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) Regulations 2007 Nos. 1 to 3 (as amended) or the Investment Intermediaries Act 1995 and, 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 and, 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 sections 12 and 13 of Part I of this document and Part II of this document. This document should be read as a whole.

THIS DOCUMENT DOES NOT CONSTITUTE OR FORM PART OF ANY 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, registered number 2936)

Proposed Disposal of Independent News & Media (South Africa)
Proposed Share Capital Reorganisation
Proposed Increase in Authorised Share Capital and Related Increase in Allotment Authorities
Proposed Dis-application of Pre-emption Rights and Notice of Extraordinary General Meeting

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Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 2 to 16 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. You should read this document in its entirety and consider whether or not to vote in favour of the Resolutions in light of the information contained in this document.

Notice of an Extraordinary General Meeting to be held at The Conrad Hotel, Earlsfort Terrace, Dublin 2, Ireland at 9.35 a.m. on 17 June 2013 (or if later immediately following the conclusion or adjournment of the Section 40 EGM convened to be held at 9.30 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, 2 Grand Canal Square, Dublin 2, Ireland as soon as possible but in any event so as to be received by the Company's Registrars no later than 9.35 a.m. on 15 June, 2013. 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 "Shareholder Portal" and follow the instructions given. 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 9.35 a.m. on 15 June, 2013. The completion and return of either an electronic proxy appointment notification or a CREST Proxy Instruction (as the case may be) will not prevent you from attending and voting in person at the Extraordinary General Meeting, or any adjournment thereof, should you wish to do so.

J&E Davy, which is regulated in Ireland by the Central Bank, is acting exclusively for Independent News & Media PLC as sponsor in connection with the requirements of the Irish Stock Exchange and the UK Listing Authority relating to the Disposal and the Restructuring and for no one else (including the recipients of this document) and will not be responsible to any other person for providing the protections afforded to customers of Davy or for providing advice in connection with the Disposal and the Restructuring or any other arrangement referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Davy by the Central Bank or by FSMA or the regulatory regime established thereunder, Davy does not accept any responsibility whatsoever and makes no representation or warranty, express or implied, for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by Davy, the Company or any other person, in connection with the Company or any other matter described in this document and nothing in this document shall be relied upon as a promise or a representation in this respect, whether as to the past or the future. Davy accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

Canaccord Genuity, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority is acting exclusively for Independent News & Media PLC as financial adviser and for no one else (including the recipients of this document) in connection with the Disposal and the Restructuring and will not be responsible to any other person other than Independent News & Media PLC for providing the protections afforded to clients of Canaccord Genuity or for providing advice in connection with the Disposal and the Restructuring or any other arrangement referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Canaccord Genuity by FSMA or the regulatory regime established thereunder, Canaccord Genuity does not accept any responsibility whatsoever and makes no representation or warranty, express or implied, for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by Canaccord Genuity, the Company or any other person, in connection with the Company or any other matter described in this document and nothing in this document shall be relied upon as a promise or a representation in this respect, whether as to the past or the future. Canaccord Genuity accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such representations must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change to the affairs of the Company since the date of this document or that the information is correct as of any subsequent time.

This document is dated 24 May, 2013.

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OUTLINE TIMETABLE(i)(ii)

Event	Time and Date
Date of issue of this document	24 May, 2013
Latest time and date for receipt of Forms of Proxy and CREST Proxy Instructions for the Extraordinary General Meeting	9.35 a.m. on 15 June, 2013
Time and date of Extraordinary General Meeting(iii)	9.35 a.m. on 17 June, 2013
Record date for Sub-division of Share Capital	6.00 p.m. on 18 June, 2013
Effective date for Sub-division of Share Capital(iv)	8.00 a.m. on 19 June, 2013
Expected date of Completion of Disposal	by 15 July, 2013
Expected effective date of First Stage Restructuring	15 July, 2013
Final Stage Restructuring Long Stop Date(v)	31 December, 2013

Notes

(i) References to times and dates in this document are to times and dates in Dublin, Ireland.

(ii) The dates set out above and mentioned throughout this document may be adjusted by the Company, in which event details of new dates will be notified via a Regulatory Information Service and to the Irish Stock Exchange, the UK Listing Authority and the London Stock Exchange.

(iii) The time of the Extraordinary General Meeting is 9.35 a.m. on 17 June, 2013 or if later immediately following the conclusion or adjournment of the Section 40 EGM convened to be held at 9.30 a.m. on the same day and at the same location. The location of the EGM is The Conrad Hotel, Earlsfort Terrace, Dublin 2, Ireland.

(iv) The Sub-division effects a reduction in the nominal value of the Ordinary Shares and is necessary as a company cannot issue shares at less than nominal value (currently €0.35). The Sub-division has no effect on the rights or entitlements of Shareholders and does not entail the issue of new share certificates.

(v) The Final Stage Restructuring Long Stop Date is the date by which, if the Capital Raise Option has not been exercised by the Company, the Non Capital Raise Alternative will be implemented automatically provided that the conditions to implementation of the Non Capital Raise Alternative have been satisfied by that date (see Part VI of this document).

PART I—LETTER FROM THE CHAIRMAN

Independent News & Media PLC

(Incorporated and registered in Ireland, registered number 2936)

Directors	*Head and Registered Office*
L Buckley (Chairman)	Independent House
VC Crowley* (Chief Executive Officer)	27-32 Talbot Street
T Buckley	Dublin 1
P Connolly	Ireland
L Gaffney	
D Harrison	
J Kennedy	
A Marshall	
T Mullane	
F Murray	
L O'Hagan	

** denotes executive director*

24 May, 2013

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

Proposed Disposal of Independent News & Media (South Africa)
Proposed Share Capital Reorganisation
Proposed Increase in Authorised Share Capital and Related Increase in Allotment Authorities
Proposed Dis-application of Pre-emption Rights and
Notice of Extraordinary General Meeting

Dear Shareholder,

1. INTRODUCTION

For some time your Company has been burdened with an unsustainably high level of debt, with gross debt of approximately €439.6 million and Net Debt of approximately 5.2 times EBITDA (pre-exceptionals) as at 31 December, 2012. The principal task of the Board has been to find a way to reduce that level of debt to a more manageable level. The challenges and complexities involved have been considerable but it gives me great pleasure to write to you now with a series of proposals which are intended to reduce the level of the Group's core debt to €118 million (with other facilities and credit lines of €8 million), as well as facilitating resolution of the pension deficit problems faced by the Group. Inevitably, the interlinked set of proposals set forth here is complex but, in essence, if followed through to the desired conclusion, they involve:

- the sale of INM SA for ZAR 2 billion (approximately €164 million) with the net proceeds being used to repay debt;
- a restructuring of the Group's pension fund obligations to reduce significantly the related on-balance sheet liabilities and to give our staff more certainty and control over their pensions;
- a capital raise of at least €40 million (net of expenses) to pay down debt; and
- a debt write-off of approximately €141 million.

The first step in the process is the sale of INM SA for which we are now seeking your approval. The application of the net proceeds of this sale in the repayment of debt will substantially reduce the burden of the Group's debt and is the first step in a series of steps necessary to implement the proposals. We also seek your approval for the share allotment and other authorities necessary for the implementation of these steps. The full benefit of the restructuring proposals will depend on a restructuring of the pension fund

obligations and an equity raising to pay down debt and deliver the full debt write-off negotiated with our Lenders.

The Disposal

The Board announced on 5 April, 2013 that, further to the agreed heads of terms announced on 17 February, 2013, it had entered into an agreement for the sale of INM SA for a gross consideration of ZAR2 billion (approximately €164 million), before expenses and adjustments. INM SA is the largest English language newspaper publisher in South Africa, owning 18 major newspaper titles across three key geographic regions.

By virtue of the size of the Disposal relative to the size of the Company, completion of the Disposal is conditional on the approval by Shareholders in accordance with the Listing Rules.

The Restructuring

INM announced on 26 April, 2013 that it had agreed outline terms with its Lenders for a consensual restructuring of its secured debt and available facilities (estimated to be approximately €472 million at the time of the First Stage Restructuring), scheduled to mature in May, 2014, and had entered into a Lock-Up Agreement with its Lenders under which INM and its Lenders agreed to support and implement the Restructuring. INM intends that it and several of its subsidiaries will, on or about 7 June 2013, enter into definitive documentation with its Lenders and other parties for the implementation of the Restructuring, including principally an Amendment, Restatement and Equitisation Agreement.

The Restructuring is the culmination of a number of months of discussions with the Group's Lenders. The objective of these discussions has been to significantly reduce the debt burden of the Continuing Group to a level which is sustainable and which provides the Group with an appropriate capital structure for the future. The Board believes that the Restructuring, assuming completion of all of its steps (i.e. implementation of the Final Stage Restructuring) will provide the Group with financial stability and give it a firm platform to implement its business plan and strategic repositioning.

Assuming implementation of the Final Stage Restructuring by way of implementation of the Capital Raise (referred to below), the Restructuring will result in a reduction in the Group's core debt to €118 million (plus other facilities and credit lines of €8 million), in line with the Company's stated objective of a ratio of around three times Net Debt to EBITDA.

Restructuring Steps

The Restructuring comprises the following steps:

- Completion of the Disposal (expected to occur by 15 July, 2013 assuming Shareholder approval at the EGM and South African Competition Commission clearance) and application of the net proceeds (other than €10 million which will be placed in escrow for a maximum two year period in respect of any potential warranty and other claims that the Purchasers may have) to repay existing debt, resulting in a reduction of the Group's core debt by approximately €145 million to approximately €319 million, including the INM SA Escrow-related Debt referred to below (plus other facilities and credit lines of €8 million);
- On application of the net proceeds of the Disposal to repay existing debt, the amendment and restatement of the terms of the Group's existing core debt facilities (including an extension of the maturity period of the facilities to 1 April, 2016 and amendments to the applicable interest terms) (the "**First Stage Restructuring**") becoming effective;
- The submission by the trustees of INM's Defined Benefit Pension Schemes by 30 June, 2013 (or such later date as may be permitted by applicable Irish pensions legislation) of Pension Restructuring Proposals to the Irish Pensions Board;
- Following submission of the Pension Restructuring Proposals to the Irish Pensions Board, the implementation by the Company of an equity issue to raise at least €40 million net of expenses (the "**Capital Raise**") to be applied in the repayment of the Group's core debt (if the Board were to consider an equity issue to be in the best interests of the Company at that time and which the Board currently proposes would be effected by means of a rights issue) (the "**Capital Raise Option**"). The Group's Lenders have agreed that, upon such debt repayment and the issue of New Ordinary Shares in the Company to the Lenders representing a minimum of 11% of the enlarged issued ordinary share

capital of the Company (the "**Rights Issue Equitisation**") and subject to satisfaction of the conditions to be specified in the Amendment, Restatement and Equitisation Agreement (see Part VI of this document), the Group's core debt would be reduced by in aggregate, an estimated €191 million to approximately €118 million (plus other facilities and credit lines of €8 million and €10 million to be repaid from those proceeds of the Disposal to be held in escrow, on release of the escrow after a maximum period of two years, and on terms that, should the escrow amount released be insufficient to repay the €10 million debt, the balance of the €10 million debt will be cancelled (the "**INM SA Escrow-related Debt**")).

- In addition, upon such application of the proceeds of the Capital Raise to repay existing debt and the Rights Issue Equitisation, the coming into effect of revised terms of the Group's core debt facilities (including a two year extension of the maturity period of the facilities from 1 April, 2016 to 1 April, 2018);
- Following approval of the Pension Restructuring Proposals by the Irish Pensions Board, the Company may elect, as an alternative to the Capital Raise, (the "**Non Capital Raise Alternative**") to issue to Lenders New Ordinary Shares representing 70% of the enlarged issued ordinary share capital of the Company (the "**Debt Equitisation**"), in satisfaction of, in aggregate, an estimated €109 million of debt repayable under the Group's core debt facilities, resulting in a reduction of the Group's core debt to approximately €200 million (plus other facilities and credit lines of €8 million and the €10 million INM SA Escrow-related Debt) and the coming into effect of revised terms of the Group's core debt facilities, subject to the satisfaction of the conditions to be specified in the Amendment, Restatement and Equitisation Agreement (see Part VI of this document);
- If, by 31 December, 2013, the Irish Pensions Board has approved the Pension Restructuring Proposals, but neither the Capital Raise Option nor the Non Capital Raise Alternative has been implemented, then there will be an automatic implementation of the Debt Equitisation, subject to satisfaction of the conditions to be specified in the Amendment, Restatement and Equitisation Agreement (see Part VI of this document), and the Group's core debt will be reduced to approximately €200 million (plus other facilities and credit lines of €8 million and the €10 million INM SA Escrow-related Debt) and revised terms of the Group's core debt facilities (on the same terms as on a voluntary implementation of the Non Capital Raise Alternative) will come into effect.

Timetable

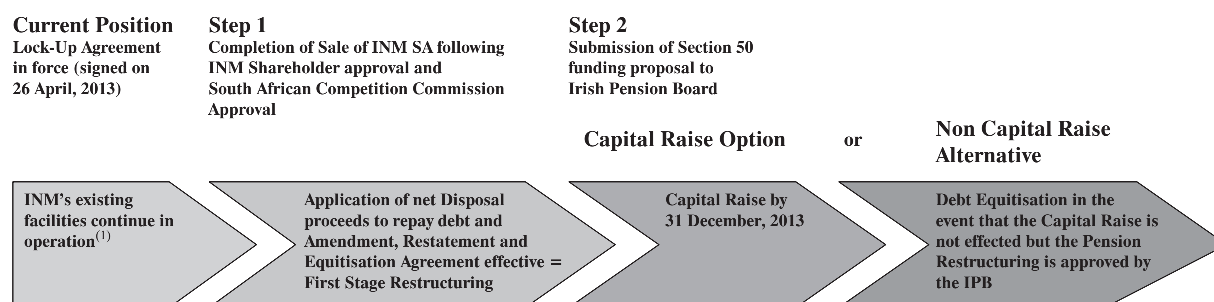
The expected key dates in respect of implementation of the Restructuring are as follows:

Expected entry into the Amendment, Restatement and Equitisation Agreement	7 June, 2013
Deadline for submission of Pension Restructuring Proposals to the Irish Pensions Board	30 June, 2013 *(or such later date as may be permitted by applicable Irish pensions legislation)*
Expected date of Completion of the Disposal	by 15 July, 2013
Expected date of completion of First Stage Restructuring	15 July, 2013
Final Stage Restructuring Long Stop Date	by 31 December, 2013

Full implementation of the Restructuring is, accordingly, subject to a number of conditions, including Shareholder approval, and a number of sequential or alternative steps to implementation as summarised in the diagram below.

A more detailed description of the Restructuring is set out in Part VI of this document.

Diagram: Summary Illustration of the Restructuring



Total Debt: €472m (including other facilities)[3][4]	Total Debt: **€309m[3] + €8m[3][6] + €10m Escrow**	Total Debt: **€118m + €8m[3][6] + €10m Escrow**	Total Debt: **€200m + €8m[3][6] + €10m Escrow**
Facility A	€150m	€118m	€150m
Facility B	€50m	€0	€50m
Facility C	€119m[3] or balance following receipt of INM SA proceeds—including €10m INM SA Escrow-related Debt[2]	Nil or €10m INM SA Escrow-related Debt[2] [5]	€10 million INM SA Escrow-related Debt[2] on implementation by INM, or automatic implementation, of Debt Equitisation
Other Facilities	€8m[3][6]	€8m[3][6]	€8m[3][6]
Debt repaid	€145m[3]	€40m	—
Conversion/Debt Cancellation	€0	€141m[3] (after repayment of €40m and €10m Rights Issue Equitisation)[5]	€109m[3] plus any accrued PIK interest on such implementation of Debt Equitisation
Lender Equity	0%	Shares representing the greater of €10m or 11% of INM's equity value at the time of issue	70% on implementation of Debt Equitisation

(1) However any cash interest paid during the period to the First Stage Restructuring is limited to that payable on €150 million

(2) Earliest release of INM SA Disposal proceeds held in escrow (for any potential warranty claims) is 12 months from Completion but can be up to 24 months

(3) Designates an estimated amount, the exact amount being conditional *inter alia* on exchange rates

(4) €472 million is the estimated amount of debt (including capitalised fees and interest) immediately prior to the implementation of the First Stage Restructuring

(5) Excluding a facility of €1 million, representing debt retained for the purpose of the Anti-Dilution Arrangements, and to be released on 30 April, 2014, on expiry of those arrangements.

(6) €8 million includes the Revolving Facilities.

The purpose of this document is to provide Shareholders with the background to, and reasons for, the Disposal and Restructuring and to seek Shareholder approval for both the Disposal and the Share Capital Reorganisation and share allotment and other authorities to the Directors to enable implementation of a Capital Raise and Rights Issue Equitisation or a Debt Equitisation in due course.

It should be noted that the structure and terms of any Capital Raise have not been settled as of the date of this document and may not be settled until towards the end of 2013. The Board intends that any such Capital Raise will be conducted by way of a rights issue, on the best available issue terms in the interests of the Company and its Shareholders as a whole. A rights issue will enable existing Shareholders (subject only to certain limitations in relation to shareholders in Restricted Jurisdictions) to participate in proportion to their existing holdings in the Company. Although the Board considers that the Share Capital Resolutions, if approved by Shareholders, will provide the Board with sufficient authority for the implementation and completion in due course of all steps of the Restructuring (including a Rights Issue, or other Capital Raise, and Rights Issue Equitisation or Debt Equitisation), it is possible that circumstances may arise which would lead the Board to seek additional authority from the Shareholders to implement the Restructuring (for example, if it were determined that it was in the best interests of the Company to implement a Capital Raise other than by way of rights issue or other *pro rata* offer to Shareholders). In those circumstances, the Company would need to convene an additional general meeting seeking the requisite approvals from

Shareholders. However, Shareholders should note that it is the Board's preference to conduct the Capital Raise by Rights Issue as outlined in this document. If the Board were to determine that the Capital Raise should be otherwise implemented, it would explain the reasons for the change to Shareholders.

Shareholder approval of the Disposal Resolution and the Share Capital Resolutions will be sought at an extraordinary general meeting of the Company to be held at The Conrad Hotel, Earlsfort Terrace, Dublin 2, Ireland on 17 June, 2013 at 9.35 a.m. (or if later immediately following the conclusion or adjournment of the Section 40 EGM convened to be held at 9.30 a.m. on the same day and at the same location). Notice of the EGM is set out in this Circular. All Shareholders entered on the Company's register of members at 6.00 p.m. on 15 June, 2013 are eligible to vote on all of the Resolutions proposed for consideration at the EGM.

As further referred to in section 14 of this Part I, the Company has received irrevocable undertakings from Shareholders to vote in favour of all of the Resolutions in respect of 199,473,526 Existing Ordinary Shares, representing in aggregate approximately 36.24% of the Existing Issued Share Capital.

The proposals set out in this document are very important and require your close attention. Your Board is of the view that the Disposal and the Restructuring represent the best prospect for securing a significantly improved and sustainable financial structure for the Continuing Group and the continued support of the Lenders, upon which the Group is dependent for its ability to continue to trade as a going concern. In particular, completion of the Disposal and the agreed application of the proceeds to repay debt is a condition of the Proposed Senior Debt Facilities becoming available to the Continuing Group and to the Restructuring. If Shareholders fail to support the Disposal, then the Group may lose the support of its Lenders. Approval of the Share Capital Resolutions is a condition to implementation of the Final Stage Restructuring (by Capital Raise and Rights Issue Equitisation or Debt Equitisation), the implementation of which will deliver a substantially better outcome for the Company and its Shareholders than will be delivered on completion of the First Stage Restructuring (see section 13 '*Importance of Approval of the Share Capital Resolutions*' below).

Whether or not you would intend to participate in any Capital Raise, if occurring, you are strongly urged to vote in favour of all of the Resolutions to be proposed at the Extraordinary General Meeting.

For further information on the Resolutions and the effects on the Company and its Shareholders if the Disposal Resolution or one or more of the Share Capital Resolutions is not approved at the EGM, please read sections 12 and 13 of this Part I.

Your attention is also drawn to Part II of this document which contains important risk factors relevant to your assessment of the Resolutions.

2. BACKGROUND TO AND REASONS FOR THE DISPOSAL

The decision to initiate a process for the disposal of INM SA was made by the Group during 2012 following receipt of a number of unsolicited approaches from potentially interested parties.

In 2012, the Company appointed Investec and Canaccord Genuity to conduct a review of the INM SA business. This followed a number of developments, as outlined below, which indicated the need for a material de-leveraging of the Group. Those developments comprised indications that, based on the business plan prepared by the Group, and in the context of several years of very difficult trading conditions, the overall level of debt which could be supported by the Group's business was significantly less than the amount outstanding under the Group's core bank debt facilities.

The proposed sale of INM SA is consistent with the Group's de-leveraging strategy. INM SA is a significant asset. The application of the net proceeds of the Disposal to repay senior debt will substantially reduce the Group's debt and, as a key element of the Restructuring, is essential to the delivery of an overall sustainable and appropriate capital structure for the Group.

As the South African operations operate independently of the Group's other geographical locations, the sale of INM SA will not impact any of the Group's other businesses.

The Sale Agreement, entered into with Sekunjalo Independent Media Consortium ("**Sekunjalo**") on 5 April, 2013, followed a competitive auction process conducted by the Group's advisers, over a number of months, from which Sekunjalo emerged as the highest bidder. The total gross consideration of approximately ZAR 2 billion (approximately €164 million (before expenses) represents a multiple of

approximately 6.7 times' INM SA's EBITDA for the 12 months ended 31 December 2012 (see Part III of this document for historic financial information on INM SA).

A more detailed description of the Sale Agreement is set out in Part V of this document.

For the reasons described above, the Board believes that the Disposal is in the best interests of Shareholders as a whole.

Further information on the financial effects of the Disposal and the use of proceeds is set out in section 5 below.

3. INFORMATION ON INM SA

INM SA is the largest English language newspaper publisher in South Africa, owning 18 major newspaper titles across three key geographic regions, namely Gauteng (six titles), Western Cape (four titles) and KwaZulu Natal (eight titles), as well as 14 free community newspapers which are distributed in the Cape region. Most of these titles have a long standing association with their respective regions, with a number of them in each region having been first published over 100 years ago. INM SA's primary business is the publication of newspapers but it also provides printing and distribution services to third parties, publishes magazines and utilises its digital platform to provide news content and a platform for classified advertising especially for property and recruitment. INM SA also has numerous investments including a 100% interest in Conde Nast Independent Magazines (holding exclusive licences for three Conde Nast Publications in South Africa) and other varied shareholdings in a number of publishing and distribution companies based in South Africa.

