

Regulatory Announcement

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Company	Hallwood Financial Limited
TIDM	
Headline	Replacement - Revised Offer for The Local Radio Co
Released	18:32 30-Apr-09
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Hallwood Financial Limited
30 April 2009

Regulatory Announcement

Company: Hallwood Financial Limited

Headline: Replacement - Revised Offer for The Local Radio Company plc

Released: 30 April 2009

The following amendment(s) has (have) been made to the 'Revised Offer for The Local Radio Company plc' announcement released on 30 April 2009 at 13:38 under RNS No 4980R.

1. In the section entitled "Summary of the Revised Offer", the third paragraph has been amended as it incorrectly referred to the latest practicable date prior to the Announcement being 8 April 2009.
2. The premium to the price per TLR share on 29 April 2009, being the latest practicable date prior to the Announcement, has been identified in the sections entitled "Summary of the Revised Offer" and "The Revised Offer".

The full amended text is shown below, and the positions of the changes above, and some other non-material typographical amendments, are identified with an asterisk (*).

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Revised Cash Offer by Hallwood Financial Limited for the entire issued and to be issued ordinary share capital of The Local Radio Company plc not already owned by Hallwood (the "Revised Offer")

Summary of the Revised Offer

- Hallwood is pleased to announce the terms of a revised cash offer for the entire issued and to be issued ordinary share capital of TLR not already owned by Hallwood.
- The Revised Offer will be made on the basis of 3.5 pence in cash per TLR Share, valuing the entire issued share capital of TLR at approximately £2,520,056.
- The Revised Offer Price represents a premium of 133.33 per cent. to the Closing Price of 1.5 pence per TLR share on 8 April 2009, being the latest practicable date prior to the commencement of the Offer Period, and a premium of 40.00 per cent. to the Closing Price of 2.5 pence per TLR Share on 29 April 2009, being the latest practicable date prior to this Announcement*. The Offer Price also represents a 7.69 per cent. premium on the price under the Revised UKRD Offer.
- Hallwood owns 20,350,434 TLR Shares representing approximately 28.26 per cent. of the existing issued share capital of TLR.
- Anthony J. Gumbiner, who is Chairman of Hallwood and non-executive Chairman of TLR, is interested in Hallwood through his family trust. The principal focus of Hallwood is investment in marketable securities in the US and the UK.
- The Revised Offer is conditional upon Hallwood receiving minimum acceptances from not less than 90 per cent. in nominal value of the TLR Shares. However, Hallwood reserves the right to elect to reduce this condition to such lesser percentage as Hallwood may elect (provided it has acquired more than 50 per cent. of the voting rights normally exercised at general meetings of TLR).
- If the Revised Offer is declared unconditional in all respects then, provided Hallwood is not entitled to acquire compulsorily all remaining shares in TLR, Hallwood intends to maintain the admission to trading on AIM of the TLR Shares.

For further information, please contact

Hunton & Williams Tel: 020 7220 5700
(Legal Adviser to Hallwood)
Paul Tetlow

This summary should be read in conjunction with the full text of this Announcement. The Revised Offer will be subject to the full conditions and further terms which will be set out in the Revised Offer Document and Form of Acceptance, which are expected to be issued as soon as reasonably practicable and, in any event, within 28 days of this Announcement.

Appendix II contains the definitions of certain expressions used in this summary and this Announcement.

The Revised Offer Document and Form of Acceptance will be sent to TLR

Shareholders as soon as is reasonably practicable. Those TLR Shareholders receiving the Revised Offer Document are strongly advised to read it in full, as it will contain important information. The full terms and conditions of the Revised Offer will be set out in the Revised Offer Document and Form of Acceptance. In deciding whether or not to accept the Revised Offer, TLR Shareholders should rely solely on the information contained in the Revised Offer Document and, in respect of TLR Shares held in certificated form, the Form of Acceptance, and following the procedures set out therein.

THIS ANNOUNCEMENT IS NOT INTENDED TO, AND DOES NOT, CONSTITUTE OR FORM ANY PART OF AN OFFER TO SELL OR AN INVITATION TO PURCHASE OR SUBSCRIBE FOR ANY SECURITIES OR THE SOLICITATION OF AN OFFER TO PURCHASE OR SUBSCRIBE FOR ANY SECURITIES PURSUANT TO THE REVISED OFFER OR OTHERWISE. THE REVISED OFFER WILL BE MADE SOLELY BY MEANS OF THE REVISED OFFER DOCUMENT AND (IN RESPECT OF TLR SHARES HELD IN CERTIFICATED FORM) THE FORM OF ACCEPTANCE, WHICH WILL TOGETHER CONTAIN THE FULL TERMS AND CONDITIONS OF THE REVISED OFFER, INCLUDING DETAILS OF HOW TO ACCEPT THE REVISED OFFER. ANY ACCEPTANCE OR OTHER RESPONSE TO THE REVISED OFFER SHOULD BE MADE ONLY ON THE BASIS OF THE INFORMATION CONTAINED IN THE REVISED OFFER DOCUMENT AND (IN RESPECT OF TLR SHARES HELD IN CERTIFICATED FORM) THE FORM OF ACCEPTANCE. THE REVISED OFFER WILL BE SUBJECT TO THE APPLICABLE REQUIREMENTS OF THE CITY CODE AND THE PANEL.

