

15 June 2015



**TEN NETWORK HOLDINGS LIMITED
STRATEGIC ARRANGEMENTS WITH FOXTEL
AND PROPOSED CAPITAL RAISINGS**

SUMMARY

MCN sales representation	<ul style="list-style-type: none">• MCN appointed as sales representative of TEN's television and digital inventory• TEN to become a 24.99% shareholder in MCN
Presto option	<ul style="list-style-type: none">• TEN granted an option to become a shareholder in Presto
Proposed issue of shares to Foxtel	<ul style="list-style-type: none">• \$77m in new shares to Foxtel at \$0.15 per share• Foxtel interest will not exceed 15%
Proposed entitlement offer	<ul style="list-style-type: none">• \$77m pro-rata renounceable entitlement offer to Ten shareholders at \$0.15 per share• Launched post satisfaction of regulatory and documentary conditions precedent to Foxtel placement
Board	<ul style="list-style-type: none">• A Foxtel representative to join the Board of TEN• Board to be reduced in size to six directors
Conditions	<ul style="list-style-type: none">• Transactions subject to regulatory approvals and other conditions precedent• MCN sales representation arrangement commences immediately

TRANSACTION HIGHLIGHTS

MCN sales arrangement	✓ MCN to gain scale, create efficiencies, improve data capabilities and provide integration opportunities
Presto	✓ Option for TEN to become a shareholder in Foxtel and Seven's SVOD service, Presto ⁽¹⁾
Foxtel	✓ Experienced and supportive new major shareholder ⁽¹⁾
Entitlement offer	✓ TEN's existing shareholders to have opportunity to participate in proposed renounceable entitlement offer at same price as Foxtel ⁽¹⁾
Balance sheet	✓ Up to \$154m of new capital reduces debt and creates financial flexibility
Major shareholder support	✓ Entities associated with Hancock, CPH and Illyria intend to subscribe for their pro-rata entitlements in proposed capital raising (represents c.28% of total shares to be issued) ⁽²⁾
Value creation	✓ Board believes that dilution from placement of new shares to Foxtel more than offset by expected benefits from strategic arrangements

(1) Subject to conditions, including no regulatory opposition.

(2) These commitments are subject to, among other things, the conditions precedent to the placement being satisfied (other than completion of the entitlement offer)

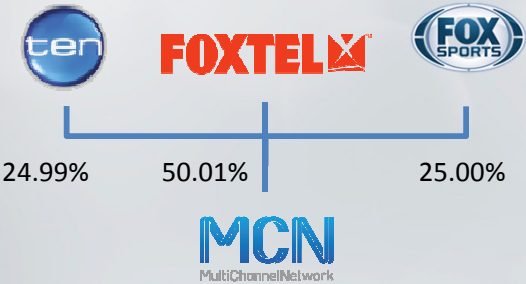
MCN SALES REPRESENTATION ARRANGEMENT

Appointment	<ul style="list-style-type: none">• MCN has been appointed sales representative of TEN’s television and digital advertising sales• Advertising sales representation arrangement commences immediately⁽¹⁾
Functions	<ul style="list-style-type: none">• TEN will retain responsibility and control over all strategic functions including pricing and selling strategies and setting rate cards• MCN will be responsible for all selling activities, including employing sales and support staff
Fees	<ul style="list-style-type: none">• TEN will pay a fee linked to TEN’s improvement in sales performance over time• On current sales revenue performance, broadly cost neutral to TEN• Modest one-off integration costs to be incurred in the 2016 financial year
Equity ownership	<ul style="list-style-type: none">• TEN will also acquire 24.99% of the voting equity of MCN• Subject to no regulatory opposition and certain other conditions precedent

(1) MCN will begin selling TEN television and digital advertising inventory from 1 September 2015.

TEN AND MCN OFFERING TO ADVERTISERS

Proposed ownership structure



Select MCN inventory post-transaction

Ten	
Foxtel	
Fox Sports	
Telstra	

Enhanced sales platform

- ✓ Scale
- ✓ Efficiencies
- ✓ Broader sales offering

Multi-platform

- ✓ TEN's national FTA TV network across 3 channels
- ✓ Foxtel's 68 subscription channels
- ✓ Digital audiences across tenplay, Telstra, Foxtel, FoxSports and partner sites

Technology

- ✓ Technological leadership in advertising sales
- ✓ Proprietary Landmark programmatic trading platform

PROPOSED ISSUE OF SHARES TO FOXTEL

Structure and size	<ul style="list-style-type: none">• 513.3 million ordinary shares at \$0.15 per share• Gross proceeds of up to \$77m• Foxtel interest will not exceed 15%
Execution	<ol style="list-style-type: none">i. <u>Placement</u>: 456.6 million shares to raise up to \$68.5m⁽²⁾ii. <u>Sub-underwriting</u>: 56.8 million shares to raise up to \$8.5m⁽³⁾iii. <u>Conditional placement</u>: If post the placement and entitlement offer Foxtel has subscribed for less than 513.3 million shares, TEN will seek shareholder approval at the AGM for issuance of the balance of the shares at \$0.15
Board	<ul style="list-style-type: none">• A representative of Foxtel will join the TEN Board after the placement completes
Key conditions ⁽¹⁾	<ul style="list-style-type: none">• ACCC, ACMA and FIRB do not oppose the transaction• Contemporaneous completion of the proposed entitlement offer for at least \$68.5m

(1) See Attachment 1 of ASX release for detailed description of transaction conditions.

