West Australian Newspapers Holdings Limited Shareholders' Meeting in relation to the proposed acquisition of Seven Media Group

11 April 2011

West Australian Newspapers Holdings Limited
ACN 053 480 845

Overview

- West Australian Newspapers Holdings Limited (WAN) entered into an agreement to acquire Seven Media Group (SMG) from Seven Group Holdings Limited (SGH) on 21 Feb 2011
- WAN has raised $653m through an Entitlement Offer of Convertible Unsecured Loan Securities (CULS) and is in the process of raising a further $40m via a fully underwritten Public Offer
- The Independent Expert has concluded that the Proposed Transaction is fair and reasonable to Non-Associated WAN Shareholders
- WAN's Independent Directors unanimously recommend that WAN Shareholders vote in favour of the Resolutions

Summary of Proposed Transaction

The Proposed Transaction involves the acquisition of SMG for an EV of $4,085 million

- WAN to acquire 100% of SMG from SGH for an enterprise value of $4,085 million
  - $1,081 million in WAN Shares issued to SGH at $5.99 per share
  - $250 million of new WAN Convertible Preference Shares (CPS) issued to SGH
  - $650 million repayment of SGH loan owed by SMG
  - $2,104 million of SMG external net debt assumed[1] (before debt reduction of approximately $450 million to $1,654 million)
- WAN has completed a 4 for 7, $653 million Entitlement Offer of CULS at $5.20 per security
- WAN will raise a further $461 million through a conditional placement of WAN Shares to KKR, mezzanine investors and members of management relating to SMG at $5.99 per WAN Share (the KKR Investment)[2]
- WAN is also in the process of undertaking a $40 million fully underwritten Public Offer at $5.20 per Share
- SGH has agreed to sell its existing 24.3% interest in WAN, via a sell-down conditional on the Proposed Transaction being effected and, following the issue of new WAN Shares, will hold a 29.6% shareholding in the Combined Group[3]

1) SMG standalone net debt as at 25 December 2010, pursuant to the Share Sale Agreement, comprising $2,276 million interest bearing liabilities, $14 million of zero coupon note interest accrued and net of $186 million cash and cash equivalents. 2) CULS and WAN Shares issued under the Proposed Transaction were not entitled to the 19 cents per share 1H11 interim dividend. 3) SGH's interest of 29.6% does not take into account SGH's holding of CPS, which convert into WAN Shares in certain circumstances, potentially further increasing SGH's shareholding in WAN.

Governance

The Proposed Transaction has been considered by the Independent Directors of WAN

- The consideration and negotiation of the proposed acquisition of Seven Media Group (SMG) was conducted under the supervision of the Independent Directors of WAN, comprising:
  - Mr Doug Flynn, Non Executive Director;
  - Mr Graeme John AO, Non Executive Director;
  - Mr Don Voelte, Non Executive Director; and
  - Mr Sam Walsh AO, Non Executive Director
- Corporate governance protocol covered:
  - Management of conflicts of interest
  - Separate advisers (financial, legal, accounting, commercial, tax, etc)
  - Independent expert
  - Controls over disclosure of WAN confidential information

Key advantages and disadvantages of the Proposed Transaction

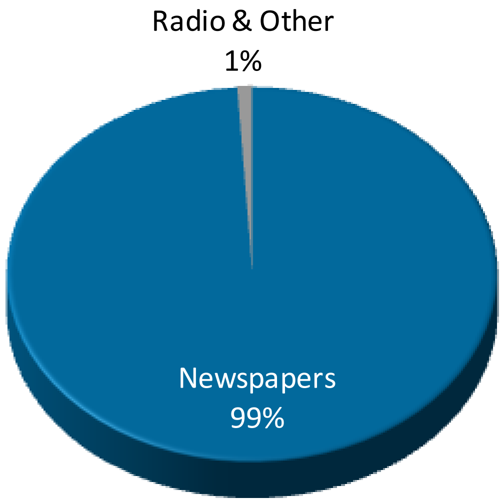
Potential disadvantages of the Proposed Transaction

