

THIS REVISED 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 Revised Offer) please send this Revised Offer Document, but not any accompanying personalised New 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 Revised Offer Document and the accompanying New Form of Acceptance and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Revised 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 Revised 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 Revised Offer Document, the New 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 Revised Offer.

The availability of the Revised 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.

REVISED 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 Revised Offer Document, which explains why he, as the only Independent Director, is recommending that TLR Shareholders accept the Revised Offer.

A summary of the action to be taken by TLR Shareholders to accept the Revised Offer is set out on page 3 of this Revised Offer Document. Details of the procedure for acceptance of the Revised Offer are set out in the New Form of Acceptance and on pages 15 to 19 of this Revised Offer Document. If you hold TLR Shares in certificated form, to accept the Revised Offer the New 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 19 May 2009. If you hold TLR Shares in uncertificated form, to accept the Revised Offer, you should comply with the procedure for acceptance set out on pages 15 to 19 of this Revised Offer Document and ensure that an Electronic Acceptance is made which settles no later 1.00 p.m. on 19 May 2009.

This Revised Offer Document should be read in conjunction with the accompanying New 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 Revised Offer.

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 Revised Offer becomes or is declared unconditional as to acceptances, lapses, or is otherwise withdrawn or on which the Offer Period otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of TLR, they will be deemed to be a single person for the 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 Revised Offer Document, including information included or incorporated by reference in this Revised Offer Document, contains statements that are or may be “forward-looking” concerning the Revised 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 Revised Offer, factors identified elsewhere in this Revised 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 Revised Offer Document in respect of TLR and/or Hallwood are made as of the date of this Revised 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 Revised Offer will be made available, free of charge, at www.hallwoodfinancial.com by no later than 12.00 noon on the Business Day following their release, and will remain available throughout the Revised 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 REVISED OFFER

1. If you are a TLR Shareholder holding TLR Shares in certificated form (that is, not in CREST):
 - (a) complete the New 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 Revised Offer Document; and
 - (b) return the completed New 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 19 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 Revised Offer Document and send (or procure that there is sent) a TTE instruction(s) to settle not later than 1.00 p.m. on 19 May 2009.

The First Closing Date of the Revised Offer is 1.00 p.m. on 19 May 2009.

<p>IN ALL CASES YOUR VALID ACCEPTANCE MUST BE RECEIVED BY NO LATER THAN 1.00 P.M. ON 19 MAY 2009</p>

This page 3 should be read in conjunction with the rest of this Revised 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.

If you have already accepted Hallwood's Initial Offer

Acceptances of Hallwood's Initial Offer shall be deemed to be acceptances of Hallwood's Revised Offer. Therefore, if you have already accepted the Initial Offer, you are not required to take any further action in respect of the Revised Offer.

Should the Revised Offer be declared wholly unconditional, TLR Shareholders who accepted the Initial Offer will automatically receive 3.5 pence per TLR Share, assuming that no further revisions take place.

If you have already accepted the Initial UKRD Offer or the Revised UKRD Offer and wish to accept Hallwood's Revised Offer

According to the terms of the Revised UKRD Offer, you are entitled to withdraw your acceptance of the Initial UKRD Offer and the Revised UKRD Offer by written notice to Capita Registrars given in the manner set out in paragraph 3 of Part B of Appendix I, on pages 27 and 28 of the offer document published by UKRD on 31 March 2009 in connection with the Initial UKRD Offer.

Such withdrawal can be effected if the Revised UKRD Offer has not been declared unconditional by 1.00 p.m. on 12 May 2009, which is day 42 of the Revised UKRD Offer.

Helpline

If you have any questions relating to this page 3 of this Revised Offer Document regarding the action to be taken to accept the Revised Offer or any other queries or require any further assistance, telephone Capita Registrars, the receiving agent to the Revised 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 Revised Offer nor give any financial, legal or tax advice.

