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29 April 2015

EARLY RESOLUTION OF THE CONVERTIBLE PREFERENCE SHARES AND PRO-RATA OFFER

- Early resolution of the CPS approximately one year prior to its Redemption Date by conversion into ordinary shares
- Opportunity for all eligible Seven West Media shareholders to subscribe for New Shares
- Pro-rata Offer to provide gross cash proceeds of at least \$150 million to reduce Seven West Media pro forma net debt / EBITDA¹ to between 0.9x to 2.0x
- Seven West Media full year FY15 earnings guidance reaffirmed
- Seven West Media has sustained leadership in television and its other media assets are continuing to outperform their peers. This has been achieved while undertaking transformation across the business including establishing strong positions in original content production, AVOD, SVOD, live streaming and a range of other digital initiatives

29 April 2015 – Seven West Media Limited ("Seven West Media") today announced it has entered into an agreement with Seven Group Holdings Limited ("SGH") that will provide greater financial flexibility, a simplified capital structure and allow it to reduce debt.

The agreement, which is subject to shareholder approval, enables the early conversion of all the Convertible Preference Shares ("CPS") held by SGH into Seven West Media ordinary shares at an issue price of \$1.28 per share (the "CPS Conversion"). The conversion of the CPS is approximately 12 months prior to its Redemption Date and removes the uncertainty with respect to resolution of the CPS.

Seven West Media also announced a 2.27 for 3 conditional, accelerated, non-renounceable entitlement offer to all eligible shareholders of new Seven West Media ordinary shares ("New Shares") at \$1.25 per share ("Offer Price") ("Pro-rata Offer"). Seven West Media has entered into an underwriting agreement in respect of \$150 million of the Pro-rata Offer.

Proceeds raised through the Pro-rata Offer will be used to pay down debt, providing Seven West Media with a strengthened balance sheet and additional financial flexibility. Following completion of today's initiatives, Seven West Media will have a simplified capital structure with reduced gearing.

¹ Based on pro forma position as at 27 December 2014 and LTM EBITDA of \$433 million to December 2014

As SGH is a major shareholder in Seven West Media and the holder of the CPS, an Independent Board Committee ("IBC") has been formed to assess the Proposed Transaction, comprising Mr. David Evans (Chairman of the IBC), Mr. John Alexander and Dr. Michelle Deaker.

The IBC considered a range of alternatives available to Seven West Media having regard to the interests of all shareholders, Seven West Media's financial position, its rights under the CPS and optimising the cost of capital. Based on this assessment, the IBC has concluded that the CPS Conversion and Pro-rata Offer (together the "Proposed Transaction") is an attractive option available to Seven West Media and provides shareholders with an equal opportunity to subscribe for New Shares on more favourable terms than SGH, as well as delivering an enhanced balance sheet with reduced gearing.

David Evans, Chairman of the IBC commented: "Today's initiatives will resolve a complicated instrument Seven West Media has had in place with SGH since 2011 while providing an opportunity for all eligible shareholders to subscribe for New Shares on more favourable terms to SGH. Seven West Media will have a simplified capital structure and reduced debt following the Proposed Transaction providing a robust financial platform for our portfolio of leading media assets."

Commenting on the Proposed Transaction, Chief Executive Officer of Seven West Media, Tim Worner said: "The early resolution of the CPS is a major positive for Seven West Media and removes the uncertainty which has been very prominent in feedback from investors. SGH, our largest shareholder, has put their support behind Seven West Media and we are pleased to offer an opportunity to our other shareholders to invest further in the Company. The proceeds from the capital raising will strengthen our balance sheet and add financial flexibility to pursue further growth opportunities available to us."

The completion of the Pro-rata Offer and CPS Conversion is subject to a shareholder vote of non-SGH shareholders at a General Meeting expected to be held in June 2015.

CPS Conversion

Seven West Media has 2,500 CPS which were issued to SGH as part of the consideration for the acquisition of Seven Media Group Pty Limited in 2011. Seven Media Group Pty Limited owned the assets which now comprise Seven West Media's leading television, magazine and digital businesses.

Under its terms, if the CPS were to remain on issue beyond the Redemption Date (April 2016) (i) the Adjusted Issue Price of the CPS will accrue at an increased rate of 9.1% per annum compared to its current rate of 7.1%, and (ii) Seven West Media will face certain restrictions on its ability to pay ordinary dividends to Seven West Media shareholders. Seven West Media has no discretionary right to redeem the CPS prior to its Redemption Date in April 2016 without the agreement of SGH.

Seven West Media has reached an agreement with SGH to permit the early resolution of the CPS whereby all the CPS held by SGH will be converted into Seven West Media ordinary shares approximately 12 months prior to the Redemption Date.

The key terms of the CPS Conversion include:

- Early conversion of all the CPS held by SGH based on a Conversion Value of \$340 million at completion of the Proposed Transaction, expected to be 4 June 2015
- Conversion into 266 million Seven West Media ordinary shares based on an issue price of \$1.28 per share, being a 5% discount to the average of the daily VWAP of Seven West Media shares over the period from 22 to 28 April 2015, the 5 trading days immediately prior to this announcement. The issue price has been determined consistent with the CPS Terms of Issue as if Seven West Media pursued a conversion on the Redemption Date.