INM acquired INM SA through its acquisition of the Argus Group in 1994. Following the acquisition, INM SA launched The Sunday Independent in 1995 and Business Report (the country's largest national daily financial newspaper). This was followed by the launch of Personal Finance in 1996 and thereafter by the Saturday Star, the Weekend Argus and Independent on Saturday. In 2002, INM SA launched South Africa's first daily Zulu newspaper, Isolezwe, and subsequently in 2005, the Daily Voice, written in a combination of Afrikaans and English. The Isolezwe franchise was further expanded in 2008 and 2011, with the launch of a Sunday and a Saturday edition respectively.

INM SA's revenues primarily comprise circulation and advertising revenues which together typically contribute over 85% of total revenues. INM SA had total revenue of €184.8 million in its financial year ended 31 December 2012 which represented a reduction of 5% from total revenue in the preceding financial year (and represented a reduction of 0.7% in constant currency terms). The revenue contraction resulted from tough trading conditions in a number of consumer-led sectors and labour unrest in the country during the year. INM SA's advertising revenues in the financial year ended 31 December 2012, in constant currency terms, increased 1.4% from the preceding financial year, with a strong performance in the features category. Classified advertising volumes fell in the 2012 financial year from the preceding financial year as activity in the recruitment, legal and property sectors, in particular, remained weak, and advertisers cut spend which negatively impacted on national/brand advertising. INM SA's circulation revenues fell by 1.8% in the 2012 financial year, in constant currency terms, relative to the prior year with cover price increases being offset by declining sales, particularly in the mature titles. INM SA had operating profit of €27.0 million in its 2012 financial year, with an operating margin of 14.6%. On a constant currency basis, INM SA's operating costs increased in financial year 2012 by 3.8% to €157.8 million, due to significant inflationary pressures.

4. BACKGROUND TO AND REASONS FOR THE RESTRUCTURING

Background

The Group has pursued a policy of de-leveraging over recent years as its trading and financial performance continued to be adversely impacted by poor economic conditions in its key markets. Net Debt has been reduced by €431.0 million in the last four years and was €422.4 million as at 31 December, 2012 (excluding APN for all years). The Company has also undertaken a detailed review of its anticipated future results and working capital requirements, reflecting the still uncertain economic outlook and continuing weakness in advertising revenues. Since early 2012, the Group has been engaged in discussions with its Lenders in order, first, to ensure it had sufficient liquidity in the short term and, second, to position itself for a refinancing of its Existing Senior Debt Facilities in advance of their maturity date in May 2014. To that end in April, 2012 the Group engaged Canaccord Genuity to advise it in relation to those discussions. As part of these discussions, the Lenders agreed to provide the Group with sufficient 'headroom' on covenants and

liquidity (by deferral of repayments which would otherwise have fallen due) to enable the ongoing management of the business. Specifically, in early 2012, the Existing Senior Debt Facilities were amended to provide for financial covenant 'headroom' up to and including June, 2013 and €41 million of the December, 2012 facility reduction was rescheduled to May, 2014. In August, 2012, the Lenders agreed to extend the period of covenant 'headroom' to September, 2013 and to reschedule €21 million of debt repayments to September, 2013 which would otherwise have been due in June 2013. Further accommodations agreed with the Lenders in relation to the period to implementation of the Restructuring are set out in section 2.1 of Part VI of this document entitled "*Lock-Up Agreement*".

Objectives of the Restructuring

The objective of the discussions with the Lenders in relation to the Restructuring has been to deliver a proposal to Shareholders which, if approved, will facilitate the Continuing Group having a debt level which is sustainable and a capital structure appropriate for the operation of the business. The Board believes that the Restructuring, assuming the completion of all its steps (i.e. implementation of the Final Stage Restructuring), will provide the Group with financial stability and give it a firm platform to implement its business plan and strategic repositioning (further diversifying revenues and exploiting opportunities in the digital space). Additionally, in negotiating with its Lenders the terms of the Restructuring, the Company has sought to facilitate future investment in the business in order to support EBITDA improvement and to create an opportunity for investment by Shareholders.

A multi-stage Restructuring, achieved consensually, and which enables the Company to continue as a public company listed on the Official Lists, has been determined by the Board as the optimal outcome at this time. The key benefit of the Restructuring's multi-stage approach (comprising the First Stage Restructuring and the Final Stage Restructuring (described in greater detail in Part VI of this document)) is that it allows the Company to realise value from INM SA on a timely basis, achieving an initial debt reduction and an initial revision of the existing facilities and a reduction in the annual interest cost on the terms of the First Stage Restructuring, whilst also affording the Company the opportunity to subsequently complete a Pension Restructuring and, thereafter, through the Capital Raise Option, potentially creating the opportunity for investment by existing Shareholders on a *pro rata* basis in a re-capitalised Company with a significantly reduced debt level.

Within the framework that the Company has agreed with its Lenders, as set by the Amendment, Restatement and Equitisation Agreement, the Company has flexibility as to how to implement the Final Stage Restructuring. The Company, within that framework, is not obliged to proceed with a Capital Raise but, should the Company not have completed a Capital Raise or Debt Equitisation by 31 December, 2013, the Company has agreed that there would be an automatic implementation of the Debt Equitisation (should the Pensions Board have approved the Pension Restructuring Proposals and the other conditions to implementation of the Debt Equitisation (see Part VI of this document) have been satisfied). If by that date the Pensions Board were not to have approved the Pension Restructuring Proposals or any such other condition were not satisfied, the Proposed Senior Debt Facilities would remain as restated and amended on completion of the First Stage Restructuring. Given the benefits associated with the Capital Raise Option, the Board intends, in the first instance, to pursue a Capital Raise though a Rights Issue, rather than the Non Capital Raise Alternative.

Completion of a Capital Raise and a Rights Issue Equitisation (subject to satisfaction of the conditions to be specified in the Amendment, Restatement and Equitisation Agreement (see Part VI of this document)) will result in a material reduction of the Group's core debt to approximately €118 million (plus other facilities and credit lines of €8 million and the €10 million INM SA Escrow-related Debt), and more favourable terms for the residual debt and a five year maturity profile (see section 2 of Part VI of this document), relative to the reduction of the Group's debt that would be achieved on implementation of the Non Capital Raise Alternative (€200 million plus other facilities and credit lines of €8 million, the €10 million INM SA Escrow-related Debt and a three year maturity profile). Nevertheless, if it is not possible to proceed with a Rights Issue (for example if it were considered by the Board that the required proceeds could not be raised on satisfactory terms), the Debt Equitisation will allow INM to achieve a debt reduction, albeit on less advantageous terms than achievable by the Rights Issue and Rights Issue Equitisation which are the Board's preference. In implementing a Capital Raise, the objective of the Board will be to achieve the best available issue terms for New Ordinary Shares in the interests of the Company and its Shareholders as a whole.

The Restructuring has been designed to address a number of important concerns for the Continuing Group in the short and longer term. The First Stage Restructuring reflects the Continuing Group's ability to service an amount of debt and provides the Continuing Group with sufficient 'headroom' to avoid any short term liquidity issues, as well as allowing for investment in future initiatives (both new business and cost restructuring programmes). The Capital Raise Option allows the Company the capacity to seek new investment and to provide Shareholders with an opportunity to participate in that investment on a *pro rata* basis. The Restructuring has been designed to achieve a capital structure for the Continuing Group which (subject to the completion of the Pension Restructuring) should enable the attraction of new investment into the Continuing Group by the Capital Raise. The Rights Issue Equitisation, on implementation of the Capital Raise Option, compensates the Lenders for the cancellation of debt as part of the Final Stage Restructuring and enables them to participate in any potential equity upside, and, through the Debt Equitisation, on implementation of the Non Capital Raise Alternative, recognises that, in the event that Shareholders fail to support new investment in the Company or a Capital Raise is otherwise not possible, the Lenders should own a more significant portion of the Company.

The Board considers that the Restructuring is a fair and reasonable outcome for all stakeholders and, having explored extensively various potential means of addressing the Company's current financial position, considers that the Restructuring is the best available means of securing a significantly improved and sustainable financial structure for the Group.

Current Status of the Restructuring Documents

As further referred to in section 1 of Part II of this document, while the principal commercial terms of the restructuring have been agreed in the Lock-Up Agreement neither the Amendment, Restatement and Equitisation agreement nor the ancillary agreements in respect of the Restructuring (the Restructuring Documents) have been finalised or executed as of the date of this document. However very good progress has been made in relation to the finalisation of these documents, and it is expected that the Amendment, Restatement and Equitisation Agreement will be entered into on or around 7 June, 2013.

As referred to in section 14 of this Part I, it is a condition of irrevocable undertakings to vote in favour of all of the Resolutions in respect of approximately 36.24% of the Existing Issued Share Capital that the Amendment, Restatement and Equitisation Agreement and ancillary restructuring documents are entered into by the Lenders and the Company by no later than five business days prior to the Extraordinary General Meeting.

5. FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS AND FINANCIAL EFFECTS OF THE RESTRUCTURING

The net proceeds of the Disposal, being approximately ZAR 1,891 million (approximately €155 million) after an expected dividend to INM of ZAR 20 million prior to Completion and after expenses and other transaction costs of the Disposal (approximately ZAR 89 million (approximately €7 million) will be used to repay part of the Group's senior indebtedness as part of the Restructuring.

Of the €155 million net proceeds, €145 million will be used to repay debt on completion of the Disposal. Under the terms of the Sale Agreement, the remaining €10 million of the net purchase consideration will be paid on Completion into an escrow account and retained as security for claims that the Purchasers may have against the Sellers arising from breach of the terms and conditions of the agreement, including but not limited to, warranty and indemnity claims. On expiry of the term of the escrow period (up to 24 months from Completion) the amounts not claimed will be used to repay the €10 million INM SA Escrow-related Debt and the balance of that €10 million debt will be cancelled.

The operating profit before exceptional items of the Company for the financial year ended 31 December 2012 of €59.7 million included €27.0 million in relation to INM SA.The Disposal of INM SA (if completed as of 1 January 2012) would therefore have resulted in a reduction in Continuing Group operating profits of €27.0 million in 2012. As a result of the Disposal, this reduction in operating profit would have been more than the finance costs saved from the debt reduction following application of the net proceeds of the Disposal. Although the Disposal would therefore have been more negative on net profits in 2012 it would be expected to be positive on net profits over the medium term given the increasing PIK interest rate that applies to the Group's existing debt in the absence of completion of the Disposal and application of the net proceeds of the Disposal to repay debt.

As at 31 December, 2012, INM SA had net assets of €76.7 million in the balance sheet of the Group, made up of assets of €129.1 million, liabilities of €52.4 million, and also had non-controlling interests of €0.3 million and €49.2 million (debit balance) in relation to amounts carried within the foreign currency translation reserve.

Following Completion, the Company will no longer account for INM SA as a subsidiary undertaking.

Part IV of this document contains a pro forma balance sheet illustrating the impact which the Disposal would have had on the audited consolidated balance sheet of the Company as at 31 December 2012 if the Disposal had been completed by that date.

6. CURRENT TRADING AND PROSPECTS OF THE CONTINUING GROUP

Current Trading

On 26 April, 2013 the Company released its results in respect of the year ended 31 December, 2012 and published its interim management statement in respect of the period from 1 January, 2013.

As reflected in the 2012 results, trading in 2012 continued to reflect the poor economic conditions experienced in recent years in the Island of Ireland, while the South African economy experienced low consumer and business confidence. In this difficult trading environment, INM nevertheless delivered an operating profit of €59.7 million and reduced operating costs by €2.5 million, despite cost inflation in South Africa, and delivered an operating margin of 11.1%. Excluding International House Dublin (now part of the Independent Colleges offering) and GrabOne (the Group's e-tailing brand), year-on-year costs reduced by €9.2 million.

In this environment, forecasting remains difficult. To 19 April, 2013, the Group (including INM SA) had seen revenues down 10.4% (or 5.8% in constant currency terms) on the prior year mainly due to declining advertising revenue, and to a lesser extent declines in distribution and circulation revenue. However, cost reduction initiatives implemented to date (operating costs to 19 April, 2013 were down 11.2% (or 6.5% in constant currency terms) on the prior year) and planned, are targeted to assist in mitigating much of this revenue shortfall. These trends, on both revenue and operating profit, are broadly unchanged in the period since 19 April, 2013.

INM has a strong portfolio of market-leading and profitable titles and a growing digital revenue stream. Despite difficult operating conditions and a competitive media landscape, the Group's franchises continue to be resilient, relevant and profitable. INM has a well-invested and increasingly efficient asset base, with no significant medium-term capital expenditure requirements.

Strategy

The main objective of the Board is to ensure that the Continuing Group emerges from the economic downturn in a stronger and more stable position. The Board believes that, following the Final Stage Restructuring, the Continuing Group will, through a more resilient capital structure and a more focused operational structure, be better positioned to deal with any further decline in its markets.

The Company's immediate strategy, on completion of the First Stage Restructuring and utilising a portion of the funds then available to the Continuing Group under the Proposed Senior Debt Facilities, is to advance implementation of its planned cost restructuring programme as quickly as possible, whilst ensuring that any disruption to the business from the project be kept to a minimum and managed accordingly. In 2012 cost restructuring measures saw operating costs reduced by €2.5 million, despite inflationary cost increases in South Africa in excess of 5.7%, the year-on-year impact of the acquisition of International House Dublin (acquired in 2011 and now part of the Group's Independent College offering ("IHD")) and the launch of the Group's e-tailing brand, GrabOne. Excluding IHD and GrabOne, operating costs for the INM Group in 2012 were reduced by €9.2 million on 2011. This cost restructuring programme has to date included the restructuring of the Group's Citywest production facility, closure of the Group's head office in Citywest and its consolidation into the Talbot Street city centre offices where the Irish businesses are based, closure of the Group's London office and no back-filling of the office of COO following Mr. Crowley's appointment to the position of CEO. The Group has also successfully completed a voluntary redundancy scheme in the Sunday World and in Belfast, it has successfully repositioned the Belfast Telegraph to a morning edition, which resulted in the closure of the dayshift in the Belfast printing plant, delivering significant cost savings. The further initiatives to be implemented include various headcount efficiencies and editorial reorganisation. The total costs of the initiatives are expected to be

approximately €19 million (€8.9 million of which was incurred in FY2012). The Company continues to seek to reduce costs by identifying further cost savings wherever possible.

The Company, whilst continuing to focus its profitable newspaper publishing business, also intends to further pursue its strategy to diversify its revenue base by identifying new revenue streams and partners, particularly in online and e-commerce, and, building on its success to date in this sector, to grow these revenues cost-effectively. The Company will seek, as part of this strategy, to monetise its large online databases with the appropriate strategic partnerships.

Capitalising on the Continuing Group's printing assets, the Company seeks to capture opportunities to enter into new printing contracts. Similarly, the Company intends to leverage its distribution network and business, both through new distribution contracts and through distribution of non-core products, further diversifying revenues.

The Company will continue to hold its strategic shareholding in APN, which it sees as a valuable and currently under-valued asset given its exposure to radio and outdoor, as well as publishing, including in the developing and growing Asian Pacific markets. With reference to APN, Shareholders should note the arrangements which would apply in the event that the Capital Raise does not occur by 31 December, 2013 and the attendant risks around the ownership and value realised from this investment. This is set out under the section entitled "*APN*" in Part II of this document (section (2) of risk factor 1.6.6 entitled "*If the Non Capital Raise Alternative is Implemented*").

7. SHARE CAPITAL REORGANISATION

INM intends to implement a sub-division of the share capital in order to ensure it is in a position to issue new ordinary shares pursuant to the Restructuring.

Sub-division

The nominal value of each of the current authorised and issued Ordinary Shares is €0.35. This exceeds the market price per Ordinary Share. Irish law provides that shares may not be issued at a discount to their nominal value. Accordingly, in order for the Company to be able to issue any New Ordinary Shares on market terms, it must reduce the nominal value of the existing Ordinary Shares.

This reduction is to be effected by a sub-division of each Ordinary Share into one ordinary share of nominal value €0.01 and one Deferred Share of €0.34 each. The rights attaching to the Deferred Shares (see the following paragraphs) and the fact that they are not listed, will render them, effectively, valueless and they are being created only as a means to achieve the necessary reduction in the nominal value of the Ordinary Shares.

Each new ordinary share (Sub-divided Share) arising from the sub-division will have the same rights (except as to nominal value, and including voting rights, dividend rights and rights on a return of capital) as each existing Ordinary Share. There will be no change in the number of Ordinary Shares in issue as a result of the Sub-division. The Sub-division will not have any effect on the Company's net assets. Each Shareholder's proportionate interest in the Company's issued ordinary share capital will remain unchanged as a result of the Share Capital Reorganisation. Share certificates for the existing Ordinary Shares will remain valid for the same number of new Ordinary Shares arising following the sub-division.

The Deferred Shares will have no voting rights, dividend rights and, in effect, no rights on a return of capital. The Deferred Shares may be acquired by the Company for no consideration and cancelled. It is not intended to issue share certificates in respect of the Deferred Shares, nor will CREST accounts be credited with the Deferred Shares, nor will they be admitted to the Official Lists or to trading on the ISE or the LSE.

Resolution 2 will effect the Sub-division. The Sub-division, if approved, will be effective at 8.00 a.m. on 19 June, 2013 and will be made by reference to holdings of Existing Ordinary Shares on the register of members of the Company as at 6.00 p.m. on 18 June, 2013.

8. ADDITIONAL INFORMATION

Your attention is drawn to Parts II to VII of this document, each of which provides additional information on the matters referred to in this letter. **For a discussion of certain risk factors in relation to the Disposal which should be taken into account when considering whether or not to vote in favour of Resolution 1, see sections 1.1, 3 and 4 of Part II of this document. For a discussion of certain risk factors in relation to the**

Restructuring which should be taken into account when considering whether or not to vote in favour of the other Resolutions, see section 1 of Part II of this document.

9. EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting to be held at The Conrad Hotel, Earlsfort Terrace, Dublin 2 Ireland on 17 June, 2013 at 9.35 a.m. (or if later immediately following the conclusion or adjournment of the Section 40 EGM convened to be held at 9.30 a.m. on the same day and at the same location) is set out at the end of this document. The purpose of the meeting is to consider and, if thought fit, pass Resolutions 1 to 4 as referred to below.

Resolution 1 is an ordinary resolution, requiring a simple majority of Shareholders voting in person or by proxy to vote in favour in order to be passed, to approve the Disposal (as it is a Class 1 transaction in accordance with the Listing Rules), and gives authority to the Directors to complete the Disposal. Resolution 1 is not conditional upon the other Resolutions being passed. The Disposal may, accordingly, complete, in accordance with its terms irrespective of whether the other Resolutions are passed.

Resolution 2 is a special resolution, requiring 75% of Shareholders voting in person or by proxy to vote in favour in order to be passed, to approve the Share Capital Reorganisation. Resolution 2 is not conditional upon the other Resolutions being passed. The Share Capital Reorganisation will, accordingly, take effect irrespective of whether the other Resolutions are passed.

Resolution 3 (to approve the authority to allot shares in connection with the Restructuring) is an ordinary resolution and Resolution 4 (to dis-apply statutory pre-emption rights on allotment of shares in connection with the Restructuring) is a special resolution. Each of Resolutions 3 and 4 is conditional upon each of the other Resolutions being passed.

Resolution 1—Approval of the Disposal

This resolution, if passed, would authorise the Directors to complete the Disposal on the terms, and subject to the conditions in the Sale Agreement subject to such waivers, extensions, and non-material amendments or variations to the Disposal as the Directors of the Company (or a committee of the Directors of the Company) may determine.

Resolution 2—Share Capital Reorganisation

This resolution, if passed, would:

(a) reduce the authorised but unissued share capital of the Company from €259,000,000 to €194,605,375.30 by the cancellation of 183,984,642 Ordinary Shares of €0.35 each;

(b) amend the Articles of Association by setting out the rights attaching to the Deferred Shares. The proposed amendments are outlined in the Notice of Extraordinary General Meeting set out at the end of this Circular;

(c) sub-divide each ordinary share of €0.35 of the Company in issue immediately prior to this resolution becoming effective into one ordinary share of €0.01 and one deferred share of €0.34, having the rights and being subject to the restrictions relating to the Deferred Shares set out in the articles of association of the Company as amended pursuant to paragraph (b); and

(d) increase the authorised share capital of the Company by €64,439,846.42 to €259,045,221.72 divided into 556,015,358 Deferred Shares of €0.34 each and 7,000,000,000 Ordinary Shares of €0.01 each.

    This represents an increase of approximately 846% to the number of ordinary shares comprised in the existing authorised share capital of the Company as at the date of this document. The increase in the Company's authorised ordinary share capital is being sought in order to create sufficient authorised ordinary share capital to enable the issue of New Ordinary Shares pursuant to a Rights Issue (or other Capital Raise), the Rights Issue Equitisation (including the Anti-Dilution Arrangements) or the Debt Equitisation, and to allow 'headroom' for the issue of a further number of Ordinary Shares should that be considered to be in the best interests of the Company.

    A table setting out the effect of Resolution 2 on the share capital of the Company is set out in section 3 of Part VII of this document.

Resolution 3—Authority to allot shares

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 aggregate nominal value of €64,495,817 during the period commencing on the date of the passing of this resolution and, unless renewed or revoked, expiring on the earlier of the conclusion of the annual general meeting of the Company in 2014 and 17 August 2014.

The Section 20 Authority is necessary to facilitate the implementation of a Rights Issue (or other Capital Raise) and the Rights Issue Equitisation (including the Anti-Dilution Arrangements) or the Debt Equitisation.

The maximum number of securities which the Directors will have authority to allot under the Section 20 Authority is 6,449,581,700 Ordinary Shares representing approximately 1,172% of the Existing Issued Share Capital.

Under its terms, the Directors may exercise this authority in connection with the Restructuring only (under the Rights Issue (or other Capital Raise), the Rights Issue Equitisation and the Anti-Dilution Arrangements or the Debt Equitisation, as the case may be).

Resolution 4—Disapplication of pre-emption rights

The purpose of this resolution is to dis-apply statutory pre-emption rights on the allotment of equity securities for cash in relation to the Restructuring but so that, in the case of a Capital Raise, this power shall be limited to the allotment of securities pursuant to an offer of securities by way of a Rights Issue or other *pro rata* offer to Shareholders (subject to arrangements necessary to deal with fractional entitlements or legal or practical problems under laws or regulation).

The maximum number of Ordinary Shares which could be issued pursuant to this Resolution is 6,449,581,700 Ordinary Shares representing 1,172% of the Existing Issued Share Capital of the Company.