The release, publication or distribution of this Announcement in jurisdictions other than the UK may be restricted by law and therefore any persons who are not resident in the UK or who are subject to the laws of any jurisdiction other than the UK should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. This Announcement has been prepared for the purpose of complying with English law and the City Code and the information disclosed herein may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the UK.

The Revised Offer will not be made, directly or indirectly, or by the use of the mails of, or by any means or instrumentality (including, without limitation, facsimile or other electronic transmission, telex or telephone) of inter-state or foreign commerce or any facility of, a national securities exchange of any jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction ("Restricted Jurisdiction") (including the United States, Canada, Australia, Ireland, South Africa or Japan), and the Revised Offer will not be capable of acceptance by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of the Revised Offer Document, the Form of Acceptance (in respect of certificated TLR Shares) and this Announcement are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in or into or from a Restricted Jurisdiction and persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not mail, transmit, or otherwise forward, distribute or send them in or into or from a Restricted Jurisdiction.

All documents, announcements and information published in relation to the Revised Offer will be made available, free of charge, at www.hallwoodfinancial.com by no later than 12.00 noon on the Business Day following their release, and will remain available throughout the Offer Period.

Cautionary statement regarding forward-looking statements

This Announcement may contain "forward-looking statements" concerning Hallwood or TLR. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. The forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Hallwood's ability to control or estimate precisely and therefore undue reliance should not be placed on such statements. Hallwood assumes no obligation in respect of, and does not intend to update these forward-looking statements, except as required pursuant to applicable law.

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the City Code, if any person is, or becomes, "interested" (directly or indirectly) in 1 per cent. or more of any class of "relevant securities" of TLR, all "dealings" in any "relevant securities" of TLR (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") by such person must be publicly disclosed by no later than 3.30 p.m. on the Business Day following the date of the relevant transaction. This requirement will continue until the date on which the Revised Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the Offer Period otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of TLR, they will be deemed to be a single person for the purposes of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all "dealings" in "relevant securities" of TLR Hallwood or TLR, or by any of their respective "associates", must be disclosed by no later than 12.00 noon on the Business Day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Panel's website at www.thetakeoverpanel.org.uk.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any agreement to purchase, option in respect of, or derivative referenced to, securities.

Terms in quotations marks are defined in the City Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.

If you are in any doubt as to the application of Rule 8 to you, please contact an independent financial adviser authorised under the Financial Services

and Markets Act 2000 (as amended), consult the Panel's website or contact the Panel on telephone number +44 (0)20 7382 9026 or fax +44 (0)20 7236 7005.

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Revised Cash Offer by Hallwood Financial Limited for the entire issued and to be issued ordinary share capital of The Local Radio Company plc not already owned by Hallwood (the "Revised Offer")

30 April 2009

Introduction

Hallwood is pleased to announce the terms of a revised* cash offer for the entire issued and to be issued ordinary share capital of TLR not already owned by Hallwood. The Revised Offer will be made on the basis of 3.5 pence in cash per TLR Share, valuing the entire issued share capital of TLR at approximately £2,520,056.

The Revised Offer Document and Form of Acceptance will be posted to TLR Shareholders as soon as reasonably practicable. The Revised Offer will be open for at least 14 days following the publication of the Revised Offer Document.

Hallwood owns 20,350,434 TLR Shares representing approximately 28.26 per cent. of the existing issued share capital of TLR.

The Revised Offer

The Revised Offer, which will be subject to the terms and conditions set out in Appendix I to this Announcement and the further terms and conditions to be set out in the Revised Offer Document and, if relevant, the Form of Acceptance, will be made on the following basis:

for every TLR Share a cash payment of 3.5 pence

The Revised Offer represents a premium of 133.33 per cent. to the Closing Price of 1.5 pence per TLR share on 8 April 2009, being the last Business Day prior to the commencement of the Offer Period, and a premium of 40.00 per cent. to the Closing Price of 2.5 pence per TLR Share on 29 April 2009, being the latest practicable date prior to this Announcement*. It also represents a premium of 7.69 per cent. on the offer of 3.25 pence per TLR share made pursuant to the Revised UKRD Offer.