- Dilution of shareholding in WAN
  - If the Proposed Transaction proceeds, existing WAN Shareholders (other than SGH) will be diluted down from 75.7% of WAN Shares on issue to 57.8%
- Potential change in control of WAN without a control premium being paid
  - Immediately following completion of the Proposed Transaction, SGH will hold 29.6% of the total WAN Shares on issue as well as $250m of Convertible Preference Shares (CPS), which are convertible into WAN Shares in certain circumstances. If SGH's shareholding and the WAN Shares on issue immediately following completion of the Proposed Transaction remain unchanged at the time of conversion, conversion of the CPS would increase SGH's shareholding in WAN from 29.6% to 33.6%
- WAN may become a less attractive takeover target due to SGH's increased shareholding in the Company
- Combined Group net debt will be significantly greater
  - The Combined Group's pro forma net debt at 31 Dec 2010 of $1,991 million is substantially more than WAN's standalone net debt of $226m on the same date
- WAN will have exposure to new sectors and markets
  - While the Independent Directors believe this to be an advantage, certain WAN Shareholders may take the view that diversifying WAN's business into different media sectors and broader markets may be a disadvantage

Composition of WAN EBITDA today

WAN presently derives the majority of its earnings from the newspaper sector

- **Newspapers** – consists of WAN's The West, Regionals and Quokka operations, as well as WAN's share of NPAT of Associate (contribution from the company's 50% shareholding in Community Newspaper Group)
- **Radio & Other** – consists of WAN's Radio, Online, Colour Press and Other operations



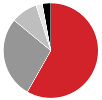
FY11PF EBITDA: $180m

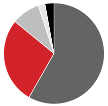
Leading media portfolio

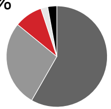
The Combined Group will be a national multi-platform media group

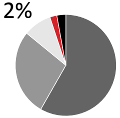
FTA television	Newspapers	Magazines	Online	Other
• Australia's leading FTA television network	• #1 newspaper in WA • 21 regional publications across WA • #1 classified newspaper in WA (Quokka) • Community Newspaper Group (49.9%) with 17 titles across Perth	• Second largest magazine publisher with a portfolio of leading titles	• One of Australia and New Zealand's leading online platforms • Leading websites in Western Australia	• Nine radio licenses across regional WA • Other media related investments e.g. 33.3% of Sky News

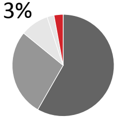
FY11PF EBITDA contribution[1]


$376m
58%


$178m
28%


$58m
9%


$14m
2%


$19m
3%

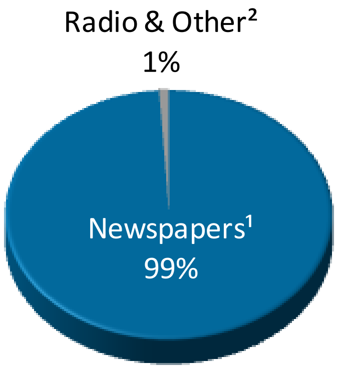
1) Includes share of net profits from associates and pro forma forecast synergies of $15 million (included as part of "other" contribution to Combined Group EBITDA) but excludes any one-off costs associated with the synergies. WAN expects identified synergies to be implemented in full during the remainder of FY11 and FY12.

