Lists and to admit them to trading on the Irish Stock Exchange's and the London Stock Exchange's main markets for listed securities. This application will be by means of the Prospectus. If the First Equity Issue occurs as indicated in the outline timetable on page 2 of this document, admission of the First Equity Issue Shares is expected to occur, and dealings to be effective, by no later than 12 November 2009. Bondholders will be entitled to hold the First Equity Issue Shares in either certificated form or in uncertificated form.

Effect of the First Equity Issue

The First Equity Issue will result in the dilution of the Existing Ordinary Shares by approximately 46.3 per cent.

Cancellation of Bonds and Release of Guarantee

The First Bonds held by the First Bond Purchaser will be cancelled or transferred (directly or indirectly) to the Company, and all claims under or in respect of those Bonds subsequently released by the First Bond Purchaser, with a corresponding release of the Company's liability under the Guarantee in accordance with the Principal Restructuring Documents.

PART 3: TERMS OF THE RIGHTS ISSUE

The Company intends to raise up to €92.2 million by way of the Rights Issue. The Rights Issue will be fully underwritten by the Second Bond Purchaser on behalf of the Bondholders by means of the residual Bond claim following completion of the First Equity Issue. The size of the Rights Issue at €92.2 million and therefore the number of new Ordinary Shares to be issued under the Rights Issue (including the Underwriting Shares), is based on the First Equity Issue occurring as indicated in the "Outline Timetable" on page 2 of this document (at which time interest will no longer accrue on the First Bonds) and either completion of the second stage equitisation by means of the Rights Issue or the Second Equity Issue by mid December 2009.

To the extent that Rights Issue Shares are subscribed for under the Rights Issue, all of the cash proceeds thereof will be paid to the Second Bond Purchaser on closing to discharge an equivalent amount of the Bond claim. The expenses of the Rights Issue, estimated at approximately €3 million, other than the underwriting fee which will be discharged by way of the issue by the Company of the Underwriting Shares, will be funded from the resources of the Company.

Implementation of the Rights Issue is subject to a number of conditions as outlined below. The Rights Issue Shares (excluding the Underwriting Shares) will represent approximately 52.7 per cent. of the Enlarged Issued Share Capital. The Underwriting Shares will represent approximately 2.6 per cent. of the Enlarged Issued Share Capital. The Rights Issue Shares and the Underwriting Shares will, when issued and fully paid, rank *pari passu* with the Existing Ordinary Shares.

Summary Terms of the Rights Issue

The full terms and conditions of the Rights Issue will be contained in the Prospectus, and in the case of Qualifying Non-CREST Shareholders, in the Provisional Allotment Letter.

Subject to the fulfilment of the conditions of the Rights Issue, the 1,844,099,165 Rights Issue Shares will be offered by way of Rights at €0.05 per Rights Issue Share, payable in full on acceptance by Qualifying Shareholders, on the basis of:

59 Rights Issue Shares for every 50 Ordinary Shares

held on the Record Date (and in proportion for any other number of Ordinary Shares then held) and otherwise on the terms and conditions as set out in the Prospectus and, in the case of Qualifying Non-CREST Shareholders, the Provisional Allotment Letters.

The Rights Issue Price represents a discount of approximately 81 per cent. to the closing middle market price of €0.27 per Ordinary Share on 28 September 2009, the day prior to the announcement of agreement of the Restructuring.

Qualifying Shareholders who do not take up their entitlements to Rights Issue Shares, or Shareholders who are not Qualifying Shareholders, will have their proportionate shareholdings in INM (held immediately prior to the launch of the Rights Issue) diluted by approximately 55.3 per cent. as a result of the issue of the Rights Issue Shares and the Underwriting Shares. Those Qualifying Shareholders who take up all the Rights Issue Shares provisionally allotted to them will be diluted by approximately 2.6 per cent. as a result of the issue of the Underwriting Shares.

The Nil Paid Rights (also described as Rights Issue Shares, nil paid) are entitlements to acquire the Rights Issue Shares subject to payment of the Rights Issue Price. The Fully Paid Rights are entitlements to receive the Rights Issue Shares, for which a subscription and payment has already been made.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. Entitlements to Rights Issue Shares will be rounded down to the next lowest whole number and fractions of Rights Issue Shares will not be allotted to Qualifying Shareholders. Such fractions will be aggregated and, if possible, sold as soon as practicable after the commencement of dealings in the Rights Issue Shares, nil paid. The net proceeds of such sales (after deduction of expenses) will be aggregated and will ultimately be paid to the Second Bond Purchaser in discharge or acquisition of part of the Bond Claim or accrue for the benefit of INM.

The offer of Rights Issue Shares and the Rights Issue will not be made into certain territories. Shareholders with a registered address, or who are resident or located in any Excluded Territory will not be sent any documents issued by the Company in connection with the Rights Issue, will not be sent Provisional Allotment Letters and will not have their CREST accounts credited with Nil Paid Rights.

Subject to approval of the Resolutions at the EGM and assuming implementation of the Rights Issue, applications will be made to the Irish Stock Exchange and the UK Listing Authority for the Rights Issue Shares (nil and fully paid) to be admitted to the Official Lists and to trading on the Irish Stock Exchange's and London Stock Exchange's respective regulated markets for listed securities. The Rights Issue Shares will be in registered form and can be held either in certificated form or in uncertificated form in CREST.

Conditions of the Rights Issue (or of the Second Equity Issue)

The Rights Issue is conditional, *inter alia*, upon:

- (1) the First Equity Issue having been completed;
- (2) various consents, regulatory approvals and confirmations having been obtained by the Company;
- (3) approval of all of the Resolutions proposed for consideration at the EGM;
- (4) the Prospectus having been approved by the Financial Regulator and a copy of the Prospectus having been filed with the Financial Regulator;
- (5) 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;
- (6) the Prospectus or, if used, the Shareholder Guide and, where relevant, the Provisional Allotment Letters being posted to Qualifying Shareholders on the Impact Day; and
- (7) Admission of the Rights Issue Shares, nil paid, becoming effective by not later than 8.00 a.m. after Impact Day.

The Underwriting Agreement is conditional upon certain matters being satisfied or not breached prior to Admission and may be terminated by the Underwriters prior to Admission upon the occurrence of certain specified events (as further detailed in section 4 of Part 6 (*Additional Information*)), in which case the Rights Issue will not proceed. The Underwriting Agreement is not capable of termination following Admission. A summary of certain terms and conditions of the Underwriting Agreement is contained in section 4 of Part 6 (*Additional Information*) of this document.

The Second Equity Issue is conditional on the same conditions as under the Rights Issue save that it is not conditional upon the approval of Resolution 3 or upon any conditions relating to the Underwriting Agreement or relevant to the implementation of the Rights Issue. It is conditional on Admission of the Second Equity Issue Shares becoming effective.

Implementation of Underwriting of the Rights Issue, or, if the Rights Issue does not proceed, of the Second Equity Issue

The Rights Issue will be fully underwritten by the Second Bond Purchaser on behalf of the Bondholders as referred to below. The Second Bond Purchaser will be a newly incorporated special purpose company established for the purpose of purchasing the Second Bonds, the founding two ordinary shares of which will be held by the Nominee as nominee for the Bondholders.

Pursuant to the Extraordinary Resolution (if approved by Bondholders) the Nominee would, at or around the time of the First Bond Sale, sell and transfer on behalf of the Bondholders (the "Second Bond Sale") the remaining outstanding principal amount of the Bonds, with all accrued but unpaid interest (such aggregate amount of principal and interest as at the Second Equity Issue Effective Date being the "Second Bond Amount"), to the Second Bond Purchaser, pursuant to a Second Bond Sale and Purchase Agreement.

The consideration for the Second Bond Sale would be satisfied by way of the issue by the Second Bond Purchaser to the Nominee of 1,844,099,165 ordinary shares in the share capital of the

Second Bond Purchaser (the “Second Bond Purchaser Shares”). It is possible that the Second Bond Sale will not take place. Instead the Nominee (if it deems necessary or desirable) may itself hold the Second Bonds in its own name (or through a nominee) and/or may itself (on behalf of the Bondholders) enter into the Underwriting Agreement and carry out the Second Bond Purchaser’s obligations thereto.

The Rights Issue will be underwritten by the Second Bond Purchaser (as holder of the Second Bonds), on the basis that the Rights Issue Shares not taken up by Shareholders under the Rights Issue would be issued to the Second Bond Purchaser in addition to the payment of a cash amount equal to the gross cash proceeds of the Rights Issue in respect of Rights Issue Shares issued to those Shareholders taking up their Rights in consideration of the Second Bond Purchaser agreeing to the transfer or cancellation of the Second Bonds and the release of the accrued interest thereon or the transfer of those Second Bonds to the Company. The Second Bond Purchaser would also receive an underwriting fee equal to 5 per cent. of the amount of the Rights Issue. The Second Bond Purchaser will use this fee to subscribe for additional new Ordinary Shares in the Company having a value at the Rights Issue Price equal in aggregate to the amount of the underwriting fee. The Nominee, as holder of the shares of the Second Bond Purchaser, will arrange for the distribution of the Rights Issue Shares and cash received by the Second Bond Purchaser to the Eligible Bondholders on a *pro rata* basis as soon as practicable after completion of the Rights Issue (with any Rights Issue Shares otherwise attributable to Excluded Bondholders being sold in the market with cash from such a sale being distributed to Excluded Bondholders).

Arrangements in relation to Rights entitlements of Bondholders which are not subscribed by Bondholders under the Rights Issue

It will be a term of the Rights Issue, as required under the Listing Rules, that entitlements to Rights Issue Shares not validly taken up by the closing date under the Rights Issue will be deemed to have been declined and will expire. The Company will appoint brokers to endeavour to procure subscribers for all of those Rights Issue Shares (save for those of Bondholders as referred to below) not taken up at a price per Rights Issue Share which is at least equal to the aggregate of the Rights Issue Price and the expenses of procuring such subscribers (including any applicable brokerage and commissions and amounts payable in respect of value added tax). Assuming subscribers can be procured (and it is noted that the appointed broker may cease to endeavour to procure any such subscribers at any time if in its opinion it is unlikely that any such subscribers can be procured at such a price and by such a time), the relevant premium will be for the benefit of the relevant non-participating Shareholder.

It is a term of the Restructuring that unsubscribed entitlements of the Bondholders under the Rights Issue will not be available for sale under the attempted placing but will be issued to the Second Bond Purchaser, as underwriter at the Rights Issue Price pursuant to the terms of the Underwriting Agreement.

This arrangement is necessary to enable the effective take-up by the Bondholders of their entitlements under the Rights Issue through the underwriting arrangements, recognising that individual take-up by Bondholders of their entitlements under the Rights Issue by direct surrender or transfer to the Company of Bonds and related interest entitlements would not be feasible in practice due to the denomination of the Bonds and the fact that the accrued but unpaid interest attaching to the Bonds cannot be used to subscribe for Rights entitlement directly.

If the Rights Issue does not proceed

In the event that the conditions to the Rights Issue are not satisfied, the Rights Issue will not occur and (assuming Resolutions 1 and 2 are approved at the EGM) the Second Bonds (including accrued interest) will be equitised at a price of €0.05 per new Ordinary Share. This would occur by way of the Nominee selling the Second Bond Purchaser Shares to the Company in consideration for the issue by the Company to the Nominee (for the account of the Eligible Bondholders), of a number of new Ordinary Shares having an aggregate value at a price of €0.05 (the Second Equity Issue Shares) equal to the Second Bond Amount, pursuant to the Second Share Sale and Purchase Agreement.

In the event of the Second Equity Issue being implemented rather than the Rights Issue, applications will be made to the Irish Stock Exchange and the UK Listing Authority for the Second Equity Issue Shares to be admitted to the Official Lists and to trading on the Irish Stock Exchange’s and London Stock Exchange’s regulated markets for listed securities.

In the event of the Second Equity Issue being implemented rather than the Rights Issue, the combined interests of the Bondholders would following completion of the Second Equity Issue be approximately 75.4 per cent. of the then enlarged issued share capital of the Company.

If none of the Share Capital Resolutions are approved, or if any of the other conditions to the Restructuring are not satisfied or, where capable of being waived, are not waived, the Restructuring will fail. The consequences for the Company of a failed Restructuring are referred to in section 12 of Part 1 of this document.

Cancellation of Bonds and Release of Guarantee

The Bonds held by the Second Bond Purchaser will subsequently be cancelled or transferred (directly or indirectly) to the Company, and all claims under or in respect of those Bonds subsequently released by the Second Bond Purchaser, with a corresponding reduction in the Company's liability under the Guarantee, on completion of the Rights Issue or the Second Equity Issue, as described above.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION FOR ANY PERSON TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES IN INDEPENDENT NEWS & MEDIA PLC OR IN ANY OTHER COMPANY IN THE INDEPENDENT NEWS & MEDIA GROUP.

PART 4: RISK FACTORS

In considering how to exercise their votes on the Resolutions, Shareholders should have regard to the following risk factors. These risk factors are limited to those of relevance in the context of the Resolutions and do not address the specific risk factors relative to an investment in Rights Issue Shares or otherwise. Such risk factors will be set out in the Prospectus.

(A) RISKS RELATING TO THE RESTRUCTURING

IMPORTANCE OF RESOLUTIONS 1 AND 2 IN ORDER TO COMPLETE THE RESTRUCTURING

In the event of the failure of the Restructuring by reason of the rejection by Shareholders of Resolutions 1 and 2, and in the absence of any alternative restructuring solution acceptable to both the Banks and the Bondholders and which can be implemented on a consensual and timely basis (the Board is not aware of any such alternative restructuring proposal at this time), such creditors may seek, without delay, to have an examiner appointed to the Company or to initiate another court administered insolvency process (receivership or liquidation). Any such process would be expected to severely impair Company and Shareholder value. In such circumstances, no assurance can be given to Shareholders as to the level of distribution that would be made to them (if any). The Board believes, based on the advice of its financial and legal advisers, that the Restructuring represents a substantially better outcome for Shareholders than they would receive in an examinership or other court administered insolvency process.

The approval of Resolutions 1 and 2 is a condition of the Restructuring (other than the First Equity Issue) and the Restructuring will not complete if Resolutions 1 and 2 are not approved. Resolutions 1 and 2 are ordinary resolutions requiring the approval of a majority of those voting in person or by proxy.

