

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000 immediately.

A copy of this document, which comprises a prospectus relating to Johnston Press prepared in accordance with the listing rules made under section 74 of the Financial Services and Markets Act 2000, has been delivered to the Registrar of Companies in Scotland for registration, as required by section 83 of that Act.

If you sell or have sold or otherwise transferred all of your Ordinary Shares in Johnston Press (other than ex-rights), you should forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through or to whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, neither these documents nor the Provisional Allotment Letter should be forwarded or transmitted in or into the United States, Canada, Japan, Australia or the Republic of Ireland.

Schroder Salomon Smith Barney and Deutsche Bank AG London are acting for Johnston Press and no one else in connection with the Acquisition and the Rights Issue described in this document and will not be responsible to anyone other than Johnston Press for providing the protections afforded to their respective clients or for providing advice in relation to the Acquisition and the Rights Issue described in this document or any matter referred to herein.

# JOHNSTON PRESS PLC

## Acquisition of Regional Independent Media Holdings Limited

### and 2 for 5 Rights Issue of 80,635,790 new Ordinary Shares at 280 pence per share

#### Notice of Extraordinary General Meeting

Application has been made to the UK Listing Authority for the new Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for such shares to be admitted to trading on the London Stock Exchange's market for listed securities. It is expected that Admission will become effective and that dealings in the new Ordinary Shares, nil paid, will commence on the London Stock Exchange (for normal settlement) on 12 April 2002.

Notice of an Extraordinary General Meeting of the Company, to be held at 10.00 a.m. on 11 April 2002 at the Caledonian Hilton Hotel, Princes Street, Edinburgh EH1 2AB, is set out at the end of this document. The accompanying Form of Proxy should be completed and returned as soon as possible and, in any event, to reach the Company's registrars, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bristol, BS99 3FA by no later than 10.00 a.m. on 9 April 2002.

**A letter from the Chairman of Johnston Press which recommends that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting appears in Part I of this document.**

The distribution of this document and/or the accompanying documents, and/or the transfer of Nil Paid Rights or Fully Paid Rights, through CREST or otherwise, in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

**The latest time for acceptance and payment in full for the new Ordinary Shares under the Rights Issue is expected to be 10.00 a.m. on 3 May 2002. The procedure for acceptance and payment is set out in Parts II and III of this document and for Qualifying non-CREST Shareholders only will be set out in full in the Provisional Allotment Letter.**

It is expected that Provisional Allotment Letters will be despatched to Qualifying non-CREST Shareholders other than certain Overseas Shareholders on 11 April 2002 following the Extraordinary General Meeting. Qualifying CREST Shareholders will not (except in the circumstances described below) receive a Provisional Allotment Letter. Qualifying CREST Shareholders other than certain Overseas Shareholders are expected to receive a credit to their appropriate stock accounts in CREST in respect of the Nil Paid Rights to which they are entitled on 10 April 2002. The Nil Paid Rights so credited are expected to be enabled for settlement by CRESTCo as soon as practicable after Admission on 12 April 2002. If the Nil Paid Rights are for any reason not enabled by 11.00 a.m. on 12 April 2002, Provisional Allotment Letters shall, unless the Underwriters agree otherwise, be sent out to each Qualifying CREST Shareholder other than certain Overseas Shareholders.

Qualifying Non-CREST Shareholders should retain this document for reference pending receipt of a Provisional Allotment Letter. Qualifying CREST Shareholders should note that they will receive no further written communication from Johnston Press in respect of the Rights Issue unless the Nil Paid Rights are not enabled. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Rights Issue.

The Nil Paid Rights, the Fully Paid Rights and the new Ordinary Shares have not been and will not be registered under the Securities Act or under the securities laws of any state of the United States or under the relevant securities laws of Canada, Australia, Japan or the Republic of Ireland. Subject to certain exceptions, the Nil Paid Rights, the Fully Paid Rights and the new Ordinary Shares may not be directly or indirectly offered, sold, taken up, renounced, delivered or transferred in or into the United States, Canada, Australia, Japan or the Republic of Ireland or in any country, territory or possession where to do so may contravene local securities laws or regulations, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or the relevant Canadian, Australian, Japanese or Irish laws or other securities laws. All Overseas Shareholders and any person (including without limitation, a nominee, custodian or trustee) who has a contractual or legal obligation to forward this document or a Provisional Allotment Letter to a jurisdiction outside the United Kingdom should read paragraph 8 entitled "Overseas Shareholders" in Part III of this document.



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## Expected Timetable of Principal Events

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	<b>2002</b>
Record Date for the Rights Issue	Close of business on 5 April
Latest time for receipt of Forms of Proxy	10.00 a.m. on 9 April
CREST accounts expected to be credited with Nil Paid Rights	10 April
<b>Extraordinary General Meeting</b>	<b>10.00 a.m. on 11 April</b>
Despatch of Provisional Allotment Letters (to Qualifying non-CREST Shareholders only)	11 April
Nil Paid Rights and Fully Paid Rights enabled in CREST	12 April
<b>Dealings in new Ordinary Shares to commence, nil paid</b>	<b>8.00 a.m. on 12 April</b>
Completion of the Acquisition	12 April
Recommended latest time for requesting withdrawal of Nil Paid Rights, or Fully Paid Rights from CREST (i.e. if your Nil Paid Rights or Fully Paid Rights are in CREST and you wish to convert them into certificated form)	4.30 p.m. on 29 April
Latest time and date for depositing renounced Provisional Allotment Letters into CREST or for dematerialising Provisional Allotment Letters into a CREST stock account	3.00 p.m. on 30 April
Latest time and date for splitting Provisional Allotment Letters	3.00 p.m. on 1 May
<b>Latest time and date for acceptance and payment in full</b>	<b>10.00 a.m. on 3 May</b>
Dealings in new Ordinary Shares expected to commence, fully paid	8.00 a.m. on 7 May
Expected time for new Ordinary Shares to be credited to CREST stock accounts	8.00 a.m. on 7 May
Despatch of definitive share certificates for new Ordinary Shares	9 May

*Note:*

*The dates set out in the expected timetable of principal events above and mentioned throughout this document and in the Provisional Allotment Letter may be adjusted, in which event details of the new dates will be notified to the UK Listing Authority and to the London Stock Exchange and, where appropriate, to Shareholders.*

## **Directors, Company Secretary and Advisers**

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### **Directors**

Chairman  
Non-executive Deputy Chairman  
Chief Executive  
Finance Director  
Non-executive Director  
Non-executive Director  
Non-executive Director  
Non-executive Director

Roger George Parry  
Sir Harry Roche  
Timothy John Bowdler  
Stuart Randall Paterson  
Peter Edward Blackburn Cawdron  
The Lord Gordon of Strathblane CBE  
Frederick Patrick Mair Johnston CBE  
Henry Charles Marriott Johnston

### **Company Secretary**

Philip Richard Cooper

### **Registered Office**

53 Manor Place  
Edinburgh  
EH3 7EG

### **Joint Financial Advisers, Brokers, Sponsors and Underwriters**

Schroder Salomon Smith Barney  
Victoria Plaza  
111 Buckingham Palace Road  
London  
SW1W 0SB

Deutsche Bank AG London  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

### **Solicitors to the Company**

Ashurst Morris Crisp  
Broadwalk House  
5 Appold Street  
London EC2A 2HA

### **Solicitors to Schroder Salomon Smith Barney and Deutsche Bank**

Linklaters & Alliance  
One Silk Street  
London EC2Y 8HQ

### **Reporting Accountants and Auditors to the Company**

Arthur Andersen  
Chartered Accountants  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2DB

### **Registrars and Receiving Agents**

Computershare Investor Services PLC  
PO Box 859  
The Pavilions  
Bridgwater Road  
Bristol BS99 1XZ

### **Principal Bankers**

The Royal Bank of Scotland plc  
36 St Andrew Square  
Edinburgh EH2 2YB

Deutsche Bank AG London  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

## Part I — Letter from the Chairman of Johnston Press plc

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# Johnston Press plc

Printers and Publishers Established 1767

REGISTERED OFFICE: 53 MANOR PLACE EDINBURGH EH3 7EG

Registered Number 15382 Scotland

12 March 2002

*To Shareholders and, for information only, to holders of Preference Shares and A Preference Shares*

Dear Shareholder,

### **PROPOSED ACQUISITION OF REGIONAL INDEPENDENT MEDIA HOLDINGS LIMITED ("RIM") AND 2 FOR 5 RIGHTS ISSUE**

#### **Introduction**

Your Board announced today that Johnston Press has agreed to acquire RIM for £560 million. The Acquisition is conditional upon Shareholder approval and upon satisfaction of certain other conditions described in Part IV of this document. RIM is the fifth largest regional newspaper publishing group in the UK by circulation and your Directors believe that its acquisition will further strengthen the Group's presence in the UK regional newspaper market.

The Directors propose to finance the consideration of £560 million by a combination of approximately £220 million, net of expenses, to be raised by way of the Rights Issue, and new bank debt, details of which are set out in Part IV of this document.

Pursuant to the Rights Issue, Qualifying Shareholders, other than certain Overseas Shareholders, will be offered new Ordinary Shares at a price of 280 pence per share on the basis of 2 new Ordinary Shares for every 5 Ordinary Shares held on the Record Date. The Issue Price under the Rights Issue of 280 pence per Ordinary Share represents an 18.5 per cent. discount to the closing middle-market price of 343.5 pence per Ordinary Share on 11 March 2002, the last business day before the date of this document. The Rights Issue has been underwritten by Deutsche Bank and Schroder Salomon Smith Barney.

The purpose of this document is, *inter alia*, to provide you with details of the Acquisition, to explain the background to and reasons for the Acquisition, to describe the details of the Rights Issue and to recommend that you vote in favour of the Resolution set out in the notice of Extraordinary General Meeting at the end of this document.

Your Board also announced today the audited preliminary results for the year ended 31 December 2001. Johnston Press reported turnover of £300.6 million (2000: £292.2 million) and operating profit, excluding exceptional items, of £90.7 million (2000: £83.9 million). The full text of the audited preliminary results is set out in Part VI of this document.

#### **Information on RIM**

RIM is the fifth largest regional newspaper publishing group in the UK by circulation. Its core activity is newspaper publishing, with a portfolio of 53 titles comprising 6 daily, 29 weekly paid-for and 18 weekly free titles. The aggregate weekly circulation of RIM's titles is approximately 3.3 million copies, attracting a total readership of approximately 7.3 million. The RIM Group is the leading publisher of regional newspapers in most

## Part I — Letter from the Chairman of Johnston Press plc

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of its markets in Yorkshire and the North West of England and the majority of its paid-for titles have the number one position in the core areas which they serve.

RIM was incorporated in February 1998 to facilitate the acquisition by a syndicate of investors led by Candover of some of the regional newspapers and related businesses of United Provincial Newspapers Limited, which was formerly owned by United News & Media plc (now United Business Media plc). RIM's oldest publication, however, dates back to 1754 and its portfolio includes over 20 titles which have been published for more than 100 years. The stability of RIM's portfolio is further reflected by its high proportion of market-leading paid-for titles compared to other major UK regional newspaper publishers.

RIM's flagship publication is the *Yorkshire Post* which attracts a daily readership of over 180,000 from an average daily circulation of more than 65,000 copies. As the second highest selling morning regional publication in England, the *Yorkshire Post* has established a powerful market position and high level of brand recognition and has been successful in targeting a readership with a valuable demographic profile which is highly attractive to advertisers. RIM also publishes the *Yorkshire Evening Post*, one of the top ten selling evening regional titles in the UK, which attracts a daily readership of over 230,000 from an average daily circulation of over 85,000 copies. RIM's portfolio of publications also comprises other established and market-leading paid-for daily titles including *The Star* (Sheffield), *Lancashire Evening Post* and *The Gazette* (Blackpool).

RIM also publishes a number of weekly paid-for and free titles which, as well as providing an attractive medium for advertisers, complement RIM's strong regional newspaper franchises. Many of RIM's weekly titles hold the leading position in their respective markets which present further opportunities to extend brands and generate incremental revenues.

RIM owns and operates printing facilities in Leeds, Sheffield and Harrogate which are responsible for the production of many of the group's own titles as well as providing contract printing services to a number of third party publications including *The Observer*, *The Financial Times* and *The Guardian*.

In addition to newspapers, RIM's operations include a small portfolio of magazines and specialist titles, together with a direct marketing business which delivers leaflets, predominantly in areas where RIM's titles are also delivered. RIM is also a principal shareholder in a consortium which operates 2BR FM, a radio licence that commenced broadcasting to the Burnley and Pendle area of Lancashire in 1999. RIM has 29 local websites which complement its newspaper publishing activities and aim to be the most comprehensive source of on-line information in their given areas. Nationally, RIM is a minority shareholder in Fish4, a leading national classified advertising website. Overall, RIM expects its on-line activities to break even by the end of 2002.

For the year ended 31 December 2001, RIM reported turnover of £175.3 million (2000: £169.3 million) and operating profit, excluding exceptional items and amortisation of goodwill, of £40.2 million (2000: £38.3 million) and a net loss of £6.7 million (2000: £3.5 million loss). RIM had consolidated net liabilities as at 31 December 2001 of £24.9 million (2000: net liabilities £18.2 million). This financial information is extracted from the comparative table relating to RIM in Part V of this document.

Shareholders should read the whole of this document and not just rely on the key or summarised information.

### **Background to and Reasons for the Acquisition**

Since the beginning of 1999, there have been nine major transactions in the UK regional newspaper sector, with an aggregate value of more than £3 billion. Notwithstanding this level of activity, the UK regional newspaper market remains comparatively fragmented in relation to other media, with in excess of 90 publishers and over 1,200 titles. The Board believes that the process of consolidation will continue and that, within the limits of regulatory restrictions, further changes of ownership will take place. Previous transactions undertaken by the Group have demonstrated that value can be created from combining businesses. At the same time, the Board believes that consolidation will continue to deliver benefits to both readers and advertisers as a result of the increased ability of larger groups to commit investment to improve the quality of acquired titles.

Johnston Press has been an active participant in consolidation of the industry. In addition to a number of smaller acquisitions, Johnston Press has grown substantially through the acquisitions of Portsmouth & Sunderland Newspapers plc, acquired for £266 million in 1999, and the regional newspaper interests of EMAP plc, acquired for £211 million in 1996. These acquisitions were complementary to the Group's existing businesses and their

## Part I — Letter from the Chairman of Johnston Press plc

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successful integration and performance since purchase has contributed to Johnston Press' improved margins. This has further reinforced Johnston Press' commitment to growth through a combination of strategic acquisitions and organic development.

The Directors believe that the Acquisition is consistent with their stated strategy to strengthen materially Johnston Press' presence in the consolidating UK regional newspaper market. The Board believes that the acquisition of RIM, which represents a rare opportunity to acquire such a number of quality titles, fulfils its key investment criteria and will:

- provide a complementary extension of Johnston Press' focused regional newspaper franchises, building on its existing presence in Yorkshire and Scotland and extending its UK coverage;
- consolidate Johnston Press' position as the UK's fourth largest regional newspaper group;
- strengthen the composition of Johnston Press' portfolio through the addition of further market-leading paid-for titles;
- provide opportunities for operational synergies;
- generate significant annual cost savings through a combination of reduced corporate and administrative overheads, improved purchasing terms for specific services and materials (such as newsprint) and more efficient utilisation of the Enlarged Group's printing presses. Specifically, the Board believes that combining Johnston Press' operations with RIM could lead to annual cost savings of approximately £9 million;
- provide potential to improve RIM's operating margins (2001 excluding exceptional items and amortisation of goodwill: 22.9 per cent.) towards levels already achieved by Johnston Press (2001, excluding exceptional items: 30.2 per cent.);
- position Johnston Press to take advantage of any further consolidation in the sector; and
- co-ordinate the ongoing development of both companies' new media investment strategies.

### Financial Effects of the Acquisition

The Directors believe that the Acquisition will be earnings enhancing (excluding the impact of exceptional items) in the first full financial year ending 31 December 2003. This statement should not be interpreted to mean that Johnston Press' earnings per share after the Acquisition will necessarily match or be greater than its historical published earnings per share.

A pro forma statement of net assets showing the effect of the Acquisition and Rights Issue on Johnston Press' net assets is set out in Part VII of this document.

### Current Trading and Prospects of the Enlarged Group

#### *Johnston Press*

Johnston Press today announced its audited results for the year ended 31 December 2001, and these are set out in Part VI of this document. The current year for Johnston Press has begun encouragingly and despite the present mood of economic uncertainty, early trading results have been ahead of expectations. The modest rate of advertising revenue growth seen in the second half of 2001 has continued into the early weeks of 2002.

Costs remain closely controlled throughout the Group and the Group will be assisted in the current year by a significant reduction in the price of newsprint, its largest purchase item.

Forecasting with confidence in current market circumstances is inevitably more difficult than it has been for some time. However, given the encouraging start to the new trading year, the Directors' current expectations are for 2002 to be another satisfactory year.

## Part I — Letter from the Chairman of Johnston Press plc

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### *RIM*

On 26 February 2002, Chris Oakley, the Chief Executive of RIM, commented:

“While the economic outlook for 2002 remains uncertain, we believe well-managed regional newspapers will make further progress in growing profits and improving margins. RIM’s confidence in its prospects have been borne out by a better than expected start to the year with advertising revenues, operating profits and margins growing ahead of a challenging budget.”

### *Enlarged Group*

Taking into consideration the current performance of the Enlarged Group, the Directors are confident of a satisfactory outcome for the Enlarged Group in Johnston Press’ current financial year.

### **Financing the Acquisition**

The Acquisition will be financed by a combination of the net proceeds of the Rights Issue of approximately £220 million and new bank debt. Pending receipt of the Rights Issue proceeds, Johnston Press will enter into a bridging loan facility of £200 million. Further details of the Rights Issue, financing arrangements and the Acquisition Agreement are set out in Parts II, III and IV of this document, respectively.

### **Competition Issues**

Pursuant to the provisions of the Fair Trading Act 1973, Johnston Press requires the consent of the Secretary of State for Trade and Industry for the transfer to it of ownership of RIM’s newspaper titles. On 30 June 2000, Johnston Press submitted an application seeking such consent in respect of all newspaper titles then under the ownership of RIM. Such consent was given on 1 November 2000 and, on 30 October 2001, was extended for a further period of one year until 1 November 2002.

Subsequent to the receipt of this consent, RIM has acquired the Supplementary Titles. Application for consent to the transfer of such titles was submitted on 12 March 2002. On the basis that there is no overlap between the Supplementary Titles and Johnston Press’ existing publications, the Directors expect that the consent will be provided on or before 12 April 2002. As further described in Part IV of this document, if consent to the transfer of the Supplementary Titles is not received on or before Completion, these titles will be excluded from the Acquisition pending receipt of the consent.

### **Summary of the Rights Issue**

#### *General*

The Company proposes to raise approximately £220 million (net of expenses of £5.8 million) by way of a Rights Issue to Qualifying Shareholders (other than certain Overseas Shareholders).

The Rights Issue is being made on the following basis:

#### **2 new Ordinary Shares for every 5 Ordinary Shares**

held by Qualifying Shareholders on the Record Date, and so in proportion for any other number of Ordinary Shares then held, and otherwise on the terms and conditions as set out in this document and, in the case of Qualifying non-CREST Shareholders only, the Provisional Allotment Letter. Fractions of new Ordinary Shares will not be allotted to Qualifying Shareholders, each Qualifying Shareholder’s entitlement being rounded down to the nearest whole number of new Ordinary Shares. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. The fractional entitlements will be aggregated and placed in the market (nil paid) for the benefit of the Company.

Under the terms of the Rights Issue, 80,635,790 new Ordinary Shares are being offered, by way of rights, to Qualifying Shareholders, other than certain Overseas Shareholders, at 280 pence per share, payable in full on acceptance by not later than 10.00 a.m. on 3 May 2002. The Issue Price of 280 pence per new Ordinary Share represents a discount of approximately 18.5 per cent. to the closing middle-market price of 343.5 pence per Ordinary Share on 11 March 2002 (being the last business day prior to the date of this document).

The new Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares now in issue, save that they will not rank for the 2001 final dividend of 3.25p (net) per Ordinary Share



## Part I — Letter from the Chairman of Johnston Press plc

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declared on 12 March 2002 which is expected to be paid on 17 May 2002 to Shareholders on the register as at the close of business on 5 April 2002.

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

- (i) the passing of the Resolution;
- (ii) the Acquisition Agreement not being terminated prior to Admission and, subject only to Admission, becoming otherwise unconditional in all respects;
- (iii) the Underwriting Agreement not being terminated prior to Admission;
- (iv) the Credit Agreement and the Bridging Agreement referred to in Part IV of this document not having been terminated prior to Admission; and
- (v) Admission occurring by not later than 8.00 a.m. on 12 April 2002 (or such later time and/or date as the Underwriters and the Company may agree, not being later than 8.00 a.m. on 19 April 2002).

Application for Admission has been made in respect of the new Ordinary Shares. It is expected that Admission will become effective, and that dealings for normal settlement in the new Ordinary Shares will commence, nil paid, on 12 April 2002.

**The latest time and date for acceptance and payment in full under the Rights Issue is expected to be 10.00 a.m. on Friday 3 May 2002.** Pending the issue of definitive share certificates for the new Ordinary Shares, transfers will be certified against the register. No temporary documents of title in respect of the new Ordinary Shares will be issued.

The Rights Issue has been underwritten by Deutsche Bank and Schroder Salomon Smith Barney. The full terms and conditions of the Rights Issue, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are contained in Parts II and III of this document and will be included in the Provisional Allotment Letter.

### *Qualifying non-CREST Shareholders*

In addition to this document, Qualifying non-CREST Shareholders, other than certain Overseas Shareholders, will be sent a Provisional Allotment Letter which will indicate the number of new Ordinary Shares provisionally allotted to such Qualifying non-CREST Shareholders pursuant to the Rights Issue.

Qualifying non-CREST Shareholders should retain this document for reference pending receipt of a Provisional Allotment Letter.

### *Qualifying CREST Shareholders*

Qualifying CREST Shareholders (none of whom will receive a Provisional Allotment Letter unless the Nil Paid Rights do not become enabled), other than certain Overseas Shareholders, are expected to receive a credit to their appropriate stock accounts in CREST in respect of the Nil Paid Rights to which they are entitled on 10 April 2002. The Nil Paid Rights so credited are expected to be enabled for settlement by CRESTCo as soon as practicable after Admission on 12 April 2002. If the Nil Paid Rights are not, for any reason, enabled for settlement by 11.00 a.m. on 12 April 2002, with the written consent of the Underwriters, the Company may instead procure that Provisional Allotment Letters be sent to Qualifying CREST Shareholders.

Qualifying CREST Shareholders should note that they will receive no further written communication from the Company in respect of the subject matter of this document (unless the Nil Paid Rights do not become enabled). They should accordingly retain this document for, *inter alia*, details of the action they should take in respect of the Rights Issue. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Rights Issue.

The attention of Shareholders with Ordinary Shares in uncertificated form or who wish to receive their new Ordinary Shares in uncertificated form is drawn to paragraphs 3.8 and 4 of Part III of this document.

## **Part I — Letter from the Chairman of Johnston Press plc**

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### **Overseas Shareholders**

Shareholders resident in any jurisdiction other than the United Kingdom should refer to paragraph 8 of Part III of this document for further information.

### **Intentions of the Directors and other major Shareholders**

The Directors beneficially own, in aggregate, 22,243,059 Ordinary Shares (representing 11.03 per cent. of Johnston Press' existing issued Ordinary Shares) and will have entitlements under the Rights Issue to subscribe for 8,897,223 new Ordinary Shares. The Directors intend in aggregate to take up rights to subscribe for 620,890 new Ordinary Shares and to renounce their rights to subscribe for 8,276,333 new Ordinary Shares. In respect of their aggregate holdings of 22,243,059 Ordinary Shares, the Directors also intend to vote in favour of the Resolution.

Similarly, certain other members of the Johnston family, family trusts and other individuals, holding in aggregate 35,293,345 Ordinary Shares (representing 17.51 per cent. of Johnston Press' existing issued Ordinary Shares), will have entitlements under the Rights Issue to subscribe for 14,117,335 new Ordinary Shares. These shareholders have irrevocably undertaken to take up their rights to subscribe for an aggregate of 607,954 new Ordinary Shares and to renounce their rights to subscribe for an aggregate of 13,022,425 new Ordinary Shares. Each of the above shareholders has, in respect of their aggregate holdings of 35,293,345 Ordinary Shares, also undertaken to vote in favour of the Resolution.

The total of 21,298,758 new Ordinary Shares not being taken up by Directors and such other Shareholders will be conditionally placed with investors by the Underwriters at an equivalent nil paid price of 22.5p per new Ordinary Share. These investors will be required to take up the Placing Shares at the Issue Price upon the Rights Issue becoming unconditional. The 607,954 new Ordinary Shares which are the subject of the irrevocable undertakings to subscribe described above and the 620,890 new Ordinary Shares which, as described above, the Directors intend to take up their rights to subscribe for, have not been underwritten.

### **Taxation**

Certain information on current United Kingdom taxation with regard to the Rights Issue is set out in paragraph 7 of Part III of this document. If you are in any doubt as to your tax position in relation to the Rights Issue, you should consult your independent financial adviser.

### **Share Option Schemes**

Following completion of the Acquisition, Johnston Press will write separately to participants in the Share Option Schemes to explain the effects that the Rights Issue will have on their rights under those Schemes. In accordance with the rules of the Share Option Schemes, the Directors propose to make adjustments to the terms of outstanding options to take account of the Rights Issue. Such adjustments will be subject to confirmation in writing from the Company's auditors that they are, in their opinion, fair and reasonable, and where necessary, to the approval of the Inland Revenue.

### **Additional Information**

Your attention is drawn to the additional information contained in Parts II to VIII of this document.

### **Extraordinary General Meeting**

In view of its size, the Acquisition is conditional upon, *inter alia*, the approval of Shareholders in general meeting.

A notice convening an Extraordinary General Meeting to be held at 10.00 a.m. on 11 April 2002 at the Caledonian Hilton Hotel, Princes Street, Edinburgh EH1 2AB is set out at the end of this document. A Form of Proxy to be used in connection with the Extraordinary General Meeting is enclosed. The purpose of the Extraordinary General Meeting is to seek your approval of the Resolution set out in the notice of the Extraordinary General Meeting. The Resolution to be proposed will:

- (a) approve the Acquisition;
- (b) increase the authorised share capital of the Company;

## Part I — Letter from the Chairman of Johnston Press plc

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- (c) authorise the Directors, for the purposes of section 80 of the Act, to exercise all the powers of the Company to allot relevant securities (as defined in that section) (i) for the purposes of, or pursuant to the Rights Issue, and (ii) otherwise up to an aggregate nominal amount of £9,500,000 (95,000,000 Ordinary Shares) (representing approximately one third of the Enlarged Share Capital and approximately 47.13 per cent. of the issued ordinary share capital at the date of this document); and
- (d) empower the Directors to allot equity securities for cash pursuant to the authority referred to at (c) above, as if section 89(1) of the Act did not apply to such allotment (i) in connection with the Rights Issue, (ii) in respect of pre-emptive offers to Shareholders and (iii) otherwise up to a maximum aggregate nominal amount of £1,400,000 (14,000,000 Ordinary Shares) (representing approximately five per cent. of the Enlarged Share Capital and approximately 6.9 per cent. of the issued ordinary share capital at the date of this document).

The authorities and powers referred to in paragraphs (c) and (d) above shall (unless previously revoked or varied by Shareholders in general meeting) expire at the conclusion of the annual general meeting of the Company to be held in 2003. These authorities and powers are in substitution for any existing authority or power over the share capital of the Company.

Holders of Preference Shares and A Preference Shares are entitled to receive the notice convening the Extraordinary General Meeting, but are not entitled to attend or vote at the meeting.

Each of the Directors intends and certain other shareholders have undertaken to vote in favour of the Resolution to be considered at the Extraordinary General Meeting. The shareholdings of such shareholders and the Directors amount in aggregate to 28.5 per cent. of Johnston Press' existing issued share capital.

### Action to be taken

#### *Rights Issue*

If you are a Qualifying non-CREST Shareholder, and are not an Overseas Shareholder in certain prohibited jurisdictions, you will be sent a Provisional Allotment Letter. This will show the number of new Ordinary Shares that you are entitled to take up and will contain details regarding the procedure for acceptance and payment, renunciation, splitting and registration in respect of the new Ordinary Shares. If you are an Overseas Shareholder you should refer to paragraph 8 of Part III of this document for further information.

If you sell or otherwise transfer all of your existing Ordinary Shares before the Record Date, expected to be 5 April 2002, you will not be entitled to participate in the Rights Issue. However, the purchaser or transferee of your Ordinary Shares may be entitled to participate in the Rights Issue in your place. In this case, please send this document, together, if you are a Qualifying non-CREST Shareholder, with the Provisional Allotment Letter duly renounced to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was made, for delivery to the purchaser or transferee. **Such documents should not however be forwarded or transmitted in, or into, the United States, Canada, Japan, Australia or the Republic of Ireland.**

If you are a Qualifying CREST Shareholder, no Provisional Allotment Letter will be sent to you and, unless you are a Qualifying CREST Shareholder who is an Overseas Shareholder in certain prohibited jurisdictions, you will receive a credit to your appropriate stock account in CREST in respect of the Nil Paid Rights to which you are entitled. If you are a Qualifying CREST Shareholder who is an Overseas Shareholder in certain prohibited jurisdictions, no Nil Paid Rights will be credited to your stock account. Please see paragraph 8 of Part III of this document for further information.

**The latest time for acceptance under the Rights Issue is 10.00 a.m. on 3 May 2002, unless otherwise announced by the Company to the Company Announcements Office of the London Stock Exchange. The procedure for acceptance and payment depends on whether, at the time at which acceptance and payment is made, the Nil Paid Rights are in certificated form (that is, are represented by a Provisional Allotment Letter) or are in uncertificated form (that is, are in CREST). The procedures for acceptance and payment are set out in Part III of this document. Further details of these procedures also appear in the Provisional Allotment Letters that will be sent to Qualifying non-CREST Shareholders.**

## **Part I — Letter from the Chairman of Johnston Press plc**

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Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Rights Issue.

### *Extraordinary General Meeting*

You will find enclosed a Form of Proxy for use in relation to the Extraordinary General Meeting. Whether or not you intend to be present at the meeting you are requested to complete the Form of Proxy (in accordance with the instructions printed thereon) and return it to the Company's registrars, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bristol, BS99 3FA as soon as possible and in any event so as to arrive by 10.00 a.m. on 9 April 2002. Completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person if you so wish.