Under its terms, the Directors may exercise this authority in connection with the Restructuring only (under the Rights Issue (or other Capital Raise), the Rights Issue Equitisation and the Anti-Dilution Arrangements or the Debt Equitisation, as the case may be).

10. ACTION TO BE TAKEN

At the EGM, the resolutions set out in the Notice on page 64 of this document will be proposed. A Form of Proxy for use at the Extraordinary General Meeting is enclosed.

Whether or not you wish to attend the Extraordinary General Meeting, you should 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, 2 Grand Canal Square, Dublin 2, Ireland so as to arrive no later than 9.35 a.m. on 15 June, 2013. The return of the Form of Proxy will not prevent you from attending and voting in person at the EGM, 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: www.capitaregistrars.ie. Shareholders should select "*Login to Shareholder Services*" and follow the instructions given. 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 9.35 a.m. on 15 June, 2013. The completion and return of either an electronic proxy appointment notification or a CREST Proxy Instruction (as the case may be) will not prevent you from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof, should you wish to do so.

11. WORKING CAPITAL

The Company is of the opinion that, having regard to existing cash resources, the Continuing 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.

The context for this statement and the steps which are being taken to provide the Continuing Group with sufficient working capital for its present requirements, that is for at least the 12 month period from the date of this document, are set out below.

In the event that the Disposal is not approved by Shareholders and the First Stage Restructuring does not complete, the Directors believe that the Group will remain in compliance with the financial covenants contained in its Existing Master Facilities Agreement only until 13 September, 2013. On that date, the Directors believe that the Group will not be able to demonstrate compliance with financial covenants under the Existing Master Facilities Agreement which will be tested by reference to the 12 month period ending on 30 June 2013.

Failure to remain in compliance with the covenants would constitute an event of default under the Existing Master Facilities Agreement and would render those facilities liable to be repaid on demand at the option of the Lenders. As part of facilitation of the refinancing discussions, the Lenders agreed to the provision of covenant 'headroom' and liquidity (deferral of repayments) during 2012 and 2013. The Lock-Up Agreement, as summarised in section 2.1 of Part VI of this document, includes provisions under which the Lenders have agreed, during the standstill period provided for under that agreement, not to take action to enforce any claim for payment against the Group. In the absence of a continuation of this forbearance, and assuming the Lenders deemed their outstanding debt immediately repayable in full, the Group would have an immediate cash demand, and therefore a working capital shortfall would arise, with the approximate amount of debt due being approximately €467 million (before any adjustments for cash on hand at that date), the aggregate amount outstanding under the core bank debt facilities including accrued interest. The Board believes that there is no realistic prospect of alternative funding being available to fund such a cash demand.

The Company intends to rectify this shortfall by way of the First Stage Restructuring, the key components of which are the completion of the Disposal and application of the net proceeds thereof to repay debt (which, the Lock-Up Agreement provides, is to occur by 15 July, 2013, or such later date as the Company and the Majority Lenders may agree, failing which the Lock-Up Agreement will terminate) and the entry into of the Amendment, Restatement and Equitisation Agreement (which it is anticipated will occur on or around 7 June, 2013) under which, in accordance with its terms, the Proposed Senior Debt Facilities (to include reduced principal, extended maturity, revised covenants and lower interest costs) will be provided to the Continuing Group on repayment of the debt and completion of the conditions precedent of the First Stage Restructuring. The Company is confident that the conditions to each of the elements of the First Stage Restructuring will be satisfied by these dates.

The Board notes that, if Shareholders do not approve the Disposal and if, for this reason or another, the First Stage Restructuring does not complete, the Lenders might seek, following default under the Existing Master Facilities Agreement, without delay, to have an examiner appointed to the Company or to initiate another enforcement or court-administered insolvency process (receivership or liquidation). Whilst the precise outcome of an examinership, receivership or liquidation cannot be predicted with any degree of certainty, any such process 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 (including, *inter alia*, approval by Shareholders of the Disposal Resolution), the Directors consider that there is a reasonable basis to anticipate that the First Stage Restructuring will complete and that the Final Stage Restructuring (which is conditional, *inter alia*, on the First Stage Restructuring having occurred, passing of the Resolutions, the Trustees' submission of the Pension Restructuring Proposals and, in the case of the Non Capital Raise Alternative, approval of the Pension Restructuring Proposals by the Irish Pensions Board) will also be completed (although it is not certain which of the Capital Raise Option (which the Board intends, in the first instance, to pursue in preference to the Non Capital Raise Alternative) or Non Capital Raise Alternative will be implemented). Sections 12 and 13 of this Part I outline the importance of approval of the Resolutions for the implementation of the different elements of the Restructuring.

The Company is of the opinion that, having regard to existing cash resources and, in the event that the First Stage Restructuring is implemented, the Continuing 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 DISPOSAL RESOLUTION AND OF COMPLETION OF THE DISPOSAL

In the event that the Disposal Resolution is not approved by Shareholders, the Disposal will not complete. The Disposal may also fail to complete in other circumstances. The key conditions remaining to be satisfied as of the date of this document are South African Competition Commission clearance, which is required to be provided by not later than six months following the filing of the merger notification with the South African Competition Authorities, and Shareholder approval of the Disposal. The Lock-Up Agreement provides that the completion of the Disposal, and application of the net proceeds thereof to repay debt, is to occur by 15 July, 2013 (or such later date as the Company and the Majority Lenders may agree) failing which the Lock-Up Agreement will terminate.

In the event that the Disposal Resolution is not approved by Shareholders at the EGM, the Lenders have the right to terminate the Lock-Up Agreement and, should the Lock-Up Agreement be terminated, the forbearance arrangements would fall away, the First Stage Restructuring would not occur and the Proposed Senior Debt Facilities would not be made available to the Group. Additionally, in those circumstances the Final Stage Restructuring could not occur.

In the absence of forbearance, the Directors believe that the Group would be unable to demonstrate compliance with the minimum leverage financial covenant under the Existing Master Facilities Agreement, when next tested (on 13 September, 2013) by reference to the rolling 12 months ending on 30 June 2013. This would constitute an event of default under the Existing Master Facilities Agreement and would give the Lenders the right to demand immediate payment of all amounts due to them.

If such a right were implemented, the Company would need to find alternative financing sufficient to fund the full immediate repayment of the Existing Senior Debt Facilities. Having explored extensively other financing and equity-based options, the Board believes there is no realistic prospect of such funds being available and they would have no confidence of their ability to procure the requisite funds to repay the Existing Senior Debt Facilities.

In the event of the failure of the Disposal and in the absence of any alternative restructuring solution acceptable to the Lenders, the Lenders 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).

13. IMPORTANCE OF APPROVAL OF THE SHARE CAPITAL RESOLUTIONS

In the event that Shareholders do not approve the Share Capital Resolutions (Resolutions 2 to 4 (inclusive)), the Final Stage Restructuring (including the Rights Issue, or other Capital Raise, and Rights Issue Equitisation or Debt Equitisation) cannot be implemented. (The Final Stage Restructuring may also fail in other circumstances, including if the Pension Restructuring Proposals are not made or, in the case of the Debt Equitisation, if made, are not approved by the Irish Pensions Board. A more detailed description of these circumstances is set out in Parts II and VI of this document.)

Shareholders should take into consideration that successful implementation of the Final Stage Restructuring, whether implemented by way of the implementation of the Capital Raise Option or the Non Capital Raise Alternative, will deliver for the Group a materially greater debt reduction and more advantageous terms for the residual debt (with the terms of the Proposed Senior Debt Facilities which would become effective on completion of the Capital Raise Option being the most favourable for the Group) than will be delivered on completion of the First Stage Restructuring. The Board believes that implementation of the Final Stage Restructuring will provide the Group with financial stability and give it a firm platform to implement its business plan and strategic repositioning.

In the event that the Share Capital Resolutions are not approved by Shareholders, but the First Stage Restructuring completes, the Proposed Senior Debt Facilities will remain as those applicable on completion of the First Stage Restructuring only. Notably, following application of the net proceeds of the Disposal in the repayment of debt, there would be no further reduction in the Group's core debt facilities and all facilities would mature on 1 April 2016. Accordingly, while there would not be an immediate working capital deficit in this situation, the Group would remain highly leveraged (with core debt at approximately €319 million, including the €10 million INM SA Escrow-related Debt (plus other facilities and credit lines of €8 million)), would likely find it extremely difficult to attract any new investment, may

not have sufficient capital to pursue its business strategy in the longer term and would face a very significant refinancing risk on the maturity of the facilities.

14. IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT

The Company has received irrevocable undertakings or letters of intent from Shareholders to vote in favour of all of the Resolutions in respect of 199,473,526 Existing Ordinary Shares, representing in aggregate approximately 36.24% of the Existing Issued Share Capital. The irrevocable undertakings in respect of approximately 36.24% of the Existing Issued Share Capital provide that the Shareholders' undertaking to vote in favour of the Resolutions is conditional on the Amendment, Restatement and Equitisation Agreement and ancillary restructuring documents being entered into by the Lenders and the Company by no later than five business days prior to the Extraordinary General Meeting.

15. RECOMMENDATION

The Board believes that the proposals described in this document are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends that Shareholders vote in favour of all of the Resolutions. The Directors intend to vote in favour of all of the Resolutions in respect of their own respective beneficial holdings, which amount, at the date of this Circular, to in aggregate 1,017,819 Ordinary Shares, representing approximately 0.18% of the Existing Issued Share Capital.

Yours sincerely,

LESLIE BUCKLEY
Chairman

PART II—RISK FACTORS

The businesses of the Company and INM SA are subject to a number of common sectoral and respective company specific risks which are relevant to the Disposal and the Restructuring.

Accordingly, Shareholders should consider carefully all of the information set out in this document, including, in particular, the risks described below, prior to making any decision whether or not to vote in favour of the Resolutions. Additional risks and uncertainties not currently known to the Board, or which the Board currently considers to be immaterial, may also have an adverse effect on the Group and/or INM SA and/or the Restructuring and/or the Disposal.

The business, financial condition or results of operations of the Group could be materially and adversely affected by any of the risks described below. In such a case, the market price of the Ordinary Shares may decline and Shareholders may lose all or part of their investment.

(1) RISKS RELATING TO THE RESTRUCTURING

1.1 Importance of Approval of the Disposal Resolution and of Completion of the Disposal

In the event that the Disposal Resolution is not approved by Shareholders, the Disposal will not complete. The Disposal may also fail to complete in other circumstances. The key conditions remaining to be satisfied as of the date of this document are South African Competition Commission clearance, which is required to be provided by not later than six months following the filing of the merger notification with the South African Competition Authorities, and Shareholder approval of the Disposal. The Lock-Up Agreement provides that the completion of the Disposal, and application of the net proceeds thereof to repay debt, is to occur by 15 July, 2013 (or such later date as the Company and the Majority Lenders may agree) failing which the Lock-Up Agreement will terminate.

In the event that the Disposal Resolution was not approved by Shareholders, the Lenders have the right to terminate the Lock-Up Agreement and, should the Lock-Up Agreement be terminated, the forbearance arrangements would fall away, the First Stage Restructuring would not complete and the Proposed Senior Debt Facilities would not be made available to the Group. Additionally, the Options would not be available to the Company and, therefore, the Final Stage Restructuring would not occur.

In the absence of forbearance, the Directors believe that the Group may be unable to demonstrate compliance with the minimum leverage financial covenant under the Existing Master Facilities Agreement, when next tested (on 13 September, 2013) by reference to the 12 months ending on 30 June 2013. This would constitute an event of default under the Existing Master Facilities Agreement and would give the Lenders the right to demand immediate payment of all amounts due to them.

If such a right were exercised, the Company would need to find alternative financing sufficient to fund the full repayment of the Existing Senior Debt Facilities. Having explored extensively other financing and equity-based options, the Board believes there is no realistic prospect of such funds being available and it would have no confidence in the Company's ability to procure the requisite funds to repay the Existing Senior Debt Facilities.

In the event of the failure of the Restructuring, and in the absence of any alternative restructuring solution acceptable to the Lenders, the Lenders 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).

1.2 Importance of Approval of the Share Capital Resolutions

In the event that the Shareholders do not approve the Share Capital Resolutions (Resolutions 2 to 4 (inclusive)) the Final Stage Restructuring (Including the Rights Issue, or other Capital Raise, and Rights Issue Equitisation or Debt Equitisation) cannot be implemented. (The Final Stage Restructuring may also fail in other circumstances, including if the Pension Restructuring Proposals are not made or in the case of the Debt Equitisation, if made, are not approved by the Irish Pensions Board.)

Shareholders should take into consideration that successful implementation of the Final Stage Restructuring, whether implemented by way of the implementation of the Capital Raise Option or the Non Capital Raise Alternative, will deliver for the Group a materially greater debt reduction and more advantageous terms for the residual debt (with the terms of the Proposed Senior Debt Facilities which

would become effective on completion of the Capital Raise Option being the most favourable for the Group) than will be delivered on completion of the First Stage Restructuring. The Board believes that implementation of the Final Stage Restructuring will provide the Group with financial stability and give it a firm platform to implement its business plan and strategic repositioning.

In the event that the Share Capital Resolutions are not approved by Shareholders, but the First Stage Restructuring completes, the Proposed Senior Debt Facilities will remain as those applicable on completion of the First Stage Restructuring only. Notably, following application of the net proceeds of the Disposal in the repayment of debt, there would be no further reduction in the Group's core debt facilities and all facilities would mature on 1 April 2016. Accordingly, while there would not be an immediate working capital deficit in this situation, the Group would remain very highly leveraged (with core debt at approximately €319 million, including the €10 million INM SA Escrow-related Debt (plus other facilities and credit lines of €8 million)), would likely find it extremely difficult to attract any new investment, may not have sufficient capital to pursue its business strategy in the longer term and would face a very significant refinancing risk on the maturity of the facilities.

1.3 Importance of Submission to the Irish Pensions Board of the Pension Restructuring Proposals and of Completion of the Pension Restructuring

The Group maintains a number of defined benefit pension plans and a post retirement medical aid scheme, the largest of which are the Group's Defined Benefit Pension Schemes. As at 31 December 2012, the Group's employee retirement benefit obligations had a combined net deficit of €190.2 million, as calculated pursuant to IAS 19—Employee Benefits. €162.1 million of this deficit relates to the Defined Benefit Pension Schemes obligations and €21.8 million relates to medical aid obligations in South Africa with €6.3 million relating to another defined benefit scheme. The Group's Defined Benefit Pension Schemes are effectively closed to new members. In the second half of 2012 a large number of members ceased accruing for future service within the schemes with the remainder ceasing in 2013. Over recent years, members' contributions to the Defined Benefit Pension Schemes have been increased and, in addition, the Group has increased its contributions based on actuarial advice received. The Group's 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.

Despite the additional contributions from both the staff and the Group in recent years to the Defined Benefit Pension Schemes, the deficit on these schemes remains very significant.

Under the terms of the Restructuring, it is a condition to the implementation of both the Capital Raise Option and the Non Capital Raise Alternative that Pension Restructuring Proposals within the Agreed Pension Parameters are submitted by the Trustees to the Irish Pensions Board. Under Irish pensions legislation and guidance, the Pension Restructuring Proposals are required to be submitted by 30 June, 2013 (or such later date as may be permitted by the legislation and guidance). In addition, the Company's ability to implement the Non Capital Raise Alternative is conditional upon the Irish Pensions Board approving the Pension Restructuring Proposals. While such approval is not a stipulated condition to the implementation by the Company of the Capital Raise Option, in practical and commercial terms it is considered that certainty on the resolution of the DB Pension Schemes deficit will be a prerequisite to attracting any new equity capital into the business.

Accordingly, if, for any reason, the Trustees fail to agree or submit Pension Restructuring Proposals in compliance with the Agreed Pension Parameters that the Company has agreed with its Lenders, neither the Capital Raise Option nor the Non Capital Raise Alternative could be implemented. If the Irish Pensions Board does not approve such Pension Restructuring Proposals in sufficient time the Non Capital Raise Alternative could not be implemented and the Capital Raise Option may not be feasible.

In the event that neither the Capital Raise Option nor the Non Capital Raise Alternative is implemented, the terms of the Proposed Senior Debt Facilities would remain as they are following the First Stage Restructuring only. The expected consequences of this are as set out in the last paragraph of the section above entitled "*Importance of Approval of the Share Capital Resolutions*".

1.4 Risks relating to the Implementation of the Restructuring

Implementation of the Restructuring is subject to satisfaction of a number of conditions and completion of a number of steps.

Implementation of the First Stage Restructuring is conditional upon agreement and execution of the Restructuring Documents (other than the Lock Up Agreement which has already been executed) before 15 July 2013 (or such later date as may be agreed by the Company and the Majority Lenders under the terms of the Lock-Up Agreement). Implementation of the First Stage Restructuring is also conditional upon Completion of the Disposal and application of the net proceeds of the Disposal in repayment of a portion of the Existing Senior Debt Facilities.

Implementation of the Final Stage Restructuring is conditional, *inter alia*, upon approval of the Resolutions and the Trustees' submission of the Pension Restructuring Proposals and, in the case of the Non Capital Raise Alternative, approval of the Pension Restructuring Proposals by the Irish Pensions Board.

Completion of the Capital Raise Option and the Non Capital Raise Alternative will also entail satisfaction of a number of other conditions, including all shareholder approvals required having been obtained and being in effect, and, in the case of the Non Capital Raise Alternative, the Irish Takeover Panel having agreed that the Lenders are not a concert party for the purposes of the Irish Takeover Rules or, in the event that the Lenders are considered a concert party, the Irish Takeover Panel having waived any obligation that the Lenders may incur to make a mandatory offer for shares in the Company. If such waiver given by the Irish Takeover Panel is conditional, then it must become unconditional on terms satisfactory to the Lenders.

To the extent that the requisite approvals are not forthcoming or are materially delayed or other conditions of the Restructuring are not met, the Restructuring may not be capable of successful implementation in the requisite timescale. As noted above, failure to successfully implement a consensual restructuring solution in a timely manner may result in the Group entering into an examinership, receivership or other court administered insolvency process.

The period for implementation of the Final Stage Restructuring is relatively lengthy (to 31 December, 2013) and there may be little visibility on the likely outcome of the Restructuring during the intervening period. The Restructuring is complex and its implementation is subject to external factors such as the perspective of the Irish Pensions Board on the Pension Restructuring. These uncertainties may mean that the market price of the Ordinary Shares could be subject to significant fluctuations over the coming months. Such fluctuations may also arise due to a change in sentiment in the market regarding the Ordinary Shares or in response to various factors and events including any regulatory changes affecting the Group's operations, variations in the Group's operating results and business developments of the Group or its competitors. Any such share price fluctuations may also have an impact on the ability of the Company to effect the Rights Issue.

1.5 Risks relating to Possible Termination of the Lock-Up Agreement and Amendment, Restatement and Equitisation Agreement

The Lock-Up Agreement, under which forbearance has been extended to the Group in respect of non-compliance with the terms of the Existing Senior Debt Facilities, can be terminated on 15 July, 2013 if completion of the First Stage Restructuring has not occurred by then. The Lock-Up Agreement can also be terminated by two-thirds majority of Lenders on the occurrence of certain events. Termination events (each with reference to an agreed date) include, *inter alia,* the Company failing to convene an EGM to approve the Disposal and share allotment and other authorities necessary to implement the Restructuring (such EGM being convened by this Circular and the Notice); the Disposal Resolution not being passed; the Irish Takeover Panel having determined that it will not waive any obligation that the Lenders may incur to make a mandatory offer for shares in the Company; an insolvency event occurring in relation to the Companies; a material adverse change occurring; and the pension trustees taking steps materially adverse to the position of the Lenders or the implementation of the Restructuring. The Lock-Up Agreement will also terminate on the First Stage Restructuring becoming effective. The Amendment, Restatement and Equitisation Agreement, to be entered into on or around 7 June, 2013, will terminate automatically on termination of the Lock-Up Agreement (other than on termination of the Lock-Up Agreement on the First Stage Restructuring becoming effective).

1.6 Risks relating to the Proposed Senior Debt Facilities

1.6.1 Risk of the Restructuring Documents not being executed or not becoming unconditional

While the principal commercial terms of the Restructuring have been agreed in the Lock-Up Agreement neither the Amendment, Restatement and Equitisation Agreement nor the ancillary agreements in respect of the Restructuring (the Restructuring Documents) have been finalised or executed as of the date of this document. It is expected that the Amendment, Restatement and Equitisation Agreement will be entered into on or around 7 June, 2013. Under the Lock-Up Agreement, the Companies and the Lenders are obliged to negotiate in good faith to agree the Restructuring Documents consistent with the outline terms of the Restructuring as specified in the Lock-Up Agreement and to promptly take all actions and steps which are necessary in order to support, facilitate, implement or otherwise give effect to the Restructuring. Nevertheless, failure to execute the Amendment, Restatement and Equitisation Agreement or any related finance documents by the deadline of 15 July, 2013 under the Lock-Up Agreement (or such later date as the Company and the Majority Lenders may agree), or to satisfy (or waive the conditions therein) may mean that the Restructuring will not proceed and the Lock-Up Agreement will be capable of being terminated.

1.6.2 Risk relating to the status of the Restructuring Documents

The Restructuring Documents have not yet been fully finalised but it is anticipated that such documentation will be entered into on or around 7 June, 2013, prior to the Completion of the Disposal and, in any event, before the deadline of 15 July 2013 (or such later date as may be determined in accordance with the terms of the Lock-Up Agreement). Amendments may be agreed between the Company and the Lenders consistent with the objective of implementing the Restructuring on the terms set out in this document, resulting in changes being made to the drafts of these agreements (the principal expected terms of which are set out in section 2 of Part VI of this document).

While, based on the Lock-Up Agreement and the detailed discussions and relations between the parties heretofore, it is not anticipated that there will be any material changes to the terms of the Restructuring as set out in this document, there remains a risk that it will not be possible for the Company to agree the Restructuring Documents by 15 July, 2013 or any later agreed date.

Irrevocable undertakings received by the Company and representing 36.24% of the Existing Issued Share Capital of the Company provide that the Shareholders' undertakings to vote in favour of the Resolutions are conditional upon the Amendment, Restatement and Equitisation Agreement and ancillary restructuring documents being entered into by the Company and the Lenders no later than five business days prior to the EGM. Should the Amendment, Restatement and Equitisation Agreement not be executed by this deadline, these Shareholders would be free to choose not to support the Resolutions and there would be an increased risk that the Resolutions would not be approved or that the EGM would be deferred.

1.6.3 Risk relating to the ongoing Debt Service Obligations

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 will be 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.