If Resolutions 1 and 2 are not passed, the Restructuring (other than the First Equity Issue which is not conditional on the Resolutions) cannot be implemented and the Proposed Senior Debt Facilities would not be available to the Group. Given the level of committed support for Resolutions 1 and 2 if the First Equity Issue has preceded the EGM (as explained in section 11 of this Part 1), it is not considered likely that these Resolutions would be rejected. The continued existence of the Company since 18 May 2009 outside of a formal insolvency process has been entirely dependent upon the forbearance (expressed in the Standstill Agreement) of both the Banks and Bondholders from taking any enforcement action against the Company in relation to the defaults under their respective creditor claims. As outlined in section 2 of this Part 1 these relate to the inability of the Company to repay the Bonds on maturity and the inability of the Group to comply with certain covenant tests contained within its core bank debt facilities.

IMPORTANCE OF APPROVAL OF THE RESOLUTION AT THE CLASS 1 EGM IN ORDER TO COMPLETE THE RESTRUCTURING

The provision of the Proposed Senior Debt Facilities is conditional on the approval of the Class 1 Resolution by INM Shareholders. If the Class 1 Resolution is not passed, the Proposed Senior Debt Facilities will not be available to the Company and, accordingly, the Restructuring will fail.

The continued existence of the Company since 18 May 2009 outside of a formal insolvency process has been entirely dependent upon the forbearance (expressed in the Standstill Agreement) of both the Banks and Bondholders from taking any enforcement action against the Company in relation to the defaults under their respective creditor claims. As outlined in section 2 of Part 1 of this document these relate to the inability of the Company to repay the Bonds on maturity and the inability of the Group to comply with certain covenant tests contained within its core bank debt facilities.

In the event of the failure of the Restructuring, and in the absence of any alternative restructuring solution acceptable to both the Banks and the Bondholders, such creditors may seek to have an examiner appointed to the Company or to initiate another court administered insolvency process (receivership or liquidation). Any such process would be expected to severely impair Company and Shareholder value. In such circumstances, no assurance can be given to Shareholders as to the level of distribution that would be made to them (if any).

IMPORTANCE OF RESOLUTION 3 IN ORDER TO IMPLEMENT THE RIGHTS ISSUE

The approval of Resolution 3 is a condition of the Rights Issue and the Rights Issue will not proceed if Resolution 3 is not approved. Resolution 3 is a special resolution requiring the approval of 75 per cent. of the votes of those voting in person or by proxy.

If Resolution 3 is not approved and/or if the other conditions of the Rights Issue are not satisfied or, where capable of being waived, are not waived, the Rights Issue will not occur and (assuming Resolutions 1 and 2 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 per share by way of the Second Equity Issue. In the event of the Second Equity Issue occurring, Shareholders would not be offered the opportunity to participate in the Restructuring as the Rights Issue will not be implemented and as a result, the combined interests of the Bondholders would, following completion, be approximately 75.4 per cent. of the then enlarged issued share capital of the Company.

WORKING CAPITAL POSITION

The Company is of the opinion that, having regard to existing cash resources, the Group does not have sufficient working capital for its present requirements, that is for at least the 12 month period from the date of this document.

As set out in section 2 of Part 1, the Group is by way of the Standstill Agreement (a summary of the key terms of which is set out in section 3 of Part 6 of this document) currently reliant on the forbearance of its Banks and Bondholders. The Group was unable to meet its repayment obligations in relation to the maturity of the Bonds on 18 May 2009 and, as at 30 June 2009, the Group was unable to comply with certain covenant tests contained within its core bank debt facilities. Failure to comply with a covenant test renders these facilities in default and liable to be repaid on demand at the option of the lenders unless an amendment or waiver is granted by the Banks. In the absence of a continuation of the forbearance, and assuming the Banks deemed their outstanding debt immediately repayable in full, the Group would have an immediate cash demand of approximately €934 million being the aggregate of that amount outstanding in respect of the Bonds including accrued interest (approximately €215 million) and its core bank debt facilities including accrued interest (approximately €719 million).

The Group remains both profitable (before exceptional items) and cash generative. The Restructuring will address the Group's outstanding indebtedness and includes the settlement of all amounts due under the Bonds, including accrued but unpaid interest, and the revision of the Group's core bank debt facilities by way of the Proposed Senior Debt Facilities (to include extended maturity and revised covenants). The Board notes that, absent a restructuring solution acceptable to both the Banks and Bondholders, such creditors might seek, without delay, to have an examiner appointed to the Company or to initiate another enforcement or court-administered insolvency process (receivership or liquidation). It should also be noted that under the terms of the Standstill Agreement, the Majority Lenders or Majority Bondholders can terminate the standstill if certain conditions relating to the Restructuring are not satisfied. Whilst the precise outcome of an examinership, receivership or liquidation cannot be predicted with any degree of certainty it would severely impair Company and Shareholder value. The Board believes, based on the advice of its financial and legal advisers, that the Restructuring represents a substantially better outcome for Shareholders than they would obtain in an examinership, receivership or other court-administered insolvency process.

The Restructuring represents, in the view of the Board, the best outcome for the Group and its Shareholders having regard to the financial circumstances of the Company and the stated position of the stakeholders as ascertained over the past number of months in the Restructuring discussions. Accordingly, while there remain a number of conditions precedent to the implementation of the Restructuring, the Directors are confident that given the progress achieved to date, the Restructuring will be completed. The likely consequences for the Company if the Restructuring does not proceed are set out in section 12 of Part 1.

After the Restructuring

The Company is of the opinion that having regard to existing cash resources, and in the event that the Restructuring is implemented in its entirety, the Group has sufficient working capital for its present requirements, that is for at least the 12 month period from the date of this document.

PROPOSED SENIOR DEBT FACILITIES

Risk of Facilities Agreements not being executed or becoming unconditional

While the principal commercial terms of the Facilities Agreement have been agreed, it has not been executed as of the date of this document. Failure to execute the Facilities Agreement or any related finance documents, by the deadline therefore under the Restructuring, or to satisfy (or waive) the conditions therein, will mean that the Restructuring will not proceed.

Dividends

The terms of the Facilities Agreement will place restrictions on the ability of the Company to pay dividends, make distributions, buy back its own shares and otherwise make changes to its share capital. No dividends may be paid by the Company until the leverage ratio calculated in accordance with the terms of the Facilities Agreement is below 3 times EBITDA. Thereafter, for the duration of the Facilities Agreement, the maximum amount of dividends payable by the Company will be limited to 25 per cent. of profits attributable to Shareholders in any one year.

Debt Service Obligations

The Group has a substantial amount of indebtedness and following the Restructuring it will continue to have a substantial amount of indebtedness. Under the Proposed Senior Debt Facilities the Group will have approximately €745 million of outstanding borrowings, comprising Facility A, Facility B, a revolving credit facility and Facility C (see section 4 Part 6 of this document for certain principal terms of the Facilities Agreement).

Following the successful implementation of the Restructuring the Group's ability to meet its debt service obligations in the longer term will depend on the Group's future operating and financial performance, which will be affected by the Group's ability to implement successfully its business strategy (focusing on the ownership of strategically valuable publishing assets, whilst containing Group overheads) and operational restructuring plans (if any), as well as general economic, financial, competitive, regulatory, technical and other factors beyond its control. If the Group cannot generate sufficient cash to meet its debt service obligations, it may, among other things, need to refinance all or a portion of its debt, obtain additional financing, delay planned capital expenditure or sell further material assets. If the Group is not able to refinance any or all of its debt, obtain additional financing or sell assets on commercially reasonable terms or at all, it may not be able to satisfy its obligations with respect to its debt. In that event, the Group's facilities may be accelerated or become payable on demand and the Group may not have sufficient funds to repay all of its debts.

While the Directors believe that following the completion of the Restructuring there is sufficient working capital for present requirements, there can be no assurance that the Group will have sufficient debt financing to pursue its business strategy in the longer term. This risk factor relates to a period commencing more than 12 months from the publication of this document.

Interest Rate Risk

The Group is exposed to changes in interest rates as a result of its borrowings. While the Group will hedge interest rate exposure in respect of a significant amount of the Proposed Senior Debt Facilities in accordance with requirements under the Facilities Agreement, there can be no assurance that the Group's hedging policy will be effective or that the Group will not be materially adversely affected by interest rate changes in the future.

Tranche C Cost

The Proposed Senior Debt Facilities include a term loan facility in the amount of €36 million which carries a payment in kind coupon of 25 per cent. This cost of funds is such that it is likely that the Company would seek to repay or refinance this facility at the earliest opportunity. While no decision has been made as to the likely actions or timing thereof to effect such a redemption or repayment, and there is no expectation that any action would be taken in the short term, this may involve the issue of subordinated debt or a further small equity issue. Any such equity issue is unlikely to be on a pre-emptive basis and would therefore dilute Existing Shareholders.

Financial and General Covenants

The Facilities Agreement will include a number of controls over the operations of the Group which are typical for a debt facility of this type. The financial covenants expected to be included are covenants testing cashflow and interest coverage and total debt to EBITDA leverage ratios, as well as restrictions on the amount of capital expenditure permitted for the Group for each financial year. The financial covenants will be tested on a rolling 12 month basis ending on each quarter date for the life of the facilities. In the longer term, the Group could fail to meet the financial covenants which would result in an event of default which would permit the Banks to take enforcement action.

The general covenants expected to be included in the Facilities Agreement include (*inter alia*):

- extensive restrictions regarding the incurrence of further indebtedness and the granting of loans, guarantees or security interests other than those contemplated in the Proposed Senior Debt Facilities' documentation;
- extensive restrictions regarding permitted capital expenditure, acquisitions, and asset disposals;
- obligations to apply the proceeds from permitted asset disposals towards the repayment of debt outstanding under the Proposed Senior Debt Facilities; and
- restrictions regarding the declaration and distribution of dividends, share buy-backs and changes to the Company's share capital, depending on the achieved leverage ratios of the Group.

Costs of Restructuring

Costs associated with the Restructuring will be significant. As advised in its Interim Results, exceptional finance related charges of €8.4 million were incurred in the six months ended 30 June 2009 as part of the then ongoing re-negotiation of its financing arrangements.

Principal Restructuring Documentation

The Principal Restructuring Documents have not yet been fully finalised, but are required to be finalised prior to the First Equity Issue. Amendments may be agreed between the Company and the Creditors, consistent with the objective of implementing the Restructuring on the terms set out in this Circular, resulting in changes being made to the advanced drafts of these agreements (the principal terms of which are set out in section 4 of Part 6 of this document).

FIRST EQUITY ISSUE

Dilution

The First Equity Issue is not a pre-emptive offering and the First Equity Issue Shares will be allotted only to the Nominee (on behalf of Bondholders) on the First Equity Issue Date. The percentage of the Then Issued Share Capital that Existing Ordinary Shares represent will be reduced by approximately 46.3 per cent. to approximately 53.7 per cent. as a result of the First Equity Issue.

If the Rights Issue does not proceed but the Second Equity Issue does occur, the percentage of the enlarged issued share capital that Existing Ordinary Shares represent will be reduced by approximately 75.4 per cent. to approximately 24.6 per cent. as a cumulative result of the First Equity Issue and the Second Equity Issue.

Sales of Shares

The First Equity Issue will place a significant number and proportion of Ordinary Shares with new holders, including persons who may more usually be holders of fixed income instruments. Significant sales of these Shares or the public perception that significant sales may occur in the short or medium term could have an adverse impact on the market price of the Ordinary Shares. It is noted that the Nominee on behalf of the Bondholders will be prohibited from selling Ordinary Shares prior to 26 November 2009, being the date of the EGM.

Large Shareholders

Mr. Denis O'Brien has notified the Company that he is interested in 221,327,367 Ordinary Shares, representing approximately 26.36 per cent. of the Existing Issued Share Capital.

Sir Anthony O'Reilly has notified the Company that he is interested in 235,141,030 Ordinary Shares representing approximately 28.01 per cent. of the Existing Issued Share Capital.

In March 2009 an alignment between Mr. O'Brien and the Company was effected following a number of years of sustained criticism of the Company by Mr. O'Brien. As part of that alignment, Mr. O'Brien agreed to the composition of the Board as currently constituted. In addition to Sir Anthony O'Reilly's decision to resign as a director and as Chief Executive, and the resignation/ retirement of an additional nine directors from the Board, three O'Brien Directors representing 30 per cent. of the resultant ten member board of directors were also appointed. The three O'Brien Directors are Messrs. Paul Connolly and Lesley Buckley and Ms. Lucy Gaffney.

Mr. O'Brien has recently taken a number of actions which the Board believes are an attempt to undermine the Board's valid authority to conduct the normal business of the INM Group and which have sought to undermine the Board's efforts to pursue a consensual financial restructuring and to implement the Restructuring. These include publicly, and without prior notice to the Company, overturning his original support for the disposal of INM Outdoor and declaring his opposition to it, requisitioning an extraordinary general meeting of the Company (now convened to be held on 3 November 2009) seeking, *inter alia*, the removal of the Chairman of the Company and the appointment of a new senior independent director (Baroness Margaret Jay is the current senior independent director) and requisitioning a further extraordinary general meeting of the Company (now convened to be held on 13 November 2009) seeking to revoke the Directors' authority to allot shares.

On completion of the Rights Issue, in the event that he takes up his full entitlements in the Rights Issue, Mr. O'Brien will be interested in approximately 14 per cent. of the Enlarged Issued Share Capital of the Company. On completion of the Rights Issue, in the event that he takes up his full entitlements in the Rights Issue, Sir Anthony O'Reilly will be interested in approximately 15 per cent. of the Enlarged Issued Share Capital of the Company. Subject to availability, any Shareholder may also be able to acquire additional Rights in the market in order to increase their percentage ownership in the Enlarged Issued Share Capital.

Accordingly, following the Restructuring, either large Shareholder may seek to exert influence on the management of the Company and may be able to influence the outcome of shareholder votes, including votes concerning the election of Directors, the adoption or amendment of provisions in the Company's Articles, the approval of significant acquisitions or dispositions, decisions affecting the Group's capital structure, other significant corporate transactions, including share buybacks or other purchases of Ordinary Shares that could give Shareholders the opportunity to realise a premium over the then prevailing market price for the Ordinary Shares. This share ownership profile may also have the effect of deterring a takeover of the Company, delaying or preventing changes in control or changes in management or limiting the ability of other holders of Ordinary Shares to approve transactions that they may deem to be in their best interests.