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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)

5 May 2009

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

Dear TLR Shareholder

Recommended revised 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 27 March 2009, UKRD announced the Initial UKRD Offer for the entire issued share capital of TLR not already owned by UKRD, at a price of 2 pence per TLR Share. Subsequently, Hallwood announced the Initial Offer of 2.5 pence per TLR Share on 9 April 2009. The Revised UKRD Offer announced on 29 April 2009 increased the price that UKRD is willing to pay to 3.25 pence per TLR Share. On 30 April 2009 Hallwood announced the terms of a revised cash offer at 3.5 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 Revised Offer.

It was announced today that I, as the Independent Director of TLR, have reached agreement with the Hallwood Board to recommend the Revised 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 Revised Offer to be fair and reasonable. In providing advice to me, Ruegg has taken account of my commercial assessment. I recommend that all TLR Shareholders accept the Revised Offer.

2. Summary of the terms of the Revised Offer

The formal Revised Offer and the actions you should take to accept it are set out in the letter from Hallwood in Part II of this Revised Offer Document, the conditions and further terms of the Offer set out in Appendix I to this Revised Offer Document and Appendix I to the Initial Offer Document and (in respect of certificated TLR Shares) in the accompanying New Form of Acceptance. The Revised 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: 3.5 pence in cash

The Revised Offer values the entire existing share capital of TLR at approximately £2,520,056. The cash consideration due to each accepting TLR Shareholder will be rounded down to the nearest whole penny.

The Revised 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 Revised Offer extends to TLR Shares unconditionally allotted or issued and fully paid (or credited as fully paid) while the Revised 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 of the Initial Offer Document.

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

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

Hallwood has given me assurances that it is making the Revised 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 Revised UKRD Offer and provide a loan to TLR to finance its current cash requirements.

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

- The Revised Offer provides certainty of value to TLR Shareholders through a cash offer, at a time of equity market and macroeconomic instability.
- The Revised Offer provides TLR Shareholders with an opportunity to realise their investment for cash at a substantial premium to the pre Offer Period share price and subsequent share prices, representing:
 - a premium of 133.33 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 84.74 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;
 - a premium of 40.00 per cent. to the closing price of 2.5 pence per TLR Share on AIM on 29 April 2009, being the last dealing day prior to the announcement of the Revised Offer; and
 - a premium of 7.69 per cent. to the price under the Revised UKRD Offer.
- If the Revised 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 Revised Offer relates, it is the intention of Hallwood, assuming it becomes so entitled, to acquire compulsorily any outstanding TLR Shares pursuant to the provisions of the Companies Act 2006. In such case, Hallwood intends to procure that TLR will apply for cancellation of the admission to trading of the TLR Shares on AIM.
- However, if the Revised 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 Revised 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 25,460,540 TLR Shares as nominee for UKRD and its Chairman, Trevor Smallwood, representing approximately 35.36 per cent. of the issued share capital of TLR. If Charles Stanley Securities does not accept the Revised Offer, Hallwood will not receive acceptances in respect of more than 90 per cent. of TLR Shares to which the Revised Offer relates.

- If, following the Revised 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. Under the terms on which it has been offered, the loan facility would not be available were the Revised 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. TLR has agreed with Hallwood the form of a debenture to be granted over TLR's assets and Hallwood has agreed the form of a deed of priority with TLR's bankers, National Westminster Bank plc, in respect of the bank's first ranking debenture over TLR's assets.
- TLR has given UKRD the opportunity to offer better funding terms than Hallwood to meet TLR's current cash requirements. UKRD has provided an indicative loan offer to TLR of a facility of £1 million, repayable on demand and conditional upon the grant of second ranking security behind National Westminster Bank plc. The proposed interest rate would be 9 per cent. per annum. However, UKRD has indicated that only an unspecified initial tranche would be capable of being drawn down prior to the Revised UKRD Offer (or any subsequent revision of it) being declared unconditional in all respects. That initial tranche would only be available to enable TLR to pay an amount that UKRD had previously confirmed with HM Revenue & Customs as being the amount of VAT due from TLR in May 2009 and UKRD requires authority to contact HM Revenue & Customs on TLR's behalf to obtain that confirmation (which authority has not been given).
- I continue to review all funding options and have yet to accept either offer of funding.

