

THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action to be taken, you are recommended to seek your own independent financial and taxation advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if you are resident outside the United Kingdom, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your TLR Shares (other than pursuant to the Offer) please send this Offer Document, but not any accompanying personalised Form of Acceptance, and reply-paid envelope, as soon as possible, 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. **These documents should not, however, be forwarded or transmitted in or into the United States, Canada, Australia, Japan, Ireland, South Africa, Switzerland or any other Restricted Jurisdiction.** If you have sold or otherwise transferred only part of your holding of TLR Shares, you should retain this Offer Document and the accompanying Form of Acceptance and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Offer is not being made, directly or indirectly, in or into, or by the use of the mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce, or any facility of a national securities exchange of, the United States, Canada, Australia, Japan, Ireland, South Africa, Switzerland or any other Restricted Jurisdiction and the Offer is not capable of acceptance by any such use, means, instrumentality or facility or from within, the United States, Canada, Australia, Japan, Ireland, South Africa, Switzerland or any other Restricted Jurisdiction. Accordingly, this Offer Document, the Form of Acceptance and any related documents are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in or into or from any such 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 such jurisdictions. Doing so may render invalid any purported acceptance of the Offer.

The availability of the Offer to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your legal adviser in the relevant jurisdiction without delay.

RECOMMENDED CASH OFFER
BY
HALLWOOD FINANCIAL LIMITED
FOR
THE LOCAL RADIO COMPANY PLC

Your attention is drawn to the letter from the Independent Director of TLR, set out in Part I of this Offer Document, which explains why he, as the only Independent Director, is recommending that TLR Shareholders accept the Offer.

A summary of the action to be taken by TLR Shareholders to accept the Offer is set out on page 3 of this Offer Document. Details of the procedure for acceptance of the Offer are set out in the Form of Acceptance and on pages 15 to 19 of this Offer Document. If you hold TLR Shares in certificated form, to accept the Offer the Form of Acceptance should be completed, executed and returned in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by Capita Registrars no later than 1.00 p.m. on 8 May 2009. If you hold TLR Shares in uncertificated form, to accept the Offer, you should comply with the procedure for acceptance set out on pages 15 to 19 of this Offer Document and ensure that an Electronic Acceptance is made which settles no later 1.00 p.m. on 8 May 2009.

This Offer Document should be read in conjunction with the accompanying Form of Acceptance if your TLR Shares are held in certificated form. If you are a CREST sponsored member, you must refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear to enable you to accept the Offer.

The availability of the Offer to TLR Shareholders who are not resident in the UK may be affected by the laws of the jurisdiction(s) in which they are resident. Persons who are not resident in the UK should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdiction(s).

Dealing disclosure requirements

Under the provisions of Rule 8.3 of the Code, if any person is, or becomes “interested” (directly or indirectly) in one 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”) this 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 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 purpose of Rule 8.3 of the Code.

Under the provisions of Rule 8.1 of the Code, all “dealings” in “relevant securities” of TLR by 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 option in respect of, or derivative referenced to, securities.

Terms in quotation marks in this section are defined in the 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 of the Code, you should consult the Panel.

Forward-Looking Statements

This Offer Document, including information included or incorporated by reference in this Offer Document, contains statements that are or may be “forward-looking” concerning the Offer, TLR, members of the TLR Group, Hallwood and members of the Hallwood Group.

Often but not always, forward-looking information statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “should”, “would”, “might”, “will” or “continue to” be taken, occur or be achieved. By their nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of TLR, Hallwood and/or their subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These factors include, but are not limited to, the satisfaction of the conditions to the Offer, factors identified elsewhere in this Offer Document as well as the following possibilities: future revenues are lower than expected; costs or difficulties relating to the integration of the businesses of the Hallwood and TLR Groups, or other future acquisitions, are greater than expected; expected cost savings from the transaction or from other future acquisitions are not fully realised or not realised within the expected time frame; competitive pressures in the industry increase; general economic conditions affecting the relevant industries, whether internationally or in the places where the Hallwood and TLR Groups do business, are less favourable than expected, and/or conditions in the securities market are less favourable than expected.

This list is not exhaustive of the factors that may affect the forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. Although Hallwood and TLR have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Forward-looking statements contained in this Offer Document in respect of TLR and/or Hallwood are made as of the date of this Offer Document based on the opinions and estimates of the TLR Directors or as the context requires, the Hallwood Directors. Subject to requirements to update under any applicable regulation or law, TLR and/or Hallwood disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise.

Website

All documents, announcements and information published in relation to the 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.

Certain other documents are available for inspection, as set out in paragraph 11 in Appendix III.

ACTION TO BE TAKEN TO ACCEPT THE OFFER

1. If you are a TLR Shareholder holding TLR Shares in certificated form (that is, not in CREST):
 - (a) complete the Form of Acceptance in accordance with the instructions printed thereon and paragraph 14.1 of the letter from Hallwood set out in Part II of this Offer Document; and
 - (b) return the completed Form of Acceptance (together with your share certificate(s) and any other document(s) of title) by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom as soon as possible, and in any event, so as to be received by Capita Registrars no later than 1.00 p.m. on 8 May 2009.
2. If you are a TLR Shareholder holding TLR Shares in uncertificated form (that is, in CREST) you should follow the procedures set out in paragraph 14.2 of the letter from Hallwood set out in Part II of this Offer Document and send (or procure that there is sent) a TTE instruction(s) to settle not later than 1.00 p.m. on 8 May 2009.

The First Closing Date of the Offer is 1.00 p.m. on 8 May 2009.

<p>IN ALL CASES YOUR VALID ACCEPTANCE MUST BE RECEIVED BY NO LATER THAN 1.00 P.M. ON 8 MAY 2009</p>
--

This page 3 should be read in conjunction with the rest of this Offer Document. TLR Shareholders are recommended to seek financial advice from their independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if resident in the United Kingdom or, if resident outside the United Kingdom, from another appropriately authorised independent financial adviser.

Helpline

If you have any questions relating to this page 3 of this Offer Document regarding the action to be taken to accept the Offer or any other queries or require any further assistance, telephone Capita Registrars, the receiving agent to the Offer, between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 0871 664 0321 from within the UK (or +44 20 8639 3399, if telephoning from outside the UK) or in writing to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Calls to Capita Registrars on 0871 664 0321 cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. The helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

CONTENTS

PART I	LETTER OF RECOMMENDATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTOR OF TLR	5
	1. Introduction	5
	2. Summary of the terms of the Offer	5
	3. Background to and reasons for the recommendation of the Hallwood Offer	6
	4. TLR's current trading and prospects	7
	5. Management and employees	7
	6. Taxation	7
	7. Further information	7
	8. Overseas TLR Shareholders	7
	9. Delisting, compulsory acquisition and re-registration	7
	10. Action to be taken to accept the Offer	7
	11. Recommendation	8
PART II	THE OFFER BY HALLWOOD FOR TLR	9
	1. Introduction	9
	2. The Offer	9
	3. Information on Hallwood	10
	4. Information on TLR	11
	5. Current trading and prospects of TLR	12
	6. Background to and reasons for the Offer	12
	7. Intentions regarding TLR and the TLR Board, management and employees	12
	8. TLR Share Option Schemes	13
	9. Financing of the Offer and cash confirmation	13
	10. Compulsory acquisition	13
	11. Intentions regarding admission to trading on AIM	13
	12. United Kingdom taxation	14
	13. Overseas Shareholders	15
	14. Procedures for acceptance of the Offer	15
	15. Settlement	19
	16. Further information	20
	17. Action to be taken to accept the Offer	20
APPENDIX I	CONDITIONS AND FURTHER TERMS OF THE OFFER	21
APPENDIX II	FINANCIAL INFORMATION	47
APPENDIX III	ADDITIONAL INFORMATION	49
APPENDIX IV	DEFINITIONS	59

PART I

LETTER OF RECOMMENDATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTOR OF TLR

THE LOCAL RADIO COMPANY PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 4931007)

Directors:

Anthony Gumbiner (*Non-executive Chairman*)
Rhys Davies (*Investment Director*)
John Perriss (*Non-Executive Director*)*

Registered Office:

11 Duke Street
High Wycombe
Buckinghamshire HP13 6EE
United Kingdom

(* denotes Independent Director)

17 April 2009

To all TLR Shareholders and, for information only, TLR Optionholders

Dear TLR Shareholder

Recommended cash offer for the entire issued and to be issued share capital of The Local Radio Company plc not already owned by Hallwood

1. Introduction

On 9 April 2009 Hallwood announced the terms of a cash offer at 2.5 pence per TLR Share for the entire issued and to be issued ordinary share capital of TLR not already owned by Hallwood.

Anthony J. Gumbiner, Non-executive Chairman of TLR, is also Chairman of Hallwood and has a beneficial interest in Hallwood. Rhys Davies, Investment Director of TLR, is a director of Hallwood and also of Hallwood Investments Limited, a company in the Hallwood Group. Accordingly, for the purposes of the Code, I, John Perriss, am the only Independent Director of TLR. A committee of the TLR Board, comprising me as the sole Independent Director, has been formed to consider the Offer.

It was announced today that I, as the Independent Director of TLR, have reached agreement with the Hallwood Board to recommend the Offer.

The purpose of this letter is to explain why I, having been so advised by Ruegg (as independent financial adviser to TLR for the purposes of Rule 3 under the Code), consider the terms of the Offer to be fair and reasonable and preferable to the UKRD Offer. In providing advice to me, Ruegg has taken account of my commercial assessment. I recommend that all TLR Shareholders accept the Offer.

2. Summary of the terms of the Offer

The formal Offer and the actions you should take to accept it are set out in the letter from Hallwood in Part II of this Offer Document, the conditions and further terms of the Offer set out in Appendix I to this Offer Document and in the accompanying Form of Acceptance. The Offer is being made by Hallwood for all of the issued and to be issued TLR Shares, on the following basis:

For every TLR Share: 2.5 pence in cash

The Offer values the entire existing share capital of TLR at approximately £1,800,040. The cash consideration due to each accepting TLR Shareholder will be rounded down to the nearest whole penny.

The Offer is conditional upon, *inter alia*, valid acceptances being received in respect of not less than 90 per cent. (or such lesser percentage as Hallwood may decide) of the TLR Shares.

The Offer extends to TLR Shares unconditionally allotted or issued and fully paid (or credited as fully paid) while the Offer remains open for acceptance, including any such TLR Shares unconditionally allotted or issued pursuant to the exercise of options granted under the TLR Share Option Schemes.

The attention of TLR Shareholders who are residents, citizens or nationals of jurisdictions outside the United Kingdom, or who are nominees, custodians or trustees for such persons, is drawn to paragraph 6 of Part B of Appendix I.

3. Background to and reasons for the recommendation of the Offer

Information on each of Hallwood and TLR is given in the letter from Hallwood contained in Part II of this Offer Document.

Hallwood has given me assurances that it is making the Offer in order to continue the turnaround of TLR's business and to provide a viable exit route for those TLR Shareholders who no longer wish to invest in TLR. To this end, Hallwood is willing to pay more for the TLR Shares than under the UKRD Offer and provide a loan to TLR to finance its current cash requirements.

In deciding to recommend the Offer, I have taken into account a number of factors, including:

- The Offer provides certainty of value to TLR Shareholders through a cash offer, at a time of equity market and macroeconomic instability.
- The Offer provides TLR Shareholders with an opportunity to realise their investment for cash at a substantial premium to the pre Offer Period share price, representing:
 - a premium of 66.67 per cent. to the closing price of 1.5 pence per TLR Share on AIM on 8 April 2009, being the last dealing day prior to the commencement of the Offer Period;
 - a premium of 31.96 per cent. to the average closing price of 1.8945 pence per TLR Share on AIM for the three month period ending 8 April 2009, being the last dealing day prior to the commencement of the Offer Period; and
 - a premium of 25.00 per cent. to the price under the UKRD Offer.
- If the Offer becomes or is deemed unconditional in all respects and acceptances are received in respect of 90 per cent. or more of the TLR Shares to which the Offer relates, it is the intention of Hallwood, assuming it becomes so entitled, to acquire compulsorily any outstanding Shares pursuant to the provisions of the 2006 Act. In such case, Hallwood intends to procure that TLR will apply for cancellation of the admission to trading of its Shares on AIM.
- However, if the Offer is declared unconditional in all respects but acceptances are received in respect of less than 90 per cent. of the TLR Shares to which the Offer relates, Hallwood has stated that it is its intention to procure that TLR maintains the admission to trading of the TLR Shares on AIM.
- Charles Stanley Securities currently holds a total of 21,245,000 TLR Shares as nominee for UKRD and its Chairman, Trevor Smallwood, representing approximately 29.51 per cent. of the issued share capital of TLR. If Charles Stanley Securities does not accept the Offer, Hallwood will not receive acceptances in respect of more than 90 per cent. of TLR Shares to which the Offer relates.
- If, following the Offer being declared unconditional, the TLR Shares retain their admission to trading on AIM, whilst those TLR Shareholders who do not wish to continue to invest in TLR will have had a viable opportunity to exit, those shareholders wishing to remain with TLR will benefit from continuing admission to a trading market.
- Hallwood has offered TLR a £1 million loan facility repayable on demand, to enable it to meet its current cash requirements, although I am actively considering all funding options and have yet to accept the proposed terms of this loan facility on behalf of TLR. Under the terms on which it has been offered, the loan facility would not be available were the UKRD Offer to become unconditional. Drawdown is conditional on TLR granting security over its assets to Hallwood and the loan would attract an interest rate of 10 per cent. per annum.

4. TLR's current trading and prospects

In the circular to TLR Shareholders issued on 6 March 2009 in relation to the Open Offer, TLR reported that the general economic conditions facing the whole UK economy, the requirement to restructure the cost base of TLR's business and losses being made on the TLR Group's investment in Jazz FM were all contributing to severe pressure on the TLR Group's profitability and cash reserves and that if TLR did not raise additional funds pursuant to the Open Offer TLR would be at risk of insolvency.

Following TLR's general meeting on 1 April 2009, when the resolutions to give effect to the Open Offer were voted down, TLR announced that, whilst the local stations are trading in line with management expectations and the cost reduction programme is making good progress, TLR's cash position remains extremely tight. Taking into account the costs associated with the Open Offer and the additional costs likely to be incurred in connection with the UKRD Offer and the Offer, TLR's cash flow projections show it requires an injection of funds by the end of April 2009 in order to continue trading.

On 9 April 2009 TLR announced the disposal the Jazz FM business for £1 and with associated cost savings of approximately £450,000. On 14 April 2009 I published my response to the UKRD Offer in which I reported that TLR had received the offer of a £1 million loan facility from Hallwood the terms of which are described in more detail in paragraph 3 of this letter.

I believe that the TLR Board has a viable plan in place to turn around TLR's financial performance and the TLR Board has already implemented a number of actions in fulfilment of that plan, including the disposal of the Jazz FM business.

5. Management and employees

Hallwood has given me assurances and has indicated in the letter in Part II of this Offer Document that the existing employment rights of the TLR Directors and the management and employees of TLR will be fully safeguarded should the Offer become unconditional as to acceptances and that TLR's pension obligations will be fully discharged. Hallwood has also stated that, based on information currently available, it does not currently intend any changes in the conditions of employment of the TLR Directors and the management and employees of TLR, or the location of TLR's business, beyond any existing plans of TLR management.

6. Taxation

Your attention is drawn to paragraph 12 of Part II of this Offer Document. If you are in any doubt as to your own tax position you should consult an appropriately qualified independent financial adviser immediately.

7. Further information

Your attention is drawn to the further information, including the financial and other information on Hallwood and TLR set out in the rest of this Offer Document including the Appendices.

8. Overseas Shareholders

Overseas Shareholders should refer to paragraph 6 of Part B and to paragraph (c) of Part C (in respect of certificated TLR Shares) and paragraph (c) of Part D (in respect of uncertificated TLR Shares) of Appendix I of this Offer Document which contains important information for such shareholders.

9. Delisting, compulsory acquisition and re-registration

Your attention is drawn to paragraph 11 of Part II of this Offer Document with regard to delisting, cancellation of trading and compulsory acquisition of TLR Shares and, in particular, the warning that delisting of TLR Shares would significantly reduce the liquidity and marketability of any TLR Shares not acquired under the Offer at that time.

10. Action to be taken to accept the Offer

The procedure for acceptance is set out in paragraph 14 of the letter from Hallwood contained in Part II of this Offer Document, in Part B of Appendix I of this Offer Document and in the accompanying Form of Acceptance.