Timing

The date by which the First Equity Issue must, in accordance with the terms of the Restructuring Agreement, be completed is 26 November 2009. While this deadline is, based on the indicative timetable detailed on page 2 of this document, expected to be achieved, a number of conditions remain to be satisfied as of the date of this document and there can be no certainty that there will not be some unexpected or unforeseen delay in implementation of the Restructuring. In this case, the Company and its Creditors would need to agree a revised implementation timetable.

RIGHTS ISSUE

Number of Shares in Issue

Following the completion of the Rights Issue or the Second Equity Issue there will be between 3,406,895,068 and 3,499,100,026 Ordinary Shares in issue (excluding treasury shares) (in the case of the Second Equity Issue being implemented as an alternative to the Rights Issue, no underwriting fee would be payable). This is a very large number of Ordinary Shares and may result in wider trading spreads and less marketability of the Ordinary Shares than would be the case if there was a lesser number of Ordinary Shares in issue.

Dilution

The First Equity Issue Shares will carry an entitlement to participate in the Rights Issue. If Qualifying Shareholders do not take up their entitlement under the Rights Issue by its closing date (the latest date for acceptance and payment in full in respect of their entitlements), the percentage that their Existing Ordinary Shares represent of the Enlarged Issued Share Capital will be reduced even further. Shareholders in the Excluded Territories will, in any event, not be able to participate in the Rights Issue (subject to certain limited exceptions).

Price

The price at which the Company's Ordinary Shares will be quoted in the future and the value which investors may realise for their Ordinary Shares at any given point in time will be influenced by a large number of factors, some of which are specific to the Group and its operations and some of which may affect companies in the media sector generally or quoted companies generally. The price of Ordinary Shares has been subject to substantial fluctuations in the past due, in part, to speculation in relation to stakebuilding in the Company, issues in connection with the Restructuring, high volatility in securities markets generally, and in media shares in particular, as well as developments which impact the Group's financial results and its business. Although the Company has no plans for a subsequent issue of its Ordinary Shares or of rights or invitations to subscribe for Ordinary Shares, it is possible that the Company may decide to issue additional Ordinary Shares in the future. An additional issue of Ordinary Shares or the perception that an issue may occur could have an adverse effect on the market price of the Company's then outstanding Ordinary Shares.

Trading in Nil Paid Rights

An active trading market in the Nil Paid Rights may not develop on the Irish Stock Exchange or on the London Stock Exchange. In addition, because the trading price of the Nil Paid Rights depends on the trading price of the Ordinary Shares, the Nil Paid Rights may be volatile and any volatility in the price of the Ordinary Shares may magnify volatility in the trading price of the Nil Paid Rights.

(B) GENERAL RISK FACTORS

Forward looking statements and the risks associated with them

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "may", "will", "would" or "should" or, in each case, their negatives or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth strategies and the markets in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, but without limitation: conditions in the markets, the market position of the Group, earnings, financial position, cash flows, return on capital, anticipated investments and capital expenditures, changing business or other market conditions and general economic conditions. These and other factors could adversely affect the outcome and financial effect of the events described in this Circular on the Company and the Group. Forward-looking statements contained in this document based on these trends or activities should not be taken as a representation that such trends or activities will continue in the future.

Except as may be required by law or by the Listing Rules, the Prospectus Rules, the Transparency Rules, the Market Abuse Rules or the Disclosure and Transparency Rules or by any other rules of any applicable regulatory body, the Company disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this Circular to reflect any changes in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Past Performance is not a reliable indication for future performance

Historical facts, information gained from historic experience, present facts, circumstances and information, and assumptions from all or any of these are not a guide to future performance. Aims, targets, plans and intentions referred to in this Circular are no more than that and do not imply forecasts.

(C) RISKS RELATING TO THE GROUP'S OPERATIONS

Basis of preparation of accounts for the six months ended 30 June 2009

In the Interim Results, the Directors advised that they considered that they did not face an imminent cash flow or balance sheet insolvency event while the financial standstill continued and therefore it was appropriate to adopt the going concern basis in preparing the financial statements. This determination was reached on the basis of (i) the ongoing Bank and Bondholder support; (ii) the Group's current and forecasted cash generative position; (iii) the proceeds already received from asset disposals; and (iv) ongoing asset sale processes (including the proposed disposal of INM Outdoor). Whilst agreement on a refinancing package had not been reached, and there was no clear consensus solution at the time of the issue of the Interim Results, the Banks and Ad Hoc Committee of Bondholders had confirmed to the Company they were committed to the process and the Directors had a reasonable expectation that an agreement would be reached, which is acceptable to the Group. Consequently, having made due enquiries and considering the uncertainties described above, the Directors determined that they had, at the time of issue of the Interim Results, a reasonable expectation that the Group and Company had and would have adequate resources to continue in operational existence for the foreseeable future.

Failure to conclude on a requisite combination of the above cited initiatives, in particular, the implementation of a final comprehensive refinancing proposal (further details of which are set out in section 3 of Part 1 of this document), could compromise the Group's ability to continue as a going concern.

Importance of circulation and advertising revenues

The Group derives a significant portion of its revenues from print media circulation and advertising. Both of these sources of income are sensitive to economic trends, with advertising revenues generally being somewhat more sensitive than circulation revenues depending, however, on the market in question and economic conditions. Those publications whose revenues are more heavily dependent on advertising revenues (free papers being the most heavily dependent) are most affected by changes in the economic climate which are beyond the control of the Group, although revenues from free papers are only a small proportion of the Group's revenues.

The Group's print media advertising revenues declined 17.7 per cent. (8.5 per cent. on a constant currency basis) in FY2008 compared to FY2007 with notable declines in the Group's key markets in Ireland, New Zealand, Northern Ireland and London. The Group's revenues produced from property, motoring and recruitment advertising were down sharply over the period, partially offset by a strong performance in retail and brand advertising segments. The overall decline in print media advertising revenues fully reflects the deterioration in the economic environment in which the Group operates and the Group's sensitivity to economic trends.

Exposure of results of operations and sales to changes in exchange rates

The Group's reporting currency for its consolidated financial statements is euro. The Group has substantial assets, liabilities, revenues and costs denominated in currencies other than euro, including Australian dollars, New Zealand dollars, Sterling and South African Rand. In 2008 approximately 74 per cent. of the Group's audited consolidated revenue was denominated in currencies other than euro and, as at 31 December 2008, approximately 39 per cent. of the Group's gross financial liabilities were denominated in currencies other than euro. To prepare its consolidated financial statements, the Group must translate those assets, liabilities, revenues and expenses into euro at the then-applicable exchange rates.

Consequently, increases and decreases in the value of the euro against other currencies will affect the amount of those items in the Group's consolidated financial statements, even if their value has not

changed in their original currency. Although management monitors the Group's exposure to foreign exchange rate movements on a continuous basis and if it is considered necessary and cost effective it attempts to hedge against any significant exposures, there can be no assurance that such monitoring or hedging will prove effective. Foreign exchange rates are by their nature volatile and therefore the Group's results could be impacted negatively by future changes in exchange rates.

Political, economic and social risks

The markets in which the Group operates may be affected by numerous factors, many of which are beyond the Group's control and the exact effect of which cannot be accurately predicted. Within geographical markets, such factors include general economic and political activities, including the extent of any governmental regulation and taxation. The Group could be adversely affected by changes in economic, political, administrative, taxation or other regulatory factors, whether under Irish law or in any other jurisdictions in which the Group may operate now or in the future.

A portion of the Group's operations are based in South Africa, with approximately 25 per cent. of the Group's FY 2008 consolidated operating profit (before exceptional items) sourced from such operations. While the proposed disposal of INM Outdoor will reduce the Group's exposure to South Africa, political, economic or social instability in South Africa, or in any other region in which the Group operates, could adversely affect the operations and results of the Group.

Risks associated with the print media industry

In a number of markets, print media operations have been facing gradually declining circulation numbers for some time due to factors including, but not limited to, the proliferation of internet use over recent years. This decline is not a feature of all the print media sectors in which the Group operates, and, where required, management has attempted to address this decline through upgrading editorial content, producing value added products, increasing promotional activities and by adopting alternative distribution media, such as via the internet. Whilst the Board believes that these measures, together with the Group's operational diversity in both mature and developing markets, will provide the Group with some protection against the global trend of declining circulations, there can be no assurance that such measures will be effective, or that these changes in print media circulation will not have an adverse effect on the Group's financial results or operations.

Environmental, Health and Safety Laws, Regulations and Standards

The Group is subject to a broad range of laws, regulations and standards, including those relating to pollution, the health and safety of employees, protection of the public, protection of the environment and the storage and handling of hazardous substances and waste materials. These regulations and standards are becoming increasingly stringent. It is the Group's policy to require that all of its subsidiaries comply with applicable laws, regulations and standards. However, violations of such laws, regulations and standards, in particular environmental and health and safety laws, could result in restrictions on the operations of the Group's sites, damages, fines or other sanctions and increased costs of compliance with potential reputational damage.

Changes in technology and reliance on IT infrastructure

The Group operates in highly competitive environments that can be subject to rapid change. The Group's products and services, and their means of delivery, are affected by technological innovations, changing legislation, competitor activity and changing customer behaviour. A structural change in advertising markets resulting in significant advertising moving away from traditional products to the internet may affect the Group's results, both positively and negatively. Also, print media operations have been facing declining circulation numbers for some time due to factors including the proliferation of internet use. The Group continues to develop online strategies to complement its products.

The Group's businesses are dependent on technology. Information systems are critical for the effective management and provision of services around the Group. Disruption to the Group's information technology infrastructure could result in lost revenue. Business continuity plans are in place for all significant businesses.

Competition

Within the Group's largest industry segment, newspapers, magazines and commercial printing, all newspapers compete to varying degrees with other newspapers having national, regional or local circulations and advertising periodicals, as well as magazines, radio, direct mail, television and other advertising media, including new media such as the internet. Competition varies according to the location and demographics of individual local markets and the number of available media alternatives in them. The Group's competitors differ from geographic market to geographic market and within its industry segments.

The Group's competitors have varying abilities to withstand changes in market conditions. The Group's ability to compete effectively will require continuous efforts by the Group in, amongst other things, sales and marketing, cost rationalisation and investment in technology. There can be no assurance that the Group will have sufficient financial resources to respond to these competitive pressures or that it will be successful in otherwise realising or maintaining any competitive advantages. Although the Group currently holds significant market leadership positions in each of its key markets, which should assist the Group in responding to any further or new competition, there can be no assurance that the Group can maintain these positions or that these positions, either alone or in combination with other factors, will enable the Group to compete effectively.

In FY2008, the Group earned approximately 66 per cent. of its revenues from advertising. In common with other media and communications companies, the Group competes for advertising revenues with newspaper and other print media publishers, broadcast and cable television, radio, outdoor advertising operators and electronic media (including the internet). The impact of the growth of other media on the Group's ability to generate advertising revenues is uncertain, but it may have a material adverse effect on the results of operations of the Group.

Competition for advertising among publishers is largely based upon circulation and readership levels, both of which are directly affected by cover price and the quality of the content. The Group's ability to compete effectively with other forms of media in meeting consumer demands in the future will affect the volume of advertising revenues.

Newsprint price volatility and supply risk

Newsprint accounted for approximately 11 per cent. of the Group's total operating costs in FY2008 and the Group's consumption of newsprint currently exceeds 220,000 tonnes per annum. Newsprint price volatility is a factor facing all operators in the print media industry and can influence a company's profitability significantly, depending on the prevailing economic conditions at a particular time. In some instances it is possible that cover prices can be increased to offset newsprint price increases and thereby maintain margins, although there can be no assurance that cover prices can be effectively increased. As the price of newsprint affects all such operators in broadly equal terms, it does not tend to result in competitive advantage or disadvantage for any one company in that market.

Newsprint prices are subject to volatility arising from variations in supply and demand. Generally, these variations are not large, but from time to time increases may be significant. The Group's newsprint requirements are monitored closely and where deemed advantageous, long-term arrangements are agreed with suppliers to limit the potential for price volatility. The Group has a number of newsprint suppliers to reduce dependency on any specific supplier.

Senior management and skilled personnel

The Group is dependent on members of its senior management team and skilled personnel and believes its future success will depend, in part, on its ability to attract and retain highly skilled management and personnel. If the Group does not succeed in attracting and retaining skilled personnel, it may not be able to grow its businesses as anticipated. Further, the departure of any of the Company's executive Directors or significant changes in senior management could, in the short term, have a material adverse effect on the Group's businesses.

Employee retirement benefits obligations

The Group maintains a number of defined benefit pension plans and a post retirement medical aid scheme, the largest of which is the Group's Irish pension plan. As at 31 December 2008, the Group's employee retirement benefits obligations had a combined net deficit of €148.8 million, as calculated pursuant to IAS 19 — Employee Benefits. Based on current estimates and assumptions, this would require Group cash funding of approximately €7 million per annum for a period of 15 years, before a number of mitigating initiatives. The Group's defined benefit pension plans are effectively closed to new members. The members' contributions have been increased and in addition the Group has increased contributions to these pension funds based on actuarial advice received. Reported earnings may be adversely affected by changes in pension costs and funding requirements due to lower than expected investment returns, changes in demographics and longer life expectancy. Although these are carefully monitored and there are regular reviews with trustees, there are a number of factors which are outside the Group's control, including interest rates, inflation rates, mortality and regulatory change.

Litigation

From time to time, by the nature of their business, newspapers are subject to libel or other types of litigation. Although the Group's newspaper titles have procedures in place to attempt to limit the nature and extent of any exposure in this area and the Group also makes provisions, where necessary, in this regard on an annual basis, there can be no assurance that litigation which may be taken against the Group in the future will not have a material adverse effect on the Group's business, results of operations or financial condition.

Taxation Risk

The Group operates within many jurisdictions and earnings are therefore subject to taxation at differing rates across these jurisdictions. Whilst endeavouring to manage its tax affairs in an efficient manner, due to a more complex international tax environment there will always be a level of uncertainty when provisioning for the Group's tax liabilities. There is also a risk of tax laws being amended in the different jurisdictions in which the Group operates which could have an adverse effect on the Group's results. The Group continually takes the advice of external experts to help minimise this risk.