Diversified earnings

A diversified media portfolio with cross-selling synergy opportunities

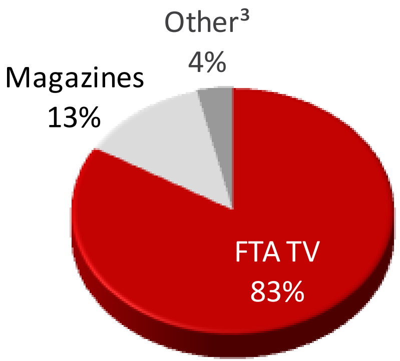
FY11PF EBITDA

WAN



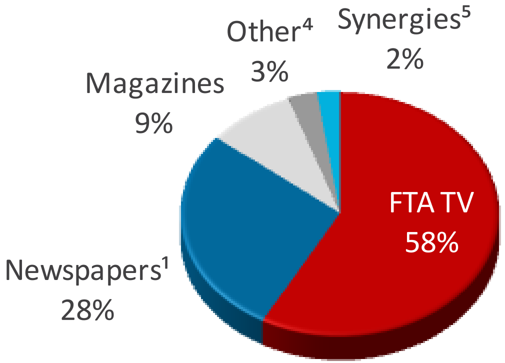
FY11PF EBITDA: $180m

SMG



FY11PF EBITDA: $450m

Combined Group

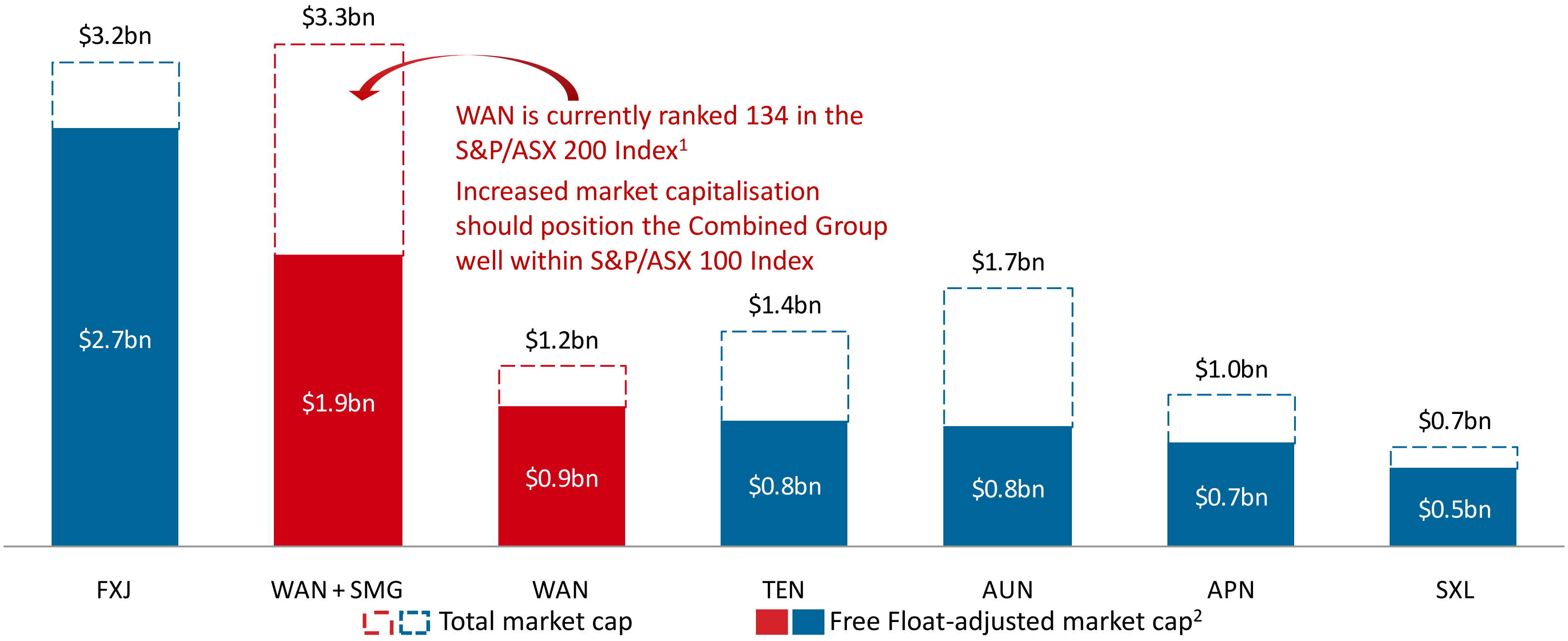


FY11PF EBITDA: $645m[5]

1) Includes The West, Regionals, Quokka and WAN's share of NPAT of its Associate (50% shareholding in Community Newspaper Group). 2) Includes Radio, Online, Colour Press and Other.
3) Includes SMG's share of NPAT of Associates (predominately Yahoo!7). 4) Includes Radio, Online, Colour Press, SMG's share of NPAT of Associates (predominantly Yahoo!7) and Other.
5) Combined Group's FY11PF EBITDA includes forecast pro forma synergies of $15 million. Refer to page 11, footnote 3.