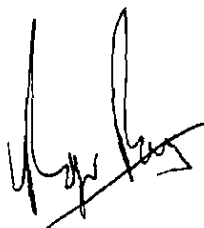
### **Recommendation**

**Your Directors, who have received financial advice from Schroder Salomon Smith Barney and Deutsche Bank, consider the terms of the Acquisition to be fair and reasonable. In providing advice to the Directors, Schroder Salomon Smith Barney and Deutsche Bank have each relied on the Directors' commercial assessment of the Acquisition.**

**Your Directors also consider that the passing of the Resolution, the Rights Issue and the Acquisition are in the best interests of Shareholders as a whole.**

**Accordingly, your Directors unanimously recommend that Shareholders vote in favour of the Resolution, as they intend to do in respect of their own beneficial holdings which in aggregate amount to 22,243,059 Ordinary Shares (representing approximately 11.03 per cent. of the Company's issued share capital).**

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roger Parry', written over a horizontal line.

**Roger Parry**  
Chairman

## Part II — Some Questions and Answers on the Rights Issue

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Ordinary Shares can be held in certificated form (that is, represented by a share certificate) or in uncertificated form (that is, through CREST). Accordingly, these questions and answers are split into four sections:

- Section 1 (“General”).
- Section 2 (“Ordinary Shares in certificated form”) answers questions you may have in respect of the procedures for Shareholders who hold their Ordinary Shares in certificated form. You should note that Sections 1 and 4 may still apply to you.
- Section 3 (“Ordinary Shares in CREST”) answers questions you may have in respect of the equivalent procedures for Shareholders who hold their Ordinary Shares in CREST. You should note that Sections 1 and 4 may still apply to you.
- Section 4 (“Further procedures for Ordinary Shares whether in certificated form or in CREST”) answers some detailed questions about your rights and the actions you may need to take and is applicable to Ordinary Shares whether held in certificated form or in CREST.

**The questions and answers set out in this Part II are intended to be generic guidance only and, as such, you should also read Part III of this document for full details of what action you should take. If you are in any doubt about the action to be taken you are recommended to seek your own personal financial advice immediately from your stockbroker, solicitor, accountant or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000. The attention of Overseas Shareholders is drawn to paragraph 8 of Part III of this document.**

### 1. General

#### 1.1 *What is a rights issue?*

Rights issues are one way for companies to raise money. They do this by issuing shares for cash and giving their existing shareholders a right of first refusal to buy these shares in proportion to their existing shareholdings. For example, a 1 for 4 rights issue means that a shareholder is entitled to buy one new share for every four currently held. This Rights Issue is 2 for 5; that is, an offer of 2 new Ordinary Shares for every 5 Ordinary Shares held at the close of business on 5 April 2002 (the Record Date for the Rights Issue).

New shares are typically offered in a rights issue at a discount to the current share price. Because of this discount, the right to buy the new shares is potentially valuable. In this Rights Issue, the Issue Price represents a 18.5 per cent. discount to the closing middle-market price of 343.5 pence per Ordinary Share on 11 March 2002 (being the last business day before the date of this document).

If you do not want to buy the new Ordinary Shares to which you are entitled, you can instead sell your rights to those shares and receive the net proceeds in cash. This is referred to as dealing “nil paid”.

#### 1.2 *What happens next?*

The Directors need authority to allot the new Ordinary Shares and the power to issue such shares without the provisions of section 89 of the Act (which relate to shareholder pre-emption rights) applying before the Rights Issue can proceed. These matters need Shareholder approval. Accordingly, Johnston Press has called an Extraordinary General Meeting of Shareholders to be held at the Caledonian Hilton Hotel, Princes Street, Edinburgh EH1 2AB on 11 April 2002 at 10.00 a.m. Please see the Notice of Extraordinary General Meeting at the end of this document.

You will find enclosed with this document a Form of Proxy for use in relation to the Extraordinary General Meeting. Whether or not you intend to be present in person at the Extraordinary General Meeting, you are requested to complete, sign and return the Form of Proxy by post to Computershare Investor Services PLC at PO Box 1075, The Pavilions, Bristol BS99 3FA to arrive no later than 10.00 a.m. on 9 April 2002.

## Part II — Some Questions and Answers on the Rights Issue

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### 1.3 *What do I need to do in relation to the Rights Issue?*

You are not required to take any action at present in respect of the Rights Issue. It is intended that if the Resolution is passed at the Extraordinary General Meeting, the Rights Issue will proceed and (assuming you hold Ordinary Shares in certificated form) it is expected that a Provisional Allotment Letter will be despatched to you on 11 April 2002 (unless you are an Overseas Shareholder with an address in or resident of the United States, Canada, Japan, Australia or the Republic of Ireland).

### 1.4 *What happens to my dividend?*

The record date for the 2001 final dividend of 3.25p (net) per Ordinary Share declared on 12 March 2002 and which is expected to be paid on 17 May 2002 is 5 April 2002. Therefore you will not receive the final dividend in respect of any of the new Ordinary Shares. The new Ordinary Shares will rank *pari passu* in all respects with the Ordinary Shares for any future dividends paid by the Company.

## 2. **Ordinary Shares in certificated form**

### 2.1 *What are my options and what should I do with the Provisional Allotment Letter when I receive it?*

You should retain this document pending receipt of a Provisional Allotment Letter, which will be posted to you after the Extraordinary General Meeting if the Resolution is approved. The Provisional Allotment Letter will show:

**In Box 1:** how many Ordinary Shares you held at the close of business on 5 April 2002 (the Record Date for the Rights Issue);

**In Box 2:** how many new Ordinary Shares you are entitled to buy; and

**In Box 3:** how much you need to pay if you want to take up your rights in full.

The Provisional Allotment Letter is expected to be sent to you on 11 April 2002.

#### *(a) If you want to take up your rights in full*

If you want to take up your rights in full to subscribe for the new Ordinary Shares to which you are entitled, all you need to do is send the Provisional Allotment Letter, together with your cheque for the full amount shown in Box 3, payable to "The Royal Bank of Scotland plc – a/c Johnston Press plc" and crossed "A/C payee only", to the address shown on the front of the Provisional Allotment Letter to arrive before 10.00 a.m. on 3 May 2002. You can use the reply-paid envelope which will be provided with the PAL within the United Kingdom. Paragraph 3.2 of Part III of this document has full instructions on how to accept and pay for your new Ordinary Shares. Instructions will also be set out in the Provisional Allotment Letter. You will be required to pay in full for all the rights you take up. A definitive share certificate will be sent to you for the new Ordinary Shares you buy and it is expected that such certificate(s) will be despatched by 9 May 2002.

**You will only need your Provisional Allotment Letter to be returned to you if you want to deal in your Fully Paid Rights. Your Provisional Allotment Letter will not be returned to you unless you tick Box 4 on page 1 of the Provisional Allotment Letter.**

#### *(b) If you do not want to take up your rights at all*

If you do not want to take up any of your rights, you do not need to do anything. If you do not return your Provisional Allotment Letter by 10.00 a.m. on 3 May 2002, we have made arrangements under which the Underwriters will try to find investors to take up your rights by 3.00 p.m. on 8 May 2002. If they do find investors and are able to achieve a premium over the Issue Price and the related expenses of procuring those investors (including any value added tax), you will be sent a cheque for the amount of that aggregate premium above the Issue Price and related expenses provided that this is £3.00 or more (amounts of less than £3.00 will be retained for the benefit of the Company). Cheques are expected to be despatched by 13 May 2002 and will be sent to your address as it appears on Johnston Press' register of members (or to the first named holder if you hold Ordinary Shares jointly).

## Part II — Some Questions and Answers on the Rights Issue

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### *(c) If you want to take up some but not all of your rights*

If you want to take up some but not all of your rights and wish to sell some or all of those you do not want to take up, you should first apply for split Provisional Allotment Letters by completing Form X on page 4 of the Provisional Allotment Letter, and return it by post to Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ or by hand (during normal business hours) to Computershare Investor Services PLC, 7th Floor, Jupiter House, Triton Court, 14 Finsbury Square, London EC2A 1BR to be received by 3.00 p.m. on 1 May 2002, the last time and date for splitting Provisional Allotment Letters, together with a covering letter stating the number of split Provisional Allotment Letters required and the number of Nil Paid Rights or Fully Paid Rights to be comprised in each split Provisional Allotment Letter. In the case of Nil Paid Rights, you should then deliver the split Provisional Allotment Letter representing the new Ordinary Shares you wish to accept together with your cheque, to Computershare Investor Services PLC at the above address to be received by 10.00 a.m. on 3 May 2002, the last date and time for acceptance and payment in full.

Alternatively, if you want only to take up some of your rights (and do not wish to sell some or all of those you do not want to take up), you should complete Form X on page 4 of the Provisional Allotment Letter and return it by post to Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ or by hand (during normal business hours) to Computershare Investor Services PLC, 7th Floor, Jupiter House, Triton Court, 14 Finsbury Square, London EC2A 1BR together with a covering letter confirming the number of new Ordinary Shares you wish to take up, and a cheque for the appropriate amount. In this case the Provisional Allotment Letter and cheque must be received by Computershare Investor Services PLC by 3.00 p.m. on 1 May 2002, the last date and time for splitting Provisional Allotment Letters. Further details relating to payment and acceptance are set out in paragraph 3.2 of Part III of this document.

### *2.2 How do I transfer my rights into the CREST system?*

If you are a Qualifying non-CREST Shareholder, but are a CREST member and want your new Ordinary Shares to be in uncertificated form, you should complete Form X and the CREST Deposit Form (both on page 4 of the Provisional Allotment Letter), and ensure it is delivered to the CREST Courier and Sorting Service to be received by 3.00 p.m. on 30 April 2002 at the latest. CREST sponsored members should arrange for their CREST sponsors to do this.

If you have transferred your rights into the CREST system, you should refer to paragraph 4 of Part III of this document for details on how to pay for the new Ordinary Shares.

### *2.3 How do I know if I am eligible to participate in the Rights Issue?*

If you receive a Provisional Allotment Letter following the Extraordinary General Meeting then you should be eligible to participate in the Rights Issue (as long as you have not sold all of your Ordinary Shares before 12 April 2002 (the “ex-rights” date)).

If you do not receive a Provisional Allotment Letter, and you do not hold your shares in CREST, this probably means you are not eligible to acquire any new Ordinary Shares. However, see question 2.4 below.

### *2.4 What if I have not received a Provisional Allotment Letter?*

If you do not receive a Provisional Allotment Letter, and you do not hold your Ordinary Shares in CREST, this probably means that you are not eligible to participate in the Rights Issue. Some Qualifying Shareholders, however, will not receive a Provisional Allotment Letter but may still be able to participate in the Rights Issue, namely:

- Qualifying CREST Shareholders (please see section 3 below); and
- Qualifying non-CREST Shareholders who bought Ordinary Shares before 12 April 2002 but were not registered as the holders of those Ordinary Shares at the close of business on 5 April 2002 (see question 2.5 below);

## Part II — Some Questions and Answers on the Rights Issue

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- 2.5 *If I buy Ordinary Shares before 12 April 2002 (the date the Ordinary Shares start trading ex-rights) will I be eligible to participate in the Rights Issue?*

If you buy Ordinary Shares before 12 April 2002 (the date the Ordinary Shares start trading ex-rights (that is, without the right to participate in the Rights Issue)) but are not registered as the holder of those Ordinary Shares on 5 April 2002 (the Record Date) you may still be eligible to participate in the Rights Issue. If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

You will not be entitled to Nil Paid Rights in respect of any Ordinary Shares acquired on or after 12 April 2002.

- 2.6 *What should I do if I sell or have sold or transferred all or some of the Ordinary Shares shown in Box 1 of the Provisional Allotment Letter before 12 April 2002?*

If you sell or have sold or transferred all of your Ordinary Shares before 12 April 2002, you should complete Form X on page 4 of the Provisional Allotment Letter and send the entire Provisional Allotment Letter together with this document and the accompanying Form of Proxy to the stockbroker, bank or other appropriate financial adviser through whom you made the sale or transfer.

If you sell or transfer only some of your holding of Ordinary Shares before 12 April 2002, you will need to complete Form X on page 4 of the Provisional Allotment Letter and consult the stockbroker, bank or other appropriate financial adviser through whom you made the sale or transfer, before taking any action, with regard to the balance of rights due to you.

- 2.7 *How many new Ordinary Shares will I be entitled to buy?*

Box 2 on page 1 of the Provisional Allotment Letter shows the number of new Ordinary Shares you will be entitled to buy if you are a Qualifying non-CREST Shareholder. You will be entitled to 2 new Ordinary Shares for every 5 Ordinary Shares held on 5 April 2002, the Record Date (rounding down any fractions). All Qualifying non-CREST Shareholders (except certain Overseas Shareholders) will be sent a Provisional Allotment Letter on 11 April 2002.

- 2.8 *What should I do if I think my holding of Ordinary Shares (as shown in Box 1 on page 1 of the Provisional Allotment Letter) is incorrect?*

If you buy or sell Ordinary Shares between the date of this document and 5 April 2002, your transaction may not be entered on the register of members before the Record Date for the Rights Issue. See questions 2.4 and 2.5 above for what you should do in this case.

- 2.9 *If I take up my rights, when will I receive my new share certificate?*

If you take up your rights under the Rights Issue, share certificates for the new Ordinary Shares are expected to be posted by 9 May 2002.

### 3. Ordinary Shares in CREST

- 3.1 *How do I know if I am eligible to participate in the Rights Issue?*

If you are a Qualifying CREST Shareholder (save as mentioned below) and on the assumption that the Rights Issue proceeds as planned, your CREST stock account will be credited with your entitlement to Nil Paid Rights on 10 April 2002. The stock account to be credited will be the account under the participant ID and member account ID that apply to your Ordinary Shares on the Record Date. The Nil Paid Rights are expected to be enabled by 8.00 a.m. on 12 April 2002. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to check that your account has been credited with your entitlement to Nil Paid Rights. The CREST stock accounts of certain Overseas Shareholders will not be credited with Nil Paid Rights. Overseas Shareholders should refer to paragraph 8 of Part III of this document.

- 3.2 *How do I take up my rights using the CREST system?*

If you are a Qualifying CREST Shareholder you should refer to paragraph 4 of Part III of this document for details on how to take up and pay for your rights.



## Part II — Some Questions and Answers on the Rights Issue

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If you are a CREST member you should ensure that a Many-to-Many ("MTM") instruction has been inputted and has settled by 10.00 a.m. on 3 May 2002 in order to make a valid acceptance. If your Ordinary Shares are held by a nominee or you are a CREST sponsored member you should speak directly to the stockholder who looks after your stock or your CREST sponsor (as appropriate) who will be able to help you.

- 3.3 *If I buy Ordinary Shares before 12 April 2002 (the date that trading in the Nil Paid Rights commences), will I be eligible to participate in the Rights Issue?*

If you buy Ordinary Shares before 12 April 2002, but are not registered as the holder of those Ordinary Shares at the Record Date for the Rights Issue (close of business on 5 April 2002), you may still be eligible to participate in the Rights Issue. CRESTCo will raise claims in the normal manner in respect of your purchase and your Nil Paid Rights will be credited to your stock account(s) on settlement of those claims.

You will not be entitled to Nil Paid Rights in respect of any further Ordinary Shares acquired on or after 12 April 2002, the ex-rights date.

- 3.4 *What should I do if I sell or transfer all or some of my Ordinary Shares before close of business on 5 April 2002?*

You do not have to take any action except, where you sell or transfer all of your Ordinary Shares before close of business on 5 April 2002 (being the Record Date), to send this document to the purchaser or transferee or to the stockbroker, bank or other financial adviser through whom you made the sale or transfer. A claim transaction in respect of that sale or transfer will automatically be generated by CRESTCo which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee.

- 3.5 *How many new Ordinary Shares am I entitled to acquire?*

Your stock account will be credited with Nil Paid Rights in respect of the number of new Ordinary Shares to which you are entitled to buy. You will be entitled to buy 2 new Ordinary Shares for every 5 Ordinary Shares you hold on the 5 April 2002, the Record Date (rounding down any fractions). You can also view the claim transactions in respect of purchases/sales effected after this date, but before the ex-rights date. If you are a CREST sponsored member, you should consult your CREST sponsor.

- 3.6 *What should I do if I think my holding of Ordinary Shares is incorrect?*

If you buy or sell Ordinary Shares between the date of this document and 5 April 2002, your transaction may not be entered on the register of members before the Record Date for the Rights Issue, and you should consult the stockbroker, bank or other appropriate financial adviser through whom you made the sale, purchase or transfer before taking any other action.

- 3.7 *If I take up my rights, when will new Ordinary Shares be credited to my CREST stock account(s)?*

If you take up your rights under the Rights Issue, new Ordinary Shares will be credited to the CREST stock account in which you hold your Fully Paid Rights on 7 May 2002.

### 4. Further procedures for Ordinary Shares whether in certificated form or in CREST

- 4.1 *What happens if the number of Ordinary Shares I hold is not exactly divisible by 5? Am I entitled to fractions of the new Ordinary Shares?*

Your entitlement is calculated by multiplying your holding of Ordinary Shares by 2 and dividing the result by 5. If the result is not a whole number, your entitlement will be rounded down to the nearest whole number, meaning that you will not receive a new Ordinary Share in respect of the fractional entitlement. The new Ordinary Shares representing the aggregated fractional entitlements of all Shareholders will be placed (nil paid) for the benefit of the Company.

If you currently hold some of your Ordinary Shares in CREST and some in certificated form your holdings will be treated as separate holdings for the purposes of calculating your entitlements.

## Part II — Some Questions and Answers on the Rights Issue

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### 4.2 *Will I be taxed if I take up or sell my rights or if my rights are sold on my behalf?*

If you are resident in the United Kingdom for tax purposes, you will not have to pay UK tax when you take up your rights, although the Rights Issue will affect the amount of UK tax you may pay when you sell your Ordinary Shares. However, you may be subject to capital gains tax on any proceeds you receive from the sale of your rights (unless, generally, the proceeds do not exceed £3,000, although in that case the amount of UK tax you may pay when you sell your Ordinary Shares will be affected).

Further information for Qualifying Shareholders who are resident in the United Kingdom for tax purposes is contained in paragraph 7 of Part III of this document. **Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to tax in any jurisdiction other than the United Kingdom, should consult their professional adviser as soon as possible.**

### 4.3 *I understand that there is a period when there is trading in the Nil Paid Rights. What does this mean?*

If you do not want to buy the new Ordinary Shares being offered to you under the Rights Issue, you can instead sell or transfer your rights (called “Nil Paid Rights”) to those new Ordinary Shares and receive the net proceeds of the sale or transfer in cash. This is referred to as dealing “nil paid”. This means that, between 12 April 2002 and 3 May 2002, you can either purchase further Ordinary Shares (which will not carry any entitlement to participate in the Rights Issue (sometimes referred to as trading “ex”)) and/or you can trade in the Nil Paid Rights.

If you sell or transfer all or some of your Nil Paid Rights and you hold your Ordinary Shares in certificated form, you will need to complete Form X, the form of renunciation, on page 4 of the Provisional Allotment Letter and send it to the stockbroker, bank or other agent, through or by whom the sale or transfer was effected, to be forwarded to the purchaser or transferee.

If you buy Nil Paid Rights, you are buying an entitlement to take up the new Ordinary Shares, subject to your paying for them in accordance with the terms of the Rights Issue. Any seller of Nil Paid Rights who holds his Ordinary Shares in certificated form will need to forward to you his Provisional Allotment Letter (with Form X completed) for you to complete and return, with your cheque, by 10.00 a.m. on 3 May 2002, in accordance with the instructions on the Provisional Allotment Letter. If you are a CREST member or CREST sponsored member and have received a Provisional Allotment Letter, and you wish to hold your Nil Paid Rights in uncertificated form in CREST then you should send the Provisional Allotment Letter with Form X and the CREST Deposit Form on page 4 of the Provisional Allotment Letter completed (in the case of a CREST member) to the CREST Courier and Sorting Service (“CCSS”) or (in the case of a CREST sponsored member) to your CREST sponsor by 3.00 p.m. on 30 April 2002 at the latest.

Qualifying CREST Shareholders and, subject to dematerialisation of their Nil Paid Rights as set out in the Provisional Allotment Letter, Qualifying non-CREST Shareholders who are CREST members or CREST sponsored members, can transfer Nil Paid Rights, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST. Please consult your CREST sponsor or stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, for details.

### 4.4 *What if I want to sell the new Ordinary Shares I have paid for?*

If you are a Qualifying non-CREST Shareholder, provided the new Ordinary Shares have been paid for and you have requested the return of the receipted Provisional Allotment Letter, you can transfer the Fully Paid Rights by completing Form X, the form of renunciation, on the back of the receipted Provisional Allotment Letter in accordance with the instructions set out on page 4 of the Provisional Allotment Letter until 10.00 a.m. on 3 May 2002. See paragraph 3 of Part III of this document for more details.

After that date, you will be able to sell your new Ordinary Shares in the normal way. However, the share certificate relating to your new Ordinary Shares is expected to be despatched to you by 9 May 2002. Pending despatch of such share certificate, valid instruments of transfer will be certified by Computershare Investor Services PLC against the register.

If you hold your new Ordinary Shares and/or rights in CREST, you may transfer them in the same manner as any other security that is admitted to CREST. See paragraph 4.5 of Part III of this document for more

## Part II — Some Questions and Answers on the Rights Issue

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details. Please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, for details.

**4.5** *Do I need to comply with the Money Laundering Regulations (as set out in paragraphs 3.3 and 4.3 of Part III of this document)?*

If you are a Qualifying non-CREST Shareholder, you do not need to follow these procedures if the value of the new Ordinary Shares you are subscribing for is less than €15,000 (approximately £9,000) or if you pay for them by a cheque drawn on an account in your own name and that account is one which is held with an EU or UK regulated bank or building society. If you are a Qualifying CREST Shareholder, you will not generally need to comply with the Money Laundering Regulations unless you apply to take up all or some of your entitlement to Nil Paid Rights as agent for one or more persons and you are not an EU or UK regulated financial institution.

Qualifying non-CREST Shareholders and Qualifying CREST Shareholders should refer to paragraph 3.3 and paragraph 4.3 respectively of Part III of this document for a fuller description of the requirements of the Money Laundering Regulations.

**4.6** *What if I am entitled to Ordinary Shares under a Share Option Scheme?*

Participants in Share Option Schemes will be advised separately of adjustments (if any) to their rights or as to any entitlement to participate in the Rights Issue.

**4.7** *What should I do if I live outside the United Kingdom?*

Your ability to take up rights to new Ordinary Shares may be affected by the laws of the country in which you live and you should take professional advice about any formalities you need to observe. Shareholders resident outside the United Kingdom should refer to paragraph 8 of Part III of this document.

**Your attention is drawn to the further terms and conditions of the Rights Issue in Part III of this document and (in the case of Qualifying non-CREST Shareholders) in the Provisional Allotment Letter.**

## Part III — Terms and Conditions of the Rights Issue

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### 1. Details of the Rights Issue

The Company is proposing to raise approximately £220 million, net of expenses, by way of a rights issue of 80,635,790 new Ordinary Shares. Subject to the fulfilment of the conditions referred to below, the new Ordinary Shares will be offered by way of rights at 280 pence per share, payable in full on acceptance, to Qualifying Shareholders (other than certain Overseas Shareholders) on the basis of:

#### 2 new Ordinary Shares for every 5 Ordinary Shares

held on the Record Date and so in proportion for any other number of Ordinary Shares then held. The issue price of 280 pence per Ordinary Share represents a 18.5 per cent. discount to the closing middle-market price of 343.5 pence per Ordinary Share on 11 March 2002, the last business day before the date of this document. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. Fractional entitlements to new Ordinary Shares will not be allotted to Qualifying Shareholders, each Qualifying Shareholder's entitlement being rounded down to the nearest whole number of new Ordinary Shares, but will be aggregated and sold in the market for the benefit of the Company as soon as practicable after dealings in the new Ordinary Shares commence, if they can be sold, nil paid, at a price at least equal to the expenses of the sale.

The Rights Issue has been underwritten by Deutsche Bank and Schroder Salomon Smith Barney and is conditional upon the Underwriting Agreement becoming unconditional in all respects and not being terminated. The Underwriting Agreement is conditional, *inter alia*, upon:

- (a) the passing of the Resolution;
- (b) the Acquisition Agreement not being terminated prior to Admission and, subject only to Admission becoming otherwise unconditional in all respects;
- (c) the Credit Agreement and the Bridging Agreement referred to in Part IV of this document not having been terminated prior to Admission and becoming wholly unconditional subject only to Admission and any condition relating to the Underwriting Agreement becoming unconditional; and
- (d) Admission occurring by not later than 8.00 a.m. on 12 April 2002 (or such later time and/or date as the Underwriters and the Company may agree, being not later than 8.00 a.m. on 19 April 2002).

A summary of the principal terms of the Underwriting Agreement is set out in paragraph 8.1(e) of Part VIII of this document.

The new Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares now in issue, save that they will not carry the right to the final dividend of 3.25 pence (net) in respect of the year ended 31 December 2001 declared on 12 March 2002.

Subject, amongst other things, to the passing of the Resolution, it is intended that Provisional Allotment Letters in respect of the new Ordinary Shares will be despatched on 11 April 2002 to Qualifying non-CREST Shareholders (other than certain Overseas Shareholders).

The existing Ordinary Shares are already admitted to CREST. Applications have been made for the Nil Paid Rights and the Fully Paid Rights to be admitted to CREST. Before CRESTCo will admit any security to CREST, it requires Johnston Press to confirm to it that all conditions for admission to CREST have been met including that the new Ordinary Shares have been admitted to the Official List. As soon as practicable after Admission, Johnston Press will confirm this to CRESTCo.

It is expected that:

- (a) Computershare Investor Services PLC will instruct CRESTCo to credit the appropriate stock accounts of Qualifying CREST Shareholders with such shareholders' entitlements to Nil Paid Rights, by 10 April 2002; and
- (b) the Nil Paid Rights and the Fully Paid Rights will be enabled for settlement by CRESTCo by 8.00 a.m. on 12 April 2002, or, if later, as soon as practicable after Johnston Press has confirmed to CRESTCo that all the conditions for admission of such rights to CREST have been satisfied.

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Application has been made to the UK Listing Authority for the new Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the new Ordinary Shares to be admitted to trading on its market for listed securities. It is expected that listing will become effective and that dealings in the new Ordinary Shares, nil paid, will commence on 12 April 2002.

Details of undertakings and the Directors' stated intentions to take up rights and details of placing arrangements are set out in the paragraph headed "Intentions of the Directors and other major Shareholders" in Part I and in paragraph 8.1(f) of Part VIII of this document, respectively.

The attention of Overseas Shareholders is drawn to paragraph 8 below. None of the new Ordinary Shares has been marketed or is available in whole or in part to the public other than pursuant to the Rights Issue.

### 2. Action to be taken

**The action to be taken in respect of new Ordinary Shares depends on whether, at the relevant time, the Nil Paid Rights or Fully Paid Rights in respect of which action is to be taken are in certificated form (that is, are represented by Provisional Allotment Letters) or are in uncertificated form (that is, are in CREST).**

If you are a Qualifying non-CREST Shareholder and have received a Provisional Allotment Letter please refer to paragraph 3 and paragraphs 5 to 9 of this Part III.

If you hold your Ordinary Shares in CREST, please refer to paragraphs 4 to 9 of this Part III and to the CREST Manual for further information on the CREST procedures referred to below.

CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST sponsored members.

### 3. Action to be taken in relation to Nil Paid Rights represented by Provisional Allotment Letters

#### 3.1 General

The Provisional Allotment Letter (referred to in paragraphs 3, 4 and 5 of Part III of this document as a "PAL") will set out:

- (a) the holding of existing Ordinary Shares on which the Qualifying non-CREST Shareholder's entitlement to new Ordinary Shares has been based;
- (b) the number of new Ordinary Shares which have been provisionally allotted to the Qualifying non-CREST Shareholder;
- (c) the procedures to be followed if the Qualifying non-CREST Shareholder wishes to dispose of all or part of his entitlement or to convert all or part of his entitlement into uncertificated form; and
- (d) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

On the basis that PALs are posted on 11 April 2002, and that dealings commence on 12 April 2002 the latest time and date for acceptance and payment in full will be 10.00 a.m. on 3 May 2002.

#### 3.2 Procedure for acceptance and payment

- (a) Qualifying non-CREST Shareholders who wish to accept in full

Holders of PALs who wish to take up all of their entitlement must return the PAL, together with a cheque or other remittance, made payable to "The Royal Bank of Scotland plc – a/c Johnston Press plc" and crossed "A/C payee only", for the full amount payable on acceptance, in accordance with the instructions printed on the PAL, by post, to Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ or by hand (during normal business hours) to Computershare Investor Services PLC, 7th Floor, Jupiter House, Triton Court, 14 Finsbury Square, London EC2A 1BR so as to arrive as soon as possible and in any event so as to be received by not later than 10.00 a.m. on 3 May 2002. A reply-paid envelope will be enclosed with the PAL. If you post your PAL within the UK by first class post, it is recommended that you allow at least four days for delivery.

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(b) Qualifying non-CREST Shareholders who wish to accept in part

Holders of PALs who wish to take up some but not all of their rights and wish to sell some or all of those which they do not want to take up, should first apply for split PALs by completing Form X on page 4 of the PAL, and returning it by post to Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ or by hand (during normal business hours) to Computershare Investor Services PLC, 7th Floor, Jupiter House, Triton Court, 14 Finsbury Square, London EC2A 1BR, by 3.00 p.m. on 1 May 2002, the last date and time for splitting, together with a covering letter stating the number of split PALs required and the number of Nil Paid Rights or Fully Paid Rights to be comprised in each split PAL. In the case of Nil Paid Rights they should then deliver the split PAL representing the shares they wish to accept together with a cheque for the appropriate amount, payable to "The Royal Bank of Scotland plc – a/c Johnston Press plc" and crossed "A/C Payee only" by 10.00 a.m. on 3 May 2002, the last date and time for acceptance.

Alternatively, if they want only to take up some of their rights (and do not wish to sell some or all of those they do not want to take up), they should complete Form X on page 4 of the PAL and return it by post to Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol, BS99 1XZ or by hand (during normal business hours) to Computershare Investor Services PLC, 7th Floor, Jupiter House, Triton Court, 14 Finsbury Square, London EC2A 1BR, together with a covering letter confirming the number of new Ordinary Shares you wish to take up, together with a cheque for the appropriate amount. In this case the PAL and cheque must be received by Computershare Investor Services PLC by 3.00 p.m. on 1 May 2002, the last date and time for splitting PALs.

(c) Company's discretion as to validity of acceptances

If payment is not received in full by 10.00 a.m. on 3 May 2002, the provisional allotment will be deemed to have been declined and will lapse. However, the Company may, with the agreement of the Underwriters (not to be unreasonably withheld or delayed), but shall not be obliged to, treat as valid (i) PALs and accompanying remittances which are received through the post not later than 10.00 a.m. on 4 May 2002 (the cover bearing a legible postmark not later than 10.00 a.m. on 3 May 2002) and (ii) applications in respect of which remittances are received prior to 10.00 a.m. on 3 May 2002 from an authorised person (as defined in Section 31(2) of the Financial Services and Markets Act 2000) specifying the number of new Ordinary Shares to be acquired and an undertaking by that person to lodge the relevant PAL duly completed in due course.