In connection with the CPS Conversion, SGH has agreed not to take-up its rights under the Pro-rata Offer. The issue of ordinary shares to SGH via conversion of the CPS is equivalent to the shares SGH would otherwise be entitled to subscribe for under the Pro-rata Offer but have been issued at a higher price than under the Pro-rata Offer. SGH will retain at least its current shareholding percentage following the completion of the Pro-rata Offer. As a result of the Pro-rata Offer, each existing eligible Seven West Media shareholder who takes-up their entitlement will also retain at least their current shareholding percentage.

SGH currently has a shareholding of approximately 35% in Seven West Media and following completion of the Proposed Transaction, could increase its shareholding to a maximum of 45% (depending on the take-up under the Pro-rata Offer). If all shareholders take-up their full entitlement under the Pro-rata Offer, SGH will retain its current 35% shareholding.

The CPS Conversion is subject to the approval of non-SGH shareholders who will be asked to vote on the Resolutions at a General Meeting to be held on 2 June 2015.

Pro-rata Offer

Seven West Media is undertaking the Pro-rata Offer in order to provide non-SGH shareholders with an opportunity to subscribe for New Shares on the same entitlement ratio but at a lower price to the shares being issued to SGH under the CPS Conversion. SGH has agreed not to exercise its rights in the Pro-rata Offer.

The Pro-rata Offer will comprise a 2.27 for 3 conditional, accelerated, non-renounceable entitlement offer to all eligible shareholders at \$1.25 per New Share.

Seven West Media has entered into an underwriting agreement in respect of the Pro-rata Offer for \$150 million. The total gross proceeds raised by Seven West Media will be a minimum of this underwritten amount and up to maximum of \$612 million depending on the take-up by shareholders under the Pro-rata Offer.

All of the net proceeds from the Pro-rata Offer will be used to reduce debt. Post completion of the Proposed Transaction, Seven West Media pro forma net debt / EBITDA² will be between 0.9x to 2.0x, depending on the take-up by eligible shareholders under the Pro-rata Offer.

The minimum gross proceeds of \$150 million put Seven West Media into a stronger financial position and provide it with financial flexibility to pursue growth initiatives as they arise.

Pro-rata Offer is conditional

Shareholders should note that the following condition must be satisfied before the Pro-rata Offer can proceed:

Non-SGH shareholders must approve two resolutions at the General Meeting expected to be held in June 2015:

- the first, to approve the increase in SGH's voting power in Seven West Media (under section 611 item 7 of the Corporations Act); and
- the second, to approve the potential financial benefit conferred on SGH, which is a related party of Seven West Media, as a result of the CPS Conversion,

(the "Condition").

If both these resolutions are not passed at the General Meeting, then the Pro-rata Offer will not proceed.

Independent Expert

Deloitte Corporate Finance has been appointed as an Independent Expert and has deemed the transaction not fair but reasonable and in the best interests of shareholders. The Independent Expert's Report is contained in the Notice of Meeting which has been lodged separately on ASX today.

Outlook

Seven West Media has reaffirmed the management guidance in respect of earnings it provided at the release of its interim results in February 2015.

Management reaffirms that its 2015 financial year underlying net profit after tax (excluding significant items and before the impact of the Proposed Transaction) is expected to be between \$205 million and \$215 million, based on current market conditions.

Chief Executive Officer of Seven West Media, Tim Worner said: "We are the home of many of Australia's best performing media business and biggest content brands. We continue to lead in our markets, especially in television with this year considerably stronger than last. At the same time we're building momentum in the transformation of our business. Changing consumer demands in media will

² Based on pro forma position as at 27 December 2014 and LTM EBITDA of \$433 million to December 2014

continue to create new opportunities for us and this Proposed Transaction better positions us to take advantage of them."

Dividends

Taking into account the impact of the Proposed Transaction, which results in an increased number of ordinary shares from the CPS Conversion and the issue of New Shares to shareholders under the Pro-rata Offer, Seven West Media now intends the final dividend for FY15, payable in October 2015, to be the greater of 4 cps or the equivalent total cash dividend of \$60 million divided by the total number of shares post the Proposed Transaction. This is in line with the level of cash dividend guided in February 2015.

Seven West Media has historically paid dividends in the order of 50% of underlying NPAT on an annual basis. Future dividends are subject to the Board's determination having regard to Seven West Media's financial position, performance and capital requirements at the time.

Details of the Pro-rata Offer

The Pro-rata Offer will comprise a 2.27 for 3 conditional, accelerated non-renounceable entitlement offer at an Offer Price of \$1.25 per share.

The Pro-rata Offer will consist of:

- an accelerated institutional component to be conducted today ("Institutional Entitlement Offer"); and
- a retail component which will open on 8 May 2015 and close on 28 May 2015 ("Retail Entitlement Offer").