1.6.4 Interest rate Risk

The Group is exposed to changes in interest rates as a result of its borrowings. The interest costs facing the Group differ in the various scenarios under the Restructuring, with the interests costs being the highest in the situation where the Final Stage Restructuring does not occur. While the Group may look at hedging its interest rate exposure in respect of a portion of the Proposed Senior Debt Facilities 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.

1.6.5 Risks relating to Financial and General Covenants

The Lock-Up Agreement details in outline, and the terms of the Proposed Senior Debt Facilities will contain, a number of controls over the operations of the Group which are typical for a debt facility of this type. The financial covenants to be included are covenants testing cash flow and interest coverage and total net 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 terms of the Proposed Senior Debt Facilities include (*inter alia*):

- restrictions regarding the occurrence of further indebtedness and the guaranteeing of loans, guarantees of security interests other than those contemplated in the Proposed Senior Debt Facilities;
- 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 buybacks and changes to the Company's share capital, depending on the achieved leverage ratios of the Group.

1.6.6 Risks relating to the Different Restructuring Outcomes

There are three main Restructuring outcomes envisaged under the Lock-Up Agreement and each entails particular risks and, at this time, uncertainties:

(1) If the Capital Raise is implemented

Uncertainty on Terms of the Capital Raise and Risk of Failure of the Capital Raise

The structure and terms of any Capital Raise have not been settled and may not be settled until towards the end of 2013. The Company may seek to implement a Capital Raise by Rights Issue or other *pro rata* offer to Shareholders or, should the Directors be so authorised at a subsequent date by Shareholders, by placing or other financing (although Shareholders should take into consideration that no such placing or other financing is intended to be conducted and no authorities to enable such are being sought from Shareholders at the EGM). Accordingly, the terms of any Capital Raise, in the event that the Capital Raise Option is capable of being implemented and is implemented, cannot be confirmed at this time and there is no certainty as to the number of New Ordinary Shares to be issued under the Capital Raise or the issue price of any such New Ordinary Shares. These terms will depend, *inter alia,* on market conditions at the time and on the level and source of confirmed participation interest or underwriting in respect of any Rights Issue or other pro rata offer.

In implementing a Capital Raise, the objective of the Board will be to achieve the best available issue terms for New Ordinary Shares in the interests of the Company and its Shareholders as a whole.

Assuming that a Capital Raise is sought to be implemented, there can be no certainty at this time that the Rights Issue or other Capital Raise will be successfully completed and will raise the requisite funds to achieve the material debt reduction envisaged under the Capital Raise Option.

Holdings by Lenders and Sale of Shares by Lenders

On completion of a Capital Raise, the Lenders will be allotted and issued New Ordinary Shares representing a minimum 11% of the Enlarged Issued Share Capital of the Company.

There can be no assurance that any major Shareholders (including the Lenders following completion of the Refinancing) will not elect to sell some or all of their Ordinary Shares. The market price of the Ordinary Shares could decline as a result of sales of such Ordinary Shares or as a result of the perception that these sales may occur. If these or any other sales were to occur, the Company may in future have difficulty in offering or selling Ordinary Shares at a time or price it deems appropriate.

Dilution consequent to Rights Issue Equitisation and non-participation in a Rights Issue or other Capital Raise

If the Capital Raise Option is implemented, Shareholders will suffer dilution as a result of the issue of New Ordinary Shares to Lenders under the Rights Issue Equitisation. The absolute level of this dilution cannot be confirmed at this time as it would be linked to the size of the Rights Issue or other Capital Raise. In addition, if a qualifying shareholder were not to take up any of his entitlement under the Rights Issue or other Capital Raise, or were not entitled to participate in any non-pre-emptive Capital Raise that might be authorised by Shareholders, his proportionate ownership and voting interests in the Company will be diluted. Non-qualifying shareholders will also suffer (a greater level of) dilution.

Possibility that one or more shareholders may increase their holding as a result of the Rights Issue which would in turn result in reduction in free float

The free float of the Company is currently approximately 51%. As a result of their participation in a Capital Raise, if such participation exceeds their pro rata entitlement, any of the major Shareholders in the Company may increase their percentage interest. If this occurs, the free float in the Company may diminish. However other than with respect to the Lenders in the case of the Non Capital Raise Alternative no waiver of the mandatory offer obligation which would arise if a shareholder were to acquire securities conferring 30% of more of the voting rights of the Company has been sought from the Irish Takeover Panel or from independent Shareholders. Accordingly, no person or persons acting in concert may, through a Capital Raise or otherwise, increase their holding of securities to a holding conferring 30% of more of the voting rights of the Company without either seeking the approval of the independent shareholders of the Company for a waiver of the mandatory offer obligation with the consent of the Irish Takeover Panel (which would entail, *inter alia,* a further extraordinary general meeting and approval by a majority of independent shareholders of any such potential controlling shareholder's position in the specific circumstances) or incurring a mandatory offer obligation.

(2) If the Non Capital Raise Alternative is implemented

The Company's ability to implement the Non Capital Raise Alternative is conditional*, inter alia*, upon the passing of the Resolutions and the Irish Pensions Board approving the Pension Restructuring Proposals. If for any reason the Capital Raise Option is not implemented by 31 December, 2013, provided that the conditions for the Non Capital Raise Alternative have been satisfied by that date (see Part VI of this document), the Non Capital Raise Alternative will be implemented automatically.

Holdings by Lenders and Sale of Shares by Lenders

Under the Non Capital Raise Alternative the Lenders will be entitled to Ordinary Shares representing in aggregate 70% of the Enlarged Issued Share Capital of the Company.

The maximum number of shares allotted to any of the Lenders in this situation (based on their current respective percentage of total commitments outstanding under the Existing Senior Debt Facilities) will be 11.5% of the Enlarged Issued Share Capital. It is understood that certain of the Lenders operate internal policies which require that their holdings in companies, such as the Company, be held through management and organisational structures wholly independent of those conducting lending business, so that decisions in relation to the holding and exercise of rights attaching to shares in the Company will be taken by a Lender independently of those managing the lending relationship with the Company and of other Lenders. Nevertheless, following implementation of the Debt Equitisation, the share ownership profile of the Company will significantly change, and the free float in the Company may diminish. In these circumstances, there will be a limited number of significant shareholders who may exert influence over the Company or seek to influence the outcome of shareholder votes.

There can be no assurance that any major Shareholders (including the Lenders following completion of the Restructuring) will not elect to sell some or all of their Ordinary Shares. The market price of the Ordinary Shares could decline as a result of sales of such Ordinary Shares or as a result of the perception

that these sales may occur. If these or any other sales were to occur, the Company may in future have difficulty in offering or selling Ordinary Shares at a time or price it deems appropriate.

Position of the Lenders under the Irish Takeover Rules

Implementation of the Non Capital Raise Alternative is conditional, *inter alia,* on the Majority Lenders being satisfied that there is no requirement for the Lenders, or any of them, to make a mandatory offer for shares in the Company in relation to its implementation. Accordingly, the Company's ability to implement the Non Capital Raise Alternative is conditional, either on the Irish Takeover Panel having confirmed, in terms satisfactory to the Majority Lenders, that no requirement to make a mandatory offer for shares in the Company arises in relation to the implementation of the Debt Equitisation (such that no waiver of the mandatory offer requirements of Rule 9 of the Irish Takeover Rules by "whitewash" resolution is required) or on a waiver having been given by the Irish Takeover Panel of any obligation to make a mandatory offer for shares in the Company arising in relation to the implementation of the Debt Equitisation and such waiver having become unconditional on terms satisfactory to the Majority Lenders. The Company has consulted with the Irish Takeover Panel and the Panel has confirmed, on the basis of the information and undertakings made available to it, that the Lenders do not constitute a concert party under the Irish Takeover Rules, so that there would be no requirement for the Lenders, or any of them, to make a mandatory offer for shares in the Company on implementation of the Non Capital Raise Alternative. Accordingly, no approval is being sought at this time from Shareholders to waive the mandatory offer requirements of Rule 9 of the Irish Takeover Rules by "whitewash" resolution, as the Irish Takeover Panel have agreed that no mandatory offer would be required to be made by the Lenders, or any of them, on Debt Equitisation. If the basis on which the Panel's confirmation has been made were to change (for example, because the terms of the Restructuring Documents were to change materially with regard to matters bearing on the Panel's adjudication (see "*Risk relating to the status of the Restructuring Documents*" at paragraph 1.6.2 of Part II of this document)), the Company would be required to make a further submission to the Panel and the Panel might alter its adjudication and rule that the Lenders constitute a concert party. In those circumstances, the Non Capital Raise Alternative could not, under its terms, be implemented without the Company seeking a waiver from the Irish Takeover Panel of any obligation the Lenders, or any of them, might have to make a mandatory offer in relation to implementation of the Non Capital Raise Alternative, which waiver, if given, would be likely conditional upon the Company obtaining the approval by a majority of independent shareholders of the potential controlling position by "whitewash" resolution. This would entail, *inter alia,* the convening by the Company of a further extraordinary general meeting to seek the necessary approval.

Number of Shares in Issue and Dilution

The implementation of the Non Capital Raise Alternative will result in the issue of Ordinary Shares representing in aggregate 70% of the Enlarged Issued Share Capital of the Company. Shareholders will therefore suffer significant dilution without having the opportunity to participate in any capital issue, under the Non Capital Raise Alternative.

Debt Levels, Term to Maturity and Interest Costs

Upon issue of New Ordinary Shares to the Lenders on Debt Equitisation in the event of the Company's election to implement, or automatic implementation, of the Non Capital Raise Alternative, the terms of the Amendment, Restatement and Equitisation Agreement (as described in Part VI of this document) will provide that the principal amount outstanding on Facility C will be reduced from approximately €119,000,000 plus any accrued interest to €10,000,000 (representing the amount of proceeds of the Disposal placed in escrow). Following such reduction of Facility C, no interest will accrue on the remaining principal amount of Facility C and the Lenders' claim in respect of Facility C will be limited in recourse to the net amount of INM SA sale proceeds which may be released from escrow.

Save for the reduction of Facility C as described above, following the Debt Equitisation, the Group's Proposed Senior Debt Facilities will, under the Amendment, Restatement and Equitisation Agreement, otherwise remain on the terms applicable following the completion of the First Stage Restructuring. Notably, effecting the Debt Equitisation will not result in any reduction in Facility A or Facility B, and the maturity date for the Proposed Senior Debt Facilities will remain as 1 April 2016.

APN

Under the terms of the Restructuring, if the Capital Raise is not implemented by 31 December, 2013, an independent adviser, acceptable to the majority of the Lenders (acting reasonably) is to be appointed by INM within three months to provide an independent review of the Group's APN shareholding to include (i) mechanics of how it could be sold and (ii) an indicative range of net realisable values.

In addition, if the Capital Raise does not occur by 31 December, 2013, INM will be obliged, if requested by the Majority Lenders within the period of 18 months from 31 December, 2013, to dispose of the APN stake within three months of receiving such Lender request. Failure to so dispose will be an event of default entitling the lenders to enforce security over the APN shares including by appointment of a receiver. If the Majority Lenders do not exercise their option to request disposal in the first 18 month period, the Majority Lenders will have a further option to request INM to dispose of the shares once in every subsequent period of 12 months.

There is a risk that any such disposal of the APN stake would be categorised as a 'fire sale' and would not enable achievement of the best possible terms, particularly given the low valuations attributed to media assets in the prevailing economic conditions. Furthermore, disposal of the APN stake would mean that the geographic diversity of the Group would be further diminished. The Company considers the strategic shareholding in APN to be a valuable asset and believes that, given its diverse portfolio of media assets in Australia and New Zealand and its growing assets in Hong Kong, it is currently undervalued.

(3) If neither the Capital Raise nor the Non Capital Raise Alternative is implemented

If neither the Capital Raise nor the Non Capital Raise Alternative is implemented by the Company in accordance with the terms of the Amendment, Restatement and Equitisation Agreement (because, for example, the relevant conditions to implementation are not satisfied) the terms of the Proposed Senior Debt Facilities would remain as applicable following completion of the First Stage Restructuring. In these circumstances, the Group would remain highly leveraged. There can be no certainty as to the action which may be taken by the Lenders in respect of the recovery of outstanding debt if a default were to occur under the Proposed Senior Debt Facilities.

In these circumstances the provisions applicable to APN, as described under "APN" in section (2) above would also apply.

(2) RISKS RELATING TO THE GROUP'S OPERATIONS WHICH ARE AFFECTED BY THE PROPOSALS

2.1 Basis of preparation of accounts for the year ended 31 December, 2012

The financial statements of the INM Group in respect of the year ended 31 December, 2012 have been prepared on a going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future (i.e. during the 12 months from the date of their approval, the time period that the Directors have considered in evaluating the appropriateness of the going concern basis (the 'period of assessment')).

The Basis of Preparation and Going Concern Note in the 2012 results sets out the detail of the Restructuring (as is also presented in this document). In reaching a conclusion that it is appropriate to adopt the going concern approach, the Directors have noted that the Group's Lenders have been supportive throughout the entire process as evidenced by agreement to their recent amendments to the Existing Senior Debt Facilities and their agreement to implement the Restructuring on the terms of the Lock-Up Agreement, including a standstill to allow time for the necessary pre-conditions to be fulfilled. The achievement of the First Stage Restructuring is in the interests of the Lenders, the Directors believe, as it involves the repayment of approximately €155m (including €10m to be retained in escrow).

The Directors have, in the context of the Restructuring, its status and its planned implementation as set out in the note to the Preliminary Results entitled "Basis of preparation of accounts for the year ended 31 December, 2012", concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. On the basis of all of the advice taken and factors considered, the Directors consider it appropriate to prepare the financial statements on the going concern basis.

2.2 Impact of Lack of Geographic Diversification post Disposal

Following the completion of the Disposal, the business of the Continuing Group will be focused on the Island of Ireland only, together with the investment in APN. This geographic concentration will mean that the Continuing Group is more exposed to the economic environment in Ireland.

2.3 Cost Restructuring

As part of its business plan to be implemented following the First Stage Restructuring, and in the context of the EBITDA margin decline over recent years driven by declining circulation and advertising revenues off a relatively fixed cost base and the increasing shift towards digital content, INM's management is targeting significant cost reductions in FY 2013 and FY 2014 in order to offset further revenue declines and maintain EBITDA for the Continuing Group. Failure to obtain Shareholder approval for the Disposal would mean that the resources required to continue to implement the cost restructuring programme would not become available and accordingly the savings would be foregone with an attendant impact on EBITDA.

(3) RISKS RELATING TO INM SA

3.1 Changes in economic conditions

The financial performance of INM SA could be affected by changes in economic conditions in South Africa and elsewhere in sub-Saharan Africa. Such changes include:

- changes in levels of economic activity and the resultant impact on advertising market conditions;
- changes in inflation, interest rates and foreign currency exchange rates;
- changes in employment levels and labour costs, which will affect the cost structure of the INM SA Group;
- changes in aggregate investment and economic output; and
- other changes in economic conditions which may affect the revenue or costs of the INM SA Group.

3.2 Changes in government policy

INM SA may be affected by changes in government policy or legislation applicable to companies in the advertising industry.

3.3 Changes in technology

Technology plays an increasingly important role in the delivery of advertising services to customers in a cost-effective manner. INM SA's ability to compete effectively in the future will, in part, be driven by its ability to maintain an appropriate technology platform for the efficient delivery of its products and services.

3.4 Political, economic and social risks

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

3.5 Environmental, Health and Safety Laws, Regulations and Standards

INM SA 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. Violations of such laws, regulations and standards, in particular environmental and health and safety laws, could result in restrictions on the operations of the INM SA Group's sites, the imposition of damages, awards, fines or other sanctions and increased costs of compliance with potential reputational damage.

(4) RISKS RELATING TO THE DISPOSAL

4.1 Risks relating to the Disposal not completing

There are a number of conditions to which Completion remains subject, including, *inter alia*, the approval of the Disposal by Shareholders and approval by the South African Competition Authorities under the South African Competition Act, 1998. There can be no certainty that all of the conditions will be satisfied and the Disposal completed. Risks relating to non completion of the Disposal are set out in section 1 of this Part II.

The Sale Agreement provides for termination, after satisfaction of the competition approval condition but before Completion, in the event of material adverse change which, as defined, will occur if cumulative operating profit of INM SA in the period from 1 January 2013 to the date of calculation is lower than the projected cumulative budgeted operating profit of INM SA by a margin of between 25% and 31% set by reference to a formula contained in the Sale Agreement. The Sale Agreement may also be terminated by any party for material breach of its terms.

4.2 Sale Agreement

The Sale Agreement contains certain warranties and indemnities given by members of the Continuing Group in favour of the Purchasers which could cause the Continuing Group to incur liabilities and obligations to make payments which would not have arisen had the Disposal not taken place.

The maximum liability of the warrantors under the warranties and indemnities (and other representations and undertakings) is limited to 10% of the purchase consideration (i.e. ZAR 200 million, subject to adjustment for interest). The Purchasers are not entitled to make any claim against the warrantors unless the aggregate claimable is ZAR 20 million or more provided that, where claims exceed that amount, the warrantors are liable for the full amount and not only for the excess. The Purchasers must make warranty claims within 12 months of Completion (or within twenty-four months of Completion in respect of certain warranties related to competition law). Further details of the warranties and indemnities given in the Sale Agreement are set out in Part V of this document.

PART III—FINANCIAL INFORMATION ON INM SA

The financial information contained in this Part III does not constitute statutory financial statements.

Income Statements

Information in respect of the income statements of INM SA for each of the financial years ended 31 December 2012, 2011 and 2010 has been extracted without material adjustment from the consolidation schedules used in the preparation of the consolidated audited annual financial statements of the Company in respect of the years ended 31 December 2012, 2011 and 2010.

The financial information in respect of the income statements of INM SA contained in this Part III was prepared in accordance with IFRS as adopted by the European Union.

Net Assets

Information in respect of the net assets of INM SA as at 31 December 2012 and 31 December 2011 has been extracted without material adjustment from the consolidation schedules used in the preparation of the consolidated audited annual financial statements of the Company in respect of the years ended 31 December 2012 and 2011.

The financial information in respect of the net assets of INM SA contained in this Part III was prepared in accordance with IFRS as adopted by the European Union.

INM SA

Net Assets as at 31 December 2012 and as at 31 December 2011

	Unaudited	
	31 December 2012	31 December 2011
	€m	€m
Assets		
Non-Current Assets		
Intangible assets	74.6	79.9
Property, plant and equipment	11.1	12.7
Investment in associates and joint ventures	1.4	1.4
Deferred tax assets	8.9	10.1
Available-for-sale financial assets	0.1	0.1
	96.1	104.2
Current Assets		
Inventories	1.3	1.8
Trade and other receivables	22.7	22.2
Cash and cash equivalents	9.0	6.4
	33.0	30.4
Total Assets	**129.1**	**134.6**
Liabilities		
Current Liabilities		
Trade and other payables	27.4	25.7
Current income tax liabilities	—	2.0
Borrowings	0.2	0.3
Provisions for other liabilities and charges	2.8	2.3
	30.4	30.3
Non-current liabilities		
Borrowings	0.2	0.5
Retirement benefit obligations	21.8	24.6
	22.0	25.1
Total Liabilities	**52.4**	**55.4**
Net assets	**76.7**	**79.2**
Currency translation reserve	49.2	44.0
Non-controlling interests	(0.3)	(0.3)
Net assets and currency translation reserve and non-controlling interests	**125.6**	**122.9**

INM SA

Income Statements

For the years ended 31 December 2012, 2011 and 2010

	Unaudited—years ended 31 December		
	2012	**2011**	**2010**
	€m	**€m**	**€m**
Revenue	184.8	194.6	206.2
Operating profit before exceptional items	27.0	37.6	43.5
Exceptional items	(2.7)	13.9	(8.9)
Operating profit after exceptional items	24.3	51.5	34.6
Share of result of associates and joint ventures	0.4	0.7	0.7
Finance income	0.7	1.0	1.1
Finance expense	(0.1)	—	—
Profit before taxation	25.3	53.2	36.4
Taxation charge	(4.3)	(11.8)	(9.5)
Profit for the year	21.0	41.4	26.9
Attributable to non-controlling interests	(0.1)	(0.1)	(0.1)
Attributable to equity holders of the parent	**20.9**	**41.3**	**26.8**

PART IV—PRO FORMA BALANCE SHEET OF THE GROUP AND ACCOUNTANTS REPORT ON PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma balance sheet of the Group has been prepared under IFRS and on the basis of the notes set out below to illustrate how the Disposal might have affected the balance sheet of the Group as shown in its audited financial statements for the 12 months to 31 December 2012 had it been undertaken at that date. The pro forma balance sheet has been prepared for illustrative purposes only and does not constitute statutory consolidated financial statements of the Company. Because of its nature, the pro forma balance sheet addresses a hypothetical situation, and therefore does not represent what the Group's actual financial position or results will be following completion of the Disposal.

INM Group Balance Sheet	31 December 2012	Adjustments to reflect Disposal	(Notes)	Pro forma as at 31 December 2012
	€m (1)	€m (2)		€m (3)
ASSETS				
Non-current assets				
Intangible assets	121.9	(74.6)	2(i)	47.3
Property, plant and equipment	63.7	(11.1)	2(i)	52.6
Investments in associates and joint ventures	117.5	(1.4)	2(i)	116.1
Deferred tax assets	65.9	(8.9)	2(i)	57.0
Available-for-sale financial assets	2.9	(0.1)	2(i)	2.8
Trade and other receivables	1.9	—		1.9
	373.8	(96.1)		277.7
Current assets				
Inventories	4.7	(1.3)	2(i)	3.4
Trade and other receivables	54.3	(22.7)	2(i)	31.6
Cash in escrow	—	10.0	2(ii)	10.0
Cash and cash equivalents	17.2	(9.0)	2(i)	8.2
	76.2	(23.0)		53.2
Total assets	**450.0**	**(119.1)**		**330.9**
LIABILITIES				
Current liabilities				
Trade and other payables	92.1	(27.4)	2(i)	64.7
Borrowings	63.3	(0.2)	2(i)	63.1
Provisions for other liabilities and charges	18.3	(2.8)	2(i)	15.5
	173.7	(30.4)		143.3
Non-current liabilities				
Borrowings	376.3	(145.2)	2(iii)	231.1
Retirement benefit obligations	190.2	(21.8)	2(i)	168.4
Deferred taxation liabilities	4.4	—		4.4
Other payables	2.0	—		2.0
Provision for other liabilities and charges	11.7	—		11.7
	584.6	(167.0)		417.6
Total Liabilities	**758.3**	**(197.4)**		**560.9**
Net liabilities	**(308.3)**	**78.3**		**(230.0)**

INM Group Balance Sheet	31 December 2012	Adjustments to reflect Disposal	(Notes)	Pro forma as at 31 December 2012
	€m	€m		€m
	(1)	(2)		(3)
Equity				
Capital and reserves attributable to Company's equity holders				
Share capital	194.6	—		194.6
Other reserves	686.1	49.2	2(i)	735.3
Retained losses	(1,188.9)	29.4	2(iv)	(1,159.5)
	(308.2)	**78.6**		**(229.6)**
Non-controlling Interests	(0.1)	(0.3)	2(i)	(0.4)
Total Equity	**(308.3)**	**78.3**		**(230.0)**

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 Group as at 31 December 2012 have been extracted without material adjustment from the audited consolidated balance sheet.