Johnston Press may also (in its sole discretion) treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

(d) Payments

All payments must be in pounds sterling and must be made by cheque or banker's draft made payable to "The Royal Bank of Scotland plc – a/c Johnston Press plc" and crossed "A/C payee only". *Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the UK or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or a member of either of the Committees of the Scottish or Belfast Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner.* Cheques drawn on most major high street banks and building societies in the UK will be satisfactory. Cheques or banker's drafts will be presented for payment upon receipt. Johnston Press reserves the right to instruct Computershare Investor Services PLC to seek special clearance of cheques and banker's drafts to allow Johnston Press to obtain value for remittances at the earliest opportunity. *No interest will be allowed on payments made before they are due.* It is a term of the Rights Issue that cheques shall be honoured on first presentation and if any cheque or other remittance is presented for payment but not honoured by 10.00 a.m. on 3 May 2002 and Johnston Press notifies the Underwriters prior to 7.30 a.m. on 7 May 2002 the Company may elect to treat as

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invalid any acceptance in respect of new Ordinary Shares to which such cheque or other remittance relates.

### 3.3 *Money Laundering Regulations*

If the value of your application exceeds £9,000 (the approximate equivalent of €15,000) (or is one of a series of linked applications, the aggregate value of which exceeds that amount) and either you do not pay by a cheque drawn on an account in your own name and/or the account from which the payment is to be made is not held within an institution that is authorised in the UK by the Financial Services Authority under the Financial Services and Markets Act 2000 or by the Building Societies Commission under the Building Societies Act 1986 or that is an EU authorised credit institution, as defined in the First Banking Directive (77/780/EEC) as referred to in the verification of identity requirements of the Money Laundering Regulations 1993, the Money Laundering Regulations will apply. Computershare Investor Services PLC is entitled to require, at its absolute discretion, verification of identity from any person lodging a PAL (the “applicant”) including, without limitation, any person who either (i) tenders payment by way of a cheque or banker’s draft drawn on an account in the name of a person or persons other than the applicant, or (ii) appears to Computershare Investor Services PLC to be acting on behalf of some other person. Submission of a PAL will constitute a warranty that the Money Laundering Regulations 1993 will not be breached by the acceptance of the remittance and an undertaking by the applicant to provide promptly to Computershare Investor Services PLC such information as may be specified by Computershare Investor Services PLC as being required for the purpose of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Computershare Investor Services PLC as to identity, Computershare Investor Services PLC may, after consultation with the Company and the Underwriters and having taken into account their reasonable representations, retain a PAL lodged by an applicant for new Ordinary Shares and/or the cheque, banker’s draft or other remittance relating to it and/or not enter the new Ordinary Shares to which it relates on the register of members or issue any share certificate in respect of them. If satisfactory evidence of identity has not been provided within a reasonable time, then the acceptance will not be valid but will be without prejudice to the right of Johnston Press to take proceedings to recover any loss suffered by it as a result of the failure of the applicant to provide satisfactory evidence. In that case, the application monies (without interest) will be returned to the bank or building society account from which payment was made.

The following guidance is provided in order to reduce the likelihood of difficulties, delays and potential rejection of an application (but does not limit the right of Computershare Investor Services PLC to require verification of identity as stated above).

Applicants are urged if possible to make payment by their own cheque. If this is not practicable and an applicant uses a cheque drawn by a building society or other third party or a banker’s draft, the applicant should:

- (a) write the applicant’s name and address on the back of the building society cheque, banker’s draft or other third party cheque and, in the case of an individual, record his date of birth against his name; and
- (b) if a building society cheque or banker’s draft is used, ask the building society or bank to print on the cheque the full name and account number of the person whose building society or bank account is being debited or to write those details on the back of the cheque and add their stamp.

If you are making application as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), irrespective of the value of the application, Computershare Investor Services PLC is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf the application is being made. Applicants making an application as agent should specify on the PAL if they are a UK or EU regulated person or institution.

### 3.4 *Dealings in Nil Paid Rights*

Assuming the Resolution is passed at the Extraordinary General Meeting and the Rights Issue is otherwise unconditional, dealings on the London Stock Exchange in the Nil Paid Rights are expected to commence

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at 8.00 a.m. on 12 April 2002. A transfer of Nil Paid Rights can be made by renunciation of the PAL in accordance with the instructions printed on it and delivery of the letter to the transferee.

### 3.5 *Dealings in Fully Paid Rights*

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document and (in the case of Qualifying non-CREST Shareholders) the PAL, the Fully Paid Rights may be transferred by renunciation of the relevant fully paid PAL and lodging it by post with Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol, BS99 1XZ or by hand (during normal business hours) to Computershare Investor Services PLC, 7th Floor, Jupiter House, Triton Court, 14 Finsbury Square, London EC2A 1BR, by not later than 10.00 a.m. on 3 May 2002, and delivery of the letter to the transferee. However, fully paid PALs will not be returned to shareholders unless their return is requested by ticking Box 4 on page 1 of the PAL.

After 3 May 2002, the new Ordinary Shares will be in registered form and transferable in the usual way (see paragraph 3.9 of this Part III).

### 3.6 *Renunciation and splitting of PALs*

Qualifying non-CREST Shareholders who wish to transfer all the Nil Paid Rights or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a PAL may (save as required by the laws of certain overseas jurisdictions) renounce such allotment by completing and signing Form X on page 4 of the PAL and passing the entire letter to their stockbroker or bank or other appropriate financial adviser or to the transferee. Once a PAL has been renounced, the PAL will become a negotiable instrument in bearer form. The PAL will cease to be renounceable at 10.00 a.m. on 3 May 2002.

If a holder of a PAL wishes to have only some of the new Ordinary Shares registered in his name and to transfer the remainder, or wishes to transfer all the Nil Paid Rights or (if appropriate) Fully Paid Rights but to different persons, he may have the PAL split, for which purpose he must complete and sign Form X on page 4 of the PAL. The PAL must then be sent by post to Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ or by hand (during normal business hours) to Computershare Investor Services PLC, 7th Floor, Jupiter House, Triton Court, 14 Finsbury Square, London EC2A 1BR, to be received not later than 3.00 p.m. on 1 May 2002, to be cancelled and exchanged for the split PALs required. The number of split PALs required and the number of Nil Paid Rights or (as appropriate) Fully Paid Rights to be comprised in each split PAL should be stated in an accompanying letter. Form X on split PALs will be marked "Original Duly Renounced" before issue.

### 3.7 *Registration in names of persons other than Qualifying Shareholders originally entitled*

In order to register Fully Paid Rights in certificated form in the name of someone other than the Qualifying Shareholder(s) originally entitled, the renounee or his agent(s) must complete Form Y (unless the renounee is a CREST member who wishes to hold such shares in uncertificated form, in which case the CREST Deposit Form must be completed – see paragraph 3.8 of this Part III) on page 4 of the PAL and send the entire letter, when fully paid, by post to Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ or by hand (during normal business hours) to Computershare Investor Services PLC, 7th Floor, Jupiter House, Triton Court, 14 Finsbury Square, London EC2A 1BR, to be received not later than 10.00 a.m. on 3 May 2002.

The new Ordinary Shares comprised in several renounced PALs may be registered in the name of one holder (or joint holders) if Form Y on page 4 of the PAL is completed on one PAL (the "Principal Letter") and all PALs are lodged in one batch. Details of each PAL (including the Principal Letter) should be listed in the Consolidation Listing Form adjacent to Forms X and Y on page 4 of the PAL on the Principal Letter and the allotment number of the Principal Letter should be entered in the space provided on each of the other PALs.

### 3.8 *Deposit of Nil Paid Rights or Fully Paid Rights into CREST*

The Nil Paid or Fully Paid Rights represented by a PAL may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result of a transfer or renunciation of those



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rights or otherwise). Subject as provided in the next paragraph, normal CREST procedures apply in relation to any such conversion. It is recommended that you refer to the CREST Manual for details of such procedures.

The procedure for depositing the Nil Paid Rights or Fully Paid Rights represented by a PAL into CREST, whether such rights are to be converted into uncertificated form in the name(s) of the person(s) whose name(s) and address(es) appear on page 1 of the PAL or in the name of a person or persons to whom the PAL has been renounced, is as follows. Form X and the CREST Deposit Form (both on page 4 of the PAL) will need to be completed and the PAL deposited by you or your CREST Sponsor (as appropriate) with the CCSS. In addition, the normal CREST Stock Deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST Transfer Form (prescribed under the Stock Transfer Act 1963) with the CCSS and (b) only the whole of the Nil Paid Rights or Fully Paid Rights represented by the PAL may be deposited into CREST. If you wish to deposit some only of the Nil Paid Rights or Fully Paid Rights represented by the PAL into CREST, you must first apply for split PALs, bearing in mind the latest time for depositing the Nil Paid Rights or Fully Paid Rights represented by the PAL into CREST. If the rights represented by more than one PAL are to be deposited, the CREST Deposit Form on each PAL must be completed and deposited. The Consolidation Listing Form must not be used.

A holder of the Nil Paid Rights represented by a PAL who is proposing to convert those rights into uncertificated form (whether following a renunciation of such rights or otherwise) should ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Nil Paid Rights in CREST following the conversion to take all necessary steps in connection with taking up the entitlement prior to 10.00 a.m. on 3 May 2002. In particular, having regard to processing times in CREST and on the part of Computershare Investor Services PLC, the latest time for depositing a renounced PAL, with the CREST Deposit Form on page 4 of the PAL duly completed, with the CCSS (in order to enable the person holding or (as appropriate) acquiring the Nil Paid Rights in CREST to take all necessary steps in connection with taking up the entitlement prior to 10.00 a.m. on 3 May 2002) is 3.00 p.m. on 30 April 2002.

When Form X and the CREST Deposit Form (both on page 4 of the PAL) have been completed, the title to the Nil Paid Rights or Fully Paid Rights represented by the PAL will cease forthwith to be renounceable or transferable by delivery, and for the avoidance of doubt any entries in Form Y will not subsequently be recognised or acted upon by Computershare Investor Services PLC. All renunciations or transfers of the Nil Paid Rights or Fully Paid Rights must be effected through the means of the CREST system once such Rights have been deposited into CREST.

### *3.9 Issue of new Ordinary Shares in definitive form*

Definitive share certificates are expected to be despatched by post by 9 May 2002 to accepting Shareholders at their registered address unless lodging agent details have been completed on page 4 of the PAL. After despatch of definitive share certificates, PALs will cease to be valid for any purpose whatsoever. Pending despatch of definitive share certificates, valid instruments of transfer will be certified by Computershare Investor Services PLC against the register.

## **4. Action to be taken in relation to Nil Paid Rights in CREST**

### *4.1 General*

Subject as provided in paragraph 8 of this Part III in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder is expected to receive a credit to his stock account in CREST of his entitlement to Nil Paid Rights on 10 April 2002. It is expected that such rights will not, however, be enabled until 8.00 a.m. on 12 April 2002. The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Nil Paid Rights are provisionally allotted.

The Nil Paid Rights will constitute a separate security and can accordingly be transferred, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST.

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If for any reason stock accounts of Qualifying CREST Shareholders cannot be credited by, or the Nil Paid Rights cannot be enabled by 11.00 a.m. on 12 April 2002, with the written consent of the Underwriters (such consent not to be unreasonably withheld or delayed) the Company may procure that PALs be sent out in substitution for the Nil Paid Rights which have not been so credited or enabled and the expected timetable as set out in this document may be adjusted as appropriate. **Should the circumstances arise, references to dates and times in this document should be read as being subject to any such adjustment.** Johnston Press will make an appropriate announcement to the Company Announcements Office of the London Stock Exchange giving details of the revised dates.

CREST members who wish to take up their entitlements in respect of, or otherwise to transfer, Nil Paid Rights or Fully Paid Rights held by them in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to take up your entitlement as only your CREST sponsor will be able to take the necessary action to take up your entitlements or otherwise to deal with your Nil Paid Rights or Fully Paid Rights.

### 4.2 *Procedure for acceptance and payment*

#### (a) Many-to-Many instructions

CREST members who wish to take up all or some of their entitlements in respect of Nil Paid Rights in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a Many-To-Many (“MTM”) instruction to CRESTCo which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of Computershare Investor Services PLC under the participant ID and member account ID specified below, with the number of Nil Paid Rights to be taken up;
- (ii) the creation of a settlement bank payment obligation (as this term is defined in the CREST Manual), in accordance with the CREST RTGS payment mechanism (as this term is defined in the CREST Manual), in favour of the RTGS settlement of Computershare Investor Services PLC in sterling in respect of the full amount payable on acceptance in respect of the Nil Paid Rights referred to in sub-paragraph (i) above; and
- (iii) the crediting of a stock account of the accepting CREST member (being an account under the same participant ID and member account ID as the account from which the Nil Paid Rights are to be debited on settlement of the MTM instruction) of the corresponding number of Fully Paid Rights to which the CREST member is entitled on taking up his Nil Paid Rights referred to in sub-paragraph (i) above.

#### (b) Contents of Many-to-Many instructions

The MTM instruction must be properly authenticated in accordance with CRESTCo’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Nil Paid Rights to which the acceptance relates;
- (ii) the participant ID of the accepting CREST member;
- (iii) the member account ID of the accepting CREST member from which the Nil Paid Rights are to be debited;
- (iv) the participant ID of Computershare Investor Services PLC, in its capacity as a CREST receiving agent. This is 3RA 42;
- (v) the member account ID of Computershare Investor Services PLC, in its capacity as a CREST receiving agent. This is JOHNSTON;
- (vi) the number of Fully Paid Rights that the CREST member is expecting to receive on settlement of the MTM instruction. This must be the same as the number of Nil Paid Rights to which the acceptance relates;

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- (vii) the amount payable by means of the CREST settlement bank payment obligations on settlement of the MTM instruction. This must be the full amount payable on acceptance in respect of the number of Nil Paid Rights referred to in sub-paragraph (i) of paragraph 4.2(a);
  - (viii) the intended settlement date. This must be on or before 10.00 a.m. on 3 May 2002; and
  - (ix) the Corporate Action Number of the Rights Issue. This will be available by viewing the relevant corporate action details in CREST.
- (c) Valid acceptance
- An MTM instruction complying with each of the requirements as to authentication and contents set out in sub-paragraph (b) of this paragraph 4.2 above will constitute a valid acceptance where either:
- (i) the MTM instruction settles by not later than 10.00 a.m. on 3 May 2002; or
  - (ii) A. the MTM instruction is received by CRESTCo by not later than 10.00 a.m. on 3 May 2002; and  
B. the number of Nil Paid Rights inserted in the MTM instruction is credited to the CREST stock member account of the accepting CREST member specified in the MTM instruction at 10.00 a.m. on 3 May 2002.

An MTM instruction will be treated as having been received by CRESTCo for these purposes at the time at which the instruction is processed by the Network Providers' Communications Host (as this term is defined in the CREST Manual) at CRESTCo of the network provider used by the CREST member (or by the CREST sponsored member's CREST sponsor). This will be conclusively determined by the input time stamp applied to the MTM instruction by the Network Providers' Communications Host.

- (d) Representations, warranties and undertakings of CREST members
- A CREST member or CREST sponsored member who makes a valid acceptance in accordance with this paragraph 4.2 of this Part III represents, warrants and undertakes to Johnston Press that he has taken (or procured to be taken), and will take (or will procure to be taken), whatever action is required to be taken by him or by his CREST sponsor (as appropriate) to ensure that the MTM instruction concerned is capable of settlement at 10.00 a.m. on 3 May 2002 and remains capable of settlement at all times after that until 2.00 p.m. on 3 May 2002 (or until such later time and date as Johnston Press may determine). In particular, the CREST member or CREST sponsored member represents, warrants and undertakes that at 10.00 a.m. on 3 May 2002 and at all times thereafter until 2.00 p.m. on 3 May 2002 (or until such late time and date as Johnston Press may determine), there will be sufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account to be debited with the amount payable on acceptance to permit the MTM instruction to settle. CREST sponsored members should contact their CREST sponsor if they are in any doubt.
- (e) CREST procedures and timings
- CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that CRESTCo does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of an MTM instruction and its settlement in connection with the Rights Issue. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 10.00 a.m. on 3 May 2002. In this connection CREST members and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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(f) CREST member's undertaking to pay

A CREST member or CREST sponsored member, who makes a valid acceptance in accordance with the procedures set out in paragraph 4.2(c) of this Part III, (a) undertakes to pay Johnston Press, or procure the payment to Johnston Press of, the amount payable in sterling on acceptance in accordance with the above procedures or in such other manner as Johnston Press may require (it being acknowledged that, where payment is made by means of the RTGS payment mechanism (as defined in the CREST manual), the making of an RTGS settlement bank payment obligation in sterling to Computershare Investor Services PLC's RTGS settlement bank in accordance with the RTGS payment mechanism shall, to the extent of the obligation so created, discharge in full the obligation of the CREST member (or CREST sponsored member) to pay to Johnston Press the amount payable on acceptance) and (b) requests that the Fully Paid Rights, and/or new Ordinary Shares, to which he will become entitled be issued to him on the terms set out in this document and subject to the memorandum and articles of association of Johnston Press.

(g) Company's discretion as to rejection and validity of acceptances

The Company may agree to:

- (i) reject any acceptance constituted by an MTM instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in this paragraph 4.2 of this Part III. Where an acceptance is made as described in this paragraph 4.2 of this Part III which is otherwise valid, and the MTM instruction concerned fails to settle by 2.00 p.m. on 3 May 2002 (or by such later time and date as Johnston Press has determined), Johnston Press shall be entitled to assume, for the purposes of its right to reject an acceptance contained in this paragraph 4.2 of this Part III, that there has been a breach of the representations, warranties and undertakings set out or referred to in this paragraph 4.2 of this Part III;
- (ii) with the agreement of the Underwriters (not to be unreasonably withheld or delayed), treat as valid (and binding on the CREST member or CREST sponsored member concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 4.2 of this Part III;
- (iii) with the agreement of the Underwriters (not to be unreasonably withheld or delayed), accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, an MTM instruction and subject to such further terms and conditions as Johnston Press may determine;
- (iv) with the agreement of the Underwriters (such consent not to be unreasonably withheld or delayed) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid acceptance if, at the time at which Computershare Investor Services PLC receives a properly authenticated dematerialised instruction giving details of the first instruction, either Johnston Press or Computershare Investor Services PLC has received actual notice from CRESTCo of any of the matters specified in Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (v) with the agreement of the Underwriters (not to be unreasonably withheld or delayed), accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of an MTM instruction or any alternative instruction or notification, if, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to take up all or part of his Nil Paid Rights by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST

## Part III — Terms and Conditions of the Rights Issue

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(or of any part of CREST) or on the part of facilities and/or systems operated by Computershare Investor Services in connection with CREST.

### 4.3 *Money Laundering Regulations*

If you hold your Nil Paid Rights in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, Computershare Investor Services PLC is entitled to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Computershare Investor Services PLC before sending any MTM instruction or other instruction so that appropriate measures may be taken.

Submission of an MTM instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty that the Money Laundering Regulations 1993 will not be breached by the acceptance of the remittance and an undertaking by the applicant to provide promptly to Computershare Investor Services PLC any information Computershare Investor Services PLC may specify as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Computershare Investor Services PLC as to identity, Computershare Investor Services PLC, having consulted with the Underwriters, may take, or omit to take, such action as it may determine to prevent or delay settlement of the MTM instruction. If satisfactory evidence of identity has not been provided within a reasonable time, then Computershare Investor Services PLC will not permit the MTM instruction concerned to proceed to settlement but without prejudice to the right of Johnston Press to take proceedings to recover any loss suffered by it as a result of failure by the applicant to provide satisfactory evidence.

### 4.4 *Transfers of Nil Paid Rights*

Dealings in Nil Paid Rights on the London Stock Exchange are expected to commence at 8.00 a.m. on 12 April 2002. A transfer of Nil Paid Rights can be made by means of CREST in the same manner as any other security that is admitted to CREST. The Nil Paid Rights are expected to be disabled in CREST after the close of CREST business on 3 May 2002.

### 4.5 *Transfers of Fully Paid Rights*

After acceptance of the provisional allotment and payment in full in accordance with the provisions of this document, and (where appropriate) the PAL, the Fully Paid Rights may be transferred by means of CREST in the same manner as any other security that is admitted to CREST. The last date for settlement of any transfer of Fully Paid Rights in CREST is expected to be 3 May 2002. The Fully Paid Rights are expected to be disabled in CREST after the close of CREST business on 3 May 2002.

After 3 May 2002, new Ordinary Shares will be registered in the name(s) of the person(s) entitled to them in Johnston Press' register of members and will be transferable in the usual way (see paragraph 4.7 of this Part III).

### 4.6 *Withdrawal of Nil Paid Rights or Fully Paid Rights from CREST*

Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Normal CREST procedures (including timings) apply in relation to any such conversion.

The recommended latest time for receipt by CRESTCo of a properly authenticated dematerialised instruction requesting withdrawal of Nil Paid Rights from CREST is 4.30 p.m. on 29 April 2002, so as to enable the person acquiring or (as appropriate) holding the Nil Paid Rights following the conversion to take all necessary steps in connection with taking up the entitlement prior to 10.00 a.m. on 3 May 2002.

### 4.7 *Issue of new Ordinary Shares in CREST*

Fully Paid Rights in CREST are expected to be disabled in CREST after the close of CREST business on 3 May 2002 (the latest date for settlement of transfers of Fully Paid Rights in CREST). New Ordinary Shares (in definitive form) will be issued in uncertificated form to those persons registered as holding Fully Paid Rights in CREST at the close of business on that date. Computershare Investor Services PLC

## Part III — Terms and Conditions of the Rights Issue

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will instruct CRESTCo to credit the appropriate stock accounts of those persons (under the same participant ID and member account ID that applied to the Fully Paid Rights held by those persons) with their entitlements to new Ordinary Shares with effect from the next business day (expected to be 7 May 2002).

### 4.8 *Right to allot/issue in certificated form*

Despite any other provision of this document, Johnston Press reserves the right to allot and to issue any Nil Paid Rights, Fully Paid Rights or new Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by Computershare Investor Services PLC in connection with CREST.

### 5. **Procedure in respect of Rights not taken up (whether certificated or in CREST)**

If any entitlement to new Ordinary Shares is not validly taken up in accordance with the procedure laid down for acceptance and payment, then that provisional allotment will be deemed to have been declined and will lapse. The Underwriters will use their respective reasonable endeavours to procure, for all (or as many as possible) of those new Ordinary Shares not taken up, subscribers from whom an amount can be obtained per share which is at least equal to the aggregate of the Issue Price (at which price the new Ordinary Shares shall be subscribed) and the expenses of procuring the relevant subscribers (including any value added tax), such subscribers to be found by not later than 3.00 p.m. on 8 May 2002.

Notwithstanding the above, the Underwriters may cease to endeavour to procure any such subscribers if it is unlikely that any such subscribers can be so procured at such a price by such time. If and to the extent that subscribers cannot be procured on the basis outlined above, the relevant new Ordinary Shares will be subscribed for by the Underwriters or sub-underwriters at the Issue Price on the terms of the Underwriting Agreement.

Only the premium over the aggregate of the Issue Price and the expenses of procuring subscribers (including any value added tax) shall be paid (subject as provided in this paragraph 5):

- (a) where the provisional allotment was, at the time it lapsed, represented by a PAL, to the person whose name and address appeared on page 1 of the PAL; and
- (b) where the Nil Paid Rights were, at the time they lapsed, in uncertificated form, to the person registered as the holder of those Nil Paid Rights at the time of their disablement in CREST.

New Ordinary Shares for which subscribers are procured on this basis will be allotted to the subscribers and the aggregate premium (being the amount paid by the subscribers after deducting the Issue Price and the expenses of procuring the subscribers including any value added tax) will be paid (without interest) to those persons entitled (as referred to above) pro rata to the relevant lapsed provisional allotments save that amounts of less than £3.00 per holding will not be so paid but will be aggregated and retained for the benefit of Johnston Press.

Any transactions undertaken pursuant to this paragraph 5 of this Part III shall be deemed to have been undertaken at the request of the persons entitled to the lapsed provisional allotments and none of Johnston Press, the Underwriters or any other person procuring the subscribers shall be responsible for any loss or damage (whether actual or alleged) arising from the terms of or timing of the subscriptions or the failure to procure subscribers on the basis described above. Cheques for the amount due are expected to be despatched by 13 May 2002 and will be sent, at the risk of the person(s) entitled, to their registered addresses (the registered address of the first named in the case of joint holders), provided that, where any entitlement concerned was held in CREST the amount due will, unless Johnston Press (in its absolute discretion) otherwise determines, be satisfied by Johnston Press procuring the creation of a settlement bank payment in favour of the relevant CREST member's (or CREST sponsored member's) RTGS settlement bank in respect of the cash amount concerned in accordance with the RTGS payment mechanism.

Even if all the new Ordinary Shares are not taken up (whether by Qualifying Shareholders, the Underwriters or otherwise), those new Ordinary Shares which have been taken up will be allotted to persons who have validly subscribed for new Ordinary Shares if the Rights Issue becomes unconditional.

## Part III — Terms and Conditions of the Rights Issue

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### 6. Share Option Schemes

In accordance with the rules of the Share Option Schemes, the Directors propose to make adjustments to the terms of outstanding options to take account of the Rights Issue. Such adjustments will be subject to confirmation in writing from the the Company's auditors that they are, in their opinion, fair and reasonable and, where necessary, to the approval of the Inland Revenue. The Company will notify option holders of any such adjustments in due course.

### 7. United Kingdom Taxation

**The following statements are intended only as a general guide to current United Kingdom tax legislation and to what is understood to be the current practice of the United Kingdom Inland Revenue (the "Inland Revenue") and may not apply to certain classes of Shareholder. Any person who is in any doubt as to his tax position is strongly recommended to consult his professional advisers immediately.**

#### 7.1 *Taxation of chargeable gains*

- (a) For the purposes of United Kingdom tax on chargeable gains, the issue of the new Ordinary shares pursuant to the Rights Issue should be regarded as a reorganisation of the share capital of the Company. Accordingly, a Shareholder should not be treated as making a disposal of all or part of his existing holding of Ordinary Shares by reason of the issue of new Ordinary Shares pursuant to the Rights Issue.

On the above basis, to the extent that a Shareholder takes up new Ordinary Shares provisionally allotted to him, the new Ordinary Shares so allotted and the Shareholder's existing holding of Ordinary Shares will, for the purposes of tax on chargeable gains, be treated as the same asset and as having been acquired at the same time as the existing holding was acquired. The amount paid for the new Ordinary Shares will be added to the allowable expenditure for the Shareholder's existing holding and the aggregated amount will, on a subsequent disposal of any shares comprised in the composite holding of Ordinary Shares and new Ordinary Shares, be apportioned between the number of shares disposed of and the number remaining by reference to the market value of Ordinary Shares at the date of the disposal.

If a Shareholder disposes of all or part of his rights to subscribe for new Ordinary Shares or if he allows or is deemed to have allowed his rights to lapse and a cash payment is received in return, a liability to tax on chargeable gains may, depending on his circumstances, arise.

If, however, the proceeds resulting from the disposal or lapse of rights are "small" (currently interpreted by the Inland Revenue as not exceeding the greater of £3,000 or five per cent. of the value (as at the date of the disposal or lapse) of the holding of Ordinary Shares in respect of which the rights arose) the Shareholder should not be treated as making a disposal for the purposes of United Kingdom taxation of chargeable gains. Instead, the proceeds will be deducted from the acquisition cost of those Ordinary Shares.

#### 7.2 *Indexation/Taper Relief*

For periods after April 1998, indexation allowance is available only for the purposes of corporation tax and is not available to individuals, personal representatives or trustees. The following paragraphs accordingly deal separately with the positions of corporate and non-corporate Shareholders.

- (a) Corporate Shareholders

Shareholders within the charge to corporation tax will continue to obtain the benefit of indexation allowance on the new Ordinary Shares, although in calculating the amount of any indexation allowance on any subsequent disposal of some or all of the new Ordinary Shares, the expenditure incurred in subscribing for the new Ordinary Shares will be treated as incurred only when the Shareholder made or became liable to make payment of the Issue Price.

- (b) Non-corporate Shareholders

For individuals, personal representatives and trustees, indexation allowance has been frozen as at April 1998 (although indexation relief for holding periods up to April 1998 has been preserved)

## Part III — Terms and Conditions of the Rights Issue

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and has been replaced by a system of taper relief. Taper relief operates by reducing the amount of any gain realised on the disposal of an asset (after taking into account indexation relief, if applicable) by a percentage dependent on the period of ownership of that asset since April 1998 and on whether the asset qualifies as a business or non-business asset for that period. Taper relief will be calculated according to the period of ownership of a Shareholder's existing holding of Ordinary Shares.

### 7.3 *Taxation of dividends*

#### (a) *Company*

The Company will not be required to withhold tax at source on any dividends it pays to its Shareholders.

#### (b) *United Kingdom resident Shareholders*

An individual Shareholder who is resident in the United Kingdom for tax purposes and receives a dividend from the Company will generally be entitled to a tax credit in respect of that dividend, currently equal to one-ninth of the cash dividend received or ten per cent. of the aggregate of the cash dividend received and the related tax credit (the "gross dividend"). The related tax credit can be set against the individual Shareholder's total liability to income tax on the dividend.

An individual Shareholder who is liable to income tax at no more than the basic rate will be subject to income tax at the rate of ten per cent. on the gross dividend and so the tax credit should satisfy in full that individual Shareholder's liability to income tax on the dividend received.

An individual Shareholder who is liable to income tax at the higher rate will be subject to tax at the rate of 32.5 per cent. on the gross dividend to the extent that the gross dividend, when treated as the top slice of that Shareholder's income, falls above the threshold for higher rate income tax. The related tax credit will therefore not fully satisfy that individual Shareholder's liability to income tax on the gross dividend and the Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend or 25 per cent. of the cash dividend received.

United Kingdom resident Shareholders who are not liable to United Kingdom tax on dividends, including pension funds and charities, are not entitled to claim repayment of the tax credit attaching to dividends paid by the Company, although charities will be entitled to claim transitional relief in lieu of repayable tax credits until 5 April 2004.

Tax credits on dividends paid by the Company on or before 5 April 2004 in respect of Ordinary Shares held in personal equity plans or individual savings accounts should be repayable.

Subject to certain exceptions for traders in securities and insurance companies, a corporate Shareholder resident in the United Kingdom for tax purposes will generally not be subject to corporation tax on dividends received from the Company.

#### (c) *Non-United Kingdom resident Shareholders*

The right of a Shareholder who is not resident in the United Kingdom for tax purposes to claim repayment from the Inland Revenue of any part of the tax credit attaching to dividends paid by the Company will depend upon the existence and the terms of any applicable double tax treaty between the United Kingdom and the country in which the Shareholder is resident.

A Shareholder who is not resident in the United Kingdom may be subject to foreign taxation on dividend income under local law and should consult his own tax adviser concerning his liabilities to tax on dividends received from the Company.