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 various offers made by UKRD and Hallwood, TLR's cash flow projections show it requires an injection of funds imminently 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. 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 Revised Offer Document that the existing employment rights of the TLR Directors and the management and employees of TLR will be fully safeguarded should the Revised 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 Revised 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 Revised 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 the Initial Offer Document which contains important information for such shareholders.

9. Delisting and compulsory acquisition

Your attention is drawn to paragraph 11 of Part II of this Revised 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 Revised Offer at that time.

10. Action to be taken to accept the Revised Offer

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

If you wish to accept the Revised Offer in respect of your certificated TLR Shares you should complete and return your New 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 Revised 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 19 May 2009. To accept the Revised 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 Revised Offer Document. If you have any questions regarding the action to be taken to accept the Revised Offer or any other queries or require any further assistance, telephone Capita Registrars, the receiving agent to the Revised 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 Revised 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 Revised Offer to be fair and reasonable. In providing its advice, Ruegg has taken into account my commercial assessment of both the Revised Offer and the Revised UKRD Offer. Accordingly, I recommend that all TLR Shareholders accept the Revised Offer.

Yours faithfully

John Perriss
Independent Director of
The Local Radio Company plc

PART II

THE REVISED 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

5 May 2009

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

Dear TLR Shareholder

**Recommended revised 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 30 April 2009, Hallwood announced the terms of a revised cash offer for the entire issued and to be issued share capital of TLR not already owned by Hallwood. The Revised Offer values each TLR Share at 3.5 pence and the existing issued ordinary share capital of TLR at approximately £2,520,056.

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 Revised Offer Document, representing approximately 28.26 per cent of the existing issued share capital of TLR.

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

Your attention is drawn to the letter from John Perris, the Independent Director, set out in Part I of this Revised Offer Document. That letter, amongst other things, confirms that the Independent Director, having been so advised by Ruegg, considers the terms of the Revised 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 Revised Offer.

2. The Revised Offer

Hallwood hereby offers to acquire, subject to the terms and conditions set out in this Revised Offer Document and (in the case of TLR Shares held in certificated form) in the accompanying New 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: 3.5 pence in cash

The Revised Offer values the entire existing share capital of TLR at approximately £2,520,056. 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 133.33 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 84.74 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;
- a premium of 40.00 per cent. to the closing price of 2.5 pence per TLR Share on 29 April 2009, being the last dealing day prior to the announcement of the Revised Offer; and
- a premium of 7.69 per cent. to the price under the Revised UKRD Offer.

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

The TLR Shares to which the Revised Offer relates will be acquired by Hallwood fully paid, or credited as fully paid, and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights now and hereafter attaching to them, including, without limitation, the right to receive in full and retain all dividends and other distributions, (if any) declared, made or paid in respect of the TLR Shares on or after 9 April 2009.

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

3. Information on Hallwood

Directors

The directors of Hallwood at the date of this Revised 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 Revised 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 Initial UKRD Offer was posted to TLR Shareholders on 31 March 2009 and valued 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 Initial Offer was announced.

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

- The cash price offered in Hallwood's Initial Offer was 25 per cent. higher than the Initial UKRD Offer and therefore TLR Shareholders who do not wish to continue their involvement with TLR could sell their TLR Shares at a higher price under the Initial 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 Revised 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 various offers made by UKRD and Hallwood, TLR's cash flow projections show it requires an injection of funds imminently in order to continue trading.