(2) This column represents the adjustments made to show how the Disposal might have affected the balance sheet of the Group as shown if the sale took place as at 31 December 2012.

(i) Assets and liabilities of INM SA as at 31 December 2012 as disclosed in net assets table in Part III of this document.

(ii) This represents the €10 million placed in escrow.

(iii) The net proceeds of the Disposal are €155.0 million. €10 million is placed in escrow, leaving €145.0 million available to repay borrowings. This €145.0 million plus the €0.2 million of borrowings disposed of on sale of INM SA result in a €145.2 million reduction in borrowings.

(iv) This represents the profit on disposal as illustrated in the following table.

The net carrying value of assets and liabilities to be disposed is as follows:

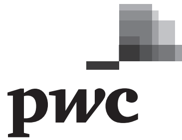
	€m
Net assets subject to the Disposal	(76.7)
Recycle of currency translation reserve through the income statement (debit balance)	(49.2)
Non-controlling interest adjustment	0.3
Net assets and currency translation reserve and non-controlling interests	(125.6)
Net proceeds of Disposal[a]	155.0
Profit on Disposal	29.4

(a) The net proceeds of sale of €155.0 million (including €10 million in escrow) represent the Euro equivalent of the aggregate of (i) the gross proceeds of ZAR1,980 million (approximately €162.3 million); less (ii) estimated disposal costs of ZAR89 million (approximately €7.3 million).

The total net proceeds of Disposal are €155.0 million and after deducting the net assets of INM SA of €76.7 million and currency translation reserve of €49.2 million and non-controlling interest of €0.3 million as shown in the statement of Net Assets as at 31 December, 2012 contained in Part III of this document), there is an exceptional gain of €29.4 million on the Disposal.

(3) This column is the sum of column (1) and column (2) and represents the consolidated balance sheet as at 31 December 2012 based on the assumption that INM SA was disposed of on 31 December 2012.

(4) No account has been taken of trading results subsequent to 31 December 2012.



The Directors,
Independent News & Media PLC,
Independent House,
27-32 Talbot Street,
Dublin 1.

The Directors,
Davy,
Davy House,
49 Dawson Street,
Dublin 2.

24 May, 2013

Dear Sirs

Independent News & Media PLC (the "Company")

We report on the pro forma financial information (the "**Pro Forma financial information**") set out in Part IV of the Company's circular to shareholders dated 24 May, 2013 (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 proposed disposal of INM SA (as described in the Circular) might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the audited financial statements for the year ended 31 December 2012.

This report is required by item 10.3.3 of the Listing Rules of the Irish Stock Exchange (the "**Listing Rules**") and item 13.3.3R of the Listing Rules of the UK Listing Authority (the "**UK Listing Rules**") and is given for the purpose of complying with those rules 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 10.3.3 of the Listing Rules and item 13.3.3R of the UK Listing Rules.

It is our responsibility to form an opinion, as required by item 10.3.3 of the Listing Rules and item 13.3.3R of the UK Listing Rules on the Pro Forma financial information 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 and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, 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 accordance with this report or our statement, required by and given solely for the purposes of complying with item 10.4.1(6) of the Listing Rules and item 13.4.1(6) of the UK 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 V—DESCRIPTION OF THE SALE AGREEMENT

This part of the document contains a description of the sale of shares and claims agreement dated 5 April 2013 (as amended) entered into between the Company, the Sellers and the Purchasers, being Sekunjalo and GEPF. The agreement may be amended by the parties to provide for direct investment in INM SA by one or more members of Sekunjalo as an additional Purchaser (the agreement, as amended and as may be so amended, being the "**Sale Agreement**").

Under the terms of the Sale Agreement, the Sellers have conditionally agreed to sell to the Purchasers the entire issued share capital of INM SA (save for certain treasury shares) and debt owed by INM SA to the Group to the Purchasers for gross proceeds of ZAR 2,000 million (approximately €164 million) in cash (ZAR 1,980 million (approximately €162 million) after an expected dividend to INM of ZAR 20 million prior to Completion). Net proceeds of the Disposal after expenses and other transaction costs are estimated to be ZAR 1,891 million (approximately €155 million).

The Sale Agreement provides for the acquisition by the Purchasers of 90% of the issued share capital of INM SA. The remaining 10% of the issued share capital of INM SA is held by its wholly-owned subsidiary, Independent Newspapers (Proprietary) Limited, effectively in treasury and will not be sold under the Sale Agreement. The Purchasers will acquire indirect ownership in this 10% as a result of its acquisition of the balance of the share capital in INM SA.

The Sale Agreement is governed by the laws of the Republic of South Africa.

Purchase consideration

The purchase consideration of ZAR 2,000 million, subject to adjustment for any distribution (a dividend of ZAR 20 million is expected to be paid to INM prior to Completion) and to deduction of the escrow amount, in each case in accordance with the terms of the Sale Agreement, is payable in cash in ZAR on Completion.

€10 million of the purchase consideration will be paid on behalf of the Purchasers on Completion into an escrow account to be held by an escrow agent on behalf of the parties. The escrow amount is to be retained as security for claims that the Purchasers may have against the Sellers arising from breach of the terms and conditions of the agreement, including but not limited to, warranty claims. The escrow amount and interest is to be returned to the Sellers on the expiry of a 12 month period from Completion (with that period subject to extension to 24 months if certain investigations by the Competition Commission of South Africa into the South African newspaper publishing market now in being have not then completed), unless a claim under the warranties has been made by the Purchasers at that time, in which case the amount of the claim will be retained by the escrow agent in the escrow account.

The purchase consideration may be adjusted for distributions paid by INM SA to the Sellers before Completion. INM SA has reserved the ability to make distributions, where compliant with law, to its shareholders provided that the aggregate amount of such distributions does not exceed ZAR 20 million, and an amount equivalent to any such distributions will be deducted from the purchase consideration.

The Sale Agreement uses a "locked box" mechanism, with the purchase consideration agreed by reference to a balance sheet of INM SA at 30 September 2012. Accordingly, the Sale Agreement provides that, if the Sellers, in the period from 1 October 2012 to Completion, extract value from INM SA by, for example, distribution, waiver of amounts outstanding or payment of fees by INM SA, there will, generally, be an adjustment to the purchase consideration of an amount equal to the value so extracted.

Interest on a portion of the purchase consideration is payable by the Purchasers to the Sellers at 2% above the prime overdraft rate quoted by The Standard Bank of South Africa for a period from signing to Completion, the exact period being set by reference to a contractual formula dependent on the ZAR/ euro exchange rate at Completion.

Principal Conditions

The Sale Agreement provides that Completion is subject to satisfaction of the following conditions:

i. **Shareholder approval:** The Shareholders of the Company having passed all such resolutions as may be required to approve and implement the Disposal by 30 June 2013. The appropriate approval is being sought at the EGM, notice of which is set out at the end of this document;

ii. **Guarantee:** The Purchasers having furnished the Sellers with a guarantee of their obligation to pay the purchase consideration on terms and conditions and in a form reasonably acceptable to the Sellers. This condition has been satisfied;

iii. **Escrow agreement:** The parties having, by 17 May 2013, entered into an escrow agreement with an escrow agent to hold the €10 million escrow amount on terms and conditions in a form reasonably acceptable to the Sellers. This condition has been satisfied;

iv. **Exchange control:** The exchange control authorities of the South African Reserve Bank having, by 30 May 2013, granted approval of the Disposal, to the extent required by law, unconditionally or conditionally on terms acceptable to the Company and the Sellers. This condition has been satisfied;

v. **Audited accounts:** the Sellers having, by 30 May 2013, delivered to Sekunjalo INM SA's audited accounts for the year ended 31 December 2012, and the EBITDA and the aggregate cash balances of INM SA and its subsidiaries, calculated in accordance with those accounts, meeting certain prescribed minimum amounts;

vi. **Change of control:** The licensor under one of INM SA's key licence agreements having, by 30 June 2013, provided its consent to the change of control of INM SA pursuant to the Disposal and agreed, in writing, not to terminate the licence agreement or, in the alternative, the entry into of an agreement between INM SA, the Company and Sekunjalo pursuant to which the entire issued share capital of the licensed subsidiary of INM SA, together with all INM SA's claims on loan account against that licensed subsidiary, will be disposed of to INM. This condition has been satisfied;

vii. **Competition approval:** by not later than six months after the filing of the merger notification with the South African Competition Authorities, those Authorities having approved the Disposal under the South African Competition Act 1998 either unconditionally or conditionally on terms acceptable to the Purchasers and the Sellers (provided that the Purchasers and Sellers shall be entitled to withhold such confirmation only if such terms and conditions will result in INM SA or its subsidiaries being compelled to divest newspaper titles with turnover which is in excess of 10% of the total turnover of INM SA's newspaper titles as set out in INM SA's budget for the financial period to December 2013);

viii. **Irrevocable undertakings:** the Company having, by 26 April 2013, delivered to Sekunjalo irrevocable undertakings from shareholders in the Company holding between them not less that 36.24% of its Ordinary Shares pursuant to which such shareholders undertake to vote in favour of the Disposal. This condition has been satisfied; and

ix. **Lender consent:** the Company having, by 26 April 2013, delivered to Sekunjalo written confirmation that the Lenders' have consented to the Disposal under the Existing Master Facilities Agreement. This condition has been satisfied. Lenders have consented to the sale of INM SA on the terms set out in the Lock-Up Agreement, including that the net proceeds be applied in the repayment of debt outstanding under the Existing Master Facilities Agreement.

The Sale Agreement will terminate if all of the conditions are not satisfied or waived by the latest dates specified for their satisfaction or waiver. The exchange control condition and the competition approval condition are not capable of being waived. Under the Sale Agreement, the parties agree to use their reasonable endeavours to satisfy the conditions as soon as reasonably possible after signing. INM may extend the date for fulfilment of the competition approval condition on more than one occasion for up to three months in total, with further extensions being subject to agreement with the Purchasers. There are detailed provisions requiring each of the parties to use reasonable endeavours to take all steps to procure that the competition approval notification is properly prepared and duly submitted and dealt with by the authorities.

Warranties and indemnities

In the Sale Agreement, Abbey Communications and the Company (the "**Warrantors**") have given the Purchasers certain warranties, which are customary for a transaction of this nature, and indemnities subject to certain limitations on their liability.

The maximum liability of the Warrantors under the warranties and indemnities (and other representations and undertakings) is limited to 10% of the purchase consideration (i.e. ZAR 200 million, subject to adjustment for interest). The Purchasers are not entitled to make any claim against the Warrantors unless the aggregate claimable is ZAR 20 million or more provided that, where claims exceed that amount, the Warrantors are liable for the full amount and not only for the excess. The Purchasers must make warranty

claims within 12 months of Completion (or within twenty-four months of Completion in respect of certain warranties related to competition law).

Termination

The Purchasers may, after satisfaction of the competition approval condition but before Completion, terminate the Sale Agreement for material adverse change which, as defined, will occur if the cumulative operating profit of INM SA in the period from 1 January 2013 to the date of calculation is lower than the projected cumulative budgeted operating profit of INM SA by a margin of between 25% and 30.8% set by reference to a formula contained in the Sale Agreement.

The Sale Agreement may also be terminated by any party for material breach of its terms.

Conduct of INM SA business

The Company and the Sellers have given a number of customary undertakings to the Purchasers to the effect that INM SA's business will be carried on in substantially the normal and ordinary course from signing of the Sale Agreement until Completion.

PART VI—INFORMATION ON THE RESTRUCTURING

1. ELEMENTS OF THE RESTRUCTURING

The Restructuring involves the First Stage Restructuring and the Final Stage Restructuring (which may be implemented by the Capital Raise Option or the Non Capital Raise Alternative) and the execution of agreements between the Company and its Lenders. This Part of the document contains a description of the key steps proposed to be undertaken as part of the Restructuring, and the applicable terms of the Proposed Senior Debt Facilities at each step, and a summary of the principal terms of the agreements proposed to be entered into with Lenders.

Risk factors which the Company considers of relevance in the context of the Shareholders' assessment of the Restructuring at this time are set out in Part II of this document.

First Stage Restructuring

The First Stage Restructuring is designed to achieve an intermediate position which is sustainable in the short to medium term and which affords the Continuing Group time to complete a Pension Restructuring.

The First Stage Restructuring requires the completion of the Disposal and the application of the net proceeds of the Disposal (estimated at approximately €155 million, including €10 million to be placed in escrow in respect of any warranty claims and net of the Disposal expenses and other transaction costs) to repay an equivalent amount of the existing senior debt. Upon this debt repayment and provided that all other conditions to implementation are satisfied (as described below under 2.2 Amendment, Restatement and Equitisation Agreement), the Existing Master Facilities Agreement will be amended and restated on the terms agreed between the Company and the Lenders (including an extension to the maturity of the facilities and amendments to the applicable interest terms), and comprising four new facilities (Facility A (€150 million), Facility B (€50 million), Facility C (which it is estimated would be in an amount of €119 million approximately, following application of the Disposal proceeds plus €10 million escrowed) and a Revolving Facility (which it is estimated would be €4.6 million approximately).

A table summarising the key terms of the Proposed Debt Facilities is set out below under "*Summary of key terms of the Proposed Debt Facilities*".

Pension Restructuring

Despite additional contributions from both staff and the Group in recent years, the Group's Defined Benefit Pension Schemes are in significant deficit. As at 31 December, 2012 this deficit was €162 million. The Group has been examining all options to provide certainty to those contributing to these schemes and to secure a reasonable pension expectation for all participants within the timelines recently announced by the Irish Pensions Board and in the context of the financial position of the Group. (On 26 September, 2012 the Irish Pensions Board revised the timeframe for defined benefit schemes with funding deficits to submit funding proposals to the Irish Pensions Board, extending the deadline for submissions to 30 June, 2013 for all schemes which would have been required to submit funding proposals between 31 December, 2012 and 31 May, 2013).

Under the terms of the Restructuring, and in order to secure the enhanced debt facilities available as part of the Final Stage Restructuring, INM has agreed that the Section 50 funding proposals (which would set out a proposed reduction in the benefits of members) to be submitted by the Trustees of INM's four Defined Benefit Pension Schemes and to be submitted to the Irish Pensions Board must be made within certain Agreed Pension Parameters. These parameters include a Group employer commitment to the Defined Benefit Pension Schemes of no more than 11 years and a total Group employer deficit repair commitment of no more than €8.4 million for each year. It is expected that the submissions to the Irish Pensions Board by the various Trustees under the Pension Restructuring will be in line with the Irish Pensions Board requirements.

In the event that the Pension Restructuring is not completed (that is, the Irish Pensions Board have not approved the Pension Restructuring) by 31 December, 2013, the Company would be in the position addressed under the section below entitled "*Neither the Capital Raise nor the Non Capital Raise Alternative is implemented*".

Final Stage Restructuring

The Final Stage Restructuring may be implemented by the Capital Raise Option or the Non Capital Raise Alternative.

Completion of the First Stage Restructuring is a condition to the implementation of the Final Stage Restructuring whether by the Capital Raise Option or the Non Capital Raise Alternative. Under the framework for the Restructuring agreed with the Group's Lenders, completion of the Capital Raise Option or the Non Capital Raise Alternative will also be conditional upon (i) the approval of the Share Capital Resolutions by Shareholders and (ii) a submission being made by the trustees of INM's Defined Benefit Pension Schemes of the Pension Restructuring Proposals to the Irish Pensions Board. Under the Pensions Act and related guidance issued by the Irish Pensions Board, this submission must be made by 30 June, 2013.

Under the terms of the Restructuring agreed with Lenders, the Company may not implement the Non Capital Raise Alternative unless the Irish Pensions Board has approved the Pension Restructuring. While such approval is not a stipulated condition to the implementation by the Company of the Capital Raise, in practical and commercial terms it is considered that certainty on the resolution of the Defined Benefit Pension Schemes deficit will be a prerequisite to attracting any new equity capital into the business. Under the terms of the Restructuring agreed with Lenders, the Company has agreed that any Capital Raise it seeks to implement will raise a minimum of €40 million (net of expenses) to be applied in the repayment of debt outstanding under the Proposed Debt Facilities. As further referred to below, a significantly more material amount of debt would be cancelled by the Lenders on completion of implementation of the Capital Raise relative to implementation of the Non Capital Raise Alternative.

Capital Raise Option—Rights Issue and Rights Issue Equitisation

INM may, as outlined above, following Irish Pension Board approval of the restructuring of the Group's pension liabilities, (see section entitled "Pension Restructuring" above), implement the Capital Raise Option and effect a Capital Raise to raise at least €40 million (net of expenses) to be applied in the repayment of debt outstanding under the Proposed Debt Facilities.

INM has agreed, on a Capital Raise, to issue new equity to the Lenders with a €10 million value representing in aggregate not less than 11% of the Enlarged Issued Share Capital on a post-Rights Issue basis. The terms of the Rights Issue Equitisation will be calculated with reference to the Rights Issue. The New Ordinary Shares to be issued to the Lenders as part of the Rights Issue Equitisation will not rank for entitlement to participate in the Rights Issue. The Lenders will have the benefit of anti-dilution protections with respect to the Rights Issue Equitisation (the "**Anti-Dilution Arrangements**"). Under the Anti-Dilution Arrangements, the Company will undertake that, should it issue additional ordinary shares in the period from completion of the Capital Raise to 30 April 2014 such that the number of ordinary shares issued to Lenders on the Rights Issue Equitisation (together with any ordinary shares previously issued to Lenders pursuant to the Anti Dilution Arrangements) would represent less than 11% of the then diluted capital, it will allot and issue additional ordinary shares to the Lenders (or their nominees) representing in aggregate that difference. Such additional ordinary shares shall be allotted and issued fully paid for nominal value in consideration for cancellation of an equal amount of debt owed to the Lenders.

The Board intends that any such Capital Raise will be conducted by way of a rights issue, in order to enable existing Shareholders (subject only to certain limitations in relation to shareholders in Restricted Jurisdictions) to participate in proportion to their existing holdings in the Company.

Under the Capital Raise Option, on completion of the Rights Issue (or other Capital Raise) and the Rights Issue Equitisation and application of €40 million proceeds of the Capital Raise to repay senior debt, and provided that all other conditions to implementation are satisfied (as described below under 2.2 Amendment, Restatement and Equitisation Agreement), debt outstanding under two of the facilities (Facility B (€50 million) and Facility C (which it is estimated would amount to €119 million (including the €10 million INM SA Escrow-related Debt and €1 million debt to be retained for the purpose of the Anti-Dilution Arrangements and to be released, to the extent not previously released in consideration for the issue of shares, on expiry of those arrangements on 30 April, 2014)) which make up the Proposed Senior Debt Facilities will be cancelled leaving the Group with core debt of approximately €118 million, together with the Revolving Credit Facility and other facilities of €8 million.

The terms of the Rights Issue have not been definitively determined at this time (other than that the minimum funds to be raised, net of expenses, will be €40 million). However, the Board believes that in light

of the value erosion which has occurred over recent years, and the future prospects of the Group consequent to the debt reduction entailed in the Final Stage Restructuring, it is appropriate that the Company seeks new equity investment in order to support EBITDA development and that existing Shareholders are provided with an opportunity to participate in that investment on a pro rata basis. Accordingly the Board intends to pursue the Rights Issue, rather than a Debt Equitisation, in the first instance following the Pension Restructuring.

There can be no certainty however that a Rights Issue will be possible on satisfactory terms or at all.

Non Capital Raise Alternative—Debt Equitisation

Under the Non Capital Raise Alternative, the Company may, following approval of the Pension Restructuring Proposals by the Irish Pensions Board, and provided that all other conditions to implementation are satisfied (as described below under 2.2 Amendment, Restatement and Equitisation Agreement), implement the Debt Equitisation. In the first instances, the Board, however, intends to pursue the implementation of the Capital Raise Option, with a Rights Issue, rather than implementation of the Non Capital Raise Alternative, with Debt Equitisation.

If the Capital Raise Option has not been effected, and the Rights Issue and Rights Issue Equitisation have not completed, by 31 December 2013, but the Irish Pensions Board have approved the Pension Restructuring Proposals (and provided the other conditions to implementation, as described below under 2.2 Amendment, Restatement and Equitisation Agreement, have been satisfied), the Non Capital Raise Alternative will be automatically implemented.

In either case, Lenders will be issued New Ordinary Shares representing in aggregate 70% of the Enlarged Issued Share Capital as consideration for the cancellation of debt outstanding under one of the facilities (Facility C which it is estimated will be in an amount of €119 million approximately, including the €10 million INM SA Escrow-related Debt) comprised in the Proposed Senior Debt Facilities, leaving a remaining debt of €200 million, approximately, together with the Revolving Credit Facility and other facilities of €8 million.

On the Debt Equitisation, in such circumstances, the Lenders would hold 70% of the issued ordinary share capital of the Company. The Lenders are a group of eight international banks, none of whom will, on Debt Equitisation, have an individual holding in excess of 11.5% (based on their current respective percentage of total commitments outstanding under the Existing Senior Debt Facilities). The only relationship between the Lenders is that they are, individually, lenders to the Group providing the Existing Senior Debt Facilities, Although each Lender is a party to the Existing Master Facilities Agreement, an intercreditor agreement and the Lock-Up Agreement, and proposes to be party to the Amendment, Restatement and Equitisation Agreement and other restructuring documentation, each Lender operates as an independent entity in pursuit of its own interests. The Company has consulted with the Irish Takeover Panel and the Panel has confirmed, on the basis of the information and undertakings made available to it, that the Lenders do not constitute a concert party under the Irish Takeover Rules, so that there would be no requirement for the Lenders, or any of them, to make a mandatory offer for shares in the Company under Rule 9 of the Irish Takeover Rules on implementation of the Debt Equitisation. Accordingly, no approval is being sought at this time from Shareholders to waive the mandatory offer requirements of Rule 9 of the Irish Takeover Rules by "whitewash" resolution, as the Irish Takeover Panel have agreed that no mandatory offer would be required to be made by the Lenders, or any of them, on the Debt Equitisation. Shareholders should note that, if the basis on which the Panel's confirmation has been made were to change (for example, because the terms of the Restructuring Documents were to change materially with regard to matters bearing on the Panel's adjudication (see "Risk relating to the status of the Restructuring Documents" at paragraph 1.6.2 of Part II of this document)), the Company would be required to make a further submission to the Panel and the Panel might alter its adjudication and rule that the Lenders constitute a concert party. In those circumstances, the Non Capital Raise Alternative could not, under its terms, be implemented without the Company seeking a waiver from the Irish Takeover Panel of any obligation the Lenders, or any of them, might have to make a mandatory offer for shares in the Company in relation to implementation of the Non Capital Raise Alternative, which waiver, if given, would be likely conditional upon the Company obtaining the approval by a majority of independent shareholders of the potential controlling position by "whitewash" resolution. This would entail, *inter alia,* the convening by the Company of a further extraordinary general meeting to seek the necessary approval.