PART 5: PRO FORMA FINANCIAL INFORMATION AND ACCOUNTANTS REPORT ON PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma balance sheet of the INM Group set out below has been prepared under IFRS and on the basis of the notes set out below to illustrate how the Restructuring and the proposed disposal of INM Outdoor might have affected the balance sheet of the Group as shown in its unaudited interim financial statements for the six months to 30 June 2009 had it been undertaken at 30 June 2009. The pro forma balance sheet has been prepared for illustrative purposes only and does not constitute statutory financial statements of INM. Because of its nature the pro forma balance sheet addresses a hypothetical situation, and therefore does not represent the INM Group's actual financial position or results.

	INM Group as at 30 June 2009	First Equity Issue	Rights Issue	New Bank Facilities	Refinancing Costs	Pro forma after Restructuring	INMO Disposal	Pro forma adjusted for INMO disposal
	€ million (1)	€ million (2)	€ million (3)	€ million (4)	€ million (5)	€ million (6)	€ million (7)	€ million (8)
ASSETS								
Non-Current Assets								
Intangible assets	1,313.8					1,313.8		1,313.8
Property plant and equipment . .	344.0					344.0		344.0
Investments in associates and joint ventures	61.4					61.4		61.4
Deferred tax assets	24.5					24.5		24.5
Available-for-sale financial assets	19.9					19.9		19.9
Derivative financial instruments	0.5					0.5		0.5
Trade and other receivables . . .	20.1					20.1		20.1
	<u>1,784.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>1,784.2</u>	<u>0.0</u>	<u>1,784.2</u>
CURRENT ASSETS								
Inventories	14.2					14.2		14.2
Trade and other receivables . . .	207.5					207.5		207.5
Current income tax assets	0.8					0.8		0.8
Derivative financial instruments	0.1					0.1		0.1
Cash and cash equivalents	55.8		4.2	(4.3)	(3.0)	52.7		52.7
	<u>278.4</u>	<u>0.0</u>	<u>4.2</u>	<u>(4.3)</u>	<u>(3.0)</u>	<u>275.3</u>	<u>0.0</u>	<u>275.3</u>
Non-current assets classified as held for sale	130.3					130.3	(111.4)	18.9
Total Assets	<u>2,192.9</u>	<u>0.0</u>	<u>4.2</u>	<u>(4.3)</u>	<u>(3.0)</u>	<u>2,189.8</u>	<u>(111.4)</u>	<u>2,078.4</u>
LIABILITIES								
Current liabilities								
Trade and other payables	232.7		(12.9)	(15.7)		204.1	1.8	205.9
Current income tax liabilities . . .	12.4					12.4	(2.4)	10.0
Borrowings	934.0	(122.9)	(75.1)	(713.3)		22.7		22.7
Derivative financial instruments	4.2					4.2		4.2
Provisions for other liabilities and charges	27.8					27.8		27.8
	<u>1,211.1</u>	<u>(122.9)</u>	<u>(88.0)</u>	<u>(729.0)</u>	<u>0.0</u>	<u>271.2</u>	<u>(0.6)</u>	<u>270.6</u>
Liabilities directly associated with non-current assets classified as held for sale	10.3					10.3	(10.3)	0.0
Non-current liabilities								
Borrowings	460.4			729.0		1,189.4	(91.5)	1,097.9
Retirement benefit obligations	153.6					153.6		153.6
Deferred taxation liabilities	104.7					104.7		104.7
Other payables	4.9					4.9		4.9
Provisions for other liabilities and charges	4.8					4.8		4.8
	<u>728.4</u>	<u>0.0</u>	<u>0.0</u>	<u>729.0</u>	<u>0.0</u>	<u>1,457.4</u>	<u>(91.5)</u>	<u>1,365.9</u>
Total Liabilities	<u>1,949.8</u>	<u>(122.9)</u>	<u>(88.0)</u>	<u>(0.0)</u>	<u>0.0</u>	<u>1,738.9</u>	<u>(102.4)</u>	<u>1,636.5</u>
Net Assets	<u>243.1</u>	<u>122.9</u>	<u>92.2</u>	<u>(4.3)</u>	<u>(3.0)</u>	<u>450.9</u>	<u>(9.0)</u>	<u>441.9</u>

	INM Group as at 30 June 2009	First Equity Issue	Rights Issue	New Bank Facilities	Refinancing Costs	Pro forma after Restructuring	INMO Disposal	Pro forma adjusted for INMO disposal
	€ million (1)	€ million (2)	€ million (3)	€ million (4)	€ million (5)	€ million (6)	€ million (7)	€ million (8)
Equity								
Capital and reserves attributable to Company's equity holders								
Share capital	263.6	36.2	92.2		4.6	396.6		396.5
Other reserves	312.7	86.7			(7.6)	391.8		391.9
Retained losses	(854.2)			(4.3)		(858.5)	(13.1)	(871.6)
	<u>(277.9)</u>	<u>122.9</u>	<u>92.2</u>	<u>(4.3)</u>	<u>(3.0)</u>	<u>(70.1)</u>	<u>(13.1)</u>	<u>(83.2)</u>
Amounts recognised in other comprehensive income and accumulated in equity related to non-current assets held for sale	(5.5)					(5.5)	4.1	(1.4)
	<u>(283.4)</u>	<u>122.9</u>	<u>92.2</u>	<u>(4.3)</u>	<u>(3.0)</u>	<u>(75.6)</u>	<u>(9.0)</u>	<u>(84.6)</u>
Minority interests	526.5					526.5		526.5
Total Equity	<u>243.1</u>	<u>122.9</u>	<u>92.2</u>	<u>(4.3)</u>	<u>(3.0)</u>	<u>450.9</u>	<u>(9.0)</u>	<u>441.9</u>

Notes

The pro forma balance sheet has been prepared on the basis set out in the notes below:

- (1) The assets and liabilities of the INM Group as at 30 June 2009 have been extracted without material adjustment from the unaudited consolidated balance sheet included in the Interim Results released on 28 August 2009.
- (2) €122.9 million of the €198.0 million due to Bondholders being released in exchange for the issue of 723.2 million new Ordinary Shares of €0.05 each. 723.2 million new Ordinary Shares at the nominal value of €0.05 per new Ordinary Share or €36.2 million is credited to Share Capital with the share premium of €0.12 per new Ordinary Share or €86.7 million credited to Other Reserves.
- (3) The €92.2 million proceeds of the issue of 1.84 billion new Ordinary Shares under the Rights Issue at a price of €0.05 per share being used (i) to repay the outstanding €75.1 million due to Bondholders after the First Equity Issue, (ii) to repay accrued Bond interest of €12.9 million included in Trade and Other Payables at 30 June 2009, and (iii) retained as cash (€4.2 million) to fund the repayment of Bond interest that will accrue from 1 July 2009 to the date of completion of the Restructuring.
- (4) The reclassification of current bank facilities from current liabilities (€715.4 million) to non-current liabilities, offset by the reclassification of €2.1 million of bank debt as due within one year resulting in a €713.3 million reduction in current liabilities: borrowings. Non-current liabilities: borrowings have increased by this amount and the payment of accrued interest (€15.7 million) or €729.0 million in total. Success fees of €4.3 million payable to certain advisers on approval of the new bank facilities are to be paid out of cash.
- (5) The estimated advisory, legal, accounting fees related to the Restructuring (€3.0 million) to be paid out of cash and the underwriting fee in relation to the Rights Issue (€4.6 million) which will be settled by way of the issue of 92.2 million new Ordinary Shares at a price of €0.05 per share. If the Second Equity Issue was implemented instead of the Rights Issue, the underwriting fee of €4.6 million would not be incurred and the 92.2 million new Ordinary Shares would not be issued and accordingly the adjustment to the Share capital line item set out in column (5) above would not be made and the adjustment to Other reserves would be limited to €3.0 million.
- (6) The Group's Pro forma balance sheet at 30 June 2009 after the Restructuring is the sum of columns (1), (2), (3), (4), and (5).
- (7) This column represents the adjustments made to show how the disposal of INM Outdoor might have affected the balance sheet of the Group as shown if the sale took place as at 30 June 2009. The net carrying value of assets and liabilities to be disposed is as follows:

	€ million
(i) Non-current assets classified as held for sale	111.4
(ii) Liabilities directly associated with non-current assets classified as held for sale	(10.3)
(iii) Amounts recognised in other comprehensive income and accumulated in equity related to non-current assets held for sale	4.1
(iv) Cash balances sold as part of sale	(a) 4.4
(v) Trade and other payables	(b) 1.8
(vi) Current income tax liabilities	(b) (2.4)
(vii) Total carrying value of assets and liabilities subject to the disposal of INM Outdoor	109.0
(viii) Net proceeds of disposal	(c) (95.9)
(ix) Loss on disposal	(d) (13.1)

- (a) Cash balances of €4.4 million within INM Outdoor which are being disposed of as part of the disposal (net proceeds of €95.9 million on sale, less cash disposed of €4.4 million, gives €91.5 million net cash which is used to repay borrowings).
 - (b) Reclassification adjustments to figures within liabilities directly associated with non-current assets classified as held for sale to reflect actual liabilities being disposed of.
 - (c) The net proceeds of sale of €95.9 million represents the Euro equivalent of the aggregate of (i) the gross proceeds of ZAR1,100 million (approximately €98 million); less (ii) estimated disposal costs of ZAR44.4 million (approximately €4.0 million); plus (iii) an estimate of the additional amount payable to INM in relation to cash in excess of a certain specified minimum of ZAR20.8 million (approximately €1.9 million).
 - (d) The total net proceeds of Disposal (including an estimate of the additional amount payable, in relation to cash in excess of a certain specified minimum amount held by INM Outdoor and certain subsidiaries of INM Outdoor on the date of Completion and net of disposal costs) are €95.9 million and after deducting the carrying value of the total INM Outdoor assets and liabilities of €109.0 million, there is an exceptional loss of €13.1 million on the Disposal.
- (8) The Group's Pro forma balance sheet reflecting the impact of the Restructuring and the disposal of INM Outdoor being the sum of Column (6) and Column (7).

No account has been taken of any change in the financial position of the Group, other than interest costs payable on completion of the Restructuring, including its trading position since 1 July 2009 including, in particular, the sale of a 7.3 per cent. of JPL for €21.7 million and the Group's 18.1 per cent. interest in Cashcade for €15.2 million.

The Directors,
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Independent House,
2023 Bianconi Avenue,
Citywest Business Campus,
Naas Road,
Dublin 24.

The Directors,
J&E Davy,
Davy House,
49 Dawson Street,
Dublin 2.

3 November 2009

Ladies and Gentlemen

Independent News & Media PLC (the “Company”)

We report on the pro forma financial information (the “Pro Forma financial information”) set out in Part 5 of the Company’s circular in respect of the Share Capital Proposals dated 3 November 2009 (the “Circular”) which has been prepared on the basis described in the notes to the Pro Forma financial information, for illustrative purposes only, to provide information about how the Restructuring and the proposed disposal of INM Outdoor might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the unaudited financial statements for the six months ending 30 June 2009.

This report is required by item 20.2 of Annex I to the Prospectus Directive Regulation as applied by 10.3.3 of the listing rules of the Irish Stock Exchange (the “ISE Listing Rules”) and is given for the purpose of complying with those requirements and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma financial information in accordance with item 20.2 of Annex I of the Prospectus Directive Regulation as applied by 10.3.3 of the ISE Listing Rules.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the Prospectus Directive Regulation as applied by 10.3.3 of the ISE Listing Rules as to the proper compilation of the Pro Forma financial information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma financial information nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the Prospectus Directive Regulation as applied by 10.3.1(10) of the ISE Listing Rules, consenting to its inclusion in the Circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and published by the Institute of Chartered

Accountants in Ireland. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma financial information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- (a) the Pro Forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

PricewaterhouseCoopers
Chartered Accountants

PART 6: ADDITIONAL INFORMATION

1. SHARE CAPITAL

Authorised and Issued Share Capital

Table 1 below sets out authorised and issued fully paid share capital of the Company as at the close of business on 30 October 2009 (the latest practicable date prior to the publication of this document), Table 2 below sets out the authorised and issued fully paid share capital of the Company as it will be following (i) the issue of the First Equity Issue Shares and (ii) the approval of all of the Resolutions and the issue of the Rights Issue Shares and the Underwriting Shares, and Table 3 below sets out the authorised and issued fully paid share capital of the Company as it would be following (i) the issue of the First Equity Issue Shares and (ii) the approval of only Resolutions (1) and (2) and the Second Equity Issue.

The size of the Rights Issue at €92.2 million and therefore the number of new Ordinary Shares to be issued under the Rights Issue (including the Underwriting Shares), is based on the First Equity Issue occurring as indicated in the “Outline Timetable” on page 2 of this document (at which time interest will no longer accrue on the First Bonds), and either completion of the second stage equitisation by means of the Rights Issue or the Second Equity Issue by mid December 2009.

Table 1 — Authorised and issued fully paid share capital of INM before the First Equity Issue, the EGM and the issue of the Rights Issue Shares

	Nominal Value €	Number of shares
Authorised share capital — Ordinary Shares of €0.05	80,306,140	1,606,122,805
Allotted, called up and fully paid — Ordinary Shares of €0.05	41,979,795	839,595,903
Authorised share capital — Deferred Shares of €0.25	219,693,859	878,775,439
Allotted called up and fully paid Deferred Shares of €0.25 ...	219,693,859	878,775,439

Table 2 — Authorised and issued fully paid share capital of INM after the First Equity Issue, the EGM and the issue of the Rights Issue Shares and the Underwriting Shares (assuming all of the Resolutions are approved at the EGM and the Rights Issue completes)

	Nominal Value €	Number of shares
Authorised share capital — Ordinary Shares of €0.05	230,306,140	4,606,122,805
Allotted, called up and fully paid — Ordinary Shares of €0.05	174,955,001	3,499,100,026
Authorised share capital — Deferred Shares of €0.25	219,693,859	878,775,439
Allotted called up and fully paid Deferred Shares of €0.25	219,693,859	878,775,439

Table 3 — Authorised and issued fully paid share capital of INM after the First Equity Issue, the EGM and the Second Equity Issue (assuming only Resolutions (1) and (2) are approved at the EGM and the Rights Issue does not therefore proceed)

	Nominal Value €	Number of shares
Authorised share capital — Ordinary Shares of €0.05	230,306,140	4,606,122,805
Allotted, called up and fully paid — Ordinary Shares of €0.05	170,344,753	3,406,895,068
Authorised share capital — Deferred Shares of €0.25	219,693,859	878,775,439
Allotted called up and fully paid Deferred Shares of €0.25	219,693,859	878,775,439

The Company holds 39,179,536 shares in treasury, representing approximately 4.7 per cent. of the Existing Issued Share Capital. These treasury shares are not included in the issued share capital included in the tables above. These treasury shares do not rank for entitlement in the Rights Issue.