If you wish to accept the Offer in respect of your certificated TLR Shares you should complete and return your Form(s) of Acceptance in accordance with the instructions printed thereon and in paragraph 14.1 of the letter from Hallwood contained in Part II of this Offer Document and return it/them, by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, but in any event so as to arrive no later than 1.00 p.m. on 8 May 2009. To accept the Offer in respect of your uncertificated TLR Shares (that is, in CREST), you must send (or procure that your CREST sponsor sends) a TTE instruction in accordance with the instructions set out in paragraph 14.2 of the letter from Hallwood contained in Part II of this Offer Document. If you have any questions regarding the action to be taken to accept the Offer or any other queries or require any further assistance, telephone Capita Registrars, the receiving agent to the Offer, between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 0871 664 0321 from within the UK (or +44 20 8639 3399, if telephoning from outside the UK) or in writing to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Calls to Capita Registrars on 0871 664 0321 cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. The helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

11. Recommendation

I, the Independent Director of TLR, having been so advised by Ruegg, consider the terms of the Offer to be fair and reasonable and preferable to those of the UKRD Offer. In providing its advice, Ruegg has taken into account my commercial assessment of both the Offer and the UKRD Offer. Accordingly, I recommend that all TLR Shareholders accept the Offer.

Yours faithfully

John Perriss
Independent Director of
The Local Radio Company plc

PART II

THE OFFER BY HALLWOOD FOR TLR

HALLWOOD FINANCIAL LIMITED

(Incorporated in the British Virgin Islands)

Directors:

Anthony Gumbiner (*Chairman*)
Mylene Gumbiner
Alastair Howie
Rhys Davies

Registered Office:

P.O. Box 3136
Road Town
Tortola
British Virgin Islands

17 April 2009

To all TLR Shareholders and, for information only, TLR Optionholders

Dear TLR Shareholder

**Recommended cash offer for the entire issued and to be issued share capital of
The Local Radio Company plc not already owned by Hallwood**

1. Introduction

On 9 April 2009, Hallwood announced the terms of a cash offer for the entire issued and to be issued share capital of TLR not already owned by Hallwood. The Offer values each TLR Share at 2.5 pence and the existing issued ordinary share capital of TLR at approximately £1,800,040.

Hallwood is a company associated with Mr. Anthony Gumbiner, Non-executive Chairman of TLR. Hallwood is currently interested in an aggregate of 20,350,434 TLR Shares, representing approximately 28.26 per cent. of the existing issued share capital of TLR. Rhys Davies is a director of TLR, and also a director of Hallwood and Hallwood Investments Limited, a company in the Hallwood Group. Rhys Davies does not hold any TLR Shares. For the purposes of the Code, Hallwood and Rhys Davies are deemed to be acting in concert, with a combined interest in 20,350,434 TLR Shares as at the date of this Offer Document, representing approximately 28.26 per cent of the existing issued share capital of TLR.

This letter, Appendix I to this Offer Document and (in the case of TLR Shares held in certificated form) the accompanying Form of Acceptance contain the formal terms and conditions of the Offer.

Your attention is drawn to the letter from John Perris, the Independent Director, set out in Part I of this Offer Document. That letter, amongst other things, confirms that the Independent Director, having been so advised by Ruegg, considers the terms of the Offer to be fair and reasonable. In providing advice to the Independent Director, Ruegg has taken account of the Independent Director's commercial assessments. The Independent Director has recommended that all TLR Shareholders accept the Offer.

2. The Offer

Hallwood hereby offers to acquire, subject to the terms and conditions set out in this Offer Document and (in the case of TLR Shares held in certificated form) in the accompanying Form of Acceptance, the entire issued and to be issued share capital of TLR not already owned by Hallwood, on the following basis:

For every TLR Share: 2.5 pence in cash

The Offer values the entire existing share capital of TLR at approximately £1,800,040. The cash consideration due to each accepting TLR Shareholder will be rounded down to the nearest whole penny.

The Offer Price represents:

- a premium of 66.67 per cent. to the closing price of 1.5 pence per TLR Share on AIM on 8 April 2009, being the last dealing day prior to the commencement of the Offer Period;

- a premium of 31.96 per cent. to the average closing price of 1.8945 pence per TLR Share on AIM for the three month period ending 8 April 2009, being the last dealing day prior to the commencement of the Offer Period; and
- a premium of 25.00 per cent. to the price under the UKRD Offer.

The maximum amount of cash payable pursuant to the Offer will be approximately £1,291,279 (based on the existing issued ordinary share capital of TLR and the acceptance of the Offer by all TLR Shareholders other than Hallwood before the Offer closes). This figure differs with that given in the Announcement, due to an error when making calculations prior to the release of the Announcement.

The TLR Shares to which the 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, (if any) declared, made or paid in respect of the TLR Shares on or after 9 April 2009.

The Offer is subject to the conditions and certain further terms set out in Appendix I to this Offer Document and, in the case of TLR Shares held in certificated form, in the Form of Acceptance. The Offer can only become effective if all conditions to the Offer have been satisfied or waived (to the extent permissible).

3. Information on Hallwood

Directors

The directors of Hallwood at the date of this Offer Document 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, 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.

Hallwood has not, to date, been required to produce audited financial statements nor has it done so. Financial information concerning HGI in respect of the three years ended 31 December 2008 has been incorporated by reference in Appendix II of this Offer Document and may be viewed on Hallwood's website at <http://www.hallwoodfinancial.com>.

4. 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)

On 6 March 2009, TLR announced a proposed open offer valuing each new TLR Share to be issued at 0.25 pence per share (a discount of 87.5 per cent. to the then mid market price) to raise up to £1.51 million (gross) subject to shareholder approval to be sought at a general meeting of TLR held on 1 April 2009. The money to be raised by the Open Offer was to be used to restructure the business and to provide general working capital. The circular issued in relation to the Open Offer also stated the TLR Board's intention to remain on AIM, an intention that Hallwood shares.

On 27 March 2009 UKRD announced the terms of a cash offer for the entire issued and to be issued share capital of TLR not already owned by UKRD. The UKRD Offer was posted to TLR Shareholders on 31 March 2009 and values each of the TLR Shares at 2 pence and the existing issued ordinary share capital of TLR at approximately £1.44 million.

At the general meeting of TLR Shareholders held on 1 April 2009 to approve various resolutions in connection with the Open Offer, UKRD voted against the proposed resolutions and hence the Open Offer, which required a 75 per cent. vote in favour, was voted down.

On 9 April 2009, the Offer was announced.

On 14 April 2009, TLR published its response to the UKRD Offer, which stated that the UKRD Offer should be rejected by TLR Shareholders, for the following reasons:

- The cash price offered in the Offer is 25 per cent. higher than the UKRD Offer and therefore TLR Shareholders who do not wish to continue their involvement with TLR can sell their TLR Shares at a higher price under the Offer.
- Hallwood has stated that it will allow TLR to maintain its AIM listing should it not achieve 90 per cent. acceptances, thus allowing TLR Shareholders to continue to be involved with TLR should they wish.
- Hallwood has offered a £1m loan facility to provide TLR with working capital.

On 9 April 2009 TLR completed the disposal of its interest in Jazz FM for £1 achieving a cost saving of approximately £450,000, reducing TLR's need for fresh working capital to £1 million, which is the amount of the proposed loan facility from Hallwood.

Financial information about TLR in respect of the three financial years ended 30 September 2008 has been incorporated into this Offer Document by reference in Appendix II and may be viewed on Hallwood's website at <http://www.hallwoodfinancial.com>.

5. Current trading and prospects of TLR

In the circular to TLR Shareholders issued on 6 March 2009 in relation to the Open Offer, TLR reported that the general economic conditions facing the whole UK economy, the requirement to restructure the cost base of TLR's business and losses being made on the TLR Group's investment in Jazz FM were all contributing to severe pressure on the TLR Group's profitability and cash reserves and that if TLR did not raise additional funds pursuant to the Open Offer TLR would be at risk of insolvency.

Following TLR's general meeting on 1 April 2009, when the resolutions to give effect to the Open Offer were voted down, TLR announced that, whilst the local stations are trading in line with management expectations and the cost reduction programme is making good progress, TLR's cash position remains extremely tight. Taking into account the costs associated with the Open Offer and the additional costs likely to be incurred in connection with the UKRD Offer and the Offer, TLR's cash flow projections show it requires an injection of funds by the end of April 2009 in order to continue trading.

Hallwood's offer of on-demand loan facilities of up to £1 million mitigates the risk of TLR's insolvency, although this funding will not be available if the UKRD Offer succeeds.

6. Background to and reasons for the Offer

During the three financial years ended 30 September 2008, TLR made losses totalling approximately £37 million. In October 2008 Anthony J. Gumbiner assumed the post of non-executive chairman of TLR, having previously been a non-executive director. He concluded that TLR would run out of cash and become insolvent during the first or second quarter of 2009, unless an immediate and radical restructuring took place.

The TLR Board therefore appointed Jason Bryant as managing director of the Local Stations Division of TLR effective 1 December 2008, to undertake a complete restructuring of TLR. Jason is a well-known and successful UK-based commercial radio executive with a proven track record of restructuring radio companies. Following his appointment, Mr Bryant identified a requirement for a cash injection into TLR and the TLR Board decided to implement the Open Offer.

Unfortunately, owing to the actions of UKRD in voting down the Open Offer, an alternative source of funding is required. Hallwood has offered to provide on-demand loan facilities for TLR of up to £1 million, but this funding will not be available if the UKRD Offer succeeds. Hallwood believes that the UKRD Offer is opportunistic, does not represent good value for TLR Shareholders and is not in their best interests. In particular, UKRD intends to cancel the listing of the TLR Shares to trading on AIM if the UKRD Offer becomes unconditional, whereas Hallwood is committed to TLR's success as a public company.

Hallwood has made the Offer both in order to gain control of TLR and to ensure that the UKRD Offer fails.

7. Intentions regarding TLR and the TLR Board, management and employees

Hallwood attaches importance to the skills and experience of the employees of TLR. Hallwood confirms that the employment rights, including pension rights, of the management and employees of TLR and its subsidiaries will be fully safeguarded as required by applicable law. Based on information currently available, Hallwood does not presently intend to make any material changes to the conditions of employment of management and employees of TLR and its subsidiaries, or to the location of the business.

Hallwood believes in the current management strategy and does not intend to make any changes to the composition of the TLR Board upon the Offer becoming or being declared unconditional in all respects.

As TLR's largest current single shareholder, Hallwood believes that the best value-creating strategy is to build strong, regionally clustered businesses, to cut costs and to invest in those stations that require nurturing through to profit. Hallwood continues to believe in the long-term strategy of owning local radio stations and local media assets, that the current recession will end and media businesses will regain their former valuation levels.

8. TLR Share Option Schemes

The 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 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 the TLR Optionholders exercise their options and sell the resulting TLR Shares under the Offer this will mean that they will make a loss. It is therefore unlikely that any of the TLR Optionholders will wish to exercise their options.

9. Financing of the Offer and cash confirmation

Full acceptance of the Offer, assuming the acceptance of the Offer by all TLR Shareholders other than Hallwood, would result in the payment by Hallwood of approximately £1,291,279 in cash. This figure differs with that given in the Announcement, due to an error when making calculations prior to the release of the Announcement.

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 Offer.

10. Compulsory acquisition

If Hallwood receives acceptances under the Offer in respect of, and/or otherwise acquires, 90 per cent. or more in nominal value of the TLR Shares to which the 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 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 Offer any remaining TLR Shares not acquired or agreed to be acquired pursuant to the Offer or otherwise.

11. Intentions regarding admission to trading on AIM

Hallwood is committed to the success of TLR as a publicly-held company and so, in the event that the 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 Offer, be entitled to increase its holding without limit under the Code. In the event that Hallwood obtains at least 75 per cent. of the TLR Shares, Hallwood is 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 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 Offer, and, were a cancellation to take place, following such cancellation, may be significantly adversely affected.

12. United Kingdom taxation

The following paragraphs, which are intended as a general guide only, are based on current United Kingdom tax legislation and published HM Revenue & Customs published practice at the date of this Offer Document both of which are subject to change, possibly with retrospective effect. They summarise certain limited aspects of the United Kingdom tax treatment of acceptance of the Offer and they relate only to the position of TLR Shareholders who are resident in the United Kingdom for United Kingdom tax purposes, are beneficial owners of their TLR Shares, those who hold their TLR Shares as an investment (other than under a personal equity plan or an individual savings account), and who have not (and are not deemed to have) acquired their shares by virtue of an office or employment (save for the commentary at paragraph 12.3).

The statements may not apply to certain classes of TLR Shareholders, such as market makers, brokers, dealers in securities, intermediaries or persons connected with depository arrangements or clearance services.

This section is not intended to be, and should not be construed to be, legal or taxation advice to any particular TLR Shareholder. Any TLR Shareholders who are in doubt as to their taxation position or who are subject to tax in any jurisdiction other than the United Kingdom, should consult an appropriate professional adviser immediately.

12.1 *United Kingdom taxation of chargeable gains*

Liability to United Kingdom capital gains tax (or, for UK resident companies, corporation tax on chargeable gains) (“CGT”) will depend on the individual circumstances of TLR Shareholders.

To the extent that a TLR Shareholder accepts the Offer in respect of their TLR Shares, in the event that the Offer becomes or is declared wholly unconditional, the subsequent sale of those TLR Shares will be treated as a disposal of those TLR Shares for CGT purposes. Such a disposal may, depending on a TLR Shareholder’s individual circumstances (including the availability of reliefs, exemptions and allowable losses), give rise to a liability to CGT or an allowable loss.

12.1.1 *Individuals*

TLR Shareholders within the charge to CGT, who are individuals, trustees or personal representatives, will, subject to the availability of any exemption, reliefs and/or allowable losses, be taxed at a flat rate of 18 per cent., with no taper relief or indexation allowance on any chargeable gain. Entrepreneurs’ relief may be available to reduce any chargeable gain if the TLR Shareholder satisfies various conditions in relation to their TLR Shares.

A TLR Shareholder who is an individual, who has ceased to be resident or ordinarily resident in the United Kingdom for United Kingdom tax purposes for a period of less than five complete tax years who acquired TLR Shares before such cessation and who disposes of his or her TLR Shares during that period, may be liable on his or her return to the United Kingdom to United Kingdom tax on any chargeable gain realised (subject to any available exemption, relief or allowable loss). This rule also applies to individuals who have not ceased to be resident or ordinarily resident in the United Kingdom but who, on or after 16 March 2005, have become non-United Kingdom resident pursuant to the application of a double taxation treaty.

12.1.2 *Companies*

For TLR Shareholders within the charge to United Kingdom corporation tax, an indexation allowance may be available in respect of the TLR Shares to reduce any chargeable gain arising (but not to create or increase a capital loss). If the substantial shareholding exemption applies in respect of the disposal of the TLR Shares, the gain may not be chargeable and likewise any loss may not be allowable.

12.2 *Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)*

No stamp duty or SDRT will generally be payable by TLR Shareholders as a result of accepting the Offer.

12.3 *Other tax matters*

Special tax provisions may apply to TLR Shareholders who have acquired or who acquire their TLR Shares by exercising options under the TLR Share Option Schemes or who accept a cash payment for surrender, including provisions imposing a charge to income tax, national insurance contributions or both. Such TLR Shareholders are encouraged to seek independent tax advice.

13. **Overseas Shareholders**

The attention of Overseas Shareholders and any persons (including, without limitation, any custodian, nominee or trustee) who would, or otherwise intend to, or who may have a contractual or legal obligation to, forward this Offer Document and the accompanying documents to any person outside the United Kingdom is drawn to paragraph 6 of Part B and paragraph (c) of Part C (in respect of certificated TLR Shares) and paragraph (c) of Part D (in respect of uncertificated TLR Shares) of Appendix I to this Offer Document and to the relevant provisions of the Form of Acceptance (in respect of certificated TLR Shares).

The Offer is not being made, directly or indirectly, in or into, or by the use of the mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce, or any facility of a national securities exchange of, the United States, Canada, Australia, Japan, Ireland, South Africa, Switzerland or any other Restricted Jurisdiction and the Offer is not capable of acceptance by any such use, means, instrumentality or facility or from within, the United States, Canada, Australia, Japan, Ireland, South Africa, Switzerland or any other Restricted Jurisdiction. Accordingly, this Offer Document, the Form of Acceptance and any related documents are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in or into or from any such 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 such jurisdictions. Doing so may render invalid any purported acceptance of the Offer.

The availability of the Offer to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your legal adviser in the relevant jurisdiction without delay. Accordingly, any accepting TLR Shareholder who is unable to give the warranties set out in paragraph (c) of Part C of Appendix I to this Offer Document (in respect of certificated TLR Shares) and/or in paragraph (c) of Part D of Appendix I to this Offer Document (in respect of uncertificated TLR Shares) may be deemed not to have validly accepted the Offer.

14. **Procedures for acceptance of the Offer**

The following paragraphs should be read together with the instructions and notes on the accompanying Form of Acceptance (in respect of TLR Shareholders who hold their TLR Shares in certificated form only) and with Parts C (in respect of certificated TLR Shares) and D (in respect of uncertificated TLR Shares) of Appendix I to this Offer Document, all of which form part of the terms of the Offer.