Risk factors which the Company considers of relevance in the context of the Shareholders assessment of the Restructuring at this time are set out in Part II of this document.

Neither the Capital Raise nor the Non Capital Raise Alternative is implemented

If the Final Stage Restructuring does not occur (because, for example, the relevant conditions to implementation of the Capital Raise Option and the Non Capital Raise Alternative have not been satisfied) the Proposed Senior Debt Facilities would remain as those applicable on completion of the First Stage Restructuring, and all facilities would mature on 1 April, 2016 (rather than 1 April, 2018, as would apply where the Capital Raise Option is implemented). The further consequences which may arise in this scenario are dealt with under sections 12 and 13 of Part I of this document.

2. RESTRUCTURING DOCUMENTATION

While the principal commercial terms of the Restructuring have been agreed in the Lock-Up Agreement neither the Amendment, Restatement and Equitisation Agreement nor the ancillary agreements in respect of the Restructuring (the Restructuring Documents) have been finalised or executed as of the date of this document. Under the Lock-Up Agreement, the Companies and the Lenders are obliged to negotiate in good faith to agree the Restructuring Documents consistent with the outline terms of the Restructuring as specified in the Lock-Up Agreement and to promptly take all actions and steps which are necessary in order to support, facilitate, implement or otherwise give effect to the Restructuring. Nevertheless, failure to execute the Amendment, Restatement and Equitisation Agreement or any related finance documents by the deadline of 15 July, 2013 (or such later date as the Company, and the Majority Lenders may agree) under the Lock-Up Agreement, or to satisfy (or waive the conditions therein) may mean that the Restructuring will not proceed and the Lock-Up Agreement will be capable of being terminated. Substantial progress has been made towards finalisation of these documents, and it is expected that the Amendment, Restatement and Equitisation Agreement will be entered into on or around 7 June, 2013. As referred to in section 14 of Part I of this document, it is a condition of irrevocable undertakings to vote in favour of the Resolutions in respect of approximately 36.24% of the Existing Issued Share Capital that the Amendment, Restatement and Equitisation Agreement and ancillary restructuring documents are entered into by the Lenders and the Company by no later than five business days prior to the Extraordinary General Meeting.

2.1 Lock-Up Agreement

The Lock-Up Agreement was entered into on 26 April, 2013 between the Company, the other Group borrowers and guarantors under the 2009 Facility Agreement, (together, the "**Companies**") and the Lenders. The key purpose of the Lock-Up Agreement is to record the commitment of the parties to implement the Restructuring, on the terms and subject to the conditions set out in the Lock-Up Agreement, and to set out the respective obligations of the Companies and the Lenders to effect the Restructuring.

A term sheet (the "**Restructuring Term Sheet**") setting out the detailed financial provisions of the Restructuring is appended to the Lock-Up Agreement. The Lock-Up Agreement includes a standstill under which the Companies are afforded time to implement the Restructuring. During the standstill period, the Lenders may not take action to enforce any claim for payment against the Group.

Under the Lock-Up Agreement the parties agree to negotiate and agree full and final form documents (the "**Restructuring Documents**") for the implementation of the Restructuring, including, without limitation, the Amendment, Restatement and Equitisation Agreement. It is intended that the Lock-Up Agreement will terminate on the Restructuring Effective Date (referred to below). The Lock-Up Agreement envisages that, on completion of the Disposal and application of the net proceeds in the repayment of debt, the operative provisions of the Amendment, Restatement and Equitisation Agreement will come into effect and, provided all agreed conditions to the Restructuring have been met as set out in the Restructuring Documents, the Restructuring will become effective.

Parties' obligations

Under the Lock-Up Agreement, the Companies and the Lenders are obliged to take all reasonable actions and steps in order to support or give effect to the Restructuring as soon as reasonably practicable and in any event before 15 July 2013 (or such later date as the Company and the Majority Lenders may agree).

In particular, the parties are obliged: to negotiate in good faith to agree the Restructuring Documents, in each case in a form which is materially consistent with the Restructuring Term Sheet; to promptly take all actions and steps which are necessary in order to support, facilitate, implement or otherwise give effect to

the Restructuring; and not to take, encourage, assist or support any action which would, or would reasonably be expected to, delay, impede or prevent the implementation of the Restructuring.

Subject to the terms of the Lock-Up Agreement, each Lender undertakes for the duration of the period from 26 April. 2013 until 15 July 2013 (or such later date as the Company and the Majority Lenders may agree) or earlier termination of the Lock-Up Agreement in accordance with its terms (the "**Lock-Up Period**") not to take any enforcement action under the Existing Master Facilities Agreement and related finance documents. During the Lock-Up Period, the Lenders agree to continue to make the facilities under the Existing Master Facilities Agreement and related finance documents available to the Companies in accordance with their terms.

The Lock-Up Agreement provides that repayment of principal on the Group's facilities the subject of the standstill arrangements is suspended. Interest continues to accrue on the Group's facilities for the duration of the standstill arrangement but is payable on a cash basis as if completion of the Disposal had occurred (so that it is payable during that period by reference to €150 million in principal amount of term debt only).

The Companies undertake that during the Lock-Up Period:

- they will not commence insolvency proceedings (excluding contingency planning); or
- except pursuant to limited exceptions, take any material corporate action that is not in the ordinary course of its day to day business.

Nothing in the Lock-Up Agreement requires a party to take any action that would be prohibited by law, nor does it restrict any director of the Companies from complying with a legal obligation to commence insolvency proceedings.

Termination

The Lock-Up Agreement will terminate on the Restructuring Effective Date (referred to below) in accordance with the terms of the Restructuring Documents (and be superseded by the terms of the Restructuring Documents) or on 15 July 2013 (or such later date as may be agreed by the Company and the Majority Lenders) if such completion has not occurred by then.

The Lock-Up Agreement may also be terminated by the Majority Lenders upon the occurrence of specified termination events. Termination events (each with reference to an agreed date) include, *inter alia* the Company failing to convene an EGM to approve the Disposal and the share allotment and related authorities required to implement the Restructuring (such EGM being convened by this Circular and the Notice); the Disposal Resolution not being passed; the Irish Takeover Panel indicating that it will not waive any obligation that the Lenders may incur to make a mandatory offer for shares in the Company; an insolvency event occurring in relation to the Companies; a material adverse change occurring; and the pension trustees taking steps materially adverse to the position of the Lenders or the implementation of the Restructuring.

2.2 Amendment, Restatement and Equitisation Agreement

It is intended that the Company and several of its subsidiaries will enter into an Amendment, Restatement and Equitisation Agreement with INM's Lenders as arrangers and lenders, Lloyds TSB Bank plc as Agent and Allied Irish Banks plc, as Security Agent on or about 7 June 2013 in order to, amongst other things, amend the terms relating to the Group's indebtedness on the Restructuring becoming effective.

First Stage Restructuring

The Amendment, Restatement and Equitisation Agreement will provide that, on the Restructuring Effective Date, the Existing Master Facilities Agreement will be amended and restated, as summarised below (the key terms in this scenario being as set out in the table below in the column entitled "*From the First Stage Restructuring Effective Date*").

The Restructuring Effective Date will be the date on which certain conditions are satisfied including shareholder approval of the Disposal and the application of the net proceeds of the Disposal in the partial repayment of the Group's existing debt, as well as the execution of prescribed ancillary finance documentation, including, amongst other documents, additional security documentation and/or confirmations in respect of existing security. (The Lenders have consented to the proposed disposal of

INM SA on terms set out in the Lock-Up Agreement, including that the net proceeds be applied in the repayment of debt outstanding under the Existing Master Facilities Agreement.)

The Existing Master Facilities Agreement will remain restated on this basis should neither the Capital Raise Effective Date (as referred to below) nor the Non Capital Raise Effective Date (as referred to below) have occurred on or prior 31 December 2013.

Capital Raise Option

The Amendment, Restatement and Equitisation Agreement will provide that, should the Company implement the Capital Raise Option and the Capital Raise complete before 23 December 2013, on the Capital Raise Effective Date:

- the Company will allot and issue New Ordinary Shares under the Rights Issue Equitisation to the Lenders fully paid in consideration for the cancellation of debt outstanding under the facilities; and
- revised terms under the Existing Master Facilities Agreement (as will have been amended and restated) will come into effect, as summarised below (the key terms in this scenario being as set out in the table below in the column entitled "*From the Capital Raise Effective Date*").

The Capital Raise Effective Date will be the date on which certain conditions are satisfied including the completion of a Capital Raise and the application of €40 million in the partial repayment of the facilities, submission of the Pension Restructuring Proposals to the Irish Pensions Board, all Shareholder approvals required by the Company in connection with the implementation of the Capital Raise Option having been obtained and being in effect, and the Non Capital Raise Alternative not having been implemented by that date.

The Company will undertake to use its best endeavours to procure, as soon as practicable after allotment of those New Ordinary Shares, Admission of the New Ordinary Shares.

Non Capital Raise Alternative

The Amendment, Restatement and Equitisation Agreement will provide that, should the Non Capital Raise Alternative be implemented by the Company or be implemented automatically in accordance with its terms, on the Non Capital Raise Effective Date:

- the Company will allot and issue New Ordinary Shares under the Debt Equitisation to the Lenders fully paid in consideration for the cancellation of debt outstanding under the facilities and will undertake to use all reasonable endeavours to procure Admission of such shares; and
- revised terms under the Existing Master Facilities Agreement (as will have been amended and restated) will come into effect, as summarised below (the key terms in this scenario being as set out in the table below in the column entitled "*From the Non Capital Raise Effective Date*").

The Non Capital Raise Effective Date will be the date on which certain conditions are satisfied including submission of the Pension Restructuring Proposals to the Irish Pensions Board and approval by the Irish Pensions Board of such proposals, the Majority Lenders being satisfied that there is no requirement for the Lenders, or any of them, to make a mandatory offer for shares in the Company under the Irish Takeover Rules in relation to the implementation of the Debt Equitisation, all Shareholder approvals required by the Company in connection with the implementation of the Non Capital Raise Alternative having been obtained and being in effect, and the Capital Raise Option not having been implemented by that date.

Termination

The Amendment, Restatement and Equitisation Agreement will terminate automatically upon termination of the Lock-Up Agreement (other than on termination of the Lock-Up Agreement on the Restructuring Effective Date).

General

The Company and its subsidiaries party to the agreement will undertake that, during the period from the parties' entry into of the Amendment, Restatement and Equitisation Agreement until the Restructuring Effective Date they:

- will not change the constitution of the Company without the prior written agreement of the Majority Lenders;
- will not vary or modify the rights attaching to the Ordinary Shares or create or issue a new class of share capital which ranks ahead of the Ordinary Shares;
- will take all reasonable actions and steps in order to support the Pension Restructuring; and
- will provide the Lenders with such information as is reasonably requested from time to time relating to any matter contemplated by the agreement or otherwise connected to the Restructuring.

Under the Amendment, Restatement and Equitisation Agreement, the Lenders will waive any default under the Existing Master Facilities Agreement which is continuing and which has been disclosed by the Company in writing prior to the Restructuring Effective Date.

Summary of key terms of the Proposed Senior Debt Facilities:

	From the First Stage Restructuring Effective Date	**From the Capital Raise Effective Date**	**From the Non Capital Raise Effective Date**
Facilities	The aggregate amount of the committed multicurrency term and revolving facilities under the Proposed Senior Debt Facilities Agreement is expected to be approximately €323,600,000, comprising: Facility A: a term loan in an aggregate amount of €150,000,000; Facility B: a term loan in an aggregate amount of €50,000,000; Revolving Facilities: a revolving credit facility and other facilities, which it is currently estimated would be in an amount of approximately €4,600,000; Facility C: a term loan facility which it is currently estimated would be in an amount of approximately €119,000,000.	The aggregate amount of the committed multicurrency term and revolving facilities under the Proposed Senior Debt Facilities Agreement is expected to be approximately €133,600,000, comprising: Facility A: a term loan in an aggregate amount of €118,000,000; Revolving Facilities: a revolving credit facility and other facilities, which it is currently estimated would be in an amount of approximately €4,600,000; Facility C: term loan facilities in an aggregate amount of approximately €11,000,000 (equivalent to the amount held in escrow in accordance with the terms of the Disposal, with recourse limited to that amount, and a facility of €1,000,000 representing debt retained for the purpose of the Anti-Dilution Arrangements and to be released, to the extent not previously released in consideration for the issue of shares, on the expiry of those arrangements).	The aggregate amount of the committed multicurrency term and revolving facilities under the Proposed Senior Debt Facilities Agreement is expected to be approximately €214,600,000, comprising: Facility A: a term loan in an aggregate amount of €150,000,000; Facility B: a term loan in an aggregate amount of €50,000,000; Revolving Facilities: a revolving credit facility and other facilities, which it is currently estimated would be in an amount of approximately €4,600,000; Facility C: a term loan facility in an aggregate amount of approximately €10,000,000 (to be equivalent to the amount held in escrow in accordance with the terms of the Disposal and with recourse limited to that amount).
Interest	The interest payable on amounts borrowed under Facility A and the Revolving Facility will be the aggregate of a margin of 4.5% (as will be adjusted downwards to a minimum of 2.25% if the Group achieves certain de-leveraging targets) over the applicable floating rate (EURIBOR or LIBOR) per annum and the applicable floating rate together with any mandatory costs. No interest accrues on Facility B until and including 31 December	As applicable from the Restructuring Effective Date, save that no interest shall accrue on the balance outstanding under Facility C.	As applicable from the Restructuring Effective Date, save that no interest shall accrue on the balance outstanding under Facility C.

	From the First Stage Restructuring Effective Date	From the Capital Raise Effective Date	From the Non Capital Raise Effective Date
	2013. If the Capital Raise Effective Date has not occurred by then, interest shall be payable on amounts borrowed under Facilities A and B, such interest being at a rate calculated to produce an aggregate yield equal to that which would otherwise be payable, in accordance with the preceding paragraph, on amounts borrowed under Facility A only. The rate of interest applicable to the term loan under Facility C will be a payment in kind (PIK) rate of 1%. per annum which, while the loan remains outstanding, will capitalise on an annual basis.		
Repayment/Prepayment . .	Each of the facilities is expected to be repaid by 1 April 2016, but certain amounts of the facilities will be subject to mandatory prepayment or repayment prior to the final maturity date. There will be no amortisation in 2013 and 2014. It is contemplated that, with limited exceptions, net proceeds from asset disposals must be used for mandatory prepayment of the facilities. It is expected that repayment instalments will be required in respect of the term loan under Facility A in accordance with an agreed amortisation schedule and where applicable, Facility B, by reference to dividends or other amounts received from certain Group investments and prescribed EBITDA targets. It is also expected that each of the Lenders under the Existing Master Facilities Agreement (as will be amended and restated) 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). All of the net proceeds from the sale of all or part of the Group's shareholding in APN, and any dividends received by the Group from APN or Independent Star in 2015 and 2016, must be used to repay Facility B.	As applicable from the Restructuring Effective Date (set out in the column entitled "*From the First Stage Restructuring Effective Date*"), save that the maturity of Facility A and the Revolving Facility shall be extended by two years to 1 April 2018, and the amortisation and mandatory pre-payment provisions shall be modified.	As applicable from the Restructuring Effective Date (set out in the column entitled "*From the First Stage Restructuring Effective Date*"),
Restrictions	The terms of the Existing Master Facilities Agreement (as will be amended and restated) 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, subject to limited exceptions, 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 with reference to leverage levels, share buybacks, future acquisitions, capital expenditure allowance and financial covenants.		

As is customary, it is expected that members of the Group will be required to make certain representations and to provide financial information to the Lenders 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 Lenders to take enforcement action, to accelerate the facilities, place the facilities on demand and/or enforce its rights under the security documents.

If the Capital Raise does not complete by 31 December 2013 the Company shall, if requested by the Majority Lenders, dispose of the Group's shareholding in APN. Failure to dispose of the shares in APN within the prescribed period shall be an Event of Default, entitling the Majority Lenders to enforce security over the shares, including by appointing a receiver.

Change of control . . . . . If one or more persons acting in concert gain control of the Company (control being defined as including the power to cast more than 35% of the maximum number of votes that may be cast at a general meeting of the Company), other than in permitted circumstances, the lending banks shall not be obliged to fund further utilisations and can declare outstanding borrowings immediately due and payable.

Security Package . . . . . . Guarantees are to be provided by material companies and other relevant members of the Group, by reference to existing guarantees. The security package is to reflect existing fixed and floating security and share pledges from Borrowers and Guarantors, as well as in respect of future acquired assets.

Security Ranking . . . . . . Facility A and the Revolving Facility will be secured by first ranking security.

Facility B and Facility C will be secured by second ranking security.

PART VII—ADDITIONAL INFORMATION

1. THE COMPANY

The Company was incorporated and registered in Ireland on 31 December 1904 pursuant to the Companies Acts of Ireland, 1862 to 1900, under the name Independent Newspapers, Limited (registered number 2936). On 6 February 1985, the company re-registered as a public limited company under the Companies Acts 1963 to 1983 under the name Independent Newspapers, Public Limited Company. On 9 June 1999, the Company changed its name to Independent News & Media Public Limited Company. The Company's registered office is at Independent House, 27-32 Talbot Street, Dublin 1, Ireland (Telephone +353 (1) 4663200).

2. RESPONSIBILITY

The Company and the Directors of the Company, whose names appear on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

3. SHARE CAPITAL

Authorised and Issued Share Capital

Table 1 below sets out the authorised and issued fully paid share capital of the Company as at the close of business on 21 May, 2013 (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 the approval of the Share Capital Resolutions and the Sub-division. Table 3 below sets out the authorised and issued fully paid share capital of the Company as it would be following the implementation of the Non Capital Raise Alternative.

The Non Capital Raise Alternative will not be implemented if a Capital Raise is implemented. As the terms of a Capital Raise have not been determined, it is not possible to illustrate the effect of the Capital Raise and the Rights Issue Equitisation on the issued share capital of the Company at this time.

Table 1—Authorised and issued fully paid share capital of INM as at the Latest Practicable Date

	Nominal Value	Number of Ordinary Shares
	€	
Authorised share capital—Ordinary Shares of €0.35	259,000,000.00	740,000,000
Allotted, called up and fully paid—Ordinary Shares of €0.35 (excluding treasury shares)	192,646,398.35	550,418,281

Table 2—Authorised and issued fully paid share capital of INM following the approval of the Share Capital Resolutions and the Sub-division

	Nominal Value	Number of Shares
	€	
Authorised share capital—Ordinary Shares of €0.01	70,000,000	7,000,000,000
Allotted, called up and fully paid—Ordinary Shares of €0.01 (excluding treasury shares)	5,504,182.81	550,418,281
Authorised share capital—Deferred Shares of €0.34	189,045,221.72	556,015,358
Allotted called up and fully paid Deferred Shares of €0.34 (including treasury shares)	189,045,221.72	556,015,358

Table 3—Authorised and issued fully paid share capital of INM following the implementation of the Non Capital Raise Alternative *(assuming no further share issues)*

	Nominal Value	Number of Shares
	€	
Authorised share capital—Ordinary Shares of €0.01	70,000,000	7,000,000,000
Allotted, called up and fully paid—Ordinary Shares of €0.01 (excluding treasury shares)	18,347,276.07	1,834,727,607
Authorised share capital—Deferred Shares of €0.34	189,045,221.72	556,015,358
Allotted called up and fully paid Deferred Shares of €0.34 (including treasury shares)	189,045,221.72	556,015,358

The Company holds 5,597,077 shares in treasury.

Resolution 2 will effect the Sub-division which is necessary as the Company cannot issue shares at a price which is below the nominal value of the Ordinary Shares (currently €0.35).

Resolution 2 also proposes, with the Sub-division, to increase the number of ordinary shares comprised in the existing authorised share capital of the Company by approximately 846% to 7,000,000,000 Ordinary Shares of €0.01 each, from 740,000,000 Ordinary Shares of €0.35 each. The increase in the Company's authorised ordinary share capital is being sought in order to create sufficient authorised ordinary share capital to enable the issue of New Ordinary Shares pursuant to a Rights Issue (or other Capital Raise), the structure for which has yet to be determined, the Rights Issue Equitisation, and the Anti-Dilution Arrangements or the Debt Equitisation and to allow 'headroom' for the issue of a further number of Ordinary Shares should that be considered in the best interests of the Company.

Resolution 3 proposes to grant the Directors authority to allot new securities and treasury shares, up to the amount of the increased authorised but unissued share capital, and treasury shares of the Company. The Directors intend to utilise this authority for the purposes of the Rights Issue (or other Capital Raise) and the Rights Issue Equitisation and the Anti-Dilution Arrangements or, if the Capital Raise and Rights Issue Equitisation do not take effect by 23 December 2013, but the other conditions are satisfied, the Debt Equitisation.

Resolution 4 proposes to dis-apply pre-emption rights for the purposes of the Rights Issue (or other Capital Raise), the Rights Issue Equitisation and the Anti-Dilution Arrangements only, or if the Capital Raise and the Rights Issue Equitisation do not take effect by 31 December 2013, but the other conditions are satisfied, the Debt Equitisation.

For the purposes of section 24(5) of the 1983 Act, the Directors state that:

- their reasons for recommending that they be authorised to issue New Ordinary Shares in accordance with the relevant special resolution contained in the Notice are set out in the Chairman's letter in Part I;
- the amount to be paid to the Company in respect of each New Ordinary Share will (in the case of the Rights Issue Equitisation, the Debt Equitisation and the Anti-Dilution Arrangements) be the relevant amount of debt to be equitised as will be set out in Restructuring Documents and as is summarised in the Chairman's letter in Part I and in Part VI of this document and will (in the case of the Capital Raise) be such price as determined by the Board on implementation of the Capital Raise; and
- the Directors' justification of that amount is set out in the Chairman's letter in Part 1.