6. Background to and reasons for the Revised 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 Revised UKRD Offer succeeds. Hallwood believes that the Revised 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 Revised UKRD Offer becomes unconditional, whereas Hallwood is committed to TLR's success as a public company.

Hallwood has made the Revised Offer both in order to gain control of TLR and to ensure that the Revised 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 Revised Offer becoming or being declared unconditional in all respects.

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

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

9. Financing of the Revised Offer and cash confirmation

Full acceptance of the Revised Offer, assuming the acceptance of the Revised Offer by all TLR Shareholders other than Hallwood, would result in the payment by Hallwood of approximately £1,807,790 in cash.

Hallwood would be able to finance such payment from its current working capital reserves.

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

10. Compulsory acquisition

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

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

Hallwood will, as holder of a majority of TLR Shares following the Revised Offer, be entitled to 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 Revised Offer and to retain their TLR Shares should be aware that the liquidity and marketability of the TLR Shares on AIM following Hallwood's acquisition of TLR Shares pursuant to the Revised Offer, and, were a cancellation to take place, following such cancellation, may be significantly adversely affected.

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 Revised 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 Revised 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 Revised Offer in respect of their TLR Shares, in the event that the Revised 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 Revised 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 Revised 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 the Initial Offer Document and to the relevant provisions of the New Form of Acceptance (in respect of certificated TLR Shares).

The Revised 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 Revised 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 Revised Offer Document, the New 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 Revised Offer.

The availability of the Revised 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 the Initial Offer Document (in respect of certificated TLR Shares) and/or in paragraph (c) of Part D of Appendix I to the Initial Offer Document (in respect of uncertificated TLR Shares) may be deemed not to have validly accepted the Revised Offer.

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

The following paragraphs should be read together with the instructions and notes on the accompanying New 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 the Initial Offer Document, all of which form part of the terms of the Revised Offer.

Holders of TLR Shares in certificated form may only accept the Revised Offer in respect of such shares by completing and returning the accompanying New 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 New Form of Acceptance for each designation. Additional New 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 Revised Offer nor give any financial, legal or tax advice.

Holders of TLR Shares in uncertificated form may only accept the Revised 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 Revised Offer*

To accept the Revised Offer in respect of your TLR Shares held in certificated form (at the time of acceptance of the Revised Offer), you must complete Box 1 and, if appropriate, Boxes 3, 4 and/or Box 5 of the New Form of Acceptance. You must also sign Box 2 of the enclosed New 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 New Form of Acceptance. Any TLR Shareholder which is a company should execute the New Form of Acceptance in accordance with the instructions printed on it. If you do not insert a number in Box 1 of the New 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 New Form of Acceptance*

To accept the Revised Offer in respect of your TLR Shares held in certificated form, the completed, signed and witnessed (in the case of an individual) New 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 19 May 2009. A reply paid envelope for use within the UK only accompanies this Revised Offer Document for your convenience. No acknowledgement of receipt of the New Form of Acceptance or any accompanying documents will be given by or on behalf of Hallwood.

Any New 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 Revised Offer. For further information on Overseas Shareholders please see paragraph 13 above.

The New Form of Acceptance is issued only to the addressee(s) and the unique designated account printed on it. The New 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 Revised Offer Document, the New 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) New 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 New 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 19 May 2009. You should send with your New 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 the Initial Offer Document and subject to the terms of the Revised Offer and the provisions of the Code, Hallwood reserves the right to treat as valid (in whole or in part) any acceptance of the Revised 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 Revised 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 the Initial Offer Document and Box 4 and 5 of the New Form of Acceptance. The Revised Offer is not being made, directly or indirectly, in or into a Restricted Jurisdiction. Any acceptance of the Revised 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 the Initial 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 Revised Offer, your TLR Shares are held in uncertificated form, to accept the Revised 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 Revised 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 19 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 the Initial Offer Document) constitute an acceptance of the Revised 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 Revised Offer*

