

TEN NETWORK HOLDINGS



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ASX RELEASE

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TEN announces approximately \$200 million underwritten pro rata accelerated renounceable entitlement offer

Ten Network Holdings Limited ("TEN" or "the Company") today announced an underwritten 3-for-8 accelerated renounceable entitlement offer of new TEN shares ("New Shares") at an offer price of \$0.51 per New Share ("Offer Price") to raise approximately \$200 million ("Entitlement Offer").

The offer price represents a 20.3% discount to TEN's closing price on 5 June 2012 of \$0.64 and a 15.6% discount to the theoretical ex-rights price of \$0.60.¹

TEN's ordinary shares were today placed in a trading halt and will remain in a trading halt until ASX market open on Tuesday 12 June 2012.

Rationale for the Entitlement Offer

The equity raising will allow TEN to continue to invest in programming for growth while also strengthening the balance sheet in uncertain revenue markets and providing refinancing flexibility ahead of the upcoming maturity of TEN's USD125 million (swapped into AUD210 million) USPP Facility due in March 2013.

TEN's Chairman, Lachlan Murdoch, said: "This capital raising is an important step in the turnaround of TEN. Given the uncertain revenue environment and our strategy of investing in programming renewal, the Board felt it was important to strengthen our balance sheet at this time. While the EYE sale process is continuing, with a bidder in advanced stages of due diligence, there can be no guarantee that a sale will conclude at an

¹ Theoretical ex-rights price ("TERP") is the theoretical price at which shares in TEN should trade immediately after the ex-date of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares in TEN trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to TEN's closing price of \$0.64 per share on Tuesday 5 June 2012 being the last trading day prior to the announcement of the Entitlement Offer.

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acceptable price to TEN. If EYE is sold, TEN will apply the proceeds in accordance with its prudent financial criteria.”

TEN Managing Director and Chief Executive Officer, James Warburton, added: “Our turnaround strategy is well under way. We have reset our cost base, refocused our News strategy, relaunched ONE and rebuilt the executive team. Our focus is now on renewing our content offering to build audience share and revenue. In a strong endorsement of our turnaround strategy, four of our major shareholders accounting for approximately 43% of the shareholder register have committed to take up their entitlements in the Entitlement Offer. Those shareholders are interests associated with Bruce Gordon, Lachlan Murdoch, James Packer and Gina Rinehart.”

Details of the Entitlement Offer

The underwritten Entitlement Offer comprises an institutional component (“Institutional Entitlement Offer”) and a retail component (“Retail Entitlement Offer”). New shares issued through the Entitlement Offer will rank equally with existing TEN shares in all respects.

Eligible shareholders will be able to subscribe for 3 New Shares for every existing 8 TEN shares held on the Record Date of 7.00pm Australian Eastern Standard Time (“AEST”) on Tuesday 12 June 2012 (“Entitlement”).

Key dates of the Entitlement Offer are provided in the Appendix to this announcement.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from Wednesday 6 June 2012 to Thursday 7 June 2012.

Eligible institutional shareholders can choose to take up all, part or none of their Entitlements.

Institutional entitlements which are not taken up by eligible institutional shareholders by the close of the Institutional Entitlement Offer, and Entitlements that would have otherwise been offered to ineligible institutional shareholders, will be sold through the institutional shortfall bookbuild on Friday 8 June 2012. Any proceeds from the sale of institutional entitlements will be remitted proportionally to those institutional shareholders (net of any withholding tax). There is no guarantee that there will be any proceeds remitted to those institutional shareholders.

Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open at 10.00am AEST on Friday 15 June 2012 and close at 5.00pm AEST on Friday 29 June 2012.

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Retail entitlements which are not taken up by eligible retail shareholders by the close of the Retail Entitlement Offer, and the Entitlements that would have otherwise been offered to ineligible retail shareholders, will be sold through the retail shortfall bookbuild on Wednesday 4 July 2012. Any proceeds from the sale of retail entitlements will be remitted proportionally to those holders (net of any withholding tax). There is no guarantee that there will be any proceeds remitted to those retail shareholders.

Further details about the Retail Entitlement Offer will be set out in the Retail Offer Booklet, which TEN expects to lodge with the ASX on Friday 15 June 2012. Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the retail offer booklet and an accompanying personalised entitlement and acceptance form. Copies of the retail offer booklet will be available on the ASX website and our website at (www.tencorporate.com.au) from Friday 15 June 2012.

Network TEN update

Television advertising outlook for the remainder of FY12 continues to be 'short' with limited visibility. Timing of when conditions will improve remains uncertain. With the Olympics in July and August, TEN does not expect that its current revenue share in television will improve in the near term.