4. SIGNIFICANT INTERESTS

As at the Latest Practicable Date in so far as is known to the Company, the following persons, other than Directors, were directly or indirectly interested in 3% or more of the ordinary share capital of the Company:

Name	Number of Ordinary Shares	% of Existing Issued Share Capital
Denis O'Brien	164,473,651	29.9%
Sir Anthony O'Reilly	73,205,632	13.3%
IIU Nominees Ltd	34,999,875	6.4%
Marathon Asset Management	32,849,825	6.0%
Pioneer Asset Management	17,707,405	3.2%

Save as disclosed in this section 4 of this Part VII, the Company is not aware of and has not been notified of any shareholding representing, directly or indirectly, 3% or more of the share capital of the Company. The Company is not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise, control over the Company.

5. DIRECTORS AND OTHER INTERESTS

(a) As at close of business on the Latest Practicable Date, the interests (all of which are beneficial unless otherwise stated) of the Directors which have been notified by each Director to the Company pursuant to sections 53 or 64 of the Companies Act 1990 or which are required pursuant to section 59 of the Companies Act 1990 to be entered into the register referred to therein were:

	Ordinary Shares	% of Existing Issued Share Capital
Directors		
L Buckley (Chairman)	342,857	0.06%
VC Crowley (Chief Executive Officer)	315,639	0.06%
J Kennedy	—	—
T Buckley	69,000	0.01%
P Connolly	142,857	0.03%
D Harrison	—	—
L Gaffney	142,857	0.03%
L O'Hagan	1,495	<0.01%
A Marshall	—	—
T Mullane	—	—
F Murray	3,114	<0.01%

(b) As at the Latest Practicable Date, the Directors had no interests in Options of the Company.

Save as set out in paragraphs 5(a) and 5(b) above, no Director (nor any of their spouses or minor children) has any interest, whether beneficial or non beneficial, in the issued share capital of the Company or any of its subsidiaries.

(c) Directors' Service Contracts

The key terms of the Directors' service contract and letters of appointment are as follows:

The key terms of the Chief Executive Officer's service contract are as follows: Vincent Crowley was appointed as Chief Executive with effect from 19 April 2012. His annual salary is €608,000 per annum (subject to annual review) plus allowances and expenses. Mr Crowley is entitled to participate in the Group's annual performance related bonus scheme (short-term incentive plan) and share option scheme (long-term incentive plan), as warranted, and is entitled to pension benefits and a company car. Mr Crowley's service contract is terminable either by him giving not less than three months' written notice or by the Company giving 12 months' written notice, or on no notice in certain specified circumstances. Each of the non-executive directors serves under a letter of appointment with the Company. The appointment may be terminated by the Company at any time on one month's notice. Under the terms of their letters of appointment, all non-executive directors are entitled to receive a fee of €45,000 per annum. Additional fees are payable to the Chairman of the Board, the Senior Independent Director and for participation on board sub-committees.

The terms of the Directors' service contract and letters of appointment do not provide for any benefit, payment or compensation of any kind payable to a Director upon the termination of his or her employment or appointment with the Company (other than payments in lieu of notice in respect of early termination of the contract).

6. DETAILS OF KEY INDIVIDUALS IMPORTANT TO INM SA

The following persons are key individuals who are important to INM SA:

Tony Howard, CEO of INM SA

Tony holds a bachelor of Commerce (accounting) degree with an additional major in economics. He has 40 years' experience working in INM SA. He was Financial Director of INM SA for 10 years. He was appointed COO of INM SA in 1999 before being appointed CEO of INM SA in 2001. He managed INM SA's operations in Cape Town for many years.

David Ringrose, CFO of INM SA

David is a chartered accountant with over 20 years' experience in the media industry. He was appointed CFO of INM SA in April 2012. David joined APN in 1997 as CFO for the Specialist Publishing Division of APN News & Media Limited in Australia. He was Group Finance Manager of Wilson & Horton in New Zealand from 1999 to 2001. From 2001 to 2003 he worked in Chorus (a cable TV business in Ireland which was 50% owned by INM). He served as Finance Director and Deputy Managing Director of the Sunday World from 2003 till March 2012.

Sandy Naude, General Manager, Cape Division

Sandy has over 38 years' experience in the newspaper industry and was promoted to general manager of the division in 2012. She has worked in various advertising and marketing roles in INM SA and in a number of other media organisations such as Media 24 and Unicorn Publishing.

Greg le Roux, General Manager, KZN Division

Greg has 16 years' experience in the newspaper industry and is a qualified chartered accountant. Greg worked in London as Group Newspaper Commercial Accountant with News International for nine years. Greg joined INM SA in 2006 and was promoted to deputy joint general manager in 2008 and to general manager in 2012.

Brian Porter, Deputy General Manager, KZN Division

Brian has 38 years' experience working in INM SA. He held several roles in KZN before being appointed National Sales Manager of all KZN titles in 1991. He was appointed Circulation/Marketing Director in 1999 and Advertising Director of KZN in 2004. He was also appointed Deputy General Manager in 2012.

Khathu Mamalia, General Manager, Gauteng Division

Khathu has 20 years' experience as a political journalist and has several qualifications including a MBA from Gibs, University of Pretoria and a BA (Communications and Politics) from the Union of South Africa and is a graduate from the Advanced Management Programme from Wits University. He served as both Political and Executive Editor of The Star Newspaper in Gauteng. He was appointed General Manager in 2009.

7. MATERIAL CONTRACTS

7.1 Continuing Group

The following is a summary of all material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Continuing Group within the two years immediately preceding the date of this document and which are or may be material to the Continuing Group, and all other contracts (not being a contract entered into in the ordinary course of business), which contain any provision under which any member of the Continuing Group has any obligation or entitlement which is or may be material to the Continuing Group at the date of this document:

7.1.1 The Sale Agreement which is summarised in Part V of this document.

7.1.2 The Lock-Up Agreement which is summarised in section 2.1 of Part VI of this document.

7.1.3 Existing Master Facilities Agreement

The facility agreement dated 11 November 2009 (as amended on 15 January 2010, 30 April 2010, 1 September 2010, 27 April 2011, 2 December 2011, 20 March 2012, 14 September 2012 and 21 December 2012) between a syndicate of Irish and international banks as original lenders, certain members of the Group as original borrowers and/or guarantors and Lloyds TSB Bank PLC as facility agent.

The Company and certain of its wholly-owned subsidiaries are borrowers under a loan facility of up to €745 million divided into a number of facilities. INM has made substantial repayments on these facilities and as at 31 December, 2012 an amount of €438.3 million was outstanding on these facilities. All borrowings under these facilities are guaranteed by the Company and a number of its wholly-owned subsidiaries. The final repayment date for all borrowings under the facilities is 10 May 2014. Monies drawn under the facilities were used initially to refinance borrowings under a previous syndicated committed facilities agreement made available to the Company and certain Group members. Subsequent borrowings have been made for general corporate purposes.

The Existing Master Facilities Agreement is based on a standard internationally accepted market document and contains customary as well as certain bespoke representations and warranties, affirmative and negative covenants and events of default (including material adverse effect and cross-default). Interest is paid by reference to a standard calculation of margin, EURIBOR (LIBOR) and mandatory costs (if any), with the margin being determined by reference to a ratchet based on net debt to EBITDA. There are three financial condition covenants required to be met: an interest cover ratio, a cashflow cover ratio and a net debt to EBITDA ratio.

In connection with the Existing Master Facilities Agreement, the Company and certain other members of the Group are a party to a subordination agreement whereby they have each agreed (in certain circumstances) to subordinate their rights in respect of certain intra-Group loans to the rights of the lenders under the 2009 Facility Agreement.

7.1.4 In addition, the Company proposes to enter into the Amendment, Restatement and Equitisation Agreement, which will be a material contract and which is summarised in section 2 of Part VI of this document, subject to such modifications (if any) as the Directors may in their absolute discretion think fit.

7.2 INM SA

The following is a summary of all material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by INM SA within the two years immediately preceding the date of this document and which are or may be material, and all other contracts (not being a contract entered into in the ordinary course of business) which contain any provision under which INM SA has an obligation or entitlement which is, or may be, material to INM SA as at the date of this document:

7.2.1 The Sale Agreement which is summarised in Part V of this document.

8. SIGNIFICANT CHANGE

8.1 Continuing Group

Save for the Company's entry into the Lock-Up Agreement on 26 April, 2013 as detailed in the Announcement, under which repayment of principal on the Group's facilities the subject of the standstill arrangements is suspended and interest continues to accrue on the Group's facilities but is payable on a cash basis as if completion of the Disposal had occurred (so that it is payable during that period by reference to €150 million in principal amount of term debt only), there has been no significant change in the financial or trading position of the Continuing Group since 31 December, 2012, the date to which the Company's financial statements for the 12 months ended 31 December 2012 were prepared.

8.2 INM SA

There has been no significant change in the financial or trading position of INM SA since 31 December, 2012, the date to which the financial information set out in Part III was prepared.

9. LITIGATION

9.1 Continuing Group

No member of the Continuing Group is or has been engaged in, or (so far as the Company is aware) has pending or threatened by or against it, any governmental, legal or arbitration proceedings which may have, or have had during the twelve months preceding the date of this document a significant effect on the Continuing Group's financial position or profitability.

9.2 INM SA

In December 2012, the Competition Commission of South Africa ("**Commission**") notified a number of newspaper publishers, including Independent Newspapers (Pty) Ltd ("**INPL**"), a subsidiary of INM SA, that it had launched two investigations into the South African newspaper publishing market.

The Commission alleges prohibited market allocation in each of the community newspaper (or free-sheet) market (including by entry into of market sharing arrangements and sharing of competitively sensitive information) and the paid newspaper market (including by fixing of advertising rates and sharing of competitively sensitive information).

The Commission may initiate a formal investigation under the Competition Act 1998 of South Africa if it has concluded that it has sufficient evidence to found a reasonable suspicion that parties have engaged in practices in contravention of the Act. If the Commission concludes, at the end of its investigation, that there has been such a contravention, then the Commission may initiate prosecution proceedings before the South African Competition Tribunal.

Under the proceedings, INPL has submitted a response to the Commission's allegations. INPL does not admit that there is any substance to the allegations or that it has acted unlawfully, as alleged.

The Company cannot predict what the ultimate outcome of the proceedings will be. The maximum penalty that may be levied against a party found to be in breach of any relevant provision of completion law is 10% of its turnover in the financial year preceding the imposition of the penalty. A finding that any member of the INM SA Group is, or any of the INM SA Group's arrangements or practices are, in breach of any relevant provision of competition law may have a material adverse effect on the INM SA Group's overall sales volumes, turnover and profits.

Under the Sale Agreement for INM SA, the maximum liability of the Company and the other warrantors under the warranties (including warranties related to competition law) and indemnities is limited to 10% of the purchase consideration.

Save as disclosed above, INM SA is not and has not been engaged in, or (so far as the Company is aware) has pending or threatened by or against it, any governmental, legal or arbitration proceedings which may have, or have had in the recent past (covering the twelve months preceding the date of this document), a significant effect on INM SA's financial position or profitability.

10. RELATED PARTY TRANSACTIONS

Save as set out below, there are no related party transactions entered into by the Group in the three financial years ended 31 December 2010, 2011 and 2012 or in 2013 up to the latest practicable date for this purposes (17 May, 2013). Information in this section in relation to the financial years ended 31 December 2010, 2011 and 2012 is extracted from the annual reports of the Company in respect of that year. Information in this section in respect of 2013 to date is extracted from the internal accounting records of the Company.

(a) Joint Ventures and Associates

Under IAS 24, Related Party Disclosures, the Group has a related party relationship with its joint ventures and associates. Details of transactions during the financial years ended 31 December 2010, 2011 and 2012

and in 2013 to the latest practicable date for this purpose (17 May, 2013) with Group joint ventures and associates include both trade and loan transactions:

	Sale of Goods				Purchase of Goods			
	YTD*	2012	2011	2010	YTD*	2012	2011	2010
	€m	€m	€m	€m	€m	€m	€m	€m
Associates	4.1	11.6	12.0	14.9	3.7	10.7	11.2	13.9
Joint ventures	2.5	6.9	7.1	9.4	7.2	20.3	22.0	27.5

	Amounts owed by related parties				Amounts owed to related parties			
	YTD*	2012	2011	2010	YTD*	2012	2011	2010
	€m	€m	€m	€m	€m	€m	€m	€m
Associates	—	0.2	0.6	2.6	—	—	—	0.3
Joint ventures	1.0	0.9	1.1	2.5	1.8	2.1	2.3	2.3

* *YTD or "year to date" means the period from 1 January 2013 to 17 May, 2013 (being the latest practicable date for this purpose prior to the publication of this document)*

No interest income from associates was received during 2012 or 2011 (2010: €21k). In the year to date, interest income from associates amounted to nil.

During 2012, the Group incurred costs of €18k (2011: €51k, 2010: €92k) for the provision of secretarial services and some travel and accommodation costs relating to the Office of President Emeritus. No such costs were incurred in 2013 to date.

During 2012, the Group entered into a number of transactions at arm's length with Communicorp Group Limited, a company in which Denis O'Brien has a beneficial interest. Under the terms of these barter advertising transactions the Group received advertising services to the value of €0.5m and provided advertising services to the value of €0.5m (2011: received advertising services to the value of €0.7m and provided advertising services to the value of €0.7m and 2010: received advertising services to the value of €0.7m and provided advertising services to the value of €0.7m). In 2013 to date the Group received advertising services to the value of €0.3m and provided advertising services to the value of €0.3m.

As part of the share placing conducted by the Company in November 2010, Denis O'Brien subscribed for 10,528,651 new Ordinary Shares of at a price of €0.58 each.

(b) Company

During 2012, the Company received €nil (2011: €21.3m and 2010: €15.0m) in dividends from its subsidiaries and was charged €9.0m (2011: €8.5m and 2010: €11.5m) in management fees by its subsidiaries. No such dividends were received in 2013 to date and no management fees were charged by subsidiaries in 2013 to date. During 2012 the Company charged subsidiaries €nil (2011: €0.7m and 2010: €0.2m) for the surrender of tax losses during the year. In 2012 and 2013 to date no such recharges were made for tax losses.

(c) Key Management Personnel

IAS 24 also requires the disclosure of compensation paid to the Group's key management personnel. Key management personnel comprises the Board of Directors and from 1 January 2011 the members of the executive committee which manages the business and affairs of the Company. The remuneration of key management personnel during the years ended 31 December 2010, 2011 and 2012 was as follows:

	2012	2011	2010
	€ Million	€ Million	€ Million
Short-term benefits	2.8	3.5	3.5
Post-retirement benefits	0.3	0.3	0.5
Termination benefits	2.9	—	—
Share based payment	—	—	1.9
	6.0	3.8	5.9

In the period from 1 January 2013 to the latest practicable date for this purpose (17 May, 2013) the remuneration of key management personnel amounted to €0.74 million, comprising short term benefits

(salary) of €0.72 million, post employment benefits (accrued pension contributions) of €0.02 million and equity based compensations (share option expenses) of €nil. Details of Ordinary Shares held by the Directors are disclosed in section 5 of this Part VII.

(d) Loan Balances Due to/from Subsidiaries

As at 31 December 2012 loans of €527.8 million (FY 2011: €468.0 million, FY 2010: €456.6 million) were owed by the Company to its subsidiaries. As at 31 December 2012 loans net of provisions owed by its subsidiaries to the Company totalled €70.2 million (FY 2011: €591.0 million, FY 2010: €903.1 million). As at the latest practicable date for this purpose (17 May, 2013) loans owed by the Company to its subsidiaries were €535.8 million and loans (net of provisions) owed by its subsidiaries to the Company totalled €76.7 million. All such loans are interest free.

11. CONSENTS

(a) J&E Davy, of Davy House, 49 Dawson Street, Dublin 2, Ireland, which is regulated in Ireland by the Central Bank, 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.

(b) Canaccord Genuity Limited, of 88 Wood Street, London, EC2V 7QR, United Kingdom, which is regulated in the United Kingdom by the Financial Conduct Authority, 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.

(c) PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, 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 IV of this document, and references to its report and its name in the form and context in which they appear.

12. ROUNDING AND SOURCE INFORMATION

Certain financial information in this document has been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic aggregation of the figures that precede them.

The financial information in section 6 of Part I of this document entitled "*Current trading and prospects of the Continuing Group*" has been extracted from the Preliminary Results, in respect of information in respect of the year ended 31 December, 2012 and from the Interim Management Statement, in respect of the period from 1 January, 2013 to 19 April, 2013.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the documents referred to below will be available for inspection in physical form 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 2, Ireland and at Tower 42, Level 38C, 25 Old Broad Street, London EC2N 1HQ, United Kingdom, from the date of this document up to and including 17 June, 2013 being the date of the Extraordinary General Meeting. A copy of the Amended Articles reflecting the proposals in the Resolutions will also be available for inspection at the EGM venue during the EGM and for at least fifteen minutes prior to the commencement of the EGM.

(a) the Memorandum and Articles of Association of the Company and the Amended Articles reflecting the proposals in the Resolutions;

(b) the audited consolidated accounts of the Group for the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012;

(c) the Sale Agreement;

(d) the Section 40 Circular;

(e) the PricewaterhouseCoopers report on the pro forma financial information set out in Part IV of this document;

(f) the announcements issued by INM dated 5 April, 2013 (relating to the Disposal) and 26 April, 2013 (relating to the Restructuring) and the Preliminary Results;

(g) the consent letters referred to in section 11 above;

(h) the form of proxy; and

(i) this document.

Dated: 24 May, 2013

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 in this Circular:

"1983 Act"	Companies (Amendment) Act, 1983;
"1990 Act"	Companies Act, 1990 (as amended);
"Abbey Communications"	Abbey Communications Netherlands B.V., registration number 34067363, a company registered in the Netherlands and a wholly owned subsidiary of INM;
"Act"	the Companies Act 1963 of Ireland (as amended);
"Admission"	the admission of the New Ordinary Shares which may be issued as result of the implementation of the Capital Raise Option or the Non Capital Raise Alternative to the Official Lists becoming effective in accordance with the Listing Rules and to trading on the main market for listed securities of the Irish Stock Exchange and the London Stock Exchange becoming effective in accordance with the ISE Admission to Trading Rules and the LSE Admission and Disclosure Standards, respectively;
"AGM"	an annual general meeting of the Company held in accordance with the Articles of Association of the Company from time to time;
"Agreed Pension Parameters"	the parameters for the Pension Restructuring agreed by the Company with the Lenders as part of the Restructuring;
"Amended Articles"	the Articles of Association as amended by Resolution 2;
"Amendment, Restatement and Equitisation Agreement"	the agreement to be entered into between, *inter alia,* INM and the Lenders for the implementation of the Restructuring, and providing for the amendment and restatement of the Existing Master Facilities Agreement under which the Proposed Senior Debt Facilities will be provided to the Group, the principal expected terms of which are contained in section 2.2 of Part VI of this document;
"Announcement"	the announcement dated 26 April, 2013 issued by INM in respect of the Restructuring;
"Annual Report"	the annual report of the Company in respect of the year ended 31 December, 2012 issued on 30 April, 2013;
"Anti-Dilution Arrangements"	the anti-dilution protections with respect to the New Ordinary Shares issuable to Lenders under the Rights Issue Equitisation described in section 1 of Part VI of this document;
"APN"	APN News & Media Limited, a company listed on the Australian Stock Exchange in which INM holds 29%;
"Articles" or "Articles of Association"	the articles of association of the Company;
"Australia"	the Commonwealth of Australia, its states, territories and possessions;
"Board" or "Director(s)"	the board of directors of the Company, or, as the context may require, any member thereof, whose names are set out on page 3 of this document;
"Borrower Group" or "Borrowers"	the Company and certain of its subsidiaries party to the Existing Master Facilities Agreement (proposed to be

	amended and restated pursuant to the Amendment, Restatement and Equitisation Agreement);
"business day(s)"	any day on which banks are open for business in Dublin, not being a Saturday or Sunday or bank holiday;
"Canaccord Genuity "	Canaccord Genuity Limited;
"Canada"	Canada, its provinces and territories and all areas subject to its jurisdiction and any political subdivision thereof;
"Capital Raise"	a capital raise by the Company (which may be implemented by Rights Issue or otherwise) to raise at least €40 million (net of expenses) as part of the Final Stage Restructuring;
"Capital Raise Option"	the Company's option (details of which are set out in section 1 of Part VI of this document) under the Amendment, Restatement and Equitisation Agreement to elect to implement a Capital Raise, on terms agreed with the Lenders, under which, in consideration for receiving €40 million of cash raised via the Capital Raise and subject to being issued a minimum of 11% of the enlarged issued share capital of the Company on a post Capital Raise basis, the Lenders would cancel debt otherwise repayable under the Proposed Senior Debt Facilities;
"Capita Registrars"	Capita Registrars (Ireland) Limited;
"Central Bank"	the Central Bank of Ireland;
"Circular"	this document dated 24 May, 2013, which comprises a circular to Shareholders pursuant to the Listing Rules;
"Company" or "INM"	Independent News & Media PLC;
"Competition Act"	the Competition Act, No. 89 of 1998 of South Africa;
"Completion"	completion of the Disposal;
"Continuing Group"	the Company, its subsidiary undertakings and associates following Completion of the Disposal;
"core bank debt facilities"	debt facilities provided to the Group by the Lenders;
"CREST"	the relevant system in respect of which Euroclear is the operator (as defined in the Regulations);
"CREST Proxy Instruction"	the appropriate CREST message for a Shareholder holding Ordinary 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;
"Debt Equitisation"	the issue of New Ordinary Shares representing 70% of the Enlarged Issued Share Capital to the Lenders as part of the Final Stage Restructuring, being the equitisation occurring if the Non Capital Raise Alternative is implemented;
"Deferred Share"	deferred shares of nominal value €0.34 each in the capital of the Company to be created pursuant to the Sub-division;
"Defined Benefit Pension Schemes" or "DB Pension Schemes"	the four Republic of Ireland defined benefit pension schemes operated by the INM Group, being the Newspread Limited, Sunday Newspapers Limited, Independent Newspapers Management Services and Independent Newspapers (Ireland) Limited defined benefit pension schemes;