### 7.4 *Stamp Duty and Stamp Duty Reserve Tax ("SDRT")*

**The statements below summarise the current position and are intended as a general guide only to stamp duty and SDRT. Special rules apply to agreements made by broker dealers and market makers in the ordinary course of their business and to certain categories of person (such as**



## Part III — Terms and Conditions of the Rights Issue

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**depositories and clearance services and their nominees or agents) who may be liable to stamp duty or SDRT at a higher rate.**

No stamp duty or SDRT will generally be payable on the issue of Provisional Allotment Letters or split letters of allotment or on the issue of definitive share certificates or crediting of CREST member accounts in respect of such allotment letters.

A purchase of rights to subscribe for new Ordinary Shares represented by a Provisional Allotment Letter on or before the latest time for registration of renunciation will not be liable to stamp duty but will be liable to SDRT, generally at the rate of 0.5 per cent of the amount or value of the consideration payable.

A transfer for value of Ordinary Shares (including new Ordinary Shares after the latest time for registration of renunciation) will generally be subject to stamp duty or SDRT. Stamp duty will arise on the execution of an instrument to transfer such Ordinary Shares and SDRT will arise on the entry into an agreement to sell such Ordinary Shares. The amount of stamp duty or SDRT payable on the consideration for the transfer is generally calculated at the rate of 0.5 per cent. of the consideration paid (with stamp duty rounded up to the nearest £5). A liability to SDRT will be cancelled and any SDRT already paid will be repaid, generally with interest, where an instrument of transfer is executed and stamp duty is paid on that instrument within six years of the date on which the liability to SDRT arises.

Stamp duty and SDRT are normally a liability of the purchaser or transferee (although where such purchase is effected through a stockbroker or other financial intermediary, that person should normally account for the liability to SDRT and should indicate this has been done in any contract note issued to a purchaser).

Paperless transfers of Ordinary Shares within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. SDRT on relevant transactions is settled within the CREST system. Deposits of shares into CREST will generally not be subject to SDRT, unless the transfer into CREST is itself for consideration.

**The above is intended only as a guide to the general United Kingdom tax position as at the date of this document. A Shareholder who is in any doubt as to his tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser.**

### 8. Overseas Shareholders

#### 8.1 General

**The making or acceptance of the proposed offer of new Ordinary Shares to or by persons resident in, or who are citizens of, countries other than the United Kingdom may be affected by the laws of the relevant jurisdiction. Such persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights. It is the responsibility of all persons resident outside the United Kingdom receiving this document and/or a Provisional Allotment Letter and receiving Nil Paid Rights credited to a stock account in CREST, and wishing to accept the offer of new Ordinary Shares to satisfy themselves as to full observance of the laws of the relevant territory, including obtaining all necessary governmental or other consents which may be required, observing all other requisite formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.**

**Receipt of this document and/or a Provisional Allotment Letter or the crediting of Nil Paid Rights to a stock account in CREST will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this document and/or a Provisional Allotment Letter will not be sent or will be sent for information only and should not be copied or redistributed. No person receiving a copy of this document and/or a Provisional Allotment Letter and/or a credit of Nil Paid Rights to a stock account in CREST in any territory other than the United Kingdom may take the same as constituting an invitation or offer to him, nor should he in any event use the Provisional Allotment Letter or deal with Nil Paid Rights or Fully Paid Rights in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or the Provisional Allotment Letter or Nil Paid Rights or Fully Paid Rights in CREST could lawfully be used or dealt with without contravention of any unfulfilled registration or other legal requirement.**

## Part III — Terms and Conditions of the Rights Issue

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The Company reserves the right, but shall not be obliged, to treat as invalid any acceptance or purported acceptance of the allotment of new Ordinary Shares comprised in, or renunciation or purported renunciation of, a Provisional Allotment Letter which appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if it believes or they believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of definitive share certificates for new Ordinary Shares in any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates.

Accordingly, persons (including, without limitation, nominees, agents and trustees) receiving a Provisional Allotment Letter should not distribute or send it in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a Provisional Allotment Letter or credit of Nil Paid Rights or Fully Paid Rights in CREST is received by any person in any such territory (or by the agent or nominee of such a person), he must not seek to take up the new Ordinary Shares or renounce such Provisional Allotment Letter except pursuant to an express agreement with the Company. Any person who does forward a Provisional Allotment Letter into any such territory (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 8. The Company reserves the right to reject a purported acceptance of a provisional allotment represented by a Provisional Allotment Letter, or a renunciation thereof, from, or in favour of, Shareholders in any such territory or persons who are acquiring (or the Company or its advisers have reason to believe are acquiring) new Ordinary Shares for resale in any such territory.

The provisions of paragraph 5 of this Part III will apply, as appropriate, to Overseas Shareholders who are unable to take up new Ordinary Shares provisionally allotted to them.

### 8.2 *United States*

The Nil Paid Rights, the Fully Paid Rights and the new Ordinary Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be directly or indirectly offered, sold, taken up, delivered, renounced or transferred in or into the United States and Nil Paid Rights will not be credited to the CREST account of any Qualifying CREST Shareholder with a registered address in the United States.

This document does not constitute an offer or an invitation to any Qualifying Shareholder with a registered address in the United States, to purchase or subscribe for any Nil Paid Rights, Fully Paid Rights or new Ordinary Shares and Provisional Allotment Letters will not be sent to, and applications will not be accepted from, any Qualifying Shareholder with a registered address in the United States.

Until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the Nil Paid Rights, Fully Paid Rights or the new Ordinary Shares within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act.

### 8.3 *Canada*

The offer of Nil Paid Rights, Fully Paid Rights and new Ordinary Shares will not be made to Qualifying Shareholders with registered addresses in Canada. Provisional Allotment Letters will not be sent to Qualifying non-CREST Shareholders with registered addresses in Canada and Nil Paid Rights will not be credited to the CREST account of any Qualifying CREST Shareholder whose registered address is in Canada.

### 8.4 *Australia*

No prospectus in relation to the new Ordinary Shares has been or will be lodged with, or registered by, the Australian Securities Commission. Neither the new Ordinary Shares nor the Provisional Allotment Letters may be offered for subscription or purchase, taken up, sold, renounced, transferred or delivered, directly or indirectly, nor may any invitation to subscribe for or buy or sell new Ordinary Shares be issued or any draft or definitive document in relation to any such offer, sale or invitation be distributed, in or into Australia or to or for the account or benefit of an Australian Person. Accordingly, no offer of new Ordinary Shares is being made under this document or the Provisional Allotment Letters to Shareholders with registered addresses in, or to residents of, Australia. No Provisional Allotment Letters will be sent to

## Part III — Terms and Conditions of the Rights Issue

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Qualifying non-CREST Shareholders and Nil Paid Rights will not be credited to the CREST account of any Qualifying CREST Shareholder whose registered address is in Australia.

For the purposes of this document, “Australia” means the Commonwealth of Australia, its states and possessions, and “Australian Person” means any person in Australia or with an address in Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of any such corporation or entity located outside Australia).

### 8.5 *Japan*

The relevant clearances have not been and will not be obtained from the Ministry of Finance of Japan and no prospectus has been or will be lodged with, or registered by, the Ministry of Finance of Japan. Therefore, neither the Provisional Allotment Letters nor the new Ordinary Shares may, directly or indirectly, be offered or sold, taken up, or renounced in or into Japan or its territories or possessions. No Provisional Allotment Letter will be sent to Qualifying non-CREST Shareholders, and Nil Paid Rights will not be credited to the CREST account of any Qualifying CREST Shareholder whose registered address is in Japan.

### 8.6 *Republic of Ireland*

No prospectus in relation to the new Ordinary Shares has been or will be lodged for registration with the Registrar of Companies in the Republic of Ireland. Provisional Allotment Letters and new Ordinary Shares may not be offered, sold, renounced or delivered in the Republic of Ireland and, accordingly, the offer by way of rights will not be made in the Republic of Ireland. No Provisional Allotment Letters will be sent to Qualifying non-CREST Shareholders, and Nil Paid Rights will not be credited to the CREST account of any Qualifying CREST Shareholder whose registered address is in the Republic of Ireland.

### 8.7 *Other overseas territories*

Qualifying Shareholders resident in other overseas territories should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights. No Provisional Allotment Letter will be sent to Qualifying non-CREST Shareholders, and Nil Paid Rights will not be credited to the CREST account of any Qualifying CREST Shareholder whose registered address is outside the United Kingdom.

### 8.8 *General*

The comments set out in this paragraph 8 are intended as a guide only and, if you are in any doubt as to your eligibility to accept a Provisional Allotment Letter or the allocation of Nil Paid Rights credited to your CREST account, you should consult your professional adviser without delay.

## 9. **General**

The dates set out in the timetable of events at the beginning of this document and mentioned throughout the document and the Provisional Allotment Letter may be adjusted by agreement between the Company, Deutsche Bank and Schroder Salomon Smith Barney (such consent not to be unreasonably withheld or delayed by Deutsche Bank and Schroder Salomon Smith Barney) in which event details of the new dates will be notified to the Company Announcements Office of the London Stock Exchange and, where appropriate, to Qualifying Shareholders.

**All documents and cheques posted to or by Shareholders and/or their transferees or renounees (or their agents, as appropriate) will be posted at their own risk.**

The terms of the Rights Issue and all other matters in relation thereto shall be governed by and construed in accordance with English law.

## Part IV — Information relating to the Acquisition and the Banking Facilities

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### The Acquisition

Pursuant to the terms of the Acquisition Agreement, the Company has conditionally agreed to acquire the entire issued and to be issued share capital of RIM for a cash consideration equal to £560 million less the debt and plus the cash balances of the RIM Group at 30 March 2002. The consideration will also be subject to an adjustment equal to the difference between the working capital of the RIM Group at 30 March 2002 and £13.044 million. If the adjustment amount cannot be agreed between the parties to the Acquisition Agreement, any dispute will be referred for determination to an independent firm of internationally recognised chartered accountants.

The Acquisition Agreement is conditional upon:

- (a) the Resolution being passed;
- (b) the valid tender by holders of more than 50 per cent. of the aggregate principal amount of the outstanding 10½ per cent. Senior Notes due 2008 of RIM and the valid tender by holders of more than 50 per cent. of the aggregate principal amount of the outstanding 12½ per cent. Senior Discount Notes due 2008 of RIM (together, the “Notes”); and
- (c) Admission.

If these conditions are not satisfied or waived by the Company on or before 30 April 2002, the Acquisition Agreement will terminate with effect from that date.

The Acquisition Agreement contains provisions requiring the business of the RIM Group to be continued in its ordinary course in the period prior to Completion. In addition, the Acquisition Agreement contains certain warranties by certain management shareholders relating to the business and undertaking of the RIM Group on a basis consistent with a transaction of this nature. A tax indemnity will also be provided by certain management shareholders indemnifying the Company in respect of tax liabilities of the RIM Group up to the date of Completion to the extent such liabilities have not been provided for in the latest accounts of RIM. Claims under the warranties (other than the taxation warranties) must be made prior to 31 March 2003 and, in respect of taxation warranties and under the tax indemnity within the period of four years from the date of Completion. Generally, the management shareholders will only be liable if claims under the warranties or the tax deed in respect of any single circumstance exceed £100,000 and the aggregate amount of claims exceeds £1.5 million (in which event the Company can only claim the amount in excess of this figure). The maximum amount recoverable from the management shareholders under the warranties and tax indemnity is £5 million. Johnston Press has taken out warranty insurance pursuant to which aggregate claims under the warranties and tax indemnity in excess of the management shareholders’ liability of £5 million and up to £50 million will, subject to a further excess of £1 million and any applicable policy exclusions and conditions, be recoverable from insurers.

If at any time prior to Completion there is a breach of any of the warranties which would have a material adverse effect (that is, reduce or be expected to reduce the consolidated annual profits or net assets of the RIM Group by 10 per cent. or more) or there is a breach of the provisions concerning the conduct of the RIM Group in the period prior to Completion which would have a material adverse effect (as defined above), the Company may terminate the Acquisition Agreement.

If the consent required under the Fair Trading Act 1973 to the transfer of ownership of the Supplementary Titles to Johnston Press is not received on or before 12 April 2002, such titles will be excluded from the Acquisition and the aggregate purchase price for the Acquisition reduced by £3 million. Upon receipt of such consent, the Company shall acquire the Supplementary Titles for approximately £3 million.

Since Johnston Press wishes to acquire RIM on a debt free basis, a subsidiary of RIM has agreed to make an offer (the “Tender Offer”) to purchase for cash any and all of the outstanding Notes upon the terms and subject to the conditions contained in an offer document relating to the Tender Offer to be notified to holders of the Notes on 12 March 2002. Concurrently with the offer to purchase the Notes, the RIM subsidiary has solicited consents (the “Consents”) from the holders of the Notes to certain amendments to the indentures relating to the Notes (the “Indentures”) that will eliminate all material covenants, certain events of default and other rights contained in the Notes and the Indentures other than the covenant to pay principal and pay interest.

## **Part IV — Information relating to the Acquisition and the Banking Facilities**

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The Tender Offer is conditional upon the valid tender of Notes and delivery of related Consents by holders of a majority of both series of Notes, in each case not subject to any rights of withdrawal, and satisfaction of the conditions in the Acquisition Agreement.

The Tender Offer will expire on 10 April 2002 and it is expected that settlement will take place on 12 April 2002. The cost of acquiring 100 per cent. of the Notes pursuant to the Tender Offer will be deducted from the acquisition price of £560 million (and to the extent the Notes are not tendered pursuant to the Tender Offer, they will remain outstanding). Therefore, the total consideration of £560 million, including any assumed debt, of the Acquisition is unaffected by the acceptance level of the Tender Offer.

At Completion, the two non-executive directors of RIM and certain board directors of RIM will resign from their offices and certain senior managers will resign from their positions and, in the case of the executive directors and the senior managers, from their employment with RIM by way of compromise agreements. They will waive any contractual and statutory claims they may have against RIM in return for a financial settlement of, in aggregate, approximately £2,156,254 (less such income tax and national insurance contributions as are payable). In addition, two of the executive directors will receive a lump sum payment (to be calculated and agreed) to compensate them for loss of pension rights.

### **Banking Facilities**

Pursuant to an agreement dated 12 March 2002 (the "Credit Agreement"), Johnston Press has arranged to borrow up to £680,000,000 of term and revolving loan facilities from a syndicate of banks, arranged by RBS and Deutsche Bank. The facilities will be used to part-finance the Acquisition, refinance existing debt (and costs associated therewith) and to provide working capital for the Enlarged Group. The lending banks will require security to be given by Johnston Press, certain of Johnston Press' subsidiaries, and RIM and certain of its subsidiaries.

The facilities provided under the Credit Agreement will consist of a £220,000,000 Tranche A Revolving Credit Facility, repayable five years from the date of the Credit Agreement, a £360,000,000 Tranche B amortising Term Loan, repayable in six monthly instalments and five years from the date of the Credit Agreement, and a £100,000,000 Tranche C Revolving Credit Facility, repayable in 364 days, subject to a 6/12 month term out option. The loans will all bear interest at 1.5 per cent. per annum over LIBOR and MLA, but may be subject to adjustment, inter alia, by a ratchet based upon the ratio of borrowings to EBITDA. The Credit Agreement contains certain representations, covenants and events of default which are usual for facilities of this type. Fees and commissions will be payable to the lending banks. In certain circumstances, funds received by Johnston Press will be required by the lending banks to be used to make prepayments under the Credit Agreement.

Pursuant to a Bilateral Agreement, dated 12 March 2002 (the "Bilateral Agreement"), Johnston Press has arranged a £30,000,000 working capital facility provided by RBS. It will benefit from the same security to be provided pursuant to the Credit Agreement. The Bilateral Agreement is available for two years and will bear interest at the rate of 1.5 per cent. per annum over RBS's base rate, which may be subject to adjustment in certain circumstances. The Bilateral Agreement contains representations, covenants and events of default which are usual for a facility of this type. Fees and commissions are payable by Johnston Press.

Pursuant to an agreement dated 12 March 2002 between Johnston Press, RBS and Deutsche Bank, Johnston Press has arranged a £200,000,000 bridging facility (the "Bridging Agreement") pending receipt of the Rights Issue proceeds. Pursuant to the Bridging Agreement, Johnston Press will assign its rights under the Underwriting Agreement and give security over the Receipts Account (as defined in the Bridging Agreement). All sums borrowed under the Bridging Agreement will bear interest at 0.5 per cent. per annum over LIBOR and MLA and will be repayable on the earlier of 65 days after the Bridging Agreement is signed or upon unconditional receipt of the full proceeds of the Rights Issue. The Bridging Agreement contains representations, covenants and events of default which are usual for a facility of this type. Fees and commissions are payable by Johnston Press.

## Part V — Financial Information relating to RIM

The financial information contained in this Part V does not constitute statutory accounts within the meaning of section 240 of the Act. The financial information given in this section has been extracted without material adjustment from the audited consolidated financial statements of RIM for the years ended 31 December 1999, 2000 and 2001.

The statutory accounts for RIM for the years ended 31 December 1999, 2000 and 2001 have been delivered to the Registrar of Companies. The auditors of RIM have made reports under section 235 of the Act in respect of each set of statutory accounts and each report was an unqualified report and did not contain a statement under section 237(2) or (3) of the Act.

References in this Part V to “Directors” or the “Group” are references to the board of directors of RIM Holdings Limited and the RIM Holdings group of companies.

### Consolidated Profit and Loss Account

	Note	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000	Year ended 31 December 1999 £'000
<b>Turnover</b>	2	175,260	169,314	156,266
Net operating expenses before exceptional items	3	(137,209)	(132,968)	(124,457)
Exceptional operating (expense)/income	4	(2,509)	(998)	1,031
<b>Net operating expenses</b>		(139,718)	(133,966)	(123,426)
<b>Operating profit before amortisation of goodwill</b>		37,657	37,254	34,460
Amortisation of goodwill		(2,115)	(1,906)	(1,620)
<b>Operating profit and profit on ordinary activities before interest and taxation</b>		35,542	35,348	32,840
Exceptional non operating items	4	173	—	(1,425)
Net interest payable	5	(43,031)	(41,994)	(40,085)
<b>Loss on ordinary activities before taxation</b>		(7,316)	(6,646)	(8,670)
Tax on loss on ordinary activities	6	638	3,143	94
<b>Loss on ordinary activities after taxation</b>		(6,678)	(3,503)	(8,576)
Dividends	7	—	—	—
<b>Deficit for the year</b>	18	(6,678)	(3,503)	(8,576)

All of the results in each financial year relate to continuing activities.

Acquisitions made in the year have not had a material impact on the continuing activities.

## Part V — Financial Information relating to RIM

### Consolidated Balance Sheet

		At 31 December		
	Note	2001 £'000	2000 £'000	1999 £'000
<b>Fixed assets</b>				
Intangible assets	8	314,059	307,919	305,870
Tangible assets	9	56,892	59,275	61,499
Investments	10	3,963	3,054	806
		<u>374,914</u>	<u>370,248</u>	<u>368,175</u>
<b>Current assets</b>				
Stock	11	1,333	1,267	1,300
Debtors	12	23,069	22,557	24,835
Cash at bank and in hand		16,171	17,315	7,427
Restricted cash		7,800	—	—
		<u>48,373</u>	<u>41,139</u>	<u>33,562</u>
<b>Creditors – Amounts falling due within one year</b>	13	(25,824)	(27,981)	(24,030)
<b>Net current assets</b>		<u>22,549</u>	<u>13,158</u>	<u>9,532</u>
<b>Total assets less current liabilities</b>		<u>397,463</u>	<u>383,406</u>	<u>377,707</u>
<b>Creditors – Amounts falling due after more than one year</b>	14	(419,368)	(397,945)	(385,831)
<b>Provisions for liabilities and charges</b>	16	(2,961)	(3,649)	(6,561)
<b>Net liabilities</b>		<u>(24,866)</u>	<u>(18,188)</u>	<u>(14,685)</u>
<b>Capital and reserves</b>				
Called up share capital	17	99	99	99
Share premium account	18	4,972	4,972	4,972
Profit and loss account	18	(29,937)	(23,259)	(19,756)
<b>Deficit on equity shareholders' funds</b>		<u>(24,866)</u>	<u>(18,188)</u>	<u>(14,685)</u>

## Part V — Financial Information relating to RIM

### Consolidated Cash Flow Statement

		Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000	Year ended 31 December 1999 £'000
	Note			
<b>Net cash inflow from operating activities</b>	19	45,260	45,872	37,554
<b>Returns on investments and servicing of finance</b>				
Interest received		971	617	475
Interest paid		(22,386)	(20,615)	(21,351)
Net cash outflow from returns on investments and servicing of finance		(21,415)	(19,998)	(20,876)
<b>Taxation</b>		(205)	(50)	(1,041)
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets		(3,319)	(4,976)	(4,526)
Sale of tangible fixed assets		136	284	900
Purchase of investments		(2,050)	(2,368)	(694)
Net cash outflow from capital expenditure and financial investment		(5,233)	(7,060)	(4,320)
<b>Acquisitions</b>				
Purchase of subsidiary undertakings and titles	21	(9,662)	(3,442)	(6,062)
Disposal of titles		373	—	—
Cash acquired with subsidiaries	21	422	—	198
Net cash outflow from acquisitions		(8,867)	(3,442)	(5,864)
<b>Financing</b>				
Issue of ordinary share capital	17	—	—	7
Decrease in borrowings		(2,884)	(5,434)	(6,916)
Net cash outflow from financing		(2,884)	(5,434)	(6,909)
<b>Increase/(decrease) in cash</b>	20	6,656	9,888	(1,456)
<b>Reconciliation to net debt</b>				
Net (debt) at 1 January/on acquisition	23	(390,983)	(384,404)	(370,203)
Increase/(decrease) in cash	23	6,656	9,888	(1,456)
Movement in borrowings	23	2,884	5,434	6,946
Non cash movements	23	(24,307)	(21,901)	(19,691)
<b>Net debt at 31 December</b>		<b>(405,750)</b>	<b>(390,983)</b>	<b>(384,404)</b>



## Part V — Financial Information relating to RIM

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### Statement of Consolidated Total Recognised Gains and Losses

The Group has no recognised gains or losses other than the deficit for the year and no separate statement of gains and losses has been presented.

There is no material difference between the loss on ordinary activities before taxation and the deficit for the period and their historical cost equivalents.

### Reconciliation of Movements in Group Shareholders' Funds

	2001 £'000	2000 £'000	1999 £'000
Loss attributable to shareholders	(6,678)	(3,503)	(8,576)
Proceeds of ordinary shares issued for cash	—	—	7
<b>Net change in shareholders' funds</b>	<b>(6,678)</b>	<b>(3,503)</b>	<b>(8,569)</b>
Deficit on shareholders' funds as at 1 January	(18,188)	(14,685)	(6,116)
<b>Deficit on shareholders' funds as at 31 December</b>	<b>(24,866)</b>	<b>(18,188)</b>	<b>(14,685)</b>

## Part V — Financial Information relating to RIM

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### NOTES TO THE ACCOUNTS

#### 1. Accounting Policies

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The Directors consider that the accounting policies set out below are suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates.

##### *(a) Accounting Policies*

The Group has adopted FRS 19 “Deferred Tax” in these financial statements. The adoption of the standard represents a change in accounting policy but has not given rise to any changes in comparative figures, therefore no restatement is required.

FRS 18 “Accounting Policies” has been adopted in the current year. The Directors have reviewed the appropriateness of the Group’s accounting policies and concluded that no changes need to be made.

The Group has adopted the transitional arrangements of FRS 17 “Retirement Benefits” in these financial statements.

##### *(b) Basis of Consolidation*

The Group financial statements consolidate Regional Independent Media Holdings Limited and all its subsidiaries for the years ended 31 December 2001, 31 December 2000 and 31 December 1999. All subsidiaries are wholly-owned at 31 December 2001, 31 December 2000 and 31 December 1999 except Fleetwood Media Limited which was 50 per cent. owned at 31 December 2000.

Acquisitions are included from the date control passes. Acquisitions are accounted for using acquisition accounting in accordance with FRS 6 “Acquisitions and Mergers” and FRS 7 “Fair values in acquisitions accounting”.

##### *(c) Financial Instruments*

The Group uses derivative financial instruments to hedge exposures to fluctuations in interest and foreign exchange rates. Derivative instruments which are currently utilised by the Group are interest rate swaps, cross currency swaps and interest rate caps.

Instruments that are designed as a hedge of a debt are accounted for on an accruals basis, with amounts payable or receivable in respect of these instruments being recognised as adjustments to the interest expense of the designated liability.

Borrowings are stated at the value of consideration received. Interest payable and finance fees are charged to the profit and loss account over the term of the borrowings.

##### *(d) Intangible Fixed Assets*

Publishing rights and titles acquired are stated at cost. In the opinion of the Directors, these publishing rights and titles have a long life and maintain their value because of their proven value over long periods and their position in the market is sustainable for the foreseeable future. Intangible assets are subject to impairment reviews as required by FRS 11. Any permanent diminution in value is written off immediately to the profit and loss account. Purchased goodwill is stated at cost and amortised over 20 years, being its estimated useful life.

##### *(e) Tangible Fixed Assets and Depreciation*

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Freehold land and tangible fixed assets not commissioned into use are not depreciated. Depreciation is provided on a straight line basis on all other fixed assets at rates calculated to write off the cost or valuation over their useful lives. The principal rates employed are:

## Part V — Financial Information relating to RIM

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### 1. Accounting Policies (continued)

Freehold buildings	40 years
Plant and machinery	5 to 30 years
Motor vehicles	5 years
Fixtures and fittings	10 years

Assets held for resale are carried at open market value.

#### (f) *Turnover*

Turnover, which excludes value added tax, comprises revenue earned for newspaper and magazine sales, advertising, contract printing and internet revenues.

Revenues are recognised in the profit and loss account as follows:

- revenue for newspaper and magazine sales is recognised at date of distribution
- revenue on contract printing is recognised at the date the job is printed or where sections are pre-printed when the section is published
- advertising revenue, including revenue for on-line advertising, is recognised on the date of publication or display on the relevant web site

#### (g) *Operating Leases*

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### (h) *Investments*

Fixed asset investments are stated at cost unless, in the opinion of the Directors, there has been a permanent diminution in value, in which case an appropriate adjustment is made.

#### (i) *Stocks*

Stocks and work in progress are stated at the lower of cost and net realisable value.

#### (j) *Taxation*

The charge for taxation is based on the result for the period. In accordance with FRS19, deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

#### (k) *Pension Costs*

Pension costs for the Group's defined benefit scheme are accounted for on the basis of charging the expected cost of providing pensions over the period during which the Group benefits from the employees' services. The effects of variations from regular costs are spread over the expected average remaining service lives of members of the scheme.

Certain Directors, under the terms of their employment contracts, are entitled to receive unfunded retirement benefits. Full provision, assessed in accordance with the advice of William M Mercer Limited, has been made for the accrued service liabilities at the balance sheet date. These benefits are provided outside the provisions of the RIM pension plan.

The cost of contributions to the Group's money purchase scheme is charged to the profit and loss account when incurred.

## Part V — Financial Information relating to RIM

### 2. Segmental Information

Turnover consists entirely of sales made in the United Kingdom relating to consumer publishing.

### 3. Net Operating Expenses

	2001 £'000	2000 £'000	1999 £'000
Other operating income	(137)	(133)	(107)
Amortisation of goodwill	2,115	1,906	1,620
Raw materials and consumables	20,136	18,917	19,023
Other external charges	40,078	38,968	33,079
Employment costs (see Note 24)	65,370	63,988	61,905
Profit/(loss) on sale of tangible fixed assets	7	(95)	(609)
Depreciation of tangible fixed assets	6,591	6,774	7,529
Operating lease charges			
– property	962	962	1,014
– other assets	1,868	1,550	805
Auditors' remuneration			
– audit	160	111	100
– non audit services	59	20	98
	<u>137,209</u>	<u>132,968</u>	<u>124,457</u>

### 4. Exceptional Items

	2001 £'000	2000 £'000	1999 £'000
<b>Exceptional operating (expense)/income</b>			
Release of provision for severance and other reorganisation costs	—	—	1,031
Severance and other reorganisation costs	(1,368)	(998)	—
Provision against investment	(1,141)	—	—
	<u>(2,509)</u>	<u>(998)</u>	<u>1,031</u>

The severance and other closure costs incurred in 2001, 2000 and 1999 had nil effect on the amounts charged to the profit and loss account in respect of taxation and have not materially affected the Group's tax position. An amount for deferred tax in respect of the provision release in 1999 of £309,000 was debited to the profit and loss account in 1999.

	2001 £'000	2000 £'000	1999 £'000
<b>Exceptional non operating items</b>			
Disposal of title/Asset write off	173	—	(1,425)

The title disposed of in 2001 was Classic Racer (see note 22 for additional information).

The asset write off in 1999 is a provision to write printing assets held in Central Lancashire Printers Limited down to their net realisable value and held for resale.

An amount for deferred tax in respect of the 1999 write off of £55,000 was credited to the profit and loss account.

## Part V — Financial Information relating to RIM

### 5. Net Interest Payable

	2001 £'000	2000 £'000	1999 £'000
<b>Interest receivable</b>	985	617	479
<b>Interest payable</b>			
On bank loans and overdraft	(11,406)	(12,582)	(12,767)
On senior notes and discount notes	(17,239)	(16,186)	(15,166)
On loan stock	(14,397)	(13,062)	(11,850)
On loan notes	(192)	—	—
Amortisation of debt issue costs	(782)	(781)	(781)
<b>Total payable</b>	(44,016)	(42,611)	(40,564)
<b>Net interest payable</b>	(43,031)	(41,994)	(40,085)

### 6. Taxation on Loss on Ordinary Activities

	2001 £'000	2000 £'000	1999 £'000
UK corporation tax at 30 per cent. (2000: 30 per cent.; 1999: 30.25 per cent.)	—	—	—
Deferred	184	772	(794)
Over provision in respect of prior years:			
Current	—	(1)	894
Deferred	454	2,372	(6)
	638	3,143	94

	2001 £'000	2000 £'000	1999 £'000
<b>Reconciliation of tax credit</b>			
Loss before taxation	7,316	6,646	8,670
Tax at 30 per cent. (2000: 30 per cent.; 1999: 30.25 per cent.)	2,195	1,994	2,623
Permanent differences	(1,534)	(894)	(1,124)
Deferred tax assets not recognised	(477)	(328)	(2,299)
Adjustments in respect of prior years	454	2,371	894
<b>Tax credit for current year</b>	638	3,143	94

### 7. Dividends

No dividend has been paid or is proposed. (2000 and 1999: nil)

## Part V — Financial Information relating to RIM

### 8. Intangible Fixed Assets

	Publishing Rights and Titles £'000	Goodwill £'000	Total £'000
<b>Cost</b>			
As at 1 January 1999	270,706	32,213	302,919
Additions	3,122	2,791	5,913
<b>As at 31 December 1999 and 1 January 2000</b>	<b>273,828</b>	<b>35,004</b>	<b>308,832</b>
Additions	1,894	2,061	3,955
Reclassifications*	(565)	565	—
<b>As at 31 December 2000 and 1 January 2001</b>	<b>275,157</b>	<b>37,630</b>	<b>312,787</b>
Additions	3,876	4,600	8,476
Disposals	—	(242)	(242)
<b>As at 31 December 2001</b>	<b>279,033</b>	<b>41,988</b>	<b>321,021</b>
<b>Aggregate Amortisation</b>			
As at 1 January 1999	—	1,342	1,342
Charge for the year	—	1,620	1,620
<b>As at 31 December 1999 and 1 January 2000</b>	<b>—</b>	<b>2,962</b>	<b>2,962</b>
Charge for the year	—	1,906	1,906
<b>As at 31 December 2000 and 1 January 2001</b>	<b>—</b>	<b>4,868</b>	<b>4,868</b>
Charge for the year	—	2,115	2,115
Disposals	—	(21)	(21)
<b>As at 31 December 2001</b>	<b>—</b>	<b>6,962</b>	<b>6,962</b>
<b>Net book value as at 31 December 1999</b>	<b>273,828</b>	<b>32,042</b>	<b>305,870</b>
<b>Net book value as at 31 December 2000</b>	<b>275,157</b>	<b>32,762</b>	<b>307,919</b>
<b>Net book value as at 31 December 2001</b>	<b>279,033</b>	<b>35,026</b>	<b>314,059</b>

\* The reclassification relates to the finalisation of the valuation of titles acquired in 1999.

