

ASX/Media Release

7 June 2016

PRELIMINARY, INDICATIVE AND NON-BINDING PROPOSAL RECEIVED

Vocus Group Limited (**Vocus or Company**) (ASX:VOC) has received a preliminary, indicative and non-binding proposal from Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, **KKR**) to acquire 100% of the shares in Vocus (on a fully diluted basis) at a price of \$3.50 cash per share, via a scheme of arrangement (**Indicative Proposal**).

The Indicative Proposal is subject to a number of conditions, including due diligence to KKR's satisfaction; availability of financing; unanimous recommendation from the Vocus Board; and entry into a definitive scheme implementation agreement between the parties. Any scheme implementation agreement would also be subject to a number of further conditions, including shareholder and court approvals and all required regulatory approvals and clearances (including FIRB approval)¹.

The Indicative Proposal is also based on a number of assumptions including:

- No dividends paid or capital returns undertaken before implementation of the scheme
- Any options or performance rights would be acquired or cancelled
- Vocus will not have less than a normalised level of working capital at completion
- Net debt for 30 June 2017 will not be greater than \$1.1 billion
- EBITDA for the twelve months ending 30 June 2017 is in-line with guidance of \$365 million to \$375 million and is not driven by any material one-time or abnormal items

¹ KKR has also required that the Scheme Implementation Agreement would include customary deal protections (including break fee, no-talk, no shop, matching rights and notification rights (with appropriate fiduciary outs), no material adverse change in the performance and receipt of an independent expert's report confirming that the transaction is in the best interests of Vocus' shareholders.

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- Vocus' existing asset base is maintained and there are no material divestments

The Vocus Board of Directors has formed an Independent Board Committee (**IBC**) to review and assess the Indicative Proposal. The IBC is chaired by David Spence, the independent Chairman of Vocus, and also includes Jon Brett, Craig Farrow, Robert Mansfield, and Rhoda Phillippo who comprise the other non-executive directors from the Vocus Board.

The Vocus Board notes that there is no certainty the Indicative Proposal will result in an offer for Vocus, what the terms of any offer would be, or whether there will be a recommendation by the Vocus Board.

Vocus shareholders do not need to take any action in response to the Indicative Proposal and the Vocus Board will update shareholders when the IBC has completed its assessment.

The Vocus Board remains fully committed to acting in the best interests of, and maximising value for, Vocus shareholders.

Vocus has appointed Credit Suisse and Goldman Sachs as its financial advisors and Allens as its legal advisor.

– ENDS –

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About Vocus (ASX: VOC): Vocus Group is an ASX listed, vertically integrated telecommunications provider, operating in the Australian and New Zealand markets. The Company owns an extensive national infrastructure network of metro and back haul fibre. It connects all capital cities and most regional cities across Australia and New Zealand and directly connects more than 5,500 buildings. Vocus owns a portfolio of brands catering to corporate, small business, government and residential customers across Australia and New Zealand. Vocus also operates in the wholesale market providing high performance, high availability and highly scalable communications solutions which allow service providers to quickly and easily deploy new services for their own customer base.