Resolution 1 proposes to increase the authorised share capital of the Company by €150,000,000, being a 50 per cent. increase in the authorised share capital and a 187 per cent. increase in the authorised ordinary share capital of the Company. This increase in the Company's authorised share capital will provide sufficient headroom for the creation of new Ordinary Shares for the purposes of the Rights Issue or, if Resolution 3 is not approved, the Second Equity Issue and will allow for the issue of a further number of new Ordinary Shares with a nominal value which is equal to approximately one third of the issued ordinary share capital of the Company as enlarged by the Restructuring. Resolution 2 proposes to grant the Directors authority to allot new securities up to the amount of the increased authorised but unissued share capital of the Company. The Directors intend to utilise this authority for the purposes of the Rights Issue, or if Resolution 3 is not approved, for the purposes of the Second Equity Issue. Resolution 3 proposes to dis-apply pre-emption rights for the purposes of the Rights Issue and the issue of the Underwriting Shares.

The First Equity Issue Shares and (when fully paid) the Rights Issue Shares and the Underwriting Shares and any new Ordinary Shares issued under the Second Equity Issue if the Rights Issue cannot take place will rank *pari passu* with the other Ordinary Shares then in issue.

2. SIGNIFICANT INTERESTS

As at the Latest Practicable Date the Company had been notified of notifiable interests in the Company's issued Ordinary Shares (being holdings of at least 3 per cent. of the Company's issued Ordinary Shares) under the Transparency Regulations 2007 as set out below. The number of Ordinary Shares in which these persons will, subject to the assumptions stated below, be interested following the First Equity Issue, and the Completion of the Restructuring is also set out below.

<u>Name</u>	<u>Number of Ordinary Shares</u>	<u>% of Existing issued Share Capital</u>	<u>Following the First Equity Issue % of Then Issued Share Capital⁽¹⁾</u>	<u>Number of Ordinary Shares following the Rights Issue⁽²⁾</u>	<u>% of Enlarged issued Share Capital</u>
Sir Anthony O'Reilly	235,141,030	28.01	15.05	512,607,445	14.65
Denis O'Brien	221,327,367	26.36	14.16	482,493,660	13.79
Marathon Asset Management	46,807,466	5.57	3.00	102,040,276	2.92
Clear Channel C.V.	39,000,000	4.65	2.50	85,020,000	2.43

Assumptions:

- (1) The percentage interest held by significant shareholders following the First Equity Issue assumes that their shareholdings are unchanged but the percentage represented by their interests are diluted by the amount of the First Equity Issue.
- (2) The percentage interest held by significant shareholders following the Rights Issue assumes, for illustrative purposes only, that the Shareholders disclosed above participate *pro rata* in the Rights Issue and do not buy further Rights Issue Shares in the market.

Save as disclosed in this section 2 of this Part 6, the Company is not aware of and has not been notified of any other notifiable interests. The Company is not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise, control over the Company.

Following the First Equity Issue, the Bondholders will, in aggregate, be interested in 723,200,000 Ordinary Shares representing 46.3 per cent. of the Then Issued Share Capital. 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 4.7% of the Then Issued Share Capital.

3. MATERIAL CONTRACTS ENTERED INTO IN RESPECT OF THE RESTRUCTURING

The following is a summary of all the material contracts entered into by the Company with respect to the Restructuring.

(a) Standstill Agreement

In order to facilitate negotiations and information exchange aimed at arriving at a consensual financial restructuring and to avoid the immediate negative financial impact of the failure to repay

the Bonds and consequential cross-default and cross-acceleration of the Group's main bank facilities, the Company, INMF and certain other Group companies entered into a financial standstill arrangement pursuant to the Standstill Agreement.

The Standstill Agreement provides for, amongst other matters, (i) temporary waivers from its main bank lenders of the events of default arising as a result of or in connection with the non-payment of the Bonds and related matters; (ii) an agreement by certain of the Bondholders to forbear from taking enforcement action against INMF and the Company for failing to make payments on the maturity date for the Bonds; (iii) certain covenants from Group companies, including in relation to not discharging any indebtedness, not granting any further security and not paying dividends; (iv) provisions protecting INMF and the Company and other Group companies from unilateral creditor action by its bank lenders and certain Bondholders; and (v) an agreement by the Banks to maintain existing facilities, including those available under the Original Facilities Agreements.

The current standstill period extends until 23 December 2009 (but can be terminated by the Majority Lenders or the Majority Bondholders prior to that date subject to certain conditions including if the Bondholders do not pass the Extraordinary Resolution to be considered at the Bondholder Meeting convened for 10 November 2009, if the First Equity Issue does not occur prior to 13 November 2009 or if Shareholders do not approve the Class 1 Resolution at the Class 1 EGM).

(b) Restructuring Agreement

The Restructuring Agreement was entered into on 7 October 2009 between the Company, INMF and certain participating creditors, being members of the Ad Hoc Committee of Bondholders ("Participating Creditors") in order to implement a long term restructuring solution for the Group. The Restructuring Agreement has appended to it a term sheet setting out the detailed financial provisions of the restructuring ("Term Sheet"). The Company and the INMF are together referred to in this section as the "Companies". The key terms of the Restructuring Agreement are set out below.

(i) **Conditions Precedent.** All conditions precedent to the Restructuring Agreement (which included the provision of certified copies of constitutional documents and board minutes of the relevant companies to the Participating Creditors) have been fulfilled such that the Restructuring Agreement is binding on all parties. However, in addition to the conditions precedent the Restructuring Agreement contains a number of participation conditions which must be fulfilled on an ongoing basis, and breach of which will allow the Participating Creditors to terminate the agreement. These are set out in more detail at paragraph (iv) below.

(ii) **Obligations on the Group Companies.** Subject to the provision that the Companies shall not be required to take any action which is prohibited by law, the Companies are obliged, up to the earlier of the Effective Date and the Termination Date, to perform all acts reasonably necessary to consummate the Restructuring (and to procure that each member of the Group carries out certain actions). These actions include, *inter alia*, cooperating with the Participating Creditors; soliciting the Bondholders and Shareholders to support the Restructuring; consultation and information provision; and negotiating and delivering the documents required for implementing the Restructuring.

(iii) **Obligations on the Participating Creditors.** The Participating Creditors have undertaken severally to perform all acts reasonably necessary to consummate the Restructuring, including agreeing and delivering the documents required for implementing the Restructuring; assisting the Company to effect the Restructuring instructing the Trustee to effect the Restructuring and voting in favour of the Extraordinary Resolution and Share Capital Resolutions.

(iv) **Termination.** The Restructuring Agreement may be terminated by those Participating Creditors constituting Majority Bondholders upon the occurrence of a termination event. Termination events (each with reference to an agreed date) include, *inter alia* the Banks failing to obtain relevant credit approvals; an alternative offer being made which the Participating Creditors view as materially more attractive and capable of consensual implementation outside of any court process; an injunction against the Restructuring having been sought or obtained; the Participating Creditors not being materially satisfied with due diligence; a material adverse change; a

termination of the Standstill Agreement or relevant authorities/consents not having been obtained. The occurrence of any termination event under the Standstill Agreement is also a termination event for the purpose of the Restructuring Agreement.

4. OTHER AGREEMENTS TO BE ENTERED INTO PURSUANT TO THE RESTRUCTURING

In addition to the material contracts entered into by the Company with respect to the Restructuring summarised above, it is also intended that the Group will enter into the following further agreements in connection with the Restructuring. The following summarises the principal provisions of the agreed terms which will be reflected in the relevant agreements, subject only to such modifications (if any) as the Directors may in their absolute discretion think fit.

(a) Underwriting Agreement

The Underwriting Agreement will be entered into at the First Equity Issue Effective Date between the Company, the Second Bond Purchaser (the “Underwriter”) and Davy as Sponsor. The key terms of the draft Underwriting Agreement as at the Latest Practicable Date are set out below:

(i) **Conditions Precedent.** The Underwriting Agreement is conditional on, *inter alia*, the Principal Restructuring Documents having been duly executed, the Extraordinary Resolution having been passed, the First Equity Issue having taken place, the approval of all Resolutions at the EGM, the approval of the Prospectus by the Financial Regulator and the publication or dispatch of the Prospectus, PALs and any other necessary documentation and Admission occurring as timetabled.

(ii) **Fees.** The Company will pay the Underwriter a commission of 5 per cent. of the aggregate value of the Rights Issue Shares. Such commission will be payable in cash, which amount will be used by the Underwriter to subscribe for Underwriting Shares.

(iii) **Warranties and Indemnity.** Under the Underwriting Agreement, the Company gives certain warranties including, *inter alia*, in relation to information provided in the Prospectus, compliance with relevant legislation, the verification process, the working capital and bank facilities, contracts, litigation and licences of the Group companies, arrangements for the Rights Issue and US matters. The Company also gives an indemnity against claims and losses related to, *inter alia*, the Rights Issue, the underwriting, breach of warranty by the Company, unless such claim or loss arises through the negligence or fraud of the relevant indemnified party.

(iv) **Termination.** The Underwriter may terminate the Underwriting Agreement if, before Admission, any statement in the documents relating to the Rights Issue is materially untrue or misleading, if there has been a breach of warranty or if any of the conditions to the Underwriting Agreement have become incapable of fulfilment and has not been waived.

(v) **Other.** In addition, the Underwriting Agreement deals with the process for application and admission to the ISE and LSE, the despatch of documents in relation to the Rights Issue and the process should a supplementary prospectus be required.

(b) First Bond Sale and Purchase Agreement

The First Bond Sale and Purchase Agreement will be entered into on or around 10 November 2009 between the Nominee (acting on behalf of the Bondholders) and the First Bond Purchaser, in order to transfer the First Bonds from all Bondholders to the First Bond Purchaser, which company will be at the time of transfer controlled by the Nominee (on behalf of the Bondholders). The key terms of the draft First Bond Sale and Purchase Agreement as at the Latest Practicable Date are set out below:

(i) **Conditions Precedent.** The First Bond Sale and Purchase Agreement will be conditional, *inter alia*, on the Extraordinary Resolution being passed; each of the Principal Restructuring Documents having been entered into and unconditional; the participation conditions of the Restructuring Agreement having been satisfied or waived, no Share Proceedings have been initiated that have not been satisfactorily concluded and the listing of Ordinary Shares not having been suspended or cancelled.

(ii) **Purchase Price.** The purchase price for the First Bonds is the lower of €122,900,000 and the market value of the First Bonds plus interest accrued thereon as at the Bond Closing Date.

The First Bond Purchaser shall satisfy the purchase price by allotment and issue of 723,199,998 ordinary shares in the capital of the First Bond Purchaser to the Nominee.

(iii) **Warranties.** The Nominee will warrant on behalf of the Bondholders that the Nominee has all requisite power and authority to execute the First Bond Sale and Purchase Agreement, that the Nominee has due authority to bind all Bondholders by way of the First Bond Sale and Purchase Agreement, subject to the Extraordinary Resolution being passed, and no consents or approvals are required in connection with the First Bond Sale and Purchase Agreement. The Nominee will warrant that the First Bond Sale and Purchase Agreement has been executed and delivered by it validly pursuant to the Extraordinary Resolution and that the First Bond Sale and Purchase Agreement is binding on the Nominee. The First Bond Purchaser will warrant full power and authority to enter into the First Bond Sale and Purchase Agreement, that it is duly authorised and that the First Bond Sale and Purchase Agreement is validly executed.

(c) Second Bond Sale and Purchase Agreement

The Second Bond Sale and Purchase Agreement will be entered into on or around 10 November 2009 between the Nominee (acting on behalf of the Bondholders) and the Second Bond Purchaser, in order to transfer the Second Bonds from the various Bondholders to the Second Bond Purchaser, which company will be, at the time of transfer controlled by the Nominee (on behalf of the Bondholder). The key terms of the draft Second Bond Sale and Purchase Agreement as at the Latest Practicable Date are similar to those of the First Bond Sale and Purchase Agreement, other than consideration for which the Second Bonds are transferred which will be the issue of a number of ordinary shares in the capital of the Second Bond Purchaser equal to the aggregate amount of the outstanding principal amount of the Second Bonds, with all accrued but unpaid interest thereon, as at the Second Equity Issue Effective Date.

(d) The First Share Sale and Purchase Agreement

The First Share Sale and Purchase Agreement will be entered into on or around 10 November 2009 between the Nominee (acting on behalf of the Bondholders) and the Company, in order to transfer the entire issued share capital of the First Bond Purchaser (then the holder of the First Bonds) to the Company. The key terms of the draft First Share Sale and Purchase Agreement as at the Latest Practicable Date are set out below:

(i) **Conditions Precedent.** The First Share Sale and Purchase Agreement will be conditional, *inter alia*, on the First Bond Sale and Purchase Agreement having completed, each of the Principal Restructuring Documents having been entered into and unconditional to the extent possible; the participation conditions of the Restructuring Agreement having been satisfied or waived, no Share Proceedings having been initiated that have not been satisfactorily concluded and Prospectus approval.

(ii) **Purchase Price.** The consideration for the entire issued share capital of the First Bond Purchaser shall be the issue of the First Equity Issue Shares to the Nominee (on behalf of the Eligible Bondholders).

(iii) **Warranties of Nominee.** The Nominee will warrant, *inter alia*, that the Nominee has all requisite power and authority to execute the First Share Sale and Purchase Agreement; that the Nominee has due authority to bind all Bondholders by way of the First Share Sale and Purchase Agreement; that, other than the Extraordinary Resolution, no consents or approvals are required in connection with the First Share Sale and Purchase Agreement; that the First Bonds are held in a custodian account and no adverse interest has been created in respect of them and that the First Bond Purchaser has not carried on any business or incurred any liabilities other than the agreed bond and share sales as part of the Restructuring. The Nominee will covenant that the Nominee will retain full legal title to the First Equity Shares until the conclusion of the EGM and will vote the First Equity Issue Shares in favour of the Share Capital Resolutions; that the Nominee will vote the First Equity Issue Shares otherwise in accordance with instructions from the Bondholders and that the Nominee will distribute the First Equity Issue Shares to those Eligible Bondholders as soon as practicable following the EGM.