Holders of TLR Shares in certificated form may only accept the Offer in respect of such shares by completing and returning the accompanying Form of Acceptance in accordance with the procedure set out in paragraph 14.1.2 below. Holders of TLR Shares held in certificated form, but under different designations, should complete a separate Form of Acceptance for each designation. Additional Forms of Acceptance are available from Capita Registrars on 0871 664 0321 or if calling from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

Holders of TLR Shares in uncertificated form may only accept the Offer in respect of such shares by TTE Instruction in accordance with the procedure set out in paragraph 14.2 below. Holders of TLR Shares held in uncertificated form, but under different member account IDs, should send a separate TTE Instruction for each member account ID.

Hallwood will make an appropriate announcement if any of the details covered in paragraphs 14.1 or 14.2 below alter for any reason.

14.1 ***TLR Shares held in certificated form (that is, not in CREST)***

14.1.1 *To accept the Offer*

To accept the Offer in respect of your TLR Shares held in certificated form (at the time of acceptance of the Offer), you must complete Box 1 and, if appropriate, Boxes 3, 4 and/or Box 5 of the Form of Acceptance. You must also sign Box 2 of the enclosed Form of Acceptance in the presence of an independent witness if you are an individual. All joint holders (if any) must sign in this manner. The witness should print his or her name and address and also sign in accordance with the instructions printed on the Form of Acceptance. Any TLR Shareholder which is a company should execute the Form of Acceptance in accordance with the instructions printed on it. If you do not insert a number in Box 1 of the Form of Acceptance or if you insert a number that is greater than your registered holding of TLR Shares, your acceptance will be deemed to be in respect of all of the TLR Shares held by you in certificated form.

14.1.2 *Return of the Form of Acceptance*

To accept the Offer in respect of your TLR Shares held in certificated form, the completed, signed and witnessed (in the case of an individual) Form of Acceptance, together with your valid share certificate(s) and/or other document(s) of title, should be returned by post (or by hand during normal business hours only) to Capita Registrars at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event so as to be received by no later than 1.00 p.m. on 8 May 2009. A reply paid envelope for use within the UK only accompanies this Offer Document for your convenience. No acknowledgement of receipt of the Form of Acceptance or any accompanying documents will be given by or on behalf of Hallwood.

Any Form of Acceptance received in an envelope post-marked in a Restricted Jurisdiction or otherwise appearing to Hallwood or its agents to have been sent from a Restricted Jurisdiction may be rejected as an invalid acceptance of the Offer. For further information on Overseas Shareholders please see paragraph 13 above.

The Form of Acceptance is issued only to the addressee(s) and the unique designated account printed on it. The Form of Acceptance is a personalised form and is not transferable between different accounts. Hallwood and Capita Registrars accept no liability for any instructions that do not comply with the conditions and terms set out in this Offer Document, the Form of Acceptance or accompanying materials.

14.1.3 *Loss or non-availability of TLR Share certificates*

If your TLR Shares are held in certificated form, a completed, signed and witnessed (in the case of an individual) Form of Acceptance should be accompanied by the relevant share certificate(s) and/or other document(s) of title.

If your TLR Shares are held in certificated form but your share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, the Form of Acceptance should nevertheless be completed, signed (and witnessed in the case of an individual) and returned as stated above so as to arrive by not later than 1.00 p.m. on 8 May 2009. You should send with your Form of Acceptance any valid share certificate(s) and/or other documents(s) of title that you have available, accompanied by a letter stating that the remaining documents will follow or that you have lost one or more of your share certificate(s) and/or other document(s) of title. You should then arrange for the

certificates(s) and/or other document(s) of title to be forwarded as soon as possible thereafter. No acknowledgement of receipt of document(s) will be given by or on behalf of Hallwood.

If you have lost your share certificate(s) and/or other document(s) of title, you should write as soon as possible to TLR's registrars, Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire, HD8 0LA requesting a letter of indemnity for the lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned to Capita Registrars, as set out in 14.1.2 above.

14.1.4 *Validity of acceptances*

Without prejudice to Parts B and C of Appendix I to this Offer Document and subject to the terms of the Offer and the provisions of the Code, Hallwood reserves the right to treat as valid (in whole or in part) any acceptance of the Offer in relation to TLR Shares held in certificated form which is not entirely in order or which is not accompanied by (as applicable) the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash consideration due under the Offer will be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities in lieu thereof satisfactory to Hallwood have been received.

14.1.5 *Overseas Shareholders*

The attention of TLR Shareholders holding TLR Shares in certificated form and who are citizens or residents of jurisdictions outside the United Kingdom is drawn to paragraph 6 of Part B and to paragraph (c) of Part C of Appendix I to this Offer Document and Box 4 and 5 of the Form of Acceptance. The Offer is not being made, directly or indirectly, in or into a Restricted Jurisdiction. Any acceptance of the Offer by holders of TLR Shares who are unable to give the warranties set out in paragraph (c) of Part C of Appendix I to this Offer Document is liable to be disregarded.

14.2 ***TLR Shares held in uncertificated form (that is, in CREST)***

If, at the time of acceptance of the Offer, your TLR Shares are held in uncertificated form, to accept the Offer you should take (or procure to be taken) the action set out below to transfer the TLR Shares held in uncertificated form in respect of which you wish to accept the Offer to the appropriate escrow balance(s) (that is, send a TTE Instruction), specifying Capita Registrars (in its capacity as a CREST participant under its participant ID referred to below) as the Escrow Agent, as soon as possible and in any event so that the TTE Instruction settles by no later than 1.00 p.m. on 8 May 2009.

You should note that settlement of a TTE Instruction cannot take place on weekends or public holidays (or other times at which the CREST system is non-operational) and you should therefore ensure that you time the input of any TTE Instruction(s) accordingly.

The input and settlement of a TTE Instruction in accordance with this paragraph 14.2 will (subject to satisfying the requirements set out in Parts B and D of Appendix I to this Offer Document) constitute an acceptance of the Offer in respect of the number of TLR Shares so transferred to escrow.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your TLR Shares in uncertificated form are held. In addition, only your CREST sponsor will be able to send the TTE Instruction(s) to Euroclear in relation to your TLR Shares held in uncertificated form.

14.2.1 *To accept the Offer*

To accept the Offer in respect of TLR Shares held in uncertificated form (at the time of acceptance of the Offer), you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE Instruction to Euroclear in relation to such

shares which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for a TTE Instruction to settle in CREST, the following details:

- the corporate action ISIN number for the TLR Shares. This is GB00B0108C60;
- the number of TLR Shares to be transferred to an escrow balance (i.e. the number of TLR Shares in uncertificated form in respect of which you wish to accept the Offer);
- your member account ID;
- your participant ID;
- the participant ID of the Escrow Agent (namely, Capita Registrars in its capacity as a CREST receiving agent). This is RA10;
- the member account ID of the Escrow Agent. This is HALLRC01;
- the intended settlement date. This should be as soon as possible and, in any event, not later than 1.00 p.m. on 8 May 2009;
- the corporate action number for the Offer which will be allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- input with standard delivery instruction priority of 80; and
- your contact name and telephone number inserted in the shared note field.

After settlement of the TTE Instruction, you will not be able to access the TLR Shares concerned in CREST for any transaction or charging purposes, unless the Offer lapses or is withdrawn. If the Offer becomes or is declared unconditional in all respects, the Escrow Agent will transfer the TLR Shares concerned to itself in accordance with paragraph (e) of Part D of Appendix I to this Offer Document.

You are recommended to refer to the CREST Manual for further information on the CREST procedures outlined above.

You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE Instruction relating to your TLR Shares to settle prior to 1.00 p.m. on 8 May 2009. In this regard, you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

14.2.2 *Validity of acceptances*

A Form of Acceptance which is received in respect of TLR Shares held in uncertificated form will NOT constitute a valid acceptance of the Offer and will be disregarded. Holders of TLR Shares in uncertificated form who wish to accept the Offer should note that a TTE Instruction will only be a valid acceptance of the Offer as of the relevant closing date if it has settled on or before that date. Hallwood reserves the right, subject to the terms of the Offer and the provisions of the Code, to treat a TTE Instruction which settles after 1.00 p.m. on 8 May 2009 (or such later date to which the Offer may be extended) but before the relevant closing date of the Offer as a valid acceptance of the Offer.

14.2.3 *Overseas Shareholders*

The attention of TLR Shareholders holding TLR Shares in uncertificated form and who are citizens or residents of jurisdictions outside the UK is drawn to paragraph 6 of Part B and paragraph (c) of Part D of Appendix I to this Offer Document. The Offer is not being made, directly or indirectly, in or into a Restricted Jurisdiction. Any acceptance of the Offer by holders of TLR Shares who are unable to give the warranties set out in paragraph (c) of Part D of Appendix I to this Offer Document is liable to be disregarded.

14.3 *Deposits of TLR Shares into, and withdrawals of TLR Shares from, CREST*

Normal CREST procedures (including timings) will apply in relation to any TLR Shares that are, or are to be, converted from uncertificated form to certificated form, or from certificated form to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of TLR Shares or otherwise). TLR Shareholders who are proposing to convert any such TLR Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the TLR Shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) and/or other document(s) of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 8 May 2009.

If you are in any doubt as to the procedures for acceptance of the Offer, please contact Capita Registrars on 0871 664 0321 or if calling from outside the UK, on +44 02 8639 3399 or at the address set out in paragraph 14.1.2 above. (Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice). You are reminded that if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

15. Settlement

The settlement procedure with respect to the Offer will comply with the rules of the Code. Subject to the Offer becoming or being declared unconditional in all respects, settlement of the consideration to which any TLR Shareholder is entitled under the Offer (except as provided in paragraph 6 of Part B of Appendix I to this Offer Document in the case of a TLR Shareholder resident overseas) will be effected by the issue of cheques and CREST messages (i) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes or is declared unconditional in all respects, within 14 days of such date; or (ii) in the case of acceptances received, complete in all respects, after the date on which the Offer becomes or is declared unconditional in all respects but while the Offer remains open for acceptance, within 14 days of such receipt, and in either case in the manner described below:

15.1 *TLR Shares held in certificated form (that is, not in CREST)*

Where an acceptance relates to TLR Shares held in certificated form, settlement of any cash consideration to which the accepting TLR Shareholder is entitled under the Offer will be dispatched by first class post (or by such other method as may be approved by the Panel) to validly accepting TLR Shareholders or their appointed agents (but not in or into a Restricted Jurisdiction). All such cash payments will be made in pounds sterling by cheque drawn on a branch of a UK clearing bank.

15.2 *TLR Shares held in uncertificated form (that is, in CREST)*

Where an acceptance relates to TLR Shares held in uncertificated form, settlement of any cash consideration to which the accepting TLR Shareholder is entitled under the Offer will be made in pounds sterling by means of a CREST payment in favour of the accepting TLR Shareholder's payment bank in respect of the cash consideration due, in accordance with the CREST payment arrangements. Hallwood reserves the right to settle all or any part of the cash consideration referred to in this paragraph 15.2, for all or any accepting TLR Shareholder(s), in the manner referred to in paragraph 15.1 above if, for any reason, it wishes to do so.

15.3 *General*

If the Offer does not become or is not declared unconditional in all respects:

15.3.1 in respect of TLR Shares held in certificated form, the relevant completed Forms of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as may be approved by the Panel) within 14 days of the Offer lapsing or being withdrawn, to the person or agent whose name and address (outside a

Restricted Jurisdiction) is set out in Box 1 or 3 or Box 5, as the case may be, on the relevant Form of Acceptance or, if none is set out, to the first-named holder at his or her registered address (outside a Restricted Jurisdiction); and

15.3.2 in respect of TLR Shares held in uncertificated form, the Escrow Agent will, immediately after the lapsing or the withdrawal of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days from the lapsing or the withdrawal of the Offer), give TFE Instructions to Euroclear to transfer all relevant TLR Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the TLR Shareholders concerned. No document will be sent to an address in a Restricted Jurisdiction.

All communications, notices, certificates, documents of title and remittances sent by, to or from TLR Shareholders or their appointed agents will be delivered by, or sent to or from, them, or their appointed agents, at their own risk.

16. Further information

Your attention is drawn to the further information relating to the Offer set out in Appendices I to IV, which form part of this Offer Document, and in the accompanying Form of Acceptance (in respect of certificated TLR Shares). The Appendices and the Form of Acceptance contain material information which may not be summarised elsewhere in this Offer Document.

17. Action to be taken to accept the Offer

To accept the Offer, if you hold your TLR Shares in certificated form, the accompanying Form of Acceptance should be completed, signed (and witnessed in the case of an individual) and then returned in accordance with the instructions printed on it. Forms of Acceptance should be returned by post (or by hand during normal business hours only), together with any valid share certificate(s) and/or document(s) of title, to Capita Registrars at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event so as to arrive **by not later than 1.00 p.m. on 8 May 2009**. A reply paid envelope for use in the United Kingdom only accompanies this Offer Document for your convenience.

If you hold your TLR Shares in uncertificated form, you will need to accept the Offer electronically through CREST. You should take the action set out in paragraph 14.2 of this letter and ensure that the TTE Instruction settles **by not later than 1.00 p.m. on 8 May 2009**.

Yours faithfully

Anthony J. Gumbiner
For and on behalf of
Hallwood Financial Limited

APPENDIX I

CONDITIONS AND FURTHER TERMS OF THE OFFER

Part A – Conditions of the Offer

The Offer is subject to the following conditions:

- (a) valid acceptances of the Offer being received (and not, where permitted, withdrawn) by no later than 1.00 p.m. on the First 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 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 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 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 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 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 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 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 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 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 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 Offer, and all appropriate waiting periods (including extensions thereof) in respect of the 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 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 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 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.

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

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 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.

Except with the Panel's consent, Hallwood will not invoke any of the above conditions (except condition (a)) so as to cause the 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 Offer.

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

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

Part B – Further Terms of the Offer

The following further terms apply to the Offer, unless the context requires otherwise.

Except where the context requires otherwise, any reference in Parts B, C and D of this Appendix I and in the Form of Acceptance to:

- (i) the “**acceptance condition**” means the condition as to acceptances set out in paragraph (a) of Part A of this Appendix I;
- (ii) “**acceptances of the Offer**” includes deemed acceptances of the Offer;
- (iii) “**Day 21 of the Offer**” means 8 May 2009;
- (iv) “**Day 42 of the Offer**” means 29 May 2009;
- (v) “**Day 46 of the Offer**” means 2 June 2009;
- (vi) “**Day 60 of the Offer**” means 16 June 2009;
- (vii) an “**extension of the Offer**” includes an extension of the date by which the acceptance condition has to be fulfilled;
- (viii) the “**Offer**” means the Offer and includes any revision, variation, renewal or extension of the Offer; and
- (ix) the “**Offer becoming unconditional**” means the acceptance condition becoming or being declared satisfied whether or not any other condition of the Offer remains to be fulfilled and references to “**the Offer becoming unconditional as to acceptances**” shall be construed accordingly.

1. Acceptance period

- (a) The Offer will initially be open for acceptance until 1.00 p.m. on Day 21 of the Offer. Although no revision is envisaged, if the Offer is revised, a revised offer document will be posted to TLR Shareholders. On the day of posting, Hallwood will place the revised offer document on display and announce that the document has been posted and where it can be inspected. If the Offer is revised, it will remain open for acceptance for a period of at least 14 days (or such other period as may be permitted by the Panel) following the date on which written notification of the revision is posted to TLR Shareholders. Except with the consent of the Panel, no such written notification of the revision of the Offer may be posted to TLR Shareholders after Day 46 of the Offer or, if later, the date falling 14 days prior to the last date on which the Offer can become unconditional.
- (b) The Offer, whether revised or not, shall not (except with the consent of the Panel) be capable of becoming unconditional after 1.00 p.m. on Day 60 of the Offer (or any earlier time and/or date beyond which Hallwood has stated that the Offer will not be extended and in respect of which it has not withdrawn that statement) nor of being kept open after that time and/or date unless it has previously become or been declared unconditional. However, Hallwood reserves the right, with the consent of the Panel, to extend the Offer to (a) later time(s) and/or date(s). Except with the consent of the Panel, Hallwood may not, for the purpose of determining whether the acceptance condition has been satisfied, take into account acceptances received, or purchases of TLR Shares made, in respect of which relevant documents have been received by Capita Registrars after 1.00 p.m. on Day 60 of the Offer (or any earlier time and/or date beyond which Hallwood has stated that the Offer will not be extended and in respect of which it has not withdrawn that statement) or such later time and/or date as Hallwood may, with the permission of the Panel, decide. If the Offer is extended beyond midnight on Day 60 of the Offer, acceptances received and purchases of TLR Shares made in respect of which relevant documents have been received by Capita Registrars after 1.00 p.m. on Day 60 of the Offer may (except where the Code otherwise permits) only be taken into account with the consent of the Panel.
- (c) On the First Closing Date (or any subsequent closing date), if the Offer becomes or is declared unconditional, it will remain open for acceptance for not less than 14 days from the date on which it would otherwise have expired. If, however, the Offer is unconditional as to acceptances from the

outset, a 14 day extension will not be required. If the Offer has become or is declared unconditional and it is stated by or on behalf of Hallwood that the Offer will remain open until further notice or if the Offer will remain open for acceptance beyond the date that is 70 days following the posting of this Offer Document, then not less than 14 days' notice will be given prior to the closing of the Offer in writing to those TLR Shareholders who have not accepted the Offer.