## Part V — Financial Information relating to RIM

### 9. Tangible Fixed Assets

	Land and Buildings £'000	Plant and Vehicles £'000	Total £'000
<b>Cost</b>			
As at 1 January 1999	18,414	52,995	71,409
Additions in the year	106	4,420	4,526
Acquisitions	—	78	78
Disposals in the year	(62)	(3,493)	(3,555)
<b>As at 31 December 1999</b>	<b>18,458</b>	<b>54,000</b>	<b>72,458</b>
Restatement*	—	3,062	3,062
<b>Cost as at 1 January 2000</b>	<b>18,458</b>	<b>57,062</b>	<b>75,520</b>
Additions	365	4,611	4,976
Acquisitions	150	108	258
Disposals	—	(590)	(590)
Reclassification as current assets	—	(412)	(412)
<b>As at 31 December 2000 and 1 January 2001</b>	<b>18,973</b>	<b>60,779</b>	<b>79,752</b>
Additions	128	3,191	3,319
Acquisitions	724	308	1,032
Disposals	—	(846)	(846)
<b>As at 31 December 2001</b>	<b>19,825</b>	<b>63,432</b>	<b>83,257</b>
<b>Depreciation</b>			
As at 1 January 1999	332	4,937	5,269
Charge for the year	439	7,090	7,529
Exceptional write-off (Note 4)	—	1,425	1,425
Disposals	(5)	(3,259)	(3,264)
<b>As at 31 December 1999</b>	<b>766</b>	<b>10,193</b>	<b>10,959</b>
Restatement*	—	3,062	3,062
<b>As at 1 January 2000</b>	<b>766</b>	<b>13,255</b>	<b>14,021</b>
Charge for the year	422	6,352	6,774
Acquisitions	7	75	82
Disposals	—	(400)	(400)
<b>As at 31 December 2000 and 1 January 2001</b>	<b>1,195</b>	<b>19,282</b>	<b>20,477</b>
Charge for the year	490	6,101	6,591
Disposals	—	(703)	(703)
<b>As at 31 December 2001</b>	<b>1,685</b>	<b>24,680</b>	<b>26,365</b>
<b>Net book value as at 31 December 1999</b>	<b>17,692</b>	<b>43,807</b>	<b>61,499</b>
<b>Net book value as at 31 December 2000</b>	<b>17,778</b>	<b>41,497</b>	<b>59,275</b>
<b>Net book value as at 31 December 2001</b>	<b>18,140</b>	<b>38,752</b>	<b>56,892</b>

\* Opening balances have been restated to reflect actual accumulated depreciation on assets previously sold.

## Part V — Financial Information relating to RIM

### 10. Investments

	2001 £'000	2000 £'000	1999 £'000
Cost at 1 January	3,054	806	112
Additions in the year	2,050	2,368	694
Provision against investment	(1,141)	(120)	—
<b>At 31 December</b>	<b>3,963</b>	<b>3,054</b>	<b>806</b>

Investments consist of an 11.5 per cent. shareholding in Fish 4 Limited (1999, 2000, 2001), a national classified advertising internet portal incorporated in the UK and a 30.6 per cent. investment in 2 Boroughs Radio (2001). Full provision has been made in 2001 against the cost of the investment in Atmyside Limited (2000, 2001), an internet provider. The provision in 2000 relates to an investment of £120,000 made in UK50plus, a dot.com start up.

### 11. Stock

	2001 £'000	2000 £'000	1999 £'000
Raw materials	1,333	1,267	1,300

### 12. Debtors

	2001 £'000	2000 £'000	1999 £'000
<b>Debtors due within one year</b>			
Trade debtors	19,225	19,639	22,279
Amounts owed by Group undertakings	—	—	—
Other debtors	79	604	404
Prepayments and accrued income	3,353	1,902	2,152
Assets held for resale	412	412	—
	<b>23,069</b>	<b>22,557</b>	<b>24,835</b>

### 13. Creditors

	2001 £'000	2000 £'000	1999 £'000
<b>Amounts falling due within one year</b>			
Bank and other borrowings (note 14)	10,353	10,353	6,000
Corporation tax	152	—	50
Other taxation and social security	3,737	3,732	3,200
Other creditors	460	441	452
Accruals and deferred income	7,951	10,063	11,148
Trade creditors	3,171	3,364	3,180
Minority interest in subsidiaries	—	28	—
	<b>25,824</b>	<b>27,981</b>	<b>24,030</b>

The minority interest in subsidiaries as at 31 December 2000 relates to a 50 per cent. holding in Fleetwood Media Limited which made a profit of £20,000 (2000) of which £10,000 was included in 2000 group profits. The remaining 50 per cent. share was acquired in 2001.



## Part V — Financial Information relating to RIM

### 14. Creditors

Amounts falling due after more than one year	Note	2001 £'000	2000 £'000	1999 £'000
<b>Bank loans</b>				
Tranche A amortising loan		40,500	48,500	53,934
Tranche B amortisation extended loan		43,233	44,575	44,575
Tranche C amortisation extended loan		43,233	44,575	44,575
	(a)	126,966	137,650	143,084
<b>Senior notes</b>				
Senior notes		66,066	66,066	66,066
Senior discount notes		77,583	68,449	60,391
	(b)	143,649	134,515	126,457
<b>Loan stock</b>	(c)	154,887	140,490	127,428
<b>Loan note</b>	(d)	7,800	—	—
<b>Total bank loans, notes and loan stock</b>		433,302	412,655	396,969
Less deferred financing fees		(3,581)	(4,357)	(5,138)
Less due within one year		(10,353)	(10,353)	(6,000)
		419,368	397,945	385,831

#### (a) Bank Loans

The bank loans are denominated in sterling and guaranteed by the principal subsidiaries of the Group. Interest is payable semi-annually in arrears and is partly hedged by an interest rate swap. The Group also has available a £25 million revolving credit facility that was not utilised at the year end. This facility expires after more than five years and is subject to interest at a floating rate based on LIBOR.

#### (b) Senior Notes

On 25 June 1998 the Group issued \$110 million of 10½ per cent. senior notes due 1 July 2008 and £93.5 million (value on maturity) of 12½ per cent. senior discount notes due 1 July 2008. Interest is payable on the senior notes semi-annually in arrears.

The Group has a hedge relating to its foreign currency exposure arising from the senior notes denominated in US dollars. The cross currency swap exchanges the \$110 million of principal and the interest arising on the notes into sterling. The effective interest rate is 12.27 per cent. and the swapped principal is £66.07 million. This currency swap acts as a hedge in respect of the notes. Consequently, the interest rate differential is charged as a net interest expense.

#### (c) Loan Stock

The loan stock accrues interest semi annually at a rate of 10 per cent. and is rolled up into the principal. The stock is redeemable on 28 February 2008 or on sale or flotation.

#### (d) Loan Notes

The Loan notes were issued on 14 June 2001 as part consideration for the acquisition of Galloway Gazette Limited. The loan notes are redeemable on 14 June 2005 or at the vendor's option. Interest accrues semi-annually on the loan notes at a floating rate based on 1 per cent. below LIBOR. Cash equal to the value of the loan rates is held in a separate bank account as security against the guarantee extended by the bank to the holder of the loan notes.

## Part V — Financial Information relating to RIM

### 14. Creditors (continued)

#### Maturity Profile

##### 31 December 2001

	Bank Loans £'000	Senior Notes* £'000	Loan Stock £'000	Loan Notes £'000	Total £'000
Between 1 and 2 years	11,500	—	—	—	11,500
Between 2 and 5 years	61,880	—	—	7,800	69,680
Over 5 years	43,233	143,649	154,887	—	341,769
Unamortised issue costs	(1,774)	(1,807)	—	—	(3,581)
	<u>114,839</u>	<u>141,842</u>	<u>154,887</u>	<u>7,800</u>	<u>419,368</u>

##### 31 December 2000

	Bank Loans £'000	Senior Notes* £'000	Loan Stock £'000	Total £'000
Between 1 and 2 years	10,000	—	—	10,000
Between 2 and 5 years	30,500	—	—	30,500
Over 5 years	86,797	134,515	140,490	361,802
Unamortised issue costs	(2,260)	(2,097)	—	(4,357)
	<u>125,037</u>	<u>132,418</u>	<u>140,490</u>	<u>397,945</u>

##### 31 December 1999

	Bank Loans £'000	Senior Notes* £'000	Loan Stock £'000	Total £'000
Between 1 and 2 years	8,000	—	—	8,000
Between 2 and 5 years	34,000	—	—	34,000
Over 5 years	95,084	126,457	127,428	348,969
Unamortised issue costs	(2,752)	(2,386)	—	(5,138)
	<u>134,332</u>	<u>124,071</u>	<u>127,428</u>	<u>385,831</u>

\* Redemption of the senior notes and discount notes is at the Group's option. The final redemption date of the notes is 1 July 2008.

### 15. Financial Instruments

A description of the policy in relation to financial instruments is set out in Note 1. Short term debtors and creditors have been excluded from all the following disclosures other than the currency risk disclosures as permitted under Financial Reporting Standard 13, or because the amounts are not material.

#### Financial Liabilities

Some 98 per cent. (2000: 96 per cent.; 1999: 92 per cent.) of the Group's net borrowings are at fixed rates of interest with a weighted average interest rate of 10.68 per cent. (2000: 10.66 per cent.; 1999: 10.98 per cent.) and a weighted average term of 4.2 years (2000: 5.2 years; 1999 4.4 years). As at 31 December 2001, 2000 and 1999, the whole of the Group's debt, after swaps, was denominated in sterling.

## Part V — Financial Information relating to RIM

### 15. Financial Instruments (continued)

After taking into account the interest rate swap, cap (capped debt treated as floating rate) and cross currency swap, the interest rate exposure of net borrowings at 31 December 2001, 2000 and 1999 was:

	Gross Borrowings £'000	Cash £'000	Net Borrowings £'000	Floating Rate Net Borrowings £'000	Fixed Borrowings		
					Fixed Rate Borrowings £'000	Weighted Average Interest Rate per cent.	Weighted Average Time for which Rate is Fixed Years
2001 Sterling	429,721	23,971	405,750	31,309	398,412	10.68	4.2
2000 Sterling	408,298	17,315	390,983	33,707	374,591	10.66	5.2
1999 Sterling	391,831	7,427	384,404	31,222	353,182	10.98	4.4

The floating rate borrowings relates to bank debt bearing interest based on UK LIBOR. These rates are fixed for the term of the debt. The weighted average interest rate on floating net borrowings as at 31 December 2001 was approximately 6.71 per cent. (2000: 7.91 per cent.; 1999: 7.96 per cent.).

### Financial Assets

As at 31 December 2001 the Group did not hold any financial assets other than short term debtors and cash at bank. Floating rate cash earns interest based on LIBID.

### Exchange Risk Management

The Group's exposure to exchange movements is limited to the Senior Notes denominated in US Dollars and this has been eliminated by a fixed rate cross currency swap until 2003 when the swap expires. The Group has few other transactions in any currency other than sterling and has no subsidiaries based outside the United Kingdom.

The borrowings at 31 December 2001, 31 December 2000 and 31 December 1999 relating to the Senior Notes was £66.07 million (\$110 million). The effective rate of interest is 12.27 per cent. and the swapped principal is £66.07 million.

### Fair Values

The estimated fair values of borrowings and the associated derivative financial instruments at 31 December 2001 and 31 December 2000 are set out below. Where available, market values have been used to determine fair values. Where market values are not available, fair value of borrowings and the derivative financial instruments are estimated by discounting the future cash flows to net present value using prevailing interest rates at the year end.

	Net Carrying Amount			Fair Value		
	2001 £'000	2000 £'000	1999 £'000	2001 £'000	2000 £'000	1999 £'000
Short term financial liabilities and current proportion of long term borrowings	(10,353)	(10,353)	(6,000)	(10,353)	(10,353)	(6,000)
Long term borrowings	(419,368)	(397,945)	(385,831)	(434,767)	(417,487)	(395,832)
	(429,721)	(408,298)	(391,831)	(445,120)	(427,840)	(401,832)
Restricted cash	7,800	—	—	7,800	—	—
Cash at bank and liquid investments	16,171	17,315	7,427	16,171	17,315	7,427
Derivative financial investments held to manage the interest rate and currency profile						
Foreign exchange swaps	—	—	—	11,585	5,384	36
Interest rate swaps	—	—	—	(3,198)	(2,667)	134

## Part V — Financial Information relating to RIM

### 15. Financial Instruments (continued)

The difference between net carrying amount and estimated fair value reflects unrealised gains or losses inherent in the instruments based on valuations at 31 December 2001, 31 December 2000 and 31 December 1999. The volatile nature of the markets means that values at any subsequent date could be significantly different from the values reported above.

#### Hedges

The Group's policy is to hedge the following exposures:

Interest rate risk using interest and currency swaps and interest caps. Currency risk on loans using cross currency swaps.

The tables below show the extent to which the Group has off balance sheet (unrecognised) gains and losses in respect of financial instruments used as hedges at the beginning and end of 2001, 2000 and 1999.

The Group has no deferred gains or losses during the year.

#### 31 December 2001

	Gains £'000	Losses £'000	Unrecognised Total Net Gains/ (Losses) £'000
<b>Gains and losses on hedges at 1 January 2001:</b>	5,384	(2,667)	2,717
Arising in previous years included in 2001 income	—	—	—
<b>Gains and losses not included in 2001 income:</b>			
Arising before 1 January 2001	5,384	(2,667)	2,717
Arising in 2001	6,201	(531)	5,670
<b>Gains and losses on hedges at 31 December 2001</b>	<b>11,585</b>	<b>(3,198)</b>	<b>8,387</b>
Of which:			
Gains and losses expected to be included in 2002 income	—	—	—
Gains and losses expected to be included in 2003 income or later	11,585	(3,198)	8,387

#### 31 December 2000

	Gains £'000	Losses £'000	Unrecognised Total Net Gains/ (Losses) £'000
<b>Gains and losses on hedges at 1 January 2000:</b>	36	134	170
Arising in previous years included in 2000 income	—	—	—
<b>Gains and losses not included in 2000 income:</b>			
Arising before 1 January 2000	36	134	170
Arising in 2000	5,348	(2,801)	2,547
<b>Gains and losses on hedges at 31 December 2000</b>	<b>5,384</b>	<b>(2,667)</b>	<b>2,717</b>
Of which:			
Gains and losses expected to be included in 2001 income	—	—	—
Gains and losses expected to be included in 2002 income or later	5,384	(2,667)	2,717

## Part V — Financial Information relating to RIM

### 15. Financial Instruments (continued)

31 December 1999

	Gains £'000	Losses £'000	Unrecognised Total Net Gains/ (Losses) £'000
<b>Gains and losses on hedges at 1 January 1999:</b>	27	(10,389)	(10,362)
Arising in previous years included in 1999 income	—	—	—
<b>Gains and losses not included in 1999 income:</b>	27	(10,389)	(10,362)
Arising before 1 January 1999	27	(10,389)	(10,362)
Arising in 1999 on pre 1 January contracts	9	10,523	10,532
<b>Gains and losses on hedges at 31 December 1999</b>	36	134	170
Of which:			
Gains and losses expected to be included in 2000 income	16	31	47
Gains and losses expected to be included in 2001 income or later	20	103	123

### Financial Instruments Held for Trading Purposes

The Group does not trade in financial instruments.

### 16. Provisions for liabilities and charges

	Deferred Tax £'000	Restructuring £'000	Unfunded Pensions £'000	Total £'000
On 1 January 1999	4,872	3,337	—	8,209
Transfer from accruals	—	—	151	151
Provided/(released) in the year	800	(1,031)	256	25
Utilised in the year	—	(1,824)	—	(1,824)
<b>At 31 December 1999 and 1 January 2000</b>	5,672	482	407	6,561
(Released)/provided in the year	(3,144)	100	246	(2,798)
Utilised in the year	—	(114)	—	(114)
<b>As at 31 December 2000 and 1 January 2001</b>	2,528	468	653	3,649
(Released)/provided in the year	(638)	—	353	(285)
Utilised in the year	—	(468)	—	(468)
Tax with acquisitions	65	—	—	65
<b>As at 31 December 2001</b>	1,955	—	1,006	2,961

In 1999 the restructuring provision relates to severance costs which were expected to be incurred in 2000. In 2000 and 2001 the restructuring provision relates to employee related costs which arose as a result of the acquisition from United News and Media plc. The unfunded pension provision is for unfunded retirement benefits as described in Note 1, Pension Costs. Deferred tax provided in the financial statements and the amount unprovided of the whole potential liability is as follows:

## Part V — Financial Information relating to RIM

### 16. Provisions for liabilities and charges (continued)

	Amount Provided			Amount Unprovided
	2001 £'000	2000 £'000	1999 £'000	1999 £'000
Tax effect of timing differences due to:				
Excess of capital allowances over depreciation	6,098	6,218	5,982	—
Other short term timing differences	(4,143)	(3,690)	(310)	—
	<u>1,955</u>	<u>2,528</u>	<u>5,672</u>	<u>—</u>

At 31 December 2001 the Group had an unrecognised deferred tax asset of £1,687,000 (2000: £1,310,000; 1999: £3,315,000) comprising trading losses, accrued interest and capital allowances. These amounts are not considered to be recoverable for the foreseeable future. The Group has a tax credit in the year as a result of recognising deferred tax assets to the extent that they can be offset by deferred tax liabilities and which are considered to be recoverable.

### 17. Called up share capital

	2001 £'000	2000 £'000	1999 £'000
Authorised:			
5,509,650 ordinary shares of 2p each	110	110	110
Allotted, called up and fully paid:			
4,963,622 ordinary shares of 2p each	99	99	99

The Company has in issue 101,146 options (2000: 111,043; 1999: 73,232) with a nominal value of £2,023 (2000: £2,221; 1999: £1,465).

Options terminated in 2001 were 9,897 with a nominal value of £198 (2000: nil; 1999: nil). No options were issued in 2001 and 1999 (2000: 41,281 with a nominal value of £826).

### 18. Reserves

	Share Premium £'000	Profit and Loss Account £'000	Total £'000
At 1 January 1999	4,965	(11,180)	(6,215)
Premium of shares issued during the year	7	—	7
Deficit for the year	—	(8,576)	(8,576)
At 31 December 1999 and 1 January 2000	4,972	(19,756)	(14,784)
Deficit for the year	—	(3,503)	(3,503)
At 31 December 2000 and 1 January 2001	4,972	(23,259)	(18,287)
Deficit for the year	—	(6,678)	(6,678)
As at 31 December 2001	<u>4,972</u>	<u>(29,937)</u>	<u>(24,965)</u>

## Part V — Financial Information relating to RIM

### 19. Cash Flow from Operating Activities

Reconciliation of operating profit to net cash inflow from operating activities:

	2001 £'000	2000 £'000	1999 £'000
<b>Continuing Operations</b>			
Operating profit	35,542	35,348	32,840
Depreciation charge (net of (loss)/profit on disposals)	6,598	6,679	6,920
Goodwill amortisation	2,115	1,906	1,620
Provision against investment	1,141	120	—
Decrease/(increase) in stocks	40	35	(96)
(Increase)/decrease in debtors	(141)	2,613	(2,728)
Decrease in creditors	(35)	(829)	(1,002)
Net cash inflow from operating activities	<u>45,260</u>	<u>45,872</u>	<u>37,554</u>

### 20. Analysis of Changes in Cash and Cash Equivalents

	2001 £'000	2000 £'000	1999 £'000
At 1 January	17,315	7,427	8,883
Increase/(decrease) in cash and cash equivalents	<u>6,656</u>	<u>9,888</u>	<u>(1,456)</u>
At 31 December	<u>23,971</u>	<u>17,315</u>	<u>7,427</u>

Included within cash 31 December 2001 is restricted cash totalling £7.8 million.

## Part V — Financial Information relating to RIM

### 21. Purchase of Subsidiaries and Titles

	2001 £'000	2000 £'000	1999 £'000
Intangible fixed assets (revalued)	—	1,894	3,122
Tangible fixed assets	1,032*	176	78
Investments	—	—	—
Stock	109	2	60
Debtors	357	39	435
Creditors	(312)	(730)	(572)
Provisions	—	—	—
Taxation	(422)	—	(50)
Cash	422	—	198
Net assets acquired	1,186	1,381	3,271
Publishing rights and titles	3,876	—	—
Goodwill	4,600	2,061	2,791
Consideration	9,662	3,442	6,062

#### Consideration satisfied by:

	2001 £'000	200 £'000	1999 £'000
Issue of loan notes	7,800	—	—
Cash	1,862	3,442	6,062
	9,662	3,442	6,062

\* The book value of tangible fixed assets was £800,000 and revaluation adjustments of £340,000 were made comprising the valuations of certain land and buildings. Also adjustments of £108,000 were made to reflect the application of the Group's policies in respect of depreciation.

For 2000 and 1999, other than intangible fixed assets, whose book value was nil, there were no material differences between the book values of assets and liabilities in the acquired entities' books immediately before acquisition and the provisional fair values in the table above. Intangible fixed assets represent the Publishing Rights and Titles acquired whose fair value was determined on the Premium Profits basis. In addition, no changes were required as a result of aligning accounting policies.

Acquisitions in 2001 consist of Galloway Gazette Limited, Stornoway Gazette Limited, McElroy Printers Limited (on 14 June 2001), the remaining 50 per cent. share in Fleetwood Media Limited (on 14 May 2001) and the title Finance Midlands (on 30 January 2001). The acquisitions, results and cash flows of these businesses were not material to the Group results.

### 21. Purchase of Subsidiaries and Titles (continued)

Acquisitions in 2000 consisted of Scottish titles, Wee County Publishing Limited and a 50 per cent. holding in Fleetwood Media Limited. The acquisitions, results and cash flows of these businesses were not material to the Group results.

Acquisitions in 1999 consisted of Newsco Limited, Writers News Limited and the Dirt Bike Rider and Classic Racer Magazines in the final quarter of 1999. The acquisitions, results and cash flows of these businesses were not material to the Group results.



## Part V — Financial Information relating to RIM

### 22. Disposal of title

On 4 June 2001 the Group disposed of the title Classic Racer and related net liabilities of £21,000 for cash consideration of £373,000. The profit on disposal of the title equated to £173,000.

### 23. (a) Reconciliation of Movement in Net Debt

#### 31 December 2001

	At 1st January 2001 £'000	Cash Flow £'000	Other Non Cash Changes £'000	At 31st December 2001 £'000
Cash in hand and at bank	17,315	6,656	—	23,971*
Debt due after 1 year	(397,945)	2,884	(24,307)	(419,368)
Debt due within 1 year	(10,353)	—	—	(10,353)
	<u>(390,983)</u>	<u>9,540</u>	<u>(24,307)</u>	<u>(405,750)</u>

\* Included within cash of 31 December 2001 is restricted cash totalling £7.8 million.

#### 31 December 2000

	At 1st January 2000 £'000	Cash Flow £'000	Other Non Cash Changes £'000	At 31st December 2000 £'000
Cash in hand and at bank	7,427	9,888	—	17,315
Debt due after 1 year	(385,831)	9,787	(21,901)	(397,945)
Debt due within 1 year	(6,000)	(4,353)	—	(10,353)
	<u>(384,404)</u>	<u>15,322</u>	<u>(21,901)</u>	<u>(390,983)</u>

#### 31 December 1999

	At 1st January 1999 £'000	Cash Flow £'000	Other Non Cash Changes £'000	At 31st December 1999 £'000
Cash in hand and at bank	8,883	(1,456)	—	7,427
Debt due after 1 year	(371,890)	5,750	(19,691)	(385,831)
Debt due within 1 year	(7,196)	1,196	—	(6,000)
	<u>(370,203)</u>	<u>5,490</u>	<u>(19,691)</u>	<u>(384,404)</u>

## Part V — Financial Information relating to RIM

### 23. (b) Movement in Borrowings

	2001 £'000	2000 £'000	1999 £'000
Repayment of secured bank loan	10,684	5,434	6,916
Senior Notes issue costs	—	—	30
Issue of loan notes	(7,800)	—	—
Cash outflow from borrowings	<u>2,884</u>	<u>5,434</u>	<u>6,946</u>

### 24. Employees and Directors

#### Employee Information

Staff costs for the group (including Executive Directors) during the period	2001 £'000	2000 £'000	1999 £'000
Wages and salaries	56,890	55,644	54,098
Social security costs	5,186	5,140	4,562
Pension costs	3,294	3,204	3,245
	<u>65,370</u>	<u>63,988</u>	<u>61,905</u>
Average monthly number of people (including Executive Directors) employed	2001	2000	1999
Full time	2,486	2,404	2,444
Part time	1,110	1,225	1,057
	<u>3,596</u>	<u>3,629</u>	<u>3,501</u>

### 25. (a) Pensions

The Group operates a two tier pension plan comprising a defined benefit section and a defined contribution section. The defined benefit contributors accrue benefits based on their final salary and length of service.

The assets of the plan are held in a separate trustee administered fund. The RIM pension plan was set up on 27 August 1998, as a result of the acquisition of UPN Holdings Limited and its subsidiaries ("UPN Holdings") from United News & Media plc. The Group paid contributions to United News & Media plc from 27 February 1998 to 27 August 1998. The Group pension schemes in place for UPN Holdings employees were retained by the United News & Media plc group. For members in the defined contribution scheme who wished to transfer to the RIM pension plan, their "account" balance was transferred to the RIM pension plan on 3 December 1999. For members in the defined benefit scheme who wish to transfer to the RIM pension plan, the value of the past service benefits, as defined in the transfer agreement, was transferred to the RIM pension plan on 8 February 2000.

An actuarial valuation of the RIM pension plan was undertaken by a qualified actuary as at 30 June 1999. This showed that there was a shortfall of the assets of the plan below the liabilities of £1,100,000. This is equivalent to a funding level of 98.3 per cent. This shortfall is being met by an additional contribution of 0.4 per cent. of pensionable salaries being paid over the future working lifetime of the Final Salary members from 1 July 2000.

The pension cost under SSAP24 is assessed in accordance with the assumptions underlying the latest actuarial valuation of the plan and is equal to the contributions paid over the year. The contributions were considered by a professionally qualified independent actuary to be adequate to meet the cost of the benefits arising over the year. The Group contribution rate from 1 January 2000 and 1 January 2001 has been determined using the projected unit method. The principal actuarial assumptions adopted were an investment return of approximately 3.1 per cent. per annum above inflation and salary increases of approximately 1.5 per cent. (2001, 2000) and 2.0 per cent. (1999) above inflation.

## Part V — Financial Information relating to RIM

### 25. (a) Pensions (continued)

Certain Directors are entitled to receive unfunded retirement benefits in 2001. Full provision has been made for the accrued service liabilities at 31 December 2001. The principal actuarial assumptions adopted were consistent with those detailed above.

The total pension charge for the year amounted to £3,294,000 (2000: £3,204,000; 1999: £3,245,000). Of this total, £2,361,000 (2000: £2,509,000) was paid in respect of the defined benefit scheme and £580,000 (2000: £449,000) was paid in respect of the defined contribution scheme. The pension cost is equal to the contributions payable for the year ended 31 December 2001. The remaining £353,000 (2000: £246,000) relates to the unfunded scheme.

### (b) FRS 17 disclosures

The FRS 17 calculations for disclosure purposes for the RIM pension plan and unfunded retirement benefit scheme have been based on the 30 June 1999 valuation results and updated to 31 December 2001 by a qualified independent actuary. The major assumptions used by the actuary were:

Valuation method	Projected unit
Discount rate	5.8%
Rate of increase in salaries	4.0%
Rate of increase in pensions in payment	2.5%
Inflation assumption	2.5%

The assets in the RIM pension plan were:

	Long-term rate of return expected at 31 December 2001	Value at 31 December 2001 £'000
Equities	7.5%	50,500
Gilts	5.0%	5,500
Corporate bonds	5.8%	3,600
Cash	5.0%	1,900
Total		61,500

The following amounts at 31 December 2001 were measured in accordance with the requirements of FRS 17:

RIM pension plan	£'000
Total market value of assets	61,500
Present value of liabilities	(70,100)
	(8,600)
Related deferred tax asset	2,580
Deficit in the scheme	(6,020)

The following amounts at 31 December 2001 were measured in accordance with the requirements of FRS 17:

Unfunded retirement benefits	£'000
Present value of liabilities	(828)
Related deferred tax asset	248
Deficit in the scheme	(580)

## Part V — Financial Information relating to RIM

### 25. (b) FRS 17 disclosures (continued)

If the above amounts have been recognised in the financial statements, the group's net assets and profit and loss reserve at 31 December 2001 would be as follows:

	£'000
<b>Net liabilities</b>	
Net liabilities excluding pension liability	(23,860)
Pension liability	(6,600)
Net liabilities including pension liability	(30,460)
<b>Reserves</b>	
Profit and loss reserve excluding pension liability	(28,931)
Pension liability	(6,600)
Profit and loss reserve including pension liability	(35,531)

### 26. Commitments

#### (a) Operating Lease Commitments

At 31 December the Group had annual commitments under non-cancellable operating leases as follows:

	2001		2000		1999	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Within 1 year	21	64	35	95	28	39
Between 2 and 5 years	143	2,033	167	1,565	128	1,139
After 5 years	684	4	713	—	739	—
	848	2,101	915	1,660	895	1,178

#### (b) Capital Commitments

	2001 £'000	2000 £'000	1999 £'000
Capital expenditure contracted for but not provided for in the accounts	399	955	1,773

### 27. Related Party Transactions

The Group has taken advantage of the exemption allowed under FRS 8 by not disclosing transactions with its shareholders in connection with their role as providers of finance.