The maximum amount of cash payable pursuant to the Revised Offer will be approximately £1,807,790 (based on the existing issued ordinary share capital of TLR and the acceptance of the Revised Offer by all TLR Shareholders other than Hallwood and its concert parties before the Revised Offer lapses).

The TLR Shares to which the Revised Offer relates will be acquired by Hallwood fully paid, or credited as fully paid, and free from all liens,

charges, equitable interests, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights now and hereafter attaching to them, including, without limitation, the right to receive in full and retain all dividends and other distributions (in any) declared, made or paid in respect of the TLR Shares on or after the date of this Announcement.

The Revised Offer can only become effective if all conditions to the Revised Offer have been satisfied or waived (to the extent permissible).

Background to and reasons for the Revised Offer

Hallwood is making the Revised Offer in order to gain control of TLR and because Hallwood is willing to pay more for the TLR Shares than under the Revised UKRD Offer.

Information on Hallwood

Directors

The directors of Hallwood at the date of this Announcement are:

Anthony J. Gumbiner
Mylene Gumbiner
Alastair Howie
Rhys Davies

Principal Activities of Hallwood

Hallwood is a private limited company, wholly owned by The Hallwood Trust, a Jersey based discretionary trust, the beneficiaries of which are Anthony J. Gumbiner and his family. The trustee of The Hallwood Trust is Hallwood Company Limited, a Nevis company. Hallwood was incorporated on 16 April 2008 under the laws of the British Virgin Islands. Its registered office is at P.O. Box 3136, Road Town, Tortola, British Virgin Islands.

Currently, the principal business focus of Hallwood is investment in marketable securities in the US and the UK. Hallwood has an extensive portfolio of assets. These assets comprise, inter alia, cash and short term investments, time deposits and marketable securities. Hallwood owns 66.28 per cent. of The Hallwood Group Incorporated ("HGI")*, a Delaware Corporation, whose shares are traded on the NYSE Alternext Exchange. HGI is a holding company primarily involved in textile activities through its subsidiary Brookwood Companies Incorporated. HGI also owns a 22 per cent. stake in its private energy affiliate, Hallwood Energy, L.P. Hallwood is not owned directly or indirectly by HGI. Anthony J. Gumbiner is Chairman and Chief Executive Officer of HGI.

Information on TLR

TLR is a public limited company incorporated in England and Wales with company number 4931007, whose ordinary shares are admitted to trading on AIM and which owns and operates 20 local radio licences across the UK:

2BR
Alpha Radio
Arrow FM
Durham FM
FIRE Radio

Isle of Wight Radio
Minster FM
Minster Northallerton
Mix 107
Mix 96
Silk FM
Sovereign Radio
Spire FM
Spirit FM
Stray FM
Sun FM
The Quay
Wessex FM
Yorkshire Coast Radio (operating by two licences)

Financing the Revised Offer

Full acceptance of the Revised Offer, assuming the acceptance of the Revised Offer by all TLR Shareholders other than Hallwood, would result in the payment by Hallwood of approximately £1,807,790 million in cash. Hallwood would be able to finance such payment from its current working capital reserves.

UBS (Monaco) S.A. has confirmed that sufficient financial resources are available to Hallwood to satisfy in full the cash consideration payable as a result of full acceptance of the Revised Offer.

TLR Share Option Schemes

The Revised Offer will extend to any TLR Shares which are unconditionally allotted or issued fully paid (or credited as fully paid) pursuant to the exercise of options granted under the TLR Share Option Schemes or otherwise while the Revised Offer remains open for acceptance (or such earlier date as Hallwood may, subject to the Code, decide).

All outstanding options granted under the TLR Share Option Schemes have an exercise price which is greater than the Offer Price. Provided that this remains the case, if holders of such options exercise their options and sell the resulting TLR Shares under the Revised Offer this will mean that they will make a loss. It is therefore unlikely that any of the holders of such options will wish to exercise such options.

Interests in TLR

Except as disclosed below as at 29 April 2009 (the latest practicable date prior to the date of this Announcement*), neither the Hallwood nor any of the directors of Hallwood, nor, so far as the directors of Hallwood are aware, any person acting in concert with Hallwood for the purposes of the Revised Offer has any interest in, right to subscribe for, or has borrowed or lent any TLR Shares or securities convertible or exchangeable into TLR Shares ("TLR Securities"), nor does any such person have any short position (whether conditional or absolute and whether in money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in relation to TLR Securities.