- (d) If a competitive situation (as determined by the Panel) arises after Hallwood has made a “no extension” statement or a “no increase” statement (as referred to in the Code) in relation to the Offer, Hallwood may (if it has specifically reserved the right to do so at the time such statement was made, or otherwise with the consent of the Panel) withdraw such statement and extend or revise the Offer (as appropriate) provided that it complies with the requirements of the Code and, in particular, that:
- (i) it announces the withdrawal as soon as possible and in any event within four Business Days after the announcement of the competing offer or other competitive situation and notifies TLR Shareholders to that effect in writing at the earliest opportunity or, in the case of TLR Shareholders with registered addresses outside the United Kingdom or whom Hallwood reasonably believes to be nominees, custodians or trustees holding TLR Shares for such persons, by announcement in the United Kingdom at the earliest opportunity; and
 - (ii) any TLR Shareholders who accepted the Offer after the date of such statement are given a right of withdrawal as described in paragraph 3(b) of this Part B.

Hallwood may (if it has reserved the right to do so) choose not to be bound by the terms of a “no increase” statement or a “no extension” statement if it would otherwise prevent the posting of an increased or improved Offer which is recommended for acceptance by the TLR Shareholders, or in other circumstances permitted by the Panel.

- (e) If a competitive situation arises and is continuing on Day 60 of the Offer, Hallwood will enable holders of TLR Shares in uncertificated form who have not already validly accepted the Offer but who have previously accepted the competing offer to accept the Offer by special form of acceptance to take effect on Day 60 of the Offer (or such later date to which the Offer may be extended with the consent of the Panel). It shall be a condition of such special form of acceptance being a valid acceptance of the Offer that:
- (i) it is received by Capita Registrars on or before Day 60 of the Offer (or such later date as appropriate);
 - (ii) the relevant TLR Shareholder shall have applied to withdraw his acceptance of the competing offer but that the TLR Shares to which such withdrawal relates shall not have been released from escrow before Day 60 of the Offer by the escrow agent to the competing offer; and
 - (iii) the TLR Shares to which the special form of acceptance relates are not transferred to escrow in accordance with the procedure for acceptance set out in paragraph 14 of the letter from Hallwood forming part of this Offer Document on or before Day 60 of the Offer, but an undertaking is given that they will be so transferred as soon as possible thereafter.

TLR Shareholders wishing to use such forms of acceptance should apply to Capita Registrars on 0871 664 0321 or if calling from outside the UK, on +44 20 8639 3399 between 9.00 a.m. and 5.00 p.m. on the Business Day preceding Day 60 of the Offer in order that such forms can be dispatched. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice. Notwithstanding the right to use such special form of acceptance, holders of TLR Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purpose of accepting the Offer in respect of such shares.

- (f) For the purpose of determining at any particular time whether the acceptance condition has been satisfied, Hallwood shall not be bound (unless otherwise required by the Panel) to take into account any TLR Shares which have been unconditionally allotted or issued or which arise as a result of the exercise of subscription or conversion rights before such determination takes place, unless Capita Registrars on behalf of Hallwood has received written notice of the relevant details of such allotment or issue, subscription or conversion (including the price thereof) before that time. Notification by e-mail, telex, facsimile, the internet or other electronic transmission will not be sufficient to constitute written notice for this purpose.

2. Announcements

- (a) Without prejudice to paragraph 3(a) of this Part B, by 8.00 a.m. on the Business Day (the “**relevant day**”) following the day on which the Offer is due to expire or becomes unconditional or is revised or extended, as the case may be (or such later time(s) and/or date(s) as the Panel may agree), Hallwood will make an appropriate announcement and simultaneously inform a Regulatory Information Service of the position. Such announcement will also state (unless otherwise permitted by the Panel):
 - (i) the total number of TLR Shares for which acceptances of the Offer have been received, specifying the extent, if any, to which acceptances have been received from persons acting in concert with Hallwood or in respect of TLR Shares which were subject to an irrevocable commitment or a letter of intent procured by Hallwood or any of its associates;
 - (ii) details of any relevant securities (as defined by the Code) of TLR in which Hallwood or any person acting in concert with it has an interest or in respect of which it has a right to subscribe, in each case specifying the nature of the interests or rights concerned and similar details of any short positions (whether conditional or absolute and whether in the 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;
 - (iii) details of any relevant securities (as defined by the Code) of TLR in respect of which Hallwood or any of its associates has an outstanding irrevocable commitment or letter of intent; and
 - (iv) details of any relevant securities (as defined by the Code) of TLR which Hallwood or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold,

and will in each case specify the percentages of each class of TLR’s share capital represented by these figures. Any such announcement shall include a prominent statement of the total number of TLR Shares which Hallwood may count towards the satisfaction of the acceptance condition and the percentage of relevant securities of TLR represented by the figure.

- (b) Any decision to extend the time and/or date by which the acceptance condition has to be fulfilled may be made by Hallwood at any time up to, and will be announced not later than, 8.00 a.m. on the relevant day (or such later time and/or date as the Panel may agree) and the announcement will state the next expiry date (unless the Offer is unconditional in which case a statement may be made that the Offer will remain open until further notice). In computing the number of TLR Shares represented by acceptances and/or purchases there may, at the discretion of Hallwood, be included or excluded for announcement purposes, acceptances and purchases which are not complete in all respects or are subject to verification provided that such acceptances or purchases of TLR Shares shall not (unless agreed by the Panel) be included unless they could be counted towards fulfilling the acceptance condition in accordance with paragraph 5(i) of this Part B.

3. Rights of withdrawal

- (a) If Hallwood, having announced the Offer to be unconditional, fails to comply by 3.30p.m. on the relevant day (as defined in paragraph 2(a) of this Part B) (or such later time and/or date as the Panel may agree) with any of the other relevant requirements specified in paragraph 2(a) of this Part B, an accepting TLR Shareholder may (unless the Panel agrees otherwise) immediately after that time

withdraw his acceptance of the Offer by written notice (signed by the accepting TLR Shareholder or his agent duly appointed in writing and evidence of whose appointment in a form reasonably satisfactory to Hallwood is produced with the notice) given by post (or by hand during normal business hours only) to Capita Registrars at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Alternatively, in the case of TLR Shares held in uncertificated form, withdrawals must be effected in the manner set out in paragraph 3(d) of this Part B. Subject to paragraph 1(b) of this Part B, this right of withdrawal may be terminated not less than eight days after the relevant day by Hallwood confirming, if such is the case, that the Offer is still unconditional and complying with the other relevant requirements specified in paragraph 2(a) of this Part B. If any such confirmation is given, the first period of 14 days referred to in paragraph 1(c) of this Part B will run from the date of such confirmation and compliance.

(b) If by 1.00 p.m. on Day 42 of the Offer (or such later time and/or date as the Panel may agree) the Offer has not become unconditional, an accepting TLR Shareholder may withdraw his acceptance at any time thereafter, in respect of TLR Shares held in certificated form, by written notice to Capita Registrars at the address set out in paragraph 3(a) above and in the manner referred to in paragraph 3(a) of this Part B or, in respect of TLR Shares held in uncertificated form, in the manner referred to in paragraph 3(d) of this Part B, before the earlier of:

- (i) the time when the Offer becomes unconditional; and
- (ii) the final time for lodgment of acceptances of the Offer which can be taken into account in accordance with paragraph 1(b) of this Part B.

If Hallwood withdraws a “no extension” statement or a “no increase” statement in accordance with paragraph 1(d) of this Part B, any TLR Shareholder who accepts the Offer after the date of such statement may withdraw his acceptance thereafter, in respect of TLR Shares held in certificated form, in the manner referred to in paragraph 3(a) of this Part B or, in respect of TLR Shares held in uncertificated form, in the manner referred to in paragraph 3(d) of this Part B, not later than the eighth day after the date on which notice of the withdrawal of such statement is posted to TLR Shareholders.

(c) Except as provided by this paragraph 3 of this Part B, acceptances shall be irrevocable.

(d) In respect of TLR Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraphs 3(a) or 3(b) of this Part B an accepting TLR Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) a valid ESA Instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA Instruction must, in order for it to be valid and settle, include the following details:

- the number of TLR Shares to be withdrawn;
- the corporate action ISIN number for the TLR Shares: GB00B0108C60;
- the member account ID of the accepting TLR Shareholder;
- the participant ID of the accepting TLR Shareholder;
- the participant ID of the Escrow Agent. This is RA10;
- the member account ID of the Escrow Agent. This is HALLRC01;
- the CREST Transaction ID of the Electronic Acceptance to be withdrawn to be inserted at the beginning of the shared note field;
- input with standard delivery instruction priority of 80;
- the intended settlement date for the withdrawal; and
- the corporate action number of the Offer which will be allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST.

Any such withdrawal will be conditional upon Capita Registrars verifying that the withdrawal request is validly made. Accordingly, Capita Registrars will, on behalf of Hallwood, reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

Any question as to the validity (including time of receipt) of any notice of withdrawal will be determined by Hallwood and/or Capita Registrars, whose determination (save as the Panel otherwise determines) will be final and binding. None of Hallwood, Capita Registrars or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or will incur any liability for failure to do so.

- (e) In this paragraph 3, “**written notice**” (including any letter of appointment, direction or authority) means notice in writing bearing the original signature(s) of the relevant accepting TLR Shareholder(s) or his/their agent(s) duly appointed in writing (evidence of whose appointment in a form reasonably satisfactory to Hallwood is produced with the notice). E-mail, telex, facsimile, the internet or other electronic transmission, or copies, will not be sufficient to constitute written notice. No notice which is postmarked in, or which otherwise appears to Hallwood, its agents or advisers to have been sent from, a Restricted Jurisdiction will be treated as valid.

4. Revised Offer

- (a) Although no such revision is envisaged, if the Offer (in its original or any previously revised form(s)) is revised (either in its terms or conditions or in the value or nature of the consideration offered or otherwise) (which Hallwood reserves the right to do) and such revision represents on the date on which such revision is announced an improvement (or no diminution) in the value of the consideration of the Offer as so revised compared with the value of the consideration or terms previously offered, the benefit of the revised Offer shall (subject to this paragraph 4 and paragraph 5 of this Part B) be made available to any TLR Shareholder who has validly accepted the Offer in its original or any previously revised form(s) (a “**Previous Acceptor**”). The acceptance by or on behalf of a Previous Acceptor of the Offer (in its original or any previously revised form(s)) shall, subject as provided in this paragraph 4 and paragraph 5 of this Part B, be deemed to be an acceptance of the Offer as so revised and shall also constitute the irrevocable and separate appointment of any director or person authorised by Hallwood as his attorney and/or agent with authority to accept any such revised Offer on behalf of such Previous Acceptor and to execute on behalf of and in the name of such Previous Acceptor all such further documents (if any) as may be required to give effect to such acceptance. In making any such acceptance, such attorney and/or agent shall take into account the nature of any previous acceptance made by or on behalf of the Previous Acceptor and such other facts or matters as he may reasonably consider relevant.
- (b) Although no such revision is envisaged, if any revised Offer provides for TLR Shareholders who accept it to elect for (or accept) alternative forms of consideration, the acceptance by or on behalf of a Previous Acceptor of the Offer (in its original or any previously revised form(s)) shall, subject as provided below, also constitute the irrevocable and separate appointment of any director or person authorised by Hallwood as his attorney and/or agent to make on his behalf elections for and/or to accept such alternative forms of consideration on his behalf as such attorney and/or agent in his absolute discretion thinks fit and to execute on behalf of and in the name of such Previous Acceptor all such further documents (if any) as may be required to give effect to such acceptances and/or elections. In making any such acceptance or election, such attorney and/or agent shall take into account the nature of any previous acceptances and/or elections made by or on behalf of the Previous Acceptor and such other facts or matters as he may reasonably consider relevant.
- (c) The deemed acceptances and elections referred to in paragraphs 4(a) and 4(b) of this Part B shall not apply and the authorities conferred by paragraphs 4(a) and 4(b) of this Part B shall not be exercised if as a result thereof a Previous Acceptor would receive less in aggregate consideration under the revised Offer than he would have received as a result of his acceptance of the Offer in the form in which it was originally accepted by him unless such Previous Acceptor has previously otherwise agreed in writing.

- (d) The deemed acceptances and elections referred to in paragraphs 4(a) and 4(b) of this Part B shall not apply and the authorities conferred by paragraphs 4(a) and 4(b) of this Part B shall be ineffective to the extent that a Previous Acceptor:
- (i) in respect of TLR Shares held in certificated form, lodges with Capita Registrars in its capacity as receiving agent at the address and in the manner specified in paragraph 3(a) of this Part B, within 14 days of the posting of the document pursuant to which the revised Offer referred to in paragraphs 4(a) and 4(b) of this Part B is made available to TLR Shareholders, a Form of Acceptance or some other form issued by or on behalf of Hallwood in which he validly elects to receive the consideration receivable by him under that revised Offer in some other manner; or
 - (ii) in respect of TLR Shares held in uncertificated form, sends (or, if a CREST sponsored member, procures that his CREST sponsor sends) a valid ESA Instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be varied. Each such ESA Instruction must, in order for it to be valid and settle, include the following details:
 - the corporate action ISIN number for the TLR Shares: GB00B0108C60;
 - the number of TLR Shares in respect of which the changed election is made;
 - the participant account ID of the Previous Acceptor;
 - the member account ID of the Previous Acceptor;
 - the participant account ID of the Escrow Agent. This is RA10;
 - the member account ID of the Escrow Agent included in the relevant Electronic Acceptance. This is HALLRC01;
 - the CREST Transaction ID of the Electronic Acceptance in respect of which the election is to be changed;
 - the intended settlement date for the changed election;
 - the corporate action number for the Offer which will be allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
 - input with standard delivery instruction priority of 80;and, in order that the desired change of election can be effected, must include:
 - the member account ID of the Escrow Agent relevant to the new election.
- Any such change of election will be conditional upon Capita Registrars verifying that the request is validly made. Accordingly, Capita Registrars will on behalf of Hallwood reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message as appropriate.
- (e) The powers of attorney and authorities referred to in this paragraph 4 of this Part B and any acceptance of a revised Offer and/or election pursuant thereto shall be irrevocable unless and until the Previous Acceptor becomes entitled to withdraw his acceptance under paragraph 3 of this Part B and duly and validly does so.
 - (f) Hallwood reserves the right (subject to paragraphs 3 and 4(a) above) to treat a valid Form of Acceptance or Electronic Acceptance relating to the Offer (in its original or any previously revised form(s)) which is received after the announcement or the issue of the Offer in any revised form as a valid acceptance in respect of the revised Offer and/or a valid election pursuant thereto and such acceptance shall constitute an authority and request in the terms of this paragraph 4 of this Part B on behalf of the relevant TLR Shareholders.

5. General

- (a) Except with the consent of the Panel, the Offer must lapse unless all of the conditions to the Offer as set out in Part A of this Appendix I have been fulfilled or (if capable of waiver) waived or (where appropriate) have been determined by Hallwood to be and continue to be satisfied as at midnight on Day 42 of the Offer or within 21 days after the date on which the Offer becomes unconditional (whichever is the later) or such later date as Hallwood may, with the consent of the Panel, decide provided that Hallwood shall be under no obligation to waive or treat as satisfied any condition by a date earlier than the latest date specified above for the satisfaction thereof notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled and that there are, at such earlier date, no circumstances indicating that any such conditions may not be capable of fulfillment. If the Offer is referred to the Competition Commission before the First Closing Date or the date when the Offer becomes unconditional (whichever is the later) the Offer will lapse. If the Offer lapses, for any reason, it shall cease to be capable of acceptance and TLR Shareholders shall thereupon cease to be bound by prior acceptances.
- (b) No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, share certificates or other documents will be given. All communications, notices, certificates, documents of title, other documents and remittances to be delivered by or to or sent to or from TLR Shareholders (or their designated agent(s)) or as otherwise directed will be delivered by or to or sent to or from such TLR Shareholders (or their designated agent(s)) at their risk.
- (c) All references in this Offer Document and, in respect of TLR Shares held in certificated form, in the Form of Acceptance to Day 21 of the Offer, shall (except where the context otherwise requires) be deemed, if the expiry date of the Offer shall be extended, to refer to the expiry date of the Offer as so extended.
- (d) Except with the consent of the Panel, settlement of the consideration to which any TLR Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which Hallwood may otherwise be, or claim to be, entitled as against such TLR Shareholder, and the consideration due to a TLR Shareholder who validly accepts the Offer will (subject to paragraph 6 of this Part B below, and except with the consent of the Panel) be made in full not later than 14 days after the later of: (i) the date on which the Offer becomes or is declared unconditional in all respects and (ii) (in respect of certificated TLR Shares) the date of receipt of a valid and complete Form of Acceptance and/or (in respect of uncertificated TLR Shares) the date of receipt of a valid TTE Instruction from such TLR Shareholder. No consideration will be sent to an address in a Restricted Jurisdiction.
- (e) The instructions, terms, provisions and authorities contained in or deemed to be incorporated in the Form of Acceptance (in respect of certificated TLR Shares) constitute part of the terms of the Offer. Words and expressions defined in this Offer Document shall, unless the context otherwise requires, have the same meanings when used in the Form of Acceptance (in respect of certificated TLR Shares). The provisions of this Appendix I shall be deemed to be incorporated in the Form of Acceptance (in respect of certificated TLR Shares).
- (f) The Offer, this Offer Document, the Form of Acceptance (in respect of certificated TLR Shares) and all acceptances thereof and all elections thereunder or pursuant thereto and all contracts made pursuant thereto and action taken or made or deemed to be taken or made under any of the foregoing shall be governed by and construed in accordance with English law. Execution by or on behalf of a TLR Shareholder of a Form of Acceptance (in respect of certificated TLR Shares) will constitute his irrevocable submission, in relation to all matters arising out of or in connection with the Offer, this Offer Document and (in respect of certificated TLR Shares) the Form of Acceptance, to the jurisdiction of the Courts of England and his agreement that nothing shall limit the rights of Hallwood to bring any action, suit or proceeding arising out of or in connection with the Offer, this Offer Document and (in respect of certificated TLR Shares) the Form of Acceptance in any other manner permitted by law or in any court of competent jurisdiction.