Largest listed Australia-domiciled media company

Increased market capitalisation expected to improve WAN's index weighting and enhance share trading liquidity



1) Ranking in the S&P/ASX 200 Index based on dividend adjusted Free Float market capitalisation. 2) Free Float market capitalisation is calculated as total market capitalisation multiplied by the investable weight factor. The investable weight factor excludes controlling and strategic shareholders that are greater than 5%.

Source: IRESS at 8 April 2011.

Combined Group — pro forma summary financials

FY11PF EBITDA of $645 million (including Associates)

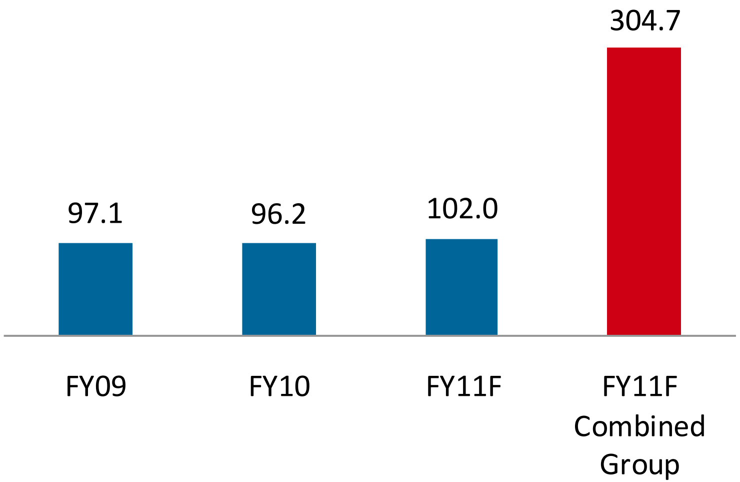
$m	FY09PF	FY10PF	FY11PF[2]
Revenue[1]	1,891.4	1,861.5	1,967.0
EBITDA	459.5	529.0	623.9
EBIT	380.7	462.6	555.5
Share of net profits from Associates	13.3	17.3	21.3
EBIT (including Associates)	394.0	479.9	576.8
Net interest expense			(152.3)
Profit before income tax			424.5
Income tax expense			(119.9)
NPAT			304.7
Issue Price ($ per security)			5.20
Basic EPS (cents)[3]			50.1
Basic EPS accretion (%)[3]			13.1%
Diluted EPS (cents)[3]			47.0
Diluted EPS accretion (%)[3]			6.8%
DPS (cents)			45.0
Dividend yield (%)[4]			8.7%
P/E[3,4]			11.1x
Market capitalisation ($m)[5]			3,271

1) Interest income of $0.6 million in FY09PF, $0.5 million in FY10PF and $1.1 million in FY11PF has been reclassified to net interest expense. 2) Includes pro forma synergies of $15 million (EBITDA) in FY11PF. 3) Based on diluted EPS calculated assuming the Combined Group was together for the full year FY11PF (with SMG's pro forma net debt of $1,654 million remaining constant) and forecast synergies as set out in Section 6.10 of the Prospectus but excludes any one-off costs associated with the synergies, any additional amortisation resulting from the final purchase price allocation or transaction costs. WAN expects identified synergies to be implemented in full during the remainder of FY11 and FY12. WAN's standalone FY11PF diluted EPS is before transaction costs. Refer calculation set out in Section 6.10 of the Prospectus. Basic EPS accretion of 13.1% on the same basis. Note that WAN Shares issued under the Public Offer and WAN Shares issued on conversion of the CULS will not be entitled to the 19 cents per share 1H11 interim dividend 4) Based on Issue Price of $5.20 per security. 5) Based on WAN's closing share price of $5.36 on 8 April 2011