To accept the Revised Offer in respect of TLR Shares held in uncertificated form (at the time of acceptance of the Revised 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 Revised 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 19 May 2009;
- the corporate action number for the Revised 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 Revised Offer lapses or is withdrawn. If the Revised 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 the Initial 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 19 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 New Form of Acceptance which is received in respect of TLR Shares held in uncertificated form will NOT constitute a valid acceptance of the Revised Offer and will be disregarded. Holders of TLR Shares in uncertificated form who wish to accept the Revised Offer should note that a TTE Instruction will only be a valid acceptance of the Revised 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 Revised Offer and the provisions of the Code, to treat a TTE Instruction which settles after 1.00 p.m. on 19 May 2009 (or such later date to which the Revised Offer may be extended) but before the relevant closing date of the Revised Offer as a valid acceptance of the Revised 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 the Initial Offer Document. The Revised Offer is not being made, directly or indirectly, in or into a Restricted Jurisdiction. Any acceptance

of the Revised 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 the Initial 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 Revised 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 Revised 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 19 May 2009.

If you are in any doubt as to the procedures for acceptance of the Revised Offer, please contact Capita Registrars on 0871 664 0321 or if calling from outside the UK, on +44 20 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 Revised 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 Revised Offer will comply with the rules of the Code. Subject to the Revised Offer becoming or being declared unconditional in all respects, settlement of the consideration to which any TLR Shareholder is entitled under the Revised Offer (except as provided in paragraph 6 of Part B of Appendix I to the Initial 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 Revised 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 Revised Offer becomes or is declared unconditional in all respects but while the Revised 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 Revised 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 Revised 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 Revised 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 New 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 Revised 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 New 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 Revised Offer (or within such longer period as the Panel may permit, not exceeding 14 days from the lapsing or the withdrawal of the Revised 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 Revised 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 Revised Offer set out in Appendices I to IV, which form part of this Revised Offer Document, Appendix I to the Initial Offer Document and in the New Form of Acceptance accompanying this Revised Offer Document (in respect of certificated TLR Shares). The Appendices and the New Form of Acceptance contain material information which may not be summarised elsewhere in this Revised Offer Document.

17. **Action to be taken to accept the Revised Offer**

To accept the Revised Offer, if you hold your TLR Shares in certificated form, the accompanying New 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. New 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 19 May 2009**. A reply paid envelope for use in the United Kingdom only accompanies this Revised Offer Document for your convenience.

If you hold your TLR Shares in uncertificated form, you will need to accept the Revised 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 19 May 2009**.

Yours faithfully

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

APPENDIX I

CONDITIONS AND FURTHER TERMS OF THE REVISED OFFER

The Revised Offer is a revision of the Initial Offer and shall be construed accordingly.

Save for the increased price of 3.5 pence per TLR Share and the First Closing Date of the Revised Offer being 19 May 2009, the Revised Offer is made on and is subject to the conditions to, and further terms of, the Initial Offer, as set out in Parts A, B, C and D of the Initial Offer Document, which shall be deemed incorporated into and to form part of this Appendix I.

Except where the context requires otherwise, any references in Appendix I to the Initial Offer Document and in the Initial Form of Acceptance to:

- (a) the “**Offer**” shall mean the Revised Offer and any variation, renewal or extension of the Revised Offer (as the case may be);
- (b) the “**Offer Document**” shall mean the Initial Offer Document and this Revised Offer Document; and
- (c) the “**Form of Acceptance**” shall mean the Initial Form of Acceptance and/or the New Form of Acceptance (as appropriate).

Any acceptance of the Revised Offer is on the terms and conditions and subject to the provisions contained in Parts A, B, C and D of the Initial Offer Document.

The New Form of Acceptance, for use in connection with the Revised Offer, accompanies this Revised Offer Document. Acceptances of the Initial Offer shall be deemed to be acceptances of the Revised Offer. Therefore, if you have already accepted the Initial Offer, you are not required to take any further action in respect of the Revised Offer.