- (g) Any omission or failure to (or decision not to) dispatch this Offer Document or the Form of Acceptance or any document or notice required to be given under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made or should be made, shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person.
- (h) Subject to paragraph 5(i) of this Part B below, and without prejudice to any other provision of this Appendix I, Hallwood reserves the right to treat acceptances of the Offer and/or elections pursuant thereto as valid if received by or on its behalf at any place or places or in any manner determined by it otherwise than as stated in this Offer Document or (in respect of certificated TLR Shares) in the Form of Acceptance, or (in respect of uncertificated TLR Shares) if the relevant TTE Instruction has not been settled.
- (i) Notwithstanding the right reserved by Hallwood to treat acceptances as valid (even though (in respect of certificated TLR Shares) the Form of Acceptance is not entirely in order or not accompanied by the relevant share certificate(s) and/or other document(s) of title), except with the consent of the Panel:
 - (i) an acceptance of the Offer will only be counted towards fulfilling the acceptance condition if the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it and TLR Shares not falling within Note 8 on Rule 10 of the Code will be counted towards fulfilling the acceptance condition;
 - (ii) a purchase of TLR Shares by Hallwood or its nominee(s) (or, if Hallwood is required to make an offer or offers under the provisions of Rule 9 of the Code, by a person acting in concert with Hallwood or its nominee(s) for the purpose of such offer(s)) will only be counted towards fulfilling the acceptance condition if the requirements of Note 5 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it.
- (j) Except with the consent of the Panel, the Offer will not become unconditional until Capita Registrars has issued a certificate to Hallwood (or its agents) which states the number of TLR Shares in respect of which acceptances have been received which meet the requirements of Note 4 on Rule 10 of the Code and the number of TLR Shares otherwise acquired (whether before or during the Offer Period) which meet the requirements of Note 5 on Rule 10 of the Code and, in each case, if applicable, Note 6 on Rule 10 of the Code. Copies of such certificate will be sent to the Panel and to Hallwood as soon as possible after it is issued.
- (k) All powers of attorney, appointments of agents and authorities on the terms conferred by or referred to in this Appendix I or (in respect of certificated TLR Shares) in the Form of Acceptance are given by way of security for the performance of the obligations of the TLR Shareholders concerned and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971, except in the circumstances where the donor of such power of attorney, appointment or authority is entitled to withdraw his acceptance in accordance with paragraph 3 of this Part B and duly does so.
- (l) The Offer extends to any TLR Shareholders to whom this Offer Document, the Form of Acceptance (in respect of certificated TLR Shares) and any related documents may not have been dispatched or by whom such documents may not be received and such TLR Shareholders may collect copies of those documents (during normal business hours only) from Capita Registrars at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or on 0871 664 0321 or if calling from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

- (m) Hallwood reserves the right to notify any matter, including the making of the Offer, to all or any TLR Shareholders with a registered address outside the United Kingdom (or whom Hallwood knows to be nominees, trustees or custodians for such persons) by announcement in the United Kingdom or paid advertisement in a daily newspaper published and circulated in the United Kingdom or in the London Gazette, in which event such notice shall be deemed to have been sufficiently given notwithstanding any failure by a TLR Shareholder to receive such notice and all references in this Offer Document to notice, or the provision of information in writing, by Hallwood and/or its agents and/or public relations consultants shall be construed accordingly.
- (n) The Offer is made on 17 April 2009 and is capable of acceptance from and after that time. Copies of this Offer Document and the Form of Acceptance (in respect of certificated TLR Shares) are available for collection (during normal business hours only) from Capita Registrars at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or on 0871 664 0321 or if calling from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice from that time.
- (o) If the Offer does not become unconditional in all respects:
 - (i) in respect of TLR Shares held in certificated form, Forms of Acceptance, share certificates and other documents of title will be returned by post (or by such other method as may be approved by the Panel) within 14 days of the Offer lapsing or being withdrawn to the person or agent whose name and address, outside a Restricted Jurisdiction, is set out in the relevant box on the Form of Acceptance or, if none is set out, to the first-named holder at his registered address outside a Restricted Jurisdiction. No such documents will be sent to an address in a Restricted Jurisdiction; and
 - (ii) in respect of TLR Shares held in uncertificated form, Capita Registrars will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days from the lapsing of the Offer), give instructions to Euroclear to transfer all the TLR Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the TLR Shareholders concerned.
- (p) If sufficient acceptances and voting rights in respect of TLR Shares are received and/or are otherwise acquired, Hallwood will apply the provisions of Chapter 3 of Part 28 of the Companies Act 2006 to acquire compulsorily any outstanding TLR Shares.
- (q) In relation to any acceptance of the Offer in respect of a holding of TLR Shares which is in uncertificated form, Hallwood reserves the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise, provided that such alterations, additions or modifications are consistent with the requirements of the Code or are otherwise made with the consent of the Panel.
- (r) For the purposes of this Offer Document, the time of receipt of a TTE Instruction, an ESA Instruction or an Electronic Acceptance shall be the time that the relevant instruction settles in CREST.
- (s) All references in this Appendix I to any statute or statutory provision shall include any statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date hereof).
- (t) The Offer may not be accepted, in relation to TLR Shares held in certificated form, otherwise than by means of a Form of Acceptance.

6. Overseas Shareholders

- (a) The making of the Offer in, or to persons resident in, or citizens or nationals of, jurisdictions outside the United Kingdom or who are nominees of, or custodians, trustees or guardians for, citizens or nationals of such jurisdictions may be prohibited or affected by the laws or regulatory requirements of the relevant overseas jurisdiction. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. No person receiving a copy of this Offer Document in any territory other than the UK may treat the same as constituting an offer or invitation to him nor should he in any event use the Form of Acceptance (in respect of certificated TLR Shares), unless, in the relevant territory, such an offer or invitation could lawfully be made to him and such Form of Acceptance (in respect of certificated TLR Shares) could lawfully be used without contravention of any registration or other legal or regulatory requirements. In such circumstances this Offer Document and/or Form of Acceptance are sent for information only. It is the responsibility of any Overseas Shareholder wishing to accept the Offer to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities. Any Overseas Shareholder will be responsible for payment of any issue, transfer or other taxes or other requisite payments due in that jurisdiction by whomsoever payable and Hallwood and any person acting on its behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such issue, transfer or other taxes or other requisite payments as Hallwood and any person acting on their behalf may be required to pay.

If you are an Overseas Shareholder and you are in doubt about your position, you should consult your professional adviser in the relevant jurisdiction.

- (b) Unless otherwise determined by Hallwood or required by the Code and permitted by applicable law and regulation, the Offer is not being made, directly or indirectly, in or into, or by the use of the mails or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce, or any facility of a national securities exchange, of a Restricted Jurisdiction and the Offer is not capable of acceptance by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of this Offer Document, the Form of Acceptance and any related documents are not being, and must not be, directly or indirectly, mailed 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 or otherwise forward, distribute or send them in or into or from a Restricted Jurisdiction. Doing so may render invalid any purported acceptance of the Offer. Persons wishing to accept the Offer should not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly related to acceptance of the Offer.

Envelopes containing Forms of Acceptance, evidence of title or other documents relating to the Offer must not be postmarked in a Restricted Jurisdiction or otherwise dispatched from a Restricted Jurisdiction and all accepting TLR Shareholders must provide addresses outside a Restricted Jurisdiction for the receipt of any consideration to which they are entitled pursuant to the Offer or (in respect of certificated TLR Shares) return of Forms of Acceptance, share certificate(s) and/or other document(s) of title.

- (c) If, in connection with the making of the Offer, notwithstanding the restrictions described above, any persons (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this Offer Document, the Form of Acceptance or any other documents relating to the Offer in, into or from a Restricted Jurisdiction or uses the mails of, or any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction in connection with such forwarding, such person should:
- (i) inform the recipient of such fact;
 - (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and

- (iii) draw the attention of the recipient to this paragraph 6 of this Part B.
- (d) A TLR Shareholder will be deemed not to have validly accepted the Offer if:
 - (i) he puts “No” in Box 4 of the Form of Acceptance (in respect of certificated TLR Shares) and thereby does not give the representation and warranty set out in paragraph (c) of Part C of this Appendix I;
 - (ii) he completes Box 3 of the Form of Acceptance (in respect of certificated TLR Shares) with an address in a Restricted Jurisdiction or has a registered address in a Restricted Jurisdiction and in either case he does not insert in Box 5 of the Form of Acceptance the name and address of a person or agent outside a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent, subject to this paragraph 6 and applicable laws;
 - (iii) he inserts in Box 5 of the Form of Acceptance (in respect of certificated TLR Shares) the name and address of a person or agent in a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under or in consequence of the Offer to be sent;
 - (iv) any Form of Acceptance (in respect of certificated TLR Shares) received from him is received in an envelope postmarked in, or which otherwise appears to Hallwood or its agents to have been sent from a Restricted Jurisdiction; or
 - (v) he makes a Restricted Escrow Transfer pursuant to and defined in paragraph 6(f) below unless he also makes a related Restricted ESA Instruction as defined below which is accepted by Capita Registrars.

Hallwood reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representation and warranty set out in paragraph (c) of Part C of this Appendix I or (as the case may be) paragraph (c) of Part D of this Appendix I could have been truthfully given by the relevant TLR Shareholder and, if such investigation is made and, as a result, Hallwood cannot satisfy itself that such representation and warranty was true and correct, such acceptance shall not be valid.

The provisions of this paragraph 6 and/or any other terms of the Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific TLR Shareholder(s) or on a general basis by Hallwood in its absolute discretion. In particular, without limitation, Hallwood reserves the right: to permit the Offer to be accepted by, and or (in respect of certificated TLR Shares) to issue or deliver any share certificate(s) and/or document(s) of title to an Overseas Shareholder, or (in respect of uncertificated TLR Shares) the crediting of the appropriate stock account of an Overseas Shareholder (otherwise unable to accept the Offer in accordance with the above) in circumstances in which Hallwood is satisfied that acceptance by such TLR Shareholder and or (in respect of certificated TLR Shares) the issue or delivery of any documents of title to, or (in respect of uncertificated TLR Shares) the crediting of the appropriate stock account of, such TLR Shareholder will not constitute a breach of any securities or other relevant legislation or impose obligations on Hallwood not contemplated by the Offer (and in any such case, Hallwood may impose reasonable additional requirements and restrictions on such acceptance and the share certificates and/or documents of title issued and/or crediting appropriate stock accounts). Subject thereto, the provisions of this paragraph 6 supersede any terms of the Offer inconsistent herewith.

- (e) Neither Hallwood nor any agent or director of Hallwood nor its advisers or any person acting on behalf of any of them shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of acceptances of the Offer on any of the bases set out in this paragraph 6 or otherwise in connection therewith.
- (f) If a TLR Shareholder holding TLR Shares in uncertificated form is unable to give the representation and warranties set out in paragraph (c) (i) or (ii) of Part D of this Appendix I, but nevertheless can produce evidence satisfactory to Hallwood that he is able to accept the Offer in compliance with all legal and regulatory requirements, he may only purport to accept the Offer by sending (or if a CREST sponsored member, procuring that his CREST sponsor sends) both:
 - (i) a TTE Instruction to a designated escrow balance detailed below (a “**Restricted Escrow Transfer**”); and

- (ii) one or more valid ESA Instructions (a “**Restricted ESA Instruction**”).

Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and the Restricted ESA Instruction settle in CREST and Hallwood decides in its absolute discretion to exercise its right, described in paragraph 6(d) above to waive, vary or modify the terms of the Offer related to Overseas Shareholders to the extent required to permit such acceptance to be made in each case during the acceptance period set out in paragraph (a) of Part A of this Appendix I. If Hallwood accordingly decides to permit such acceptance to be made, Capita Registrars will on behalf of Hallwood accept the purported acceptance as an Electronic Acceptance on the terms of this Offer Document as so waived, varied or modified by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, Capita Registrars will on behalf of Hallwood reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message.

Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:

- the corporate action ISIN number for the TLR Shares: GB00B0108C60;
- the number of TLR Shares in respect of which you wish to accept the Offer (i.e. the number of TLR Shares to be transferred to an escrow balance);
- your participant ID;
- your member account ID;
- the participant ID of the Escrow Agent. This is RA10;
- the member account ID of the Escrow Agent specific to a Restricted Escrow Transfer. This is RESTRICT;
- the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. on Day 21 of the Offer;
- the corporate action number for the Offer which will be allocated by Euroclear and can be found by reviewing the relevant corporate action details in CREST;
- input with standard delivery instruction priority of 80; and
- your contact name and telephone number inserted in the shared note field.

Each Restricted ESA Instruction must, in order for it to be valid and settle include the following details:

- the corporate action ISIN number for the TLR Shares: GB00B0108C60;
- the number of TLR Shares relevant to that Restricted ESA Instruction;
- your participant ID;
- your member ID;
- the participant ID of the Escrow Agent. This is RA10;
- the member account ID of the Escrow Agent set out in the Restricted Escrow Transfer. This is RESTRICT;
- the member account ID of the Escrow Agent. This is HALLRC01;
- the CREST Transaction ID of the Restricted Escrow Transfer to which the Restricted ESA Instruction relates to be inserted at the beginning of the shared note field;
- the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. on Day 21 of the Offer;
- the corporate action number for the Offer; and
- input with standard delivery instruction priority of 80.

Part C – Form of Acceptance

This Part C only applies to TLR Shares in certificated form. If you hold all your TLR Shares in uncertificated form you should ignore this Part C and instead read Part D.