### 28. Ultimate Controlling Party

As at 31 December 2001, 2000 and 1999 the Group had no ultimate controlling party.

## **Part VI — Johnston Press plc Year-end Results to 31 December 2001**

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The following is the full text of the audited preliminary results announcement of Johnston Press for the year ended 31 December 2001, announced today.

### **“Chairman’s Statement**

I am delighted to report further profit growth, particularly as 2001 was a year which for many media companies proved to be difficult. Growth of our advertising revenues and particularly for recruitment, slowed as anticipated during the second half but in total remained positive despite deteriorating economic conditions.

The first two months of 2002 continue to be a slow growth environment. However, I am pleased to report trading results in the current year so far have been encouraging.

### **Trading Results**

Operating profit was £89.5 million, a 7 per cent. increase on the record figures for 2000. The profit on ordinary activities before non-operating exceptionals and taxation was £73.6 million, compared to £65.5 million in the previous year.

Headline earnings per share, before exceptionals, rose from 23.29p to 26.26p, an increase of 13 per cent. The directors are recommending a final dividend of 3.25p to the Annual General Meeting on 26 April 2002, payable on 17 May 2002. This will make a total ordinary dividend of 4.9p for the year, compared to 4.5p in 2000, an increase of 9 per cent.

### **Trading Activities**

The Group remains closely focussed on its core activity of local newspaper publishing and continues to invest heavily in new equipment, systems and training to ensure that we remain at the forefront of the industry in terms of business efficiency and the quality of our numerous newspaper titles.

This commitment is particularly evident in our printing activities where we are nearing the completion of a three year £40 million investment programme to equip our pressrooms with the colour capacity and modern facilities required to meet the increasing demands of our advertisers and readers.

It is particularly pleasing to report on the Company’s new media strategy, with our print publications now being complemented and enhanced by nearly 100 websites. We have captured the commercial benefits of on-line trading at a very modest cost. In retrospect, we may count ourselves fortunate that we debated and formulated our internet strategy in the cool air of Edinburgh as opposed to the more febrile environment in other parts of the world.

### **Acquisitions**

During the year, we acquired titles in Lincolnshire and East Glasgow and a small travel database and guidebook publishing company, Days Out UK. In July we announced an agreement to acquire eight free newspapers in the East Midlands from Trinity Mirror plc. Following referral of the proposed deal to the Competition Commission, eight months later we are still awaiting a decision from the Secretary of State for the Department of Trade and Industry on the transfer of these titles. The extensive and lengthy scrutiny to which this very modest transaction has been subjected seems at total variance with the expressed deregulatory intentions of the Government as outlined in their recent consultation paper on Media Ownership.

At the end of October 2001, we received a one-year extension to the consent from the Secretary of State to acquire the newspaper titles of RIM, which mainly circulate in Lancashire and Yorkshire.

We remain committed to a strategy which focuses on the UK regional press. We believe that we are well placed to take advantage of the opportunities which we expect to arise from further ownership changes and the inevitable trend towards further industry consolidation.

### **Board Changes**

This is my first statement as Non-Executive Chairman of Johnston Press. On 27 April 2001, having reached his 65th birthday, Freddy Johnston stepped down after 28 years as Chairman. Under his leadership, the Company has grown from a small family business based in Falkirk with a turnover of £100,000 and four titles to a highly

## Part VI — Johnston Press plc Year-end Results to 31 December 2001

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profitable publicly quoted company with a turnover of £301 million and almost two hundred titles. His years at the helm of Johnston Press represent an exceptional achievement.

Freddy had planned his succession carefully and I want to thank him for the coaching, guidance and counsel he has given me during the transition. In building Johnston Press, Freddy has demonstrated time and again how to be bold without being foolhardy and how to be prudent without being mean. The Board is delighted Freddy has agreed to stay on as a non-executive director and I am pleased to say that if there is any back seat driving it is being done so subtly, I cannot detect the hand on the wheel.

On 16 July 2001, after 27 years with the Company, Marco Chiappelli retired as Finance Director. He was replaced by Stuart Paterson, aged 44, who joined the Board on 1 June 2001 having previously been Finance Director of Aggreko plc. I am delighted to report that the transition from Marco to Stuart has been extremely smooth and successful. Again a process planned and managed by Marco himself.

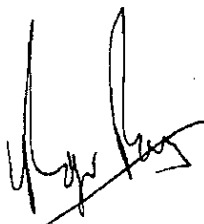
Marco joined the Company in 1974 and he was appointed its first Finance Director in 1980. He played a vital and central role in the growth of what was a small family business into a substantial public company. Throughout his career with Johnston Press, Marco has displayed great commercial acumen, a remarkable grasp of the Company's detailed operations and a very considerable charm. The Board joins me in thanking him for his immense contribution during his time with the Company and wishing him a long and happy retirement.

### Prospects

The current year for Johnston Press has begun encouragingly and despite the present mood of economic uncertainty, early trading results have been ahead of expectations. The modest rate of advertising revenue growth seen in the second half of 2001 has continued into the early weeks of 2002.

Costs remain closely controlled throughout the Group and we will be assisted in the current year by a significant reduction in the price of newsprint, our largest purchase item.

Forecasting with confidence in the current market circumstances is inevitably more difficult than it has been for some time. However, given our encouraging start to the new trading year, our current expectations are for 2002 to be another satisfactory year.



**Roger Parry**  
Chairman

12 March 2002

## **Part VI — Johnston Press plc Year-end Results to 31 December 2001**

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### **Chief Executive's Review**

Trading performance in 2001 surpassed expectations, making it another very successful year for Johnston Press. Advertising revenue growth remained positive in both halves of the year, defying the gloomier predictions which accompanied the progressive economic slowdown and the predictable loss of confidence following the terrorist attacks in New York and Washington. The impact of the significant rise in newsprint prices was substantially mitigated whilst other costs remained well controlled. Circulations of our weekly titles continued to grow and greater emphasis has been placed on measures to stem the decline of our evening sale. These will be assisted by the achievement of more reliable print times as we near completion of the major programme of press upgrades. Our new media activities made a modest contribution to profit and are being continually developed and enhanced. Three small acquisitions made during 2001 have been successfully integrated and are performing to expectations.

### **Industry Overview**

The local and regional press comprises numerous local publishing businesses operating in a multiplicity of discrete local geographic markets throughout the United Kingdom. The theme 'Life is Local' reflected in these accounts provides the underlying philosophy of our business and the focus of the newspapers which we publish. It reflects the fact that people's lives are concentrated in the area close to where they live, whether as consumers, for their work and leisure or for their social needs.

The industry employs an unparalleled local journalistic resource which provides a powerful voice for the interests, concerns and aspirations of local communities. The local newspaper, be it daily or weekly, paid or free is a vital part of the fabric of community life. Against this background, Johnston Press is committed to continued investment in strong editorial content within a framework in which the editor has the freedom to edit without interference from general management. This commitment is underpinned by an overriding commercial imperative which makes it essential to publish newspapers which attract readers and in turn provide an effective platform for advertisers to reach their target audience. Healthy circulations are essential to the long term success of the local and regional press and for Johnston Press, the achievement of this remains one of our highest priorities.

The local and regional press remains well placed in its local markets despite the competitive threats posed by alternative media. This is based on strong newspaper brands and continued investment in all aspects of the business including, for example, enhanced colour printing capability, an area in which Johnston Press has spent heavily in recent years. In common with the industry in general, we have also launched complementary publications such as local lifestyle magazines and directories in order to provide advertisers with a greater range of targeted advertising options and to meet the competitive challenges. And importantly, as are other publishers, Johnston Press is committing continued investment to the development of a strong internet presence which extends and complements the publishing platform provided by our newspapers. The impact of the internet will undoubtedly grow but the local and regional press, with its powerful local presence, is well placed to benefit from the complementary opportunities which this will bring.

### **Media Ownership**

Industry consolidation and ownership changes have been a feature of the local and regional press over the past few years. This process has seen the share of newspaper ownership in the hands of the five largest publishers increase to 61 per cent. but, despite this trend towards greater consolidation, the industry remains highly fragmented in comparison to other media with over 90 separately owned publishers throughout the UK. Whatever the regulatory environment, further ownership changes and industry consolidation appear inevitable and Johnston Press remains determined to play an active part in this process.

The consultative paper on Media Ownership Rules recently published by the government is encouraging to the extent that it recognises the unnecessary burden of the current ownership regime. The paper acknowledges the need for change, expressed in a desire by the government to be deregulatory in its approach and to consider a "lighter touch" in respect of newspaper mergers. Johnston Press is playing an active part in this consultation process through our trade organisation, the Newspaper Society, and subscribes to the view that the current regime should be abolished, leaving newspaper mergers subject to the general merger regime and competition law.

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### Growth Strategy

Acquisitive growth coupled with continued investment in the organic development of our local newspaper publishing businesses is central to the ongoing strategy of Johnston Press. Our focus remains firmly fixed on local newspaper and digital publishing together with related printing activities. Our objective is to be the leading publisher of local newspapers with locally focussed websites in all of the markets in which we are present, a situation which already prevails in the vast majority of our publishing areas. Our approach to acquisitions is to seek opportunities to extend our existing areas of operation by adding overlapping and contiguous newspaper titles and to extend into new geographic areas where targets become available which are of sufficient scale to provide a viable platform for further development. Acquisitive growth provides the opportunity for operational efficiencies and rationalisation thereby further improving the underlying performance of both existing and acquired businesses. In addition, we are committed to an ongoing programme of capital investment throughout the Group in order to provide modern and efficient publishing and printing facilities which take advantage of the technological advances available to the industry.

During 2001, we made three small acquisitions. Two of these are newspaper businesses which overlap or are contiguous to existing publishing areas, a free newspaper title in East Glasgow and the Lincolnshire-based titles of Mortons Media Ltd. The third, Days Out UK, is a travel database and guidebook publishing company. All of these businesses have been successfully integrated and are making a positive contribution to Group performance.

### Trading Review

Advertising revenue growth on a like-for-like basis was 3.2 per cent. in the first half but fell to half that rate at 1.6 per cent. in the second period. The contrast was most marked for recruitment advertising with increases of 13.0 per cent. and 1.1 per cent. respectively though, encouragingly, all other categories performed better in the second half than they did in the first.

There is no doubt that the events of 11 September had an impact on business and consumer confidence but the slowdown in recruitment advertising was evident much earlier in the year with growth slowing from 14.8 per cent. in the first quarter to 11.3 per cent. in the second, down to 6.6 per cent. in the third quarter and with the final quarter seeing a decline of 5.5 per cent. However, against the high levels of growth achieved in 2000 and in deteriorating economic circumstances, this performance was better than expected, in part reflecting the fact that in many of our markets unemployment levels remain very low. The early weeks of 2002 have seen no further deterioration from our experience in the fourth quarter.

As mentioned earlier, the relative performance of all other categories was better in the second half and detailed figures are given in the Financial Review. Property advertising remained healthy throughout the year and finished strongly as estate agents maintained advertising for longer than normal in the run-up to Christmas. Whilst motors advertising was down on the previous year throughout the 12 months, the deficit reduced in the second half and particularly in the last quarter when the comparative figures also reflected the reduction in Ford advertising following their decision to partially switch spend to other media in late 2000. Other classifieds showed improved growth as the year progressed. Display advertising also strengthened in the second half, assisted by improved staff retention following actions taken to reduce sales staff turnover as well as a greater focus on this category to make up for weakening recruitment advertising revenues.

Operating margins for the Group were once again ahead of the previous year by one percentage point to 30 per cent. on a like-for-like basis. On a comparable basis, every one of our publishing divisions succeeded in increasing operating profit over its 2000 results, a creditable performance which owed much to good cost control disciplines in a market which offered less help than the previous year. We also continued to reap the benefits of earlier acquisitions with the performance of the ex-Portsmouth and Sunderland businesses continuing ahead of expectations.

### Publishing

Yet again the Scottish businesses performed well with a further improvement in profitability. Behind this overall result, Johnston (Falkirk) had an excellent year, assisted by strong national advertising growth on the back of a new retail park development. Conversely, the marketplace in Fife was particularly difficult with falling advertising revenues being compensated by tight cost controls. The Tweeddale Press made further progress, building on an excellent first year with the Group and despite its markets being adversely affected by Foot and Mouth disease. During the year, we closed the press in Berwick and transferred printing to other Group presses.



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The Isle of Man suffered particularly badly as a result of controls to avoid the spread of Foot and Mouth disease to the island including the cancellation of the TT Races. Despite this, the Company performed exceptionally well, with tight cost controls more than off-setting the resultant revenue shortfalls.

In its second full year with the Group, Northeast Press, the northern part of Portsmouth & Sunderland Newspapers, continued to face a challenging market. They were helped by strong growth in recruitment advertising throughout the year, although from a low base, and an increase in display advertising following an improvement in sales disciplines. Cost controls remained good and during the year the management team was strengthened with several new key appointments.

The four companies which comprise the North of England division also made positive progress benefiting from continued growth in recruitment advertising. There was a modest improvement in local market conditions in Halifax, after a very difficult year in 2000. Yorkshire Weekly Newspapers in Wakefield had an excellent year with strong profit growth and another increase in operating margins. Doncaster-based South Yorkshire Newspapers benefited from the strengthening of its principal free newspaper, the Doncaster Advertiser and the re-launch of the Doncaster Courier as a "shopper". It was also good to see the continued progress of Yorkshire Regional Newspapers where we now have a settled management team after a number of earlier changes.

One of the best performances of the year came from the North Midlands Division which benefited from strong revenue growth and well controlled costs. As in Doncaster, a re-positioning of the free newspapers in Chesterfield helped to drive performance. North Notts Newspapers benefited from the full realisation of synergies in Worksop following the acquisition of titles from Southnews in 2000.

For the East Midlands Division, 2001 was a more challenging year. Recruitment advertising was barely ahead for East Midlands Newspapers, publisher of the Peterborough Evening Telegraph, although the Company did enjoy substantial growth in property advertising on the back of a buoyant new house building market. It was a year of considerable change for Welland Valley Newspapers following the addition of the Lincolnshire-based titles acquired from Southnews in 2000 and Mortons Media in 2001. A new organisation structure was introduced for the northern part of the Welland Valley publishing area. The integration of separate weekly paid-for titles in Skegness and Louth, coupled with the launch of a new free newspaper, the Lincolnshire Citizen, across the entire area including the Boston market should bring real benefits in 2002. Anglia Newspapers made further progress and should build on that in the current year having introduced improved cost controls.

The South Midlands Division benefited from particularly strong recruitment advertising growth in 2000 but this was not sustained in 2001, with a flat performance. Against this background, it is creditable that the division improved both operating profit and operating margin. During the year, we made a number of management changes which resulted in the appointment of new managing directors in each of the companies comprising the division with two new appointments in Central Counties Newspapers which has been split in order to facilitate greater focus in two more manageably sized units. Northamptonshire Newspapers launched a new free weekly, Northants on Sunday, which replaced a disappointing mid-week TV Advertiser publication. The Milton Keynes Citizen, published by Premier Newspapers, maintained its excellent record by winning the Newspaper Society's award for the best Free Weekly Newspaper of the Year for the sixth time in the last eight years. It was also especially pleasing to see further progress at Bedfordshire Newspapers, which having been loss-making when acquired with EMAP plc's Newspaper interests in 1996, is now performing close to overall Group average margins.

The South of England division had another excellent year with Portsmouth Publishing building further on its strong performance in 2000. The re-organisation of our south coast activities also required a number of new management appointments and has produced the expected cost and market benefits. T R Beckett, based in Eastbourne, produced an excellent performance and, despite operating in some of the most competitive of our south coast markets, Sussex Newspapers also made further progress.

### New Media

During the year we continued to develop and grow our new media interests. We now have almost 100 websites operating alongside our newspaper publishing activities, meaning that in virtually all of our markets we have a dual publishing base. In 2001, we re-launched our websites based on an internally designed platform utilising new database driven technology. This has provided the local publishing companies with greatly increased control over design and content permitting improved tailoring to local needs. We have invested in a new database

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throughout the Group to facilitate the population of our property sites with houses advertised in our newspapers as well as the general inventories of estate agents. A template for community sites which reside within our local websites is enabling local community interest groups to build their own mini-sites and we concluded a partnership agreement with Worldpay for an e-commerce solution.

In commercial terms, our internet-based activities made a modest contribution in 2001 with revenues of £2.6 million against costs of £2.1 million. The bulk of our revenues come from classified advertisers paying additional charges to advertise on our websites. The costs represent the marginal costs associated with this activity. Around the Group, efforts are being made to improve selling techniques in order to accelerate the growth of our on-line revenues. Our new media activities are now unquestionably an integral part of our publishing portfolio and our strategy of providing the market leading locally focussed website in our publishing areas is well understood and a key element in local management objectives.

### Circulations

After a further modest increase of 0.2 per cent. in the period July to December 2001, we have now achieved weekly circulation growth for five consecutive years. With 91 weekly paid-for titles, circulating an average 1.2 million copies per week, these represent a major element in our publishing mix and this record of growth demonstrates the considerable strength of our newspapers in their many local markets. These titles are generally market leaders, and are usually supported by a free newspaper of which we publish 88, distributing over three million copies per week. By comparison, we publish nine evening titles with a total daily sale just short of 300,000 copies. In part due to a continued reduction in bulk sales, which now account for only 1.9 per cent. of the total sale, we have seen evening circulations decline by 2.8 per cent. in the second half. Efforts to address the challenge of the evening sale are taking an even higher priority with good practice and local successes being routinely shared across the Group. Coupled with the benefit of more reliable printing times as we near completion of the major press development programme, there is confidence that performances can be improved.

Throughout the Group there have been a number of noteworthy editorial campaigns. The most renowned by far is the successful campaign to overturn the wrongful conviction of Stephen Downing for murder and for which he had spent over 27 years in prison. The campaign has been covered extensively throughout the last seven years by the Matlock Mercury under its former editor, Don Hale, whose efforts have now been internationally recognised. Though lower profile, many other excellent campaigns have been waged through the pages of our numerous titles. Long running battles against NHS cuts and hospital closures have met with considerable success in many locations from Falkirk in Scotland to Haywards Heath in Sussex. In Rugby such a campaign has continued since the early 1990's with great vigour including a successfully defended complaint against its coverage to the Press Complaints Commission. In many of our newspapers we have taken up public concerns about car parking, road schemes and bus services. Other campaigns around the Group have dealt with issues including drugs, disabled services, illegal dumping and security. It was the Luton Herald & Post which first brought to light the tragic case of Diane Pretty who sought assisted suicide without fear of prosecution.

Numerous successful appeals have been run in support of a wide range of good causes. The Peterborough Evening Telegraph's "Save the Cathedral" campaign played a major role in reaching a £7.3 million restoration target after damage by fire. Other appeals have successfully supported Macmillan Cancer Care Units, raised money for hospital equipment and promoted deserving individual cases such as the Spalding Guardian appeal for Natalie Broome, an eight year old suffering from cystic hygroma, a rare medical condition which required expensive surgery in the USA. A number of companies also further cemented their strong community relationships with positive editorial campaigns of which 'Pride in Bedford' and 'We Can Do It' (Portsmouth) are just two examples.

### Printing

2001 was a challenging year for the Printing Division with major press development projects being undertaken at Northampton, Peterborough and Portsmouth, as well as more modest programmes at a number of our smaller press rooms. Of the total capital expenditure of £26 million in the year, the bulk was in respect of these projects which were aimed at providing increased colour capability, additional inserting capacity and modernisation of our facilities. At Peterborough and Northampton the work involved major upgrades and extensions of existing presses which had to continue printing throughout the process with some resulting disruption of press times. Both projects are now virtually complete. At Peterborough and Portsmouth we are also installing two new Goss HT 70 single width presses capable of printing 128 and 96 pages of back to back colour respectively. Both presses will

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be operational during the first half of 2002 and will add greatly to the Group's capability. The new Portsmouth press will enable us to close the outdated pressroom in Burgess Hill, Sussex, in March 2002 with an exceptional cost of £5 million which was taken into the 2001 results. This will result in considerable benefits to the affected publishers and will produce substantial ongoing savings.

Whilst these major projects are nearing completion, we are continuing to improve our printing capability with a planned expenditure of £1.5 million on the introduction of computer-to-plate technology during 2002 at Northampton, Peterborough and Portsmouth.

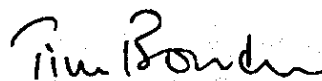
The planned switch in printing from external contracts to an increased dependence on internal work resulted in turnover decreasing and a reduction in profitability. Nonetheless from a Group perspective, the change is beneficial and the improved capability is already bringing dividends with the return of several EMAP plc contracts which were lost some years ago. We also had to contend with a newsprint price increase of 12 per cent., but successfully mitigated a significant proportion of this, in part by introducing a new reduced standard Group web width and by better control of waste. We will benefit this year from a near reversal of the 2001 price increase on newsprint.

### People

The Chairman has already commented on the retirement of Freddy Johnston and his remarkable achievements over his long tenure as the previous Chairman. We are fortunate that he will continue to serve on the Board as a non-executive director. He also remarked on the retirement of Marco Chiappelli, with whom I worked closely over a period of almost eight years. Quite apart from Marco's enormous contribution to the Group over many years, he was an invaluable colleague who was a pleasure to work with. We are fortunate to have found such an excellent successor in Stuart Paterson who has already made a considerable impact in his new role. The appointment of Danny Cammiade as Director of Operations has also greatly strengthened the senior management team and he is also already making an excellent contribution.

Under the leadership of Malcolm Vickers, Head of Human Resources, we continue to improve our training programmes aimed at developing technical and management competence throughout the Group. Well structured skill-based training is available in all disciplines and we have taken steps to further develop our programmes for management development and succession planning. During the year we made a number of new senior management appointments, largely through internal promotions and we are taking steps to ensure that we develop our own talent at a sufficient rate to meet future anticipated needs. Great strides were made during the year in addressing high staff turnover levels, especially in advertising sales areas and further progress is anticipated during the current year.

The Group's success in 2001 owes a great deal to the continuing dedication and professionalism of our staff for which I thank them.



**Tim Bowdler**  
Chief Executive

12 March 2002

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### Group Profit and Loss Account

Year to 31 December 2001

	Notes	2001		2000
		Before exceptional items £'000	Exceptional items £'000	Total £'000
<b>Turnover</b>				
Existing operations		298,932	—	298,932
Acquisitions		1,683	—	1,683
<b>Total turnover – continuing operations</b>	1	300,615	—	300,615
Cost of sales		(152,481)	—	(152,481)
Gross profit		148,134	—	148,134
Other operating expenses (net)		(57,424)	(1,249)	(58,673)
<b>Operating profit</b>	2	90,710	(1,249)	89,461
Existing operations		90,489	(1,134)	89,355
Acquisitions		221	(115)	106
<b>Operating profit – continuing operations</b>		90,710	(1,249)	89,461
Share of associates' operating profit		397	—	397
Exceptional items	3	91,107	(1,249)	89,858
		—	(5,014)	(5,014)
<b>Profit on ordinary activities before interest and taxation</b>		91,107	(6,263)	84,844
Net interest		(16,298)	—	(16,298)
<b>Profit on ordinary activities before taxation</b>		74,809	(6,263)	68,546
Taxation on profit on ordinary activities		(21,837)	1,879	(19,958)
<b>Profit for the financial year</b>		52,972	(4,384)	48,588
Dividends on equity and non-equity shares		(10,015)	—	(10,015)
<b>Retained profit for year</b>		42,957	(4,384)	38,573
Earnings per share	4			
Headline		26.26p		23.29p
Headline diluted		26.12p		23.14p
Basic				24.08p
Diluted				23.95p

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### Group Statement of Total Recognised Gains and Losses

Year to 31 December 2001	2001 £'000	2000 £'000
Profit for the financial year	48,588	46,135
Revaluation deficit	(33)	(77)
Total recognised gains and losses for the financial year	48,555	46,058
Prior year adjustment	(1,736)	—
<b>Total gains and losses recognised since last annual report and financial statements</b>	<b>46,819</b>	<b>46,058</b>

### Group Reconciliation of Movements in Shareholders' Funds

Year to 31 December 2001	2001 £'000	2000 £'000 Restated
Profit for the financial year	48,588	46,135
Dividends	(10,015)	(9,202)
Other recognised gains and losses relating to the year (net)	(33)	(77)
New share capital subscribed, including share premium	472	1,037
Net increase in shareholders' funds	39,012	37,893
Opening shareholders' funds	248,997	211,104
<b>Closing shareholders' funds</b>	<b>288,009</b>	<b>248,997</b>

### Group Note of Historical Cost Profits and Losses

Year to 31 December 2001	2001 £'000	2000 £'000
Reported profit on ordinary activities before taxation	68,546	65,457
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	89	92
<b>Historical cost profit on ordinary activities before taxation</b>	<b>68,635</b>	<b>65,549</b>
<b>Historical cost profit for the year retained after taxation and dividends</b>	<b>38,662</b>	<b>37,025</b>

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### Group Balance Sheet As at 31 December 2001

	Notes	2001 £'000	2000 £'000 Restated
<b>Fixed assets</b>			
Intangible		425,494	419,483
Tangible		118,541	102,495
Investments		5,137	5,224
		<u>549,172</u>	<u>527,202</u>
<b>Current assets</b>			
Stocks		2,030	2,966
Debtors – due within one year		35,503	36,375
– due after more than one year		6,501	3,181
Cash at bank and in hand		9,138	9,147
		<u>53,172</u>	<u>51,669</u>
Creditors: amounts falling due within one year		(89,826)	(78,054)
<b>Net current liabilities</b>		<u>(36,654)</u>	<u>(26,385)</u>
Total assets less current liabilities		512,518	500,817
Creditors: amounts falling due after more than one year		(212,016)	(242,429)
Provisions for liabilities and charges		(12,493)	(9,391)
<b>Net assets</b>		<u>288,009</u>	<u>248,997</u>
<b>Capital and reserves</b>			
Called-up share capital			
Equity		20,136	20,111
Non-equity		1,106	1,106
		<u>21,242</u>	<u>21,217</u>
Reserves		266,767	227,780
<b>Capital employed</b>		<u>288,009</u>	<u>248,997</u>

### Group Cash Flow Statement Year to 31 December 2001

		2001 £'000	2000 £'000
<b>Net cash inflow from operating activities</b>	6a	97,622	92,954
Returns on investments and servicing of finance		(15,993)	(18,643)
Taxation		(19,317)	(22,937)
Capital expenditure and financial investment		(24,296)	(23,405)
Acquisitions and disposals		(6,005)	(16,088)
Equity dividends paid		(9,353)	(8,529)
<b>Cash inflow before management of liquid resources and financing</b>		<u>22,658</u>	<u>3,352</u>
Financing		(28,544)	(6,058)
<b>Decrease in cash in the year</b>		<u>(5,886)</u>	<u>(2,706)</u>

## Part VI — Johnston Press plc Year-end Results to 31 December 2001

### Notes to the Accounts

#### 1. Turnover/Net Assets Analysis

	Turnover		Net Assets	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000 Restated
Continuing operations				
Newspapers and contract printing				
Existing operations	298,932	292,174	287,935	248,997
Acquisitions	1,683	—	74	—
Total continuing operations	<u>300,615</u>	<u>292,174</u>	<u>288,009</u>	<u>248,997</u>

Turnover for newspapers relates to 52-week periods ended 31 December 2001 and 31 December 2000.

#### 2. Operating Profit

	2001 £'000	2001 £'000
Continuing operations		
Newspapers and contract printing		
Existing operations	89,355	83,896
Acquisitions	106	—
Total continuing operations	<u>89,461</u>	<u>83,896</u>

#### 3. Exceptional Items Reported after Operating Profit

	2001 £'000	2000 £'000
Closure of Southern Web operation	<u>(5,014)</u>	<u>—</u>

The aggregate effect of the exceptional items on the amount charged to the Profit and Loss Account for taxation was to reduce the charge in 2001 by £1,504,000.

#### 4. Earnings per Share

The calculations of earnings per share are based on the following profits and weighted average number of shares:

	Headline		Basic/Diluted	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Profit for the financial year	48,588	46,135	48,588	46,135
Exceptional items	6,263	1,088	—	—
Tax effect of exceptional items	(1,879)	(321)	—	—
Preference dividends	(152)	(152)	(152)	(152)
	<u>52,820</u>	<u>46,750</u>	<u>48,436</u>	<u>45,983</u>
			2001 No. of shares	2000 No. of shares
Weighted average number of shares			201,163,624	200,688,330
For headline/basic earnings per share			1,033,609	1,312,015
Exercise of share options				
For diluted earnings per share			<u>202,197,233</u>	<u>202,000,345</u>

Headline figures are presented to show the effect of excluding exceptional items from earnings per share.

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### 5. Dividend

The Directors recommend a final dividend of 3.25p per share making a total dividend of 4.9p per share for the year. Subject to approval by members the final dividend will be paid to those ordinary share holders on the register at 5 April 2002.

### 6. Notes to Cash Flow Statement

#### a) Net cash inflow from operating activities

	2001 £'000	2000 £'000
Operating profit	89,461	83,896
Exceptional items	(621)	—
Depreciation charges	11,600	11,534
Development grant amortisation	(14)	(14)
Loss/(profit) on sale of tangible fixed assets	79	(145)
Decrease/(increase) in stocks	936	(734)
(Increase)/decrease in debtors	(279)	655
Decrease in creditors	(3,540)	(2,238)
Net cash inflow from operating activities	97,622	92,954

#### b) Analysis and reconciliation of net debt

	January 2001 £'000	Cash flow £'000	Other non cash changes £'000	31 December 2001 £'000
Cash at bank and in hand	9,147	(9)	—	9,138
Overdrafts	—	(5,877)	—	(5,877)
	9,147	(5,886)	—	3,261
Bank loans	(207,381)	27,500	—	(179,881)
Loan Stock	(63,241)	1,499	—	(61,742)
Finance leases	(150)	17	—	(133)
Term debt issue costs	2,311	—	(684)	1,627
	(268,461)	29,016	(684)	(240,129)
Net debt	(259,314)	23,130	(684)	(236,868)

Of the £9,138,000 cash at bank and in hand, £2,974,000 is held on deposit to guarantee the 1999/2006 Loan Stock interest for one year.



## Part VI — Johnston Press plc Year-end Results to 31 December 2001

### 6. Notes to Cash Flow Statement (continued)

#### b) Analysis and reconciliation of net debt (continued)

	2001 £'000	2000 £'000
Decrease in cash in the year	(5,886)	(2,706)
Repayment of debt and lease financing	29,016	7,095
Change in net debt resulting from cash flows	23,130	4,389
Amortisation of term debt issue costs	(684)	(684)
Finance leases acquired with subsidiary	—	(9)
Movement in net debt in year	22,446	3,696
Net debt at beginning of year	(259,314)	(263,010)
Net debt at end of year	(236,868)	(259,314)

### 7. Statutory Accounts

The financial information set out above does not comprise the Company's statutory accounts for the years ended 31 December 2000 and 31 December 2001. The accounts for the year ended 31 December 2000 have been filed and those for the year ended 31 December 2001 will be filed with the Registrar of Companies following the annual general meeting. The Company's auditors, Arthur Andersen gave unqualified reports on the accounts for both those periods and the reports did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

The Directors are responsible in accordance with the Listing Rules and applicable United Kingdom accounting standards for preparing and issuing this preliminary announcement. Arthur Andersen has reviewed the announcement having regard to Bulletin 1998/7 issued in the United Kingdom by the Auditing Practices Board.