"Disposal"	the proposed disposal by the Sellers of the entire issued share capital of INM SA (save for certain treasury shares) and debt owed by INM SA to the Group, on the terms and subject to the conditions of the Sale Agreement;
"Disposal Resolution"	Resolution 1 in the Notice;
"EBITDA"	earnings before interest, tax, depreciation and amortisation;
"Enlarged Issued Share Capital"	the Existing Issued Share Capital and the New Ordinary Shares;
"EU"	the European Union;
"Euroclear"	Euroclear UK & Ireland Limited;
"European Communities Regulations"	European Communities (Directive 2006/46/EC) Regulations 2009 (SI No. 450 of 2009)
"EURIBOR"	Euro Interbank Offered Rate;
"Excluded Territories" or "Restricted Jurisdictions"	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" or "Existing Shares"	550,418,281 Ordinary Shares (excluding treasury shares) in issue in the Company as at the Latest Practicable Date;
"Existing Master Facilities Agreement" or the "2009 Facility Agreement"	the agreement relating to INM's existing core bank debt facilities, a summary of which is set out in section 7 of Part VII of this document;
"Existing Senior Debt Facilities"	the existing senior debt facilities available to the Group under the Existing Master Facilities Agreement;
"Existing Shareholders"	holders of Existing Shares;
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of the Company to be held at The Conrad Hotel, Earlsfort Terrace, Dublin 2, Ireland on 17 June, 2013 at 9.35 a.m. (or if later immediately following the conclusion or adjournment of the Section 40 EGM convened to be held at 9.30 a.m. on the same day and at the same location), including any adjournment thereof, and notice of which is set out at the end of this 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;
"Final Stage Restructuring"	the final stage of the Restructuring comprising implementation of the Capital Raise Option or the Non Capital Raise Alternative and the further amendments and alterations to the terms of the Proposed Senior Debt Facilities (as summarised in Part VI of this document) becoming effective, as appropriate, on such implementation;
"First Stage Restructuring"	the first stage of the Restructuring, comprising the amendment and restatement of the Existing Master Facilities Agreement pursuant to the terms of the Amendment, Restatement and Equitisation Agreement(as summarised in Part VI of this document);
"Form(s) 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;
“FY”	financial year ended 31 December;
“FY2012”	in relation to the Company, the financial year ended 31 December, 2012;
“FY2011”	in relation to the Company, the financial year ended 31 December, 2011;
“GEPF”	means the Government Employees Pension Fund (created under the Government Employees Pension Law 1996 of South Africa), represented in connection with the Disposal by the Public Investment Corporation SOC Limited, a company duly incorporated in South Africa;
“Group” or “INM Group”	the Company and its subsidiaries;
“Guarantors”	material companies and other relevant members of the Group providing guarantees in respect of core bank debt;
“H1 2013”	the first six months of 2013 beginning on 1 January, 2013;
“IFRS”	International Financial Reporting Standards;
“IHD”	International House Dublin, a business acquired by the Group in 2011 and now part of the Group’s Independent College offering;
“INM Jersey”	Independent News and Media (Finance) Limited, registration number 74063, a private company incorporated in Jersey and a wholly owned subsidiary of INM;
“INM SA” or “Independent News & Media (South Africa)	Independent News & Media (South Africa) (Proprietary) Limited, registration number 1991/005270/07, a limited liability private company duly incorporated in the Republic of South Africa;
“INM SA Escrow-related Debt” or “€10 m Escrow”	the €10 million facility comprised in the Proposed Senior Debt Facilities to be repaid from those proceeds of the Disposal to be held in escrow, in accordance with the terms of the Sale Agreement, on release of the escrow after a maximum period of two years and on terms that, should the escrow amount released be insufficient to repay the €10 million debt, the balance of the €10 million debt will be cancelled;
“INM SA Group”	the companies of which INM SA is the holding company;
“Interim Management Statement”	the interim management statement issued by the Group dated 26 April, 2013;
“Interim Results”	the report of the Group in respect of the six months ended 30 June 2012, as published on 31 August 2012;
“Ireland”	the Island of Ireland, excluding Northern Ireland, and the word “Irish” shall be construed accordingly;
“Irish Pensions Board”	The Pensions Board established under the Pensions Act 1990;
“Irish Takeover Panel”	The Irish Takeover Panel established under the Takeover Panel Act;
“Irish Takeover Rules” or “Takeover Rules”	the Takeover Panel Act 1997, Takeover Rules 2007 (as amended);
“Irish Stock Exchange” or “ISE”	The Irish Stock Exchange Limited;
“Investec”	Investec Bank 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;
"ISIN"	International Security Identification Number;
"Japan"	Japan, its possessions and territories and all areas subject to its jurisdiction and any political sub-division thereof;
"Latest Practicable Date"	21 May, 2013, the latest practicable date prior to the publication of this document unless otherwise stated;
"Lenders" or "Banks"	the eight banks providing core bank debt facilities to the Group, being Allied Irish Banks plc, Australia and New Zealand Banking Group Limited, The Governor and Company of the Bank of Ireland, Barclays Bank plc, BNP Paribas, KBC Bank Ireland plc, Lloyds TSB Bank plc and Ulster Bank Limited;
"Lender Shares"	the New Ordinary Shares which may be issued by the Company to the Lenders as part of the Debt Equitisation or, if the context so requires, as part of the Rights Issue Equitisation and/or the Anti-Dilution Arrangements;
"LIBOR"	London Interbank Offered Rate;
"Listing Rules"	the listing rules of the Irish Stock Exchange and/or where appropriate, of the Financial Conduct Authority;
"Lock-Up Agreement"	the Lock-Up Agreement dated 26 April, 2013 between, *inter alia*, the Company, and the Lenders, a summary of the principal terms of which is set out in section 2.1 of Part VI of this document;
"Lock-Up Period"	the period from 26 April, 2013 until 15 July, 2013 (or such later date as the Company and the Majority Lenders may agree) or earlier termination of the Lock-Up Agreement in accordance with its terms;
"London Stock Exchange" or "LSE"	London Stock Exchange plc;
"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;
"Main Market(s)"	the main markets for listed securities of the Irish Stock Exchange and/or the main market for listed securities of the London Stock Exchange;
"Majority Lenders"	Lenders whose participations in the loans then outstanding under the Existing Senior Debt Facilities or Proposed Senior Debt Facilities (as the case may be) and ancillary facilities aggregate more than 66⅔% of all such loans;
"Market Abuse Regulations"	the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland (SI No. 342 of 2005);
"Market Abuse Rules"	the Market Abuse Rules issued by the Central Bank in connection with the Market Abuse Regulations;
"Memorandum"	the memorandum of association of the Company;
"Net Debt"	means short term and long term debt net of cash and cash equivalents;

"New Ordinary Shares"	the new ordinary shares to be issued pursuant to the Debt Equitisation or the Rights Issue (or other Capital Raise), Rights Issue Equitisation and the Anti-Dilution Arrangements;
"Non Capital Raise Alternative"	the Company's option (details of which are set out in Part VI of this document) under the Amendment Restatement and Equitisation Agreement to elect to allot and issue to Lenders New Ordinary Shares representing 70% of the Enlarged Issued Share Capital of the Company in consideration of the cancellation of an amount of debt otherwise repayable under the Proposed Senior Debt Facilities, or the automatic implementation of such Debt Equitisation in accordance with the terms of the Amendment, Restatement and Equitisation Agreement;
"Notice"	the notice of Extraordinary General Meeting set out at the end of this document;
"Official List(s)"	the Official List of the Irish Stock Exchange and the Official List of the UKLA or such one of them as the context shall require;
"Option(s)"	the Capital Raise Option and the Non Capital Raise Alternative or such one of them as the context shall require;
"Option Holders"	holders of Share Options;
"Ordinary Shares"	the issued and fully paid ordinary shares of nominal value €0.35 each in the capital of the Company or, where the context requires, the Sub-divided Shares;
"Overseas Shareholders"	Shareholders who are resident in, or citizens of or who have registered addresses in territories other than Ireland or the United Kingdom;
"PIK"	payment-in-kind;
"Pension Restructuring"	the restructuring of the DB Pension Schemes in accordance with the Agreed Pension Parameters;
"Pension Restructuring Proposals"	the funding proposals to be submitted by the Trustees in accordance with Section 50 (which proposals must, in accordance with the Lock-Up Agreement, be in compliance with the Agreed Pension Parameters) to the Irish Pensions Board and which proposals must under Irish Pensions Board guidance be submitted no later than 30 June, 2013 (or such later date as may be permitted by applicable Irish pensions legislation);
"Preliminary Results"	the preliminary results of the Company in respect of the year ended 31 December, 2012 which were announced on 26 April, 2013;
"Proposals"	the Disposal and the Restructuring;
"Proposed Senior Debt Facilities"	the senior debt facilities available to the Group pursuant to the Existing Master Facilities Agreements as it is anticipated will be amended and restated in accordance with the terms of the Amendment, Restatement and Equitisation Agreement (details of which are set out in section 2.2 of Part VI of this document);
"Prospectus"	a document which would be issued in respect of the Rights Issue or other *pro rata* offer to Shareholders or, the Debt Equitisation;

"Prospectus Regulations"	the Prospectus (Directive 2003/71/EC) Regulations, 2005 (SI No. 324 of 2005) (as amended);
"Prospectus Rules"	the Prospectus Rules issued by the Central Bank in connection with the Prospectus Regulations;
"Purchasers"	the purchasers of INM SA under the Sale Agreement;
"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);
"Regulatory Information Service"	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"	the Disposal Resolution and the Share Capital Resolutions as set out in the Notice, to be considered and voted on at the EGM;
"Restructuring"	the proposed restructuring arrangements described in this document which include, *inter alia,* the First Stage Restructuring and the Final Stage Restructuring;
"Restructuring Documents"	the Lock-Up Agreement and such other agreements as may be necessary or desirable to effect the Restructuring including the Amendment, Restatement and Equitisation Agreement and its ancillary documents;
"Revolving Facilities" or "Revolving Facility"	revolving credit facilities to be made available to the Continuing Group under the Proposed Senior Debt Facilities;
"Rights Issue"	a Capital Raise by rights issue to raise not less than €40 million (net of expenses) which may be implemented as part of the Final Stage Restructuring on implementation of the Capital Raise Option;
"Rights Issue Equitisation"	the issue of New Ordinary Shares to the Lenders representing €10 million in value (see section 1 of Part VI of this document), as part of the Final Stage Restructuring, on implementation of the Capital Raise Option constituting not less than 11% of the Enlarged Issued Share Capital;
"Rights Issue Price"	the price at which the Rights Issue Shares will be issued;
"Rights Issue Shares"	the New Ordinary Shares which would be issued under the Rights Issue (if proceeding);
"Sale Agreement"	the sale of shares and claims agreement between the Company, the Sellers, the Purchasers and INM SA, dated 5 April, 2013, described in Part V of this document;
"Section 40 Circular"	the circular dated 20 May, 2013 issued to Shareholders in connection with the convening of the Section 40 EGM;
"Section 40 EGM"	the extraordinary general meeting which has been convened to be held at 9.30 a.m. on 17 June, 2013 at the same location as the EGM for the purpose of considering in accordance with section 40 of the 1983 Act whether any, and if so what, steps should be taken to deal with the situation that the net assets of the Company currently represent less than half of its called up share capital;
"Section 50"	Section 50 of the Pensions Act, 1990 (as amended by section 35 of the Social Welfare and Pensions Act 2012);

"Sekunjalo"	Sekunjalo Independent Media Consortium;
"Share Capital Reorganisation"	the Sub-division;
"Shareholders' Rights Regulations"	Shareholders' Rights (Directive 2007/36/EC) Regulations 2009 (SI No. 316 of 2009);
"Sellers"	Abbey Communications and INM Jersey;
"Shareholder(s)" or "INM Shareholder(s)"	a holder or holders of Ordinary Shares;
"Share Capital Resolutions" or "Share Capital Proposals"	the resolutions, set out as Resolutions 2, 3 and 4 in the Notice, to increase the authorised share capital, amend the Company's articles of association to provide for the Deferred Shares, sub-divide the Ordinary Shares, provide an allotment authority in respect of the authorised but unissued share capital, and dis-apply pre-emption rights in respect of the allotment of shares for cash in connection with the Restructuring;
"Share Option Schemes"	the Independent News & Media PLC Employee Share Scheme 2008 and the Independent News & Media PLC Share Option Scheme 2009 (Long Term Incentive Plan) for the Directors and full time executives of the Company;
"Share Options"	options granted pursuant to the terms of the Share Option Schemes;
"Sponsor"	Davy, in its capacity as sponsor to the Company under the Listing Rules;
"South Africa"	the Republic of South Africa;
"standstill period"	the period provided for in the Lock-Up Agreement to facilitate the implementation of the First Stage Restructuring, during which, on the terms and subject to the conditions set out in the Lock-Up Agreement, the Lenders may not take action to enforce claims for payment against the Group;
"Sub-division"	as set out in Resolution 2 in the Notice, the proposed sub-division of each issued ordinary share capital in the capital of the Company into one ordinary share of €0.01 each and one Deferred Share of €0.34 each;
"Sub-division Effective Date"	the date on which the Sub-division will become effective, being 19 June, 2013;
"Sub-divided Shares"	ordinary shares of €0.01 each in the capital of the Company to be created pursuant to the Sub-division;
"subsidiary"	shall be construed in accordance with the Act;
"subsidiary undertakings"	shall have the meaning given by the European Communities (Companies: Group Accounts) Regulations 1992 (SI No. 201 of 1992);
"Takeover Panel Act"	the Irish Takeover Panel Act 1997 (as amended);
"Term Sheet"	the term sheet appended to the Lock-Up Agreement setting out outline terms of the Restructuring;
"Transparency Regulations"	the Transparency (Directive 2004/109/EC) Regulations 2007 as amended by the Transparency (Directive 2004/109/EC) (Amendment) Regulations 2010;
"Transparency Rules"	the transparency rules issued by the Central Bank of Ireland under Section 22 of the Investment Funds, Companies and

	Miscellaneous Provision Act, 2006 in connection with the Transparency Regulations;
"Trustees" or "Pension Trustees"	the trustees of the DB Pension Schemes;
"UK Listing Authority" or "UKLA"	the Financial Conduct 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 amy be transferred by means of an instruction issued in accordance with the rules of CREST;
"US"	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; and
"ZAR"	South African Rand.

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.

(iii) Unless otherwise stated, amounts referred to throughout this document have been converted as follows:

i. In respect of amounts extracted from the income statement consolidation schedules for the financial year ended 31 December 2012 set out in Part III, €1:ZAR10.5523, the average exchange rate throughout FY 2012.

ii. In respect of amounts extracted from the net assets consolidation schedule set out in Part III, €1:ZAR11.1876, the exchange rate prevailing on 31 December 2012.

iii. In respect of all other amounts, €1:ZAR12.1961, the exchange rate prevailing on 21 May, 2013, being the latest practicable date for this purpose prior to the publication of this document.

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 Conrad Hotel, Earlsfort Terrace, Dublin 2, Ireland on 17 June 2013 at 9.35 a.m. (or if later immediately following the conclusion or adjournment of the Section 40 EGM convened to be held at 9.30 a.m. on the same day and at the same location) for the purpose of considering and, if thought fit, passing the following resolutions:

Resolution 1—Approval of the Disposal (ordinary resolution)

THAT the proposed disposal by Abbey Communications Netherlands B.V. and Independent News and Media (Finance) Limited ("**Sellers**"), of the entire issued share capital of Independent News and Media (South Africa) (Proprietary) Limited ("**INM SA**") (other than those shares in INM SA held by any subsidiary of it) and certain loan claims owed to the Sellers from INM SA, in each case on the terms and subject to the conditions of the Sale Agreement, (the "**Disposal**") be and is hereby approved, subject to such waivers, extensions, non-material amendments or variations to the Disposal as the directors of the Company (or a committee of the directors of the Company) may determine and the directors of the Company (or a committee of the directors of the Company) and the Sellers be and are hereby authorised to do all things as they may consider to be necessary or desirable to implement and give effect to the Disposal.

Resolution 2—Share Capital Reorganisation (special resolution)

THAT:

(a) the authorised share capital of the Company be reduced from €259,000,000 to €194,605,375.30 by the cancellation of 183,984,642 ordinary shares of €0.35 each which have not been taken or agreed to be taken by any person;

(b) the articles of association of the Company be amended by:

(i) inserting the following definition into Article 1:

"Deferred Shares" the deferred shares of €0.34 each in the capital of the Company;

(ii) deleting Article 2 and inserting a new Article 2 as follows:

"2 The share capital of the Company is €259,045,221.72 divided into 7,000,000,000 Ordinary Shares of €0.01 each and 556,015,358 Deferred Shares of €0.34 each."

(iii) inserting a new Article 2A as follows:

"2A Subject to the Acts, but notwithstanding any other provision of these Articles:

(a) the Deferred Shares (if any) shall:

(i) not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company;

(ii) not entitle the holders to receive any dividend or distribution declared, made or paid or any return of capital (save as provided in Article 2A(a)(iii)) and not entitle the holders to any further participation in the assets of the Company;

(iii) on a return of assets on a winding up of the Company, entitle, subject to any special rights and priorities which may be attached to any other class of share for the time being or from time to time in the capital of the Company and after payment to the holders of the Ordinary Shares of an aggregate amount of €100,000,000,000, the holder thereof to repayment of the amount paid up on each Deferred Share held by such holder and the holders of the Deferred Shares shall not be entitled to any further participation in the assets or profits of the Company;

(iv) not entitle the holders to receive a share certificate in respect of their shareholdings, save as required by law; and

(v) not be transferable at any time other than with the prior written consent of the Directors.

- *(b) the Company may at any time or times acquire all or any of the fully paid Deferred Shares otherwise than for valuable consideration in accordance with Section 41(2) of the Companies (Amendment) Act 1983 and without the sanction of the holders thereof, and, in accordance with subsection (3) of Section 43 of the Companies (Amendment) Act 1983, the Company shall, not later than three years after any such acquisition by it of Deferred Shares, cancel such shares (except those which it shall have previously disposed of) and, for the purpose of any such acquisition of Deferred Shares, the Company shall be deemed to have irrevocable authority from each holder of Deferred Shares to appoint any person to execute or give on behalf of such holder at any time a transfer of any Deferred Shares acquired or to be acquired by the Company for no consideration to the Company or such person or persons as the Company may determine;*
- *(c) the rights attached to the Deferred Shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority to or pari passu with or subsequent to such shares, any amendment to or variation of the rights of any other class of shares of the Company, the Company reducing its share capital or the redemption, purchase or acquisition of any share, whether a Deferred Share or otherwise; and*
- *(d) the Company shall have the irrevocable authority to cancel any Deferred Shares without obtaining the sanction of the holder or holders of the Deferred Shares and without making any payment to the holder or holders and such cancellation shall not be deemed to be a variation or abrogation of the rights attaching to the Deferred Shares.";*

(c) conditionally and simultaneously with the admission of the New Ordinary Shares (as defined in this paragraph (c) below) to the Official List of the Irish Stock Exchange Limited and the Official List maintained by the UK Listing Authority and to trading on the respective main markets for listed securities of the Irish Stock Exchange Limited and the London Stock Exchange plc becoming effective by 8.00am on 19 June, 2013 (or such later time and/or date as the Directors may determine), each of the existing ordinary shares of €0.35 (the "Existing Ordinary Shares") in the capital of the Company in issue immediately prior to this resolution becoming effective be sub-divided and converted into one ordinary share of €0.01 (a "New Ordinary Share") having the same rights and being subject to the same restrictions as previously attached to the Existing Ordinary Shares (except as to nominal value) and one deferred share of €0.34 each ("Deferred Shares") having the rights and being subject to the restrictions relating to the Deferred Shares set out in the articles of association of the Company as amended pursuant to paragraph (b) of this Resolution; and

(d) immediately upon the reduction pursuant to paragraph (a), the authorised share capital of the Company be increased from €194,605,375.30 to €259,045,221.72 by the creation of 6,443,984,642 New Ordinary Shares of €0.01 each.

Resolution 3—Authority to allot shares (ordinary resolution)

That, subject to and conditional upon Resolutions 1, 2 and 4 being passed, the Directors be and they are hereby generally and unconditionally authorised pursuant to section 20 of the Companies (Amendment) Act 1983 (without prejudice to any existing such authorities) to exercise all powers of the Company to allot relevant securities (within the meaning of section 20 of the Companies (Amendment) Act 1983), including by grant of rights to subscribe for or to convert any securities into shares in the Company, provided that this authority:

(a) shall be limited to the allotment of relevant securities up to an aggregate nominal amount of €64,495,817 for the purpose of implementing the Capital Raise, the Rights Issue Equitisation, the Anti-Dilution Arrangements and the Debt Equitisation; and

(b) shall expire on the earlier of the conclusion of the annual general meeting of the Company in 2014 and 17 August 2014 except that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired.

Resolution 4—Dis-application of pre-emption rights (special resolution)

That, subject to and conditional upon Resolutions 1, 2 and 3 being passed, for the purposes of Section 24 of the Companies (Amendment) Act 1983 (the "1983 Act") the Directors be and they are hereby empowered to allot and issue equity securities (including, without limitation, by grant of rights to subscribe

for or to convert any securities into shares in the Company) for cash pursuant to the authority conferred by, and for the purposes referred to in, Resolution 3 above as if sub-section (1) of section 23 of the said Act did not apply to any such allotment, provided that this power:

(a) shall be limited to the allotment of equity securities up to an aggregate nominal amount of €64,495,817 for the purpose of implementing the Capital Raise, the Rights Issue Equitisation, the Anti-Dilution Arrangements and the Debt Equitisation;

(b) in the case of allotments for the purpose of a Capital Raise, shall be limited to the allotment of equity securities in connection with a rights issue, open offer or other invitation to or in favour of the holders of Ordinary Shares where the equity securities respectively attributable to the interests of such holders are proportional (as nearly as may be) to the respective numbers of Ordinary Shares held by them (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory, or otherwise howsoever); and

(c) shall expire at the conclusion of the annual general meeting of the Company in 2014 or on 17 August 2014 (whichever shall be earlier), provided that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power hereby conferred had not expired.

Definitions for the capitalised terms used but not defined in this Notice of General Meeting are found in the Company's circular to shareholders dated 24 May 2013 of which this notice forms a part.

BY ORDER OF THE BOARD

ANDREW DONAGHER
Company Secretary

Registered Office:
Independent House
27-32 Talbot Street
Dublin 1
Ireland

Dated: 24 May, 2013

Notes:

Entitlement to attend and vote

(i) Only those Shareholders registered on the Company's register of members at:

— 6.00 pm on 15 June, 2013; 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 Conrad Hotel, Earlsfort Terrace, Dublin 2, 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 the 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, on +353 1 5530050.

(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, of 2 Grand Canal Square, Dublin 2, Ireland 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: www.capitaregistrars.ie. Shareholders should select "*Shareholder Portal*" and follow the instructions given. 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 (ID Number 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 Ordinary Shares on the date of this notice of Extraordinary General Meeting is 550,418,281 (excluding treasury shares). 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 two special resolutions which require 75% 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 specific resolution as incorporated in this Notice of Extraordinary General Meeting. As the text of this resolution is 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.

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Merrill Corporation Ltd, London
13ZBN19701