Without prejudice to the terms of the Form of Acceptance and the provisions of Parts A and B of this Appendix I, each TLR Shareholder who holds TLR Shares in certificated form by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with Hallwood and Capita Registrars and their respective agents (so as to bind him, his personal or legal representatives and his heirs, successors and assigns) that:

- (a) whether or not any other boxes of the Form of Acceptance are completed, the execution of a Form of Acceptance shall constitute:
 - (i) an acceptance of the Offer in respect of the number of TLR Shares in certificated form inserted or deemed to be inserted in Box 1 of the Form of Acceptance; and
 - (ii) an authority to Hallwood and its agents to execute any further documents and give any further assurances that may be required in connection with any of the foregoing and an undertaking to execute any further documents, take further action and give any further assurances which may be required to enable Hallwood to obtain the full benefit of this Part C of Appendix I and/or to perfect any authorities expressed to be given hereunder and otherwise in connection with his acceptance of the Offer,

in each case on and subject to the terms and conditions set out or referred to in this Offer Document and the Form of Acceptance and that, subject to the rights of withdrawal set out in paragraph 3 of Part B of this Appendix I, each such acceptance shall be irrevocable provided that (i) if no number is inserted in Box 1; or (ii) if the total number of TLR Shares in certificated form inserted in Box 1 is greater than the relevant TLR Shareholder's registered holding of TLR Shares in certificated form; or (iii) if the Form of Acceptance is otherwise completed incorrectly but the Form of Acceptance is signed, it will be deemed to be an acceptance of the terms of the Offer in respect of all of the TLR Shares in certificated form comprised in the Form of Acceptance;

- (b) he is the sole legal and beneficial owner of the TLR Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted or he is the legal owner of such TLR Shares and he has the necessary capacity and authority to execute the Form(s) of Acceptance and to sell and transfer the TLR Shares referred to in paragraph (a)(i) above, and that such TLR Shares are sold fully paid and with full title guarantee and free from all liens, charges, encumbrances, equities, rights of pre-emption and any other third party rights of whatsoever nature and together with all rights attaching thereto from 9 April 2009 (being the date of the Announcement), including, without limitation, the right to receive all dividends or other distributions declared, paid or made after 9 April 2009;
- (c) unless "NO" is inserted or deemed to be inserted in Box 4 of the Form of Acceptance, such TLR Shareholder:
 - (i) if such TLR Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom, he has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control and other required consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in Hallwood, or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance of the Offer; or
 - (ii) (A) is not a person located or resident in a Restricted Jurisdiction, does not hold any TLR Shares in respect of which he has accepted the Offer on behalf of any resident of a Restricted Jurisdiction and is not acting on behalf of a resident of a Restricted

Jurisdiction for the account or benefit of any resident of a Restricted Jurisdiction or with a view to the offer, sale or delivery, directly or indirectly, of any in or into a Restricted Jurisdiction or to a resident of a Restricted Jurisdiction; and

- (B) has not received, mailed or otherwise transmitted, forwarded or sent, in whole or in part, copies or originals of this Offer Document, the Form of Acceptance or any related offering documents in, into or from a Restricted Jurisdiction and has not utilised in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, e-mail, facsimile, telex, telephone, the internet or other electronic transmission) of interstate or foreign commerce, or any facilities of a national securities exchange, of a Restricted Jurisdiction; and
 - (C) the Form of Acceptance has not been mailed or otherwise sent in, into or from a Restricted Jurisdiction and such TLR Shareholder is accepting the Offer from outside a Restricted Jurisdiction;
- (d) in relation to TLR Shares held in certificated form, the execution and delivery of the Form of Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting TLR Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of each of Hallwood and/or any of its directors or agents as such TLR Shareholder's attorney and/or agent, and an irrevocable instruction to the attorney and/or agent, to:
- (i) complete and execute all or any form(s) of transfer, renunciation and/or other document(s) at the discretion of the attorney and/or agent in relation to the TLR Shares referred to in paragraph (a)(i) above in favour of Hallwood or such other person or persons as Hallwood or its agents may direct;
 - (ii) deliver any form(s) of transfer, renunciation and/or other document(s) at the discretion of the attorney and/or agent, together with the share certificate(s) and/or other document(s) of title relating to such TLR Shares, for registration within six months of the Offer becoming unconditional in all respects; and
 - (iii) execute all such other documents and do all such other acts and things as may in the opinion of such attorney and/or agent be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer pursuant to the Form of Acceptance and to vest in Hallwood (or its nominees) the full legal and beneficial ownership of the TLR Shares in certificated form referred to in paragraph (a)(i) above;
- (e) in relation to TLR Shares held in certificated form, the execution and delivery of the Form of Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting TLR Shareholder not having validly withdrawn his acceptance, separate irrevocable authorities and requests to TLR or its agents, to procure the registration of the transfer of the TLR Shares in certificated form referred to in paragraph (a)(i) above pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect of TLR Shares to Hallwood or as it may direct;
- (f) in relation to TLR Shares held in certificated form, the execution of the Form of Acceptance constitutes a separate authority to Hallwood and Capita Registrars and their respective directors or agents and the irrevocable appointment of any such director and/or agent as such TLR Shareholder's attorney and/or agent within the terms of paragraph 4 of Part B of this Appendix I;
- (g) after the Offer becomes or is declared unconditional in all respects (or if the Offer would become or be declared unconditional in all respects or lapse immediately upon the outcome of the resolution in question) or if the Panel otherwise gives its consent and pending registration:
- (i) Hallwood shall be entitled to direct the exercise of any votes attaching to any TLR Shares held in certificated form in respect of which the Offer has been accepted or is deemed to have been accepted (and in respect of which such acceptance has not been validly withdrawn) and any other rights and privileges attaching to such TLR Shares, including the right to requisition a general meeting or separate class meeting of TLR, such votes (where relevant) to be cast so far as possible to satisfy any outstanding condition of the Offer; and

- (ii) the execution of the Form of Acceptance by a TLR Shareholder constitutes, with regard to the TLR Shares held in certificated form comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
 - (A) an irrevocable authority to TLR and/or its agents from such TLR Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him as a member of TLR (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such TLR Shares into certificated form) to Hallwood at its registered office;
 - (B) the irrevocable appointment of Hallwood or Capita Registrars or any of their respective directors or agents to sign such documents and do such things as may in the opinion of such person seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to such TLR Shares (including, without limitation, an authority to sign any consent to short notice of a general or separate class meeting as his attorney and/or agent and on his behalf and/or to execute a form of proxy in respect of such TLR Shares appointing any person nominated by Hallwood to attend general or separate class meetings of TLR or its members or any of them (and any adjournment thereof) and to exercise the votes attaching to such TLR Shares on his behalf), such votes (where relevant) to be cast so far as possible to satisfy any outstanding condition of the Offer; and
 - (C) the irrevocable agreement of such TLR Shareholder not to exercise any of such rights without the consent of Hallwood and the irrevocable undertaking of such TLR Shareholder not to appoint a proxy or representative for or to attend any such meetings;
- (h) he will deliver, or procure the delivery of, to Capita Registrars at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, his share certificate(s) and/or other document(s) of title in respect of the TLR Shares referred to in sub-paragraph (a)(i) above (which are held in certificated form), or an indemnity acceptable to Hallwood in lieu thereof, as soon as possible and in any event within six months of the Offer becoming unconditional in all respects;
- (i) the terms and conditions of the Offer shall be deemed to be incorporated into and form part of the Form of Acceptance, which shall be read and construed accordingly;
- (j) if he accepts the Offer, he shall do all such acts and things as shall be necessary or expedient to vest in Hallwood (or its nominees or such other persons as it may decide) full legal and beneficial ownership of the TLR Shares;
- (k) he agrees to ratify each and every act or thing which may be done or effected by Hallwood or Capita Registrars or by any of their respective directors or agents or by TLR or its agents, as the case may be, in the proper exercise of any of his or its powers and/or authorities conferred by or referred to in Part B or in this Part C of this Appendix I and to indemnify each such person against any losses arising therefrom;
- (l) in relation to TLR Shares held in certificated form, the execution of the Form of Acceptance constitutes his submission, in relation to all matters arising out of the Offer and the Form of Acceptance, to the jurisdiction of the courts of England and his agreement that nothing shall limit the right of Hallwood to bring any action, suit or proceeding arising out of or in connection with the Offer or in any other manner permitted by law or in any court of competent jurisdiction;
- (m) if any provision of Part B or of this Part C of Appendix I shall be unenforceable or invalid or shall not operate so as to afford Hallwood or Capita Registrars and any director or agent of any of them the full benefit of the authorities and powers of attorney expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents as may be required or desirable to enable Hallwood or Capita Registrars and any director or agent of any of them to secure the full benefit of such authorities and powers of attorney; and
- (n) the Form of Acceptance shall be deemed to be delivered on the date of its execution and shall take effect as a Deed.

References in this Part C to a TLR Shareholder shall include references to the person or persons executing a Form of Acceptance, in relation to TLR Shares held in certificated form, and, in the event of more than one person executing a Form of Acceptance, the provisions of this Part C shall apply to them jointly and to each of them. References to the masculine gender shall include the feminine or any legal person as the context may require.

Part D – Electronic Acceptances

This Part D only applies to TLR Shares in uncertificated form. If you hold all your TLR Shares in certificated form you should ignore this Part D and instead read Part C.

Without prejudice to the provisions of Parts A and B of this Appendix I, each TLR Shareholder who holds TLR Shares in uncertificated form by whom, or on whose behalf, an Electronic Acceptance is made irrevocably undertakes, represents, warrants and agrees to and with Hallwood and Capita Registrars and their respective agents (so as to bind him and his personal or legal representatives, heirs, successors and assigns) that:

- (a) the Electronic Acceptance shall constitute:
 - (i) an acceptance of the Offer in respect of the number of TLR Shares in uncertificated form to which the TTE Instruction relates;
 - (ii) an undertaking to execute any further documents, take further action and give any further assurances which may be required to enable Hallwood to obtain the full benefit of the terms of this Part D and/or to perfect any authorities expressed to be given hereunder and otherwise in connection with his acceptance of the Offer, in each case on and subject to the terms and conditions set out or referred to in this Offer Document and that, subject only to the rights of withdrawal set out in paragraph 3 of Part B of this Appendix I, such acceptance and/or election shall be irrevocable;
- (b) he is the sole legal and beneficial owner of the TLR Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted or he is the legal owner of such TLR Shares and he has the necessary capacity and authority to make the Electronic Acceptance and to sell and transfer the TLR Shares referred to in paragraph (a)(i) above, and that such TLR Shares are sold fully paid and with full title guarantee and free from all liens, charges, encumbrances, equities, rights of pre-emption and any other third party rights of whatsoever nature and together with all rights attaching thereto from 9 April 2009 (being the date of the Announcement), including, without limitation, the right to receive all dividends and other distributions declared, made or paid after 9 April 2009;
- (c) such TLR Shareholder:
 - (i) if such TLR Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom, he has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control and other required consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in Hallwood, or any other person acting in breach of any legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance of the Offer; or
 - (ii) (A) is not a person located or resident in a Restricted Jurisdiction, does not hold any TLR Shares in respect of which he has accepted the Offer on behalf of any resident of a Restricted Jurisdiction and is not acting on behalf of a resident of a Restricted Jurisdiction; and
 - (B) has not received, mailed or otherwise transmitted, forwarded or sent, in whole or in part, copies or originals of this Offer Document or any related offering documents in, into or from a Restricted Jurisdiction and has not utilised in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, e-mail, facsimile, telex, the internet, telephone or other electronic transmission) of interstate or foreign commerce, or any facilities of a national securities exchange, of a Restricted Jurisdiction; and

- (C) was outside, at the time of the input and settlement of the relevant TTE Instruction, a Restricted Jurisdiction; and no TTE Instruction has been sent in, into or from a Restricted Jurisdiction and such TLR Shareholder is accepting the Offer from outside a Restricted Jurisdiction, provided that the warranties and representations above shall be deemed not to be given if the TLR Shareholder purports to accept the Offer by sending (or if a CREST sponsored member, procuring that his CREST sponsor sends) a Restricted Escrow Transfer and a Restricted ESA Instruction pursuant to paragraph 6(f) of Part B of this Appendix I;
- (d) in relation to TLR Shares held in uncertificated form, the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting TLR Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of each of Hallwood and/or any of its respective directors or agents as such TLR Shareholder's attorney and/or agent, and an irrevocable instruction to the attorney and/or agent to do all such acts and things as may in the opinion of such attorney and/or agent be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and to vest in Hallwood (or its nominees) the full legal and beneficial ownership of the TLR Shares (referred to in paragraph (a)(i) of this Part D (the "**Electronic Acceptance Shares**"));
- (e) in relation to TLR Shares held in uncertificated form, the Electronic Acceptance constitutes the irrevocable appointment of Capita Registrars as the Escrow Agent to the Offer and an irrevocable instruction and authority to the Escrow Agent:
- (i) subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting TLR Shareholder not having validly withdrawn his acceptance, to transfer to itself (or to such other person or persons as Hallwood or its agents may direct) by means of CREST all or any of the TLR Shares held in uncertificated form (but not exceeding the number of TLR Shares held in uncertificated form in respect of which the Offer is accepted or deemed to be accepted); and
- (ii) if the Offer does not become unconditional in all respects, to give instructions to Euroclear, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days of the lapsing of the Offer), to transfer all such TLR Shares to the original available balance of the accepting TLR Shareholder;
- (f) in relation to TLR Shares held in uncertificated form, the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting TLR Shareholder not having validly withdrawn his acceptance, separate irrevocable authorities and requests to Hallwood, Capita Registrars or their respective agents to procure the making of a CREST payment in accordance with the CREST payment arrangements in respect of any cash consideration to which such accepting TLR Shareholder is entitled, provided that:
- (i) Hallwood may (if, for any reason it wishes to do so) determine that all or any part of such cash consideration shall be paid by cheque, dispatched by post; and
- (ii) if the accepting TLR Shareholder is a CREST member whose registered address is in a Restricted Jurisdiction, any cash consideration to which he is entitled shall be paid by cheque dispatched by post and all such cheques shall be dispatched at the risk of such TLR Shareholder to the first-named holder at an address outside a Restricted Jurisdiction stipulated by such holder or as otherwise determined by Hallwood;
- (g) in relation to TLR Shares held in uncertificated form, the Electronic Acceptance constitutes a separate authority to Hallwood and Capita Registrars and any of their respective directors or agents and the irrevocable appointment of any such director and/or agent as such TLR Shareholder's attorney and/or agent within the terms of paragraph 4 of Part B of this Appendix I in respect of the Electronic Acceptance Shares;

- (h) after the Offer becomes or is declared unconditional in all respects (or if the Offer would become or be declared unconditional in all respects or lapse immediately upon the outcome of the resolution in question) or if the Panel otherwise gives its consent and pending registration:
 - (i) Hallwood or its agents shall be entitled to direct the exercise of any votes attaching to TLR Shares held in uncertificated form in respect of which the Offer has been accepted or is deemed to have been accepted (and in respect of which such acceptance has not been validly withdrawn) and any other rights and privileges attaching to such TLR Shares, including the right to requisition a general meeting or separate class meeting of TLR, such votes (where relevant) to be cast so far as possible to satisfy any outstanding condition of the Offer; and
 - (ii) an Electronic Acceptance by a TLR Shareholder constitutes, with regard to the TLR Shares held in uncertificated form comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
 - (A) an irrevocable authority to TLR and/or its agents from such TLR Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him as a member of TLR (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such TLR Shares into certificated form) to Hallwood at its registered office;
 - (B) the irrevocable appointment of Hallwood or Capita Registrars or any of their respective directors or agents to sign any such documents and do such things as may in the opinion of such person seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to such TLR Shares (including, without limitation, an authority to sign any consent to short notice of a general or separate class meeting on his behalf and/or execute a form of proxy in respect of such TLR Shares appointing any person nominated by Hallwood to attend general or separate class meetings of TLR or its members or any of them (and any adjournment thereof) and to exercise the votes attaching to such TLR Shares on his behalf) such votes (where relevant) to be cast so far as possible to satisfy any outstanding condition of the Offer; and
 - (C) the irrevocable agreement of such TLR Shareholder not to exercise any of such rights without the consent of Hallwood and the irrevocable undertaking of such TLR Shareholder not to appoint a proxy or representative for or to attend any such meetings;
- (i) if, for any reason any TLR Shares in respect of which a TTE Instruction has been effected in accordance with paragraph 14.2 of the letter from Hallwood on page 17 of this Offer Document are converted to certificated form, he will (without prejudice to sub-paragraph (h)(ii)(A) above of this Part D) immediately deliver or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such TLR Shares as so converted to Capita Registrars at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or to Hallwood at its registered office or as Hallwood or its agent may direct and he shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part C of this Appendix I in relation to such TLR Shares without prejudice to the application of this Part D so far as Hallwood deems appropriate;
- (j) the creation of a CREST payment obligation in favour of his payment bank in accordance with the CREST payment arrangements referred to in paragraph (f) above of this Part D shall, to the extent of the obligations so created, discharge in full any obligation of Hallwood to pay him any cash consideration (if any) to which he is entitled pursuant to the Offer;
- (k) if he accepts the Offer, he shall do all such acts and things as shall be necessary or expedient to vest in Hallwood or its nominee(s) or such other person as it may decide the Electronic Acceptance Shares and all such acts and things as in the opinion of Hallwood shall be necessary or expedient to enable Capita Registrars to perform its functions as Escrow Agent for the purposes of the Offer;

- (l) he agrees to ratify each and every act or thing which may be done or effected by Hallwood or Capita Registrars or by any of their respective directors or agents or by TLR or its agents, as the case may be, in the proper exercise of any of his or its powers and/or authorities conferred by or referred to in Part B or this Part D of this Appendix I and to indemnify each such person against any losses arising therefrom;
- (m) if any provision of Part B or this Part D of Appendix I shall be unenforceable or invalid or shall not operate so as to afford Hallwood or Capita Registrars and any of their respective directors or agents the full benefit of authorities and powers of attorney expressed to be given therein, he shall with all practicable speed do such acts or things and execute all such documents as may be required or desirable to enable Hallwood or Capita Registrars and any of their respective directors or agents or persons authorised by them to secure the full benefit of such authorities and powers of attorney;
- (n) in relation to TLR Shares held in uncertificated form, the making of an Electronic Acceptance constitutes his submission, in relation to all matters arising out of the Offer and Electronic Acceptance, to the jurisdiction of the courts of England and his agreement that nothing shall limit the right of Hallwood to bring any action, suit or proceeding arising out of or in connection with the Offer and the Electronic Acceptance or in any other manner permitted by law or in any court of competent jurisdiction; and
- (o) by virtue of Regulation 43 of the Regulations, the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the CREST member accepting the Offer in the terms of the powers and authorities expressed to be given by Part B, this Part D and (where applicable by virtue of paragraph (i) above) Part C of this Appendix I to Hallwood or Capita Registrars and any of their respective directors or agents.

References in this Part D to a TLR Shareholder shall include reference to the person or persons making an Electronic Acceptance, in relation to TLR Shares held in uncertificated form, and, in the event of more than one person making an Electronic Acceptance, the provisions of this Part D shall apply to them jointly and to each of them. References to the masculine gender should include the feminine or any legal person as the context may require.