Party	Interest
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Hallwood (direct)	28.26 per cent.
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For these purposes, "arrangement" includes any indemnity or option

arrangement or any agreement or understanding, formal or informal, of whatever nature, relating to TLR Securities which may be an inducement to deal or refrain from dealing in such securities.

Compulsory Acquisition

If Hallwood receives acceptances under the Revised Offer in respect of, and/or otherwise acquires, 90 per cent. or more in nominal value of the TLR Shares to which the Revised Offer relates (and not less than 90 per cent. of the voting rights carried by the TLR Shares) and if all other conditions of the Revised Offer have been satisfied or waived (to the extent that they are capable of being waived), Hallwood intends to exercise its rights pursuant to the provisions of Chapter 3 of Part 28 of the Companies Act 2006 to acquire compulsorily on the same terms as the Revised Offer any remaining TLR Shares not acquired or agreed to be acquired pursuant to the Revised Offer or otherwise.

Admission to AIM

If the Revised Offer is declared unconditional in all respects then, provided Hallwood is not entitled to acquire compulsorily all remaining shares in TLR, Hallwood intends to maintain the admission to trading on AIM of the TLR Shares.

Hallwood will, as holder of a majority of TLR Shares following the Revised Offer, be entitled to cancel the admission to trading on AIM of the TLR Shares, and reserves its right to do so if Hallwood determines that this is appropriate.

TLR Shareholders who choose not to accept the Revised Offer and to retain their TLR Shares should be aware that the liquidity and marketability of the TLR Shares on AIM following Hallwood's acquisition of TLR Shares pursuant to the Revised Offer, and, were a cancellation to take place, following such cancellation, may be significantly adversely affected.

APPENDIX I:

CONDITIONS TO AND FURTHER TERMS OF THE REVISED OFFER

Part A - Conditions to the Revised Offer

The Revised Offer is subject to the following conditions:

- (a) valid acceptances of the Revised Offer being received (and not, where permitted, withdrawn) by no later than 1.00 p.m. on the Closing Date (or such later time(s) and/or date(s) as Hallwood may, with the consent of the Panel, decide) in respect of not less than 90 per cent. in nominal value (or such lesser percentage as Hallwood may decide) of the TLR Shares to which the Revised Offer relates, provided that this condition shall not be satisfied unless Hallwood shall have acquired or agreed to acquire, TLR Shares which, together with TLR Shares acquired or agreed to be acquired before or during the Revised Offer, carry in aggregate more than 50 per cent. of the voting rights normally exercisable at a general meeting of TLR including for this purpose (to the extent, if any, required by the Panel) any such voting rights attached to any TLR Shares that are unconditionally allotted or issued before the Revised Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of conversion or subscription rights

or otherwise) and for the purposes of this condition:

- (i) the expression "TLR Shares to which the Revised Offer relates" shall be construed in accordance with sections 974 to 991 of the Companies Act 2006;
- (ii) TLR Shares which have been unconditionally allotted but not issued shall be deemed to carry the voting rights which they will carry upon issue; and
- (iii) valid acceptances shall be deemed to have been received in respect of TLR Shares which are treated for the purposes of section 979(8) of the Companies Act 2006 as having been acquired or contracted to be acquired by Hallwood by virtue of acceptances of the Revised Offer;

THE ATTENTION OF TLR SHAREHOLDERS IS DRAWN TO THE FACT THAT THE ABOVE CONDITION ENTITLES HALLWOOD TO ELECT TO REDUCE THE MINIMUM ACCEPTANCE CONDITION FROM NOT LESS THAN 90 PER CENT IN NOMINAL VALUE OF THE TLR SHARES TO SUCH LESSER PERCENTAGE AS HALLWOOD MAY DECIDE (PROVIDED IT HAS ACQUIRED MORE THAN 50 PER CENT OF THE VOTING RIGHTS NORMALLY EXERCISED AT GENERAL MEETINGS OF TLR).