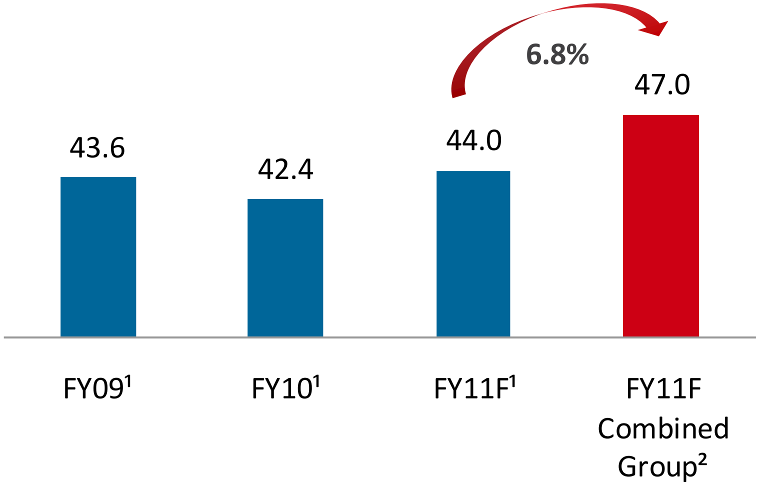
EPS accretion

EPS accretion of 6.8% for FY11PF[1,2]

FY11PF NPAT ($ million)



FY11PF Diluted EPS (cps)[1,2]



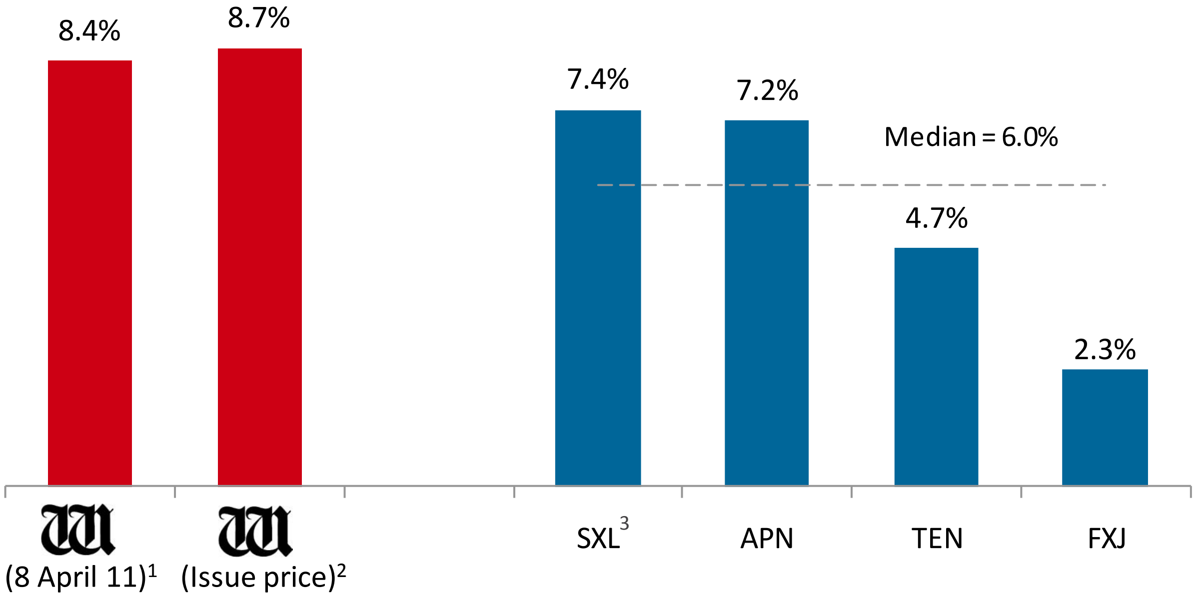
WAN standalone Combined Group

1) WAN's standalone diluted EPS has been adjusted by the Adjustment Factor of 1.06 derived from the Entitlement Offer and TERP. 2) Based on diluted EPS calculated assuming the Combined Group was together for the full year FY11PF (with SMG's pro forma net debt of $1,654 million remaining constant) and forecast synergies as set out in Section 6.10 of the Prospectus but excludes any one-off costs associated with the synergies, any additional amortisation resulting from the final purchase price allocation or transaction costs. WAN expects identified synergies to be implemented in full during the remainder of FY11 and FY12. WAN's standalone FY11PF diluted EPS is before transaction costs. Refer calculation set out in Section 6.10 of the Prospectus. Basic EPS accretion of 13.1% on the same basis.