APPENDIX II

FINANCIAL INFORMATION

FINANCIAL INFORMATION RELATING TO TLR

The information listed below relating to TLR is hereby incorporated by reference into this Offer Document.

<i>No</i>	<i>Information</i>	<i>Source of Information</i>
1.	Turnover, net profit or loss before and after taxation, the charge for tax, extraordinary items, minority interests, the amount absorbed by dividends and earnings/(loss) and dividends per share for TLR for the three years ended 30 September 2008	<p>TLR Annual Report 2008, Consolidated Income Statement on page 14, Note 9 Tax on loss on ordinary activities on page 26 and Note 4 Loss per share on page 22.</p> <p>See http://www.hallwoodfinancial.com/tlr2008.pdf</p> <p>TLR Annual Report 2007, Consolidated Profit and Loss account on page 17, Note 6 Tax on loss on ordinary activities on page 26 and Note 7 Loss per share on page 26.</p> <p>See http://www.hallwoodfinancial.com/tlr2007.pdf</p> <p>TLR Annual Report 2006, Consolidated Profit and Loss Account on page 15, Note 6 Tax on loss on ordinary activities on page 23 and Note 7 Loss per share on page 23.</p> <p>See http://www.hallwoodfinancial.com/tlr2006.pdf</p>
2.	A statement of the assets and liabilities shown in the audited accounts for TLR for the year ended 30 September 2008	<p>TLR Annual Report 2008, Consolidated Balance Sheet on page 16.</p> <p>See http://www.hallwoodfinancial.com/tlr2008.pdf</p>
3.	A cash flow statement as provided in the audited accounts for TLR for the year ended 30 September 2008	<p>TLR Annual Report 2008, Consolidated Cash Flow Statement on page 17.</p> <p>See http://www.hallwoodfinancial.com/tlr2008.pdf</p>
4.	Significant accounting policies together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures	<p>TLR Annual Report 2008, the Statement of Accounting Policies on pages 18 to 21 and the Notes to the Accounts on pages 22 to 44.</p> <p>See http://www.hallwoodfinancial.com/tlr2008.pdf</p>
5.	Reconciliations and explanatory notes on how the transition to International Financial Reporting Standards has affected profit and net assets previously reported under UK Generally Accepted Accounting Principles	<p>TLR Annual Report 2008, Note 11 First time adoption of International Financial Reporting Standards (IFRS) on pages 28 to 30.</p> <p>See http://www.hallwoodfinancial.com/tlr2008.pdf</p>

Information in relation to 1, 2, 3 and 4 above has not been published in an inflation adjusted form.

FINANCIAL INFORMATION RELATING TO HALLWOOD GROUP INCORPORATED

Hallwood itself has not, to date, been required to produce audited financial statements nor has it done so. By way of providing background information in relation to Hallwood, financial information concerning HGI in respect of the three years ended 31 December 2008 is hereby incorporated by reference into this Offer Document:

<i>No</i>	<i>Information</i>	<i>Source of Information</i>
1.	Turnover, net profit or loss before and after taxation, the charge for tax, extraordinary items, minority interests, the amount absorbed by dividends and earnings/(loss) and dividends per share for HGI for the three years ended 31 December 2008	Form 10-K for the year ended 31 December 2008 (the “ Form 10-K ”), Consolidated Statements of Operations on page 50, Note 11 – Income Taxes on pages 76 to 78 and Note 13 – Computation of Income (Loss) Per Common Share on page 79. See http://www.hallwoodfinancial.com/10k.pdf
2.	A statement of the assets and liabilities shown in the audited accounts for HGI for the year ended 31 December 2008	Form 10-K, Consolidated Balance Sheets on page 49. See http://www.hallwoodfinancial.com/10k.pdf
3.	A cash flow statement as provided in the audited accounts for HGI for the year ended 31 December 2008	Form 10-K, Consolidated Statements of Cash Flows on page 53. See http://www.hallwoodfinancial.com/10k.pdf
4.	Significant accounting policies together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures	Form 10-K, Report of Independent Registered Public Accounting Firm on page 48 and notes to Consolidated Financial Statements on pages 54 to 86. See http://www.hallwoodfinancial.com/10k.pdf

Information in relation to 1, 2, 3 and 4 above has not been published in an inflation adjusted form.

COPIES OF FINANCIAL INFORMATION

The TLR Annual Reports for 2006, 2007 and 2008, together with the Form 10-K, are available in “read-only” format and can be printed free of charge from the Hallwood website, <http://www.hallwoodfinancial.com>.

Requests for paper copies of such documents should be directed to: Hunton & Williams, 30 St Mary Axe, London EC3A 8EP, for the attention of Paul Tetlow.

APPENDIX III

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Hallwood Directors, whose names are set out in paragraph 2.1 below, accept responsibility for the information contained in this Offer Document, save that (i) the only responsibility accepted by them in respect of the information contained in Appendix II (Financial Information relating to TLR) to this Offer Document is to ensure that such information has been correctly incorporated by reference and (ii) no responsibility is accepted for the views and opinions contained in the letter from the Independent Director, the statement in paragraph 8.1 of this Appendix III and information relating to TLR, the directors of TLR and members of their immediate families, related trusts and persons connected with them (the “**TLR Information**”) for which the TLR Directors and the Independent Director accept responsibility in accordance with paragraphs 1.2 and 1.3 below.

To the best of the knowledge and belief of the Hallwood Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Offer Document for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Hallwood accepts responsibility for this Offer Document on the same basis as the Hallwood Directors.

- 1.2 The TLR Directors, whose names are set out in paragraph 2.2 below, accept responsibility for the TLR Information only.

To the best of the knowledge and belief of the TLR Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Offer Document for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

- 1.3 The Independent Director accepts responsibility for the recommendation and the associated opinions contained in the letter from the Independent Director set out in Part I of this Offer Document.

To the best of the knowledge and belief of the Independent Director (who has taken all reasonable care to ensure that such is the case), the information contained in this Offer Document for which he takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- 2.1 The Hallwood Directors are as follows:

Anthony Gumbiner
Mylene Gumbiner
Alastair Howie
Rhys Davies

The registered office and principal place of business of Hallwood is PO Box 3136, Road Town, Tortola, British Virgin Islands.

- 2.2 The TLR Directors and their respective functions are as follows:

Anthony Gumbiner	<i>Non-executive Chairman</i>
Rhys Davies	<i>Investment Director</i>
John Perriss	<i>Non-executive Director</i>

The registered office and principal place of business of TLR is 11 Duke Street, High Wycombe, Buckinghamshire HP13 6EE, UK.

3. Interests and Dealings

3.1 Definitions

For the purposes of this paragraph 3:

- (a) “**acting in concert**” has the meaning attributed to it in the Code;
- (b) “**arrangement**” includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (c) “**associate**” means:
 - (i) the subsidiaries, fellow subsidiaries and associated companies of Hallwood or, as the case may be, TLR and companies of which any such subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is the test of associated company status) (a paragraph 1 associate);
 - (ii) connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
 - (iii) the Hallwood Directors, the TLR Directors or the directors of any company covered in (a) above (together, in each case, with their close relatives and related trusts);
 - (iv) the pension funds of Hallwood or TLR or of any company covered in (a) above;
 - (v) any investment company, unit trust or other person whose investments an associate manages on a discretionary basis, in respect of the relevant investment accounts;
 - (vi) an employee benefit trust of Hallwood or TLR or any company covered in (a) above; and
 - (vii) a company having a material trading arrangement with Hallwood or TLR;
- (d) “**connected adviser**” has the meaning attributed to it in the Code;
- (e) “**connected person**” means any person whose interests in shares the relevant director is taken to be interested in pursuant to Part 22 of the Companies Act 2006 and related regulations;
- (f) “**control**” means a holding or aggregate holdings of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective to whether the holding or aggregate holdings gives de facto control (and “**controlling**” and “**controlled by**” shall be construed accordingly);
- (g) “**dealing**” or “**dealt**” includes:
 - (i) acquiring or disposing of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or of general control of relevant securities;
 - (ii) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising or varying an option in respect of any relevant securities;
 - (iii) subscribing or agreeing to subscribe for relevant securities;
 - (iv) exercising or converting any relevant securities carrying conversion or subscription rights;
 - (v) acquiring, disposing of, entering into, closing out, exercise of any rights under, or varying, a derivative referenced, directly or indirectly, to relevant securities;
 - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and

- (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (h) “**derivative**” includes any financial product whose value, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;
- (i) “**disclosure date**” means 16 April 2009 being the latest practicable date prior to the posting of this Offer Document;
- (j) “**disclosure period**” means the period beginning 12 months immediately prior to the commencement of the Offer Period and ending on the disclosure date;
- (k) “**exempt principal trader**” or “**exempt fund manager**” have the meanings attributed to them in the Code;
- (l) being “**interested**” in relevant securities includes where a person:
 - (i) owns relevant securities;
 - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
 - (iii) by virtue of any agreement to purchase, an option or a derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise;
 - (iv) is a party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it; or
 - (v) has long economic exposure, whether absolute or conditional, to changes in the price of those relevant securities (but a person who only has a short position in relevant securities is not treated as interested in those relevant securities); or
 - (vi) in the case of Rule 5 of the Code (timing restrictions on acquisitions) has received an irrevocable commitment in respect of them);
- (m) “**relevant TLR securities**” means:
 - (i) TLR Shares and any other securities of TLR carrying voting rights;
 - (ii) equity share capital of TLR; and
 - (iii) any securities of TLR carrying conversion or subscription rights into any securities listed in (i) or (ii) above;
- (n) “**relevant Hallwood securities**” means:
 - (i) shares of US\$1.00 in the capital of Hallwood and any other securities of Hallwood carrying voting rights;
 - (ii) equity share capital of Hallwood; and
 - (iii) any securities of Hallwood carrying conversion or subscription rights into any securities listed in (i) or (ii) above;
- (o) “**relevant securities**” means relevant TLR securities or relevant Hallwood securities, as appropriate;
- (p) “**short position**” means any short position, whether conditional or absolute and whether in the 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;

- (q) references to a pension fund of TLR or of any paragraph 1 associate do not include any such pension funds which are managed under an agreement or arrangement with an independent third party in the terms set out in Note 7 to the definition of “acting in concert” set out in the Code; and
- (r) a disclosure made in respect of TLR or Hallwood (as the case may be) includes details of all interests, short positions and borrowings of any other person whose interest in shares such director is taken to be interested in pursuant to Part 22 of the Companies Act 2006 and related regulations.

3.2 *Interests in relevant TLR securities*

- (a) As at the close of business on the disclosure date, Hallwood held 20,350,434 TLR Shares, representing approximately 28.26 per cent. of the existing issued TLR Shares.
- (b) As at the close of business on the disclosure date, the TLR Directors were interested in the following relevant TLR securities (excluding options and/or awards which are disclosed in paragraph (b) below):

<i>Name</i>	<i>Number of TLR Shares</i>
Anthony J. Gumbiner*	20,350,434
Rhys Davies	nil
John Perriss	nil

*Anthony J. Gumbiner is interested in the relevant TLR securities referenced above by virtue of his beneficial interest in Hallwood.

- (c) As at the close of business on the disclosure date, the following options and/or awards over TLR Shares have been granted to the following TLR Directors under the TLR Share Schemes and remain outstanding:

<i>Name</i>	<i>Exercise Price</i>	<i>Number of TLR Shares</i>
Anthony J. Gumbiner	—	nil
Rhys Davies	—	nil
John Perriss	—	nil

- (d) As at the close of business on the disclosure date, no persons falling within the categories specified in paragraphs (i), (ii), (iv) and (vi) of the definition of “associate” in this paragraph 3 in relation to TLR (but excluding exempt market-makers) owned or controlled any relevant TLR securities.
- (e) Save as aforesaid, as at the close of business on the disclosure date, neither Hallwood nor the Hallwood Directors nor those persons deemed to be acting in concert with Hallwood were interested in any relevant TLR securities.

3.3 *Dealings in relevant TLR securities*

- (a) On 10 October 2008, Hallwood Investments Limited, a sister company of Hallwood, transferred 20,350,434 TLR Shares to Hallwood Company Limited, the holding company of Hallwood, at a price of 5 pence per share. Immediately thereafter, Hallwood Company Limited transferred 20,350,434 TLR Shares to Hallwood, again at a price of 5 pence per share. The beneficial ownership of such TLR Shares did not change as a result of this transaction and the Panel has confirmed that the price of 5 pence per share should not be taken into account for the purposes of Rule 11.1 of the Code.
- (b) Save as aforesaid, during the period between the start of the disclosure period and the disclosure date:
 - (i) there were no dealings in relevant TLR securities by Hallwood; and
 - (ii) there were no dealings in relevant TLR securities by the Hallwood Directors, their immediate families and related trusts and, so far as the Hallwood Directors are aware, connected body corporates nor were there any dealings by any person presumed to be acting in concert with Hallwood.

3.4 *Interests in relevant Hallwood securities as at the close of business on the disclosure date*

TLR held no interest in or right to subscribe for relevant Hallwood securities or any short position in relation to relevant Hallwood securities as at the close of business on the disclosure date.

3.5 *Dealings in relevant Hallwood securities*

During the period between the start of the disclosure period and the disclosure date:

- (a) there were no dealings in relevant Hallwood securities by TLR; and
- (b) save as set out in paragraph 3.3(a), there were no dealings in relevant Hallwood securities by the TLR Directors, their immediate families and related trusts and, so far as the TLR Directors are aware, connected body corporates.

3.6 *Persons acting in concert with Hallwood*

For the purposes of the Code, Rhys Davies is, or is deemed to be, acting in concert with Hallwood.

3.7 *General*

As at the close of business on the disclosure date, save as disclosed in this paragraph 3:

- (a) Hallwood had no interest in or right to subscribe for, or had any short position in relation to, any relevant TLR securities and had not dealt in any relevant TLR securities during the disclosure period;
- (b) none of the Hallwood Directors had an interest in, or a right to subscribe for, or had any short position in relation to, any relevant TLR securities nor had any such person dealt in any relevant TLR securities during the disclosure period;
- (c) no person acting in concert with Hallwood had an interest in, or a right to subscribe for, or had any short position in relation to, any relevant TLR securities nor had any such person dealt in any relevant TLR securities during the disclosure period;
- (d) no person with whom Hallwood or any person acting in concert with Hallwood has any arrangement in relation to, had an interest in, or a right to subscribe for, or had any short position in relation to, any relevant TLR securities nor had any such person dealt in any relevant TLR securities during the disclosure period;
- (e) none of the TLR Directors had an interest in, or a right to subscribe for, or had any short position in relation to, any relevant TLR securities nor had any such person dealt in any relevant TLR securities during the period between the start of the Offer Period and the disclosure date;
- (f) neither Hallwood nor any person acting in concert with Hallwood had borrowed or lent any relevant TLR securities, save for any borrowed shares which have either been on-lent or sold;
- (g) no paragraph 1 associate of TLR had any interest in, or right to subscribe for, or had any short position in relation to, any relevant TLR securities nor had any such person dealt in any relevant TLR securities during the period between the start of the Offer Period and the disclosure date;
- (h) there were no arrangements which existed between Hallwood, or any person acting in concert with Hallwood, and any other person relating to any relevant TLR securities;
- (i) no pension fund of TLR or of a paragraph 1 associate of TLR had any interest in, or right to subscribe for, or had any short position in relation to, any relevant TLR securities, nor had any such person dealt in any relevant TLR securities during the period between the start of the Offer Period and the disclosure date;

- (j) no employee benefit trust of TLR or of a paragraph 1 associate of TLR had any interest in, or right to subscribe for, or had any short position in relation to, any relevant TLR securities, nor had any such person dealt in any relevant TLR securities during the period between the start of the Offer Period and the disclosure date;
- (k) no connected adviser to TLR or to a paragraph 1 associate or to a person acting in concert with TLR, nor any person controlling, controlled by or under the same control as any such connected adviser (except for an exempt principal trader or exempt fund manager) had any interest in, or right to subscribe for, or had any short position in relation to, any relevant TLR securities, nor had any such person dealt in any relevant TLR securities during the period between the start of the Offer Period and the disclosure date;
- (l) no person who has an arrangement with TLR or with an associate of TLR (which for these purposes is an associate of TLR by virtue of paragraphs (i), (ii), (iii) and (iv) of the definition of associate) had any interest in, or right to subscribe for, or had any short position in relation to, any relevant TLR securities, nor had any such person dealt in any relevant TLR securities during the period between the start of the Offer Period and the disclosure date;
- (m) neither TLR nor any person acting in concert with TLR had borrowed or lent any relevant TLR securities, save for any borrowed shares which have either been on-lent or sold;
- (n) there were no arrangements which existed between TLR or any associate of TLR and any other person relating to any relevant TLR securities; and
- (o) TLR had not redeemed or purchased any relevant TLR securities during the disclosure period.