(b) neither the Competition Commission nor the European Commission (including, without limitation, any other national anti-trust or merger control authority), or any other such body or person whatsoever in any jurisdiction (each a "Third Party" and all collectively "Third Parties") having instituted or implemented or threatened, or having decided to institute, implement or threaten any material action, proceeding, suit, investigation, enquiry or reference, or having made, proposed or enacted any statute, regulation, order or decision or taken any other steps which are reasonably likely to (to an extent which is material in the context of the Wider TLR Group or the Hallwood Group, as the case may be, in each case taken as a whole):

- (i) make the Revised Offer or its implementation or the acquisition or proposed acquisition by Hallwood of all or any TLR Shares, or the acquisition or proposed acquisition of control of TLR, by any member of the Hallwood Group, void, illegal or unenforceable under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, challenge, delay, hinder or otherwise interfere with the same, or impose additional conditions or obligations with respect thereto, or otherwise challenge or require amendment to the terms of the Revised Offer or any such acquisition;
- (ii) require, prevent or delay the divestiture, or alter the terms envisaged for any proposed divestiture, by any member of the Hallwood Group or by any member of the Wider TLR Group of all or any portion of their respective businesses, assets or properties or impose any limitation on the ability of any of them to conduct their respective businesses (or any part of them) or to own or manage their respective assets or properties or any part of them;
- (iii) impose any limitation on, or result in a delay in, the ability of any member of the Hallwood Group, directly or indirectly, to acquire or to hold or to exercise effectively all or any rights of ownership in respect of shares, loans or other securities (or the equivalent) in any member of the Wider TLR

Group or to exercise management control over any such member;

(iv) otherwise adversely affect any or all of the businesses, assets, liabilities, profits or prospects of any member of the Hallwood Group or any member of the Wider TLR Group respectively in each case;

(v) save pursuant to the Revised Offer or sections 979 to 982 of the Companies Act 2006 require any member of the Hallwood Group or the Wider TLR Group to acquire, or offer to acquire, any shares or other securities (or the equivalent) in, or any asset owned by, any member of the Wider TLR Group owned by any third party;

(vi) result in a delay in the ability of Hallwood, or render it unable, to acquire some or all of the TLR Shares or require a divestiture by Hallwood or any member of the Hallwood Group of any shares or other securities (or the equivalent) in TLR; or

(vii) result in any member of the Wider TLR Group or the Hallwood Group ceasing to be able to carry on business under any name which it presently does so,

and all applicable waiting and other time periods during which any such Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference under the laws of any relevant jurisdiction having expired, lapsed or been terminated;

(c) all authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, certificates, exemptions, permissions and approvals ("Authorisations") necessary or appropriate in any jurisdiction for or in respect of the Revised Offer or the proposed acquisition of all or any TLR Shares or other securities in, or control of, TLR by any member of the Hallwood Group having been obtained on terms and in a form satisfactory to Hallwood from all appropriate Third Parties and all such Authorisations, together with all Authorisations necessary or appropriate to carry on the business of any member of the Wider TLR Group remaining in full force and effect at the time at which the Revised Offer becomes otherwise unconditional and there being no indication of any firm intention to revoke, withdraw, suspend, restrict, withhold or modify or not to grant or renew any of the same;

(d) all necessary filings or applications having been made in connection with the Revised Offer, and all appropriate waiting periods (including extensions thereof) in respect of the Revised Offer or its implementation under any applicable legislation or regulations in any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Revised Offer or the acquisition by any member of the Hallwood Group of any shares or other securities in, or control of, TLR;

(e) save as Disclosed, there being no provision of any agreement, authorisation, arrangement, lease, licence, permit or other instrument to which any member of the Wider TLR Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, which in consequence of the Revised Offer or the proposed acquisition by Hallwood or any member of the Hallwood Group of any shares or other securities in TLR or because

of a change in the control or management of TLR or any member of the Wider TLR Group, would or might be expected to result in:

(i) any monies borrowed by or any other indebtedness (actual or contingent) of, or grant available to, any member of the Wider TLR Group, being or becoming repayable or being capable of being declared repayable immediately or prior to their or its stated maturity date or repayment date or the ability of any such member to borrow monies or incur any indebtedness being withdrawn, prohibited or inhibited or becoming capable of being withdrawn, prohibited or inhibited;

(ii) any such agreement, authorisation, arrangement, licence, permit or other instrument or the rights, liabilities, obligations or interests of any member of the Wider TLR Group thereunder being terminated or adversely modified or affected or any obligation or liability arising or any adverse action being taken or arising thereunder;

(iii) any assets or interests of any member of the Wider TLR Group being or falling to be disposed of or charged or ceasing to be available to any such member or any right arising under which any such asset or interest could be required to be disposed of or charged otherwise than, in any such case, in the ordinary course of business or as agreed by Hallwood;

(iv) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider TLR Group, or any such mortgage, charge or other security interest (whenever arising or having arisen) becoming enforceable or being enforced;

(v) the rights, liabilities, obligations or interests of any member of the Wider TLR Group in, or the business of any such member with, any person, company, firm or body (or any agreements relating to any such interest or business) being terminated, or adversely modified or adversely affected;

(vi) the value of any member of the Wider TLR Group or its financial or trading position or profits or prospects being prejudiced or adversely affected; or