The Pro-rata Offer gives eligible shareholders the opportunity to subscribe for 2.27 New Shares for every 3 existing shares held at 7.00pm (AEDT) on 4 May 2015 ("Record Date").

The Offer Price of \$1.25 per share represents:

- a discount to the price of shares being issued to SGH as part of the CPS Conversion;
- a discount of 8.1% to \$1.36, being the closing price of Seven West Media on the last day of ASX trading before announcement of the Pro-rata Offer; and
- a discount of 5.6%–7.3% to the theoretical ex-rights price ("TERP") of \$1.32–\$1.35 depending on the take-up under the Pro-rata Offer.³

³ Based on \$150 million underwritten amount to all Shares under the Pro-rata Offer (excluding in respect of SGH's entitlement) being subscribed for

The Condition must be satisfied before the Pro-rata Offer can proceed. If the non-SGH shareholders do not pass both resolutions at the General Meeting, then the Condition cannot be met and the Pro-rata Offer will not proceed.

New shares will rank equally with shares issued to SGH under the CPS Conversion and existing Seven West Media ordinary shares on issue at the time of this announcement.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer to be conducted today. Under the Institutional Entitlement Offer, eligible institutional shareholders can choose to take up all, part or none of their Entitlement. As part of the underwriting agreement, entitlements not taken up under the Institutional Entitlement Offer may be offered to eligible institutional investors at the Offer Price.

Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia or New Zealand on the Record Date of 7.00pm (AEDT), 4 May 2015 ("Eligible Retail Shareholders"), have the opportunity to invest in New Shares at the Offer Price, on the terms and conditions outlined in the Retail Entitlement Offer Booklet to be sent to Eligible Retail Shareholders on 8 May 2015.

Key Dates of the Offer

Event	Date
Announcement of the Offer	Wed, 29-Apr-15
Institutional Entitlement Offer opens	Wed, 29-Apr-15
Institutional Entitlement Offer closes	Wed, 29-Apr-15
Shares recommence trading on ASX on an “ex-entitlement” basis	Thu, 30-Apr-15
Despatch of Notice of Meeting	Fri, 1-May-15
Record Date for determining entitlement to subscribe for New Shares (7:00pm)	Mon, 4-May-15
Retail Entitlement Offer opens	Fri, 8-May-15
Retail Entitlement Offer Booklet despatched	Fri, 8-May-15
Retail Entitlement Offer closes (5:00pm)	Thu, 28-May-15
Shareholder meeting/vote	Tue, 2-Jun-15
Settlement of New Shares issued under the Offer (Retail settlement date, Institutional settlement date)	Wed, 3-Jun-15
Allotment of New Shares under the Offer (Retail issue date, Institutional issue date)	Thu, 4-Jun-15
Conversion of CPS	Thu, 4-Jun-15
Normal trading of New Shares issued under the Offer Quotation of institutional allotment and quotation of retail allotment	Fri, 5-Jun-15
Despatch of confirmation statements	Fri, 5-Jun-15

The above timetable is indicative only and subject to change. All times represent AEDT time. Seven West Media 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, Seven West Media reserves the right to extend the closing date, to accept late applications either generally or in particular cases, and to withdraw the Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

Investor Enquiries

For further information in regard to the Retail Entitlement Offer, please do not hesitate to contact the Offer Information Line on 1800 000 639 (local call cost within Australia) or +61 3 9415 4000 (from outside Australia) at any time between 9.00am and 5.00pm (AEDT), Monday to Friday.

For further enquiries, please contact:

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Important Notices

Not an offer

Nothing in this announcement constitutes an offer of securities for sale or an offer to purchase any securities, or an invitation to any person to make such an offer, in any jurisdiction.

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The securities to be offered and sold in the institutional placement have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States. Securities may not be offered or sold in the United States absent registration under the Securities Act or an exemption from registration. Accordingly, the securities to be offered and sold in the institutional placement may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable U.S. state securities laws.

Forward looking statements

Certain statements in this announcement, including statements regarding Seven West Media's 2015 financial year earnings and dividend guidance and the execution of the equity placement and the conversion of the CPS and the consequences thereof, are forward looking statements. Forward looking words such as, "strategy", "expect", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target" and other similar expressions are intended to identify forward-looking statements within the meaning of securities laws of applicable jurisdictions. These forward-looking statements reflect various assumptions and estimates that may or may not be correct. Accordingly, these statements are not guarantees of future performance and involve known and unknown risks, uncertainties and contingencies that may be beyond the control of Seven West Media and which could cause actual results or trends to differ materially from those expressed or implied in such statements. Consequently, there can be no assurance that such statements and projections will be realised. Neither Seven West Media, or any of its affiliates, advisers, consultants, agents or any of their respective officers or employees make any representations as to the accuracy or completeness of any such statement of projections or that any guidance will be achieved. Such forward-looking statements only speak as to the date of this announcement and Seven West Media assumes no obligation to update such information.

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