### 8. Financial Statements and Annual General Meeting

Audited financial statements and the annual report will be posted to shareholders on 20 March 2002. The Annual General Meeting will be held on 26 April 2002.

### 9. Accounting Policies

The accounting policies adopted in this preliminary announcement are consistent with the most recent published set of annual accounts except for the change in the deferred taxation accounting policy as described below.

The Group policy for deferred taxation was changed during the year in accordance with the provisions of FRS19. A full provision for deferred taxation is now reflected in the accounts. The impact only affects opening reserves for both years to the extent of a reduction of £1,736,000 and the opening provision for deferred taxation for both years to the extent of an increase of £1,736,000. The profit and loss account of the current and previous years are unaffected due to the prior year adjustment relating to historic unprovided timing differences."

## Part VII — Pro Forma Statement of Net Assets of the Enlarged Group

### Pro forma unaudited statement of net assets

Set out below is a pro forma unaudited statement of the net assets of the Enlarged Group, to reflect the impact of the Acquisition and the Rights Issue, which is prepared on the basis of the notes below. This statement has been prepared for illustrative purposes only, as if the Acquisition had occurred on 31 December 2001, and because of its nature, may not give a true picture of the financial position of the Enlarged Group following the Acquisition and Rights Issue.

		Adjustments		
	Johnston Press as at 31 December 2001 £m (Note 1)	RIM as at 31 December 2001 £m (Note 2)	Adjustments for Acquisition and Rights Issue £m (Notes 3 to 6)	Pro forma Enlarged Group £m
<b>Fixed assets</b>				
Intangible assets	425.5	314.0	187.8 <sup>(3)</sup>	927.3
Tangible assets	118.5	56.9	—	175.4
Investments	5.1	3.9	—	9.0
	549.1	374.8	187.8	1,111.7
<b>Current assets</b>				
Stocks	2.0	1.3	—	3.3
Debtors due within one year	35.5	23.1	—	58.6
Debtors due after more than one year	6.5	—	—	6.5
Cash at bank and in hand	9.1	24.0	2.2 <sup>(4)</sup>	35.3
	53.1	48.4	2.2	103.7
Creditors: amounts falling due within one year	(89.8)	(25.8)	12.1 <sup>(5)</sup>	(103.5)
Net current assets/(liabilities)	(36.7)	22.6	14.3	0.2
Total assets less current liabilities	512.4	397.4	202.1	1,111.9
Creditors: amounts falling due after more than one year	(212.0)	(419.4)	46.8 <sup>(6)</sup>	(584.6)
Provisions for liabilities and charges	(12.4)	(3.0)	—	(15.4)
<b>Net assets/(liabilities)</b>	<b>288.0</b>	<b>(25.0)</b>	<b>248.9</b>	<b>511.9</b>

#### Notes

- The net assets of Johnston Press have been extracted without material adjustment from the audited consolidated balance sheet of Johnston Press for the year ended 31 December 2001 as set out in Part VI.
- The net assets of RIM have been extracted without material adjustment from the audited consolidated balance sheet of RIM at 31 December 2001 as set out in Part V.
- The intangible fixed asset adjustment (goodwill) of £187.8 million represents the purchase price of £560 million, less the net debt of RIM of £405.8 million, plus the net liabilities acquired (£25 million), plus a net adjustment of £8.6 million relating to acquisition costs (£5 million) and debt issue costs of RIM written off (£3.6 million).
- This adjustment represents the series of cash movements arising on the Acquisition as follows:

	£m
Rights issue proceeds (net of expenses)	220.0
Purchase of RIM share capital (net of redemption premium)	(159.2)
Acquisition costs	(14.4)
Repayment of debt facility	(20.2)
RIM cash offsetting RIM debt (in accordance with the Acquisition Agreement)	(24.0)
	2.2

## Part VII — Pro Forma Statement of Net Assets of the Enlarged Group

5. This adjustment represents the reclassification of short term debt arising on the Acquisition as follows:

	£m
Existing short term debt	
Johnston Press	33.3
RIM	10.3
	<hr/>
	43.6
New facilities short term debt	(31.5)
	<hr/>
Amount to be reclassified short term debt	12.1
	<hr/>

6. The adjustment to long term creditors gives effect to the proposed banking arrangements, principally the replacements of Johnston Press' existing debt with a new Enlarged Group facility. This adjustment is as follows:

	£m	£m
Existing net debt (net of cash, fees):		
Johnston Press		230.9
RIM		396.1
		<hr/>
		627.0
Expected debt on Completion:		
Price (including Acquisition and Rights Issue costs)	580.2	
Rights Issue	(225.8)	
Debt repaid (including new debt fees)	(413.3)	
Amount reclassified as short term (note 5)	12.1	
Existing debt (as above)	627.0	
	<hr/>	
		580.2
		<hr/>
Adjustment required to long term creditors		46.8
		<hr/>

7. The pro forma statement of net assets does not reflect trading or any other transaction since 31 December 2001 in respect of Johnston Press or RIM.

## Part VII — Pro Forma Statement of Net Assets of the Enlarged Group

12 March 2002

The Directors  
Johnston Press plc  
53 Manor Place  
Edinburgh  
EH3 7EG



The Directors  
Salomon Brothers International Limited, trading as  
Schroder Salomon Smith Barney  
Victoria Plaza  
111 Buckingham Palace Road  
London  
SW1W 0SB

Arthur Andersen

Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2DB

The Directors  
Deutsche Bank AG London  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

Dear Sirs

We report on the pro forma statement of net assets ("the pro forma net assets statement") set out on pages 74 to 75 of the prospectus dated 12 March 2002 issued by Johnston Press plc, which has been prepared, for illustrative purposes only, to provide information about how the proposed acquisition of Regional Independent Media Holdings Limited and the proposed issue of ordinary shares by Johnston Press plc might have affected the financial information presented.

### Responsibilities

It is the responsibility solely of the Directors of Johnston Press plc to prepare the pro forma net assets statement in accordance with paragraph 12.29 of the Listing Rules of the UK Listing Authority ("the Listing Rules").

It is our responsibility to form an opinion, as required by the Listing Rules, on the pro forma net assets statement and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma net assets statement beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

### Basis of Opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 "Reporting on pro forma net asset statement pursuant to the Listing Rules" issued in the United Kingdom by the Auditing Practices Board. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma net assets statement with the Directors of Johnston Press plc.

### Opinion

In our opinion:

1. the pro forma net assets statement has been properly compiled on the basis stated;
2. such basis is consistent with the accounting policies of Johnston Press plc; and
3. the adjustments are appropriate for the purposes of the pro forma net assets statement as disclosed pursuant to paragraph 12.29 of the Listing Rules.

Yours faithfully

Arthur Andersen  
Chartered Accountants

Offices in: London Birmingham  
Bristol Cambridge Edinburgh  
Glasgow Leeds Manchester  
Newcastle Reading St Helier

A list of partners is available at  
180 Strand  
London WC2R 1BL  
(principal place of business)

## Part VIII — Additional Information

### 1. Responsibility

The Directors, whose names appear in paragraph 2.1 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. The Company and its Directors

#### 2.1 The Directors and their respective functions are as follows:

Roger George Parry	(Chairman)
Sir Harry Roche	(Non-executive Deputy Chairman)
Timothy John Bowdler	(Chief Executive)
Stuart Randall Paterson	(Finance Director)
Henry Charles Marriott Johnston	(Non-executive Director)
The Lord Gordon of Strathblane CBE	(Non-executive Director)
Peter Edward Blackburn Cawdron	(Non-executive Director)
Frederick Patrick Mair Johnston CBE	(Non-executive Director)

#### 2.2 The business address of all of the Directors is 53 Manor Place, Edinburgh EH3 7EG, which is also the Company's head office, principal place of business in the United Kingdom and its registered office.

#### 2.3 The Company was incorporated in Scotland under the Companies Acts 1908 to 1917 on 31 December 1928 as a private company limited by shares with the name F. Johnston & Company, Limited and company number SC15382. The Company changed its name and was re-registered as a public limited company on 12 April 1988 with the name Johnston Press plc. The principal legislation under which the Company operates is the Act.

#### 2.4 The Company is the holding company of a group of companies, the principal activities of which are newspaper publishing and printing. Its principal subsidiaries are all private limited companies, wholly owned, with their registered offices as set out below:

Name	Number	Registered Office	Principal Activity
<b>Incorporated in Scotland:</b>			
Johnston (Falkirk) Ltd	SCO27417	Redbrae Road Camelon Falkirk FK1 4ZA	Newspaper Publishers & Printers
Strachan & Livingston Ltd	SCO11226	23-25 Kirk Wynd Kirkcaldy KY1 1EP	Newspaper Publishers
The Tweeddale Press Ltd	SCO20984	Redbrae Road Camelon Falkirk FK1 4ZA	Newspaper Publishers
<b>Incorporated in England and Wales:</b>			
Wilfred Edmunds Ltd	0061775	37 Station Road Chesterfield Derbyshire S41 7XD	Newspaper Publishers
Yorkshire Weekly Newspaper Group Ltd	0179021	Express House Southgate Wakefield West Yorkshire WF1 1TE	Newspaper Publishers & Printers
T R Beckett Ltd	00100701	1 Commercial Road Eastbourne East Sussex BN21 3XQ	Newspaper Publishers
The Halifax Courier Ltd	1402428	PO Box 19 Courier Buildings King Cross Street Halifax HX1 2SF	Newspaper Publishers & Printers

## Part VIII — Additional Information

Name	Number	Registered Office	Principal Activity
Isle of Man Newspapers Ltd	00034057	Publishing House Peel Road Douglas Isle of Man IM1 5PZ	Newspaper Publishers & Printers
Yorkshire Regional Newspapers Ltd	0237165	17-23 Aberdeen Walk Scarborough North Yorkshire YO11 1BB	Newspaper Publishers & Printers
Portsmouth Publishing & Printing Ltd	1248289	The News Centre Hilsea Portsmouth PO2 9SX	Newspaper Publishers & Printers
Northeast Press Ltd	905215	Echo House Pennywell Sunderland SR4 9ER	Newspaper Publishers & Printers
North Notts Newspapers Ltd	0954796	121 Newgate Lane Mansfield Nottinghamshire NG18 2PA	Newspaper Publishers
Sussex Newspapers Ltd	00829253	14-16 Market Square Horsham West Sussex RH12 1HD	Newspaper Publishers
South Yorkshire Newspapers Ltd	3103977	Sunny Bar Doncaster South Yorkshire DN1 1NB	Newspaper Publishers
East Midlands Newspapers Ltd	1588799	57 Priestgate Peterborough Cambridgeshire PE1 1JW	Newspaper Publishers
Welland Valley Newspapers Ltd	0776226	Mercury House 7 Sheepmarket Stamford Lincs PE9 2QZ	Newspaper Publishers
Anglia Newspapers Ltd	1038578	Kings Road Bury St Edmunds Suffolk IP33 3ET	Newspaper Publishers
Northamptonshire Newspapers Ltd	2573421	Upper Mounts Northampton NN1 3HR	Newspaper Publishers
Central Counties Newspapers Ltd	00103807	2/4 Exchange Street Aylesbury Bucks HP20 1UJ	Newspaper Publishers
Premier Newspapers Ltd	1916792	Napier House Auckland Park Mount Farm Bletchley Milton Keynes MK1 1BU	Newspaper Publishers
Bedfordshire Newspapers Ltd	01021920	11/13 Mill Street Bedford Bedfordshire MK40 3EU	Newspaper Publishers
Johnston Publishing Ltd	1919088	Oundle Road Woodston Peterborough PE2 9QR	Newspaper Publishers
Peterboro' Web Ltd	0674979	Oundle Road Woodston Peterborough PE2 9QR	Contract Printers
Northampton Web Ltd	1265807	Oundle Road Woodston Peterborough PE2 9QR	Contract Printers
Southern Web Offset Ltd	1794427	Oundle Road Woodston Peterborough PE2 9QR	Contract Printers

## Part VIII — Additional Information

- 2.5 The Company has made firm commitments to purchase two new printing presses for operations in Peterborough and Portsmouth, together with associated building works. It has also ordered a new folder and inserting equipment for the existing press in Northampton for a total consideration of £21 million. These investments have been made out of existing working capital. A number of the instalments for the purchase of the presses have already been made, and at 1 March 2002, the sum of £3.8 million remained outstanding.

### 3. Share capital

- 3.1 The authorised and issued share capital of the Company as at the date of this document and as it will be immediately following the increase in the authorised share capital pursuant to the Rights Issue, ignoring any Ordinary Shares which may be issued on the exercise of options under the Share Option Schemes, is as follows:

	Present		Following the Rights Issue	
	Number	£	Number	£
<b>Ordinary Shares</b>				
Authorised	268,290,000	26,829,000	390,000,000	39,000,000
Issued and fully paid	201,589,476	20,158,947	282,225,266 <sup>(1)</sup>	28,222,527 <sup>(1)</sup>
<b>Preference Shares</b>				
Authorised	756,000	756,000	756,000	756,000
Issued and fully paid	756,000	756,000	756,000	756,000
<b>A Preference Shares</b>				
Authorised	415,000	415,000	415,000	415,000
Issued and fully paid	349,600	349,600	349,600	349,600

(1) Assumes no exercise of any options under the Share Option Schemes set out in paragraph 3.2 below.

- 3.2 Under the Share Option Schemes, options to subscribe for a total of 3,965,336 Ordinary Shares were outstanding as at 11 March 2002 (being the latest practicable date prior to the publication of this document), as listed below:

Number of Ordinary Shares under option	Option price (p)	Exercise period
<b>The F Johnston Group Executive Share Option Scheme</b>		
101,447	172.50	15.07.2000 to 15.07.2007
<b>Johnston Press Group 1997 Unapproved Share Option Scheme</b>		
100,000	223.00	22.05.2001 to 22.05.2005
<b>Johnston Press plc 1998 Executive Share Option Scheme (Part One)</b>		
102,982	150.50	12.10.2001 to 12.10.2008
74,311	282.50	10.05.2002 to 10.05.2009
9,933	302.00	07.09.2002 to 07.09.2009
38,154	327.50	28.04.2003 to 28.04.2010
2,919	342.50	22.12.2003 to 22.12.2010
9,523	315.00	27.10.2003 to 27.10.2010
71,294	336.50	17.04.2004 to 17.04.2011
<b>Johnston Press plc 1998 Executive Share Option Scheme (Part Two)</b>		
99,665	150.50	12.10.2001 to 12.10.2008
53,095	282.50	10.05.2002 to 10.05.2009
50,000	277.50	28.05.2002 to 28.05.2009
27,480	327.50	28.04.2003 to 28.04.2010
50,000	295.00	19.05.2003 to 19.05.2010
190,477	315.00	27.10.2003 to 27.10.2010
119,160	336.50	17.04.2004 to 17.04.2011
<b>Johnston Press plc 2001 Executive Share Option Scheme (Part One)</b>		
10,033	299.00	05.06.2004 to 05.06.2011
26,800	298.50	05.11.2004 to 04.11.2011
<b>Johnston Press plc 2001 Executive Share Option Scheme (Part Two)</b>		
113,712	299.00	05.06.2004 to 05.06.2011
190,953	298.50	05.11.2004 to 04.11.2011

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Time Period	Number of Ordinary Shares under option	Date of contract
<b>Johnston Press Group 1997 Savings Related Share Option Scheme (1997)</b>		
5 year options	476,180	15.09.1997
7 year options	391,880	
<b>Johnston Press Group 1997 Savings Related Share Option Scheme (1998)</b>		
3 year options	16,975	02.10.1998
5 year options	210,843	
7 year options	152,184	
<b>Johnston Press Group 1997 Savings Related Share Option Scheme (1999)</b>		
3 year options	154,138	29.09.1999
5 year options	202,111	
7 year options	91,994	
<b>Johnston Press Group 1997 Savings Related Share Option Scheme (2000)</b>		
3 year options	188,665	29.09.2000
5 year options	152,669	
7 year options	67,838	
<b>Johnston Press Group 1997 Savings Related Share Option Scheme (2001)</b>		
3 year options	222,968	27.09.2001
5 year options	141,579	
7 year options	53,374	

All such options were granted for nil consideration.

The number of Ordinary Shares subject to outstanding options and/or the subscription price per share may be subject to adjustment following the Rights Issue in accordance with the rules of the Share Option Schemes.

- 3.3 Save as disclosed in this paragraph 3 and paragraph 7 below, no share or loan capital of the Company or any of its subsidiaries is under option or is agreed, conditionally or unconditionally, to be put under option.
- 3.4 By an ordinary resolution passed on 27 April 2001 the Directors were generally and unconditionally authorised, pursuant to section 80 of the Act, to allot relevant securities (as defined in section 80(2) of the Act) up to a maximum nominal amount of £6,703,883, such authority to expire on 27 April 2006.
- 3.5 Shareholders have certain pre-emption rights pursuant to section 89 of the Act in respect of equity securities (within the meaning of section 94 of the Act) proposed to be allotted wholly for cash. However, by a special resolution passed on 27 April 2001 the Directors were empowered to allot equity securities (as defined in section 94(2) of the Act) for cash as if section 89(1) of the Act did not apply, such power to expire at the conclusion of the Annual General Meeting of the Company held in 2002 and being limited to the allotment of equity securities (i) in connection with a rights issue and (ii) otherwise up to an aggregate nominal amount of £1,005,582.
- 3.6 Subject to the passing of the Resolution, the Directors will be generally and unconditionally authorised to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £8,300,000 in connection with the Rights Issue and otherwise up to £9,500,000, such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 2003 and superseding the authority referred to in paragraph 3.4 above.
- 3.7 Subject to the passing of the Resolution, the Directors will be empowered to allot equity securities (as defined in section 94(2) of the Act) for cash as if section 89(1) of the Act did not apply, such power to expire at the conclusion of the next Annual General Meeting of the Company and being limited to the allotment of equity securities (i) in connection with the Rights Issue, (ii) in connection with a rights issue



## Part VIII — Additional Information

to Ordinary Shareholders, and (iii) otherwise up to an aggregate nominal amount of £1,400,000 and superseding the authority referred to in paragraph 3.5 above.

- 3.8 The provisions of section 89(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities (as defined in section 94(2) of the Act) which are, or are to be, paid up in cash) apply to the allotment of unissued Ordinary Shares to the extent that such rights are not disapplied as described in paragraphs 3.5 and 3.7 above.
- 3.9 The existing issued Ordinary Shares are in registered form, are capable of being held in uncertificated form and are admitted to the Official List and to trading on the London Stock Exchange's market for listed securities. They are not listed or dealt in on any other stock exchange. The new Ordinary Shares will, following the expiry of the renunciation period under the Rights Issue, also be in registered form, be capable of being held in uncertificated form and be admitted to the Official List and to trading on the London Stock Exchange's market for listed securities. None of the new Ordinary Shares have been marketed or are available in whole or in part to the public in conjunction with the application for the new Ordinary Shares to be admitted to the Official List otherwise than pursuant to the Rights Issue.
- 3.10 Following the Rights Issue and after allowing for Ordinary Shares reserved for issue pursuant to the exercise of options granted under the Share Option Schemes (assuming no exercise of any outstanding options under the Share Option Schemes set out in paragraph 3.2 before the Record Date), approximately 103,809,398 Ordinary Shares will remain authorised but unissued and unreserved representing approximately 26.6 per cent. of the authorised share capital of the Company which the Directors will be authorised to allot pursuant to the authorities referred to in paragraph 3.6 above. The Directors have no present intention of issuing any of these Ordinary Shares except in respect of options granted under the Share Option Schemes.

### 4. Historical market value of Ordinary Shares

The following table lists the closing middle-market quotations for an Ordinary Share (as derived from the London Stock Exchange Daily Official List) for the first dealing day in each of the six months before the date of this document and on 11 March 2002 (being the latest practicable date prior to the publication of this document):

Date	Johnston Press Share price (p)
1 October 2001	251.5
1 November 2001	297.5
3 December 2001	349.5
2 January 2002	356.5
1 February 2002	337.5
1 March 2002	342.0
11 March 2002	343.5

### 5. Memorandum and Articles of Association

- 5.1 The objects of the Company are set out in full in clause 3 of the memorandum of association of the Company.
- 5.2 The articles of association of the Company (the "Articles") contain provisions, inter alia, to the following effect:

#### (a) Voting

On a show of hands, every holder of Ordinary Shares who is entitled to vote, being an individual, is present in person or, being a corporation, is present by a duly authorised representative or proxy not being himself a member shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote in respect of each Ordinary Share held by him.

The holders of the Preference Shares and the "A" Preference Shares are entitled to receive notice of any general meeting, but are only entitled to attend and vote at such meeting if (i) at the date of

## Part VIII — Additional Information

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the notice convening the meeting, the dividend on the Preference Shares or the "A" Preference Shares is in arrears or (ii) if the meeting includes a resolution to wind up the Company, reduce its capital or directly vary or abrogate the special rights of the holders of the Preference Shares or the "A" Preference Shares and in such cases each holder of the Preference Shares or the 'A' Preference Shares present in person shall on a poll, have one vote for every £1 nominal of Preference Share or 'A' Preference Share capital held by them.

**(b) Dividends and distribution of assets on liquidation**

The profits of the Company which are distributed shall first be applied in paying the holders of the Preference Shares a fixed cumulative dividend of 13¼ per cent. per annum on the amount paid up on such shares, which dividend is payable half yearly in arrears.

The profits of the Company which are distributed shall secondly be applied in paying the holders of the "A" Preference Shares a fixed cumulative dividend of 13¼ per cent. per annum on the amount paid up on such shares, which dividend is payable half yearly in arrears.

After the payment of the preference dividends and subject to the terms on which any Ordinary Shares are issued, members are entitled to participate in the profits of the Company paid out as dividends in proportion to the amounts paid up or credited as paid up on the Ordinary Shares held by them during the period in respect of which the dividend is paid. Any dividend remaining unclaimed for a period of 12 years after becoming payable will be forfeited and revert to the Company.

In the event of the Company's liquidation, the surplus assets remaining after payment of all the Company's liabilities shall be distributed as follows:-

**(i) first in paying to the holders of the Preference Shares:**

- (A) the amount paid up on such shares;
- (B) the greater of 10 pence and the amount equal to the excess (if any) of the market value of the Preference Shares over the nominal amount paid up thereon; and
- (C) a sum equal to any arrears, deficiency or accruals of the dividend (whether declared or earned or not) on such shares.

**(ii) second in paying to the holders of the "A" Preference Shares:**

- (A) the amount paid up on such shares; and
- (B) a sum equal to any arrears, deficiency or accruals of the dividend (whether declared or earned or not) on such shares.

**(iii) third in paying the balance to the holders of the Ordinary Shares in proportion to the amounts paid up or credited as paid up on the Ordinary Shares held by them.**

**(c) Transfers**

- (i)** The instrument of transfer of a certificated share shall be signed by or on behalf of the transferor (and, in the case of a share which is not fully paid, by or on behalf of the transferee) and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. All transfers of certificated shares shall be effected by instrument in writing in any usual or common form or any other form which the Directors may approve. The Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share which is not fully paid (whether certificated or uncertificated) provided that where such shares are admitted to the Official List, such discretion may not be exercised in a way which the UK Listing Authority regards as preventing dealings in the shares of the relevant class or classes from taking place on an open and proper basis. The Directors may likewise refuse to register any transfer of a share (whether certificated or uncertificated) in favour of more than four persons jointly. In relation to certificated shares, the Directors may decline to recognise any instrument of transfer unless it is left at the registered office of the Company, accompanied by the relevant certificate and such other evidence as the Directors may

## Part VIII — Additional Information

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reasonably require to show the right of the transferor to make the transfer, and unless the instrument is in respect of only one class of share. The registration of transfers may be suspended by the Directors for any period (not exceeding 30 days in any year) except that, in respect of uncertificated shares, the consent of the operator of the relevant system for those shares will first be required.

- (ii) Notwithstanding any other provision of the Articles to the contrary, any shares in the Company may be held in uncertificated form and title to shares may be transferred by means of a relevant system (in each case as defined in the Regulations) such as CREST.

(d) **Variation of class rights and alteration of capital**

- (i) If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class of shares may, subject to the Act and any other act relating to the companies (the "Statutes"), be modified, abrogated or varied either with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of sections 369, 370, 376 and 377 of the Act and the provisions of the Articles relating to general meetings shall apply, *mutatis mutandis*, but so that the necessary quorum at any such meeting other than an adjourned meeting shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the relevant class and at an adjourned meeting one person holding shares of the class or his proxy. Any holder of shares of the relevant class present in person or by proxy may demand a poll upon which every holder of shares of that class shall be entitled to one vote for every such share held by him. The rights attached to any class of shares shall, unless otherwise expressly provided by the terms of issue of such shares or by the terms upon which such shares are for the time being held, be deemed not to be modified, abrogated or varied by the creation or issue of further shares ranking *pari passu* therewith.
- (ii) The Company may by ordinary resolution increase its share capital, consolidate all or any of its share capital into shares of larger amount, sub-divide all or any of its shares into shares of smaller amount and cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person.
- (iii) Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.
- (iv) Subject to the provisions of the Statutes and subject to any provisions contained in the articles of association of the Company from time to time, all unissued shares of the Company are at the disposal of the Directors.
- (v) Subject to the provisions of the Statutes, any shares may be issued on terms that they are redeemed or liable to be redeemed at the option of the Company or the shareholders on the terms and in the manner provided for by the Articles.
- (vi) Subject to the provisions of the Act, the Company may purchase its own shares (including any redeemable shares).

6. **Working capital**

The Company is of the opinion that, taking into account existing cash resources, available bank facilities and the net proceeds from the Rights Issue, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

7. **Directors' and other interests**

- 7.1 As at 11 March 2002 (being the latest practicable date prior to the publication of this document), the interests (all of which are beneficial) of the Directors and their immediate families in the share capital of the Company which have been notified to the Company pursuant to section 324 or 328 of the Act or which are required to be entered in the register maintained under section 325 of the Act or which are interests of a person connected (within the meaning of section 346 of the Act) with a Director and which would, if the connected person were a Director, be required to be disclosed as aforementioned and the existence of which is known to or could with reasonable diligence be ascertained by that Director, were as follows:

## Part VIII — Additional Information

Director	Number of Ordinary Shares	Percentage of existing issued share capital	Percentage of issued share capital immediately following Admission <sup>(3)</sup>
RG Parry	77,005	0.04	0.04
Sir Harry Roche	45,762	0.02	0.02
TJ Bowdler <sup>(1)</sup>	124,100	0.06	0.06
SR Paterson	5,000	0.0025	0.0025
HCM Johnston	12,200,000	6.06	6.06
Lord Gordon of Strathblane	33,793	0.02	0.02
PEB Cawdron	7,000	0.0035	0.0035
FPM Johnston <sup>(2)</sup>	12,396,790	6.15	6.15

(1) The number of Ordinary Shares stated for TJ Bowdler contains 108,100 Ordinary Shares owned by his spouse.

(2) The number of Ordinary Shares stated for FPM Johnston contains 2,538,291 Ordinary Shares owned by his spouse.

(3) The interests listed above assume all Directors and their connected persons take up in full the rights to which they are entitled. However, the intentions of FPM Johnston, HCM Johnston and TJ Bowdler are set out in Note 4 below.

(4) The percentage indicated following Admission in respect of FPM Johnston (and his spouse) relates to their maximum entitlement of 4,958,716 shares. However, FPM Johnston (and his spouse) intend to dispose of sufficient of their Nil Paid Rights so as to enable them (after payment of expenses and allowing for liabilities) to subscribe for their remaining entitlement to new Ordinary Shares. The percentage indicated following Admission in respect of HCM Johnston relates to his maximum entitlement of 4,880,000 shares. However, HCM Johnston intends to dispose of sufficient of his Nil Paid Rights so as to enable him (after payment of expenses and allowing for liabilities) to subscribe for his remaining entitlement to new Ordinary Shares. The percentage indicated following Admission in respect of TJ Bowdler (and his spouse) relates to his maximum entitlement of 49,639 shares. However, TJ Bowdler (and his spouse) intend to dispose of sufficient of their Nil Paid Rights so as to enable them (after paying £25,000 to take up Nil Paid Rights, payment of expenses and allowing for liabilities) to subscribe for their remaining entitlement to new Ordinary Shares.

- 7.2 Under the Share Option Schemes, the following Directors have been granted the following options over Ordinary Shares which remain outstanding:-

Name of Director	Number of Ordinary Shares under option	Option price (p)	Exercise period
<b>Johnston Press Group 1997 Unapproved Share Option Scheme</b>			
TJ Bowdler	100,000	223.00	22.05.2001 to 22.05.2005
<b>Johnston Press plc 1998 Executive Share Option Scheme (Part One)</b>			
TJ Bowdler	9,523	315.00	27.10.2003 to 27.10.2010
<b>Johnston Press plc 1998 Executive Share Option Scheme (Part Two)</b>			
TJ Bowdler	50,000	277.50	28.05.2002 to 28.05.2009
TJ Bowdler	50,000	295.00	19.05.2003 to 19.05.2010
TJ Bowdler	190,477	315.00	27.10.2003 to 27.10.2010
<b>Johnston Press plc 2001 Executive Share Option Scheme (Part One)</b>			
SR Paterson	10,033	299.00	05.06.2004 to 05.06.2011
<b>Johnston Press plc 2001 Executive Share Option Scheme (Part Two)</b>			
SR Paterson	113,712	299.00	05.06.2004 to 05.06.2011
TJ Bowdler	134,003	298.50	05.11.2004 to 05.11.2011
<b>Johnston Press Group 1997 Savings Related Share Option Scheme</b>			
TJ Bowdler	9,583	180.00	01.09.2002 to 01.03.2003
SR Paterson	3,176	305.00	01.11.2004 to 01.05.2005

All such options were granted for nil consideration.

## Part VIII — Additional Information

The number of Ordinary Shares subject to outstanding options and/or the subscription price per share may be subject to adjustment following the Rights Issue in accordance with the rules of the Share Option Schemes.