(vii) the creation or assumption of any liability, actual or contingent, by any member of the Wider TLR Group,

and no event having occurred which, under any provision of any agreement, authorisation, arrangement, lease, licence, permit or other instrument to which any member of the Wider TLR Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would be likely to result in any of the events referred to in subparagraphs (i) to (vii) of this paragraph (e);

(f) save as Disclosed, no member of the Wider TLR Group having, since 30 September 2008:

(i) (save as between TLR and wholly-owned subsidiaries of TLR, or for TLR Shares issued pursuant to the exercise of options granted under the TLR Share Option Schemes) issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue of additional shares of any class or securities convertible into or exchangeable for shares of any class or rights, warrants or

options to subscribe for, or acquire, any such shares or convertible securities;

(ii) (save for TLR Shares held in treasury and sold or transferred pursuant to the exercise of options granted under the TLR Share Option Schemes) sold or transferred or agreed to sell or transfer any TLR Shares held in treasury;

(iii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus issue, dividend or other distribution whether payable in cash or otherwise other than dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly-owned subsidiary of TLR to TLR or any of its wholly-owned subsidiaries;

(iv) other than pursuant to the Revised Offer or as agreed by Hallwood (and save for transactions between TLR and its wholly owned subsidiaries or in the ordinary course of business) implemented, effected, authorised or proposed or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings in any such case;

(v) (save for transactions between TLR and its wholly-owned subsidiaries or in the ordinary course of business) disposed of, or transferred, mortgaged or created any security interest over any asset or any right, title or interest in any asset or authorised, proposed or announced any intention to do so;

(vi) (save as between TLR and its wholly-owned subsidiaries) made or authorised or proposed or announced an intention to propose any change in its loan capital;

(vii) (save as between TLR and its wholly-owned subsidiaries) issued, authorised, or proposed or announced an intention to authorise or propose, the issue of or made any change in or to the terms of any debenture or become subject to any contingent liability or incurred or increased any indebtedness other than in the ordinary course of business;

(viii) purchased, redeemed or repaid, or announced any proposal to purchase, redeem or repay, any of its own shares or other securities or reduced or made any other change to or proposed the reduction or other change to any part of its share capital;

(ix) entered into, implemented, effected, varied, authorised, proposed or announced its intention to enter into, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business;

(x) entered into or varied or terminated or authorised, proposed or announced its intention to enter into or vary any contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is not in the ordinary course of business or is of a long term, onerous or unusual nature or magnitude or which is or is likely to be restrictive on the business of any member of the Wider TLR Group or the Hallwood Group or which involves or is likely

to involve an obligation of such a nature or magnitude;

(xi) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, service agreement or arrangement with any director or senior executive of any member of the Wider TLR Group save for salary increases, bonuses or variations of terms in the ordinary course of business;

(xii) terminated or varied the terms of any agreement or arrangement between any member of the Wider TLR Group and any other person;

(xiii) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed in the Wider TLR Group;

(xiv) save in relation to changes made or agreed as a result of, or arising from, changes to legislation, made or agreed or consented to any significant change to the terms of the trust deeds and rules constituting the pension scheme(s) established for its directors, employees or their dependants or to the benefits which accrue, or to the pensions which are payable, thereunder, or to the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to, or any change to the trustees, including the appointment of a trust corporation;

(xv) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease to carry on all or a substantial part of its business;

(xvi) taken or proposed any corporate action, or had any legal proceedings threatened or instituted against it for its winding-up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any part of its assets or revenues or any analogous or equivalent steps or proceedings in any relevant jurisdiction having been taken or had any such person appointed;

(xvii) waived or compromised or settled any claim otherwise than in the ordinary course of business;

(xviii) made any alteration to its memorandum or articles of association or other constitutional documents; or

(xix) entered into any contract, agreement, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or to propose to, effect any of the transactions, matters or events referred to in this condition;

(g) save as Disclosed, since 30 September 2008:

(i) no material adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of the Wider TLR Group taken as a whole;