(2) TEN has been granted an in-principle waiver by ASX which permits TEN to calculate the maximum number of ordinary shares that may be placed to Foxtel by reference to the number of ordinary shares on issue immediately after completion of the underwritten components of the entitlement offer.

(3) Under renounceable entitlement offer structure, if bookbuilds clear above \$0.15, Foxtel will not have access to TEN shares by way of sub-underwriting.

PROPOSED ENTITLEMENT OFFER

Structure and size	<ul style="list-style-type: none">• Pro-rata renounceable entitlement offer of up to 513.3 million ordinary shares at \$0.15 per share⁽¹⁾• Gross proceeds of up to \$77 million
Major shareholder support	<ul style="list-style-type: none">• Entities associated with Hancock, CPH and Illyria intend to participate in pro-rata entitlement offer for their pro-rata share• These commitments are subject to, among other things, the conditions precedent to the placement being satisfied (other than completion of the entitlement offer)• Represents c.28%⁽²⁾ of total shares to be issued under the proposed entitlement offer
Timing	<ul style="list-style-type: none">• To be launched after the regulatory and documentary conditions precedent of the transactions are satisfied
Underwriting	<ul style="list-style-type: none">• Expected to be fully or partly underwritten
Details	<ul style="list-style-type: none">• Further details will be provided during the transaction process

(1) If market demand requires a lower price to \$0.15 per share, TEN and Foxtel will adjust the pricing of the Foxtel placement to reflect the final price of the entitlement offer.

(2) Based on 2,587.0 million pro forma shares on issue post cancellation of 126.0 million EIP shares. Hanrine 9.91%; CPH 8.94% and Illyria 8.94%.

USE OF PROCEEDS OF CAPITAL RAISING

Raising size

- Gross proceeds of up to \$154m⁽¹⁾
- Subject to the final number of shares issued under each component of the capital raisings

Use of proceeds

- Initially used to repay the amount drawn under the existing \$200 million CBA facility
- Excess funds retained as cash

CBA facility

- The \$200 million CBA facility will continue to be available to fund TEN's ongoing operations
- Shareholder guarantees associated with the CBA facility will also continue to remain on foot

(1) Based on 513.3m new shares issued to Foxtel and 513.3m new shares proposed to be issued under the entitlement offer.

RATINGS AND AUDIENCE PERFORMANCE

- Best start to a ratings year since 2012
 - Only commercial FTA TV network to grow this year⁽¹⁾
 - Prime time primary channel audience has increased 18%, more than any other network⁽²⁾
- YTD audience shares of 27.9% in 25-54s and 23.9% in total people⁽³⁾
- MasterChef continues to dominate:
 - 1.31 million audience on launch (up 39% on last year)⁽⁴⁾
 - Average capital city series-to-date audience of 1.12 million⁽⁵⁾
- Success of other key formats including I'm a Celebrity... Get Me Out Of Here, Shark Tank, KFC T20 Big Bash League, Formula One, Gogglebox Australia, Family Feud, The Project and The Living Room
- Continued growth in digital with tenplay's unique visitors up 23% and video views up 52%⁽⁶⁾

(1) OzTAM, 5 City Metro, 18:00-22:30, Network Totals, Weeks 7-23 2015 vs. 2014 excluding Easter, Consolidated excluding Week 23 which is Overnight.

(2) OzTAM, 5 City Metro, 18:00-22:30, Primary Channels, Weeks 7-23 2015 vs. 2014 excluding Easter, Consolidated excluding Week 23 which is Overnight.

(3) OzTAM, 5 City Metro, 18:00-22:30, Network Totals, Weeks 7-23 2015 vs. 2014 excluding Easter, Consolidated excluding Week 23 which is Overnight.

(4) OzTAM, 5 City Metro, May 5 2015 vs. May 5 2014, Consolidated.

(5) OzTAM, 5 City Metro, Weeks 19 to Tuesday of Week 24 2015, Consolidated excluding June 3 to 9 2015 which is Overnight.

(6) H1 FY15 vs H1 FY14. Source: Adobe Analytics.

INDICATIVE TIMETABLE

Event	Indicative timing
Announcement	15 June 2015
Anticipated regulatory approval process	June - September 2015
Launch of proposed entitlement offer (post receipt of regulatory approvals)	September 2015
Completion of entitlement offer	October 2015
Issuance of new shares to Foxtel	October 2015

Note: The above timetable is indicative only and subject to change. All references to AEST time. TEN reserves the right to vary these dates or to withdraw the Entitlement Offer at any time.

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