Television revenue for the third quarter (March to May 2012) was down by 12% compared to the prior corresponding period and television revenue for the 9 months to May 2012 was down 12% compared to the prior corresponding period.

TEN expects television costs (ex-selling costs) for FY12 will be at least 5% (or approximately \$30m) lower than the previous year.²

FY13 will be a transition year towards a more sustainable business for Network Ten. Full year television costs (ex-selling costs) are expected to increase by mid-to-high single digits primarily as a result of increased investment in programming, with the majority of the cost increase expected to occur in the first half of FY13.²

EYE Corp update

The out of home advertising market remains 'short' and relatively soft. Nevertheless, the Qantas rollout remains on track with advertiser response extremely positive. In addition, the EYE Amplify digital rollout is progressing.

As previously announced to the ASX, on 18 May 2012, TEN entered into an exclusivity agreement with a bidder, which is currently undertaking detailed due diligence. That bidder is in advanced stages of due diligence on EYE.

A sale of EYE will only occur at a price that is acceptable to TEN and there is no certainty that any transaction will be completed.

² Selling costs refer to the variable cost associated with advertising revenues.

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If TEN elects to sell EYE, the proceeds will be invested in accordance with TEN's prudent financial criteria. TEN's commitment to its investment in programming does not depend on the sale of EYE.

TEN will provide a further update to the market at an appropriate time.

Funding update

After the capital raising TEN will have \$710 million of debt facilities in place, with drawn debt of approximately \$360 million and net debt of \$288 million.³

TEN has a number of options available for refinancing its USD125 million (swapped into AUD210 million) USPP Facility due in March 2013.

Shareholder enquiries

Eligible retail shareholders will be sent further details about the Entitlement Offer via a shareholder letter to be despatched on or around Thursday, 7 June 2012 and a retail offer booklet to be lodged with ASX and despatched on or around Friday, 15 June 2012.

Retail shareholders who have questions relating to the Entitlement Offer should call the TEN shareholder information line on 1800 868 464 (within Australia) or +61 2 8280 7798 (outside Australia) from 8.30am to 5.30pm AEST Monday to Friday.

Further information in relation to the matters described in this announcement is set out in an investor presentation released today to the ASX by TEN. The investor presentation contains important information including important notices, key risks and key assumptions in relation to certain forward looking information in this document.

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³ As at 4 June 2012, pro forma for the net proceeds of the capital raising.

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Important notice:

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

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This release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the New Shares nor the Entitlements have been, or will be, registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not, directly or indirectly, be taken up by, and the New Shares may not be offered or sold to, any person in the United States, unless they have been registered under the U.S. Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.

Investors should be aware that certain financial data included in this release are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934. These measures include "net debt". The disclosure of such non-GAAP financial measures in the manner included in the release may not be permissible in a registration statement under the U.S. Securities Act. Such non-GAAP financial measures do not have a standardized meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although TEN believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this release.

This release contains certain "forward looking statements". Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "should", "could", "may", "will", "believe", "forecast", "outlook" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Entitlement Offer and the use of proceeds. The forward looking statements contained in this release are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of TEN, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. TEN cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements. The forward looking statements are based on information available to TEN as at the date of this release. Except as required by law or regulation (including the ASX Listing Rules), TEN undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

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Appendix – Key dates for the Entitlement Offer

Trading halt, Institutional Entitlement Offer opens	10.00am, Wednesday 6 June 2012
Institutional Entitlement Offer closes	2.00pm, Thursday 7 June 2012
Institutional shortfall bookbuild	Friday 8 June 2012
TEN shares recommence trading on ASX	Tuesday 12 June 2012
Record date for eligibility in the Entitlement Offer	7.00pm, Tuesday 12 June 2012
Retail Entitlement Offer opens	10.00am, Friday 15 June 2012
Retail Offer Booklet dispatched to Eligible Retail Shareholders	Friday 15 June 2012
Settlement of Institutional Entitlement Offer	Tuesday 19 June 2012
Institutional Allotment & Quotation Date	Wednesday 20 June 2012
Retail Entitlement Offer closes	5.00pm, Friday 29 June 2012
Retail shortfall bookbuild	Wednesday 4 July 2012
Settlement of Retail Entitlement offer	Wednesday 11 July 2012
Retail Allotment Date	Thursday 12 July 2012
Trading of New Shares issued under the Retail Entitlement Offer	Friday 13 July 2012

The above timetable is indicative only and subject to change. All times represent AEST time. TEN reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, TEN reserves the right to extend the closing date, to accept late applications either generally or in particular cases, and to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.