- (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings or investigations having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any member of the Wider TLR Group or to which any member of the Wider TLR Group is or may become a party (whether as a claimant, defendant or otherwise) and no enquiry or investigation by any Third Party against or in respect of any member of the Wider TLR Group having been commenced, announced or threatened in writing by or against or remaining outstanding in respect of any member of the Wider TLR Group;
 - (iii) no contingent or other liability having arisen or become apparent to any member of the Hallwood Group which would or might be expected to adversely affect any member of the Wider TLR Group; or
 - (iv) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider TLR Group, which is necessary or appropriate for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is likely to adversely affect the Wider TLR Group;
- (h) save as Disclosed, Hallwood not having discovered:
- (i) that any financial, business or other information concerning the Wider TLR Group publicly announced or disclosed at any time by or on behalf of any member of the Wider TLR Group to the Hallwood Group, is misleading, contains a misrepresentation of any fact or omits to state a fact necessary to make that information not misleading;
 - (ii) that any present member of the Wider TLR Group or any partnership, company or other entity in which any member of the Wider TLR Group has a significant economic interest and which is not a subsidiary undertaking of TLR, is subject to any liability, contingent or otherwise, which is not disclosed in the annual accounts for TLR for the year ended 30 September 2008 and which would or could be expected to adversely affect the business of the Wider TLR Group;
 - (iii) that any information exists which materially affects the import of any information disclosed at any time by or on behalf of any member of the Wider TLR Group; or
 - (iv) that there is or is likely to be any liability (whether actual or contingent) on the part of any member of the Wider TLR Group to make good, repair, reinstate or clean up any property of any description or other asset now or previously owned, occupied or made use of by any past or present member of the Wider TLR Group, under any environmental legislation, regulation, notice, circular or order of any Third Party.

Part B - Further Terms of the Revised Offer

Hallwood reserves the right to waive, in whole or in part, all or any of conditions (b) to (h) inclusive. Conditions (b) to (h) must be satisfied as of, or waived on or before, midnight on the twenty first day after the later of the

Closing Date of the Revised Offer and the date on which condition (a) is fulfilled (or, in each case, such later date as the Panel may agree).

Each of the above conditions shall be regarded as a separate condition and shall not be limited by reference to any other condition.

Hallwood shall be under no obligation to waive (if capable of waiver) or treat as fulfilled any of conditions (b) to (h) inclusive by a date earlier than the latest date specified above for the fulfillment thereof, notwithstanding that the other conditions of the Revised Offer may at such earlier date have been fulfilled and that there are, at such earlier date, no circumstances indicating that any of such conditions may be incapable of fulfillment.

The TLR Shares to which the Revised Offer relates will be acquired by Hallwood fully paid, or credited as fully paid, and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights now and hereafter attaching to them, including, without limitation, the right to receive in full and retain all dividends and other distributions (in any) declared, made or paid in respect of the TLR Shares on or after the date of this Announcement.

Except with the Panel's consent, Hallwood will not invoke any of the above conditions (except condition (a)) so as to cause the Revised Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the relevant condition are of material significance to Hallwood in the context of the Revised Offer.

The Revised Offer will lapse if it is referred to the Competition Commission or if the European Commission initiates proceedings in relation to the Revised Offer before 1.00 p.m. on the Closing Date (or any subsequent closing date) on which the Revised Offer becomes or is declared wholly unconditional.

The Revised Offer will not being made, directly or indirectly, or by the use of the mails of, or by any means or instrumentality (including, without limitation, facsimile or other electronic transmission, telex or telephone) of inter-state or foreign commerce or any facility of, a national securities exchange of any jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction ("Restricted Jurisdiction") (including the United States, Canada, Australia, Ireland, South Africa or Japan), and the Revised Offer will not be capable of acceptance by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of the Revised Offer Document, the Form of Acceptance (in respect of certificated TLR Shares) and this Announcement are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in or into or from a Restricted Jurisdiction and persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not mail, transmit, or otherwise forward, distribute or send them in or into or from a Restricted Jurisdiction.

If Hallwood is required by the Panel to make an offer for TLR Shares under the provisions of Rule 9 of the City Code, Hallwood may make such alterations to any of the above conditions as are necessary to comply with the provisions of that Rule.

If the Revised Offer lapses, it will cease to be capable of further acceptance. Hallwood and TLR Shareholders who have already accepted the Revised Offer shall then cease to be bound by acceptances delivered on or before the date on which the Revised Offer lapses.

The Revised Offer will be governed by English law and be subject to the

exclusive jurisdiction of the English courts, to the conditions set out above and the further terms set out in the Revised Offer Document and Form of Acceptance.