- 7.3 Save as disclosed in this paragraph 7, none of the Directors has any interest, beneficial or non-beneficial, in the share capital of the Company or any of its subsidiaries.
- 7.4 No director of Johnston Press has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year or during any earlier financial year and remains in any respect outstanding or unperformed.
- 7.5 The executive Directors, Tim Bowdler and Stuart Paterson, each have service contracts with the Company. Tim Bowdler has a service agreement dated 11 and 12 November 1993 and a supplemental service agreement dated 24 March 1995 under which his employment is deemed to run from 1 January 1994. Stuart Paterson has a service agreement dated 30 April and 24 May 2001 under which his employment is deemed to run from 1 June 2001. Tim Bowdler's contract is determinable on two years' notice and Stuart Paterson's contract is determinable on 12 months' notice, in each case given by either party to the other. Under the contracts, each of those Directors is currently entitled to receive annual remuneration of £338,256 and £200,004 respectively. Such amounts are subject to annual review and potential increase.
- The Board may award either of these Directors performance bonuses up to a maximum amount of 50 per cent. of annual remuneration. Tim Bowdler is also entitled to membership of the Company pension scheme, private medical healthcare cover and a car under his contract. Stuart Paterson is also entitled to contributions to his personal pension plan, private medical healthcare cover, life insurance and a fuel allowance under his contract.
- 7.6 The appointments of the non-executive Directors of the Company are terminable at will. The Chairman receives annual remuneration of £75,000, the Deputy Chairman receives annual remuneration of £37,500 and each of the other non-executive directors receive annual remuneration of £25,000. All non-executives are entitled to recover travelling and out-of-pocket expenses in connection with board meetings and other Company duties.
- 7.7 Save as set out in paragraphs 7.5 and 7.6, there are no existing service contracts between any Director and any member of the Group other than contracts expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one year and no such service contracts are proposed.
- 7.8 The aggregate remuneration paid and benefits in kind granted to the Directors by members of the Group during the year ended 31 December 2001 amounted to £1,069,350. There will be no variation to the total emoluments receivable by the Directors as a consequence of the Acquisition.
- 7.9 As at 11 March 2002 (being the latest practicable date prior to the publication of this document), the Company had been notified that the following persons (in addition to those disclosed at paragraph 7.1 above) were interested in three per cent. or more of the issued share capital of the Company:-

Shareholder	Number of Ordinary Shares	Percentage of existing issued share capital	Percentage of issued share capital immediately following Admission <sup>(1)</sup>
JCM Johnston	6,229,003	3.09	3.09
The Trustees of H C M Johnston's Children's Trusts	11,200,000	5.56	5.56
MF Johnston	6,716,956	3.33	3.33
RT Johnston	6,784,373	3.37	3.37
CGNU plc & Morley Fund Management Ltd	8,067,431	4.00	4.00
FMR Corp	14,205,102	6.37	6.37
Barclays Bank PLC	6,262,493	3.11	3.11

(1) The interests listed above assume all such Shareholders take up in full the rights to which they are entitled. However, the intentions of JCM Johnston, MF Johnston, RT Johnston, and the Trustees of HCM Johnston's Children's Trusts are set out in Note 2 below.

## Part VIII — Additional Information

(2) The percentages indicated following Admission in respect of JCM Johnston, MF Johnston and RT Johnston relate to their maximum aggregate entitlement of 7,892,132 shares. However, JCM Johnston MF Johnston and RT Johnston intend to dispose of sufficient of their Nil Paid Rights so as to enable them (after payment of expenses and allowing for liabilities) to subscribe for their remaining entitlement to new Ordinary Shares. The percentages indicated following Admission in respect of the Trustees of HCM Johnston's Children's Trusts relate to their maximum aggregate entitlement of 4,480,000 shares. However, the Trustees of HCM Johnston's Children's Trusts intend to dispose of all of their aggregate entitlement.

Save as set out in this paragraph and in paragraph 7.1, the Company is not aware of any person who is interested (within the meaning of the Act), directly or indirectly, in three per cent. or more of the issued share capital of the Company.

7.10 The Company is not aware of any person who exercises, or could exercise, directly or indirectly, jointly or severally, control over the Company.

7.11 The Directors:

(a) are or have been directors or partners of the following companies and partnerships at any time in the previous five years:

Director	Company/Partnership	Position still held
RG Parry	iTouch PLC	Yes
	Jazz FM PLC	Yes
	New Media Spark PLC	No
	Shakespeare's Globe Trust Ltd	Yes
	The Future Network PLC	Yes
	Clear Channel International Ltd	Yes
	A.T.S. SA	Yes
	Adshel Inc.	Yes
	Adshel Limited	No
	Adshel New Zealand Limited	Yes
	Adshel Street Furniture Pty Limited	Yes
	Adshel USA Inc.	No
	CCP Airport Advertising Pte Ltd	Yes
	China Outdoor Media Investment (HK) Co Ltd	Yes
	China Outdoor Media Investment Inc (BVI)	Yes
	City Advertising Benelux SA	Yes
	Citysites Outdoor Advertising (Albert) PTY Ltd	No
	Citysites Outdoor Advertising (S.Aust) PTY Ltd	No
	Citysites Outdoor Advertising (W.Aust) PTY Ltd	No
	Citysites Outdoor Advertising PTY Ltd	No
	Clear Channel Holdings Limited	Yes
	Clear Channel Independent South Africa Limited	Yes
	Clear Channel International Limited	Yes
	Clear Media BV	Yes
	Flanders Communication Services NV	Yes
	Hainan WH Advertising Media Investment Co Ltd	No
	Jolly Pubblicita' S.p.A.	Yes
	Kempford Limited	No
	L'Efficiency Publicitaire SA	No
	Metrabus SA	No
	Ministry of Sound Digital Radio Limited	No
	More Communications Limited	Yes
	More Group (Taiwan) Limited	Yes
	More Group Australia Pty Limited	Yes
	More Group Belgium Societe Anonyme	Yes
	More Group Canada Inc.	No
	More Group France Societe Anonyme	Yes
	More Group Inc.	Yes
	More Group India Pvt Ltd	Yes
	More Group Ireland Limited	Yes

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Director	Company/Partnership	Position still held
RG Parry	More Group Norge A/S	No
	More Group Overseas Limited	Yes
	More Group Services Pty Limited	Yes
	More Group Sverige AB	Yes
	More Group UK Limited	Yes
	More Media Limited	No
	More O'Ferrall Adshel Limited	No
	More O'Ferrall Australia Pty Ltd	No
	More O'Ferrall Inc	No
	More O'Ferrall Limited	No
	Morebus Limited	No
	NST Outdoor SDN. BHD	Yes
	Plakanda AWI AG	Yes
	Rossel Outdoor SA	Yes
	Street Furniture (NSW) PTY Ltd	Yes
	Switch Digital plc	No
	The Canton Property Investment Company Limited	Yes
	The Kildoon Property Company Limited	Yes
	The Media Vehicle Group Plc	Yes
	Urban Design Furniture PTY Ltd	Yes
	West Eight Investments Limited	Yes
	WLON Ltd.	No
Sir Harry Roche	The Press Association Ltd	Yes
	Jazz FM plc	Yes
	Jazz FM Yorkshire Ltd	Yes
	Monogate	Yes
	The Press Standards Board of Finance Ltd	Yes
	Guardian Media Group plc	No
	Manchester Evening News Ltd	No
	Manchester Guardian Inc.,	No
	INCA FIEJ Research Association	No
	Simple Active Information Broadcasting Ltd	No
	Newspaper Publishers Association	No
TJ Bowdler	OPUS	Yes
	The Press Association Ltd	Yes
	Associated British Ports Holding PLC	Yes
	Johnston Press Trustee Company Ltd	Yes
Lord Gordon of Strathblane	The Press Standards Board of Finance	Yes
	Scottish Radio Holdings plc	Yes
	The AIM Trust plc	Yes
	Amicable Strategy Trust plc	No
	BP Scottish Advisory Board	Yes
	Kite Consultants Ltd	No
	Melody Radio (Hanson plc)	No
	Clydeport plc	No
SR Paterson	Scottish Tourist Board	No
	Aggreko PLC	No
	Johnston Press Trustee Company Ltd	Yes
	Aggreko Holdings Limited	No
	Aggreko UK Ltd.	No
	Dunwilco (680) Limited	No
	Aggreko Belgium NV	No

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Director	Company/Partnership	Position still held
SR Paterson	Aggreko Deutschland GmbH	No
	Aggreko Iberia SA	No
	Aggreko SA de CV "Mexico"	No
	Aggreko Holdings Inc.	No
	Aggreko USA Inc.	No
	Aggreko Inc. "USA"	No
PEB Cawdron	ARM Holdings plc	Yes
	The Capita Group plc	Yes
	Christian Salvesen plc	Yes
	COIF Nominees Ltd	No
	Compass Group plc	Yes
	The Girls Education Co. Ltd	Yes
	Private Investor Capital Ltd	Yes
	The Tetley Group plc	No
	Welcome Break Holdings Ltd	No
	Ragged Bears Ltd	Yes
	Grand Metropolitan plc	No
	Grand Metropolitan Finance plc	No
	Inntrepreneur Pub Co. Ltd	No
	Pembertons Group plc	No
	Express Dairies plc	Yes
	Capital Radio plc	Yes
	Lupus Capital plc	Yes
	Granada Compass plc	No
FPM Johnston	Scottish Mortgage & Trust plc	Yes
	Lloyds TSB Scotland plc	Yes
	Edinburgh International Book Festival Ltd	No
	The Press Association Ltd	No

- (b) have no unspent convictions relating to indictable offences;
- (c) have had no bankruptcies or individual voluntary arrangements;
- (d) have not been directors with an executive function of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with creditors generally or any class of creditors of such company;
- (e) have not been partners of any partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangements of such partnership;
- (f) have not been partners of any partnership at the time of or within 12 months preceding a receivership of any assets of such partnership;
- (g) have not had any of their assets subject to any receivership; and
- (h) have not received any public criticisms by statutory or regulatory authorities (including recognised professional bodies) and have not been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

### 8. Material contracts

- 8.1 The following contracts have been entered into by members of the Johnston Press Group otherwise than in the ordinary course of business (i) in the two years immediately preceding the date of this document and which are or may be material or (ii) otherwise than in the two years immediately preceding the date of this



## Part VIII — Additional Information

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document which contain any provision under which any member of the Johnston Press Group has any obligation or entitlement which is material to the Johnston Press Group as at the date of this document:

- (a) the Acquisition Agreement described in Part IV of this document;
- (b) the Credit Agreement described in Part IV of this document;
- (c) the Bridging Agreement described in Part IV of this document;
- (d) the Bilateral Agreement described in Part IV of this document;
- (e) the Underwriting Agreement dated 12 March 2002 between the Company, the Underwriters and Salomon Brothers International Limited under which the Underwriters have jointly agreed, conditionally as described below, to underwrite the Rights Issue, other than in respect of the Committed Shares. The Underwriting Agreement provides for the payment by the Company to the Underwriters (whether or not the Underwriting Agreement becomes unconditional) of a commission of 0.75 per cent. of (i) the aggregate value of the Issue Price of the new Ordinary Shares other than in respect of the Placing Shares and the Committed Shares and (ii) the aggregate value at the Placing Price of the Placing Shares; plus a commission of 0.5 per cent. of (i) the aggregate value at the Issue Price of the new Ordinary Shares other than the Placing Shares and the Committed Shares and (ii) the aggregate value at the Placing Price of the Placing Shares in respect of the first 30 days of the underwriting commitment up to but excluding the date falling 30 days after the date of the Underwriting Agreement and a further commission of 0.125 per cent. of (i) the aggregate value at the Issue Price of the new Ordinary Shares other than the Placing Shares and the Committed Shares and (ii) the aggregate value at the Placing Price of the Placing Shares, for every additional week or part thereof for the period of the underwriting commitment thereafter; and, in the event that the Underwriting Agreement becomes unconditional in all respects, a further commission of 0.75 per cent. of the aggregate value at the Issue Price of the new Ordinary Shares other than the Placing Shares and the Committed Shares. Out of such commissions, the Underwriters will pay all commissions payable to the sub-underwriters and placees.

The Underwriting Agreement is conditional, *inter alia*, upon the passing of the Resolution; the Acquisition Agreement not being terminated prior to Admission and, subject only to Admission, becoming otherwise unconditional in all respects; the Credit Agreement and the Bridging Agreement not having been terminated prior to Admission and becoming wholly unconditional subject only to Admission and any condition relating to the Underwriting Agreement becoming unconditional; and Admission becoming effective by not later than 8.00 a.m. on 12 April 2002 (or such later time and/or date as the Underwriters may agree with the Company, but not later than 19 April 2002).

Under the Underwriting Agreement, the Company has given certain warranties to the Underwriters regarding the accuracy of the information contained in this document and in respect of the Group and its business and an indemnity in relation to the Rights Issue. It also contains provisions which allow the Underwriters to terminate their obligations under the Underwriting Agreement if, *inter alia*, an event or omission occurs, or if there is a change in national or international financial, monetary, economic, political or market conditions which the Underwriters, acting in good faith, are of the opinion is or will be, or may reasonably be expected to be materially prejudicial to the Company or the underwriting of the Rights Issue or to the acquisition of the new Ordinary Shares under the Rights Issue, or any of the warranties under the Underwriting Agreement becomes materially untrue, inaccurate or misleading at any time prior to Admission; in which case some but not all of the commissions described above will remain payable; and

- (f) the Placing Agreement dated 12 March 2002 between the Company, the Underwriters and the Placing Shareholders, pursuant to which the Placing Shareholders have irrevocably undertaken not to take up their entitlement to the Placing Shares and the Underwriters have agreed to procure placees for, and failing which to subscribe for, the Placing Shares. In the Placing Agreement the Placing Shareholders also irrevocably undertake to subscribe for the Committed Shares

## Part VIII — Additional Information

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(excluding, for the purposes of the Placing Agreement, 67,423 new Ordinary Shares which certain of the Directors have stated they will take up) pursuant to the Rights Issue.

The Placing Agreement provides for the payment by the Company to the Underwriters of all expenses of or incidental to the Placing. The Placing Agreement is conditional upon the Underwriting Agreement becoming unconditional in accordance with its terms and not having been terminated before Admission.

- 8.2 Other than the Acquisition Agreement described in Part IV of this document, no contracts have been entered into by members of the RIM Group (i) otherwise than in the ordinary course of business in the two years immediately preceding the date of this document and which are or may be material and (ii) otherwise than in the two years immediately preceding the date of this document which contain any provision under which any member of the RIM Group has any obligation or entitlement which is material to the RIM Group as at the date of this document.

### 9. Litigation

- 9.1 There are no and have not been any legal or arbitration proceedings which may have, or have had during the twelve months preceding the date of this document, a significant effect on the Group's financial position and, so far as the Company is aware, no such proceedings are pending or threatened against the Company or any of its subsidiaries.
- 9.2 There are no and have not been any legal or arbitration proceedings which may have, or have had during the twelve months preceding the date of this document, a significant effect on the RIM Group's financial position and, so far as Johnston Press is aware, no such proceedings are pending or threatened against RIM or any of its subsidiaries.

### 10. Taxation

See details set out in paragraph 7 of Part III of this document.

### 11. Miscellaneous

- 11.1 Save as disclosed in Part VI of this document, there has been no significant change in the financial or trading position of the Group since 31 December 2001, the end of the last financial period for which the results set out in Part VI of this document have been published.
- 11.2 Save as described in the paragraph entitled "Current Trading and Prospects of the Enlarged Group" in Part I of this document, there has been no significant change in the financial or trading position of the RIM Group since 31 December 2001, the end of the last financial period for which the results set out in Part V of this document have been published.
- 11.3 The total costs and expenses relating to the Rights Issue payable by the Company (including underwriting commissions which amount to £5.2 million) are estimated to amount to £5.8 million (excluding VAT). The estimated net proceeds accruing to the Company from the Rights Issue amount to £220 million.
- 11.4 The Issue Price of 280 pence (which is payable in full on application) represents a premium of 270 pence to the nominal value of 10p per Ordinary Share.
- 11.5 Salomon Brothers International Limited, Salomon Brothers UK Equity Limited and the London Branch of Deutsche Bank AG are registered in England with numbers 1763297, 2019774 and BR000005 (Branch Registration Number), respectively. Each of Salomon Brothers International Limited and Salomon Brothers UK Equity Limited have their registered offices at Victoria Plaza, 111 Buckingham Palace Road, London SW1W 0SB and the London Branch of Deutsche Bank AG has its registered office at Winchester House, 1 Great Winchester Street, London EC2N 2DB.
- 11.6 Salomon Brothers International Limited, Salomon Brothers UK Equity Limited and Deutsche Bank each have given and not withdrawn their written consent to the issue of this document and to the inclusion of references to their names in the form and context in which they appear.
- 11.7 Arthur Andersen has given and has not withdrawn its written consent to the inclusion in Part VII of this document of its letter and the references there to its name in the form and context in which they appear.

## Part VIII — Additional Information

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and has authorised the contents of its letter for the purposes of Regulation 6(1)(e) of the Financial Services and Market Act 2000 (Official Listing of Securities) Regulations 2001.

- 11.8 The registrars of the Company and receiving bankers for the Rights Issue are Computershare Investor Services PLC of PO Box 457, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 0XG.
- 11.9 The Auditors are Arthur Andersen, Chartered Accountants of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2DB who have audited the accounts of the Company for the three years ended 31 December 2001.
- 11.10 *The financial information contained in this document does not constitute statutory accounts within the meaning of section 240 of the Act. Statutory accounts of the Company and its subsidiaries for the three years ended 31 December 2001 have been delivered to the Registrar of Companies and the Auditors gave reports under section 235 of the Act on such accounts which were not qualified and did not contain any such statement under section 237(2) or (3) of the Act.*
- 11.11 There will be no tender of the sub-underwriting of the new Ordinary Shares. Due to current market conditions the Board did not consider that substantially better terms would be available for sub-underwriting if it were put out to tender. For this reason, together with the benefits of working with a smaller team of underwriters and the need for total confidentiality in respect of the Acquisition, a tender was therefore not considered to be appropriate.

### 12. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company at 53 Manor Place, Edinburgh EH3 7EG and at the offices of Ashurst Morris Crisp, Broadwalk House, 5 Appold Street, London EC2A 2HA up to and including 3 May 2002:

- (a) the memorandum and articles of association of the Company;
- (b) the audited consolidated accounts of the Company for the two financial years ended 31 December 2001;
- (c) the preliminary statement of results for RIM for the year ended 31 December 2001;
- (d) the service contracts referred to in paragraph 7 above;
- (e) the material contracts referred to in paragraph 8 above;
- (f) the written consents referred to in paragraphs 11.6 and 11.7 above;
- (g) the rules of the Share Option Schemes;
- (h) the irrevocable undertakings referred to in Part I of this document; and
- (i) the report of the pro forma statement of net assets by Arthur Andersen contained in Part VII of this document.

Dated: 12 March 2002

## Definitions

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The following definitions apply throughout this document, unless the context requires otherwise:

"A Preference Shares"	13½ per cent. "A" Cumulative Preference Shares of £1 each in Johnston Press
"Acquisition"	the proposed acquisition of the entire issued and to be issued share capital of RIM pursuant to the Acquisition Agreement
"Acquisition Agreement"	the agreement dated 12 March 2002 and made between Johnston Press, RIM, the Institutional Sellers (as defined therein) and the Individual Sellers (as defined therein) providing for the Acquisition, and further details of which are set out in Part IV of this document
"Act"	the Companies Act 1985 (as amended)
"Admission"	the admission of the new Ordinary Shares, in nil paid form, to the Official List and to trading on the London Stock Exchange's market for listed securities becoming effective in accordance with the Listing Rules and the Standards of the London Stock Exchange
"Bilateral Agreement"	the agreement dated 12 March 2002 and made between Johnston Press, Johnston Publishing Limited and RBS under which RBS has made available to Johnston Press and Johnston Publishing Limited a multi-option facility for working capital purposes, further details of which are set out in Part IV of this document
"Board" or "Directors"	the directors of Johnston Press, whose names appear on page 4 of this document
"Bridging Agreement"	the agreement dated 12 March 2002 and made between Johnston Press, RBS and Deutsche Bank under which Johnston Press has arranged a bridging facility pending receipt of the proceeds of the Rights Issue, further details of which are set out in Part IV of this document
"Business Day"	any day (excluding Saturdays and Sundays) on which banks are open in London for normal banking business
"Circular"	this document dated 12 March 2002 and comprising a prospectus relating to Johnston Press prepared in accordance with the Listing Rules
"Committed Shares"	a total of 1,228,844 new Ordinary Shares which Shareholders have agreed to take up under the Rights Issue and those new Ordinary Shares which Directors have stated or have agreed they will take up
"Completion"	completion of the Acquisition pursuant to and in accordance with the terms of Acquisition Agreement
"Credit Agreement"	the agreement dated 12 March 2002 and made between Johnston Press, RBS and Deutsche Bank under which Johnston Press has agreed to borrow term, revolving credit and guarantee facilities from a syndicate of banks arranged by RBS and Deutsche Bank, further details of which are set out in Part IV of this document
"CREST"	the system for the paperless settlement of trades in listed securities of which CRESTCo Limited is the operator
"CRESTCo"	CRESTCo Limited, the operator of CREST
"CREST Courier and Sorting Service" or "CCSS"	the CREST Courier and Sorting Service established by CRESTCo to facilitate, <i>inter alia</i> , the deposit and withdrawal of securities located at 33 Cannon Street, London EC4M 5SB

## Definitions

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"CREST Manual"	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST Central Counterparty Service Manual, CREST International Manual, CREST Rules, and CREST Glossary of Terms (as updated in November 2001)
"CREST member"	a person who has been admitted by CRESTCo 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 payments"	a CREST payment as defined in the Regulations or the CREST Manual (as the case may be)
"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
"CREST Stock Account"	a Qualifying Shareholder's CREST stock account
"Deutsche Bank"	Deutsche Bank AG London
"Enlarged Group"	the Johnston Press Group as enlarged by the Acquisition
"Enlarged Share Capital"	the issued share capital of the Company following the passing of the Resolution
"Extraordinary General Meeting"	the extraordinary general meeting of Johnston Press convened for 10.00 a.m. on 11 April 2002, the notice of which is set out at the end of this document
"Form of Proxy"	the form of proxy accompanying this document for use by Shareholders in respect of the Extraordinary General Meeting
"Fully Paid Rights"	rights to acquire new Ordinary Shares, fully paid
"GAAP"	generally accepted accounting principles
"Issue Price"	the price of 280 pence at which each new Ordinary Share is being offered pursuant to the Rights Issue
"Johnston Press" or the "Company"	Johnston Press plc
"Johnston Press Group" or "Group"	Johnston Press and its subsidiary undertakings
"Listing Rules"	the rules and regulations of the UK Listing Authority (as amended from time to time) made under section 74 of the Financial Services and Markets Act 2000
"London Stock Exchange"	London Stock Exchange plc
"new Ordinary Shares"	new Ordinary Shares to be issued pursuant to the Rights Issue
"Nil Paid Rights"	new Ordinary Shares in nil paid form, provisionally allotted to Qualifying Shareholders pursuant to the Rights Issue
"Notes"	the 10½ per cent. Senior Notes due 2008 in RIM and the 12½ per cent. Senior Discount Notes in RIM
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	ordinary shares of 10 pence each in Johnston Press

## Definitions

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"Overseas Shareholders"	holders of Ordinary Shares with registered addresses outside the United Kingdom
"participant ID"	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
"Placing Agreement"	the agreement between Johnston Press, Deutsche Bank, Schroder Salomon Smith Barney and the Placing Shareholders as described in paragraph 8.1(f) of Part VIII of this document
"Placing Shareholders"	certain of the Qualifying Shareholders comprising certain of the Directors, members of the Johnston family, certain Johnston family trusts and certain substantial shareholders
"Placing Shares"	a total of 21,298,758 new Ordinary Shares comprising that part of the entitlements of the Placing Shareholders under the Rights Issue which the Placing Shareholders have agreed not to take up
"Preference Shares"	13¼ per cent. Cumulative Preference Shares of £1 each in Johnston Press
"Provisional Allotment Letter"	the renounceable provisional allotment letter to be sent to Qualifying non-CREST Shareholders (other than certain Overseas Shareholders) in connection with the Rights Issue
"Qualifying CREST Shareholders"	Qualifying Shareholders whose Ordinary Shares on the register of members of the Company at the close of business on the Record Date are in uncertificated form
"Qualifying non-CREST Shareholders"	Qualifying Shareholders whose Ordinary Shares on the register of members of the Company at the close of business on the Record Date are in certificated form
"Qualifying Shareholders"	Shareholders whose names are on the register of members of the Company on the Record Date
"RBS"	The Royal Bank of Scotland plc
"Receiving Agent"	Computershare Investor Services PLC
"Record Date"	the close of business on 5 April 2002
"Regulations"	the Uncertificated Securities Regulations 2001 (S.I./3755)
"Resolution"	the special resolution to be proposed at the Extraordinary General Meeting
"Rights Issue"	the proposed issue of new Ordinary Shares by way of rights as described in this document, and in the case of Qualifying non-CREST Shareholders, the Provisional Allotment Letter
"RIM"	Regional Independent Media Holdings Limited
"RIM Group"	Regional Independent Media Holdings Limited and its subsidiary undertakings
"Schroder Salomon Smith Barney"	Salomon Brothers International Limited, trading as Schroder Salomon Smith Barney, and in the case of references to Schroder Salomon Smith Barney as underwriter or in connection with the conditional placing of the Placing Shares, Salomon Brothers UK Equity Limited and in the case of references to Schroder Salomon Smith Barney as financial adviser, Salomon Brothers International Limited. "Salomon Smith Barney" is a service mark of Salomon Smith Barney, Inc. and "Schroder" is a trademark of Schroder Holdings plc and is used under licence by Salomon Brothers International Limited
"Securities Act"	the United States Securities Act of 1933

## Definitions

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"Share Option Schemes"	The F. Johnston Group Share Option Scheme, The Johnston Press Group 1997 Unapproved Share Option Scheme, The Johnston Press plc 1998 Executive Share Option Scheme (Part One and Part Two), The Johnston Press plc 2001 Executive Share Option Scheme (Part One and Part Two) and The Johnston Press Group 1997 Savings Related Share Option Scheme (1997)
"Shareholder"	a holder of Ordinary Shares
"Standards"	requirements contained in the publication "Admission and Disclosure Standards", issued by the London Stock Exchange containing, <i>inter alia</i> , the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's market for listed securities as amended from time to time
"Supplementary Titles"	the Stornoway Gazette & West Coast Advertiser, The Galloway Gazette & Stranraer News and the Carrick Gazette
"UK" or "United Kingdom"	United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
"uncertificated" or "in uncertificated form"	an Ordinary Share recorded on the Company's share register as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST
"Underwriters"	Deutsche Bank and Salomon Brothers UK Equity Limited
"Underwriting Agreement"	the agreement between Johnston Press, the Underwriters and Schroder Salomon Smith Barney relating to the Rights Issue as described in paragraph 8.1(e) of Part VIII of this document
"US" or "United States"	the United States of America, its territories and possessions and any state of the United States and the District of Columbia

## **Glossary**

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### **Accounting standards**

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Throughout this document all financial information is stated on the basis of UK GAAP.

### **Readership figures**

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Readership figures contained in this document have been calculated using the relevant JICREG (Joint Industry Committee for Regional Press Research) ratios for circulation to readership figures.



# JOHNSTON PRESS plc

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at the Caledonian Hilton Hotel, Princes Street, Edinburgh EH1 2AB at 10.00 a.m. on 11 April 2002 for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

### SPECIAL RESOLUTION

THAT:

- (a) the acquisition by the Company of the entire issued and to be issued share capital of Regional Independent Media Holdings Limited on the terms and subject to the conditions of the agreement dated 12 March 2002 between (1) the Company, (2) Regional Independent Media Holdings Limited, (3) Candover Investments PLC and others, and (4) Christopher Oakley and others (a copy of which has been produced to the meeting and for the purposes of identification initialled by the Chairman), subject to any variation, modification or amendment thereto approved by the Directors (or any duly authorised committee of them), be and is hereby approved, and the directors (or any duly authorised committee of them) be and are hereby authorised and empowered to vary, modify or amend any of the terms and conditions of the said acquisition and/or the said agreement other than to any material extent and to do all such things, effect all such acts and attend all such matters as the Directors (or any duly authorised committee of them) shall consider necessary, expedient or desirable in connection with the same or in order to carry the same into effect; and
- (b) subject to and conditional upon the underwriting agreement dated 12 March 2002 between (1) the Company (2) Deutsche Bank AG London (3) Salomon Brothers International Limited and (4) Salomon Brothers UK Equity Limited becoming unconditional (save insofar as conditional on this resolution) and not having been terminated in accordance with its terms:
  - (i) the authorised share capital of the Company be and is hereby increased from £26,829,000 to £39,000,000 by the creation of 121,710,000 new ordinary shares of 10 pence each, each ranking *pari passu* in all respects with the existing ordinary shares of 10 pence each in the share capital of the Company;
  - (ii) the Directors be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £8,300,000 in connection with the Rights Issue (as defined in the circular to shareholders dated 12 March 2002) and otherwise up to £9,500,000. This authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2003, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired, and such authority shall be in substitution for and shall replace any existing authority pursuant to the said section 80 to the extent not utilised at the date this resolution is passed; and
  - (iii) the Directors be empowered to allot equity securities (as defined in section 94(2) of the Act) of the Company pursuant to the authority conferred by part (b)(ii) of this resolution for cash as if section 89(1) of the said Act did not apply to any such allotment provided that this power shall be limited to:
    - A. the allotment of 83,000,000 ordinary shares of 10p each;
    - B. the allotment of such equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised body in, any territory; and

- C. the allotment (otherwise than pursuant to sub-paragraphs (A) and (B)) of equity securities up to an aggregate nominal value of £1,400,000,

provided that this power shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2003, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

*Registered Office:*  
53 Manor Place  
Edinburgh  
EH3 7EG

**By Order of the Board**  
PR Cooper  
Company Secretary  
12 March 2002

**NOTES:**

1. You may appoint one or more proxies of your own choice if you are unable to attend the Meeting but would like to vote. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, (together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or a copy certified in accordance with the Powers of Attorney Act 1971 or in some other manner approved by the directors) must reach the Company's Registrars, Computershare Investor Services PLC, P.O. Box 1075, The Pavilions, Bristol BS99 3FA at least 48 hours before the time appointed for the Meeting. Appointments by corporations must be under the common seal or under the hand of an officer duly authorised in writing. Completion of a proxy will not prevent members from attending and voting in person at the Meeting or any adjournment thereof if subsequently they find that they are able or wish to do so.
3. If two or more persons are entitled to a share confirming the right to vote, any one of them may vote at the Meeting either in person or by proxy, but if more than one joint holder is present at the Meeting either in person or by proxy, the one whose name stands first in the register of members in respect of the joint holding shall alone be entitled to vote in respect thereof. In any event, the names of all joint holders should be stated on the proxy but the proxy need only be signed by any one joint holder.
4. If a form of proxy is returned without any indication as to how the person(s) appointed shall vote on the resolution, such person(s) will exercise his/her/their discretion as to how to vote or whether to abstain from voting.
5. As permitted by Regulation 41 of the Uncertified Securities Regulations 2001, only those persons whose names are entered on the register of the Company at the close of business on 5 April 2002 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the Meeting.

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