(iv) **Warranties of Company.** The Company will represent, warrant and covenant, *inter alia*, that it has full corporate power and authority to carry out the purchase of the entire share capital of the First Bond Purchaser; that it is duly authorised to do so; that the First Share Sale and

Purchase Agreement is duly executed by it; that the First Equity Issue Shares will be issued credited as fully paid and with no attached adverse interests, and subject to publication of the Prospectus freely tradable (subject to Prospectus publication) on the ISE and LSE; that the Company will issue the Prospectus and post PALs within an agreed time frame and that the Company will implement the Second Share Sale and Purchase Agreement in the event that Resolution 3 is not passed.

(e) The Second Share Sale and Purchase Agreement

The Second Share Sale and Purchase Agreement will be entered into on or around 10 November 2009. The Second Share Sale and Purchase Agreement will be between the Nominee (acting on behalf of the Bondholders) and the Company, in order to transfer the entire issued share capital of the Second Bond Purchaser (then the holder of the Second Bonds) to the Company. The key terms of the draft Second Share Sale and Purchase Agreement as at the Latest Practicable Date are similar to those of the First Share Sale and Purchase Agreement, but the key conditionality of the Second Share Sale and Purchase Agreement will be that the Rights Issue is not capable of implementation, if for example the Underwriting Agreement is terminated. If this conditionality is fulfilled, the Second Share Sale and Purchase Agreement will function to transfer the entire issued share capital of the Second Bond Purchaser to the Company in consideration for an issue of Ordinary Shares to the Nominee on behalf of the Bondholders.

(f) Sponsor Agreement

A Sponsor Agreement will be entered into with Davy appointing them as sponsor to the Company in connection with the Admission and publication of the Prospectus. The Sponsor Agreement will contain certain customary warranties by the Company as to the accuracy of the information contained in the Prospectus and customary indemnities from the Company in favour of Davy.

(g) Facilities Agreement

A master facilities agreement between the Company, several of its subsidiaries, INM's Banks as arrangers and lenders and Lloyds TSB Bank plc as the Agent is expected to be signed on or about 9 November 2009 and will record the terms on which INM's Banks are willing, subject to the terms and conditions to be contained therein, to continue certain debt facilities made available to members of the Group and to provide certain new facilities to members of the Group upon and after completion of the Restructuring.

Certain of the key terms which are expected to be contained in Facilities Agreement are described below.

a) **Facilities:**

The aggregate amount of the committed multicurrency term and revolving facilities under the Facilities Agreement is expected to be approximately €745,000,000, to be made available as follows:

- (i) Facility A: a term loan in an aggregate amount of approximately €158,000,000 which will be sub-tranched and is intended to be a bridge facility for the Agreed Disposal Programme.
- (ii) Facility B: a core term loan facility in an aggregate amount of approximately €510,000,000.
- (iii) Revolving Facility: a revolving credit facility of approximately of €41,000,000 will be available for general corporate purposes and the Group would have the option of utilising a portion of the commitment under the revolving credit facility by way of ancillary overdraft facilities.
- (iv) Facility C: a term loan facility in an aggregate amount of €36,000,000 which will be used to pay accrued but unpaid interest under the existing facilities and to discharge cost and expenses relating to the Restructuring.

b) **Interest**

The interest payable on amounts borrowed under the facilities (other than Facility C) will be the aggregate of a specified margin per annum, the applicable floating rate and any mandatory costs.

The specified margin for the sub-tranches of Facility A may be adjusted in the event that it is not repaid by a specified date. The specified margin for Facility B and the Revolving Facility will be adjusted downwards if the Group achieves certain de-leveraging targets.

The rate of interest applicable to the term loan under Facility C will be a payment in kind (PIK) rate of 25 per cent. per annum which while the loan remains outstanding will capitalise on an annual basis commencing in December 2010.

c) Repayment/Prepayment

Each of the facilities is expected to be available for a period of up to four and half years from the date of the Facilities Agreement but certain amounts of the facilities will be subject to mandatory prepayment or repayment prior to the final maturity date.

It is contemplated that net proceeds from the permitted asset disposals under the Facilities Agreement as well as a percentage from excess cash flow (which shall not include these disposal proceeds) must be used for mandatory prepayment of the facilities, starting with Facility A.

It is also expected that repayment instalments will be required in respect the core term loan under Facility B in accordance with an agreed amortisation schedule. It is further contemplated that the Revolving Facility will be subject to a scheduled reduction at the end of 2012 and that the term loan under Facility C will be repaid after all other facilities (except that it may be repaid in priority to all other facilities from the proceeds of any subordinated debt issuance or new equity issuance which is approved by the Banks).

It is also expected that each of the Banks under the Facilities Agreement will have a right to cancel its commitments and to call for mandatory repayment in the event that there is a change of control of the Group (as described further in *Change of Control* below).

d) Restrictions

The terms of the Facilities Agreement will include undertakings from members of the Group that, subject to specific exceptions and qualifications, they will not incur further financial indebtedness, grant further security over its assets, or dispose of their assets. In relation to the permitted disposals, as referred to above, net proceeds must be applied towards the prepayment of the facilities.

Further restrictions expected to be included in the agreement relate to the declaration of dividends and distributions by the Group, share buybacks, future acquisitions (which are only allowed if they are equity-funded), capital expenditure allowance and tight financial covenants. In relation to dividends, the agreement is expected to specifically provide that INM may not pay a dividend unless it meets a total debt to EBITDA ratio target of 3.0:1 or less and then only in an amount not greater than 25 per cent. of the aggregate amount available for distribution.

As is customary, it is expected that members of the Group will be required to make certain representations and to provide financial information to its Banks on an ongoing basis. Events of default are expected to include, failure to pay, breach of a relevant provision of the agreement or other finance document (including financial covenants), misrepresentation and the occurrence of certain insolvency related events. The occurrence of an event of default will entitle the Banks to take enforcement action, to accelerate the facilities, place the facilities on demand and/or enforce its rights under the security documents.

e) Conditions precedent:

The availability of the facilities under the Facilities Agreement is expected to be subject to various conditions including the completion of the Restructuring, the shareholder approval of INM Outdoor, as well as the execution of the ancillary finance documentation, including, amongst other documents security documentation and hedging agreements.

f) Change of control:

It is contemplated that if one or more persons acting in concert gain control of the Company (control being defined as 35 per cent. of the maximum number of votes that may be cast at a

general meeting of the Company) the lending banks shall not be obliged to fund further utilisations and can declare outstanding borrowings immediately due and payable. This provision shall not be deemed to apply with respect to the Restructuring.

g) **Guarantees and Security:**

Certain companies will be expected to give a guarantee in respect of the obligations of borrowers under the Facilities Agreement. The Company and other relevant members of the Group will also be required to provide a comprehensive security package to the finance parties under the Facilities Agreement, including security for the obligations of any member of the Group under hedging arrangements.

5. PROFIT FORECAST

INM published its Interim Management Statement on 29 October 2009, which included the following wording:

“Based on still limited visibility, the advertising trends experienced in September and October remain challenging and are expected to continue for the remainder of 2009. As a result, assuming a continuation of these trends and seasonal factors, the full year operating profit before exceptionals forecast for 2009 is expected to be in the range €170 million to €190 million.”

This statement in relation to the expected operating profit before exceptionals for 2009 constitutes a profit forecast in respect of the period to 31 December 2009. This forecast and the basis of preparation and underlying assumptions are not included in this document to meet any requirement under the Listing Rules but are provided as additional information. This profit forecast has not been the subject of an independent review for the purposes of this Circular.

Basis of preparation

The operating profit before exceptional items forecast is based on the unaudited consolidated interim results for the 6 month period ended 30 June 2009, the unaudited management accounts for the 2 month period ended 31 August 2009 and the weekly management results for September 2009 which formed the basis of the interim management statement, and a forecast for the 3 month period ending 31 December 2009. The profit forecast has been prepared on a basis consistent with the accounting policies adopted by INM in the preparation of its interim condensed financial statements for the six months ended 30 June 2009.

Principal assumptions

The Directors have prepared the profit forecast contained in the Interim Management Statement and repeated in this section 5 of Part 6 and in section 8 of Part 1 of this document for the period 31 December 2009 on the basis of the following assumptions.

Assumptions which are within the control or influence of the Directors:

- There will be no material further restructurings announced by the Group prior to 31 December 2009.
- There will be no material acquisition of businesses prior to 31 December 2009.
- There will be no material further disposals of businesses prior to 31 December 2009, except for the potential disposal of any business which is still held by the Group and was in the category as held for sale in the Group's interim condensed financial statements (i.e. INM Outdoor and Verivox GmbH).

Assumptions which are outside the control or influence of the Directors:

- The Group's current financial restructuring negotiations will be successful and the Group will continue in operation as a going concern.
- There will be no material change in current trading conditions.

- There will be no material change in exchange rates.
- There will be no changes in the political and/or economic environments or natural disasters in the territories in which INM operates that would materially affect the Group.
- There will be no business interruptions that materially affect INM, its major suppliers or its major customers by reason of technological faults, natural disasters, industrial disruption, civil disturbance or government action.
- There will be no material change to the competitive environment.
- APN

On 13 October 2009 APN issued an updated outlook statement confirming the expectations of the APN board that, on the basis of current market conditions continuing, APN is likely to end the year (year ending 31 December 2009) with earnings before interest and tax ("EBIT") in the range of A\$180-A\$190 million and a net profit after tax ("NPAT") in the range of A\$90-A\$95 million. APN also advised in that announcement that the consensus for NPAT of nine leading media analysts was A\$94 million. Chief Executive of APN, Brendan Hopkins, also commented: *"Overall trading continues to show improvements, especially in Publishing and Outdoor and although, as should be expected, some weeks remain inconsistent, we are pleased to see overall quarter four trading returning to normal trends"*.

The operating profit before exceptional items forecast for the Group takes into account this forecast by APN. In compiling the profit forecast, INM has relied solely on public information available to it on APN's trading forecast (which represents approximately 50 per cent. of Group forecast operating profit before exceptional items).

The APN outlook statement is not a formal profit forecast and is not reviewed, or required to be audited by an independent accountant. The outlook statement is based on the APN board's best estimate of performance for the period having regard to the unaudited consolidated interim results for the 6 month period ended 30 June 2009, the unaudited management accounts for the 2 month period ended 31 August 2009 and the weekly management results for September 2009 and to mid October 2009 and a forecast for the two and a half month period ending 31 December 2009.

APN has received legal advice advising it that it cannot provide access or information to PricewaterhouseCoopers on behalf of INM under Principle 5 of the ASX Corporate Governance Principles and Recommendations (2nd Edition) 2007, which states that all investors should have equal and timely access to material and commercially sensitive information concerning a listed company. These Principles and Recommendations apply to APN as a listed company in Australia. This restriction applies notwithstanding the percentage interest held by INM and it having the majority of board directors (6 out of 10), that is, APN cannot selectively provide material and commercially sensitive information to any of its shareholders without making such information available to all of its shareholders and the market more generally. As the information sought by PricewaterhouseCoopers constitutes detailed material and commercially sensitive information relating to APN's individual business units underlying the APN forecast, provision of this information by APN to all shareholders by means of an announcement would not be in the interests of the APN Group.

6. SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since 30 June 2009, being the end of the most recent period for which financial information has been published, being the unaudited interim financial information for the six months ended 30 June 2009.

7. CONSENTS

- Davy, of Davy House, 49 Dawson Street, Dublin 2, Ireland which is regulated in Ireland by the Financial Regulator has given and has not withdrawn its written consent to the inclusion in this document of its name and references thereto in the form and context in which it appears.
- PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, of One Spencer Dock, North Wall Quay, Dublin 1, Ireland has given and has not withdrawn its written consent to the inclusion in this document of its report as set out in Part 5 and references to its report and its name in the form and context in which they appear.

8. SECURITIES LAWS CONSIDERATIONS

NONE OF THE NEW ORDINARY SHARES TO BE ISSUED AS A RESULT OF THE FIRST EQUITY ISSUE OR THE RIGHTS ISSUE, OR IF APPLICABLE, THE SECOND EQUITY ISSUE, HAS BEEN OR WILL BE REGISTERED OR OTHERWISE MADE ELIGIBLE FOR A PUBLIC OFFERING UNDER THE SECURITIES LAWS OF ANY JURISDICTION OTHER THAN, IN THE CASE OF THE RIGHTS ISSUE SHARES TO BE OFFERED UNDER THE RIGHTS ISSUE, IRELAND AND THE UNITED KINGDOM, AND MAY THEREFORE NOT BE OFFERED, SOLD, PURCHASE, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN ANY JURISDICTION OTHER THAN IN COMPLIANCE WITH THE SECURITIES LAWS THEREOF.

None of the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Shares, or the new Ordinary Shares to be issued as a result of the First Equity Issue or, if applicable, the Second Equity Issue, have been or will be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the US and, subject to certain exceptions, none of these securities may be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in the US except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the US. There will be no public offer of any of these securities in the US.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the documents referred to below will be available, in hard form, for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of McCann FitzGerald at Riverside One, Sir John Rogerson's Quay, Dublin 1, Ireland and the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS, United Kingdom from the date of this document up to and including 26 November 2009, being the date of the Extraordinary General Meeting:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the audited consolidated accounts of the Company in respect of the years ended 31 December 2008 and 31 December 2007 and 31 December 2006;
- (c) the Interim Results;
- (d) the Interim Management Statement;
- (e) the Standstill Agreement;
- (f) the Restructuring Agreement;
- (g) the PricewaterhouseCoopers report on the pro forma financial information set out in Part 5 of this document;
- (h) the consent letters referred to in section 7 above;
- (i) the Class 1 Circular;
- (j) the Bondholder Meeting Document;
- (k) the Form of Proxy; and
- (l) this document.