APPENDIX II

FINANCIAL INFORMATION

FINANCIAL INFORMATION RELATING TO TLR

The information listed below relating to TLR is hereby incorporated by reference into this Revised 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 Revised 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 Revised 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 Revised 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 Revised 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 Revised 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 Revised 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 Revised 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 Revised 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 1 May 2009 being the latest practicable date prior to the posting of this Revised 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 Revised Offer Document (which includes 1 May 2009, the latest practicable Business Day prior to the publication of this Revised 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 the Initial 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
1 May 2009	3.00

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 since the date two years immediately before the commencement of the Offer Period 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, since the date 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 Revised Offer Document.

8. Significant changes

- 8.1 Save as disclosed in this Revised 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 Revised 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 1 May 2009, being the last practicable Business Day prior to the publication of this Revised 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 Revised 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 Revised 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 Revised Offer.
- 10.2 Save as disclosed in this Revised Offer Document, no proposal exists in connection with the Revised 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 Revised 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 Revised 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 Revised 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 Revised Offer remains open for acceptance:

- (a) the constitution and by-laws of Hallwood;

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

5 May 2009

APPENDIX IV

DEFINITIONS

The following definitions apply throughout this Revised 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 Initial 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 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 payment”	has the meaning given to that term in the CREST Manual;
“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;
“Electronic Acceptance”	the inputting and settling of a TTE Instruction which constitutes or is deemed to constitute an acceptance of the Revised Offer on the terms set out in this Revised Offer Document and Appendix I to the Initial Offer Document;
“Escrow Agent”	Capita Registrars (in its capacity as Escrow Agent) as described in the CREST manual;
“Euroclear”	Euroclear UK & Ireland Limited;
“First Closing Date”	19 May 2009;

“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 Revised 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;
“Initial Form of Acceptance”	the form of acceptance that accompanied the Initial Offer Document
“Initial Offer”	the initial offer made by Hallwood on 17 April 2009 at a price of 2.5 pence per TLR Share;
“Initial Offer Document”	the offer document published by Hallwood on 17 April 2009 in connection with the Initial Offer
“Initial UKRD Offer”	the offer made by UKRD on 31 March 2009 at a price of 2.0 pence per TLR Share;
“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;
“New Form of Acceptance”	the form of acceptance and authority relating to the Revised Offer in respect of certificated TLR Shares;
“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”	3.5 pence for every TLR Share;
“Open Offer”	the conditional offer to TLR Shareholders to subscribe for further TLR Shares as more fully described in the circular issued by the TLR Board on 6 March 2009;
“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 Revised Offer would violate the law of that jurisdiction;
“Revised Offer”	the revised cash offer by Hallwood, on the terms and subject to the conditions set out in this Revised Offer Document and (in respect of certificated TLR Shares) the New 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);
“Revised Offer Document”	this document dated 5 May 2009;
“Revised UKRD Offer”	the revised offer in respect of the entire issued share capital of TLR made by UKRD on 30 April 2009 at a price of 3.25 pence per TLR Share;
“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 Revised Offer Document;
“TLR Group”	TLR and its existing subsidiary undertakings;
“TLR Optionholders”	the holders of options granted under the TLR Share Option Schemes;
“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 Revised Offer closes (or such earlier date, not being earlier than the date on which the Revised Offer becomes or is declared unconditional as to acceptances, as Hallwood may, subject to the Code and the Panel, decide);
“TLR Shareholders”	holders of TLR Shares;
“TLR Share Option Schemes”	the TLR Approved Share Option Plan, the TLR Sharesave Scheme and the TLR Unapproved Share Option Plan;
“TTE Instruction”	a transfer to escrow instruction (as defined in the CREST Manual);

“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;
“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; and
“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.

Save where otherwise stated, for the purposes of this Revised Offer Document and the New 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.