4. Market quotations

The following table shows the Closing Price of a TLR Share, as derived from the AIM Appendix of the Daily Official List, on:

- 4.1 the first Business Day in each of the six months immediately prior to the date of this Offer Document;
- 4.2 8 April 2009 (being the last Business Day prior to the commencement of the Offer Period); and
- 4.3 16 April 2009 (being the latest practicable Business Day prior to the publication of this Offer Document):

<i>Date</i>	<i>Closing price (mid market) for a TLR Share (pence)</i>
3 November 2008	2.50
1 December 2008	2.75
2 January 2009	2.75
2 February 2009	2.25
2 March 2009	2.00
1 April 2009	1.50
8 April 2009	1.50
16 April 2009	2.50

5. Material contracts of TLR

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by TLR and/or its subsidiaries during the two years preceding the date of this Offer Document and are or may be material:

- 5.1 The engagement letter dated 5 March 2009 between Ruegg and TLR pursuant to which Ruegg provided its services in connection with the Open Offer. Under the terms of the engagement letter TLR agreed to pay Ruegg a fee of £60,000 for its services in connection with the Open Offer. Ruegg agreed to subscribe £30,000 of that amount for 12,000,000 new shares at 0.25p per share (on the assumption that the Open Offer would receive the support of TLR Shareholders).
- 5.2 The renewal of John Perriss' appointment as a non-executive director of TLR, as referred to in paragraph 7.1 below.
- 5.3 Following a share transfer from West Country Radio Holdings Limited, by share purchase agreement dated 28 September 2007, TLR's subsidiary, Radio Investments Limited, transferred the entire share capital of three of its radio stations, Isle of Wight Radio Limited, Spirit FM Limited and The Quay Radio Limited to Quadrant Media Limited ("**Quadrant**"). Following this transfer TLR sold 26 per cent. of its holding in Quadrant to PFC Media Limited for £1 million in cash, retaining a 74 per cent. share in Quadrant after the transaction.
- 5.4 By a share sale and purchase agreement dated 6 June 2008 TLR sold the entire share capital of Dune FM Limited to Niocom Limited for £10,000 cash and a deferred payment of £90,000.
- 5.5 By a share sale and purchase agreement dated 27 June 2008 TLR sold the entire share capital of three of its radio stations, Three Towns Radio Limited, Brunel FM Limited and Bath Radio Limited to Bournemouth Local Radio Limited for a total consideration of £3.
- 5.6 By share sale and purchase agreements dated 30 June 2008 (i) Radio Investments Limited sold the entire share capital of Ivel FM Limited and (ii) West Country Radio Holdings Limited sold the entire share capital of Vale FM Limited, in each case to Midwest Radio Limited and for £1 each.
- 5.7 By a share sale and purchase agreement dated 30 June 2008 TLR sold the entire share capital of Huddersfield FM Limited to Pennine FM Limited for a consideration of £1 and a deferred payment of £125,000.
- 5.8 By a share sale and purchase agreement dated 21 August 2008 TLR sold its 64 per cent. holding in Central FM Limited to John Quinn, Chairman of Central FM Limited, who already owned 11 per cent. of the station, for £575,000 cash.
- 5.9 An agreement dated 20 November 2008 and transfer dated 6 February 2009 for the sale by Silk FM Limited to Deafness Support Network of Radio House, Bridge Street, Macclesfield, Cheshire for a purchase price of £273,500.
- 5.10 An agreement dated 3 December 2008 and transfer dated 14 January 2009 for the sale by Minster Sound Radio (York) Limited to David Craven and Carole Craven of the freehold of Chessingham House, 1 Chessingham Park, Dunnington for a purchase price of £350,000, a lease of Chessingham House by David Craven and Carole Craven to Minster Sound Radio (York) Limited commencing on 14 January 2009 for a term of 15 years at an annual rent of £27,000 (to be reviewed every five years), and a rent deposit deed relating to a deposit of £13,500 held by the landlord in respect of the lease.
- 5.11 By a business sale and purchase agreement dated 9 April 2009 TLR and its subsidiary, Trinity FM Limited ("**Trinity**"), sold the Jazz FM business to Jazz Investments Limited, a company established by Richard Wheatly (a former director of TLR and Trinity) and Alistair Mackenzie (a former director and employee of TLR). The consideration received by TLR and Trinity for the disposal of the Jazz FM business was £1 together with the assumption by Jazz Investments Limited of Trinity's liability to GMG Radio Holdings Limited to pay the sum of £195,510 which would otherwise have been due to be discharged by Trinity on 31 March 2009.
- 5.12 An agreement relating to the appointment of Rhys Davies as Investment Director of TLR, as referred to in paragraph 7.1 below.
- 5.13 The appointment of Jason Bryant as managing director of the Local Stations Division of TLR with effect from 1 December 2008. TLR has entered into an agreement with Town & Country Broadcasting Limited to procure the services of Mr Bryant for an initial period of 18 months for

a fee of £243,000, payable in monthly instalments. The following further arrangements, although not yet formally documented, have been agreed in principle. A discretionary cash bonus of £15,000 was paid to Mr Bryant in March 2009 and it is proposed that a further discretionary cash bonus of £15,000 be paid in June 2009 in respect of progress made on delivering TLR's restructuring plan. A further cash bonus of £50,000 will be payable if (1) the TLR Group (excluding restructuring costs and excluding any contribution from Trinity/Jazz FM or First Radio Sales Limited) achieves EBITDA of at least £nil for the financial quarter from 1 July 2009 to 30 September 2009 and (2) the TLR Group is cash flow positive by 30 September 2009. Finally, TLR has agreed in principle, subject to shareholder approval (which is proposed to be requested at TLR's AGM in 2010), to grant to Mr Bryant an option to subscribe for TLR Shares equal to 5 per cent. of the then issued share capital of TLR at 0.25 pence per share, conditional on the achievement of budget in the financial year from 1 October 2009 to 30 September 2010. If there is a change of control of TLR (meaning an acquisition other than by Anthony Gumbiner, Hallwood or anyone acting in concert with either of them of TLR Shares representing, when aggregated with any existing holding, over 30 per cent. of the issued share capital of TLR) and either or both of Anthony Gumbiner and Rhys Davies cease to be TLR Directors, then Town & Country Broadcasting Limited may immediately terminate the engagement and TLR shall pay Town & Country Broadcasting Limited the balance of the fee for the unexpired initial period.

- 5.14 A compromise agreement dated 16 January 2009 between TLR and Alistair MacKenzie for the termination of Mr MacKenzie's employment with TLR by reason of redundancy.
- 5.15 An agreement dated 5 March 2009 made between (1) TLR, (2) Hallwood, (3) Rhys Davies and (4) Jason Bryant pursuant to which Hallwood, Rhys Davies and Jason Bryant agreed to underwrite the Open Offer in the event that TLR Shareholders did not take up their entitlements under the Open Offer.

6. Material contracts of Hallwood

Except for the contract referred to in paragraph 5.15 above, Hallwood has not entered into any contracts, other than contracts entered into in the ordinary course of business, which are or may be material, within the period beginning two years immediately before the date of commencement of the Offer Period.

7. Service contracts for TLR Directors

- 7.1 TLR has entered into the following letters of appointment and service agreements with the TLR Directors:

Executive Director

Rhys Davies was appointed as Investment Director on 22 October 2008. The fee payable for Mr Davies' services is £60,000 per annum which is payable to Glendower Partners Limited under an agreement between TLR, Glendower Partners Limited and Rhys Davies for the provision by Glendower Partners Limited of the services of Rhys Davies as Investment Director of TLR. This agreement is terminable by three months' notice by either party. Prior to 22 October 2008, Mr Davies was appointed as Non-executive Director of TLR on 29 November 2006.

Non-Executive Directors

John Perriss was appointed a Non-executive Director of TLR by letter of appointment dated 10 May 2004. Mr Perriss was appointed for an initial three year term which has been reviewed and extended for a further period of three years at the discretion of the TLR Board. The appointment is terminable at any time on three months' notice by either TLR or Mr Perriss and otherwise in accordance with TLR's articles of association. The fee payable for Mr Perriss' services is £20,000 per annum and is subject to annual review by the TLR Board.

Anthony J. Gumbiner was appointed as Non-executive Director of TLR on 29 November 2006. This appointment is for an initial three year term which can be reviewed and extended for a further period of three years at the discretion of the TLR Board. The appointment is terminable at any time on three months' notice by either TLR or Mr Gumbiner and otherwise in accordance with TLR's articles of association. Mr Gumbiner is not remunerated.

- 7.2 Save as disclosed in this paragraph 7, there are no entitlements to commission or profit sharing arrangements under the TLR Directors' service agreements or letters of appointment.
- 7.3 TLR is not a party to any service contract or letter of appointment with any of the TLR Directors which provides for benefits on the termination of any such arrangement.
- 7.4 None of the above mentioned service agreements, except the appointment of Rhys Davies as Investment Director, have been entered into or amended within 6 months prior to the date of this Offer Document.

8. Significant changes

- 8.1 Save as disclosed in this Offer Document, the TLR Directors are not aware of any material change in the financial or trading position or prospects of TLR since 30 September 2008.
- 8.2 Save as disclosed in this Offer Document, Hallwood has no reason to believe that there has been any material change in the financial position or prospects of TLR since 30 September 2008.

9. Bases of calculations and sources of information

- 9.1 The value attributed to the existing issued and to be issued share capital of TLR is based upon the 72,001,588 TLR Shares being in issue on 16 April 2009, being the last practicable Business Day prior to the publication of this Offer Document.
- 9.2 All prices quoted for TLR Shares are Closing Prices, as derived from the AIM Appendix of the Daily Official List.

10. Miscellaneous

- 10.1 Save as disclosed in this Offer Document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Hallwood or any person acting in concert with Hallwood for the purposes of the Offer and any of the directors, recent directors, shareholders or recent shareholders of TLR or any person interested or recently interested in TLR Shares, having any connection with, or dependence upon, or which is conditional on the outcome of, the Offer.
- 10.2 Save as disclosed in this Offer Document, no proposal exists in connection with the Offer for any payment or other benefit to be made or given by Hallwood or any person acting in concert with Hallwood for the purposes of the Offer to any TLR Director as compensation for loss of office or as consideration for, or in connection with, his retirement from office.
- 10.3 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the TLR Shares acquired by Hallwood pursuant to the Offer will be transferred to any other person, save that Hallwood reserves the right to transfer any such shares to any member of the Hallwood Group.
- 10.4 All share prices are derived from the AIM Appendix of the Daily Official List.
- 10.5 It is not currently proposed that any dividend or other distribution in respect of TLR Shares will be made or paid during the Offer Period.
- 10.6 Ruegg has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion of the references to its name in the form and context in which they appear.

11. Documents available for inspection

Copies of the following documents are available for inspection during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays excepted) at the offices of Hallwood's solicitors, Hunton & Williams, at 30 St. Mary Axe, London, EC3A 8EP, whilst the Offer remains open for acceptance:

- (a) the constitution and by-laws of Hallwood;
- (b) the memorandum and articles of association of TLR;

- (c) the Form of Acceptance;
- (d) this Offer Document;
- (e) the service contracts for TLR Directors summarised in paragraph 7 above (there being no formal contracts in place for Hallwood Directors);
- (f) the consent of Ruegg referred to in paragraph 10.6 above;
- (g) the material contracts summarised in paragraph 5 above;
- (h) the annual reports of TLR for the financial years ended 30 September 2006, 2007 and 2008; and
- (i) the form 10-K of HGI for the year ended 31 December 2008.

17 April 2009

APPENDIX IV

DEFINITIONS

The following definitions apply throughout this Offer Document unless the context otherwise requires:

“AIM”	AIM, the market of that name operated by the London Stock Exchange;
“Announcement”	the announcement of the Offer pursuant to Rule 2.5 of the Code, published on 9 April 2009;
“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;
“Capita Registrars”	a trading name of Capita Registrars Limited;
“certificated” or “in certificated form”	in relation to a share or other security, not in uncertificated form (that is, not in CREST);
“Closing Price”	the closing middle market quotation of a TLR Share as derived from the AIM Appendix of the Daily Official List;
“Code”	the City Code on Takeovers and Mergers;
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator;
“CREST Manual”	the manual issued by Euroclear from time to time;
“CREST payment”	has the meaning given to that term in the CREST Manual;
“CREST member”	a person who has been admitted by Euroclear as a system member (as defined in the Regulations);
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the Regulations);
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor;
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member;
“Daily Official List”	the Daily Official List of the London Stock Exchange;
“Disclosed”	(i) as disclosed in TLR’s report and accounts for the year ended 30 September 2008; or (ii) as publicly announced by TLR (by the delivery of an announcement to an authorised Regulatory Information Service) prior to 8 April 2009;
“Electronic Acceptance”	the inputting and settling of a TTE Instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this Offer Document;
“ESA Instruction”	an Escrow Account Adjustment Input (AESN), transaction type “ESA” (as described in the CREST Manual);

“Escrow Agent”	Capita Registrars (in its capacity as Escrow Agent) as described in the CREST manual;
“Euroclear”	Euroclear UK & Ireland Limited;
“First Closing Date”	8 May 2009;
“Form of Acceptance”	the form of acceptance and authority relating to the 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 Directors” or “Hallwood Board”	the directors of Hallwood as of the date of this Offer Document;
“Hallwood Group”	Hallwood and its existing subsidiary undertakings;
“HGI”	Hallwood Group Incorporated, a Delaware company whose principal executive offices are at 3710 Rawlins, Suite 1500, Dallas, Texas;
“Independent Director”	John Perriss, being the only director of TLR who is not also a director of Hallwood;
“Ireland”	the Republic of Ireland;
“Japan”	Japan, its cities, prefectures, territories and possessions;
“Listing Rules”	the rules and regulations made by the UK Listing Authority under Part VI of the Financial Services and Markets Act 2000;
“London Stock Exchange”	London Stock Exchange plc;
“member account ID”	the identification code or number attached to any member account in CREST;
“Offer”	the cash offer by Hallwood, on the terms and subject to the conditions set out in this Offer Document and (in respect of certificated TLR Shares) the Form of Acceptance, to acquire all of the TLR Shares not already owned by Hallwood (including, where the context requires, any subsequent revision, variation, extension or renewal of such offer);
“Offer Document”	this document dated 17 April 2009;
“Offer Period”	the period commencing on 9 April 2009 and ending on whichever of the following times shall be the latest: (i) 1.00 p.m. on the First Closing Date; (ii) the date on which the Offer lapses or is withdrawn; and (iii) the date on which the Offer becomes or is declared unconditional;
“Offer Price”	2.5 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;
“Overseas Shareholder”	a TLR Shareholder who is resident in, or a citizen of or national of jurisdictions outside the United Kingdom or a nominee of or custodian, trustee or guardian for a TLR Shareholder who is a citizen or national of such jurisdictions;

“Panel”	the Panel on Takeovers and Mergers;
“participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
“pounds”, “£” or “pence”	the lawful currency of the United Kingdom;
“Regulations”	the Uncertified Securities Regulations 2001 (SI 2001 No. 3755);
“Regulatory Information Service”	any channel recognised as a channel for the dissemination of regulatory information by listed companies as defined in the Listing Rules published by the Financial Services Authority;
“Restricted Jurisdiction”	the United States, Canada, Australia, Japan, Ireland, South Africa, Switzerland or any other jurisdiction where extension or acceptance of the Offer would violate the law of that jurisdiction;
“Ruegg”	Ruegg & Co Limited;
“South Africa”	the Republic of South Africa;
“Switzerland”	the Helvetic Confederation, also known as Switzerland;
“TFE Instruction”	a transfer from escrow instruction (as defined in the CREST Manual);
“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 HP 13 6EE;
“TLR Directors” or “TLR Board”	the directors of TLR at the date of this Offer Document;
“TLR Group”	TLR and its existing subsidiary undertakings;
“TLR Optionholders”	the holders of options granted under the TLR Share Option Schemes;
“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”	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 Offer closes (or such earlier date, not being earlier than the date on which the Offer becomes or is declared unconditional as to acceptances, as Hallwood may, subject to the Code and the Panel, decide);
“TTE Instruction”	a transfer to escrow instruction (as defined in the CREST Manual);
“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;
“UKRD Offer”	the offer in respect of the entire issued share capital of TLR made by UKRD on 31 March 2009;

“uncertificated” or “in uncertificated form”	in relation to a share or other security, recorded on the relevant register in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST;
“UK” or “United Kingdom”	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.

Save where otherwise stated, for the purposes of this Offer Document and the Form of Acceptance:

- **“subsidiary”, “subsidiary undertaking”, “associated undertaking”, “undertaking” and “parent undertaking”** shall have the respective meanings given to them by the Companies Act 1985 or 2006 (as appropriate) and **“significant interest”** means a direct or indirect interest in 20 per cent. or more of the equity share capital (as defined in the Companies Act 2006) of any undertaking;
- the singular includes the plural and vice versa, unless the context otherwise requires;
- all references to time are to London time; and
- all references to legislation are to English legislation unless the contrary is stated and any references to any provision of any legislation shall include any amendment, re-enactment or extension thereof.

