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October 26, 2015

Ten Network Holdings' Full Year 2015 Financial Results, Launch of Entitlement Offer And Strategic Arrangements With Foxtel.

Ten Network Holdings Limited (ASX: TEN) ("TEN") today announced its results for the 12 months to August 31, 2015. The results and strategic arrangements included:

RESULTS

- Television revenue increased 4.6% to \$629.3 million (2014: \$601.7 million)
- Television costs (ex-selling costs) decreased 6.5%
- Television earnings before interest, tax, depreciation and amortisation loss of \$12.0 million (2014: loss of \$79.3 million)
- Non-recurring items of \$262.9 million, including television licence impairment of \$251.2 million announced in April 2015
- Loss for the period attributable to members of \$312.2 million
- Net debt¹ at August 31, 2015, of \$131.4 million
- Primary TEN channel: biggest audience since 2012 and highest commercial audience share since 2011

ENTITLEMENT OFFER, STRATEGIC ARRANGEMENTS WITH FOXTEL

- Announcement of a fully underwritten accelerated pro-rata renounceable entitlement offer of up to \$77 million at a price of \$0.15 per share
- Foxtel will become a shareholder in TEN via an issuance of new ordinary shares at a price of \$0.15 per share to raise gross proceeds of up to \$77 million
- TEN to become a 24.99% shareholder in Multi Channel Network
- TEN has an option to become a 10.0% shareholder in Presto
- New TEN Board of six directors to be formed, comprising two independent directors (one of whom will be Chairman, David Gordon), plus nominees from Foxtel and other substantial shareholders

Ten Network Holdings' Chief Executive Officer, Paul Anderson, said the increased television revenue and improved earnings before interest, tax, depreciation and amortisation performance during the 2015 financial year were driven by strong audience and revenue growth across all platforms and the benefits of the restructuring undertaken by the Company during 2014.

¹ Excludes capitalised guarantor fees of \$11.2m less capitalised transaction costs of \$2.1m.



Television revenue increased 4.6% in a flat capital-city free-to-air television advertising market, while television costs (ex-selling costs) were reduced by 6.5%.

Mr Anderson, who was appointed Chief Executive Officer on July 27, 2015, said the Company's number one priority was to improve profitability and returns to shareholders, by further increasing the television audience share and revenue across all platforms.

"Our strategy of reducing costs in certain areas and investing in prime time programming is clearly producing results," he said. "This year, the primary TEN channel has recorded its biggest prime time audience since 2012 and its highest commercial share since 2011."

"TEN is the only primary commercial free-to-air channel to increase its prime time audience this year and Network Ten is the only commercial free-to-air network to increase its prime time audience," Mr Anderson said.

"tenplay, our online catch-up and streaming platform, continues to attract new users and to achieve strong usage and revenue growth, with record video view recently for *The Bachelor Australia* and *The Bachelorette Australia*."

Mr Anderson said TEN's sales representation agreement with Multi Channel Network Pty Ltd ("MCN") was operating very well, with strong monthly increases in TEN's share of the television advertising market since the transition to the new agreement started in June. (The agreement took effect from September 1, 2015.)

"For TEN, the partnership with MCN is creating scale, new efficiencies, improved data capability and broader integration opportunities for our clients," he said.

"We expect our partnership to drive further improvement in TEN's revenue share and power ratio."

Audience performance highlights for the Company this year included a 9% increase in the TEN channel's prime time audience among all viewers and people aged 25 to 54, and an 8% increase in the number of video page views on tenplay.

More than a dozen of TEN's prime time programs increased their audiences this year. *MasterChef Australia* saw audience growth of 15% this year and *The Winner Announced* episode ranks as the most-watched non-sport television program so far in 2015.

The five new series TEN introduced this year – *I'm A Celebrity... Get Me Out Of Here!*, *Shark Tank*, *Gogglebox*, *The Great Australian Spelling Bee* and *The Bachelorette Australia* – generated strong ratings and timeslot audience growth. All have been renewed for 2016.

Costs and Cost Guidance

Television costs (ex-selling costs) were reduced by 6.5% during the 2015 financial year. Adjusting for corporate activity costs and the renewal of the Formula One broadcasting rights agreement, television costs (ex-selling costs) decreased 8.4%.