APPENDIX II:

DEFINITIONS

"AIM"	AIM, the market of that name operated by the London Stock Exchange;
"Announcement"	this announcement;
"Australia"	the Commonwealth of Australia, its states, territories or possessions and all areas subject to its jurisdiction and any political subdivision thereof;
"Business Day"	a day (excluding a Saturday, a Sunday or a public holiday) on which clearing banks in the City of London are open for the conduct of general commercial business;
"Canada"	Canada, its possessions, provinces and territories and all areas subject to its jurisdiction or any political subdivision thereof;
"certificated" or "in certificated form"	in relation to a share or other security, not in uncertificated form (that is, not in CREST);
"City Code"	The City Code on Takeovers and Mergers;
"Closing Date"	the closing date of the Revised Offer, which shall be at least 14 days following publication of the Revised Offer Document;
"Closing Price"	the closing middle market quotation of a TLR Share as derived from the AIM Appendix of the Daily Official List;
"CREST"	the relevant system (as defined in the Regulations) of which Euroclear is the Operator (as defined in the Regulations);
"Daily Official List"	the Daily Official List of the London Stock Exchange;
"Disclosed"	either (i) as disclosed in TLR's report and accounts for the financial year ended 30 September 2008; or (ii) publicly announced by TLR (by delivery of an announcement to an authorised Regulatory Information Service) prior to 8 April 2009;
"Form of Acceptance"	the form of acceptance and authority relating to the Revised Offer in respect of certificated TLR Shares;
"Hallwood"	Hallwood Financial Limited, a private company incorporated in the British Virgin Islands and having its registered address at PO Box 3136, Road Town, Tortola, British Virgin Islands;
"Hallwood Group"	Hallwood and its existing subsidiary undertakings;
"Japan"	Japan, its cities, prefectures, territories and possessions;

"London Stock Exchange"	London Stock Exchange plc;
"Offer Period"	the period commencing on the date of this Announcement and ending on whichever of the following times shall be the latest: (i) 3.00 p.m. on the first closing date of the Revised Offer; (ii) the date on which the Revised Offer lapses or is withdrawn; and (iii) the date on which the Revised Offer becomes or is declared unconditional;
"Offer Price"	3.5 pence for every TLR Share;
"Open Offer"	the conditional offer to TLR Shareholders to subscribe for further TLR Shares as more fully described in the circular issued by the TLR Board on 6 March 2009;
"Panel"	the Panel on Takeovers and Mergers;
"pounds", "£" or "pence"	the lawful currency of the United Kingdom;
"Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended);
"Revised Offer"	the cash offer by Hallwood, on the terms and subject to the conditions to be set out in the Revised Offer Document and (in respect of certificated TLR Shares) the Form of Acceptance, to acquire all of the TLR Shares (including, where the context requires, any subsequent revision, variation, extension or renewal of such offer);
"Revised Offer Document"	the document to be sent to TLR Shareholders, containing and setting out the full terms and conditions of the Revised Offer;
"Revised UKRD Offer"	the offer in respect of the entire issued share capital of TLR announced by UKRD Group Limited on 30 April 2009;
"TLR"	The Local Radio Company plc, a public limited company incorporated in England and Wales with company number 4931007 and having its registered office at 11 Duke Street, High Wycombe, Buckinghamshire HP13 6EE;
"TLR Board"	the directors of TLR as at the date of this document;
"TLR Group"	TLR and its existing subsidiary undertakings;
"TLR Share Option Schemes"	the TLR Approved Share Option Plan, the TLR Sharesave Scheme and the TLR Unapproved Share Option Plan;
"TLR Shareholders"	holders of TLR Shares;
"TLR Shares" (each a "TLR Share")	the issued fully paid ordinary shares of four pence each in the capital of TLR and any further such shares which are unconditionally allotted or issued and fully paid or credited as fully paid before the date on which the Revised Offer closes (or such earlier date, not being earlier than the date on which the Revised Offer becomes or is declared unconditional as to acceptances, as Hallwood may, subject to the City Code and the Panel, decide);
"UKRD"	UKRD Group Limited, a private limited liability company incorporated in England and Wales with registered number 2725453 and having its registered office at Carn Brea Studios, Wilson Way, Redruth, Cornwall, TR15 3XX;

"Uncertificated" or "in Uncertificated form"	in relation to a share or other security, recorded on the relevant register in uncertificated form and title to which, by virtue of the Regulations, may be transferred by means of CREST;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"US" or "United States"	the United States of America, its territories and possessions, any state of the United States of America (and the District of Columbia) and all other areas subject to its jurisdiction; and
"Wider TLR Group"	TLR and its subsidiary undertakings, associated undertakings and any other undertaking in which TLR and/or such undertakings (aggregating their interests) have a significant interest. "Subsidiary undertaking", "associated undertaking" and "undertaking" have the meanings given by the Companies Act 2006, and "significant interest" means a direct or indirect interest in more than twenty per cent. of the relevant company's equity share capital (as defined in the Companies Act 2006)

References to one gender includes all genders and references to singular includes the plural and vice versa.

Any reference to any provision of any legislation shall include any amendment, modification, re-enactment and extension thereof.

All references to time in this Announcement are to London time.

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