

9 August 2010

PROPOSAL TO SIMPLIFY VILLAGE ROADSHOW'S CAPITAL STRUCTURE

Village Roadshow Limited ("VRL") today announced a proposal to simplify its capital structure.

The proposal involves:

- the variation of the rights of VRL's preference shares so that they have the same rights as VRL's ordinary shares; and
- an on market buy-back of ordinary shares and preference shares.

It is proposed that the rights of VRL's preference shares will be varied so that each preference share has the same rights as one ordinary share. This variation is conditional on VRL buying back ordinary shares and preference shares totalling at least 15 million shares in VRL. The effect of this variation is that VRL's capital structure will be reorganised so that the preference shares and ordinary shares are combined into a single quoted security on ASX.

The proposal is consistent with VRL's capital management objective of creating a more efficient capital structure to maximise value for all VRL shareholders.

The Directors of VRL believe that the proposal is in the best interests of VRL shareholders given the issues associated with the current capital structure of ordinary shares and preference shares. These issues include reduced liquidity and an inflexible approach to dividend policy. In addition, the preference shares are outdated and no new preference shares can be issued given ASX requirements.

The proposal to simplify VRL's capital structure reflects feedback from VRL shareholders and will be subject to shareholder approval. VRL's major ordinary shareholder, Village Roadshow Corporation Pty Ltd ("VRC"), is controlled by John Kirby, Robert Kirby and Graham Burke, each of whom is an Executive Director of VRL (collectively the "Executive Directors"). VRC and the Executive Directors control approximately 68.2% of VRL's ordinary shares on issue and have indicated to VRL they intend to vote in favour of the proposal.

The proposal is subject to various conditions including shareholder approval and VRL obtaining finance to fund the buy-back. VRL expects that its ability to obtain the necessary debt funding to implement the buy-back will be conditional on various matters including potential restrictions on VRL's ability to pay dividends.

VRL intends to provide shareholders with an Explanatory Memorandum and a Notice of Meeting later in August. This documentation will contain details of the proposal and VRL's results for the year ended 30 June 2010. A meeting of VRL shareholders is planned for September to seek the necessary shareholder approvals. The proposed timetable is subject to change.

VRL has appointed Minter Ellison as its legal adviser and UBS and ANZ Mergers & Acquisitions as its financial advisers in relation to this transaction.

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