Cost management remains a key focus in order to continue to invest in the prime time program schedule. Non-programming costs are expected to be flat for the full 2016 financial year. Programming costs are expected to increase due to contractual increases and disciplined, selective investment in new prime time content to continue to drive revenue growth. Total television costs (ex-selling costs) are expected to increase by 6.5%.

Non-Recurring Items and Debt

The reported non-recurring items of \$262.9 million included a television licence impairment charge of \$251.2 million, which was announced on April 30, 2015.

TEN's net debt¹ at August 31, 2015, was \$131.4 million.

Outlook

The television advertising market remains "short" in terms of forward bookings.

Despite those market conditions, TEN's gross advertising revenue is expected to increase by at least 10% in the first three months of the 2016 financial year.

Interim Dividend

No interim dividend will be paid.

Update on Strategic Arrangements with Foxtel and Capital Raisings

On October 22, 2015, the Australian Competition and Consumer Commission and the Australian Communications and Media Authority approved the strategic arrangements between TEN, Foxtel Management Pty Limited as agent for the Foxtel Partnership ("Foxtel"), and MCN that were announced on June 15, 2015. Following the receipt of those approvals, TEN is proceeding with a series of transactions pursuant to the binding agreements:

- TEN is launching a fully underwritten accelerated pro-rata renounceable entitlement offer of up to \$77 million at a price of \$0.15 per share;
- Foxtel will become a shareholder in TEN via an issuance of new ordinary shares at a price of \$0.15 per share to raise gross proceeds of up to \$77 million, representing a fully diluted

interest of no higher than 15%²;

- TEN will become a 24.99% shareholder in MCN and appoint a nominee to the MCN Board;
- TEN has an option for two years to become a 10% shareholder in online streaming service Presto TV Pty Limited ("Presto"); and
- New TEN Board of six directors to be formed, comprising two independent directors (one of whom will be Chairman, David Gordon), plus nominees from Foxtel and other substantial shareholders.

Conditions

The issuance of new shares to Foxtel remains subject to the following conditions:

- Confirmation that the Foreign Investment Review Board ("FIRB") will not oppose the issuance of the new shares to Foxtel;
- Contemporaneous settlement of the renounceable entitlement offer for at least \$68.5 million; and
- No material adverse change and no restraint preventing the subscription from completing.

TEN and Foxtel are confident that the conditions precedent to the proposed transactions can be satisfied in a timely manner to allow the Entitlement Offer and Foxtel shares to be issued in accordance with the timetable summarised under Attachment 1.

Entitlement Offer

TEN today announced the launch of a fully underwritten 7-for-37 accelerated renounceable entitlement offer of new TEN shares ("New Shares") at an offer price of \$0.15 per New Share ("Offer Price") to raise approximately \$77 million ("Entitlement Offer").

The 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.

The Offer Price represents a 21.1% discount to TEN's closing price on October 23, 2015, of \$0.19 and an 18.3% discount to the theoretical ex-rights price of \$0.184.³

Four of TEN's largest shareholders – being Birketu Pty Limited (and its associated entity Birketu Investments Pty Limited), Hanrine Investments Pty Limited, Aidem Holdings Pty Limited and Illyria

² See Attachment 2 for further details.

³ Theoretical ex-rights price ("TERP") is the theoretical price at which shares in Ten Network 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 \$0.19 per share on 23rd of October 2015, being the last trading day prior to the announcement of the Entitlement Offer.

Nominees Television Pty Limited – have committed to take up their pro-rata entitlements under the Entitlement Offer, representing approximately 41.5% of total shares to be issued under the Entitlement Offer⁴.

TEN's ordinary shares will remain in a trading halt until ASX market open on October 29, 2015. Eligible shareholders will be able to subscribe for 7 new shares for every existing 37 TEN shares held on the record date of 7.00pm Australian Eastern Daylight Time ("AEDT") on Thursday, October 29, 2015 ("Entitlement"). Key dates of the Entitlement Offer are provided under Attachment 1 of this announcement.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from Monday, October 26, 2015, to Wednesday, October 28, 2015. Eligible institutional shareholders can choose to take up all, part or none of their Entitlements.

Entitlements of non-participating and ineligible institutional shareholders will be sold in the institutional shortfall bookbuild on October 28, 2015, and excess of shortfall bookbuild price above the offer price will be remitted to non-participating and ineligible 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 9.00am AEDT on Tuesday, November 3, 2015, and close at 5.00pm AEDT on Thursday, November 12, 2015. Settlement of the Institutional Entitlement Offer and Retail Entitlement Offer will occur together on November 20, 2015.