Dated: 3 November 2009

DEFINITIONS

In this document and in the Form of Proxy the following expressions have the following meanings, unless the context otherwise requires, or unless it is otherwise specifically provided herein:

“1983 Act”	the Companies (Amendment) Act 1983;
“A\$”	the Australian dollar, the legal currency of Australia;
“Act”	the Companies Act 1963 of Ireland (as amended);
“Ad Hoc Committee of Bondholders” or “Ad Hoc Committee”	the committee of Bondholders formed for the purposes of participating in the restructuring discussions whose interests represent in aggregate 39.85 per cent. of the outstanding principal of the Bonds;
“Admission”	Admission of, where the context requires either (i) the First Equity Issue Shares; or (ii) the Rights Issue Shares (whether nil paid or fully paid); or (iii) the Second Equity Issue Shares to trading on the respective main markets for listed securities of the Irish Stock Exchange and the London Stock Exchange becoming effective in accordance with the Listing Rules, the LSE Admission and Disclosure Standards and the ISE Admission to Trading Rules;
“Approved Jurisdiction”	in relation to the Bondholders, any jurisdiction other than the United States, Italy, Japan, Australia, South Africa, Belgium or France, provided that the Bondholders will be deemed to be located or resident in an Approved Jurisdiction if they have demonstrated to the satisfaction of the Company that in respect of Italy, Japan, Australia, South Africa, Belgium or France, they are institutional investors in such jurisdictions, as described further in the Bondholder Meeting Document;
“APN”	APN News & Media Limited, a company listed on the Australian Stock Exchange in which INM holds 32 per cent., and whose board of directors is controlled by INM;
“APN Group”	APN together with its subsidiaries;
“Articles” or “Articles of Association”	the Articles of Association of the Company;
“Asset Disposal Programme”	the programme of disposing of non-core assets, as referred to in section 3 of Part 1 of this document;
“Australia”	the Commonwealth of Australia, its states, territories and possessions;
“Australasia”	a region of Oceania: Australia, New Zealand, Papua New Guinea, and neighbouring islands in the Pacific Ocean;
“Banks”	the eight banks providing the core bank debt facilities to the INM Group (excluding APN);
“Board”	the board of Directors of INM;
“Bondholder(s)”	holders of the Bonds, or any one of them as the context may require;

“Bond(s)”	the Group’s May 2009 €200 million 5.75 per cent. Bond , but, if the context requires, excluding €2 million of the Bonds held by the Company;
“Bondholder Meeting”	the meeting of the Bondholders to consider the Restructuring which has been convened to be held at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS, United Kingdom at 11.00 a.m. on 10 November 2009 or any adjournment thereof;
“Bondholder Meeting Document”	the document issued to Bondholders dated 19 October 2009 convening the Bondholders Meeting;
“Business Day” or “business day”	any day on which banks are open for business in Dublin, not being a Saturday or Sunday or bank holiday;
“Canada”	Canada, its provinces and territories and all areas subject to its jurisdiction and any political subdivision thereof;
“Capita Registrars”	Capita Registrars (Ireland) Limited;
“Cashcade”	Cashcade Limited;
“certificated” or “in certificated form”	a share or other security which is not in uncertificated form (i.e. a share or other security which is not in CREST);
“Circular”	this document dated 3 November 2009, issued in connection with the Share Capital Proposals which comprises a circular to Shareholders pursuant to the Listing Rules;
“Class 1 Circular”	the circular dated 2 November 2009, issued in connection with the proposed disposal of INM Outdoor and the Class 1 EGM, which comprises a circular to Shareholders pursuant to the Listing Rules;
“Class 1 EGM”	the extraordinary general meeting of the Company to be held at 11.00 a.m. at the Normandy Suite, Green Isle Hotel, Newland’s Cross, Dublin 22 on 26 November 2009, including any adjournment thereof, to consider the Class 1 Resolution to approve the proposed disposal of INM Outdoor;
“Class 1 Resolution”	the resolution to approve the proposed disposal of INM Outdoor;
“Completion”	completion of the Restructuring, meaning (i) the unconditional completion of the First Equity Issue; and (ii) the unconditional provision of the Proposed Senior Debt Facilities to the Group as envisaged in the Facilities Agreements; and (iii) the unconditional completion of the Rights Issue or, if required, the Second Equity Issue;
“core bank debt facilities”	existing debt facilities provided to the Group by the Banks, excluding non-recourse APN debt;
“Creditors”	the members of the Ad Hoc Committee and the Banks, with whom the Company and certain of its subsidiaries have entered into the Standstill Agreement;

“CREST”	the relevant system for the paperless settlement of trades and the holding of uncertificated securities in respect of which Euroclear is the operator (as defined in the Regulations);
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by CRESTCo on 15 July 1996 and as amended since that date.
“CREST Proxy Instruction”	the appropriate CREST message for a Shareholder holding Shares in CREST to appoint a proxy or proxies utilising the relevant procedures described in the CREST Manual;
“Davy”	J&E Davy, trading as Davy including its affiliate Davy Corporate Finance;
“Deferred Shares”	deferred shares of nominal value €0.25 each in the capital of the Company, such shares having very limited rights and effectively nil value;
“Directors”	members of the Board, from time to time, whose names are set out on page 3 of this document;
“Disposals” or “Agreed Disposal Programme”	the disposal of the Group’s shareholding in Cashcade, the disposal of part of the Group’s shareholding in JPL, the proposed disposal of Verivox (the disposal process in respect of which is, at the date of this document, ongoing and currently expected to be completed by the end of 2009) and the proposed disposal of INM Outdoor;
“EBITDA”	earnings before interest, tax, depreciation and amortisation;
“Eligible Bondholder(s)”	Bondholders who certify that they are eligible bondholders, being Bondholders who are: (a) if located within the United States, QIBs; or (b) if located outside of the United States, are located or resident in an Approved Jurisdiction;
“Enlarged Issued Share Capital”	the Existing Ordinary Shares together with the First Equity Issue Shares, the Rights issue Shares and the Underwriting Shares;
“Euroclear”	Euroclear UK & Ireland Limited;
“Excluded Bondholder(s)”	Bondholders who are unable to certify that they are Eligible Bondholders and who will only have the right to receive cash (arising from the sale of Ordinary Shares) in connection with the implementation of the Restructuring, as further detailed in Part 2 of this document;
“Excluded Territories” or “Excluded Territory”	the United States, Canada, Australia, the Republic of South Africa and Japan, and any other jurisdiction where the extension of availability of the Rights Issue would breach any applicable law or any one of them as the context requires;

“Existing Issued Share Capital”, “Existing Ordinary Shares” or “Existing Shares”	839,595,903 Ordinary Shares (excluding treasury shares) in issue in INM as at the Latest Practicable Date;
“Existing Shareholders”	holders of Existing Shares;
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 11.15 a.m. on 26 November 2009 and to be held at The Normandy Suite, Green Isle Hotel, Newlands Cross, Dublin 22, Ireland (or, if later, immediately following the conclusion or adjournment of the Class 1 EGM, convened to be held at 11.00 a.m. on the same day and at the same location), and notice of which is set out at the end of this document;
“Extraordinary Resolution”	the extraordinary resolution to be put to Bondholders at the Bondholder Meeting as contained in the Bondholder Meeting Document;
“€” or “euro”	the single currency of member states of the European Communities that adopt or have adopted the euro as their currency in accordance with legislation of the European Union relating to European Economic and Monetary Union;
“Facilities Agreement”	the agreement proposed to be entered into between INM and the Banks relating to the Proposed Senior Debt Facilities, the principal terms of which are contained in section 4 of Part 6 of this document;
“Financial Regulator”	Irish Financial Services Regulatory Authority;
“First Bond Purchaser”	a special purpose company to be established for the purpose of purchasing the First Bonds in connection with the First Equity Issue;
“First Bond Purchaser Shares”	723,200,000 shares in the capital of the First Bond Purchaser, including 723,199,998 shares to be issued to the Nominee on behalf of the Bondholders in consideration of the transfer to the First Bond Purchaser of the First Bonds;
“First Bonds”	Bonds having a principal amount outstanding which, when aggregated with accrued but unpaid interest in respect of those Bonds as at the First Equity Issue Date, equals €122.9 million;
“First Bond Sale”	the sale and transfer by the Nominee on behalf of the Bondholders, of the First Bonds to the First Bond Purchaser (or to the Nominee and then to the First Bond Purchaser) on or around the date on which the Extraordinary Resolution is passed and subject to satisfaction or waiver of the other conditions to the implementation of the Restructuring, then to be satisfied;
“First Bond Sale and Purchase Agreement”	an agreement to be entered into between the Nominee (on behalf of the Bondholders) and the First Bond Purchaser pursuant to the Extraordinary Resolution in respect of the First Equity Issue;
“First Equity Issue”	the issue of 723,200,000 new Ordinary Shares in exchange for the First Bonds;

“First Equity Issue Date”	the date on which all of the conditions precedent to the First Equity Issue are fulfilled or waived, or if such a date is not a Business Day, the next Business Day;
“First Equity Issue Shares”	the 723,200,000 new Ordinary Shares to be issued under the First Equity Issue;
“First Requisitioned EGM”	the extraordinary general meeting of the Company, being the first extraordinary general meeting requisitioned by a nominee on behalf of Mr. O’Brien, convened for 11.00 a.m. on 3 November 2009 and to be held at The Normandy Suite, Green Isle Hotel, Newlands Cross, Dublin 22, Ireland, including any adjournment thereof, and notice of which was contained in the circular dated 24 September 2009;
“First Share Sale and Purchase Agreement”	an agreement to be entered into between the Company and the Nominee in respect of the First Equity Issue;
“Form of Proxy”	the form of proxy for use by Shareholders in connection with the EGM;
“FSMA”	Financial Services 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 fully paid at the Rights Issue Price;
“FY 2007”	in relation to the Company, the financial year ended 31 December 2007;
“FY 2008”	in relation to the Company, the financial year ended 31 December 2008;
“Group” or “INM Group”	the Company and its subsidiaries;
“Guarantee”	the guarantee of the Bonds provided by INM;
“Half Yearly Report” or “Interim Results”	the report of the INM Group in respect of the six months ended 30 June 2009 as published on 28 August 2009;
“IFRS”	International Financial Reporting Standards;
“Impact Day”	the date of issue of the announcement of the details of the Rights Issue;
“INMF”	Independent News & Media (Finance) Limited, a subsidiary of the Company and the issuer of the Bonds;
“INM” or the “Company”	Independent News & Media PLC;
“INM Outdoor” or “INMO”	INM Outdoor (Proprietary) Limited, registration number 2001/011631/07, a limited liability private company duly incorporated in the Republic of South Africa;
“Interim Management Statement”	the interim management statement made by the Group in respect of the period from 1 July 2009 to 28 October 2009, dated 29 October 2009;

“Ireland”	the island of Ireland, excluding Northern Ireland, and the word “Irish” shall be construed accordingly;
“Irish Takeover Panel”	The Irish Takeover Panel established under the Takeover Panel Act;
“Irish Stock Exchange” or “ISE”	The Irish Stock Exchange Limited;
“ISE Admission to Trading Rules”	the admission to trading rules of the Irish Stock Exchange containing requirements and obligations for companies seeking admission on the Irish Stock Exchange’s market for listed securities;
“Japan”	Japan, its possessions and territories and all areas subject to its jurisdiction and any political sub-division thereof;
“JPL”	Jagran Prakashan Limited, an Indian publishing company in which INM holds a 13.5 per cent. shareholding;
“Latest Practicable Date”	30 October 2009, the latest practicable date prior to the publication of this document;
“Listing Rules”	the listing rules of the Irish Stock Exchange and/or where appropriate, of the UK Listing Authority;
“LSE Admission and Disclosure Standards”	the admission and disclosure standards of the London Stock Exchange containing requirements and obligations for companies seeking admission on the London Stock Exchange’s market for listed securities;
“London Stock Exchange” or “LSE”	London Stock Exchange plc;
“Majority Bondholders”	means, in the context of the Restructuring Agreement, Bondholders who together hold 30% or more of the aggregate principal value of Bonds;
“Majority Lenders”	a group of the Banks who together represent more than 66⅔% of the aggregate of the exposures of the Banks under certain facility agreements entered into with the Group;
“Memorandum”	the memorandum of association of the Company;
“net debt”	is the borrowings of the Company and its subsidiaries (other than APN) (but excluding trade indebtedness) as shown by its audited consolidated financial statements but less all cash in hand;
“Nil Paid Rights”	rights to acquire Rights Issue Shares under the Rights Issue, nil paid;
“Nominee”	a person approved by the Bondholders pursuant to the Extraordinary Resolution which would fulfil the role of acting on behalf of the Bondholders with respect to the First Equity Issue and Rights Issue (or, if necessary, the Second Equity Issue) as summarised in Part 3 of this document;
“Notice”	the notice of Extraordinary General Meeting set out at the end of this document;
“O’Brien Directors”	Messrs. Paul Connolly and Leslie Buckley and Ms. Lucy Gaffney, being the three Directors nominated to the Board by Mr. Denis O’Brien;

“Official Lists”	the official list of the Irish Stock Exchange and/or as appropriate the official list maintained by the UK Listing Authority;
“Option Holders”	holders of Options;
“Options”	options granted pursuant to the terms of the Share Option Schemes;
“Ordinary Shares” or “Ordinary Share Capital”	the issued and fully paid ordinary shares of nominal value €0.05 each in the capital of the Company;
“Original Facility Agreements”	the agreements relating to INM’s existing core bank debt facilities, the principal terms of which are set out in the Class 1 Circular;
“Overseas Shareholders”	Shareholders who are resident in, or citizens of or who have registered addresses in territories other than Ireland or the United Kingdom;
“Principal Restructuring Documents”	the First Bond Sale and Purchase Agreement, the Second Bond Sale and Purchase Agreement, the First Share Sale and Purchase Agreement, the Second Share Sale and Purchase Agreement, the Underwriting Agreement, and any such other agreements as may be necessary or desirable to effect the Restructuring, together with the Facilities Agreement and its ancillary documents;
“Proposed Senior Debt Facilities”	the proposed senior debt facilities to be provided to the INM Group by the Banks under the Facilities Agreements, conditional only on approval of the Class 1 Resolution and implementation of the Restructuring;
“Prospectus”	the prospectus to be issued by the Company in connection with the Rights Issue and the admission of the First Equity Issue Shares, the Rights Issue Shares and the Underwriting Shares (or, if required, the Second Equity Issue Shares);
“Prospectus Directive Regulation”	Commission Regulation (EC) No. 809/2004;
“Provisional Allotment Letter(s)” or “PAL(s)”	the provisional allotment letters to be issued by the Company in connection with the Rights Issue;
“QIB”	a qualified institutional buyer, as defined under rule 144A of the US Securities Act;
“Qualifying Shareholders”	holders of Ordinary Shares on the register of members of the Company on the Record Date with the exception of certain Overseas Shareholders ;
“Record Date”	6.00 p.m. on a date, yet to be determined, on which the entitlement to subscribe for Rights Issue Shares will be determined by reference to the register of members of the Company;
“Registrars”	Capita Registrars (Ireland) Limited, trading as Capita Registrars, being the registrars of the Company;