Dividend yield

Forecast FY11PF dividend yield of 8.7%[2] — compares favourably to Australian media peers

- The Board of WAN has provided dividend guidance of 26 cents per share (fully franked) for 2H11F:
  - taking the full year dividend to an expected 45 cents per share; and
  - representing an attractive dividend yield of 8.7%[2] based on the Issue Price under the capital raising, and 8.4%[1] based on WAN share price of $5.36
- **Going forward, the WAN Board intends to pay a high proportion of normalised NPAT in dividends, after having regard to all relevant factors, including working capital requirements and new growth initiatives**



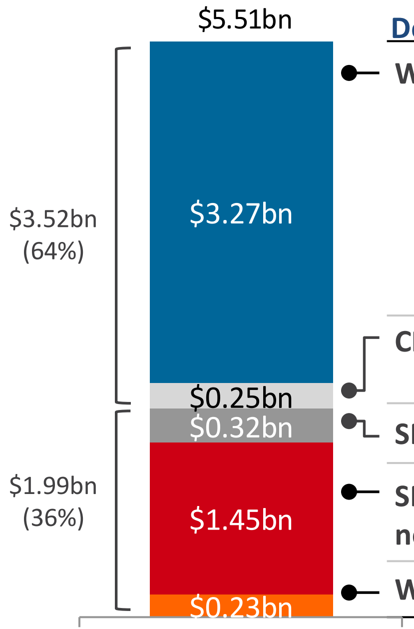
Note: Capital IQ analyst consensus FY11 forecast DPS estimates have been calendarised to 30 June year end.

1) Dividend yield based on a pro forma dividend of $0.45 per share (FY11PF) and WAN share price of $5.36 (8 April 2011). 2) Dividend yield based on a pro forma dividend of $0.45 per share (FY11PF) and Issue Price of $5.20 per security under the capital raising. Note that WAN Shares issued under the Public Offer and WAN Shares issued on conversion of CULS will not be entitled to the 19 cents per share 1H11 interim dividend. 3) Reflects share price at last close (5 April 2011) prior to entering a trading halt.

Source: Capital IQ estimates and share price information at 8 April 2011.

Pro forma Combined Group — capital structure

Pro forma enterprise value of $5.51 billion, comprising approximately 64% ordinary equity and equity-hybrids and approximately 36% net debt



Description		
WAN equity	• Shares on issue at completion: 610.3m – current shares on issue: 219.7m (36.0%) – Entitlement / Public Offer: 133.2m (21.8%) – Scrip consideration to SGH: 180.5m (29.6%) – KKR placement: 77.0m (12.6%) • Based on WAN share price $5.36[2]	
CPS	• CPS equity-hybrid – compound at 7.14% per annum (non-cash)	
SMG Secured Notes[1]	• Limited recourse to SMG	Limited recourse debt: $1.76bn
SMG Senior net debt[1]	• Limited recourse to SMG	
WAN net debt	• Existing facilities	

Combined Group Pro Forma Net Debt: $1.99bn (3.1x net debt / FY11PF EBITDA)[3]

Note: Pro forma capital structure assuming WAN had acquired SMG on 31 December 2010 and assuming Combined Group debt reduction of approximately $450 million.

1) Voluntary repayment of $316 million has been assumed against SMG senior debt, and $134 million has been assumed against SMG Zero Coupons Notes. The actual reduction in debt may be smaller and distributed across Combined Group debt. 2) Reflects WAN's closing share price on 8 April 2011. 3) Based on FY11PF EBITDA of $645 million including associate income and pro forma synergies.

Independent Directors’ recommendation

- The Independent Directors unanimously recommend that WAN Shareholders vote in favour of the Resolutions
  - Each Independent Director who holds or controls WAN Shares intends to vote those shares, or cause those shares to be voted, in favour of the Resolutions
- The Independent Directors make the recommendation after careful consideration of a number of factors, including:
  - The advantages and disadvantages of the Proposed Transaction to WAN Shareholders;
  - The prospects of WAN as a standalone entity and other strategic options available to the Company;
  - The risk factors associated with the Proposed Transaction; and
  - The conclusions of the Independent Expert