Entitlements of non-participating and ineligible retail shareholders will be sold in the retail shortfall bookbuild on November 17, 2015, and excess of shortfall bookbuild price above the offer price will be remitted to non-participating and ineligible shareholders.

Further details about the Retail Entitlement Offer will be set out in a retail offer booklet ("Retail Offer Booklet"), which TEN expects to lodge with the ASX on Tuesday, November 3, 2015. 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 from Tuesday, November 3, 2015.

⁴ These commitments are subject to, among other things, Foxtel being obliged to subscribe for shares under the Placement. Foxtel's obligation to subscribe for shares is subject to a number of conditions including FIRB approval as set out above. Percentages are based on 2,713.0 m shares on issue (i.e. prior to issue of shares to Foxtel and proposed cancellation of 126.0 m Executive Incentive Plan shares).

Issuance Of New Shares To Foxtel

Foxtel will be issued up to 513.3 million new ordinary shares at a price of \$0.15 per share to raise total proceeds of up to \$77 million. Subject to satisfaction of the conditions precedent set out above, the issuance of shares to Foxtel will be effected as follows:

- (i) Placement: TEN to issue approximately 456.6 million ordinary shares to Foxtel at \$0.15 per share to raise gross proceeds of \$68.5 million⁵ ("Placement");
- (ii) Sub-underwriting: Foxtel to sub-underwrite up to 56.8 million⁶ ordinary shares at \$0.15 per share under the Entitlement Offer, to raise gross proceeds of up to \$8.5 million⁷; and
- (iii) Conditional placement: If the aggregate number of shares subscribed for by Foxtel under (i) and (ii) above is less than 513.3 million ordinary shares (for gross proceeds of up to \$77 million), TEN will seek shareholder approval at the next Annual General Meeting for the issuance of the remaining shares to Foxtel at \$0.15 per share.

Multi Channel Network

The advertising sales representation agreement with MCN has commenced, with transition completed September 1, 2015. MCN is now responsible for all broadcast and digital selling activities, including employing sales and support staff. TEN retained responsibilities include control over all strategic functions including pricing, commercial integration and the setting of rate cards.

The partnership has created scale, selling efficiencies, improved data capabilities and broader integration opportunities for TEN's clients.

The partnership covers the largest broadcast inventory offering in Australia with 70 subscription television channels (Foxtel) and 15 free-to-air television channels delivering in excess of \$1 billion in broadcast sales revenue.

Combining Foxtel and TEN inventories improves the efficiency of the buying proposition for advertisers. TEN clients will also have the benefit of access to MCN's proprietary Landmark inventory trading platform from 2016.

TEN expects the MCN arrangements to increase its ability to monetise its improved audience share.

⁵ TEN has been granted a 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.

⁶ The maximum number of shares to be issued to Foxtel to raise gross proceeds of \$77 million.

⁷ Under Renounceable Entitlement Offer structure, if bookbuilds clear above \$0.15, Foxtel will not have access to Ten Network's shares by way of sub-underwriting.

Having received ACCC approval of the proposed transaction, TEN will become a 24.99% shareholder in MCN and will appoint a nominee to the MCN Board.

Presto

TEN has an option for two years to become a 10% shareholder in the online streaming service Presto. In the period prior to exercise of the option, TEN will provide selected programming content, and a limited amount of contra advertising, to Presto.

TEN Board

Foxtel will nominate a director for appointment to the Board of TEN following TEN's Annual General Meeting on December 16, 2015.

It is also intended that the TEN Board will be reduced in size to six directors from that time, comprising two independent directors (one of whom will be Chairman David Gordon), plus nominees from Foxtel and other substantial shareholders.

Funding Update

The gross proceeds to be raised from the issuance of new ordinary shares to Foxtel and under the Entitlement Offer to TEN shareholders will be up to \$154 million⁸, subject to the final number of shares issued under each component of the capital raisings.

Post the capital raising, TEN will have an overall net cash position of up to \$14.6 million⁹ (pro-forma as at August 2015).

The proceeds of the capital raisings will be used initially to repay the drawn amount under the existing revolving cash advance facility, with any excess funds initially retained as cash.