“Regulations”	the Companies Act, 1990 (Uncertificated Securities) Regulations 1996 (S.I. No. 68 of 1996);
“Regulation S”	Regulation S promulgated under the US Securities Act;
“Regulatory Information Services”	one of the regulatory information services authorised by the Irish Stock Exchange and/or the UKLA to receive, process and disseminate regulated information from listed companies;
“Resolutions” or “Share Capital Resolutions”	the resolutions set out in the Notice, to be considered and voted on at the EGM;
“Restructuring”	the Proposed Senior Debt Facilities, the First Equity Issue and the Rights Issue or the Second Equity Issue;
“Restructuring Agreement”	the agreement dated 7 October 2009 entered into by the Company and the members of the Ad Hoc Committee relating to the Restructuring, the principal terms of which are contained in section 3 of Part 6 of this document;
“Rights”	rights to acquire Rights Issue Shares in the Rights Issue;
“Rights Issue”	the proposed rights issue of €92.2 million underwritten by the Bondholders;
“Rights Issue Price”	€0.05 per Rights Issue Share;
“Rights Issue Shares”	the 1,844,099,165 new Ordinary Shares to be issued under the Rights Issue;
“Second Bond Purchaser”	a special purpose company to be established for the purpose of purchasing the Second Bonds in connection with the Rights Issue or the Second Equity Issue;
“Second Bond Purchaser Shares”	1,844,099,165 ordinary shares in the capital of the Second Bond Purchaser and to be issued to the Nominee, on behalf of the Bondholders, in consideration of the transfer to the Second Bond Purchaser of the Second Bonds;
“Second Bond Sale”	the sale and transfer by the Nominee on behalf of the Bondholders to the Second Bond Purchaser, shortly following the time of the First Bond Sale, or if later, prior to the date of the EGM, of the Second Bonds;
“Second Bonds”	the remaining outstanding principal amount of the Bonds (which are not First Bonds);
“Second Bond Sale and Purchase Agreement”	an agreement to be entered into between the Nominee and Bondholders pursuant to the Extraordinary Resolution in respect of the Rights Issue or the Second Equity Issue;
“Second Equity Issue Effective Date”	the date on which all of the conditions precedent to the Second Equity Issue are fulfilled or waived, or if such a date is not a Business Day, the next Business Day;
“Second Equity Issue”	the issue of new Ordinary Shares having a value at the Rights Issue Price equal to the Second Bonds amount at the Second Equity Issue Effective Date in exchange for the balance of the

Second Bond Purchaser Shares, which would only occur in the event that Resolutions 1 and 2 are approved at the EGM but Resolution 3 is not, and accordingly if the Rights Issue could not proceed;

“Second Equity Issue Shares”	the new Ordinary Shares which may be issued under the Second Equity Issue;
“Second Requisitioned EGM”	the extraordinary general meeting of the Company, being the second extraordinary general meeting requisitioned by a nominee on behalf of Mr. O’Brien, convened for 11.00 a.m. on 13 November 2009 and to be held at The Normandy Suite, Green Isle Hotel, Newlands Cross, Dublin 22, Ireland, including any adjournment thereof, and notice of which was contained in the circular dated 5 October 2009;
“Second Share Sale and Purchase Agreement”	an agreement to be entered into between the Company and the Second Bond Purchaser in respect of the Rights Issue or the Second Equity Issue;
“Shareholder Guide”	a document which may be issued to Qualifying Shareholders in connection with the Rights Issue;
“Shareholder(s)” or “INM Shareholders”	a holder or holders of Ordinary Shares;
“Share Capital Proposals”	together, (i) the recommended proposed increase in authorised share capital; (ii) the related increase in general allotment authorities; and (iii) the dis-application of pre-emption rights in connection with the Restructuring as described in this document;
“Share Option Schemes”	the INM Share Option Scheme 1999, the Independent News & Media PLC Employee Share Scheme 2008 and the Independent News & Media PLC Share Option Scheme 2009 for the Directors and full time executives of INM;
“Share Proceedings”	any proceedings or submission to any court or listing authority which seeks to challenge in any way the allotment of the First Equity Issue Shares and/or seeks to create an adverse interest over the First Equity Issue Shares and/or requires the First Equity Issue Shares to be disposed of and/or seeks to restrict the rights attached to the First Equity Issue Shares.
“Sponsor”	Davy, in its capacity as sponsor to the Company under the Listing Rules;
“Sponsor Agreement”	an agreement proposed to be entered into between the Company and Davy in relation to the provision of sponsor services in connection with the Restructuring, a summary of the principal terms of which are set out in section 4 of Part 6 of this document;
“Standstill Agreement(s)”	the standstill agreement between the Banks, the Ad Hoc Committee of Bondholders and certain members of the INM Group dated 16 May 2009 (as amended and restated on 26 June 2009, 24 July 2009, 27 August 2009, 25 September 2009 and 30 October 2009, which now extends to

23 December 2009 to facilitate the implementation of the Restructuring, the principal terms of which are set out in section 3 of Part 6 of this document;

“Standstill Period”	the period under the Standstill Agreement;
“subsidiary”	shall be construed in accordance with the Act;
“Takeover Panel Act”	the Irish Takeover Panel Act 1997 (as amended);
“Takeover Rules” or “Irish Takeover Rules”	The Irish Takeover Panel Act 1997, Takeover Rules, 2007 and 2008;
“Then Issued Share Capital”	the issued share capital of the Company, excluding treasury shares, following the First Equity Issue, being 1,562,795,903 Ordinary Shares;
“UK Listing Authority” or “UKLA”	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;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“uncertificated” or “in uncertificated form”	Ordinary Shares recorded on the register of members as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations may be transferred by means of an instruction issued in accordance with the rules of CREST;
“Underwriter”	the Second Bond Purchaser, on behalf of the Bondholders;
“Underwriting Agreement”	an agreement relating to the underwriting of the Rights Issue by the Second Bond Purchaser, proposed to be entered into by the Second Bond Purchaser, the Sponsor and the Company, a summary of the principal terms of which are set out in section 4 of Part 6 of this document;
“Underwriting Shares”	the 92,204,958 new Ordinary Shares to be issued to Bondholders in settlement of the Underwriting Fee;
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to the jurisdiction of the United States of America;
“US Securities Act”	the United States Securities Act 1933 as amended; and
“Verivox”	Verivox GmbH.

Notes:

- (i) Unless otherwise stated in this document, all references to statutes or other forms of legislation shall refer to statutes or forms of legislation of Ireland. Any reference to any provision of any legislation shall include any amendment, modification, consolidation, re-enactment or extension thereof.
- (ii) Words importing the singular shall include the plural and vice versa, and words importing the masculine shall include the feminine or neutral gender.

INDEPENDENT NEWS & MEDIA PLC

(Incorporated and registered in Ireland – registered number 2936)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Independent News & Media PLC (“the Company”) will be held at The Normandy Suite, Green Isle Hotel, Newlands Cross, Dublin 22, Ireland at 11.15 a.m. on 26 November 2009 (or if later, immediately following the conclusion or adjournment of the Class 1 EGM, convened to be held at 11.00 a.m. on the same day and at the same location) for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 and 2 are being proposed as ordinary resolutions and resolution 3 is being proposed as a special resolution:

1. As an ordinary resolution:

That the authorised share capital of the Company be increased from €300,000,000 to €450,000,000 by the creation of 3,000,000,000 new Ordinary Shares of €0.05 each.

2. As an ordinary resolution:

That, subject to and contingent upon the passing of resolution (1), for the purposes of Section 20 of the Companies (Amendment) Act 1983 (the “1983 Act”) the Directors be empowered to allot and issue relevant securities (including, without limitation, any shares purchased by the Company pursuant to the provisions of the Companies Act 1990 and held as treasury shares) pursuant to and in accordance with Article 6 of the Articles of Association of the Company and the maximum amount of relevant securities which may be allotted under this authority shall be the authorised but as yet unissued share capital of the Company as at the close of business on the date of passing of this resolution. The authority hereby conferred shall, subject to Article 6 of the Articles of Association of the Company, expire at close of business on 25 November 2014 unless previously revoked or renewed in accordance with the provisions of the 1983 Act.”

3. As a special resolution:

“That, subject to and contingent upon the passing of resolutions (1) and (2), for the purposes of Section 24 of the Companies (Amendment) Act 1983 (the “1983 Act”) the Directors be empowered to allot and issue equity securities (including, without limitation, any shares purchased by the Company pursuant to the provisions of the Companies Act 1990 and held as treasury shares) for cash:

- (a) pursuant to and in accordance with and subject to the terms and conditions set out in Article 6 of the Articles of Association of the Company; and
- (b) pursuant to a subscription of equity shares for cash by application of commission payable by the Company in respect of an offer of equity securities as is referred to in Article 6(c)(i)

and that such date as is referred to in Article 6(c)(ii) shall be 26 November 2009. The authority hereby conferred shall expire at the close of business on the earlier of the date of the next annual general meeting of the Company after the passing of this Resolution and 25 November 2010, unless previously revoked or renewed in accordance with the provisions of the 1983 Act”.

BY ORDER OF THE BOARD

ANDREW DONAGHER
Company Secretary

Registered Office:
Independent House
2023 Bianconi Avenue
Citywest Business Campus
Naas Road
Dublin 24
Ireland

Dated: 3 November 2009

Notes:**Entitlement to attend and vote**

- (i) Only those Shareholders registered on the Company's register of members at:
- 6.00 pm on 24 November 2009; or
 - if the Extraordinary General Meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned Extraordinary General Meeting,
- shall be entitled to attend and vote at the Extraordinary General Meeting, or, if relevant, any adjournment thereof.

Website giving information regarding the meeting

- (ii) Information regarding the Extraordinary General Meeting, including the information required by section 133 A(4) of the Companies Act 1963, is available from www.inmplc.com.

Attending in person

- (iii) The Extraordinary General Meeting will be held at The Normandy Suite, Green Isle Hotel, Newlands Cross, Dublin 22, Ireland. If you wish to attend the Extraordinary General Meeting in person, you are recommended to attend at least 15 minutes before the time appointed for holding of the Extraordinary General Meeting to allow time for registration. Please bring the attendance card attached to your Form of Proxy and present it at the shareholder registration desk before the commencement of the Extraordinary General Meeting.

Appointment of proxies

- (iv) A Shareholder who is entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy to attend and vote instead of him. A Shareholder may appoint more than one proxy to attend and vote at the Extraordinary General Meeting in respect of shares held in different securities accounts. A Shareholder acting as an intermediary on behalf of one or more clients may grant a proxy to each of its clients or their nominees provided each proxy is appointed to exercise rights attached to different shares held by that Shareholder. A proxy need not be a Shareholder of the Company. If you wish to appoint more than one proxy then please contact the Company's Registrars, Capita Registrars (Ireland) Limited, on +353 1 810 2400.
- (v) A Form of Proxy for use by Shareholders is enclosed with this Notice of Extraordinary General Meeting (or is otherwise being delivered to Shareholders). Completion of a Form of Proxy (or submission of proxy instructions electronically) will not prevent a shareholder from attending the Extraordinary General Meeting and voting in person should they wish to do so.
- (vi) To be valid, a Form of Proxy and any power or other authority under which it is executed (or a duly certified copy of any such power or authority) must be lodged with the Company's Registrar, Capita Registrars, at P.O. Box 7117, Business Reply, Dublin 2, Ireland (if by post) or by hand to Capita Registrars, Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland as soon as possible but in any event so as to be received not later than 48 hours before the Extraordinary General Meeting or adjourned Extraordinary General Meeting or (in the case of a poll taken otherwise than at or on the same day as the Extraordinary General Meeting or adjourned Extraordinary General Meeting) at least 48 hours before the taking of the poll at which it is to be used.
- (vii) To appoint a proxy electronically log on to the website of the Registrars, Capita Registrars (Ireland) Limited: www.capitaregistrars.ie. Shareholders should select "Login to Shareholder Services" from the ONLINE SERVICES menu. Shareholders will need their Shareholder Investor Code (or IVC) as printed on the face of the accompanying Form of Proxy. Full details of the procedures are given on the website.
- (viii) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting and any adjournment(s) thereof by following the procedures laid down in the CREST Manual. CREST Personal Members or other CREST Sponsored Members, and those CREST Members who have appointed a voting service provider(s) should refer to their CREST Sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.
- (ix) In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by the Company's Registrars, Capita Registrars, as issuer's agent (CREST Participant ID 7RA08) by the latest time(s) for receipt of proxy appointments specified in this notice of Extraordinary General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- (x) CREST members and where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or Sponsored Member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

- (xi) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Companies Act, 1990 (Uncertificated Securities) Regulations 1996.

Issued shares and total voting rights

- (xii) The total number of issued Shares (excluding treasury shares) on the date of this notice of Extraordinary General Meeting is 839,595,903. On a vote by show of hands every Shareholder who is present in person and every proxy has one vote (but no individual shall have more than one vote). On a poll every Shareholder shall have one vote for every share carrying rights of which he is the holder. The Resolutions comprise two ordinary resolutions requiring a simple majority of Shareholders voting in person or by proxy to be passed and a special resolution which requires 75 per cent. of Shareholders voting in person or by proxy to be passed.

Questions at the Extraordinary General Meeting

- (xiii) Under section 134C of the Companies Act 1963, the Company must answer any question you ask relating to the business being dealt with at the Extraordinary General Meeting unless:
- answering the question would interfere unduly with the preparation for the Extraordinary General Meeting or the confidentiality and business interests of the Company;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it appears to the Chairman of the Extraordinary General Meeting that it is undesirable in the interests of good order of the meeting that the question be answered.

Other resolutions

- (xiv) The Extraordinary General Meeting is being convened to consider the resolutions set out in this Notice of Extraordinary General Meeting. Section 133B of the Companies Act 1963 (which provides that a member or members meeting the prescribed qualification criteria may table a draft resolution for an item on the agenda of an extraordinary general meeting) is accordingly inapplicable.