The \$200 million banking facility will continue to be available to fund TEN's ongoing operations, which will be utilised for working capital, payment of transaction-related expenses, selected investment in content and general corporate purposes.

The shareholder guarantees associated with the banking facility will continue to remain on foot.

⁸ Subject to the final number of shares issued under each component of the capital raisings. Gross proceeds before costs associated with Entitlement Offer and issue of shares to Foxtel. Net proceeds will be approximately \$146m.

⁹ Based on net proceeds from the Entitlement Offer and issue of shares to Foxtel of \$146m.

**Shareholder Enquiries**

Eligible retail shareholders will be sent further details about the Entitlement Offer via a retail offer booklet to be lodged with ASX and despatched on or around Tuesday, November 3, 2015.

Retail shareholders who have questions relating to the Entitlement Offer should call the TEN shareholder information line on 1800 990 475 (toll free within Australia) and +61 1800 990 475 (from outside Australia) from 8.30am to 5.30pm ADST 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.

For more information, please contact:**Analysts**

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Attachment 1 – Key Dates for the Entitlement Offer and Issue of Shares to Foxtel

Event	Indicative timing
Trading halt, Institutional Entitlement Offer opens	26 October 2015
Institutional Entitlement Offer closes	28 October 2015
Ten Network shares recommence trading on ASX	By 10.00am AEDT, 29 October 2015
Record date for eligibility in the Entitlement Offer	7.00pm AEDT, 29 October 2015
Retail Entitlement Offer opens	3 November 2015
Retail Entitlement Offer closes	12 November 2015
Retail shortfall bookbuild	17 November 2015
Settlement of Institutional and Retail Entitlement Offers	20 November 2015
Settlement of shares issued to Foxtel	20 November 2015
Allotment of shares under the Entitlement Offer and Placement to Foxtel	23 November 2015
Trading of New Shares issued under the Entitlement Offer and Placement to Foxtel	24 November 2015
AGM to approve conditional placement of shares to Foxtel (if applicable)	16 December 2015
Settlement of conditional placement of shares to Foxtel (if applicable)	18 December 2015

The above timetable is indicative only and subject to change. TEN reserves the right to amend any or all of these events or dates 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.

Attachment 2 – Shares On Issue Reconciliation

The table below summarises the issuance of new shares to Foxtel and shares issued under the Entitlement Offer to TEN shareholders (assuming all shares offered to TEN shareholders and Foxtel are fully subscribed).

The analysis also assumes the cancellation of up to 126.0 million Executive Incentive Plan (“EIP”) shares on issue on the basis it will be replaced with a new Performance Rights plan which is equity-settled with the option for the Board to cash-settle.

The final number of shares issued and resultant ownership of Foxtel may be higher or lower depending on the actual number of shares issued under each element of the capital raisings.

Shares on issue as at 26 October 2015	2,712.9 million
Cancellation of Executive Incentive Plan shares	Up to (126.0 million)
Shares issued under Entitlement Offer	Up to 513.3 million
Pro-forma for Entitlement Offer	Up to 3,100.3 million
Issuance of new shares to Foxtel	Up to 513.3 million
Pro-forma for Entitlement Offer and issuance of shares to Foxtel	Up to 3,613.6 million
<i>Fully diluted Foxtel ownership of TEN</i>	<i>14.2% (i.e. 513.3 million / 3,613.6 million)</i>

Disclaimer

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.

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The securities to be offered and sold in the proposed capital raisings have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. Securities may not be offered or sold, directly or indirectly, to any person in the United States or any person that is acting for the account or benefit of, any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

This announcement includes forward-looking statements within the meaning of securities laws. Forward-looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. Any forward-looking statements involve known and unknown risks and uncertainties, many of which are outside the control of TEN and its representatives. Those risks, uncertainties, assumptions and other important factors cannot be predicted by TEN and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which TEN operates. Forward-looking statements may also be based on estimates and assumptions with respect to future business decisions, which are subject to change. Any statements, assumptions, opinions or conclusions as to future matters may prove to be incorrect, and actual results, performance or achievement may vary materially from any projections and forward-looking statements.

None of TEN or any of its subsidiaries and its affiliates (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements. Statements about past performance are not necessarily indicative of future performance.

Investors should note that this announcement contains pro forma financial information reflecting the impact of the capital raising. The pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Such financial information does not purport to comply with Article 3-05 of Regulation S-X.